

Dalnor Assets Ltd
C/Icaza Gonzalez Ruiz & Aleman (BVI) Trust Limited
Vanterpool Plaza
Wichhams Cay 1
Road Town
Tortola, British Virgin Islands

Company Announcement Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

24 June 2014

Dear Sir/Madam

Substantial holding of Dalnor Assets Ltd in Northern Iron Limited

We refer to the declaration of unacceptable circumstances and orders made by the Takeovers Panel summarised in a media release announced to ASX on 20 June 2014.

Further to the orders referred to in that release, Dalnor Assets Ltd attaches a new substantial holder notice as required by those orders.

Yours sincerely



Gabriela Bell, Director



Alexis Serracin, Director

Form 604
Corporations Act 2001
Section 671B

Notice of change of interests of substantial holder

To Company Name/Scheme Northern Iron Limited

ACN/ARSN 125264575

1. Details of substantial holder (1)

Name Dalnor Assets Limited (Dalnor), each other person identified in section 4 as having a relevant interest and each person identified in Annexure C as an associate of a relevant interest holder

ACN/ARSN (if applicable) N/A

There was a change in the interests of the substantial holder on

16/05/2014

The previous notice was given to the company on

19/03/2014

The previous notice was dated

19/03/2014

2. Previous and present voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (5)
Ordinary shares	86,491,024	17.86%	96,637,800	19.95%

3. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (6)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
20/03/2014 - 16/05/2014 (see Annexure A)	Dalnor and each other person identified in section 4 as having a relevant interest	Dalnor acquired ordinary shares on-market through its custodian SIX-SIS AG and sub-custodian JP Morgan Nominees Australia Limited	See Annexure A	96,637,800 ordinary shares	19.95%

4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (6)	Class and number of securities	Person's votes
Dalnor	JP Morgan Nominees Australia Limited (JPM)	SIX-SIS AG and Dalnor	The shares are held by JPM as sub custodian for SIX-SIS AG which is custodian and bare trustee for Dalnor. Dalnor therefore has a relevant interest under s 608(1) because it has power to control voting and disposal of these shares.	96,637,800 ordinary shares	19.95%
SPA Multi-Strategy Fund I.I. LP (SPA Fund) and SPA GP (II) Limited (Fund GP)	JPM	SIX-SIS AG and Dalnor	Ms Gabriela Bell is the sole shareholder of Dalnor, but holds all the Dalnor shares as bare trustee for the SPA Fund as represented by its general partner Fund GP under the Trust Deed dated 25 September 2012 (Annexure B). Fund GP has sole authority to manage the SPA Fund as described in the Private Placement Memorandum (Annexure D). SPA Fund and Fund GP therefore each have a relevant interest under s 608(1) because they can control the voting and disposal of the shares through Ms Bell and Dalnor.	96,637,800 ordinary shares	19.95%

SPA Financial Services Limited (SPA FS)	JPM	SIX-SIS AG and Dainor	SPA FS has a relevant interest under s 608(3)(b) because it controls its wholly owned subsidiary Fund GP, and therefore has the same relevant interest that Fund GP has.	96,637,800 ordinary shares	19.95%
Scordis, Papapetrou & Partners (SPP)	JPM	SIX-SIS AG and Dainor	SPP has a relevant interest under s 608(3)(b) because it controls its wholly owned subsidiary SPA FS, and therefore has the same relevant interest that SPA FS has.	96,637,800 ordinary shares	19.95%
Scordis, Papapetrou & Co (SP&Co) and Mr Gabriel Anastasiades	JPM	SIX-SIS AG and Dainor	SP&Co and Mr Gabriel Anastasiades are each general partners of SPP, and have relevant interests under s 608(3)(a) because each has more than 20% voting power in SPP, and therefore each has the same relevant interest that SPP has.	96,637,800 ordinary shares	19.95%

5. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
See Annexure C	See Annexure C

6. Addresses

The addresses of persons named in this form are as follows:

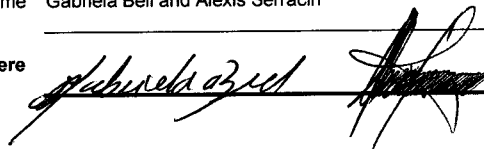
Name	Address
Dainor Assets Limited	Vanterpool Plaza, 2nd Floor, Road Town, Tortola, B.V.I
SPA Multi-Strategy Fund I.I. LP	Karpenisiou 30, the Business Forum, 1077 Nicosia Cyprus
SPA GP (II) Limited	Karpenisiou 30, the Business Forum, 1077 Nicosia Cyprus
SPA Financial Services Limited	Karpenisiou 30, the Business Forum, 1077 Nicosia Cyprus
Scordis, Papapetrou & Partners	Karpenisiou 30, the Business Forum, 1077 Nicosia Cyprus
Scordis, Papapetrou & Co	Karpenisiou 30, the Business Forum, 1077 Nicosia Cyprus
Mr Gabriel Anastasiades	Giannou Kranidioti 10, Nice Day House, Flat/Office 601, 1065 Nicosia Cyprus
Other persons specified in Annexure C	See Annexure C.

Signature

print name Gabriela Bell and Alexis Serracin

capacity Directors

sign here



date 24/06/2014

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 6 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.

- (5) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (6) Include details of:
- (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).
- See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (7) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included on any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
- (9) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.

Consideration given in relation to changes in relevant interests

This is **Annexure A** of 3 pages referred to in Form 604 (Notice of change of interests of substantial holder) dated 24 June 2014 given by Dalnor Assets Ltd on behalf of itself and the other persons specified as substantial holders in that Form 604.

The following table details the consideration given in relation to the changes in relevant interests referred to section 3 of the Form 604, as well as the other changes referred to in other substantial holder notices lodged by Dalnor Assets Ltd between 5 December 2012 and today's date.

All below changes in relevant interests were the result of on-market transactions (on ASX), with the exception of the change in relevant interest identified as taking place on 29 July 2013 which was an off-market sale. The terms of that off-market sale, which were agreed on 14 June 2013, were that 10,550,000 ordinary shares in Northern Iron would be sold by Dalnor to Tortoli Business Corp (a corporation with its registered address at Suite 1, 2nd Floor Sound & Vision House, Francis Rachel Street, Victoria, Mahe, Seychelles) for cash consideration of A\$1,198,672.36 at a time to be mutually agreed. The sale completed on 29 July 2013.

Date	Consideration (A\$)	Shares
16/05/2014	148,773.07	765,612
12/05/2014	340,057.51	1,696,774
07/05/2014	22,068.00	110,000
06/05/2014	416,570.11	2,093,226
02/05/2014	216,543.47	1,081,518
30/04/2014	384,733.09	1,919,706
24/04/2014	1,416.99	6,951
17/04/2014	556.07	2,655
15/04/2014	42,375.33	211,334
14/04/2014	80,985.60	404,000
11/04/2014	57,536.51	289,303
10/04/2014	33,100.96	166,051
09/04/2014	365.88	1,706
04/04/2014	7,345.01	36,532
03/04/2014	45,858.56	230,909
27/03/2014	6,239.70	31,001
25/03/2014	8,839.78	43,969
24/03/2014	10,048.99	50,000
20/03/2014	201,632.57	1,005,529
19/03/2014	839,446.72	4,186,647
18/03/2014	90,845.69	452,976
13/03/2014	78,762.90	393,697
12/03/2014	22,994.91	115,901
11/03/2014	12,107.93	60,269
10/03/2014	7,662.85	38,099
07/03/2014	8,044.00	40,000
05/03/2014	5,072.19	25,178
28/02/2014	47,937.87	239,691
19/02/2014	105,481.66	528,351
05/02/2014	1,566,736.42	7,814,027
29/07/2013	-1,198,672.36	-10,550,000
24/05/2013	501,274.00	5,000,000
23/05/2013	551,399.00	5,000,000
22/05/2013	852,149.00	5,000,000
20/05/2013	1,052,649.00	5,000,000

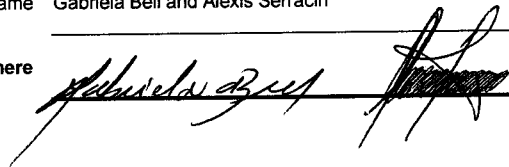
Date	Consideration (A\$)	Shares
17/05/2013	822,365.64	3,817,082
15/05/2013	272,775.31	1,182,918
14/05/2013	1,102,774.00	5,000,000
08/05/2013	1,253,149.00	5,000,000
07/05/2013	504,782.75	1,900,000
06/05/2013	813,943.73	3,100,000
13/03/2013	1,376,263.62	2,861,208
12/03/2013	1,042,175.43	2,082,437
11/03/2013	26,232.44	56,355
08/03/2013	1,002,966.10	2,000,882
07/03/2013	8,507.05	17,227
06/03/2013	223,362.49	446,456
05/03/2013	156,156.74	315,270
04/03/2013	40,180.37	78,831
01/03/2013	8,975.91	17,492
27/02/2013	47,258.78	94,281
25/02/2013	6,991.37	13,900
22/02/2013	21,287.03	42,420
19/02/2013	3,983.88	7,900
18/02/2013	42,638.28	85,016
14/02/2013	359,337.04	716,834
13/02/2013	77,515.24	154,596
12/02/2013	12,706.82	25,404
12/02/2013	982,271.50	1,959,596
05/02/2013	534,906.88	1,067,098
31/01/2013	1,002,524.00	2,000,000
30/01/2013	1,503,774.00	3,000,000
13/12/2012	46,031.65	102,922
12/12/2012	54,810.63	125,000
11/12/2012	13,124.94	30,042
10/12/2012	512,057.91	1,190,021
05/12/2012	1,136,248.23	2,519,766
03/12/2012	1,497,647.91	3,324,186
29/11/2012	12,119.87	29,039
28/11/2012	429,698.37	1,020,483
27/11/2012	207,840.14	499,513
26/11/2012	481,116.61	1,170,756
23/11/2012	34,743.15	85,155
21/11/2012	88,826.81	219,914
20/11/2012	1,870,810.86	4,551,516
19/11/2012	49,689.46	118,976
15/11/2012	19,755.35	47,019
14/11/2012	80,516.44	191,353
13/11/2012	38,305.45	91,136
09/11/2012	52,038.44	124,394
08/11/2012	90,182.91	217,600
06/11/2012	14,423.60	36,830
01/11/2012	382,514.23	636,106
05/11/2012	1,266,482.25	3,000,000

Date	Consideration (A\$)	Shares
31/10/2012	254,095.61	422,608
30/10/2012	119,247.52	201,604
26/10/2012	40,350.97	67,044
25/10/2012	156,462.12	260,080
24/10/2012	67,353.67	108,151
23/10/2012	81,600.42	131,141
19/10/2012	85,112.18	148,255
17/10/2012	45,367.55	81,423
16/10/2012	366,354.39	678,205
15/10/2012	634,306.09	1,204,914
12/10/2012	1,593,397.50	3,000,000
26/09/2012	39,255.48	48,294
27/09/2012	310,640.00	390,301
25/09/2012	23,390.00	29,238

print name Gabriela Bell and Alexis Serracin

capacity Directors

sign here



date 24/06/2014

Trust Deed

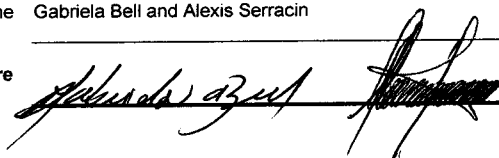
This is **Annexure B** of 8 pages referred to in Form 604 (Notice of change of interests of substantial holder) dated 24 June 2014 given by Dalnor Assets Ltd on behalf of itself and the other persons specified as substantial holders in that Form 604.

The enclosed document is a true copy of the Trust Deed dated 25 September 2012 between Ms Gabriela Bell (the sole shareholder of Dalnor Assets Ltd) as trustee and SPA Multi-Strategy Fund I.I. LP (represented by its general partner SPA GP (II) Limited) as beneficiary.

print name Gabriela Bell and Alexis Serracin

capacity Directors

sign here

Handwritten signatures of Gabriela Bell and Alexis Serracin in black ink, written over a horizontal line.

date 24/06/2014

Declaration of Trust

This Declaration of Trust is made as of September 25, 2012 by Mrs Gabriela Bell, with her address at Las Praderas del Rocio, Las Cumbres, Panama, acting as Settlor and Original Trustee of the Trust.

Whereas this Trust shall be known as the Iron Trust.

Now this deed witnesses as follows:

1 Definitions

In this Trust:

- 1.1 **“The Beneficiary”** means:
SPA Multi-Strategy Fund II L.P., a Cyprus International Investments Limited Partnership, registered under number P11936, with its registered office at Karpenisiou 30, PO Box 20533 1077 Nicosia Cyprus, represented by its general partner SPA GP (II) Limited, a Cyprus limited liability company, registered under number C287618, with its registered address at Karpenisiou 30, PO Box 20533, 1077 Nicosia Cyprus.
- 1.2 **“Person”** includes a person anywhere in the world and includes a Trustee.
- 1.3 **“The Trustee”** means the Original Trustee or the trustees of this Trust for the time being.
- 1.4 **“The Trust Fund”** means:
 - 1.4.1 property transferred to the Trustee to hold on the terms of this Trust; and
 - 1.4.2 all property from time to time representing the above and
 - 1.4.3 any property which the Trust may acquire in the future.
- 1.5 **“The Trust Period”** means the period of 125 years beginning with the date of this Trust.
- 1.6 **“Trust Property”** means any part of the Trust Fund.

2 Trust

Pending transfer of the legal title to the Trust Fund to the Beneficiary, the Original Trustee declares to hold the Trust Fund on trusts for the Beneficiary. The Trustee followed and shall follow the instructions of the Beneficiary as to the management of the Trust Fund. This Trust is non discretionary and irrevocable.

3 Trust Income

- 3.1 The Trustee shall pay the income of the Trust Fund to the Beneficiary during the Trust Period.
- 3.2 Subject to that, the Trustee may accumulate the whole or part of the income of the Trust Fund during the Trust Period. That income shall be added to the Trust Fund.
- 3.3 Subject to that, during the Trust Period, the Trustee shall pay or apply the income

of the Trust Fund to or for the benefit of any Beneficiary.

4 Default Clause

The Trust Fund shall be held on trust for the Beneficiaries absolutely.

5 Further Provisions

The provisions set out in the schedule below shall have effect.

6 Exclusion of Settlor

Notwithstanding anything else in this Trust, no power conferred by this Trust shall be exercisable, and no provision shall operate so as to allow Trust Property or its income to become payable to or applicable for the benefit of the Settlor in any circumstances whatsoever.

7 Irrevocability

This Trust is irrevocable.

8 Applicable Law

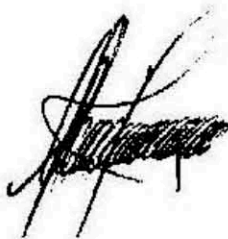
This Trust Deed is governed by UK law and shall be subject to the jurisdictions of UK courts.

In witness thereof the Settlor and the Original Trustee executed this Trust Deed on September 25, 2012

By
Name Gabriela Bell



With the witness of



THE SCHEDULE: FURTHER PROVISIONS

1 Additional powers

Subject always to Clause 4 below, the Trustee has the following additional powers:

1.1 *Investment*

- 1.1.1 The Trustee shall only make investments at the direction of the Beneficiary.
- 1.1.2 The Trustees are under no obligation to diversify the Trust Fund.
- 1.1.3 The Trustees may invest in speculative or hazardous investments but this power may only be exercised at the time when there are at least two Trustees, or the Trustee is a company carrying on a business which consists of or includes the management of trusts.

1.2 *Joint property*

The Trustee may acquire property jointly with any Person and may blend Trust Property with other property.

1.3 *General power of management and disposition*

The Trustee may effect any transaction relating to the management or disposition of the Trust Property.

1.4 *Improvement*

The Trustees may develop or improve Trust Property in any way. Capital expenses need not be repaid out of income under section 84(2) of the Settled Land Act 1925, if the Trustees think fit.

1.5 *Income and capital*

- 1.5.1 The Trustee may acquire:
 - 1.5.1.1 wasting assets and
 - 1.5.1.2 assets which yield little or no income for investment or any other purpose.
- 1.5.2 The Trustee is under no duty to procure distributions from a company in which they are interested.
- 1.5.3 The Trustee may pay taxes and other expenses out of income although they would otherwise be paid out of capital
- 1.5.4 Generally, the Trustee is under no duty to hold a balance between conflicting interests of Beneficiary.
- 1.5.5 Income may be set aside and invested to answer any liabilities which in the opinion of the Trustee ought to be borne out of income or to meet depreciation of the capital value of any Trust Property. In particular,

income may be applied for a leasehold sinking fund policy.

1.6 *Application of trust capital as income*

The Trustee may apply Trust Property as if it were income arising in the current year. In particular, the Trustees may pay such income to an Income Beneficiary as his income, for the purpose of augmenting his income.

1.7 *Trade*

The Trustee may carry on a trade, in any part of the world, alone or in partnership.

1.8 *Borrowing*

The Trustees may borrow money for investment or any other purpose. Money borrowed shall be treated as Trust Property.

1.9 *Delegation*

A Trustee or the Trustees jointly (or other Person in a fiduciary position) may authorise any Person to exercise all or any functions on such terms as to remuneration and other matters as they think fit. A Trustee (or other Person in a fiduciary capacity) shall not be responsible for the default of that Person (even if the delegation was not strictly necessary or convenient) provided he took reasonable care in his selection and supervision. None of the restrictions on delegation in sections 12 to 15 Trustee Act 2000 shall apply.

1.10 *Nominees and custodians*

1.10.1 The Trustee may appoint a Person to act as their nominee in relation to such of the assets of the trust as they may determine. They may take such steps as are necessary to secure that those assets are vested in the nominee.

1.10.2 The Trustee may appoint a Person to act as custodian in relation to such of the assets of the trust as they may determine. The Trustees may give the custodian custody of the assets and any documents or records concerning the assets. The Trustee is not obliged to appoint a custodian of securities payable to bearer.

1.10.3 The Trustee may appoint a Person to act as nominee or custodian on such terms as to remuneration and other matters as they may think fit.

1.11 *Place of administration*

The Trustees may carry on the administration of this Trust anywhere they think fit.

1.12 *Indemnities*

The Trustee may indemnify any Person for any liability relating to the Trust.

1.13 *Appropriation*

The Trustees may appropriate Trust Property to any Person or class of Persons in or towards the satisfaction of their interest in the Trust Fund.

1.14 *Ancillary powers*

The Trustee may do anything which is incidental or conducive to the exercise of her functions.

2 Disclaimer

A Person may disclaim his interest in this Trust wholly or in part.

3 Apportionment

Income and expenditure shall be treated as arising when payable, and not from day to day, so that no apportionment shall take place.

4 No absolute discretion clause

The Trustee is under duty to follow the instructions of the Beneficiary.

5 Commissions and bank charges

5.1 A Person may retain any reasonable commission or profit in respect of any transaction relating to this Trust even though that commission or profit was procured by an exercise of fiduciary powers (by that Person or some other Person) provided that:

5.1.1 The Person would in the normal course of business receive and retain the commission or profit on such transaction.

5.1.2 The receipt of the commission or profit shall be disclosed to the Trustee.

5.2 A bank may make loans to the Trustee and generally provide banking services upon its usual terms and shall not be liable to account for any profit so made even though the receipt of such profit was procured by an exercise of fiduciary powers (by the bank or some other Person).

6 Liability of trustees

6.1 The duty of reasonable care (set out in s.1, Trustee Act 2000) applies to all the functions of the Trustee.

6.2 A Trustee shall not be liable for a loss to the Trust Fund unless that loss was caused by his own fraud or negligence.

6.3 A Trustee shall not be liable for acting in accordance with the advice of Counsel, of at least ten years' standing, with respect to the Trust. The Trustee may in particular conduct legal proceedings in accordance with such advice without obtaining a Court Order. A Trustee may recover from the Trust Fund any expenses where he has acted in accordance with such advice.

- 6.4 The above sub-paragraph does not apply:
- 6.4.1 if the Trustee knows or has reasonable cause to suspect that the advice was given in ignorance of material facts;
 - 6.4.2 if proceedings are pending to obtain the decision of the court on the matter;
 - 6.4.3 in relation to a Trustee who has a personal interest in the subject matter of the advice; or
 - 6.4.4 in relation to a Trustee who has committed a breach of trust relating to the subject matter of the advice.
- 6.5 The Trustee may distribute Trust Property or income in accordance with this Trust but without having ascertained that there is no Person who is or may be entitled to any interest therein by virtue of a relationship unknown to the Trustee. The Trustee shall not be liable to such a Person unless they have notice of his claim at the time of the distribution.
- 6.6 This paragraph does not prejudice any right of any Person to follow property or income into the hands of any Person, other than a purchaser, who may have received it.

7 Appointment and retirement of trustees

- 7.1 A Person may be appointed Trustee of the Trust even though he has no connection with the United Kingdom.
- 7.2 A Trustee may be discharged even though there is neither a trust corporation nor two Persons to act as trustees provided that there remains at least one trustee.

8 Change of governing law

The Trustees may during the Trust Period by deed with the consent of the Settlor declare that from the date of such declaration:

- 8.1 The law of any Qualifying Jurisdiction governs the validity of this Trust, and its construction, effects and administration, or any severable aspect of this Trust; and
- 8.2 The courts of any Qualifying Jurisdiction have exclusive jurisdiction in any proceedings involving rights or obligations under this Trust.

In this paragraph a “Qualifying Jurisdiction” is one which recognises trusts (as defined in the Hague Convention on the Law Applicable to Trusts and on their Recognition).

For the purposes of the Iron Trust as set up by Gabriela Bell

The property transferred to the Trust Fund is

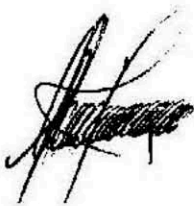
All of the shares of Dalnor Assets Limited, C/Icaza Gonzalez-Ruiz & Aleman (BVI) Trust Limited, Wanterpool Plaza, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands.

Executed as a deed

By and on behalf of the Settlor and Trustee
Gabriela Bell



Witnessed by



Associates of the Holders

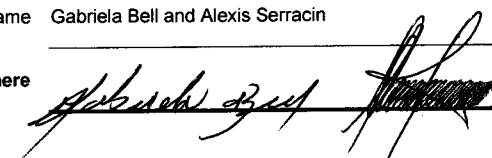
This is **Annexure C** of 1 page referred to in Form 604 (Notice of change of interests of substantial holder) dated 24 June 2014 given by Dalnor Assets Ltd on behalf of itself and the other persons specified as substantial holders in that Form 604.

Name and ACN/ARSN (if applicable)	Nature of association	Address
Ms Gabriela Bell	Ms Gabriela Bell has been at all times since 25 September 2012 an associate of SPA GP (II) Limited and SPA Multi-Strategy Fund I.I. LP because she holds for their benefit, and acts on their instructions in relation to, 100% of the shares in Dalnor Assets Ltd. This represents a concerted action between them in relation to Northern Iron's affairs, given that Ms Bell is sole shareholder and one of 2 directors of Dalnor Assets Ltd, and Dalnor Assets Ltd is a substantial shareholder of Northern Iron: s 12(2)(c).	C B-107, CL7MA, Las Praders Del Rocio, Las Cumbres, Panama
Scordis, Papapetrou & Co LLC Scordis, Papapetrou & Co (Corporate Services) Ltd Scordis, Papapetrou & Co (Holdings) Ltd Scordis, Papapetrou & Co (Overseas) Ltd Scordis, Papapetrou & Co (VS) Ltd SPA Strategic Advice Ltd	The persons are bodies corporate controlled by Scordis, Papapetrou & Co: s 12(2)(a)(i).	Karpenisiou 30, the Business Forum, 1077 Nicosia Cyprus
Scordis, Papapetrou & Co (Consultants) Ltd (Malta)	The person is a body corporate controlled by Scordis, Papapetrou & Co: s 12(2)(a)(i).	41, St. Christopher Street, Valletta, VLT 1464, Malta
JSC Scordis, Papapetrou & Co (Russia)	The person is a body corporate controlled by Scordis, Papapetrou & Co: s 12(2)(a)(i).	11B Derbenevskaya Naberezhnaya, 12th Floor – Moscow 115114, Russia

print name Gabriela Bell and Alexis Serracin

capacity Directors

sign here



date 24/06/2014

Private Placement Memorandum

This is **Annexure D** of 76 pages referred to in Form 604 (Notice of change of interests of substantial holder) dated 24 June 2014 given by Dalnor Assets Ltd on behalf of itself and the other persons specified as substantial holders in that Form 604.

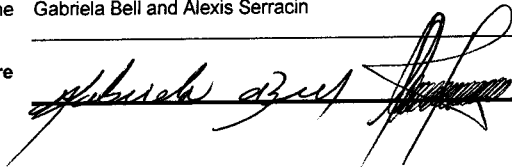
The enclosed document is a true copy of the Private Placement Memorandum in respect of the SPA Multi-Strategy Fund I.I. LP, which describes the sole authority which SPA GP (II) Limited has to manage the SPA Multi-Strategy Fund I.I. LP.

print name Gabriela Bell and Alexis Serracin

capacity Directors

sign here

date 24/06/2014

Handwritten signatures of Gabriela Bell and Alexis Serracin, written over a horizontal line.

CONFIDENTIAL

PRIVATE PLACEMENT MEMORANDUM

SPA Multi-strategy Fund I.I.L.P.

