



# **RFUND AIFLNP V.C.I.C. LTD**

Registered and incorporated under the Laws of Cyprus with Registration Number  
HE385026

## **PROSPECTUS**

Authorised by the Cyprus Securities and Exchange Commission with License Number  
[LPAIF118/2014]

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### **Addressed to Professional and Well-Informed Investors under Private Placement Offer**

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THIS ALTERNATIVE INVESTMENT FUND WITH LIMITED NUMBER OF PERSONS IS ESTABLISHED IN THE REPUBLIC OF CYPRUS PURSUANT TO THE DECISION TAKEN BY THE CYPRUS SECURITIES AND EXCHANGE COMMISSION ON 16 APRIL 2018. IT IS EXCLUSIVELY ADDRESSED TO PROFESSIONAL AND WELL-INFORMED INVESTORS. IT IS NOTED THAT THE ALTERNATIVE INVESTMENT FUND WITH LIMITED NUMBER OF PERSONS ENTAILS SIGNIFICANT RISK AS IT IS NOT SUBJECT TO INVESTMENT RESTRICTIONS AND INVESTMENT LIMITS AND IS SUBJECT TO A LESS REGULATED LEGAL FRAMEWORK. THE TOTAL NUMBER OF UNIT HOLDERS SHALL NOT EXCEED 50 PERSONS.

THIS ALTERNATIVE INVESTMENT FUND WITH LIMITED NUMBER OF PERSONS OPERATES WITHOUT A DEPOSITARY IN ACCORDANCE WITH SECTION 128(4) (A) OF THE ALTERNATIVE INVESTMENT FUNDS LAW N.124(I) OF 2018.

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**JULY 2020**

## Delivered under Private Placement Offer

<i>To:</i>
<i>By:</i>
<i>Date:</i>

**This Prospectus contains important information about RFUND AIFLNP V.C.I.C. LTD and should be read carefully before investing. If you are in any doubt about the contents of this Prospectus, you should consult your bank manager, solicitor, accountant or any other independent financial adviser.**

The Directors of **RFUND AIFLNP V.C.I.C. LTD** accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

## IMPORTANT INFORMATION

### THE COMPANY

**RFUND AIFLNP V.C.I.C. LTD** (THE “COMPANY”) IS INCORPORATED UNDER THE COMPANIES LAW, CAP. 113 ON 12 JUNE 2018, WITH REGISTRATION NUMBER HE385026 AND AUTHORIZED BY THE CYPRUS SECURITIES AND EXCHANGE COMMISSION (THE “CYSEC”) TO OPERATE AS AN ALTERNATIVE INVESTMENT FUND WITH LIMITED NUMBER OF PERSONS (THE “AIFLNP”) IN THE FORM OF A LIMITED LIABILITY COMPANY BY SHARES AS AN OPEN-ENDED INVESTMENT COMPANY OF VARIABLE CAPITAL AS PROVIDED FOR IN PART VI OF THE ALTERNATIVE INVESTMENT FUNDS LAW N.124(I) OF 2018 (THE “AIF LAW”) OR IN ANY OTHER LAW WHICH REPLACES OR AMENDS IT.

THE COMPANY OPERATES WITHOUT A DEPOSITARY IN ACCORDANCE WITH SECTION 128(4(A) OF THE AIF LAW ACCORDING TO WHICH AN AIFLNP THAT LIMITS ITS TOTAL ASSETS TO EUR 5,000,000 (FIVE MILLION EURO) (OR CURRENCY EQUIVALENT) THROUGHOUT ITS LIFE DURATION COULD BE EXEMPTED FROM THE OBLIGATION TO APPOINT A DEPOSITARY.

THE INVESTOR SHARES OF THE COMPANY ARE OFFERED UNDER PRIVATE PLACEMENT OFFERING. THE COMPANY ACCEPTS A MAXIMUM NUMBER OF 50 UNIT HOLDERS.

THERE IS NO PUBLIC MARKET FOR THE INVESTOR SHARES, AND NO GUARANTEE THAT SUCH MARKET MAY DEVELOP IN THE FUTURE. THE COMPANY SHALL NOT HAVE THE POWER TO ISSUE BEARER SHARES.

THE MEMORANDUM OF ASSOCIATION AND THE ARTICLES OF ASSOCIATION (TOGETHER THE “MEMORANDUM AND ARTICLES”) OF THE COMPANY AND THE LATEST ANNUAL REPORT MAY BE OBTAINED BY POTENTIAL OR EXISTING INVESTORS FROM THE BUSINESS OFFICE OF THE COMPANY, CEDARS OASIS TOWER, LEOFOROS ARCHIEPISKOPOU MAKARIOU III, 169, OFFICE #401, 3027, LIMASSOL, CYPRUS, UPON REQUEST FROM THE DIRECTORS, AND SHALL BE DEEMED TO FORM PART OF THIS PROSPECTUS.

AN INVESTOR IN THE FUND IS SOLELY RESPONSIBLE FOR DETERMINING WHETHER THE FUND IS SUITABLE FOR HIS INVESTMENT PROFILE AND NEEDS;

THE CONTENTS OF THIS PROSPECTUS SHOULD NOT BE CONSIDERED AS INVESTMENT, LEGAL OR TAX ADVICE. IN MAKING AN INVESTMENT DECISION THE ADDRESSES MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISK INVOLVED.