(A Cyprus International Investments Limited Partnership)

**THIS IS NOT AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO BUY THE
INTERESTS DESCRIBED HEREIN IN THE USA OR IN ANY JURISDICTION TO ANY
PERSON OR ENTITY TO WHOM IT IS NOT LAWFUL TO MAKE SUCH AN OFFER OR
SALE.**

Table of Contents

1.	Directory	3
2.	Definitions	4
3.	Introduction.....	9
4.	Notice.....	11
5.	Summary of Terms	13
6.	Main Parties Involved	17
	6.1 The Investment Manager.....	17
	6.1.1 <i>Delegation of Duties</i>	19
	6.1.2 <i>Liability of Investment Manager</i>	19
	6.1.3 <i>Withdrawal or removal of Investment Manager</i>	20
	6.1.4 <i>Representations of Investment Manager</i>	20
	6.1.5 <i>Directors of the Investment Manager</i>	21
	6.2 The Administrator	22
	6.3 Custodian.....	23
7.	Conflicts of Interest.....	24
8.	Investment and risks.....	26
	8.1 Investment Objective.....	26
	8.2 Investment Policy	27
	8.3 Investment Restrictions	28
	8.4 Underlying Investment Strategies	29
	8.5 Investment Process	32
	8.5.1 Overview	33
	8.5.2 Designated Manager Selection	33
	8.5.3 Portfolio Construction	34
	8.5.4 Risk Management and Monitoring	35
	8.5.5 Designated Investments	36
	8.5.6 Other Investments	37
	8.6 Risk Factors	38
	8.6.1 Market Risks	39
	8.6.2 Regulatory Risks	46
	8.6.3 Fund Risks	46
9.	Fees and Expenses.....	53
	9.1 Management and Incentive Fees	53
	9.2 Placement fee.....	54
	9.3 Redemption Fees	55
	9.4 Administration Fees	55
	9.5 Organizational expenses.....	55
10.	Shares of the Fund	56
	10.1 Offering	56
	10.2 Subscriptions	56
	10.3 Late Subscriptions	57
	10.4 Liability of Shareholders	58
	10.5 Redemption of shares	58
	10.6 Suspension of redemptions.....	60
	10.7 Distributions when the Fund is terminated	60
	10.8 Distributions in Kind.....	61
	10.9 Gate Provision	61
	10.10 Net Asset Value Determination	61
	10.11 Net Asset Value per Share	62
	10.12 Suspension of Valuation.....	62
	10.13 Investor suitability requirements.....	63
	10.14 Transferability of Shares	64
	10.15 Registration of Shares	65
11.	General and Statutory Information.....	65

11.1	The Fund.....	65
11.2	Rights of the Investment Manager	65
11.3	Rights of Shares.....	65
11.4	US Investors	65
11.5	Transactions with Directors.....	66
11.6	Meetings	66
11.7	Indemnity.....	66
11.8	Material Contracts	66
11.9	Termination and Winding Up	66
11.10	Documents Available for Inspection.....	67
12.	Additional Information	68
12.1	Reporting	68
12.2	Books and Records.....	68
12.3	Inquiries	68
12.4	Governing Law	68
12.5	Data Protection	68
13.	Money Laundering Precaution Procedures.....	69
14.	Limitations of Liability of the Central Bank of Cyprus	71
15.	Appendices.....	71
	Appendix 1:	71
	The Fund Agreement (Partnership Agreement).....	71
	Appendix 2:	71
	Subscription/Redemption/Transfer Booklet (Exhibits A to F)	71

1. Directory

Registered office of the Fund	Karpenisiou 30, The Business Forum, 1077 Nicosia, Cyprus
Directors of the Investment Manager (“General Partner”)	Gabriel G. Anastassiades George Lyssiotis Christos Scordis
Investment Manager (“General Partner”)	SPA GP (II) LTD, Karpenisiou 30, The Business Forum, 1077 Nicosia, Cyprus
Administrator	Scordis, Papapetrou & Co (Corporate Services) Ltd 30 Karpenissi Street, 1077 Nicosia T:+357 22 843 000 F:+357 22 843 444 Email: info@scordispapapetrou.com
Legal Advisors	Scordis, Papapetrou and Co LLC. Karpenisiou 30, P.O.Box 20533, 1660 Nicosia, Cyprus Tel: +357 22 843000 Fax: +357 22 843444
External Auditors	KPMG Limited, Esperidon 14, 4 th floor, 1087 Nicosia, Cyprus Tel: +357 22 209000 Fax: +357 22 513294

2. Definitions

In this Memorandum, which should be read together with any supplement(s), the following words and expressions shall have the following meanings:

“Administrator”	Means the party acting as an administrator and described as such in the Memorandum;
“Administration Agreement”	Means the agreement between the Fund and the Administrator in relation to the provision of administration, registrar and transfer agent services to the Fund;
“Base Currency”	Means the currency in which the Fund’s Shares are denominated (e.g. US Dollars or Euro);
“Business Day”	Means a day, other than a Saturday or Sunday, which is a bank business day in Cyprus or such other day as the Investment Manager may from time to time determine;
“Central Bank”	Means the Central Bank of Cyprus;
“Class”	Means the class of Shares in the Fund;
“Custodian”	Means the party described as such in this PPM or such other custodian as may be appointed from time to time;
“Custodian Agreement”	Means the agreement between the Fund and the Custodian as amended from time to time;
“Dealing Day”	Means the first Business Day of each week. Provided that, if the relevant date is not a Business Day then the Dealing Day shall be rolled forward to the immediately succeeding Business Day;
“Designated Managers”	Means the independent investment managers who manage the Designated Funds;
“Designated Funds”	Means the third party investment funds managed by the Designated Managers in which the SPA Multi-strategy Fund has allocated its money (assets);
“Directors”	Means any person occupying the position of director by whatever name this position is called and any person who effectively directs or exercises a material influence over the business of a company. For the avoidance of any doubt the directors of the Investment Manager shall be a “Director”;
“Distribution Agreement”	Means the agreement between the Fund and the Investment Manager as pursuant to solicitation of Shares and described in section 11.8 “Material Contracts”;

“Dividends”	Means any distribution to a Shareholder pursuant to the terms of the Fund Agreement;
“Drawdown”	Means a decline in the net asset value (NAV) of the Fund;
“Euro”, “EUR” and “€”	Each means the lawful currency of the Member States of the European Union that adopt the single currency in accordance with the EC Treaty;
“Experienced Investor”	A person, legal or natural, may be regarded as an experienced investor in the following circumstances: 1. A person who itself provides financial services to the public; or 2. A person who frequently enters into investment transactions which, on average, are of substantial size and such person, having regard to all relevant facts, can reasonably be expected to appreciate the risks inherent in investment transactions.
“Fund” or “SPA Multi-strategy Fund”	Means the SPA Multi-strategy Fund International Investment Liability Partnership (a Private ICIS in the form of a partnership);
“Fund Agreement”	Means the partnership agreement of the SPA Multi-strategy Fund as may be amended, modified or supplemented from time to time to which this PPM is attached;
“High Watermark”	Has the meaning assigned to it in section 9 “Fees and Expenses”;
“ICIS”	Means International Collective Investment Schemes pursuant to the International Collective Investment Schemes Law;
“Investment Manager”	Means the Investment Manager of the Fund;
“Incentive Fee”	Means the incentive fee payable by the Fund to the Investment Manager details of which are set out in section 9.1 “Management and Incentive Fees”;
“Ineligible Person”	Means an applicant or an investor that for legal, tax regulatory, or any other reason may, from time to time, as determined by the Directors in their sole discretion, be an ineligible person;
“International Collective Investment Schemes Law”	Means the International Collective Investment Schemes Law No 47 (1) of 1999;
“International Investment Limited Partnership (IILP)”	Means a legal form of ICIS as defined in International Collective Investment Schemes Law No 47 (1) of 1999; it is a limited partnership registered under the Partnership and Business Names Law which is

	recognized to operate as an international investment limited partnership under Part II of the Law;
“Investment Management Fee”	Means the management fee payable by the Fund to the Investment Manager details of which are set out in section 9.1 “Management and Incentive Fees”;
“Investment Manager”	Means the organization or person appointed to be responsible for managing the Fund’s assets and described as such in this Memorandum;
“Investors”	Means all the initial and new Shareholders who are admitted into the Fund in their capacity as limited partners;
“Memorandum” or “PPM”	Means this Private Placement Memorandum used by the Fund in connection with its offer for sale of Shares;
“Net Asset Value per Share”	Means the Net Asset Value per Share calculated as Net Asset Value of the Fund divided by the number of outstanding Shares (section 10.11);
“Net Asset Value”	Means the Net Asset Value of the Fund determined in accordance with the methods described in the Memorandum (section 10.11);
“Offer Price”	Means the price at which the Shares may be purchased on each Dealing Day;
“Offering”	Means the offering and sale of Shares to prospective investors pursuant to this PPM;
“Ordinary Shares”	Means Shares other than Preference Shares;
“Partnership Law”	The Partnership and Business Names Law Cap 116;
“Private International Collective Investment Scheme” or “Private ICIS”	A private international collective investment scheme means a scheme which by its PPM, restricts the right to transfer its units and limits the number of its shareholders to one hundred. A private ICIS is prohibited from making any invitation in any part of the world to the public to purchase units in the scheme.
“Private Placement Memorandum”	All constituent parts of this document, including all relevant appendices, amendments, supplements and exhibits thereto;
“Preference Shares”	Means Shares with specific rights or restrictions as to votes, dividend or otherwise as may be offered pursuant to the Memorandum or in the future;
“ Professional Investor “	Has the meaning assigned to it in section 10.13 “Investor suitability requirements” of the Memorandum; Is the “Experienced Investor”

“Redemption Date”	Means any Dealing Date that an Investor redeems his/her Shares;
“Redemption Price”	Has the meaning assigned to it in the section 10.5 “Redemption of shares” of the PPM;
“Redemption Proceeds”	Has the meaning assigned to it in the section 10.5 “Redemption of shares” of the PPM;
“Register of Shareholders”	Means the detailed list of all Shareholders maintained by the Administrator;
“Related Parties”	Related person means a person who is related to another person in accordance with any of the following provisions: a) natural persons are related persons if: one is the spouse or de facto partner of the other, or, the relationship between them is that of parent and child, brothers, sisters, or brother and sister, b) companies are related persons if they are related bodies corporate, c) a natural person and a private company are related persons if the natural person is a majority shareholder or director of the company or of another private company that is a related body corporate, d) a natural person and a trustee are related persons if the natural person is a beneficiary of the trust (not being a public unit trust scheme) of which the trustee is a trustee, e) a private company and a trustee are related persons if the company, or a majority shareholder or director of the company, is a beneficiary of the trust (not being a public unit trust scheme) of which the trustee is a trustee.
“Risk Factors”	Means the normal market fluctuations and other risks inherent in investing in securities to which the Fund is subject to according to section 8.6 “Risk Factors” of the PPM;
“Shares”	Means the interest in the Fund, entitling the Shareholder to any rights or interest: a. in the assets, gains or profits of the Fund, or b. to receive a distribution from the Fund. Shares shall be issued as fully paid and shall have the same rights, privileges and preferences;
“Shareholder”	Means a person or legal entity (being a limited partner) recorded as the owner of one or more Shares in the

	Fund's Register of Shareholders;
"Subscriptions"	Means the gross amount of investment in the Fund by Investors, which shall be an amount equal to \$10.00 multiplied by the number of Shares purchased by the Investors;
"Subscription Price"	Has the meaning assigned to it in section 10.1 "Offering"
"Subscriptions Form"	Means the form accompanying the PPM headed as such to be completed for the purposes of subscribing for Shares of the Fund;
"Total Subscription Value"	Means the total number of Shares multiplied by the Subscription Price each one was issued at; It is the total capital contribution of the Shareholders;
"Underlying Funds"	Means the Designated Funds;
"US Dollars, "USD"	Means the lawful currency of the United States;
"Valuation Day"	Means the last Business Day of each month;

3. Introduction

The Fund, SPA Multi-strategy Fund IILP, is Private International Collective Investment Scheme which is formed to invest in a variety of investment Underlying Funds and to pool them together into a portfolio of funds. These Underlying Funds are managed by a number of independent investment managers ("Designated Managers") selected by SPA GP (II) LTD, ("the Investment Manager").

SPA GP (II) LTD is a Cyprus limited liability company. SPA GP (II) LTD is a 100% subsidiary of SPA Financial Services Ltd.

The Fund expects to commence operations as of **September 2011**.

The Fund's investment objective is to achieve long term capital appreciation in absolute returns while aiming to reduce the various risks associated with investing.

No assurance can be given that the Fund's investment objective will be achieved, and investment results may vary substantially on a monthly, quarterly and annual basis.

The Fund may decide to change its investment objectives and invest in other types of investments always subject to prior written approval of all the Shareholders. The other types of investments will be in stocks, bonds, derivatives and other securities listed in reputable Exchanges including the Cyprus Stock Exchange and Athens Stock Exchange.

The Fund may deem necessary to amend the subscription/redemption procedures (including minimum subscription levels, timing of subscription/redemptions, fees related to subscription/redemption, etc) accordingly to better reflect the underlying strategy. Any such changes will always be subject to prior written approval of all the shareholders.

The Investment Manager has exclusive management and control of the operations and affairs of the Fund.

The Investment Manager believes that the Fund's investment objective can be achieved with a well diversified investment program utilizing a number of Designated Managers that employ multiple investment strategies. See section 8.4 "Underlying Investment Strategies".

The Investment Manager will invest the assets of the Fund with Designated Managers either through becoming a participant in a pooled investment vehicle or by placing assets of the Fund in a managed account (each an "Underlying Fund").

Questions about the Fund and this confidential Private Placement Memorandum (as the same may be amended, supplemented or otherwise modified from time to time, this "Memorandum") should be directed to the Fund or the Investment Manager. The business address, telephone and facsimile numbers and E-Mail address of the Fund and the Investment Manager are:

Telephone: +357 22 028585

Facsimile: +357 22 028586

E-Mail: info@spafund.com

Properly filled in subscription materials in connection with an investment in the Fund should be sent by courier service to, **Scordis, Papapetrou & Co (Corporate Services) Ltd** (the "Administrator"). Subscription can be sent by fax or email with the originals to follow by courier service. The business address, telephone and facsimile numbers and E-Mail address of the Administrator is:

Scordis, Papapetrou & Co (Corporate Services) Ltd

30 Karpenissi Street, 1077 Nicosia

T:+357 22 843 000

F:+357 22 843 444

Email: info@scordispapapetrou.com

The Investment Manager reserves the right to offer Preference Shares pursuant to the provisions of the present Memorandum.

The Shares will be offered for placement to **private experienced investors** by the Investment Manager and will be continuously offered in the sole and absolute discretion of the Investment Manager.

There is no public or other secondary market for the Shares offered pursuant to this Memorandum. A Shareholder may, however, redeem from the Fund and receive payment for such Shares as specified in this Memorandum.

This Memorandum has been prepared solely for the information of the person to whom it has been delivered by or on behalf of the Fund, and should not be reproduced, distributed or used for any other purpose.

No person has been authorized in connection with this private placement of Shares to give any information or make any representations other than as contained in this Memorandum, the Fund Agreement and the Fund's Subscription Documents Booklet (as the same may be amended, supplemented or otherwise modified from time to time, the "Subscription Documents Booklet"), copies of which are annexed hereto as section 15 and 16 respectively.

No offering literature or advertising in whatever form shall be employed in the offering of Shares except for this Memorandum, the Fund Agreement, the Subscription Documents Booklet and such other information that is produced and/or delivered by the Investment Manager. All prior representations made and information received relating to the Fund or an investment herein (including, without limitation, representations and information received in a presentation regarding the Fund, the Investment Manager, or any preliminary or draft confidential private placement memoranda) are superseded by this Memorandum, the Fund Agreement and the Subscription Documents Booklet (collectively, the "Fund Documents").

Factual representations, opinions or promises that are not set forth in the Fund Documents may not be relied upon in deciding to purchase Shares or for any other purpose.

Persons and entities to which the Fund Documents are delivered ("Prospective Investors") should carefully read and retain the Fund Documents and all other documents received in connection with the proposed transactions. However, the contents of the Fund Documents should not be considered to be legal, tax, investment or other 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 the Shares.

Prospective Investors should inform themselves as to the legal requirements and tax consequences within the countries and/or states of their citizenship, residence, domicile and place of business with respect to the acquisition, holding and/or disposal of Shares. A representation to that effect is required to be made by each Prospective Investor subscribing to Shares.

In making an investment decision, Prospective Investors must rely on their own examination of the Fund and the terms of this private placement, including, without limitation, the merits and risks involved.

Investment in the Fund involves a degree of risk and is suitable only for professional investors.

No assurance can be given that the Fund's investment objective will be achieved and investment results may vary substantially on a monthly, quarterly, annual and/or other periodic basis.

Neither the delivery of the Fund Documents nor any sales of Shares made hereunder shall imply that the information herein is complete as of any time subsequent to the date on the cover hereof.

Each Prospective Investor (or such Prospective Investor's representatives, if any) is invited to ask questions and obtain additional information from the Investment Manager concerning the terms and conditions of the offering and any other relevant matters (including, but not limited to, additional information to verify the accuracy of the information set forth herein) to the extent the Investment Manager possesses such information or can acquire it without unreasonable effort or expense.

This Memorandum contains information relating to the Fund Agreement and of other documents referred to herein. However, the discussions set forth in this Memorandum do not purport to be complete. They are subject to and qualified in their entirety by reference to the Fund Agreement and such other documents, copies of which are annexed hereto or 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.

If there are any inconsistencies or conflicts between the terms and conditions of this Memorandum and the terms and conditions set forth in the Fund Agreement, the terms and conditions of this Memorandum shall control.

4. Notice

This Private Placement Memorandum (PPM) invites selected individuals or entities to apply to be admitted as Shareholders to the Fund. This document may not be reproduced.

The Fund is registered as an International Investment Limited Partnership in Cyprus and has been approved by Central Bank of Cyprus as a Private International Collective Investment Scheme recognized under the International Collective Investment Scheme Law 47(1)/1999.

The Private Placement Memorandum is not a Prospectus in accordance with the provisions of the Law for providing the conditions for making an offer to the public of securities No 114(1) of 2005.

No action has been taken to permit or otherwise register the distribution of this Private Placement Memorandum in any jurisdiction.

Accordingly this Memorandum may not be used for the purpose of and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation.

The shares of the Fund have not been registered under the US securities act of 1933 (the "securities act") and the Fund has not been registered under the US investment company act of 1940 (together with the securities act, the "acts"). Shares may not be and will not be offered for sale or sold, transferred or delivered, directly or indirectly, in the "United States" or to a "US person" (both as defined under regulations of the securities act), except in a transaction which does not violate the acts.

Each prospective investor will be required to certify that the shares of the Fund are not being acquired directly or indirectly for the account or benefit of a politically exposed person such as a senior political figure or the spouse or associate of a senior political figure, or a person on any money laundering or foreign office "Watch List" (each, a "Restricted Person")

The Shares offered hereby may not comply with the conditions imposed by laws of any other country for issuance, distribution, sale, public offering, solicitation and advertising within that country. The distribution of this PPM and the offering of Shares in the Fund in such country may therefore be restricted. Prospective investors should inform themselves as to the restrictions with respect to the manner in which they may buy and dispose of the Shares.

No application has been made for the Shares (as defined herein) to be listed on any stock exchange. The Fund does not expect a secondary market to develop in the Shares. Shares will not be offered to the general public.

No person is authorized to give any information or make any representation in connection with the offering, subscription or sale of Shares if that person is not explicitly authorized by the Investment Manager subject to the terms and conditions of this Memorandum. Any information or representation so given must not be relied upon as having been authorized by or on behalf of the Fund. The delivery of this Memorandum at any time and the allocation of Shares do not imply that information contained in this memorandum is correct at any time subsequent to its date.

Prospective investors should not construe the contents of this PPM as legal, tax or financial advice. Each prospective investor should consult its own professional advisers as to:

- a) the legal requirements within the country of residence of the investor for the purchase, holding or disposal of Shares,
- b) any foreign exchange restrictions that may be relevant to the investor and
- c) the income and other tax consequences that may be relevant to the purchase, holding or disposal of Shares in the Fund.

This PPM is intended solely for the person to whom it has been delivered by the Fund for the purpose of evaluating a possible investment by the recipient in the Shares, and it is not to be reproduced or distributed to any other persons (other than the prospective investors or the professional advisers of the prospective investor receiving this memorandum from the Fund).

Subsequent to initial issue of Shares, this PPM should be accompanied by the latest available report of the Fund to investors, as well as the most recent available audited annual report of the Fund.

Shareholders should be aware that the Fund may introduce selling and transfer restrictions from time to time, for the resale and other transfer of the Shares, to reflect any change in applicable law, or regulation (or the interpretation thereof), or in practices relating to the resale or transfer of restricted securities generally. Each holder of a Share shall be deemed, by acceptance of such Shares, to have agreed to any such changes.

The Fund's portfolio is subject to normal market fluctuations as well as the risks inherent in the investments described below under section 8.6 "Risk Factors", and there can be no assurance that appreciation of the Fund's assets will occur or that losses will not be realized.

Consequently, the value of Shares may be subject to movements and may fall as well as rise.

Investment in Shares should be considered risky and are suitable only for persons who can assume the risk of losing part of their initial investment.

The Fund is not intended to be a complete investment program for any Shareholder.

It is designed only for investors who are able to bear the risk of an investment in the Fund, including the risk of losing the entire amount invested plus accrued profits.

There can be no assurance that the Fund will achieve its investment objective.

5. Summary of Terms

The following is a summary of certain information set forth more fully elsewhere in this Memorandum, the Fund Agreement and the other documents referenced herein and should be read in conjunction with them. All such documents are available from the Investment Manager upon request.

If there are any inconsistencies or conflicts between the terms and conditions of this Memorandum and the terms and conditions set forth in the Fund Agreement, the terms and conditions of the Memorandum shall prevail.

Prospective Investors should read the Fund Documents carefully before making any investment decision regarding the Fund and should pay particular attention to the information in this Memorandum under the headings "RISK FACTORS" and "CONFLICTS OF INTEREST".

In addition, the Prospective Investors should consult their own advisors in order to understand fully the consequences of an investment in the Fund.

THE FUND:

SPA Multi-strategy Fund, I.L.L.P. (the "Fund") is a Private International Investment Limited Partnership which is registered in Cyprus with incorporation number...11936... within the meaning of the Partnership Law.

It has been recognized and approved by the Central Bank of Cyprus as an International Investment Limited Partnership.

It acts as a Private International Collective Investment Scheme recognized under the International Collective Investment Scheme Law 47(1)/1999.

The Fund expects to commence operations as of **September 2011**.

INVESTMENT OBJECTIVE:

The Fund's investment objective is to achieve long term capital appreciation in absolute returns while aiming to reduce the various risks associated with investing

However, no assurance can be given that the Fund's investment objective will be achieved, and investment results may vary substantially on a monthly, quarterly and annual basis.

The Investment Manager believes that the Fund's investment objective can be achieved with a well diversified investment program utilizing a number of independent Designated Managers that employ multiple investment strategies. See section 8.4 "INVESTMENT STRATEGIES".

The Fund may employ leverage as part of its investment strategy up to 50% of the Fund's Net Asset Value (as defined herein), in addition to leverage that may be employed by the Designated Managers.

The Investment Manager will invest the assets of the Fund with a variety of Designated Managers by investing in their Underlying Funds.

By pooling the funds invested by the Fund, the shareholders will be able to obtain the benefit of having their investment diversified

among the various Designated Managers to be selected by the Investment Manager to an extent they may not otherwise be able to obtain.

In addition, the Investment Manager may from time to time cause some of the Fund's assets to be held in cash and/or cash equivalents, pending an allocation to Designated Managers, to pay expenses of the Fund or to fund redemption requests.

The Fund may decide to change its investment objectives and invest in other types of investments always subject to prior written approval of all the Shareholders. The other types of investments will be in stocks, bonds, derivatives and other securities listed in reputable Exchanges including the Cyprus Stock Exchange and Athens Stock Exchange. In such a case the Investment Manager will apply these changes into the Fund. The Fund may deem necessary to amend the subscription/redemption procedures (including minimum subscription levels, timing of subscription/redemptions, fees related to subscription/redemption, etc) accordingly to better reflect the underlying strategy. Any such changes will always be subject to prior written approval of all the shareholders.

INVESTMENT MANAGER: The Investment Manager is SPA GP (II) LTD which is a Cyprus registered limited liability company.

SPA GP (II) LTD is a 100% subsidiary of SPA Financial Services Ltd.

The Investment Manager has sole and complete authority to manage the Fund's activities.

The Investment Manager has the right to engage Designated Managers, investment advisors, specialized investment managers, other investment managers, external research and due diligence advisors, attorneys, accountants, private investigators, administrators, custodians and/or other personnel and consultants on behalf of the Fund.

SUITABILITY: The Shares offered pursuant to this Memorandum may be purchased only by Prospective Investors that qualify as professional investors.

The Investment Manager may decline to accept a Prospective Investor's subscription for any reason or for no reason.

Prospective Investors will be required to state in the Subscription Documents Booklet (section 15, appendix 2) whether they qualify as "Professional Investors".

See section 10.13 "INVESTOR SUITABILITY REQUIREMENTS".

OFFERING: The required minimum initial capital subscription to purchase Shares is \$50,000. Investors may also enter the fund by submitting their shares in underlying securities at a price that will be agreed upon with the Investment Manager.

Prospective Investors that purchase the Shares offered in this

Memorandum are referred to herein as "Shareholders".

The Directors reserve the right to alter the above-mentioned minimum subscription requirements at their absolute discretion.

REDEMPTION OF SHARES: A Shareholder may redeem part or all of the value of its investment as of each calendar month, upon at least forty (45) days' prior written notice to the Administrator. However the Investment manager will have discretionary powers to suspend redemptions if there are extreme market condition and liquidity is very low or the value of the shares is hit hard.

REDEMPTION FEES: Redemption fees of 5% of the redemption value for redemptions during the first 12 months and 0% thereafter may apply. Any redemption/transaction costs directly related with the redemption will be borne by the redeeming investor.

TRANSFER RESTRICTIONS: Shareholder's right to transfer Shares is restricted pursuant to the terms of the PPM, rules and regulations there under and applicable securities laws.

Shares are not assignable or transferable (except by operation of law) without the prior written consent of the Investment Manager, which consent may be given or withheld in its sole and absolute discretion.

The Shares may be offered sold or transferred only to Professional Investors subject to the above paragraph.

INVESTMENT MANAGEMENT AND INCENTIVE FEES: The Investment Manager will receive an Investment Management Fee of 1.5% per annum, to be charged monthly in arrears of 1/12 of 1.5%, and a 10% Incentive Fee to be charged quarterly in arrears of any increase in the total value of the assets attributable to the shares, after deduction of the expenses and of the monthly Investment Management Fee of 1/12 of 1.5%.

EXPENSES: The Fund has incurred organizational expenses and will incur investment expenses and administrative expenses.

CONFLICTS OF INTEREST: Certain inherent conflicts of interest arise from the fact that the Investment Manager and its affiliates act on behalf of the Fund and may carry on investment activities for other clients, including other investment funds sponsored by the Investment Manager or its affiliates in which the Fund will have no interest.

The Investment Manager, its affiliates and any of their respective officers, directors, partners, members, equity holders or employees may invest for their own accounts in various investment opportunities, including, without limitation, in investment funds in which the Fund will have no interest.

See section 7: "CONFLICTS OF INTEREST".

RISKS:	An investment in the Fund involves a number of significant risks. See section 8.6: "RISK FACTORS".
NET ASSET VALUE:	The Net Asset Value of the Fund shall be determined in U.S. Dollars, on each Valuation Day on the basis of the latest available closing prices on the Valuation Day.
REPORTS TO SHAREHOLDERS:	Each Shareholder will receive: (i) annual audited financial statements prepared in accordance with International Financial Reporting Standards, (ii) a monthly Net Asset Value, together with a letter from the Investment Manager generally discussing the results of the calendar month just ended.
CREDIT FACILITY (LEVERAGE):	The Fund may enter into one or more credit facilities repurchase transactions or similar arrangements pursuant to which the Fund may grant security over its assets in order to borrow or otherwise have access to funds, as determined by the Investment Manager in its sole and absolute discretion for the purpose of making investments. The Fund may employ leverage as part of its investment strategy up to 50% of the Fund's Net Asset Value (as defined herein), in addition to leverage that may be employed by the Designated Managers. The use of borrowing creates special risks and may significantly increase the Fund's investment risk. See section 8.6: "RISK FACTORS".
DIVIDENDS	The Fund does not intend to pay dividends out of its earnings and profits.
TERM:	The Fund will continue in existence indefinitely unless earlier terminated or wound up as provided in this PPM section 11.9.
RESTRICTIONS:	Shares generally may be subscribed only to investors who are not US persons except in a transaction which does not violate the Acts (both as defined in section 4 of this PPM). The maximum number of investors is restricted to only 100 shareholders. The Investment Manager and its Directors can only be replaced after application to and prior approval of the Central Bank of Cyprus.

The Fund is prohibited from issuing bearer shares.

CUSTODIAN: No custodian will be assigned unless otherwise decided and communicated with the investors

ADMINISTRATOR: The Investment Manager will maintain accounting books and records of the Fund in Cyprus.

Scordis, Papapetrou & Co (Corporate Services) Ltd (the "Administrator"), has been retained by the Fund to perform administrative services, including, without limitation, calculating the Fund's Net Asset Value.

The Fund will pay the administration fees as detailed in the administration agreement between the Fund and the Administrator.

See section 6.2: – “THE ADMINISTRATOR”

6. Main Parties Involved

6.1 The Investment Manager

The Investment Manager is SPA GP (II) LTD, a Cyprus limited liability company. SPA GP (II) LTD is a 100% subsidiary of SPA Financial Services Ltd.

The Investment Manager in its capacity as the Investment Manager of the Fund, shall have full charge of overall management, conduct and operations of the Fund, and shall have the authority to act on behalf of the Fund in all matters of the Fund.

The Investment Manager shall carry on and manage the business of the Fund in accordance with the Terms and Conditions of the PPM.

The Investment Manager is solely responsible for identifying, researching, selecting and monitoring Designated Managers and making decisions on when and how much to invest with or withdraw from a particular Underlying Fund.

The Investment Manager is responsible for all investment decisions and will make use of multiple Designated Managers and strategies to improve the likelihood that the Fund's investments will perform well overall, even if one of them is not performing well in a particular market.

The Investment Manager shall at all time use his best skill and endeavors to promote the Fund business and shall at all times conduct himself in a proper and responsible manner.

The Investment Manager will continuously monitor and analyze the performance and trading characteristics of current and prospective Fund investments and will select those Designated Managers who are most likely to be successful under prevailing market conditions. This process will be on going and the Investment Manager may, change the allocation of assets among the Designated Managers or may change or add Designated Managers whenever the Investment Manager deems that market conditions or the performance of certain Fund investments warrant such action.

The Designated Managers can be accessed either, directly through the Underlying Funds managed by the Designated Managers, directly through managed accounts with the Designated Manager, or through managed account platform providing access to the Designated Manager. The Investment Manager will be

compensated by Management Fees and Incentive Fees as described under the "Fees and Expenses" section of this PPM.

The PPM provides that the Investment Manager will be indemnified against certain liabilities, obligations, losses, damages, suits and expenses incurred or asserted against it in its capacity as investment manager of the Fund, as the case may be.

As a limited check on the Investment Manager's authority, all Fund transfers and payments (including, without limitation, investments in Underlying Funds and payments of redemption proceeds) require the signatures of the Investment Manager and a principal of the Administrator.

The Investment Manager shall maintain such books, records and other documents in relation to the affairs of the Fund so as to enable the discharge of all duties imposed by the Law or any administrative acts issued there under.

Without limiting in any manner the foregoing, the Investment Manager shall have authority to do on behalf of the Fund all things which, in its sole judgement and absolute discretion, are necessary, proper or desirable to carry out the Fund's business, including, but not limited to, the right, power and authority:

1. to take such action as may be necessary to consummate the transactions contemplated hereby and by the PPM, and to make all reasonably necessary arrangements to carry out the Fund's obligations in connection therewith;
2. to employ, oversee and dismiss from employment any and all employees;
3. to create, by grant or otherwise, easements and servitudes;
4. to keep under regular review the progress of all investments and other assets;
5. to borrow money and incur indebtedness; provided, however, the Fund shall not be permitted to incur any indebtedness except as authorized in Section 8.6.3 (4) "Credit Facilities";
6. to draw, make, accept, endorse, sign and deliver any notes, drafts or other negotiable instruments or commercial paper;
7. to execute such agreements and instruments as may be necessary, in its discretion, to operate, manage and promote the Fund assets and business;
8. to compromise any claim or liability due to the Fund;
9. to make any tax elections to be made by the Fund;
10. to execute all agreements and other documents necessary to implement the purposes of the Fund,
11. to do any or all of the foregoing, discretionary or otherwise, through agents selected by the Investment Manager, whether compensated or uncompensated by the Fund;
12. to execute, file and record all instruments and documents which are deemed by the Investment Manager to be necessary to enable the Fund to properly and legally do business in any jurisdiction deemed necessary;
13. to do any or all of the foregoing for such consideration and upon such other terms or conditions as the Investment Manager, in its discretion, determines to be appropriate;
14. To appoint administrator, custodian, external auditor, legal advisors and any other professional that it may be necessary from time to time;
15. to engage investment advisors, specialized investment managers, other investment managers, external research and due diligence advisors, attorneys, accountants, private investigators, administrators, custodians and/or other personnel and consultants on behalf of the Fund
16. to amend the Fund documents;
17. to create one or more additional classes and sub-classes of Shares or other Shares of such number, value and denomination, with different fees structure, different administrator and different subscription and redemption periods (see section 10.2);

All the transactions entered by the Investment Manager for the benefit of the Fund shall be valid and binding upon the Fund if:

- a) the said transactions have been concluded and or carried out on normal commercial terms negotiated at arm's length;
- b) were carried out in good faith in the interest of the Fund;

- c) were disclosed as soon as practicable in the books of the Fund and reported in the annual report of the Fund;

None of the provisions contained herein shall relieve the Investment Manager from its obligation to:

- a) act in good faith to the Fund and to each and every one of the Shareholders;
- b) use any confidential information of the Fund only for the purposes of the business of the Fund.

Subject to the provisions herein contained, the Investment Manager retains the right to possess an interest in other entities, or engage in other business activities of every nature and description, including, but not limited to financial services and real estate related business, including entities that may have investment objectives similar to those of the Fund, and neither the Fund nor any of the Shareholders shall have any right in and to such entities or independent activities or to the income or profits derived there from.

The Fund may decide to change its investment objectives and invest in other types of investments always subject to prior written approval of all the Shareholders. The other types of investments will be in stocks, bonds, derivatives and other securities listed in reputable Exchanges including the Cyprus Stock Exchange and Athens Stock Exchange. In such a case the Investment Manager will apply these changes into the Fund.

The Fund may deem necessary to amend the subscription/redemption procedures (including minimum subscription levels, timing of subscription/redemptions, fees related to subscription/redemption, etc) accordingly to better reflect the underlying strategy. Any such changes will always be subject to prior written approval of all the shareholders.

6.1.1 Delegation of Duties

The Investment Manager is authorized and has the right to delegate its functions, powers, discretions, privileges and duties herein or any of them to any person, firm or corporation which it considers appropriate.

The Investment Manager has the right to engage Designated Managers, investment advisers, specialized investment managers, other investment managers, research and due diligence advisors, attorneys, accountants, private investigators, administrators, custodians and/or other personnel and consultants on behalf of the Fund, whether or not they are related or affiliated to it.

6.1.2 Liability of Investment Manager

The Investment Manager will use its best efforts and judgment and due care in performing its duties and obligations.

The Investment Manager in its capacity as the general partner of the Fund will be generally liable to third parties for all obligations of the Fund to the extent such obligations are not paid by the Fund or are not by their terms limited to recourse against specific assets of the Fund.

The doing of any act or the failure to do any act by the Investment Manager on its part or on the part of its directors, officers, servants or agents, to the extent permitted by applicable law, the effect of which may cause or result in loss of value, liability, damage or expense to the Fund or the Shareholders, shall not subject the Investment Manager to any liability to the Fund or to the Shareholders so long as the Investment Manager has acted in good faith, except that the Investment Manager may be so liable if it is grossly negligent or guilty of willful misconduct or fraud.

The Fund (but not the Shareholders individually) shall indemnify and save harmless the Investment Manager from any loss, liability, damage or expense incurred by it by reason of any act or acts taken or omitted by it for and on behalf of the Fund and in furtherance of the Fund's best interest, if such act was taken or omitted in good faith and did not constitute gross negligence or willful misconduct.

The Investment Manager shall be liable, responsible and accountable, and neither the Fund nor any Receiver (if any) shall be liable to the Investment Manager, for any portion of such Liabilities which resulted from the Investment Manager's:

- a) own fraud, negligence, misconduct or knowing violation of law,
- b) breach of fiduciary duty or bad faith to the Fund or any Partner, or
- c) breach of the Fund Agreement (Partnership Agreement).

Nothing in the Fund Documents shall constitute a waiver or limitation of any rights which a Shareholder may have under applicable securities laws.

6.1.3 Withdrawal or removal of Investment Manager

The Investment Manager shall terminate upon the winding up or termination of the Fund or, resignation or bankruptcy of the Investment Manager provided, however, that the Fund may be continued in accordance with the provisions of the Fund Agreement.

Upon the withdrawal or resignation of the Investment Manager, a 75% majority vote of the Shareholders shall have the right to appoint a substitute Investment Manager.

Any voluntary withdrawal of the Investment Manager from the Fund shall be effective only upon the admission of an additional or successor Investment Manager.

The Investment Manager can only be removed from the Fund upon the:

- a) entry of an order by the Central Bank of Cyprus for removal of the Investment Manager;
- b) incapacity, bankruptcy, insolvency, dissolution, winding-up of the Investment Manager.

If the Investment Manager is withdrawn voluntarily:

- a. All cooperation agreements between the Fund and the Investment Manager or any Related Person thereof may be terminated and cancelled by the Fund without prior notice or penalty.
- b. The Investment Manager or any Related Person thereof may also terminate and cancel any such cooperation agreement effective upon ninety (90) days prior written notice of such termination and cancellation to the Fund;
- c. The Investment Manager shall be paid by the Fund any amounts then accrued and owed to the Investment Manager in the form of remuneration or otherwise in connection to the services of the Investment Manager to the Fund;
- d. The Investment Manager shall be paid by the additional or successor Investment Manager the fair value of the Investment Manager's interest in the Fund if any, arising from valuations which the Investment Manager would have otherwise received under this Fund Agreement had the Investment Manager not withdrawn.

6.1.4 Representations of Investment Manager

The Investment Manager has represented to the Fund that:

- a) there are no commitments or obligations binding upon the Fund except as described in this Memorandum;

- b) to the best of its knowledge, no material default on the part of the Investment Manager and/or the Fund exists with respect to any agreement affecting the Fund;
- c) it has no actual knowledge of any claim, litigation, investigation, legal action or other proceeding with regard to liens affecting the Fund; and
- d) that no such claim, litigation, etc., is threatened.

6.1.5 Directors of the Investment Manager

Gabriel G. Anastassiades

Gabriel G. Anastassiades resides in Cyprus. Mr. Anastassiades is the Managing Director of SPA Financial Services Ltd. Since 2000 Mr. Anastassiades specializes in structured finance, structured investment products modeling, alternative investment advisory and financial engineering, collaborating with some of the most reputable global banks in the industry. He has been instrumental in providing alternative investment solutions to institutional investors globally and assisting corporate clients in their funding process with over \$1.5 billion in capital raised. Furthermore he acts as investment advisor to a number of global institutions and family offices with alternative investment assets under management in excess of \$20 billion. Under that capacity he manages several significant investment and corporate finance transactions and collaborates with some of the largest institutional investors in the industry.

Since 2007, Mr. Anastassiades was one of the founders and Group Managing Director of Axia Ventures Group Ltd (AVG), a licensed boutique investment services firm of 35 individuals operating in South Eastern European region, regulated by the Cyprus Securities and Exchange Commission and member of the Cyprus and Athens Stock Exchanges.

From 1996 to March 2000, Mr. Anastassiades was the investment manager of the Insurance Operations of the Cyprus Popular Bank Group, a member of the HSBC Group, and was managing a portfolio of \$1 billion specializing in global markets. From 1994 to 1996, he worked at Arthur Andersen/Andersen Consulting. Mr. Anastassiades is a graduate of Cornell University Business School in the United States, is a qualified Chartered Accountant and a member of the Institute of Chartered Accountants in England and Wales. He attended a wide variety of Executive Courses in the field of Investment Management at the New York Institute of Finance. Mr. Anastassiades studied Economics and Econometrics at Manchester University in England where he graduated with honors (Bachelors Degree). He is an approved person by the CySEC to offer investment management and investment advice services and a certified stockbroker by the Cyprus Stock Exchange.

George S. Lyssiotis

George S. Lyssiotis resides in Cyprus. He is the General Manager and Executive Director of SPA Financial Services Ltd. Since 2007, Mr. Lyssiotis was the Group General Manager and an Executive Director of Axia Ventures Group Ltd (AVG), a licensed boutique investment services firm of 35 individuals operating in South Eastern European region, regulated by the Cyprus Securities and Exchange Commission and member of the Cyprus and Athens Stock Exchanges.

Prior, Mr. Lyssiotis was the COO and General Manager of Linebrook Ltd, a private equity firm of Russian interest with assets under management of approximately US\$8bn. In this capacity, Mr. Lyssiotis executed major financing, equity and bond transactions which involved leading Russian investments in diverse industry sectors. Mr Lyssiotis and his team were managing the assets and providing investment advice to all the underlying investments of the Firm.

He previously worked in investment banking, corporate finance and private equity project management in major financial institutions and as the CFO in a major trading group. Mr. Lyssiotis is a qualified Chartered Accountant and a member of the Institute of Chartered Accountants in England and Wales and worked in Deloitte & Touche (previously named Touche Ross) in London from 1992 to 1996. He had previously graduated with honors from Nottingham University in England with a Bachelors Degree in Economics. He is a qualified investment advisor following his success in the Cyprus Ministry of Finance exams and is included in the public register of CySEC certified persons.

Mr. Scordis resides in Cyprus, is one of the partners of Scordis, Papapetrou & Co, a founding shareholder of SPA Financial services Ltd, as well as a partner at the law firm of Scordis, Papapetrou & Co LLC which is headquartered in Nicosia, Cyprus, but also has presence in Limassol, Moscow and Athens, and provides a comprehensive range of legal services specialising in company, commercial, joint venture and financing projects, tax planning, shipping, admiralty, litigation and arbitration both on an international and country specific level. To date Mr Scordis and Scordis, Papapetrou & Co LLC have acted or advised on a multitude of corporate and commercial matters well in excess of €3 billion with many transactions exceeding €40 million each, and further acted and successfully undertaken major and complicated legal assignments, which include highly publicized and hotly contested international litigation and arbitration cases (well in excess of €8 billion of which many exceeded €200 million each). Mr Scordis in particular specializes in civil, commercial and corporate law, including Joint ventures and investments, International and cross border transactions, agreements and acquisitions, international trade law, tax planning, financing transactions and escrow and trust arrangements. Mr Scordis has been engaged as counsel in a number of landmark cases before the Cypriot courts in civil and corporate law matters, including corporate fraud claims exceeding US\$4 billion, as well as Cyprus counsel in multi million cross-border transactions pertaining to acquisitions, joint ventures, corporate re-structuring, financing and re-financing of corporate entities and escrow and trust arrangements.

Mr Scordis has received his LL.B, Hons from the University College London, University of London, U.K. in 1995 and in 1996 he completed his LL.M, Hons (Commercial & Corporate Law) at University College London, University of London, U.K. . He completed the Bar Vocational Course (BVC) at the Inns of Court School of Law, London, U.K. and became a Barrister at Law in 1997. He returned to Cyprus and was admitted to practice law in Cyprus in 1998. He is a member of Lincoln's Inn, Inns of Court (Barrister at Law) and the Cyprus Bar Association.

6.2 The Administrator

The Investment Manager of the Fund maintains its accounting books, records, and other documents in relation to its affairs so as to enable to discharge of all duties imposed by the Law or any administrative act issued.

The Fund may decide to change its investment objectives and invest in other types of investments always subject to prior written approval of all the Shareholders. The other types of investments will be in stocks, bonds, derivatives and other securities listed in reputable Exchanges including the Cyprus Stock Exchange and Athens Stock Exchange. In such a case the Investment Manager will apply these changes into the Fund and may not use a non Cyprus based company for administration.

The Fund has appointed

Scordis, Papapetrou & Co (Corporate Services) Ltd

30 Karpenissi Street, 1077 Nicosia

T:+357 22 843 000

F:+357 22 843 444

Email: info@scordispapapetrou.com

to act as Sub- administrator (Administrator) and registrar of the Fund with responsibility for performing the day to day administration of the Fund, including the calculation of the Net Asset Value and the Net Asset Value per Share.

The Administrator serves as administrator of the Fund pursuant to a fund administration agreement between the Fund and the Administrator (the "Administration Agreement").

In such capacity it may be responsible for administering various day-to-day aspects of the operations of the Fund including calculating and publishing the net asset value of the Shares, providing registrar and transfer agent services in connection with the issuance, transfer and redemption of the Shares, communicating with

investors, disbursing fees and expenses owed by the Fund, and performing bookkeeping and accounting functions (other than the annual audit).

Neither the Administrator nor any of its affiliates shall be bound in any way by any agreement or contract other than the Administration Agreement.

The Administrator is a private company, limited by shares and is a wholly owned subsidiary of Scordis, Papapetrou & Co. LLC.

The Administration Agreement provides that neither the Administrator nor any of its affiliates, members, officers, directors, employees, representatives, delegates or agents (each, an "Indemnified Person"), shall be liable to the Fund, its Shareholders or any other person for any damage, loss, costs or expenses whatsoever to or of the Fund or any other person in connection with the subject matter of the Administration Agreement at any time from any cause whatsoever, except to the extent such losses result directly from an indemnified person's negligence, willful default or fraud in performing its obligations and duties there under.

In addition and under the Administration Agreement, the Fund agrees to indemnify, defend and hold each indemnified person harmless from and against any and all actions, proceedings, claims, liabilities, obligations, losses, damages, penalties, causes of action, demands, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including, without limitation, reasonable attorney's fees and expenses (collectively referred to as "Losses"), that may be imposed on, incurred by, or asserted against it or them in any way relating to or arising directly or indirectly out of the performance of its duties under the Administration Agreement (other than those arising by reason of the negligence, willful default, or fraud of the Administrator in the performance of its duties there under).

The Administration Agreement may be terminated in accordance with the provisions hereof provided however; that any party may terminate the Administration Agreement at any time by giving at least ninety (90) calendar days prior written notice of such termination to the other parties thereto.

In addition, each party shall have the right to terminate the Administration Agreement immediately if:

- (i) the other party shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the other party) or an examiner is appointed in respect of any party,
- (ii) a receiver of any of the assets of another party is appointed;
- (iii) anything analogous to (i) or (ii) occurs in any other procedure in respect of another party; or
- (iv) the other party is in material breach of the Administration Agreement and (in the case of a breach capable of remedy) was not remedied within thirty (30) days' of a notice from the non-defaulting party requiring such remedy.

THE ADMINISTRATOR WILL NOT PROVIDE ANY INVESTMENT ADVISORY OR MANAGEMENT SERVICE TO THE FUND AND THEREFORE WILL NOT BE IN ANY WAY RESPONSIBLE FOR THE FUND'S PERFORMANCE. THE ADMINISTRATOR WILL NOT BE RESPONSIBLE FOR MONITORING ANY INVESTMENT RESTRICTIONS OR COMPLIANCE WITH THE INVESTMENT RESTRICTIONS AND THEREFORE WILL NOT BE LIABLE FOR ANY BREACH THEREOF.

6.3 Custodian

The Fund may decide to change its investment objectives and invest in other types of investments always subject to prior written approval of all the Shareholders. The other types of investments will be in stocks, bonds, derivatives and other securities listed in reputable Exchanges including the Cyprus Stock Exchange and Athens Stock Exchange. In such a case the Investment Manager will apply these changes into the Fund and may decide not to use a Custodian.

7. Conflicts of Interest

In the conduct of the Fund's business, conflicts may arise between the interests of the Investment Manager and its members and affiliates, on the one hand, and those of the Fund and its Shareholders, on the other hand.

While the Investment Manager is accountable to the Fund as a fiduciary and, consequently, must exercise good faith and integrity in handling such business, Prospective Investors should be aware of the existence of such conflicts of interest.

Among the conflicts which each Prospective Investor should consider are the following:

- a) Neither the Investment Manager, SPA GP (II) LTD nor any of their respective affiliates are under any obligation to devote their full time to the business of the Fund; the Investment Manager is required to devote only such time and attention to the affairs of the Fund as it may deem appropriate in its sole and absolute discretion. The Investment Manager may provide advice to other investment vehicles and may manage other accounts. SPA GP (II) LTD and certain of his affiliates may provide advice to other investment vehicles and manage other accounts for which they will be compensated. Certain of such investment vehicles and/or accounts may have investment objectives and utilize strategies similar to the investment objective and strategies of the Fund. Further, such affiliates and other investment vehicles and/or managed accounts may utilize all or some of the Designated Managers used by the Fund. SPA GP (II) LTD will devote such time and attention to the Fund and its other clients as it deems appropriate in its sole and absolute discretion.
- b) The Investment Manager will determine the allocation to the Underlying Funds on whatever basis it considers appropriate or desirable in its sole and absolute discretion. In addition, SPA GP (II) LTD and its affiliates may determine the allocation of the assets of such affiliates, other investment vehicles and/or managed accounts on whatever basis SPA GP (II) LTD and its affiliates, respectively, consider appropriate or desirable in their sole and absolute discretion.
- c) SPA GP (II) LTD and/or its affiliates may manage other accounts and provide investment advice to other parties, and may decide to invest the funds of one or more other accounts or recommend the investment of funds by other parties, rather than the Fund's funds, in a particular security or strategy with a particular Designated Manager. SPA GP (II) LTD and its affiliates will need to divide their time between the Fund and these other accounts and parties as they see fit, and, from time to time, such other accounts and parties may receive a disproportionate share of their attention.
- d) In determining capital allocations among Designated Managers, the Investment Manager may consider, among other factors, constraints on a Designated Manager's capital capacity. Designated Managers may, in their discretion also limit the capacity available to the Fund. In these cases, the Investment Manager, in order to provide for long-term management of the Fund, may determine to increase the investment in a Designated Manager to a level greater than otherwise would be the case. Such allocations may result in the Fund's assets being more concentrated from time to time and for substantial periods of time. As a result of any such concentration, the Fund's assets may be subject to more rapid changes in value than would be the case if the Fund's assets were less concentrated and the economic returns of the Fund may thereby be materially adversely affected.
- e) In determining how to allocate investment opportunities among its clients, the Investment Manager will take into account the investment objectives of each such investment fund or account, the capital capacity of the Designated Managers, and such other considerations as deemed relevant in its sole and absolute discretion. Certain Designated Managers to which the Fund has previously allocated assets may be closed to new investments or may otherwise limit subscriptions. The Investment Manager may determine, for various reasons, including, without limit, strategic fit and other portfolio construction considerations, that a Designated Manager is more appropriately included as part of the portfolio of another of its investment funds or accounts rather than the

Fund. In such event, the Investment Manager may cause the Fund to transfer its interest in such Designated Manager to another investment fund or account managed by the Investment Manager, notwithstanding that such Designated Manager may continue to be an appropriate investment for the Fund. Any such transfer may give rise to potential conflicts of interest.