THE FUND IS RESERVED FOR PROFESSIONAL AND WELL-INFORMED INVESTORS AS DEFINED BY THE ALTERNATIVE INVESTMENT FUNDS LAW OF 2018 (THE "AIF LAW") WHO, ON THE BASIS OF THIS OFFERING MEMORANDUM, HAVE MADE THEIR OWN ASSESSMENT OF THE CONDITIONS OF THEIR PARTICIPATION IN THE FUND. IT IS THE RESPONSIBILITY OF PARTICIPATING INVESTORS, TO DETERMINE WHETHER THE FUND WITH ITS INVESTMENT COMPARTMENTS DESCRIBED IN THIS OFFERING MEMORANDUM IS SUITABLE TO THEIR EXPECTATIONS OF PERFORMANCE AND RISK.

INVESTMENT IN THE FUND INVOLVES SPECIAL RISKS, AND PURCHASE OF THE SHARES IN THE FUND SHOULD BE CONSIDERED ONLY BY PERSONS WHO CAN BEAR THE ECONOMIC RISK OF THEIR INVESTMENT FOR AN INDEFINITE PERIOD AND WHO CAN AFFORD A TOTAL LOSS OF THEIR INVESTMENT. (SEE RISK FACTORS SECTION).

## **THIS PROSPECTUS**

THIS PROSPECTUS HAS BEEN PREPARED IN ACCORDANCE WITH THE PROVISIONS OF THE AIF LAW AND RELEVANT DIRECTIVES. THIS PROSPECTUS CONTAINS INFORMATION RELATING TO THE COMPANY FOR THE PURPOSE OF GIVING INFORMATION TO SELECTED PROFESSIONAL OR WELL-INFORMED INVESTORS TO WHOM IT WILL BE ADDRESSED.

THIS PROSPECTUS CONTAINS FORWARD LOOKING STATEMENTS THAT RELATE TO THE COMPANY'S FINANCIAL CONDITION, OPERATIONS, BUSINESS PLAN, STRATEGIES, COMPETITIVE POSITION AND GROWTH OPPORTUNITIES AND THE FINANCIAL AND REGULATORY ENVIRONMENTS IN WHICH THE COMPANY WILL OPERATE. THESE FORWARD LOOKING STATEMENTS ARE IDENTIFIABLE BY WORDS SUCH AS "ANTICIPATE", "ESTIMATE", "PROJECT", "PLAN", "INTEND", "EXPECT", "BELIEVE", "FORECAST" AND SIMILAR EXPRESSIONS, AND ARE LOCATED THROUGHOUT THIS PROSPECTUS. PROSPECTIVE INVESTORS SHOULD BE AWARE THAT THESE STATEMENTS ARE ESTIMATES, REFLECTING ONLY THE JUDGMENT OF THE MANAGEMENT AND SHOULD NOT PLACE RELIANCE ON ANY FORWARD LOOKING STATEMENTS. ACTUAL RESULTS AND EVENTS COULD DIFFER MATERIALLY FROM THOSE CONTEMPLATED BY THESE FORWARD LOOKING STATEMENTS AS A RESULT OF FACTORS SUCH AS THOSE DESCRIBED IN THE SECTION TITLED "RISK FACTORS" AND ELSEWHERE IN THIS PROSPECTUS. THE COMPANY, DOES NOT UNDERTAKE ANY OBLIGATION PUBLICLY TO UPDATE OR REVISE THE FORWARD LOOKING STATEMENTS CONTAINED IN THIS PROSPECTUS TO REFLECT EVENTS OR CIRCUMSTANCES OCCURRING AFTER THE DATE OF THIS PROSPECTUS OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

THIS PROSPECTUS DOES NOT PURPORT TO BE ALL INCLUSIVE OR TO CONTAIN ALL THE INFORMATION THAT A PROSPECTIVE INVESTOR MAY DESIRE IN EVALUATING THE COMPANY. PROSPECTIVE INVESTORS SHOULD CONDUCT THEIR OWN INVESTIGATION AND ANALYSIS OF THE BUSINESS, DATA AND PROPERTY DESCRIBED HEREIN, AND SHOULD ALSO INFORM THEMSELVES ABOUT AND OBSERVE ANY LEGAL AND/OR REGULATORY REQUIREMENTS WHICH MAY BE APPLICABLE TO THEIR PROPOSED INVESTMENT IN, INVESTIGATION OR EVALUATION OF THE COMPANY. ANY PERSON INTERESTED IN SUBSCRIBING TO INVESTOR SHARES IS RECOMMENDED TO SEEK HIS/HER OWN LEGAL, REGULATORY, TAX, ACCOUNTING AND FINANCIAL ADVICE.

NO ASSURANCES CAN BE GIVEN THAT EXISTING LAWS WILL NOT BE CHANGED OR INTERPRETED ADVERSELY. PROSPECTIVE INVESTORS MUST NOT CONSTRUE THIS PROSPECTUS AS LEGAL, TAX OR INVESTMENT ADVICE.