- f) The Investment Manager, its principals and/or its affiliates may make trades and investments for their own accounts. In these accounts, they may use trading and investment methods that are similar to, or substantially different from, the methods used by them to direct the Fund's assets. The records of these personal accounts will not be made available to shareholders. Subject to internal compliance policies and approval procedures, the principals and/or employees of the Investment Manager and/or its affiliates may engage, from time to time, in personal trading of securities and other instruments, including, without limitation, securities and instruments in which the Fund may invest.
- g) The Investment Manager may enter into agreements with certain parties that may introduce Prospective Investors to the Fund. Such parties are not expected to be related to the operations of the Fund and any fee paid will be disclosed to the Shareholders introduced by such parties. Such commissions or fees will be the sole responsibility of the Investment Manager; the Fund and the Shareholders will have no obligation with respect thereto. In addition, such third parties and their respective affiliates may provide brokerage and certain other financial and securities services to the Investment Manager and/or Designated Managers. Such services, if any, will be provided at competitive rates.
- h) While presently neither the Investment Manager nor any of its affiliates own any equity interests in any of the Designated Managers with which the Fund invests its assets, it is possible that one or more of the affiliates of the Investment Manager will in the future acquire non-controlling interests in one or more of such Designated Managers.
- i) The Fund Agreement and this PPM require the Investment Manager to exercise its duties with care, skill, prudence and diligence. In the event of a conflict of interest between the Fund and any other entity managed by the Investment Manager, SPA Financial Services or any of their respective affiliates, the Investment Manager, SPA GP (II) LTD or such affiliate, as the case may be, will resolve such conflict by taking into account the investment objective of each entity (or account), any investment restrictions applicable to each entity and the other available investment options for each entity and will seek to resolve such conflict in a fair and equitable manner.

8. Investment and risks

8.1 Investment Objective

The Fund's investment objective is to achieve long term capital appreciation in absolute returns while aiming to reduce the various risks associated with investing.

Its objective includes limiting the correlation to market movements affecting the asset classes.

The Investment Manager believes that this objective can be achieved through the deployment of the Fund's capital among a diversified group of carefully selected Designated Managers that employ multiple strategies.

This means that the Fund will implement its investment objectives by investing mainly, although not exclusively, in shares or units of other Underlying Funds, which include but are not limited to: hedge funds, other funds of hedge funds, futures funds, commodity funds, equity funds, debt funds, foreign exchange funds, exchange traded funds and index funds.

The Fund's investment objectives may also be implemented by participating in non-unit investments and in individual managed accounts (together with the funds described in the preceding sentence, "Underlying Funds") managed by independent Designated Managers. The Fund may also make direct investments without using the services of a Designated Manager

The Designated Managers will be selected by the Investment Manager in accordance with the investment process described further below.

By investing in a variety of designated managers the Fund aims to reduce the following types of risk:

1. **Counterparty Risk.** The Fund will aim to limit counterparty risk by diversification and by performing thorough due diligence on counterparties.
2. **Market Risk.** The Fund will aim to invest in a low beta portfolio so as to reduce market correlation. The Fund will diversify among markets.
3. **Sector and Strategy Risk.** The Fund will aim to invest in various strategies and sectors, so as to reduce risk from anyone sector or strategy.
4. **Manager Risk.** Whenever possible, more than one Designated Manager or Underlying Fund will be used for each strategy and for each sector.
5. **Volatility Risk.** The Fund will aim to combine strategies and Designated Managers or Underlying Funds to reduce portfolio volatility.

No assurance can be given that the Fund's investment objective will be achieved, and investment results may vary substantially on a monthly, quarterly, annual and/or other periodic basis.

The Fund may decide to change its investment objectives and invest in other types of investments subject to prior written approval of all the Shareholders. The investment will be in stocks, bonds, derivatives and other securities listed in reputable Exchanges including the Cyprus Stock Exchange and Athens stock Exchange.

The Fund may deem necessary to amend the subscription/redemption procedures (including minimum subscription levels, timing of subscription/redemptions, fees related to subscription/redemption, etc) accordingly to better reflect the underlying strategy. Any such changes will always be subject to prior written approval of all the shareholders.

8.2 Investment Policy

The Investment Manager of the Fund has overall responsibility for the investment policy of the Fund.

The Fund has the following trading policies:

- a) Multi-Advisor Approach: The Fund's assets are invested in Underlying Funds managed by a professionally selected group of highly skilled Designated Managers who trade in the financial, commodity, equity, debt markets etc. and as a group use a combination of systematic and discretionary trading, directional and non-directional approaches and technical and fundamental analysis. The aim is to reduce the dependence of the Fund's performance on any particular Designated Manager, market or strategy.
- b) Professional Trading Management: The Investment Manager selects a group of highly skilled Designated Managers which it believes are acting the best in their respective areas of specialization in order to achieve diversification in market emphasis, trading philosophies and techniques. Each Designated Manager will utilize his/her own proprietary trading strategies, which may be discretionary or computer generated. Some Designated Managers may base their investment decisions on mathematical, statistical or quantitative data, which attempt to identify and to exploit trends in the movement of prices. Other Designated Managers may rely upon fundamental analysis, and others may utilize a combination of fundamental and technical analysis. The Investment Manager will monitor the trading activities and performance of the Designated Managers and may change the allocation of assets among the Designated Managers or may change or add Designated Managers.
- c) Global Participation: As financial markets continue to expand, an investment that offers true global participation is essential. The Fund, through its Designated Managers, will trade a wide range of products that may include but not limited to international currencies, stock indices, precious metals, interest rates, foreign markets.
- d) Diversification: Diversification achieved directly or through participation in other Designated Managers is the most effective method of realizing substantial gains while reducing risk exposure. Accordingly, Designated Managers will be chosen for, among other considerations, their use of varying trading methodologies.

The Fund is allowed to borrow money and pledge its assets as collateral up to a ratio of 0.50:1, as measured by debt to equity (*leverage ratio*).

The Fund may decide to change its leverage ratio and invest in other types of investments always subject to prior written approval of all the Shareholders.

The assets of the Fund will be held in safekeeping by internationally recognized financial institutions.

The Fund will have no constraints on the number of Designated Managers to which its capital may be allocated at any given time, or on the percentage of the assets to be allocated to any single Designated Manager or investment strategy, subject to the investment restrictions of section 8.3.

The number of Designated Managers to which the Fund's assets are allocated from time to time will be determined by the Investment Manager in order to maintain a diversified portfolio while attempting to achieve the Fund's investment objective.

All investment operations of the Fund including, but not limited to, the identification, research, selection and monitoring of Designated Managers and determinations as to how much and when to invest funds with and withdraw funds from Designated Managers, are and will be controlled solely by the Investment Manager.

The Fund's Designated Managers, whether managing the Fund's assets through the pooled investment vehicles in which the Fund invests or in connection with managed accounts of the Fund, have complete discretion to purchase and sell securities, commodities and other financial instruments, subject to any limitations as adopted by each pooled investment vehicle or as set forth in each managed account agreement.

The interests the Fund acquires in the pooled investment vehicles operated by the Designated Managers are in the name of the Fund or in the name of the custodian on behalf of the Fund.

The majority of the Designated Managers are expected to be engaged in various investment strategies, operating hedge funds. Designated Managers implementing alternative investment strategies often have more flexibility to utilize techniques typically not found in traditional investment programs.

The Investment Manager believes that a well-diversified portfolio of hedge funds has the potential to create superior, risk-adjusted returns because of several factors, including, without limitation, the attractiveness of certain strategies from time to time, the expertise of the Designated Managers in implementing their investment strategies, the flexibility inherent in the structure of hedge funds, the general alignment of interests between Designated Managers and investors (to the extent such Designated Managers receive incentive allocations or performance fees, as well as to the extent that the Designated Managers may invest their own capital alongside that of the Fund) and the existence of a broader range of attractive opportunities among the various Designated Managers.

In addition to alternative investment strategies, the Investment Manager may, from time to time, select Designated Managers who employ traditional investment strategies (including, but not limited to, equity and fixed income strategies index funds, exchange traded funds) whom the Investment Manager considers to be skilled in executing their particular strategies. In the Investment Manager's experience, skilled traditional Designated Managers can assist the Fund in achieving its investment objective.

8.3 Investment Restrictions

The investment restrictions in respect of the Fund are as follows:

- a) No more than 20% of the value of the gross assets of the Fund may be invested directly in the securities of any one issuer other than investments in securities issued or guaranteed by a government agency of any E.U. or O.E.C.D member state or by any super national authority of which one or more E.U. or O.E.C.D member states are members and any other state approved for such purpose by the Central Bank of Cyprus;
- b) No more than 10%, in aggregate, of the value of the gross assets of the Fund may be invested directly in physical commodities;
- c) No more than 10%, in aggregate, of the value of the gross assets of the Fund may be invested directly in real estate property;
- d) No more than 20% of the gross assets of the Fund will be exposed to the creditworthiness or solvency of a single counter-party;
- e) No more than 40% of the value of the gross assets of the Fund may be invested in any other fund or may be allocated by the Investment Manager to any manager to manage on a discretionary basis, provided that the other fund or manager operates on the principle of risk spreading;
- f) No more than 40%, in aggregate, of the gross assets will be invested in other funds of funds; and
- g) The Fund will adhere to the general principle of risk spreading in respect of all its investments in derivative and money market instruments or currencies, other than for the purpose of efficient portfolio management.

The investment restrictions above apply to any investment at the time the investment is made.

The Investment Manager will undertake to monitor the underlying investments to ensure that, in aggregate, the investment restrictions above are not breached.

Where any restriction is breached, the Investment Manager must ensure that immediate corrective action is taken, except where the breach is due to appreciations or depreciations, changes in exchange rates or by reason of receipts of rights or bonuses.

The Investment Manager must have regard to the investment restrictions when considering changes in the investment portfolio of the Fund.

If there is a change in the Investment Objectives as per the provision in section 8.1 and subject to all the Shareholders approvals the above investment restrictions will not apply.

8.4 Underlying Investment Strategies

If there is a change in the Investment Objectives as per the provision in section 8.1 and subject to all the Shareholders approvals the investment strategies in this section 8.4 will not apply.

The Investment Manager intends to invest the Fund's assets primarily with Designated Managers that employ a variety of alternative investment strategies.

The investment strategies referenced below are subjective classifications made by the Investment Manager, in its sole and absolute discretion, and are provided as examples of the types of skill-based strategies which the Investment Manager believes offer the best potential to achieve the Fund's investment objective.

Such classifications may differ from classifications or similarly named strategies made by other industry participants. In addition, certain strategies utilized by Designated Managers may be unrelated to such strategies or may be a combination of several strategies.

The Investment Manager, in its sole and absolute discretion, will select from among all available investment strategies, not limited to those described below.

The investment strategies, approaches, methods and techniques discussed in this Memorandum will evolve over time due to a variety of factors, including, but not limited to, market developments and trends, the emergence of new or enhanced investment products, increased competition, changes in securities laws and regulations, changing industry practice and/or technological innovation. As a result, these investment strategies, approaches and techniques may not reflect the investment strategies, approaches and techniques actually employed by the Fund or the Designated Managers. Nevertheless, the investments made on behalf of the Fund will be consistent with the Fund's investment objective.

The Investment Manager may invest a portion of the Fund's assets with Designated Managers who may have limited track records and limited operating histories. In such cases, the Designated Managers or individual members of their management teams will have had, in the Investment Manager's opinion, sufficient relevant experience in other contexts trading in the strategies that the Designated Manager is expected to utilize.

Some examples of the primary investment strategies that the Investment Manager intends to consider are as follows:

1. Equity Long/Short Strategies

Equity long/short strategies combine long positions and/or short sales with the aim of benefiting from the Designated Manager's ability to select attractive investments while offsetting some systematic market risks when the Designated Manager deems it appropriate to do so.

Although fundamental securities analysis is often the key driver, some Designated Managers may employ other techniques and methods in selecting securities for investment, including, without limitation, top-down analysis, technical analysis, and statistical methods.

In addition, because of the differing methods employed by the various Designated Managers, their respective market exposure can and will vary substantially, leading to a wide range of risk and return profiles. Long/short strategies are primarily, though not exclusively, equity based.

There are numerous long/short strategies employed by Designated Managers, including the following which:

- a) Specialize in companies within specific industries or sectors;
- b) Specialize in companies only in certain countries or regions;
- c) Specialize in companies within a certain range of market capitalization;
- d) Specialize in companies that exhibit certain fundamental characteristics, (e.g., 'deep value', 'growth at a reasonable price');
- e) Have more diversified approaches, allocating assets across styles, industry sectors, market caps, and geographic regions;
- f) Have equity long-bias;
- g) Have equity market neutral;
- h) Have equity short-bias.

2. **Event-Driven Strategies**

Designated Managers employing event-driven strategies seek to identify securities with attractive risk-return characteristics by analyzing corporate events, including restructurings, mergers, bankruptcies, recapitalizations, reorganizations, takeovers, spin-offs and other special situations.

Such Designated Managers may invest in the debt, equity, preferred stock and/or convertible securities of companies, and may take long positions, short positions or long and short positions within each company.

Designated Managers will typically employ fundamental analysis, among other techniques, in determining whether to invest. The market exposures and risk/return profiles of Designated Managers employing event-driven strategies can and will vary widely.

Some examples of Event-Driven Strategies include the following:

- a. **Merger Arbitrage.** Merger arbitrage strategies seek to capture the price differential between current market prices and the value of securities upon successful completion of a takeover or merger transaction. This differential, which represents the merger arbitrageur's potential profit opportunity, typically reflects risk that the transaction may not be consummated, and the resulting unwillingness of other market participants to assume the risk. Designated Managers specializing in merger arbitrage attempt to evaluate the risks inherent in merger situations and take positions with attractive risk-return characteristics.
- b. **Distressed Securities.** Distressed securities strategies seek to invest in debt or equity securities of companies suffering financial and/or operational distress. This can and will include companies in bankruptcy, about to enter bankruptcy or which have recently emerged from bankruptcy. These situations can produce attractive profit opportunities because of the complexity of the bankruptcy process, the financial, legal and operational risks of this process and the resulting unwillingness of other market participants to take these risks. Designated Managers will typically employ fundamental securities analysis, among other techniques, in selecting situations in which to invest. Designated Managers utilizing such strategies can and will differ widely in their risk-return profiles, and will vary in terms of the level of the capital structure in which they typically invest, their willingness to take long, short, and long/short positions in a company's securities, their typical holding period and the degree to which they may become actively involved in negotiating the terms of the restructuring or bankruptcy process.

- c. **Special Situations.** Special situations such as spin-offs, corporate reorganizations and restructurings offer additional opportunities for event-driven Designated Managers. The Designated Managers' ability to evaluate the likelihood, timing and effect of the particular event and to evaluate the risk-return profile of the event risk is the main determinant in whether profits can be earned. Designated Managers employing special situations strategies may take long short or long and short positions in each company in which they invest. Their risk-return profiles can and will vary widely. As with other event-driven strategies, the complexity and particular uncertainties inherent in special situations can produce attractive profit opportunities since other market participants tend to avoid these sorts of situations. A portion of the equity market risk in such strategies can and may be hedged by the Designated Managers.

3. **Relative Value Strategies**

Relative value strategies focus on identifying and profiting from spread relationships which may exist between various related securities, within a company or between companies. These spread relationships are evaluated by the Designated Managers using fundamental, technical, statistical and/or other methods. These strategies tend to have less market exposure than long/short or event-driven strategies, and tend to exhibit lower correlation and beta to most market indices.

Designated Managers employing relative value strategies will typically utilize the following approaches:

- a. **Convertible Arbitrage.** Convertible arbitrage strategies consist of taking long or short positions in convertible securities of a company, and hedging with a position in the securities into which it is convertible. The Designated Manager intends to profit from the perceived mispricing of the convertible security, the underlying security or both.
- b. **Credit Relative Value.** Credit relative value strategies take long and short positions in corporate bonds or their derivatives to capture perceived valuation disparities between the bonds of various issuers, as well as between the bonds of a single issuer.
- c. **Capital Structure Arbitrage.** Capital structure arbitrage strategies seek to profit from valuation anomalies that may exist from time to time across the equity and fixed income securities of a particular issuer or between issuers.
- d. **Statistical Arbitrage.** Statistical arbitrage strategies employ statistical and/or technical models to build long and short portfolios of securities whose current prices are predicted to increase or decrease relative to one another. Such portfolios tend to be widely diversified. Statistical arbitrage strategies often entail a high level of short term trading activity.

The above strategies are only a summary, and other strategies may be employed as well from time to time.

4. **Macro Investing**

Macro investing Designated Managers generally operate with broad trading and investment mandates that allow them to take long, short and/or long-short positions in equity, fixed income and currency instruments and derivatives.

Macro Designated Managers generally analyze macroeconomic and financial conditions to develop views on country, regional or broader economic themes and then seek to capitalize on such views by trading in securities, commodities, interest rates, currencies and other instruments.

They typically use quantitative models and/or their discretionary judgment to speculate on the direction of individual markets or sub-sectors of the markets. Their investment horizons vary

considerably, but a key characteristic of such strategies is that Designated Managers can readily increase, decrease or reverse their positions as market developments unfold.

5. **Multiple Strategies**

Multiple strategies Designated Managers allocate the capital under their management to a combination of the above strategies, and/or other strategies, according to their assessment of the relative risks and opportunities offered by the various strategies from time to time.

Their ability to select the appropriate mixture of strategies, to execute each of the strategies profitably and to control the risk within each strategy and across strategies, will be the determinants of their success.

Multiple strategies Designated Managers tend to deploy their capital in a diversified manner, and the diversification among strategies can be expected to reduce, but not eliminate, the overall risk of loss of capital.

In implementing the investment strategies discussed above, Designated Managers may employ leverage. Accordingly, Designated Managers may pledge the securities of the Underlying Funds with or through third parties in order to borrow additional funds.

Designated Managers may also invest Underlying Fund capital with or through third parties through swaps, total return swaps and other derivative instruments not generally traded on public markets. The amount of borrowings which the Underlying Funds may have outstanding at any time may be substantial in relation to their capital, creating considerable exposure of the Fund's investments in such Underlying Funds.

In addition, swaps, total return swaps and other derivative instruments are subject to various types of risks, including, but not limited to, market risk, liquidity risk and the risk of non-performance by the counterparty. Counterparty risks include the financial soundness and creditworthiness of the counterparty, legal risk and operations risk. See section 8.6 "RISK FACTORS - Leverage/Derivative Instruments/Counterparty Creditworthiness".

The Fund may also utilize **leverage**, to the extent available and deemed by the Investment Manager to be consistent with the Fund's risk/return objectives, in an amount not exceeding 50% of the Fund's Net Asset Value (measured at the time amounts are borrowed). **Leverage** gives the Fund the potential to achieve its investment objective, but also may expose the Fund to additional risk. See section 8.6 "RISK FACTORS - Credit Facility".

Designated Managers may invest in securities, commodities, currencies and other financial instruments traded on various markets throughout the world, including, without limitation, on markets in emerging or developing countries. Such investments require consideration of certain risks typically not associated with investing in securities, commodities, currencies and other financial instruments of the United States or other developed markets, including, but not limited to, unfavorable currency exchange rate developments, restrictions on repatriation of investment income and capital, imposition of exchange control regulation, confiscatory taxation, and economic or political instability in foreign nations. See section 8.6 "RISK FACTORS - Non-U.S. Investments: Emerging Market Risk".

If there is a change in the Investment Strategy as per the provision in section 8.1 and subject to all the Shareholders approval the above investment strategies will not apply.

8.5 **Investment Process**

If there is a change in the Investment Strategy as per the provision in section 8.1 and subject to all the Shareholders approval the investments process section 8.5 will not apply.

8.5.1 Overview

The Investment Manager will employ an ongoing investment process that includes the identification, researching and selection of Designated Managers, the allocation of capital among the various Designated Managers so as to create a diversified portfolio, the monitoring of the Designated Managers and the termination and replacement of various Designated Managers from time to time so as to maximize the probability that the investment objectives will be met.

The management team of the Investment Manager has evaluated and invested in numerous alternative investment funds and strategies representing most categories of alternative investments.

The Investment Manager believes that this alternative investment experience will help enable the Fund to achieve its investment objective.

However, no assurance can be made that the investment objective will be achieved. Performance can and will vary widely from period to period.

8.5.2 Designated Manager Selection

The Investment Manager is responsible for the allocation of the Fund's assets to various Designated Managers. It selects from a wide range of potential Designated Managers, seeking to create a diversified portfolio and achieve above average performance.

The Investment Manager does not intend to invest the Fund's assets according to pre-determined allocations. The allocations among Designated Managers will vary according to the Investment Manager's views of the risks and rewards available from the various investment strategies and Designated Managers from time to time.

The Investment Manager identifies attractive prospective Designated Managers and strategies through a variety of sources. These sources include industry databases, referrals from banks and brokers, industry publications, professionals such as attorneys, accountants and administrators, investment managers and the Investment Manager's own network of contacts.

The Investment Manager believes that its broad network of contacts, especially independent investment managers, can be an especially useful source of new manager introductions. In addition, the Investment Manager believes that its relationships with Designated Managers can, from time to time, enable the Fund to invest in Underlying Funds that would otherwise be unavailable to new investors.

The Investment Manager employs several techniques to narrow the broad set of potential Designated Managers and strategies initially identified for consideration. These include the identification and assessment of the potential Designated Manager's strategy, a review of the track record of the prospective Designated Manager, the background, training and reputation of the prospective Designated Manager, the source of the referral to the prospective Designated Manager and the ability of the potential Designated Manager to explain the investment strategy and risk management process.

It is expected that a relatively small number of potential Designated Managers will merit further consideration after the application of the above screening techniques. The Investment Manager will maintain lists of those potential Designated Managers who are of further interest, organized by investment strategy and prioritized based on the level of interest that the Investment Manager has in the prospective Designated Manager.

The Investment Manager will conduct rigorous due diligence on the highest priority prospective Designated Managers so as to reach a conclusion on whether, and when, they should be selected as Designated Managers.

The due diligence process includes meetings and telephone conversations with the potential Designated Manager to seek to develop an in-depth understanding of the Designated Manager's investment strategy, investment philosophy, risk appetite and portfolio management procedures.

This process includes identifying the types of securities and other instruments held and/or sold short, the research process utilized by the potential Designated Manager and the presence of, and adherence to, appropriate risks controls.

As part of this due diligence process, the Investment Manager will analyze the depth and quality of the potential Designated Manager's team of professionals, which may include background investigations. The process will also include an analysis of the Designated Manager's track record, with the intention of developing an understanding of the strategy's return potential and risk profile.

The final stages of the Investment Manager's due diligence process encompass an assessment of the potential operational and legal structure (including, without limitation, the organizational infrastructure and reporting lines) of the potential Designated Manager. The fee structure and the legal terms and conditions of the Underlying Fund will be carefully assessed.

The Investment Manager will review the Designated Manager's audited financial statements, its regulatory filings (if any) and any other sources of information it deems relevant. The Investment Manager will also hold further discussions with the Designated Manager to assess the potential for developing and maintaining a productive long-term relationship, and to determine whether a proper alignment of interests between the Fund and the potential Designated Manager exists.

While the Investment Manager spends considerable time analyzing the investment merits of a prospective Designated Manager's approach, the Investment Manager also believes that the most important determinants of long term investment success are the character and ethical qualities of the Designated Manager's senior personnel, especially the portfolio manager. The Investment Manager will assess these considerations through meetings and conversations with the Designated Managers, as well as through reference checks, background checks if possible and such other procedures as the Investment Manager may deem appropriate.

Nevertheless, despite the Investment Manager's best efforts in this regard, there can be no assurance that the Investment Manager's conclusions will prove correct.

8.5.3 Portfolio Construction

The Investment Manager allocates the Fund's capital among such Designated Managers that, in its view, offer attractive investment opportunities with acceptable levels of risk.

In determining the relative allocations of capital among the Designated Managers, the Investment Manager considers the risk and return characteristics of each prospective Designated Manager, including, without limitation, its historical rate of return relative to benchmarks and peers, the historical volatility of returns, draw downs, liquidity of the instruments traded and the leverage employed in implementing the strategy.

In addition, the Investment Manager considers how each prospective Designated Manager's performance is expected to correlate, or relate to, that of the other Designated Managers in the portfolio or under consideration.

The Investment Manager will use a variety of statistical tools in conducting this analysis, but since these tools rely heavily on past investment results, there can be no assurance that the conclusions reached based on these tools will prove correct.

The Investment Manager's judgment will be the final determinant of which Designated Managers are selected, and in what proportion the Fund's capital is allocated to each. It is expected that allocations will vary significantly over time as returns for different Underlying Funds will vary.

The Investment Manager believes that broad diversification is the best way to minimize the probability of substantial losses of capital by the Fund due to poor performance by one or more Designated Managers. Accordingly the Fund's capital will be spread among a variety of Designated Managers and strategies, and the Investment Manager will seek to employ Designated Managers whose results are not expected to correlate highly with one another.

There can be no assurance, however, that the Fund will be able to avoid substantial losses due to poor returns by one or more Designated Managers.

The identity and number of Underlying Funds can and will change materially over time. The Fund will withdraw from or invest with different Designated Managers without prior notice to or the consent of the Shareholders. The determination of whether to redeem will be made by the Investment Manager from time to time according to a variety of factors including, but not limited to, the performance of the Designated Manager relative to benchmarks, peers or expectations, the adherence of the Designated Manager to its stated investment strategy, the responsiveness of the Designated Manager to the inquiries and requests for information by the Investment Manager, unexpected changes in the size and composition of the Designated Manager's organization, changes in the Investment Manager's perception of the Designated Manager's character and ethics, the emergence of superior investment opportunities in the opinion of the Investment Manager and other considerations.

The Fund may invest temporarily in high quality fixed income securities, money market instruments and money market funds or may hold cash or other cash equivalents pending the investment of assets with Designated Managers or to maintain the liquidity necessary to effect payment for redemptions by Shareholders or for other purposes.

8.5.4 Risk Management and Monitoring

The Designated Managers selected by the Investment Manager from time to time in accordance with the methods set forth above have full discretion, without the Investment Manager's input, to purchase and sell securities and other investments for their respective Underlying Funds.

The Designated Managers' discretion, consistent with the relevant investment advisory agreements, Fund agreements or other governing documents of such Underlying Funds, tends to be extremely broad. The Designated Managers are generally not limited in the markets in which they invest, either by market, size or asset class or by the investment discipline that they may employ, such as value or growth or bottom-up or top-down analysis.

The Designated Managers may invest and trade in a wide range of securities and other investments and may pursue various investment strategies and techniques for both hedging and non-hedging purposes.

They may employ leverage, and the degree of leverage may vary. Each of the techniques utilized by the Designated Manager involves certain risks. See section 8.6 "RISK FACTORS".

The Investment Manager seeks to monitor the risks of individual Designated Managers and of the Fund's portfolio in the aggregate. The primary goal of this process with respect to individual Designated Managers is to ensure that they are performing as expected and are adhering to their stated investment philosophy and style.

In so doing the Investment Manager hopes to gain early insight into factors that might call for an increase or decrease in the allocation among such Designated Managers. In this process, the Investment Manager employs various software tools and analytical procedures, as well as periodic telephone conversations and meetings with the Designated Managers.

In addition, the Investment Manager acquires information that is useful in this process through reading industry and financial periodicals, attending conferences and speaking with and meeting other individuals involved in the alternative investment field. With respect to the monitoring of the portfolio as a whole, the Investment Manager seeks to monitor, to the best of its ability, the Fund's aggregate exposure to various

alternative investment strategies and to various systematic risks. These risks include equity risk, geographic risk, interest rate risk and credit risk, among others.

There can be no assurance, despite the best efforts of the Investment Manager, that these risks can be precisely or accurately gauged, since the underlying Designated Managers may have differing methods of estimating and communicating this exposure information to the Investment Manager.

The Investment Manager reviews and monitors the operation and performance of each Designated Manager as frequently as it believes is appropriate in light of the strategy followed and prevailing market conditions. The Investment Manager solicits such information from each Designated Manager and from other sources, such as prime brokers, that the Investment Manager deems necessary to properly assess the performance, and accordingly the relative success or failure, of a Designated Manager.

Changes in leverage, investment strategy, personnel, market behavior, competition, expenses, litigation, regulation, economic conditions and other factors may also be monitored, and may contribute to the overall risk of the portfolio.

From time to time, the Investment Manager may allocate Fund assets to a Designated Manager that allocates assets to investment funds that retain certain services and support from service providers retained by, or affiliated with, such Designated Manager (a "Multi-Manager Structure").

The Designated Manager's selection process generally includes an examination of the organizational infrastructure, including the quality of the investment professionals and staff, the types and application of internal controls, and any potential for conflicts of interest. However, where the Fund invests in a Multi-Manager Structure, the Investment Manager generally will have limited ability to examine the organizational infrastructure of the Designated Managers and the investment funds in which the Fund indirectly invests. In addition, the Fund will not be able to control the selection or removal of such investment managers.

8.5.5 Designated Investments

The Underlying Funds may invest a portion of their assets in a designated investment ("Designated Investment"). The Designated Manager of the Underlying Fund may place such Designated Investment in a separate special account. Additionally, the Designated Manager of the Underlying Fund may make a follow-up investment ("Follow-Up Investment"), and may place such Follow-up Investment in the same special account as the Designated Investment to which it relates. In general, the Fund will not be able to withdraw capital placed in a special account from an Underlying Fund until the relevant Designated Investment and Follow-Up Investment (if any) become liquid or are sold or otherwise disposed of by such Underlying Fund.

The Investment Manager may, within sixty (60) days after receipt of a Designated Investment notice, place a pro rata portion of the Fund's investment in the Underlying Fund corresponding to the amount of such Designated Investment in a Designated Investment account. Interests in a Designated Investment account are allocated only to those Shareholders at the time the Designated Investment Notice is received.

In addition, the Investment Manager may, within sixty (60) days after receipt of a Follow-Up notice, place a pro rata portion of the Fund's investment in the Underlying Fund corresponding to the amount of such Follow-Up Investment in the same Designated Investment account as the Designated Investment to which it relates.

Interests in a Designated Investment account relating to a Follow-Up Investment are allocated only to those investors that are Shareholders at the time the Follow-Up notice is received and that participate in existing Designated Investment accounts, provided, however, that the Fund will not allocate interests in a Designated Investment account relating to a Follow-Up Investment to Shareholders who have withdrawn from the Fund. Capital held in a Designated Investment account generally is not available for redemption until the occurrence of a realization event in respect of the Designated Investments and Follow-Up Investments to which it corresponds.

Designated Investment accounts are not believed likely to comprise more than ten percent (10%) of the Fund's Net Asset Value (but may be more than ten percent (10%) of the value of a Partner's Interest), determined at the time the Designated Investment notice or Follow-Up Notice is received, as applicable, and measured based on the valuation provided in such Designated Investment notice or Follow-Up notice, as applicable. For purposes of calculating the ten percent (10%) guideline, existing Designated Investment accounts will be valued at the last reported value of the related Designated Investment and Follow-Up Investments (if any). Notwithstanding the foregoing, over time, Designated Investment accounts may comprise more than ten percent (10%) of the value of the Fund's Net Asset Value or a Shareholders interest due to redemptions or other factors.

Designated Investment accounts will be accounted for separately from the Fund's other investments, at the last reported value of the related Designated Investment and Follow-Up Investments (if any).

A Shareholder may not withdraw any portion of its capital account that is allocated to a Designated Investment account, unless otherwise determined by the Investment Manager, until the occurrence of a realization event. If a portion of a withdrawing Shareholder's capital account has been allocated to a Designated Investment account, then (unless otherwise determined by the Investment Manager) the amount distributed to a withdrawing Shareholder will not include any interest of such Shareholder in such Designated Investment account. Such Shareholder will retain its interest in any Designated Investment account until a realization event occurs in respect of such Designated Investment account. Upon the occurrence of a Realization Event, the interest in the Designated Investment account of a Shareholder that has otherwise withdrawn from the Fund will be distributed to such Shareholder within forty-five (45) days following such realization event.

A realization event occurs with respect to a Designated Investment account when the Fund is able to redeem its interest in the related Designated Investment and Follow-Up Investment (if any) from the applicable Underlying Fund. This is generally expected to occur when: (i) a Designated Investment and Follow-Up Investment (if any) become liquid (including, without limitation, when there is a public offering of the securities constituting the Designated Investment and Follow-Up Investment (if any) that provides a reasonable value), (ii) a Designated Investment and Follow-Up Investment (if any) are liquidated, sold or otherwise disposed off by the Underlying Fund, or (iii) circumstances otherwise exist that, in the judgment of the applicable Designated Manager, conclusively establish a value other than fair value or cost (including, without limitation, when additional securities substantially similar to the Designated Investment have been issued by the issuer of the Designated Investment).

If, after giving effect to a redemption, a Shareholder would be completely withdrawn from the Fund except for its interest in one or more Designated Investment accounts, the Investment Manager may reserve or hold back from the redemption proceeds payable with respect to such redemption such amount as the Investment Manager deems sufficient to cover the Management Fee expected to be payable over the life of the Designated Investment account (the "Management Fee Reserve"). Generally, any unused portion of the Management Fee Reserve, together with any interest accrued at the rates paid on the Fund's cash balances, will be paid to the Shareholder at final realization of such Designated Investment account. To the extent the Management Fee Reserve and any interest thereon does not cover Management Fees that are due in any year during the life of the Designated Investment account, the Investment Manager will send a periodic statement to the withdrawn Shareholder providing for the payment of the Management Fee, which will be due within fifteen (15) days of receiving such statement. If the full amount of the shortfall due and owing is not paid, the Investment Manager may, in its sole and absolute discretion, reduce the amount of any subsequent redemption proceeds paid with respect to such capital account by an amount equal to the unpaid shortfall, together with interest at the rates paid on the Fund's cash balances. For purposes of determining the Management Fee, each Designated Investment account will be valued at the last reported value of the related Designated Investment and Follow-Up Investments (if any).

8.5.6 Other Investments

The Investment Manager may invest Funds' money, that are not currently allocated to a Designated Manager, in short term AAA rated Government securities, money market accounts, commercial paper and/or other short term interest bearing instruments located at major international financial institutions,

index funds and exchange traded funds. Any income earned from such investments will be reinvested by the Fund in accordance with the Fund's investment strategies.

The Fund expects to invest in pooled investment vehicles and in accounts managed by Designated Managers located on a global basis (including USA).

The Fund expects that Designated Managers will implement the strategies discussed above primarily by means of transactions in securities and commodities listed on exchanges and in the over-the-counter markets located in the United States and abroad. The Designated Managers generally maintain the security positions of the pooled investment vehicles and accounts in which the Fund has an interest solely or primarily with major international financial institutions, including broker-dealers and/or banks.

THE FUND'S INVESTMENT PROGRAM IS SPECULATIVE AND ENTAILS SUBSTANTIAL RISKS AND THERE CAN BE NO ASSURANCE THAT THE INVESTMENT OBJECTIVE OF THE FUND WILL BE ACHIEVED.

MARKET RISKS ARE INHERENT IN ALL SECURITIES TO VARYING DEGREES.

THE PRACTICES OF SHORT SELLING, LEVERAGE AND OTHER INVESTMENT TECHNIQUES WHICH THE FUND AND/OR THE "DESIGNATED MANAGERS", MAY EMPLOY FROM TIME TO TIME CAN, IN CERTAIN CIRCUMSTANCES, MAXIMIZE THE ADVERSE IMPACT OF ADVERSE MARKET CONDITIONS OR EVENTS TO WHICH THE FUND'S INVESTMENT PORTFOLIO MAY BE SUBJECT.

NO ASSURANCE CAN BE GIVEN THAT THE FUND'S INVESTMENT OBJECTIVE WILL BE REALISED.

AN INVESTOR MAY LOSE SOME OF ITS, HIS OR HER INVESTMENT.

SEE SECTION 8.6.3 "RISK FACTORS".

8.6 Risk Factors

THE PURCHASE OF SHARES OFFERED HEREBY INVOLVES CERTAIN RISKS AND IS SUITABLE ONLY FOR PROSPECTIVE INVESTORS OF ADEQUATE FINANCIAL MEANS WHICH HAVE NO IMMEDIATE NEED FOR LIQUIDITY IN THIS INVESTMENT.

ALL SECURITIES AND COMMODITIES TRADING ACTIVITIES RISK THE LOSS OF CAPITAL.

ALTHOUGH THE INVESTMENT MANAGER WILL ATTEMPT TO MODERATE THESE RISKS, NO ASSURANCE CAN BE GIVEN THAT THE FUND'S INVESTMENT ACTIVITIES WILL BE SUCCESSFUL.

AMONG THE FOLLOWING RISKS, THERE ARE SOME WHICH ARE ASSOCIATED WITH THE STYLES OF INVESTING THAT MAY BE FOLLOWED BY THE DESIGNATED MANAGERS IN WHICH THE FUND INVESTS.

THE INVESTMENTS OF THE FUND ARE SUBJECT TO NORMAL MARKET FLUCTUATIONS AND OTHER RISKS INHERENT IN INVESTING IN SECURITIES AND THERE CAN BE NO ASSURANCE THAT ANY APPRECIATION IN VALUE WILL OCCUR.

THE VALUE OF THE INVESTMENTS, AND THEREFORE THE VALUE OF THE SHARES RELATING TO THESE CAN GO DOWN AS WELL AS UP AND AN INVESTOR MAY NOT REALIZE THE AMOUNT ORIGINALLY INVESTED.

PROSPECTIVE INVESTORS SHOULD BEAR IN MIND THE FOLLOWING SPECIAL RISK FACTORS IN ADDITION TO THE RISK FACTORS DESCRIBED IN SECTION 8.1 "INVESTMENT OBJECTIVES":

8.6.1 Market Risks

1. Competition. The securities industry, the various financial markets in which the Designated Managers participate and the varied strategies and techniques engaged in by the Designated Managers selected by the Investment Manager (see section 8.4 "*UNDERLYING INVESTMENT STRATEGIES*") are extremely competitive and each involves a high degree of risk. The Fund and its Designated Managers compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.
2. Market Volatility. The profitability of the Fund depends upon the Designated Managers chosen by the Investment Manager correctly assessing the future price movements of stocks, bonds, options on stocks, other securities, currencies, regulated futures contracts and other commodities and the movements of interest rates. There can be no assurance that the various Designated Managers selected by the Investment Manager will be successful in accurately predicting price and interest rate movements. Price movements of the investment instruments are influenced by, among other things, changing supply and demand relationships, governmental trade, monetary, fiscal and exchange control programs and policies, national and international political and economic events, availability of credit, inflation rates and changes in interest rates. These factors may affect the level and volatility of securities prices and liquidity of investments. Unexpected volatility or liquidity could impair the Fund's profitability or result in losses.
3. Leverage. The Designated Managers selected by the Investment Manager may generally employ leverage. This includes the use of borrowed funds and investments in options, such as puts and calls, regulated futures contracts and warrants. Also, they may engage in short sales. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the operating results of the Fund.
4. Liquidity. A substantial portion of the investments made by the Fund may lack liquidity. Some of the Designated Managers only permit the Fund to withdraw its assets at specified times (i.e., annually, semi-annually or quarterly) and many Designated Managers have the right to suspend the payment of redemptions under certain circumstances. Furthermore, though it is intended that investments by the Fund will be with Designated Managers which invest in securities, commodity futures or other financial instruments traded on listed exchanges, some may be thinly traded. This could present a problem in realizing the prices quoted and in effectively trading the position(s). In certain situations, Designated Managers may invest in illiquid investments (including, without limitation, Designated Investments and Follow-Up Investments) which could result in significant loss in value should the Designated Managers be forced to sell the illiquid investments as a result of rapidly changing market conditions or as a result of margin calls or other factors.
5. Independence of Designated Managers. The Fund does not presently, and does not expect in the future to, control any of the Designated Managers, their choice of investments and other investment decisions, all of which will be totally within the control of such Designated Managers. The investments of the Fund are made pursuant to written disclosures from and/or agreements with a Designated Manager which provide, among other things, guidelines by which the Designated Manager will trade for the applicable Underlying Fund. Thus, while each Designated Manager undertakes to follow specified trading strategies, the written disclosures and/or agreements discussed above typically

provide the Designated Managers with broad discretion to modify their trading strategies and therefore it is possible that a Designated Manager could deviate from its trading strategies, which deviation could result in, among other things, a less profitable trading strategy or a riskier approach that could lead to a loss of all or part of the Fund's investment with such Designated Manager. Furthermore, Designated Managers invest wholly independently of one another and may at times hold economically offsetting positions. To the extent that the Designated Managers do, in fact, hold such positions, the Fund, considered as a whole, cannot achieve any gain or loss despite incurring fees and expenses. In addition, while currently neither the Investment Manager nor any of its affiliates own any equity interests in any of the Designated Managers, it is possible that one or more of the affiliates of the Investment Manager could potentially in the future acquire non-controlling interests in one or more of the Designated Managers.

6. Fraudulent Activities. There is a risk that a Designated Manager may knowingly, negligently or otherwise withhold or misrepresent information regarding the performance of the Designated Manager or the Underlying Fund including, without limitation, the presence or effects of any fraudulent or similar activities ("Fraudulent Activities"). The Fund's performance of its monitoring functions would generally not give the Fund the opportunity to discover such situations prior to the time the Designated Manager discloses (or there is public disclosure of) the presence or effects of any Fraudulent Activities. Accordingly, the Fund can offer no assurances that a Designated Manager will not engage in Fraudulent Activities and cannot guarantee that it will have the opportunity or ability to protect the Fund from suffering a loss because of a Designated Manager's Fraudulent Activities.
7. Capacity of Designated Manager. Designated Managers may limit the amount of assets or the number of accounts that they will manage. To the extent the aggregate amount of assets in an Underlying Fund exceeds the amount deemed by the Designated Manager, in its sole and absolute discretion, to be the ideal amount to be invested in the applicable investment strategy utilized by such Underlying Fund, the returns of such Underlying Fund may be negatively impacted due to the inability of such Designated Manager to effectively manage the excess capacity in such Underlying Fund. Due to the fact that some Underlying Funds with superior returns are "closed" to new investment, the Investment Manager may seek to convince Designated Managers operating otherwise "closed" Underlying Funds to accept an investment from the Fund. If, due to capacity constraints, the Investment Manager is unable to invest with a particular Designated Manager or in a particular Underlying Fund, or is unable to invest the amount it would otherwise like to invest, the Fund may be unable to achieve its investment objective.
8. Counterparty Creditworthiness. The Fund engages Designated Managers that deal in securities, financial instruments and commodities that involve counterparties. Such Designated Managers may also purchase and sell commodity interests in connection with their investment strategies. Further, a Designated Manager may not be required to evaluate the creditworthiness of counterparty. Under certain conditions, counterparty to a transaction could default or the market for certain securities, financial instruments or commodities may become illiquid. In any case, these Designated Managers could experience liquidity problems.
9. Futures Commission Merchants. Futures commission merchants ("FCMs") used by the Designated Managers are required to segregate the assets of their clients. If an FCM does not properly segregate client assets, the bankruptcy or insolvency of such FCM increases the risk of loss of the Designated Manager's assets held by the FCM. In addition, in certain circumstances a Designated Manager faces an increased risk of loss of assets held by an FCM even where assets are properly segregated.
10. Options. The Designated Managers may utilize options in furtherance of their investment strategies. Option positions may include both long positions, where a Designated

Manager is the holder of put or call options, as well as short positions, where the Designated Manager is the seller (writer) of an option. Although option techniques can increase investment returns, they can also involve a higher level of risk compared with their underlying securities. For example, the expiration of unexercised long options effectively results in loss of the entire cost, or premium paid for the option. Conversely, the writing of an uncovered put or call option can involve, similar to short selling, a theoretically unlimited risk of an increase in the Fund's cost of selling or purchasing the underlying securities, commodities or other instruments in the event of exercise of the option.

11. Derivative Instruments. Designated Managers may invest Underlying Fund capital with or through third parties through swaps, total return swaps and other derivative instruments. Designated Managers may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with their investment objectives and legally permissible. Special risks may apply to instruments that are invested in by the Underlying Funds in the future that cannot be determined at this time or until such instruments are developed or invested in by the Underlying Funds. Certain swaps, total return swaps and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.
12. Forward Contract Markets. Designated Managers may trade forward contracts (and options on forward contracts). These securities are not traded on exchanges and are individually negotiated and therefore can be highly illiquid. The principals in forward contract markets are not required to continue to make such markets or to continue to deal in forward contracts of all currencies and/or commodities. In addition, forward contract markets are subject to significant disruptions, including through the intervention of governmental authorities. Therefore, Designated Managers that trade forward contracts may experience liquidity or other problems, and may incur substantial losses on such investments.
13. Short Sales. Designated Managers may sell securities short. Selling securities short risks losing an amount greater than the proceeds received. Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the price that a security may appreciate before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. The Designated Managers may be subject to losses if a security lender demands return of the lent securities and an alternative lending source cannot be found or if the Designated Managers are otherwise unable to borrow securities which are necessary to cover their positions.
14. Proprietary Investment Strategies. Designated Managers may use proprietary investment strategies that are based on considerations and factors that are not fully disclosed to the Investment Manager or the Fund. These strategies may involve risks under some market conditions that are not anticipated by the Investment Manager or the Fund. The Designated Managers generally use investment strategies that are different than those typically employed by traditional managers of portfolios of stocks and bonds and may involve significantly more risk and higher transaction costs than more traditional investment methods. Additionally, it is possible that the performance or the specific investments of the Designated Managers may be closely correlated to each other in some market conditions, resulting (if those returns are negative) in significant losses to the Fund and its investors.
15. Concentration of Holdings. At any given time, an Underlying Fund's assets may become highly concentrated within a particular company, industry, asset category, trading style or financial or economic market. In that event, the Underlying Fund's portfolio will be more

susceptible to fluctuations in value resulting from adverse economic conditions affecting the performance of that particular company, industry, asset category, trading style or financial or economic market, than a less concentrated portfolio would be. As a result, if an Underlying Fund's investment portfolio becomes concentrated, its aggregate return may be volatile and may be affected substantially by the performance of only one or a few holdings. The Designated Managers are not obligated to hedge their positions.

16. Compensation Arrangements with the Designated Managers. Designated Managers may receive incentive compensation from the Fund based on the performance of their portfolios. Such compensation arrangements may create an incentive to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In addition, because performance-based compensation may be calculated on a basis which includes unrealized appreciation of the Fund's assets, such performance-based compensation may be greater than if such compensation were based solely on realized gains. It is possible that certain Designated Managers may receive incentive compensation, even though the Fund, as a whole, does not have net capital appreciation. Additionally, Designated Managers may receive incentive compensation prior to the expiration of the lock-up period, if any, relating to the Fund's capital contribution to the Underlying Fund managed by such Designated Manager and may be so even in cases where there was no aggregate gain at the end of such lock-up period.
17. Systemic Risk. World events and/or the activities of one or more large participants in the financial markets and/or other events or activities of others could result in a temporary systemic breakdown in the normal operation of financial markets. Such events could result in the Designated Managers losing substantial value caused predominantly by liquidity and counterparty issues (as noted above), which could result in the Fund incurring substantial losses.
18. Non-U.S. Investments; Emerging Market Risk. A Designated Manager may invest all or a portion of its assets in non-U.S. securities and interests denominated in non-U.S. currencies and/or traded outside of the United States, including emerging market securities and interests. Such investments require consideration of certain risks not typically associated with investing in securities traded in the United States or other assets. Such risks include, among other things, unfavorable currency exchange rate developments, restrictions on repatriation of investment income and capital, imposition of exchange control regulation, confiscatory taxation, and economic or political instability in foreign nations. In addition, there may be less publicly available information about certain non-U.S. companies than would be the case for comparable companies in the United States, and certain non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies.
19. Quantitative Models. Certain Designated Managers may trade on the basis of non-discretionary mathematical trading models. Generally, such models are programmed to identify investment opportunities based on the occurrence of specified events and/or situations. Should such events and/or situations not occur, the models may not generate any investment opportunities and/or profits. Further, the reliance on a model may cause a Designated Manager to not act on the occurrence of an event and/or situation that would otherwise cause the Designated Manager to act.
20. General Economic Conditions. The success of any investment activity is affected by general economic conditions, which include the level and volatility of interest rates, credit spreads and equity valuations and the extent and timing of investor participation in the markets for both equities and interest-sensitive instruments. Unexpected volatility or illiquidity in the markets in which the Fund (directly or indirectly through Designated Managers) holds positions could cause the Underlying Fund to incur losses.

21. Event-Driven Strategies. The Designated Managers may employ "event-driven" investment strategies. If an Underlying Fund takes a position based upon the occurrence (or non-occurrence) of a particular event in the future and is incorrect regarding such occurrence, such Underlying Fund may incur substantial losses.
22. Equity Securities. The Underlying Funds' investment portfolios may include long and short positions in common stocks, preferred stocks and convertible securities of U.S. and non-U.S. issuers. The Underlying Funds also may invest in depository receipts or shares relating to non-U.S. securities. (See "Non-U.S. Securities" below). Equity securities fluctuate in value, often based on factors unrelated to the fundamental economic condition of the issuer of the securities, and these fluctuations can be pronounced. The Underlying Funds may invest in equity securities without restriction as to market capitalization, such as those issued by smaller capitalization companies, including "micro cap" companies. The prices of the securities of smaller companies may be subject to greater volatility than larger, more established companies, as these securities typically are traded in lower volume and the issuers typically are more subject to changes in earnings and prospects. The Underlying Funds may purchase securities in all available securities trading markets.
23. Bonds and Other Fixed Income Securities. The Underlying Funds may invest in both U.S. and non-U.S. bonds and other fixed-income securities. The Underlying Funds will invest in these securities when they offer opportunities for capital appreciation and may also invest in these securities for temporary defensive purposes and to maintain liquidity. Fixed-income securities include, among other securities: bonds, notes and debentures issued by U.S. and non-U.S. corporations; debt securities issued or guaranteed by the U.S. Government or one of its agencies or instrumentalities ("U.S. Government securities") or by a non-U.S. government; municipal securities; and mortgage-backed and asset backed securities. These securities may pay fixed, variable or floating rates of interest and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to make principal and interest payments on its obligations (that is, credit risk) and are subject to price volatility resulting from, among other things, interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (that is, market risk). The Underlying Funds may invest in both investment grade and non-investment grade debt securities. Non-investment grade debt securities in the lowest rating categories may involve a substantial risk of default or may be in default. Adverse changes in economic conditions or developments regarding the individual issuer are more likely to cause price volatility and weaken the capacity of the issuers of noninvestment grade debt securities to make principal and interest payments than issuers of higher grade debt securities. An economic downturn affecting an issuer of non-investment grade debt securities may result in an increased incidence of default. In addition, the market for lower grade debt securities may be thinner and less active than for higher grade debt securities.
24. Non-U.S. Securities. Investing in non-U.S. securities may involve considerations and possible risks not typically involved in investing in securities of companies domiciled and operating in countries such as the United States, including instability of some local governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy, or changes in circumstances or dealings between nations. The application of local tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect investment in these securities. Higher expenses may result from investment in non-U.S. securities because of the costs that must be incurred in connection with conversions between various currencies and local brokerage commissions that may be higher than commissions in the United States. Local securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States. Investments in these countries could be affected by other factors not present in the United States, including lack of uniform accounting,

auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

25. Distressed Securities. Certain of the companies in whose securities the Underlying Funds may invest may be in transition, out of favor, financially leveraged or troubled, or potentially troubled, and may be or have recently been involved in major strategic actions, restructurings, bankruptcy, reorganization or liquidation. These characteristics can cause securities of these issuers to be particularly risky, although they also may offer the potential for high returns. These securities should be considered speculative, and the ability of the issuers to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within the issuers. An Underlying Fund's investment in any instrument is subject to no minimum credit standard and a significant portion of the obligations and preferred stock in which an Underlying Fund may invest may be less than investment grade, which may result in the Fund's experiencing greater risks and volatility than it would with investments in higher rated instruments.
26. Reverse Repurchase Agreements. Reverse repurchase agreements involve a sale of a security by an Underlying Fund to a bank or securities dealer and such Underlying Fund's simultaneous agreement to repurchase the security for a fixed price (reflecting a market rate of interest) on a specific date. These transactions involve a risk that the other party to a reverse repurchase agreement will be unable or unwilling to complete the transaction as scheduled, which may result in losses to an Underlying Fund. Reverse repurchase transactions are a form of leverage that may also increase the volatility of an Underlying Fund's investment portfolio.
27. Non-U.S. Currency Transactions. A Underlying Fund may engage in non-U.S. currency transactions for a variety of purposes, including to fix in U.S. Dollars, between trade and settlement date, the price at which an Underlying Fund has agreed to buy or sell a security, or to hedge the U.S. Dollar value of securities an Underlying Fund already owns, particularly if such Underlying Fund anticipates a decrease in the value of the currency in which the non U.S. security is denominated. An Underlying Fund's success in these transactions will depend principally on its ability to predict accurately changes in exchange rates between non-U.S. currencies and the U.S. Dollar.
28. Purchasing Initial Public Offerings. The Underlying Funds may purchase securities of companies in initial public offerings or shortly after those offerings are complete. Special risks associated with these securities may include lack of a trading history, lack of investor knowledge of the issuer, and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings may make it more difficult for an Underlying Fund to buy or sell significant amounts of shares without an unfavorable effect on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues, operating income or the near-term prospects of achieving revenues or operating income.
29. Special Investment Instruments and Techniques. The Underlying Funds may utilize a variety of special investment instruments and techniques described below to hedge their portfolios against various risks, such as changes in interest rates or other factors that affect security values, or for non-hedging purposes in seeking to achieve their investment objectives. These strategies may be executed through derivative transactions. Instruments used and the particular manner in which they may be used may change over time as new instruments and techniques are developed or regulatory changes occur. Certain of these special investment instruments and techniques are speculative and involve a high degree of risk, particularly in the context of non-hedging transactions.

30. Call and Put Options on Securities Indices. An Underlying Fund may purchase and sell call and put options on stock indices listed on national securities exchanges or traded in the over-the-counter market for hedging purposes and non-hedging purposes in seeking to achieve the investment objectives of such Underlying Fund. A stock index fluctuates with changes in the market values of the stocks included in the index. Successful use of options on stock indexes will be subject to an Underlying Investment Manager's ability to predict correctly movements in the direction of the stock market generally or of a particular industry or market segment, which requires different skills and techniques from those involved in predicting changes in the prices of individual stocks.
31. Warrants and Rights. Warrants are derivatives that permit, but do not obligate, their holder to subscribe for other securities. Rights are similar to warrants, but normally have a shorter duration and are offered or distributed to shareholders of a company. Warrants and rights do not carry with them the right to dividends or voting rights with respect to the securities that they entitle the holder to purchase, and they do not represent any interest in the assets of the issuer. As a result, warrants and rights may be considered more speculative than certain other types of equity-like securities. In addition, the values of warrants and rights do not necessarily change with the values of the underlying securities and these instruments cease to have value if they are not exercised prior to their expiration dates.
32. Swap Agreements. The Underlying Funds may enter into equity, interest rate, index and currency rate swap agreements. These transactions will be undertaken in attempting to obtain a particular return when it is considered desirable to do so, possibly at a lower cost than if an Underlying Fund had invested directly in the asset that yielded the desired return. Swap agreements are two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than a year. In a standard swap transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments, which may be adjusted for an interest factor. The gross returns to be exchanged or "swapped" between the parties are generally calculated with respect to a "notional amount," that is, the return on or increase in value of a particular dollar amount invested at a particular interest rate, in a particular non-U.S. currency, or in a "basket" of securities representing a particular index. Most swap agreements entered into by an Underlying Fund would require the calculation of the obligations of the parties to the agreements on a "net basis." Consequently, current obligations (or rights) under a swap agreement generally will be equal only to the net amount to be paid or received under the agreement based on the relative values of the positions held by each party to the agreement (the "net amount"). If the other party to a swap defaults, such Underlying Fund's risk of loss consists of the net amount of payments that the Underlying Fund contractually is entitled to receive.
33. Lending Underlying Fund Securities. The Underlying Funds may lend their securities to brokers, dealers and other financial institutions needing to borrow securities to complete certain transactions. The lending Underlying Fund continues to be entitled to payments in amounts equal to the interest, dividends or other distributions payable in respect of the loaned securities. In connection with any such transaction, an Underlying Fund will receive collateral consisting of cash, U.S. Government securities or irrevocable letters of credit that will be maintained at all times in an amount equal to at least 100% of the current market value of the loaned securities. An Underlying Fund might experience loss if the institution with which it has engaged in a portfolio loan transaction breaches its agreement with such Underlying Fund.
34. Restricted and Illiquid Investments. The Underlying Funds may invest a portion of their capital in restricted securities and other investments that are illiquid. Restricted securities are securities that may not be sold to the public without an effective registration statement under the Securities Act and, if they are unregistered, may be sold only in a privately negotiated transaction or pursuant to an exemption from registration. When

registration is required to sell a security, an Underlying Fund may be obligated to pay all or part of the registration expenses, and a considerable period may elapse between the decision to sell and the time the Underlying Fund may be permitted to sell a security under an effective registration statement. If adverse market conditions develop during this period, an Underlying Fund might obtain a less favorable price than the price that prevailed when the Underlying Fund decided to sell. If the Fund is investing through a managed account rather than through an Underlying Fund, restricted securities for which no market exists and other illiquid investments are valued at fair value, as determined in accordance with procedures approved and periodically reviewed by the Administrator. The Underlying Funds may be unable to sell restricted and other illiquid securities at the most opportune times or at prices approximating the value at which they purchased the securities.

8.6.2 Regulatory Risks

1. Strategy Restrictions. Certain Prospective Investors may be restricted from directly utilizing investment strategies of the type the Underlying Fund or the Designated Managers currently engage in and may engage in. These may include sales of "naked" options (those in which there is no position in the underlying security, commodity or other instrument) or purchases of put and call options on stocks and sales of regulated futures contracts. Such Prospective Investors should consult their own advisors, counsel and accountants.
2. Trading Limitations. For all securities and commodities, including options and regulated futures contracts listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances, including the right to impose position limits and price limits on persons or groups of persons. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the Underlying Fund to loss.
3. General Business and Regulatory Risks of Hedge Funds. Legal, tax and regulatory changes could occur during the term of the Underlying Fund that may adversely affect the Underlying Fund. The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by the Underlying Fund and the ability of the Underlying Fund to pursue its investment strategy. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Underlying Fund could be substantial and adverse.
5. Risk of Litigation. From time to time, a Designated Manager and/or an Underlying Fund may be named as a defendant in a lawsuit or regulatory action. As a result of such action, the assets of the Underlying Fund may be frozen, and the Fund may not be able to liquidate its interest in the Underlying Fund. In certain cases, the Fund may be called on to testify and/or provide information (including, without limitation, a list of Shareholders) in connection with such lawsuit or regulatory action. The Fund may also be named as a defendant in the lawsuit or regulatory action. Litigation and regulatory actions can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses.

8.6.3 Fund Risks

1. Risk of Loss. An investment in the Fund is speculative. Shareholders may incur substantial losses on their investments in the Fund.

2. No Operating History of Fund. The Fund is recently formed and has no operating history. The success of the Fund depends on the ability and experience of the Investment Manager and there can be no assurance that the Investment Manager will generate any gains or profits for the Fund. SPA GP (II) LTD does not have a past performance as it has been recently established.
3. Limited Liquidity. An investment in the Fund provides limited liquidity. A Shareholder generally has the right, to part or all of the investment on a monthly basis with 45 days prior written notice to the Administrator. Further, under certain circumstances, the Fund may suspend the payment of redemptions. Shares are not freely transferable. In connection with the purchase of the Shares pursuant to this Memorandum, each Shareholder must represent that the Shareholder is acquiring the shares for investment purposes only and not with a view to or for resale, distribution or fractionalization of the shares. A secondary market does not exist, and one is not expected to develop, for the shares.
4. Credit Facility (leverage). The Fund may at the discretion of the Investment Manager, during the term of the Fund, through one or more credit facilities, repurchase transactions or similar arrangements, directly borrow or otherwise have access to funds as determined by the Investment Manager in its sole and absolute discretion, in an amount not exceeding 50% of the Fund's Net Asset Value (measured at the time amounts are borrowed by debt to equity). The Fund may use borrowings for the purpose of making investments and/or finance short term liquidity requirements if and when needed.

The use of leverage creates special risks and may significantly increase the Fund's risk. Leverage creates an opportunity for greater yield and total return, but, at the same time, will increase the Fund's exposure to capital risk and interest costs.

If the Fund uses leverage with respect to an investment in an Underlying Fund, any losses would be more pronounced than if leverage was not used, and a relatively small movement in the value of such Underlying Fund may result in substantial losses to the Fund. Any investment income and gains earned on investments made through the use of leverage that are in excess of the interest costs associated therewith may cause the Net Asset Value of the Shares to increase more rapidly than would otherwise be the case.

Conversely, where the associated interest costs are greater than such income gains, the Net Asset Value of the Shares may decrease more rapidly than would otherwise be the case. The Fund will bear all of the costs and expenses incurred in connection therewith, including any interest expense charged on funds borrowed or otherwise accessed.

In addition, the lender or counterparty, as the case may be, will have a security interest in, or otherwise acquire, all or a portion of the Fund's assets. In the event that the Fund defaults under any such arrangement, such lender or counterparty will have the right to become or remain the owner of all or that portion of the Fund's assets secured pursuant to such arrangement. If such arrangement is terminated, the Fund's ability to meet its investment objective may be adversely impaired.

5. Redemption. The Shareholders may only withdraw from their capital accounts at certain limited times and upon certain required advance notice. Redemptions are also subject to the liquidity of the Fund's investments with the Designated Managers.

It is possible that one or more large redemptions by one or more Shareholder(s) could result in the Fund liquidating interests with certain Designated Managers. This could result in the reduction of the diversification of the Fund's assets. Under certain limited circumstances, the Fund may suspend the payment of redemptions. In addition, interests in a Designated Investment account may not be withdrawn until a realization event occurs. Redemptions generally will be paid by the Fund based on estimated unaudited financial data.

In the event that there is a subsequent adjustment to the estimated unaudited financial data that was originally used to calculate the redemption amount, generally such adjustment will be reflected in the calculation of the Net Asset Value attributable to the Shareholders as of the next succeeding Business Day on which the Net Asset Value is determined. As a result, the withdrawing Shareholder may receive more or less than such withdrawing Shareholder would be entitled to receive based on the adjusted estimated unaudited financial data and other applicable Shareholders will absorb the excess or deficiency resulting there from.

Any Shareholder redemption, transfer or assignment of Shares must be approved by the Directors or the Investment Manager. Because redemptions and transfers of Shares are limited, an investment in the Fund is a relatively illiquid investment that involves a high degree of risk.

Only investors financially able to maintain their investment, and who can afford to lose a substantial part of that investment, should invest in the Fund. Furthermore, there is not now, and there is not likely to develop, any market for the resale of Shares.

Except for a limited right of redemption, none of the Fund, the Directors, the Investment Manager, the Administrator, or any of their affiliates or any other service provider has agreed to purchase or otherwise acquire from any Shareholder any Shares or assume the responsibility for locating prospective purchasers of a Shareholder's Shares. Even if a purchaser were available, approval of the transfer by the Directors (which could be withheld at their sole discretion) would be required before any transfer could occur.

The Fund, intends to publish an estimated Net Asset Value of each month by the 15th of the following month. The final Net Asset Value of each month is expected to be published around the end of the following month. It is not possible to produce a final Net Asset Value sooner, because the Administrator is dependent upon receiving final net asset values from the administrators of the Underlying Funds.

The Fund will pay 90% of Redemption Proceeds based upon the estimated Net Asset Value, retaining 10% pending confirmation of the final Net Asset Value, which, because the Net Asset Value is based on estimates, could differ from the final Net Asset Value. This difference could exceed 10% and the final Net Asset Value could be less than 90% of the estimated Net Asset Value. In this case the redeeming Shareholders would be required to reimburse the Fund, but it may not be possible to obtain reimbursement of such differences from Shareholder(s) having already been paid.

In addition, substantial redemptions of Shares by investors in the Fund over a short time period could necessitate the liquidation of the Fund's positions at a time and/or in a manner that does not provide the most economic advantage to the Fund. This could adversely affect the value of the Fund's assets and make it more difficult to generate a positive rate of return or to recoup losses due to a reduced equity base of the Fund.

Compulsory Redemption. The Investment Manager has the authority at his sole discretion to require redemption of all or any portion of the Shares held by any Shareholder, including but not limited to circumstances in which it has reason to believe that the Shares are held in violation of any applicable law, rule, regulation, interpretation, guideline, or policy.

6. "New Issues". Designated Managers with whom the Fund invests may invest in "new issues"; as such term is defined under applicable rules of FINRA (Financial Institutions Regulatory Authority). Therefore, the Fund may have "new issue" income. The Fund will only allocate a limited amount of the gains or losses attributable to "new issues" to Shareholders who are deemed to be "restricted persons" under such rules. Such "restricted persons" may have an economic disadvantage as compared to those Shareholders who do

participate in "new issues" since some of the Fund's assets will be used to fund the purchase of "new issues" as to which the "restricted persons" will derive limited benefit.

7. Currency Risk. The Fund may make investments with Designated Managers which will be denominated in one or more currencies other than U.S. Dollars. The Investment Manager does not necessarily expect to hedge the Fund's exposure to currency fluctuations. In addition, a Shareholder who generally holds its assets in one or more currencies other than U.S. Dollars should consider that the currency exchange rate(s) between the U.S. Dollar and the Shareholder currency or currencies may fluctuate in an unfavorable manner.
8. Frequency of Trading. Some of the strategies and techniques employed by Designated Managers require frequent trades to take place and, as a consequence, portfolio turnover and brokerage commissions may be greater than for other investment entities of similar size.
9. Fees and Expenses. The Fund is subject to a "layering" of asset-based or performance-based allocations, fees and expenses. The Fund is directly subject to its own asset-based fee (i.e., the Management Fee) and expenses as discussed herein and is indirectly subject, through its investments with Designated Managers, to both asset-based and performance-based fees on allocations charged by the Underlying Funds, as well as the ongoing expenses of those Underlying Funds. The asset-based fees of the Designated Managers generally are expected to range from 1% to 3%, and the performance-based allocations or fees of the Designated Managers generally are expected to range from 10% to 30% of net income or capital appreciation. An additional "layer" of fees and expenses may be added where the Fund invests in a Multi-Manager Structure. Such fees and expenses, in the aggregate, will exceed the fees and expenses that would typically be incurred by an investor making a direct investment in an Underlying Fund. In addition, performance based compensation arrangements may create an incentive for the Designated Managers to make investments that are more risky or more speculative than would be the case if such arrangements were not in effect.
10. Managed Account Allocations. The Investment Manager may place assets of the Fund with Designated Managers by opening managed accounts or participating in pre-existing managed accounts. Given the leverage at which certain of the Designated Managers trade, a managed account may expose the Fund to theoretically unlimited liability. In order to limit the liability of the Fund solely to the assets the Investment Manager places in a particular managed account, the Investment Manager may make managed account allocations through a separate investment vehicle or through a financial institution. Other pooled investment vehicles managed by the Investment Manager, SPA GP (II) LTD or their respective affiliates may also utilize such vehicles to make managed account allocations to limit their potential liability. The Fund will bear its proportionate share of the costs and expenses associated with the establishment and ongoing operation of such vehicles.
11. Concentration. While the Investment Manager intends to allocate the Fund's equity among a number of Designated Managers with differing strategies and techniques, there are no fixed allotments. Therefore, although the Fund seeks a diversified portfolio of Designated Managers, there is a risk that one of the strategies or techniques may have a disproportionate share of the Fund's assets and/or that the Fund's portfolio will be highly concentrated and more susceptible to adverse conditions, poor investment decisions or other factors which negatively affect the performance of the Underlying Funds.
12. No Participation in Management. The management of the Fund's operations is vested solely in the Investment Manager, and the Shareholders will have no right to take part in the conduct or control of the business of the Fund. In connection with the management of the Fund's business, the Investment Manager will contribute services to the Fund and

devote thereto such time in its discretion as it deems appropriate. See section 7, "CONFLICTS OF INTEREST".

13. Limitation of Investment Manager's Liability and Indemnification of the Investment Manager. The Investment Manager is accountable to the Shareholders as a fiduciary and, consequently, is required to exercise good faith and integrity in handling the affairs of the Fund. The Fund Agreement provides that the Investment Manager shall be indemnified against, and shall not be liable for, any loss or liability incurred in connection with the affairs of the Fund, so long as such loss or liability arose from acts performed in good faith and not involving any fraud, gross negligence or willful misconduct. Therefore, a Shareholder may have a more limited right of action against the Investment Manager than a Shareholder would have had absent these provisions in the Fund Agreement. In addition, the Investment Manager is indemnified by each Shareholder against certain losses and liabilities as provided in the Subscription Agreement. ***Nothing in the Fund Documents shall constitute a waiver or limitation of any rights which a Shareholder may have under applicable laws.***
14. Dependence on the Investment Manager and the Designated Managers. The Investment Manager invests assets of the Fund with Designated Managers. The success of the Fund depends upon the ability of the Investment Manager and the Designated Managers to develop and implement investment strategies that achieve the Fund's investment objective. Subjective decisions made by the Investment Manager and/or the Designated Managers may cause the Fund to incur losses or to miss profit opportunities on which it could otherwise have capitalized. In addition, the overall performance of the Fund is dependent not only on the investment performance of individual Designated Managers, but also on the ability of the Investment Manager to select and allocate the Fund's assets among such Designated Managers effectively on an ongoing basis. There can be no assurance that the allocations made by the Investment Manager will prove as successful as other allocations that might otherwise have been made, or as adopting a static approach in which Designated Managers are not changed.
15. Use of Estimates. Each Shareholder will receive a monthly NAV statement of its Shares value prepared by the administrator, together with a letter from the Investment Manager discussing the results of the Fund for the month just ended. The estimated reports of Net Asset Value will be based solely on estimated and unaudited valuations (prepared by the administrator of the Underlying Fund) that the Fund receives from Designated Managers. The estimated and unaudited financial data used to determine the applicable Net Asset Value of the Shares will be based on the information available to the Investment Manager at the relevant time and such information may not be complete. The Investment Manager will have no ability to assess the accuracy of the valuations received from the Designated Managers. Therefore, the estimated Net Asset Value of the Shares may be higher or lower than the actual Net Asset Value of the Shares as determined based upon audited financial data of the Underlying Funds advised by the Designated Managers.
16. Investments by the Underlying Funds That May be Illiquid. From time to time, a portion of each Underlying Fund's portfolio may be invested in illiquid securities and other instruments, some or all of which may be designated by the Designated Managers as Designated Investments. In some cases an Underlying Fund may be contractually prohibited from disposing of such investments for a specified period of time. Further, under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer, an Underlying Fund may find it more difficult to sell such securities and/or instruments when the Designated Manager believes it advisable to do so or may be able to sell such securities and/or instruments only at prices lower than if the securities and/or instruments were more widely held. In such circumstances, an Underlying Fund may find it more difficult to determine the fair market value of such securities for valuing the Underlying Fund's portfolio and therefore the Investment Manager will have corresponding difficulty in valuing the Fund's investment in the

Underlying Fund. There may be no market for such securities and/or instruments or for a substantial percentage of such securities. To the extent there is a market for such securities, the market will be limited to a narrow range of potential counterparties, such as institutions and investment banks. These investments could prevent the Underlying Fund from liquidating unfavorable positions promptly and subject it to substantial losses. Further, such investments could also impair the Underlying Fund's ability to distribute redemption proceeds to the Fund in a timely manner and/or the Underlying Fund may distribute to the Fund in-kind distributions. As a result, the Fund's ability to distribute redemption proceeds to Shareholders in a timely manner could be impaired or the Fund may satisfy any such redemption requests, in whole or in part, with in-kind distributions. See section 8.6, "*RISK FACTORS-In-Kind Distributions*".

17. Creation of a Designated Investment Account. The Fund will only place assets in a Designated Investment account after receipt of a Designated Investment notice or Follow-Up notice, as applicable, from the Designated Manager. There is no guarantee that a Designated Manager will send a notice in a timely manner. A Shareholder may be subject to additional risks (and benefits) as a result of a discrepancy between the time when the Designated Manager elects to treat an investment as a Designated Investment or Follow-Up investment and the time when the Designated Manager sends the Designated Investment notice or Follow-Up notice, as applicable. For example, a Shareholder that makes a subscription after a Designated Manager invests in a Designated Investment but prior to the Fund receiving a Designated Investment notice or Follow-Up notice and placing assets in a Designated Investment account will participate in such Designated Investment account. Consequently, such Shareholder's subscription will be subject to liquidity restrictions greater than would be the case had the Fund placed assets in the Designated Investment account prior to such Shareholder's capital contribution. Conversely, a Shareholder who makes a redemption after a Designated Manager invests in a Designated Investment but prior to the Fund receiving a Designated Investment notice or Follow-Up notice and placing assets in a Designated Investment account will not participate in such Designated Investment account, and such Shareholder will be paid the full amount of the redemption proceeds (less amounts held in other Designated Investment accounts) regardless of the relevant Designated Investment.
18. In-Kind Distributions. There can be no assurance that the Fund will have sufficient cash to satisfy redemption requests, or that it will be able to liquidate investments to satisfy such redemption requests at favorable prices. Under the foregoing circumstances, and under other circumstances as may be deemed appropriate by the Investment Manager, a Shareholder may receive an in-kind distribution from the Fund's portfolio. Such distribution may constitute interests in the Underlying Fund, or securities or instruments distributed to the Fund by the Underlying Fund in full or partial satisfaction of the Fund's redemption request. The Investment Manager, in its sole and absolute discretion, may cause the Fund to distribute such securities or instruments directly to the Shareholders, or, may create a special purpose vehicle or a liquidating trust to hold such securities or instruments until they can be sold. Such securities and instruments may not be readily marketable or saleable and may have to be held by such Shareholder (or the special purpose vehicle or liquidating trust created to hold such assets) for an indefinite period of time. The risk of loss and delay in liquidating these securities (including any expenses involved in the organization and maintenance of a special purpose vehicle or liquidating trust) will be borne by the Shareholder, *pro rata* in relationship to its interest in a special purpose vehicle or liquidating trust if such assets are held in a special purpose vehicle or liquidating trust, with the result that such Shareholder may receive less cash than it would have received on the date of redemption.
19. Conflicts of Interest. The Investment Manager, in such capacity, is subject to certain potentially material conflicts of interest. See the caption heading "Conflicts of Interest" in the Summary of Terms and section 7, "*CONFLICTS OF INTEREST*".

20. Liability of a Shareholder for Distributions. Shareholders will not be liable for the Fund's debts, except that a Shareholder which has received a distribution from the Fund may be liable to the Fund for an amount equal to such distribution if at the time of such distribution the Shareholder knew that the Fund was prohibited from making such distributions.
21. Lack of Separate Representation. Neither the Fund Agreement nor any of the agreements, contracts and arrangements between the Fund, on the one hand, and the Investment Manager, SPA GP (II) LTD and/or their respective affiliates, on the other hand, were or will be the result of arm's-length negotiations. The attorneys, accountants and others who have performed services for the Fund in connection with this offering, and who will perform services for the Fund in the future, have been and will be selected by the Investment Manager.
22. Change in Investment Strategies. The investment strategies, approaches and techniques discussed herein may evolve over time due to, among other things, market developments and trends, the emergence of new or enhanced investment products, changing industry practice and/or technological innovation. As a result, these investment strategies, approaches and techniques may not reflect the investment strategies, approaches and techniques actually employed by the Fund or the Designated Managers. Nevertheless, the investments made on behalf of the Fund will be consistent with the Fund's investment objective.
23. Prior Fiscal Period Items. In general, and notwithstanding any of the allocation rules discussed herein, if the Fund has a material item of income or loss in any fiscal period that relates to a matter or transaction occurring during a prior fiscal period, the item of income or loss may, in the sole and absolute discretion of the Investment Manager, be shared among the Shareholders (including persons who have ceased to be Shareholders) in accordance with their interest in the Fund during the prior period. A person who has ceased to be a Shareholder will be liable for its proportionate share of prior fiscal period items and will pay such share on demand, but the amount to be paid will not exceed the amount of such Shareholders' capital account at the time such prior fiscal period item arose.
24. Recourse to Fund Assets. The Fund's assets are available to satisfy all liabilities and other obligations of the Fund. If the Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Fund's assets generally and not be limited to any particular asset, such as the asset representing the investment giving rise to the liability. In addition, moneys subscribed in advance of a Dealing Day and held pending investment on the Dealing Day, may be viewed by the courts as assets of the Fund in the event of the insolvency of the Fund prior to that Dealing Day.
25. Designated Manager Investments. When the Fund makes direct investments in Designated Managers, the Investment Manager will receive information from each Designated Manager regarding its investment performance and investment strategy, which the Investment Manager may have little or no means of independently verifying. A Designated Manager may use proprietary investment strategies that are not fully disclosed to the Investment Manager, which may involve risks under some market conditions that are not anticipated by the Investment Manager. The performance of the Fund depends on the success of the Investment Manager in selecting Designated Managers and the allocation and reallocation of the Fund's capital among those Funds. If the investment managers of the Designated Funds are entitled to incentive-based allocations or fees, such amounts will be allocable or payable, as applicable, regardless of whether the other Designated Funds or the Fund have positive performance. As a result, a Designated Fund with positive performance will receive compensation from the Fund, and indirectly from the Fund's Shareholders, even if the Fund's overall returns are negative. Because the Designated Managers make investment decisions independently of each other, one

Designated Manager may be purchasing shares of an issuer whose shares are being sold at the same time by another Fund. Transactions of this sort could result in the Fund's indirectly incurring certain transaction costs without accomplishing any net investment result. The governing documents of the Designated Managers restrict the times at which the Fund may invest in or withdraw from the Underlying Funds. As a result, the Fund from time to time may have to invest some of its assets temporarily in money market securities or money market funds. For the Fund to provide an audited annual report to its investors, timely information from the Funds must be received. A Designated Manager's delay in providing this information would delay the preparation of the Fund's annual report.

26. Tax Reporting. As noted in the Memorandum the Fund may admit a limited number of U.S. Investors. However, as the Fund is structured as a fund of funds, it is deemed unlikely that sufficient information will be available to such investors to enable them to complete relevant tax returns concerning their interest in the Fund. Advice should be sought from relevant legal and/or tax persons in this regard.

The foregoing list of certain 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 read the entire Memorandum and consult with their own advisors before deciding to subscribe for shares.

In addition, as the Fund develops and changes over time, an investment in the shares may be subject to additional and different Risk Factors.

No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

9. Fees and Expenses

9.1 Management and Incentive Fees

The Investment Manager will receive a Management Fee of 1.5% per annum, to be charged monthly in arrears of 1/12 of 1.5%, and a 10% Incentive Fee of any increase in the total value of the assets attributable to the shares, after deduction of the expenses and of the monthly Management Fees of 1/12 of 1.5%.

The Management Fee will be calculated and paid monthly in arrears after taking into account all subscriptions and redemptions.

The Incentive Fee will be equal to the relevant percentage of New Net Profits (as defined below). The Incentive Fee, if any, which will be calculated each month and accrued within the calculation of the Net Asset Value per share, will be paid quarterly in arrears.

The Investment Manager may elect to defer payment of all or any portion of any Management Fee and Incentive Fee payable to it. Upon such election by the Investment Manager, the payment of any deferred amount will be automatically deferred until the earlier of such future dates as the Investment Manager may specify in its notice to the Fund. As long as the payment of fees is deferred, such deferred fees shall constitute a U.S. Dollar, "phantom" share class, which shall appreciate or depreciate in value directly in accordance with any appreciation or depreciation of the "Gross Worth" of the respective "phantom" share class net of all fees and expenses except for Management Fees and Incentive Fees.

Sub-series of shares

In order to ensure a fair and equitable allocation of the Incentive Fee, the Fund will issue a new sub-series of Shares (within the same class) at the beginning of any month in which a new subscription has been

received and where the NAV per Share is below its previous highest NAV per Share of the Lead Sub-Series. This will include additional subscriptions received from existing Shareholders.

New Net Profits of a sub-series of Shares are defined for this purpose, as the excess, if any, of: (a) the net asset value of the Fund's assets attributable to that sub-series as of the last day of the relevant payment period, before deduction of the current Incentive Fee, if any, paid or payable, over (b) the highest net asset value of the Fund's assets attributable to that sub-series as of the last day of any preceding payment period, or the date that sub-series was issued, whichever date the net asset value of the Fund's assets attributable to that sub-series was higher, with such excess [(a) minus (b)] adjusted for any capital movements as of, or subsequent to, the date in (b).

The assets relating to the subscriptions invested in each sub-series of Shares will be paid into the Fund's account, pooled and invested alongside the assets subscribed into every other sub-series of Shares. The only difference between each sub-series of Shares will be the calculation of the NAV per Share, reflecting the Incentive Fee payable (if any) upon each individual sub-series of Shares.

Consolidation

If, at the end of a month, one or more of the sub-series of Shares in issue have achieved new High Watermark upon which an Incentive Fee is payable at the monthly date, then that, or those, sub-series of Shares will be consolidated into the "Lead Sub-Series", only if the "Lead Sub-Series" achieves a new High Watermark in the same month.

High Watermark describes the concept that will only allow Incentive Fees to be allocated in case the current Net Asset Value per Share is higher than the highest Net Asset Value per Share ever calculated previously.

If one, or more, of the sub-series of Shares in issue have not risen to a new High Watermark and have not therefore been assessed for any Incentive Fee as at the end of the month, then that, or those, sub-series of Shares will not be consolidated until the end of a month when they have achieved a new High Watermark and been assessed to pay an Incentive Fee.

In the event of termination of the Fund Agreement, the Management Fee and the Incentive Fee shall be computed by treating the effective date of termination as if it were the last day of the relevant period for each fee.

Third Party Compensation

The Investment Manager reserves the right to pay any part of its compensation to persons who may or may not be associated with the Investment Manager, or with whom it may contract, for services rendered to the Investment Manager.

9.2 Placement fee

A placement fee of up to 5% may be charged to subscriptions by the absolute discretionary decision of the Investment Manager.

The Investment Manager reserves the right, in its sole and absolute discretion, to sell Shares through banks and/or registered broker-dealers or other sales and referral agents.

9.3 Redemption Fees

A redemption fee of 5% of the redemption value, for redemptions during the first 12 months and 0% thereafter shall be payable to the Fund.

The reason for the placement of the redemption fees is to protect the Fund investment allocations and its Shareholders from speculative investments and from nervous investors. Their redemptions could be to the detriment of the value of the investments of the remaining shareholders and to avoid holding large cash positions that could hinder the Fund performance just to finance potential short term redemptions.

This allows the Investment Manager to properly implement and apply its investment allocation methodologies.

9.4 Administration Fees

The Fund will pay to the Administrator, administration fees which will be charged at a rate agreed between the Fund and the Administrator, based on the monthly Net Asset Value of the Fund.

9.5 Organizational expenses

The Fund has incurred organizational expenses and will be incurring investment expenses and administrative expenses which are analyzed but are not limited to the following:

- a) all expenses related to organizing the Fund, including legal and accounting fees, printing and mailing expenses and government filing fees. Organizational expenses are not expected to be over \$80,000;
- b) all expenses incurred in connection with the ongoing offer and sale of Shares, including legal expenses, marketing expenses, documentation of performance and the admission of Shareholders;
- c) all operating expenses of the Fund such as tax preparation fees, governmental fees and taxes, value added tax, communications with Shareholders and ongoing legal, auditing, consulting and other professional fees and expenses, administration, accounting, bookkeeping, legal, compliance, operational, and information technology expenses;
- d) all expenses relating to, investment advisory work in identifying Designated Managers, research and research materials, trading, research and analytics software subscriptions (for instance Bloomberg, Reuters, Pertrac, Alternativesoft), portfolio optimization software and all other direct and incidental costs and expenses related to research and due diligence of existing and potential Fund investments, including research related travel fees;
- e) all Fund trading costs and expenses (*e.g.* brokerage commissions, margin interest, expenses related to short sales, custodian fees and clearing and settlement charges and any government taxes on them);
- f) all Management Fees of 1.5% per annum and Incentive Fees of 10% of any increase in Net Asset Value of the Fund plus any VAT on them if any is applicable;
- g) all other expenses reasonably related to the operation of the Fund, including, without limitation, liability and other insurance for the benefit of the Fund, its Directors and the Investment Manager, registering the Investment Manager under applicable securities and investment advisory laws, data storage, software (whether internally developed or purchased from a third party), and electronic, networking and communications equipment and services;
- h) Administration fees will be charged at a rate agreed between the Fund and the Administrator, as per the Administration Agreement and will be calculated based on the month end Net Asset Value of the Fund;
- i) the fees and expenses of the auditors of the Fund

The Investment Manager will initially pay all of the Fund's organizational expenses. The Investment Manager will be reimbursed by the Fund for all such organizational expenses.

The Fund may amortize such organizational expenses for accounting purposes over a period of 36 months from the date the Fund commences operations, or such other period of time as determined by the Investment Manager.

The Investment Manager believes that amortizing such expenses is in conformance with industry standards and is more equitable than expensing the entire amount during the first year of operations, as is required by International Financial Reporting Standards.

Accordingly, the auditor's opinion on the Fund's financial statements may contain a qualification to reflect this treatment. In such instances, the Fund may decide to:

- (i) avoid the qualification by recognizing the unamortized expenses;
- (ii) make International Financial Reporting Standards conforming changes for financial reporting purposes, but amortize expenses for purposes of calculating the Fund's Net Asset Value; or
- (iii) allow the auditor's opinion on the Fund's financial statements to contain such a qualification.

There will be a divergence between Fund's Net Asset Value and the Net Asset Value reported in the Fund's financial statements in any fiscal year where, pursuant to clause (ii), International Financial Reporting Standards conforming changes are made only to the Fund's financial statements for financial reporting purposes.

If a Shareholders redeems from such Shareholder's account prior to the end of the 36 month period during which the Fund is amortizing expenses, the Fund may, but is not required to, accelerate a proportionate share of the unamortized expenses based upon the value being withdrawn and reduce redemption proceeds by the amount of such accelerated expenses.

If there are more than one class of Shares, expenses specifically attributable to a specific class of Shares shall be charged solely to such class of Shares.

10. Shares of the Fund

If there is a change in the Investment Strategy as per the provision in section 8.1 and subject to all the shareholders approval the subscription and redemption terms as per section 10 will not apply.

10.1 Offering

The Shares will be offered at the Offer Price to prospective Experienced Investors, which is the applicable NAV per Share on each Dealing Day except after a Drawdown in which case and in order to ensure equality of treatment regarding payment of Incentive Fees, the Shares will be offered in sub-series after a Drawdown.

This means that, on any Subscription Day after a Drawdown on which Shares are subscribed for, a new sub-series of Shares may be issued. These sub-series may then be consolidated, if certain conditions are met. It must be noted that the existing Shares in issue will be defined as the relevant 'Lead Sub-Series' for this exercise. (Please refer to section 9.1 for explanation of sub-series).

10.2 Subscriptions

The required minimum initial Subscription to purchase Shares is \$50,000.

Prospective Investors that purchase the Shares offered in this Memorandum are referred to herein as "Shareholders".

The Investment Manager expects that additional Shareholders will be admitted, and additional capital subscriptions from existing Shareholders will be accepted, throughout the term of the Fund.

Subscription will be accepted as of the first day of each calendar month at the NAV per Share prevailing on the relevant valuation day, although the Investment Manager can accept capital contributions at any time in its sole and absolute discretion.

On a monthly basis, changes in the Fund's Net Asset Value (i.e. realized and unrealized gain or loss as to Fund assets) will be reflected in the value of the shares of each shareholder.

All funds invested in the Fund by Shareholders will be held in the Fund's name through its Custodian.

Prospective Investors interested in acquiring Shares are required to complete the Fund's Subscription Agreement (as the same may be amended, supplemented or otherwise modified from time to time, the "Subscription Agreement") in the Subscription Documents Booklet attached hereto in section 15, appendix 2 and return it to the Administrator by facsimile with a copy to the Investment Manager and the originals to follow promptly thereafter to the Administrator by post.

Under the terms of the Subscription Agreement and the Fund Agreement, the Subscription Agreement to purchase Shares must be received and cleared by the Administrator at least seven (7) Business Days (as defined herein) prior to the applicable offering date and 100% of the Prospective Investor's initial capital contribution must be received by the Administrator at least four (4) Business Days prior to the applicable offering date by wire transfer of immediately available funds, or by check, subject to collection, in accordance with the instructions in the Subscription Documents Booklet.

New Classes of Shares

The Investment Manager shall have the power to create and establish such other classes of Shares, with such rights, preferences, powers, policies, investment objectives, strategies, underlying investments and limitations as the Investment Manager in its sole and absolute discretion shall determine, but otherwise upon the terms and subject to the powers and provisions of the Fund Agreement, as it may from time to time determine.

The new Shares may be subject to different administrative fees, management fees and performance fees, if any, than those chargeable against Shares of another class, and may designate one or more series of Shares within such class.

The Investment Manager shall have the right from time to time to amend or supplement the Fund Documents, without the consent or other approval of the Shareholders, to reflect the terms and conditions applicable to other classes of Shares, provided that such amendments or supplements do not materially adversely affect the rights of existing Shareholders.

Additional classes may or may not be required to invest different minimum amounts, pay different fees to the Investment Manager and have certain other terms (e.g., access to information, liquidity and responsibility for organizational expenses and/or administrative expenses) applicable to them that are different than those that are applicable to the Shareholders, all as determined by the Investment Manager in its sole and absolute discretion.

The Fund will incur all organizational expenses of the new classes of Shares in the Fund and will pay all expenses associated with the admission of additional Shareholders to the Fund.

10.3 Late Subscriptions

If a Shareholder's initial or additional Subscription is received later than four (4) Business Days prior to the first Business Day of any month (or other relevant period) or the Shareholder's Subscription Agreement is received less than seven (7) Business Days prior to the first Business Day of any month (or other relevant period), the Investment Manager, in its sole and absolute discretion, shall have the option to deem such capital contribution to have been made as of the first Business Day of such month (or such other relevant period).

The Investment Manager reserves the right to refuse to accept late subscriptions, however, should such subscriptions be accepted, the Directors and/or the Investment Manager reserve the right to charge late Subscribers a fee to cover additional costs including interest, and any late payment penalties imposed so as not to disadvantage the other holders of Shares.

The Directors will not accept any late subscriptions received after the Valuation Date.

Any late subscription accepted by the Directors at their discretion may not subsequently be reversed.

10.4 Liability of Shareholders

Except as provided in the Fund Agreement and the Law, a Shareholder will have no obligation at any time to make contributions to the capital of the Fund except for the initial capital contribution to be made upon such Shareholder's admission.

No Shareholder shall be personally liable for any debts and obligations of the Fund; provided, however, that each Shareholder, if the Shareholder receives a distribution from the Fund, may be liable to the Fund for an amount equal to such distribution, if at the time of such distribution the Shareholder knew that the Fund was prohibited from making such distribution.

10.5 Redemption of shares

A Shareholder may, redeem part or all of the value of its investment as of each calendar month, upon at least forty (45) days' prior written notice to the Administrator for any amount of the shareholding subject to a minimum of \$100,000 USD and subject to a minimum residual investment of \$100,000 USD.

The redemption Price is the NAV per Share on the relevant Redemption Day rounded down to the nearest whole US Dollar.

The redemption proceeds are calculated as the NAV per Share, multiplied by the number of Shares being redeemed by the redeeming Shareholder. The Redemption Proceeds will be reduced by any applicable redemption fees payable.

All notices of redemptions are irrevocable (unless agreed otherwise by the Investment Manager in its sole and absolute discretion) and must specify the US Dollar amount or the number of shares to be redeemed.

Any request by facsimile and/or email must be immediately followed by the original duly completed request for redemption being sent by post to the Administrator. Such requests must include representation by the Shareholder that he is the lawful owner of the Shares being redeemed, and that the Shares have not been encumbered, transferred or otherwise alienated in any fashion.

The Investment Manager, in its sole and absolute discretion, may reduce or waive any notice period and may permit redemption at such other times as the Investment Manager may determine in its sole and absolute discretion. This type of redemption will be subject to:

- I. any unwinding fees payable to the Designated Managers,
- II. exit fees from the Fund if any, and
- III. a minimum penalty fee of 5% of the net proceeds due to the irregular redemption notice.

The above costs are all payable back to the Fund and the remaining investors are rewarded.

The reason for the placement of the above fees is to protect the Fund investment allocations and its shareholders from speculative investments and from nervous investors. Their redemptions could be to the detriment of the value of the investments of the remaining shareholders. This allows the Investment Manager to properly implement and apply its investment allocation methodologies and to avoid holding large cash positions that could hinder the Fund performance just to finance potential short term redemptions.

The Fund expects to pay a Shareholder within thirty (30) days after the applicable redemption date the following value of such Shareholder's amount:

- an interim amount equal to at least ninety (90%) percent of the value of such Shareholder's Net Asset Value within thirty (30) days after the applicable redemption date; and
- The final balance of the amount remaining in such Shareholder's account 5 business days after the final Net Asset Value is calculated and published by the Administrator.

Under special circumstances which include, without limitation, default or delay in payments due to the Fund from banks, brokers and others, the Fund may in turn delay payments to Shareholders who have requested redemption to the extent that the delayed portion of the payment due to the Fund bears to the approximate Redemption Proceeds. The right to receive Redemption Proceeds in relation to all or part of the Shares tendered for redemption is contingent upon the Fund having sufficient liquidity to discharge its liabilities on the Redemption Day.

Any form of communication including subscription and redemption requests sent by the Shareholder to the Administrator will not be deemed to have been received by the Administrator unless receipt is acknowledged in writing by the Administrator. Exceptions are made where the delivery of the communication has been acknowledged by a signed receipt.

It should be noted that Redemption Proceeds will only be paid to a bank account held in the same name as the registered Shareholder. Investors should note specifically that where Redemption Proceeds are requested to be remitted to an account which is not in the name of the Shareholder, the Administrator reserves the right to request such information as may be reasonably necessary in order to verify the identity of the investor and the owner of the account to which the redemption proceeds will be paid. The Redemption Proceeds will not be paid to a third party account if the Shareholder and/or owner of the account fail to provide such information. The Investment Manager in its absolute discretion may refuse such a remittance of Redemption Proceeds.

Redemptions shall not be affected if any reasonable request or obligatory request by the Administrator is not received.

Compulsory Redemption.

The Investment Manager has the authority at his sole discretion to require redemption of all or any portion of the Shares held by any Shareholder for any reason, including but not limited to circumstances in which it has reason to believe that the Shares are held in violation of any applicable law, rule, regulation, interpretation, guideline, or policy. In such event, the Investment Manager shall give not less than three (3) days' written notice to the Shareholder.

The Fund may compulsorily redeem as of any Redemption Day any Shares that, in the opinion of the Fund, have been acquired in breach of any laws of any country or governmental agency or if such compulsory redemption would in any way best serve the interests of the Fund or of its Shareholders or would eliminate or reduce the exposure of the Fund or its Shareholders to adverse tax or regulatory consequences under the laws of any country.

The Fund is not being obliged to reveal the reasons for any compulsory redemption.

10.6 Suspension of redemptions

The Fund may suspend the payment of any redemption from Shareholders' accounts:

1. for any period during which, as determined in good faith by the Investment Manager there exists a state of affairs that constitutes a state of emergency (a breakdown occurs in any of the means normally employed in ascertaining the value of a substantial part of the assets of the Fund), as a result of which disposal of the investments owned by the Fund, is not reasonably practicable or it is not reasonably practicable to determine fairly the value of its assets; or
2. during the existence of any state of affairs which, in the opinion of the Investment Manager, makes the determination of the price, value or disposition of the Fund's investments impractical or prejudicial to the Shareholders; or
3. in the event that redemptions or distributions, in the opinion of the Investment Manager, result in violation of applicable law; or
4. upon the decision to liquidate and dissolve the Fund; or
5. 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 is not reasonable or normally practicable without being seriously detrimental to Shareholder's interests; or
6. if, as a result of exchange restrictions or other restrictions affecting the transactions on behalf of the Fund are rendered impracticable or if purchases and sales of the Fund's assets cannot be effected at normal rates of exchange; or
7. in the event that the Directors deem any redemption will be substantially detrimental to the appropriate interests of the remaining investors.

All Shareholders will be notified of any such suspension, and the termination of any such suspension, by means of a written notice (through email or fax or normal post).

All payments of redemption proceeds may be subject to the liquidity and redemption provisions of the Underlying Funds. Therefore, payment of the aggregate redemption amount may be delayed in certain circumstances.

For example, if assets of the Fund are invested with a Designated Manager who does not permit, or delays payment with respect to redemptions on a particular redemption date, then, with respect to a redemption to be made by a Shareholder as of such redemption date, at the sole and absolute discretion of the Investment Manager,

1. payment to such Shareholder of that portion of its account(s) attributable to the Fund's investment with such Designated Manager will be delayed until such time as the Designated Manager permits redemptions or payment is made by such Designated Manager and
2. the amount otherwise due to such Shareholder will be increased or decreased to reflect the performance of the particular Designated Manager through the date on which the redemption from the Designated Manager is affected.

10.7 Distributions when the Fund is terminated

Upon the termination of the Fund due to any of the events specified in the Fund Agreement, the Fund will be liquidated and the proceeds of liquidation will be allocated pro rata to the Classes and the amount allocated to the Shareholders.

No Shareholder shall have priority or preferential treatment over any other Shareholders as to the foregoing distributions of the Liquidation Distributable Amount.

10.8 Distributions in Kind

If the Fund is dissolved, then to the extent that the Fund's assets have not been sold or otherwise disposed of, the Fund's non-cash assets may be distributed in kind and each Shareholder shall receive an undivided interest in such assets equal to the portion of the proceeds to which the Shareholder would have been entitled if the assets were sold.

The Investment Manager is required to use its best efforts to make distributions in cash; however, to the extent that distributions must be made of non-cash assets, the Investment Manager is required to use its best efforts to allocate the non-cash assets pro rata to the Classes and the non-cash assets allocated to the Shareholders shall be distributed pro rata to the Shareholders.

10.9 Gate Provision

If redemption requests by all Shareholders are received with respect to any redemption date in an aggregate amount up to fifteen percent (15%) or more of the Fund's Net Asset Value as of such redemption date (excluding the value of any Designated Investment Accounts and the Investment Manager's capital account), the Investment Manager, in its sole and absolute discretion, may cause the Fund

- a.* to satisfy all such redemption requests or
- b.* to reduce all redemption requests pro rata so that only fifteen percent (15%) of the Net Asset Value of the Fund as of the redemption date is being withdrawn.

A redemption request that is not satisfied as of the intended redemption date will be satisfied as of the next redemption date subject to the foregoing limitations at such time.

Notwithstanding the foregoing, such "gate" provision will not be applied to a Shareholder for more than 12 consecutive months.

Redemption requests received by a redemption date will be satisfied in preference (priority) to redemption requests received by any subsequent redemption date, subject to the foregoing provisions.

Capital not redeemed from the Fund by virtue of the foregoing limitations will remain invested in the Fund until the effective date of redemption.

10.10 Net Asset Value Determination

The Net Asset Value of the Fund is comprised of the Net Asset Value of all the Classes of shares.

The Net Asset Value of the Fund at a particular Valuation Day is computed by subtracting from the total value of the assets of the Fund an amount equal to all liabilities and contingencies for which the Directors and the Administrator determine that reserves or accruals should be made.

In more detail the Net Asset Value is determined by the Administrator on the accrual basis of accounting in accordance with generally accepted accounting principles and in accordance with the International Accounting Standards consistently applied and, further, in accordance with the following:

- (a) A determination shall be made on the last day of each calendar month (or other relevant period) as to the value of all Fund assets and as to the amount of liabilities of the Fund. In making such determination, investments in managed accounts, non-public investment limited funds, limited liability companies and corporations and other non-public investment vehicles shall be valued at their last reported value provided by the administrator of the Underlying Fund, updated by any interim valuations provided by the Designated Managers of such managed accounts, investment

limited Funds, limited liability companies, corporations and other investment vehicles, or by any other applicable valuation deemed reasonable by the Investment Manager. Securities that are listed on a national securities exchange shall be valued at their last sales price on such date, or, if no sales occurred on such date, at the mean between the "bid" and "asked" prices. Securities which are not so listed shall be valued at their last closing "bid" prices if held "long" and at their last closing "asked" prices if held "short". Securities which have no public market shall be considered at such value as the Investment Manager may reasonably determine. All such valuations shall be made as of the last trading day of each calendar month (or other relevant period) and all values assigned to securities by the Investment Manager pursuant to this Section shall be final and conclusive as to all of the Shareholders, absent manifest error or other professional independent valuations.

- (b) There shall be deducted actual and/or estimated expenses of the Fund as explained in section 9.5 of this PPM and such reserves for contingent liabilities of the Fund as the Investment Manager shall determine.
- (c) If the Investment Manager, in its sole and absolute discretion, determines that the valuation of any investment, security or instrument pursuant to the foregoing does not fairly represent its market value, the Investment Manager shall have the right, in its sole and absolute discretion, to value such investment, security or instrument at what the Investment Manager determines to be the fair market value for such investment, security or instrument. The value of any such investment, security or instrument or other property for which no price quotations are available as provided above shall be determined in such manner as the Investment Manager determines and the basis of such valuation shall be set forth in writing in the Fund's records. In valuing any of the Fund's portfolio securities, commodities, options or other financial instruments, the Investment Manager may apply a discount at its discretion (subject to applicable law), taking into consideration its valuation experience and circumstances existing at the time, such as marketability, liquidity and business fundamentals relative to such security.
- (d) After the foregoing determinations have been made, a further calculation shall be made to determine the increase or decrease in Net Asset Value of the Fund during the calendar month (or other relevant period) just ended. The term "increase in Net Asset Value" shall be the excess of Net Asset Value at the end of any calendar month (or other relevant period) over that of the preceding calendar month (or other relevant period), after adjusting for interim subscriptions and redemptions. The term "decrease in Net Asset Value" (Drawdown) shall be the amount by which the Net Asset Value at the end of the calendar month (or other relevant period) is less than the Net Asset Value of the Fund as of the end of the preceding calendar month (or other relevant period) after making the adjustments specified above. The increase or decrease in Fund Net Asset Value for each calendar month shall be allocated to the Net Asset Value of each Class in proportion to the Net Asset Value of such Class as of the end of the previous calendar month, after taking into account additions, subscriptions and redemptions.

10.11 Net Asset Value per Share

The Net Asset Value per Share on any Valuation Day is equal to the Net Asset Value of the Fund divided by the total number of Shares outstanding on Valuation Day, calculated prior to the recording of sales and redemption of Shares effective as of that date.

The Net Asset Value per Share will be rounded to four decimal places.

10.12 Suspension of Valuation

The Investment Manager is empowered to suspend the calculation of the Net Asset Value, independently of any suspension of subscriptions or redemptions, and may do so in any of the following events:

1. When one or more exchanges which provide the basis for valuing a significant portion of the assets of the Fund are closed other than for or during holidays or if dealings therein are restricted or suspended;
2. When, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Investment Manager, disposal of the assets of the Fund is not reasonably practicable without being seriously detrimental to Shareholders' interests or if, in the opinion of the Investment Manager, a fair price cannot be calculated for the assets of the Fund;
3. In the case of a breakdown of the means of communication normally used for the valuing of any investment of the Fund or if for any reason the value of any asset of the Fund may not be determined as rapidly and accurately as required;
4. If, as a result of exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of the Fund are rendered impracticable or if purchases, sales, deposits and withdrawals of the Fund's assets cannot be effected at the normal rates of exchange.

Any such suspension shall take effect at such time as the Directors shall declare but not later than the close of business on the Business Day next following the declaration, and thereafter there shall be no determination of the Net Asset Value of the Fund until the Directors shall declare the suspension at an end except that such suspension shall terminate in any event on the first Business Day on which (a) the condition giving rise to the suspension shall have ceased to exist; and (b) no other condition under which suspension is authorized under this paragraph shall exist.

Whenever the Directors shall declare a suspension of the determination of the Net Asset Value of the Fund, then as soon as may be practicable after any such declaration, the Directors shall use their best endeavors to cause a written notice to be given to each Shareholder of the affected Fund stating that such declaration has been made.

At the end of any period of suspension as aforementioned, the Directors shall cause another such notice to be given to each Shareholder stating that the period of suspension has ended.

10.13 Investor suitability requirements

Shares may be purchased only by Prospective Investors that qualify as Professional Investors.

The Investment Manager may decline to accept any Prospective Investor's subscription for any reason or for no reason.

Annexed to this Memorandum in section 15, Appendix 2 is the Subscription Documents Booklet, including the Subscription Agreement, which must be completed by each Prospective Investor.

Each Prospective Investor must check the appropriate places in the Subscription Agreement to represent to the Fund that it is a Professional Investor in order to be able to purchase Shares.

As per the International Collective Investment Scheme Law (Law No.47 (1) of 1999) a legal or natural person may be regarded as an experienced investor (i.e. Professional Investor) in the following circumstances:

- (a) A person who itself provides financial services to the public; or
- (b) A person who frequently enters into investment transactions which on average are of substantial size and such person, having regard to all relevant facts, can reasonably be expected to appreciate the risks inherent in investments transactions.

The Prospective Investor shall also make a representation that payments to the Fund were not directly or indirectly derived from activities that would violate anti-money laundering laws and regulations.

In addition, in order to comply with any Guidance Notes/Regulations issued under Section 59(4) of the Prevention and Suppression of Money Laundering Activities Law of 2007 (Law 188(I)), by the Central Bank of Cyprus, certain Prospective Investors will be required to provide additional identity verification information.

Each Prospective Investor will be required to certify that the Shares of the Fund are not being acquired directly or indirectly for the account or benefit of a US Person.

Each Prospective Investor will be required to certify that the Shares of the Fund are not being acquired directly or indirectly for the account or benefit of a Politically Exposed Person such as a senior political figure or the spouse or associate of a politically exposed person or for a person on any Money Laundering or Foreign Office "Watch List".

It is the responsibility of each investor to verify that the purchase of and payment for the Shares is in compliance with all relevant laws of the investor's jurisdiction of residence.

Each Prospective Investor is urged to consult with its own advisors to determine the suitability of an investment in the Fund, and the relationship of such an investment to the Prospective Investor's overall investment program and financial and tax position. Each Prospective Investor is required to represent further that, after all necessary advice and analysis, its investment in the Fund is suitable and appropriate, in light of the foregoing considerations.

Each Prospective Investor will be required to represent, prior to investment, that it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its investment in an Interest and is able to bear such risks, has obtained, in its judgment sufficient information from the Fund or its authorized representatives to evaluate the merits and risks of such investment and has evaluated the risks of investing in an Interest and has determined that the Interest is a suitable investment for such Prospective Investor.

No person has been authorized in connection with this private placement of Shares to give any information or make any representations other than as contained in this Memorandum.

Each Shareholder is obliged to inform the Fund if any of its personal circumstances change and as a result might no longer meet any of the suitability requirements.

All Prospective Investor's representations are included in the Subscription Booklet which can be found in section 15, appendix 2,

Shares are not available for Subscription to the general public.

The Fund may be deemed a highly speculative investment and is not intended as a complete investment program.

It is designed only for persons who are able to bear the economic risk of the a loss of their investment in the Fund and are either sophisticated persons in connection with financial business matters or are represented by such a person in connection with their investment in the Fund.

10.14 Transferability of Shares

Each Prospective Investor will be required to certify to the Fund, among other things, that it is acquiring the Shares for its own account for investment purposes only and not with a view to the distribution thereof.

The sale, assignment, transfer or exchange of any Shares (or any other interest therein), will not be permitted as per the ICIS law No 47(I) of 1999 section 37 (1).

DUE TO THE LIMITATIONS ON TRANSFERABILITY, SHAREHOLDERS CAN ONLY REDEEM FROM THE FUND IN ACCORDANCE WITH THE PROCEDURES SET FORTH IN THIS PPM AND ANY NEW INVESTOR CAN SUBSCRIBE FOR THE SAME AMOUNT ON THE SAME DAY.

10.15 Registration of Shares

Share purchase contract notes representing Shares bought will be issued by the Administrator of the fund for each subscription.

Upon acceptance by the Fund of an investor's Subscription agreement and clearance of his/her funds in an amount equal to or in excess of the required minimum investment, an investor will be credited with the appropriate number of Shares upon the register maintained by the Administrator. Fractional Shares may be issued to four decimal places.

The Fund will inform investors of the numbers of Shares registered in their name.

The Fund and the Administrator maintain a current list of the registered names and addresses of the Fund's Shareholders.

Share certificates will not be sent to Shareholders. Shares will be issued in a non-certificated form.

11. General and Statutory Information

11.1 The Fund

The Fund was incorporated as an International Investment Limited Partnership registered in Cyprus and it is governed by the Fund Agreement.

The Fund has been registered as a regulated International Collective Investments Scheme with the Central Bank of Cyprus under the International Collective Investment Schemes Law No 47 (1) of 1999 of the Republic of Cyprus and will comply with the provisions of that law.

The fact that it has been registered should not, however, be taken to imply that the Cyprus Government accepts any responsibility for overseeing or regulating its investment activities.

11.2 Rights of the Investment Manager

The Investment Manager does not participate in the assets, profits, carry no right to dividends and on a winding up ranks last for the return of the capital paid up initially and will be paid out of the general assets of the Fund (if any).

11.3 Rights of Shares

Shares may be issued in such classes, series and sub-series of Shares, as the Investment Manager shall determine. Shares of each class, upon issue, will be entitled to participate equally with the other issued Shares of such class in the assets attributable to such class.

The management of the Fund's operations is vested solely in the Investment Manager, and the Shareholders will have no right to take part in the conduct or control of the business of the Fund and are limited partners in accordance with the Partnership Law.

11.4 US Investors

U.S. investors should be aware that the Fund may be treated as a "passive foreign investment fund" for U.S. federal income tax purposes and that they may be subject to adverse tax consequences.

Potential U.S. purchasers should consult their own tax advisers regarding the potential tax consequences of an investment in the Shares, always subject to the provisions stipulated in Section 4, "Notice".

11.5 Transactions with Directors

No agreement or transaction between the Fund and one or more of its Directors or any person in which any Director has a financial interest or to whom any Director is related, including as a director of that other person, is void or voidable for that reason only or by reason only that the Director is present at the meeting of Directors or at the meeting of the committee of Directors that approves the agreement or transaction, or that the voter consent of that Director is counted for that purpose, if the material facts of the interest of each Director in the agreement or transaction, and his interest in or relationship to any other party to the agreement or transaction, are disclosed in good faith to or known by the other Directors.

A Director who has an interest in any particular business to be considered at a meeting of the Directors or Shareholders may be counted for the purpose of determining whether the meeting is duly constituted.

11.6 Meetings

The following matters shall be decided by 75% majority vote of the Shareholders at a meeting of the Shareholders duly held and convened as herein provided, and all Shareholders shall be bound by such decisions provided they are taken by the requisite majority.

- a) Remove the Investment Manager or any additional Investment Manager or successor subject to (b) below.
- b) Elect a new Investment Manager upon the incapacity, bankruptcy, insolvency, dissolution, winding-up, or removal of the Investment Manager, and provided that no additional or successor Investment Manager has been admitted in the Fund (partnership) prior to such an event.

11.7 Indemnity

The Directors and other officers of the Fund shall be entitled to be indemnified by the Fund against all expenses (including legal fees) losses or liabilities which they sustain or incur in or about the execution of their duties, provided that such Director or other officer acted honestly and in good faith with a view to the best interests of the Fund and had no reasonable cause to believe that his conduct was unlawful. The determination as to indemnification of the Directors is, in the absence of fraud, conclusive unless a question of law is involved.

11.8 Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, will be entered into by the parties set out below and are, or may be, material:

1. Co-operation Agreement between the Fund and the SPA Financial Services Ltd may be signed whereby the Fund will appoint the SPA Financial Services Ltd to privately place the Fund to some experienced investors with the objective of raising capital.
2. The Fund will enter into no less than one Administration Agreement and one Custody Agreement acting for it.

11.9 Termination and Winding Up

The Fund has been incorporated for an indefinite period and it may voluntarily commence to wind up and dissolve by the Investment Manager.

Any voluntary liquidation shall be carried out pursuant to applicable Cyprus laws.

The Investment Manager or any other person exercising the duties of the Investment Manager as the case may be shall:

- a) proceed, subject to any applicable limitations of the Law, to convert the assets of the Fund to cash.
- b) liquidate the assets of the Fund as promptly as is consistent with obtaining the fair market value thereof, and the proceeds there from, to the extent sufficient, shall be applied and distributed in accordance with the provisions of the present Memorandum;
- c) make available for distribution to the Shareholders, all Fund cash, provided that such distribution will occur through payments of which the timing and size will be at the absolute discretion of the Investment Manager, and which shall only take place if the Investment Manager is satisfied that the Fund will be able to meet obligations, as well as to pay any debts, serve its existing or contingent liabilities (including fees payable to the Investment Manager), taxes and dues to any creditor, authority, or other third party, as they fall due after the proposed payment to the Shareholders.

The aggregate amount obtained during the liquidation period shall constitute the liquidation distributable amount that shall be distributed among the Shareholders in such order and priority as described herein below.

Upon completion of liquidation, each Shareholder shall be furnished with the liquidation statement prepared or caused to be prepared by the Investment Manager, which shall set forth:

- a) the total cash proceeds received by the Fund in connection to the Fund liquidation;
- b) the assets and liabilities of the Fund as of the date of complete liquidation;
- c) all the liquidating distributions (if any) made to the Shareholders, until the time of preparation of the liquidation statement;
- d) distribution plan of the remaining distributable amount of Fund cash.

Upon compliance with the foregoing distribution plan, the Shareholders shall cease to be such

The Investment Manager shall also cause the notice of dissolution to be published in the official Gazette of the Republic of Cyprus and/or notify such dissolution to the Company Registrar.

The Fund shall be terminated upon the happening of any of the following events:

- a) the purpose of the Fund becomes illegal;
- b) the entry of a decree of judicial Fund Termination and Dissolution by the Court;
- c) the revocation by the Central Bank of Cyprus of the recognition of the Fund as an ICIS;
- d) the removal of the Investment Manager for any reason, provided that:
 - 1. no additional or successor Investment Manager has been admitted in the Fund prior to such event or
 - 2. the Shareholders have failed to appoint (as herein above provided) a new Investment Manager to continue the business of the Fund, within thirty (30) days from the date of such event.

In the event that the Investment Manager is removed, the new Investment Manager elected provided to continue the business of the Fund shall be deemed to have all authorities given by the present Agreement to the Investment Manager to amend the Fund Agreement to give effect to the said change in the Investment Manager.

11.10 Documents Available for Inspection

Copies of the:

- a) Administration Agreement

- b) Fund Agreement
- c) Audited Financial Statements

The above are available for inspection during normal working hours at the offices of the Fund or may be provided to Shareholders upon request.

12. Additional Information

12.1 Reporting

Each Shareholder will receive by electronic communication a monthly statement of the Net Asset Value of the class of Shares of which they are a holder.

The Fund, intends to publish the estimated Net Asset Value of each month by the 15th of the following month. The final Net Asset Value of each month is expected to be published around the end of the following month. It is not possible to produce a final Net Asset Value sooner, because the Administrator is dependent upon receiving final net asset values from the administrators of the Underlying Funds.

The financial year of the Fund ends on 31 December in each year.

The Fund will produce annual audited financial statements as of 31 December each year and half yearly financial statements based on the International Financial Reporting Standards. Audited accounts shall be sent, on request, to Shareholders within six months of the period to which they relate.

The Fund's accounts shall be in US Dollars (USD).

Audited annual financial statements will be sent to each Shareholder free of charge and will be made available for inspection at the office of the Administrator and at the registered office of the Fund. The financial statements will be prepared in accordance with International Financial Reporting Standards.

12.2 Books and Records

The Investment Manager shall keep, in accordance with generally accepted accounting principles, accounting records for the Fund.

Such accounting records shall be kept on an accrual basis at the principal office of the Fund in Cyprus and at the Administrator.

12.3 Inquiries

Inquiries concerning the Fund and its Shares (including information concerning Subscription and Redemptions) should be directed to the Administrator.

Information regarding the valuations of the Fund and up to date monthly Net Asset Value per Share may be provided to Shareholders upon request during normal business hours from the Administrator.

12.4 Governing Law

The Fund is governed by the laws of Cyprus and any dispute relating to the Fund shall be submitted in first instance to the competent courts of Cyprus.

12.5 Data Protection

In accordance with the Data Protection Laws, it should be noted that the Administrator may hold and process information comprising "personal data" obtained from or about investors in relation to their investments in the Fund (in this context "investors" includes individual Directors, Officers, Authorized Signatories and Beneficial Owners of Corporate investors; individual Trustees, Settlers, Protectors and

Beneficiaries of Trust investors; individual Limited Partners and General Partners of Limited Partnerships and any other person whose personal data is provided to the Administrator in connection with an investment in the Fund).

This personal data may be utilized by the Administrator:

- (a) to properly identify the investor in accordance with Anti-Money Laundering regulatory requirements;
- (b) to properly record the investor's interest in the Fund in accordance with relevant corporate laws and regulations;
- (c) to advise the investor of matters relative to his/her investment in the Fund, including current values and changes to Funds' documentation etc; telephone calls to the Investment Manager and/or to the Administrator may be monitored or recorded for security, confirmation and/or training purposes.

By agreeing to invest in the Fund, investors acknowledge and accept that the Administrator may hold and process personal data for the purposes outlined above and further acknowledge and accept that the Administrator may, in order to fulfill its duties to the Fund and comply with regulatory requirements:

- (a) retain such personal data for prescribed periods after the investor has redeemed his/her holding in the Fund;
- (b) transfer such information to the Directors or Investment Manager, legal advisor or any other agent of the Fund entitled to receive such information;
- (c) maintain such information on proprietary computer systems which may be based or maintained in countries which have not enacted data protection legislation.

13. Money Laundering Precaution Procedures

The ICIS shall at all times abide by any Guidance Notes/Regulations issued under Section 59(4) of the Prevention and Suppression of Money Laundering Activities Law of 2007 (Law 188(1), by the Central Bank of Cyprus.

Measures aimed at the prevention of money laundering may require an applicant for Shares to verify his/her identity to the Administrator. Depending on the circumstances of each application, verification may not be required where the applicant makes the payment from an account held in the applicant's name at a recognized financial institution, or the application is made through a recognized intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognized by the Republic of Cyprus as having equivalent or stricter anti-money laundering regulations.

The Administrator will notify applicants if proof of identity is required. By way of example an individual may be required to produce a copy of a passport or identification card duly certified by a public authority such as a notary public, the police or the ambassador in his country of residence, together with evidence of his address such as a utility bill or bank statement.

In the case of corporate applicants this may require production of a certified copy of the Certificate of Incorporation (and any change of name) and of the Memorandum and Articles of Association (or equivalent), and of the names and residential and business addresses of all directors and beneficial owners.

The details given above are by way of example only and the Administrator will request such information and documentation as it considers is necessary to verify the identity of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator may refuse to accept the application and the subscription monies relating thereto or may refuse to process a redemption request until proper information has been provided.

Investors should note specifically that where Redemption proceeds are requested to be remitted to an account which is not in the name of the Shareholder, the Administrator reserves the right to request such information as may be reasonably necessary in order to verify the identity of the investor and the owner of the account to which the redemption proceeds will be paid. The Redemption proceeds will not be paid to a third party account if the Shareholder and/or owner of the account fail to provide such information.

Each applicant for Shares acknowledges that the Administrator shall be held harmless against any loss arising as a result of a failure to process his/her application for Shares or redemption request if such information and documentation as has been requested by the Administrator has not been provided by the applicant. As part of its responsibility for the prevention of money laundering, the Fund (or any person acting on its behalf, including the Investment Manager) will require verification of the identity and address of any applicant for Shares and of the source of payment.

Depending on the circumstances of each applicant, a detailed verification may not be required where:

- (a) The Investor makes payment from an account held in the Investor's name at a recognized financial institution; or
- (b) The Investor is regulated by a recognized regulatory authority and is based or incorporated in, or formed under the laws of, a recognized jurisdiction; or
- (c) The subscription is made through an intermediary that is regulated by a recognized regulatory authority and is based or incorporated in or formed under the laws of a recognized jurisdiction. In this situation the Fund may rely on a written assurance from the intermediary that the requisite identification procedures in respect of the applicant have been carried out.

In the event of delay or failure by the prospective investor to produce any information required for verification purposes, the Fund, or any person acting on its behalf, may refuse to accept the subscription or register a transfer.

If a subscription is not accepted, any funds received by or on behalf of the Fund in connection with that subscription will be returned without interest to the account from which such funds were originally debited.

There is also a requirement to know the source of the funds. Such requirement is normally limited to knowing the bank and account from which the monies were remitted. A further requirement is that such monies invested may only be redeemed to the account of remittance, except in exceptional circumstances.

The Fund, or any person acting on its behalf, also reserves the right to refuse to make any redemption payment or other distribution to a Shareholder if any of the Directors or officers of the Fund, or any person acting on its behalf, suspects or is advised that the payment of any redemption monies or other distribution 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, its Directors or any person acting on its behalf with any such laws or regulations in any relevant jurisdiction.

If the Cyprus legislation is subject to change, any additional requirements imposed on the Administrator will be reflected in its requirements of the applicant.

The completion of the Application Form serves as confirmation that the Shareholder understands and agrees to furnish the requested documents.

If the documents requested are not received within a reasonable time following the investment, the Administrator will send a second request to the Shareholder, which will act as a reminder.

If, within a month, the Administrator still has not received the documents requested, further requests will be sent to the Shareholder.

It must also be noted that redemption monies cannot be remitted to the Shareholder until all documents requested have been received.

Further, please note that it is a regulatory requirement to report suspicious transactions, and any relevant data in this regard may need to be transferred to the relevant regulators.

14. Limitations of Liability of the Central Bank of Cyprus

The Central Bank of Cyprus shall not be liable by virtue of its recognition of the international collective investment scheme or by reason of its exercise of the functions conferred on it by the ICIS Law.

Recognition of the ICIS does not constitute a warranty by the Central Bank of Cyprus as to the creditworthiness or financial standing of the various parties to the international collective investment scheme.

15. Appendices

Appendix 1:

The Fund Agreement (Partnership Agreement)

The partnership agreement is tied with the PPM and must be read in conjunction.

Appendix 2:

Subscription/Redemption/Transfer Booklet (Exhibits A to F)

Appendix 1

FUND AGREEMENT

THIS AGREEMENT is made the day of

BETWEEN

- (1) The persons whose names appear in the attached Limited Partners List, and those parties who from time to time become Limited Partners as provided in this Agreement, ("the Investors") and
- (2) **SPA GP (II) Limited**, a Cyprus Company, ("the Investment Manager").

WHEREAS

- A. SPA Financial Services Ltd is the Initial Limited Partner,
- B. SPA GP (II) Ltd (the Investment Manager) is the General Partner
- C. The Initial Limited Partner and the General Partner, formed and registered an International Investment Limited Partnership which is called SPA Multi-Strategy Fund II LP.
- D. The International Investment Limited Partnership has applied to the Central Bank of Cyprus to be recognised as a Private International Collective Investment Scheme, in accordance with the provisions of the Law and on the basis of the Private Placement Memorandum ("the Memorandum") to which this agreement is attached to as Appendix 1.
- E. The Central Bank of Cyprus has recognised under the provision of the Law the partnership as a Private International Collective Investment Scheme in the form of an International Investment Limited Partnership ("the Fund").
- F. The Initial Limited Partner wishes to withdraw from the Fund and the Investors wish to join the Fund as Limited Partners as defined in the Law on the terms herein below stated and the Memorandum.
- G. The General Partner agrees with the withdrawal of the Initial Limited Partner and wishes to continue the Partnership with the Limited Partners on the terms herein below stated and the Memorandum.

THIS DEED WITNESSES as follows:

1. Interpretation

- 1.1 Words or expressions used herein shall when importing persons include both natural and legal persons, and all pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, or neuter gender, singular or plural, as the identity of the person or persons may require.
- 1.2 Capitalised words and expression not specifically provided herein below shall have the meaning specified against them in the Memorandum.

2. Formation and name of Partnership

- 2.1 The parties shall carry out the business in partnership from the date this agreement is signed in accordance with the terms and conditions provided in the Private Placement Memorandum.
- 2.2 The Fund shall be a limited partnership as a Private International Collective Investment Scheme within the meaning of the Partnership Law.
- 2.3 The Investment Manager shall be the General Partner and each of the Investors shall be a Limited Partner.
- 2.4 The Fund name shall be “SPA Multi-Strategy Fund IILP” or such other name as the Investment Manager shall hereafter designate in its discretion from time to time.

3. Registration

- 3.1 The Fund shall be at all relevant times registered in accordance with the Partnership Law and the International Collective Investment Schemes Law 47(I) 1999 (“the Law”) and the parties hereto shall at all times comply with the requirements of the Law.

4. Terms of the Partnership

- 4.1 All the provisions of the Private Placement Memorandum (PPM) of the Fund as may be amended or revised from time to time pursuant to the provisions contained therein are incorporated into and form part of this agreement as though fully set forth in it and in the event of any conflict between a term of this agreement and a provision in the PPM, the PPM shall prevail.
- 4.2 The Investment Manager is bound by the terms and conditions of this Fund agreement and of the term and conditions of the Private Placement Memorandum.

5. Limitation of Liability

- 5.1 No Investor shall be liable for any debts or obligations of the Fund in excess of his or its initial capital contribution, except as provided by the Law or any other applicable laws whether as a result of an Investor participating in any way in the conduct of the business of the Fund or otherwise.
- 5.2 The Investment Manager shall not be liable, responsible or accountable in damages or otherwise to any other Partner or the Partnership for any and all liabilities, obligations, losses, damages, actions, judgments, suits, proceedings, costs, expenses and disbursements or otherwise (collectively referred to as “Liabilities” for the remainder of this Paragraph) which may be imposed on, incurred by, or asserted against the Partnership in any way relating to or arising out of any action or inaction on the part of the Fund or on the part of the Investment Manager in connection with services to or on behalf of the Fund which the Investment Manager performed in the course of business of the Fund.
- 5.3 Notwithstanding the foregoing, the Investment Manager shall be liable, responsible and accountable, and neither the Fund nor any Receiver (if any) shall be liable to the Investment Manager, for any portion of such Liabilities which resulted from the Investment Manager's:
 - (i) own fraud, wilful misconduct or knowing violation of law,
 - (ii) breach of fiduciary duty or bad faith to the Fund or any Investor, or

(iii)breach of this Agreement.

5.4 The Fund shall not incur the cost of any insurance which insures any party against any liability as to which such party is prohibited from being indemnified as set forth above in the present clause.

5.5 Where a Related Person to the Investment Manager has performed an act on behalf of the Fund or the Investment Manager within the scope of the authority of the Investment Manager and for which the Investment Manager would have been entitled to indemnification had such act been performed by itself, then the provisions of the present Article 11 shall apply mutates mutandis to such Related Person.

5.6 **Notices**

Except as otherwise provided herein, any notice, payment, distribution or other communication which shall be required to be given to any party hereto in connection with the business of the Fund shall be in writing and any such notice shall become effective:

(i) upon personal delivery thereof, including by overnight mail and courier service, or

(ii) upon confirmed receipt of such notice by electronic means, including facsimile and email; in each case, if to an Investor, addressed to the last address furnished for such purpose by the Investor; and if to the Investment Manager or the Fund, at the business address and registered office of the Fund, or at such other address the Investment Manager may hereafter specify in a notice duly given as provided herein.

5.7 For the purposes of this Agreement any notice shall be deemed to have been given to the personal representatives of a deceased party notwithstanding that no grant of representation has been made in respect of his estate if the notice is addressed to the deceased party by name or to his personal representatives by title and is sent or delivered to him as herein above provided to his last known address.

6. **Survival of Rights**

6.1 This Agreement shall be binding upon and inure to benefit of the parties hereto and their respective heirs, legatees, legal representatives, successors and assigns.

7. **Headings.**

7.1 The captions of the Articles and Sections of this Agreement are for convenience only and shall not be deemed part of the text of this Agreement.

8. **Agreement in Counterparts.**

8.1 This Agreement, or any amendment hereto, may be executed in counterparts each of which shall be deemed an original Agreement, and all of which shall constitute one agreement, by each of the parties hereto on the dates respectively indicated in the acknowledgements of the said parties, notwithstanding that all of the parties are not signatories to the original or the same counterpart, to be effective as of the day and year first above written.

9. **Governing Law.**

9.1 This Agreement shall be governed by and construed in accordance with the laws of the Republic of Cyprus.

10. Time

10.1 Time is of the essence in this Agreement.

11. Separability of Provisions.

11.1 Each provision of this Agreement shall be considered separable and if for any reason any provision or provisions hereof are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation, or affect those portions, of this Agreement which are valid.

12. Disputes.

12.1 Any dispute between the parties arising from or in connection with this Agreement or the Fund created by this Agreement shall be subject to the exclusive jurisdiction of the Courts of Cyprus.

IN WITNESS WHEREOF, the undersigned parties have caused original copies of this Agreement of Limited Partnership of SPA Multi-Strategy Fund, I.I.L.P., to be duly executed on the day and year first above written.

LIMITED PARTNERS LIST

[]