THE DIRECTORS OF THE COMPANY WHOSE NAMES ARE SET OUT UNDER THE SECTION TITLED "MEMBERS OF THE BOARD", HAVE TAKEN ALL REASONABLE CARE TO ENSURE THAT THE INFORMATION CONTAINED IN THIS PROSPECTUS IS, TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING MATERIAL TO SUCH INFORMATION WHICH DIRECTORS UNDERTAKE TO UPDATE ON A REGULAR BASIS. THE DIRECTORS ACCEPT RESPONSIBILITY ACCORDINGLY.

THIS PROSPECTUS MAY ALSO BE TRANSLATED INTO OTHER LANGUAGES. ANY SUCH TRANSLATION SHALL ONLY CONTAIN THE SAME INFORMATION AND HAVE THE SAME MEANING AS THE ENGLISH LANGUAGE PROSPECTUS. TO THE EXTENT THAT THERE IS ANY INCONSISTENCY BETWEEN THE ENGLISH LANGUAGE VERSION OF THE PROSPECTUS AND THE VERSION IN ANOTHER LANGUAGE, THE ENGLISH LANGUAGE VERSION WILL PREVAIL.

THIS PROSPECTUS DOES NOT CONSTITUTE A PROSPECTUS IN ACCORDANCE WITH THE PROVISIONS

OF THE PUBLIC OFFER AND PROSPECTUS LAW, NO.114 (L)/2005, AS AMENDED.

### **THE REGULATOR**

THE CYSEC HAS APPROVED THE CONTENT OF THIS PROSPECTUS ONLY AS REGARDS TO MEETING THE INFORMATION REQUIREMENTS TOWARDS THE INVESTORS AS DEFINED IN THE AIF LAW. THE APPROVAL OF THIS PROSPECTUS DOES NOT IMPLY RECOMMENDATION TO INVESTORS FOR INVESTMENT IN THE COMPANY. BEFORE MAKING A DECISION FOR INVESTING, INVESTORS ARE ENCOURAGED TO SEEK ADVICE FROM A PROFESSIONAL ADVISER.

INVESTORS ARE NOT PROTECTED BY ANY STATUTORY COMPENSATION ARRANGEMENTS IN THE EVENT OF THE COMPANY'S FAILURE. THE CYSEC SHALL NOT BE LIABLE BY VIRTUE OF ITS RECOGNITION OF THE COMPANY AS AN AIFLNP OR BY REASON OF ITS EXERCISE OF THE FUNCTIONS CONFERRED ON IT BY THE AIF LAW. RECOGNITION OF THE AIFLNP DOES NOT CONSTITUTE A WARRANTY BY THE CYSEC AS TO THE CREDITWORTHINESS OR THE FINANCIAL STANDING OF THE VARIOUS FINANCIAL PARTIES OF THE AIFLNP. GIVEN THAT THE COMPANY IS ADDRESSED TO PROFESSIONAL AND WELL INFORMED INVESTORS, THE PROTECTION MEASURES PROVIDED FOR IN THE RELEVANT LEGISLATION TO PRIVATE INVESTORS DO NOT APPLY.

### **ELIGIBLE INVESTORS**

IN ACCORDANCE WITH THE REQUIREMENTS OF THE AIF LAW, THE DISTRIBUTION AND SUBSCRIPTION (OR TRANSFER) OF INVESTOR SHARES IS RESTRICTED SOLELY TO PERSONS WHO QUALIFY AS ELIGIBLE INVESTORS. ELIGIBLE INVESTORS INCLUDE PROFESSIONAL INVESTORS WHICH ARE CONSIDERED TO BE PROFESSIONAL CLIENTS OR MAY, ON REQUEST, BE TREATED AS PROFESSIONAL CLIENTS WITHIN THE MEANING OF ANNEX II OF THE CYPRUS INVESTMENT SERVICES AND ACTIVITIES AND REGULATED MARKETS LAW 144(I)/2007 (AS AMENDED FROM TIME TO TIME) OR ANY OTHER PERSONS WHO HAVE CONFIRMED IN WRITING TO BE WELL-INFORMED INVESTORS AND AWARE OF THE RISKS RELATED WITH AN INVESTMENT IN THE COMPANY, AND WHO FURTHER EITHER (I) INVEST A MINIMUM OF EUR 125,000 (ONE HUNDRED TWENTY FIVE THOUSAND EURO) (OR CURRENCY EQUIVALENT), OR (II) HAVE BEEN ASSESSED AS WELL-INFORMED INVESTORS BY A CREDIT INSTITUTION, OR BY AN INVESTMENT FIRM OR BY A UCITS MANAGEMENT COMPANY (AS THESE ARE DEFINED IN SECTION 2 OF THE AIF LAW) AND THE ABOVEMENTIONED ASSESSMENT SHOWS THAT SUCH PERSONS HAVE THE NECESSARY EXPERIENCE AND KNOWLEDGE TO BE ABLE TO EVALUATE THE APPROPRIATENESS OF THEIR INVESTMENT.

PROSPECTIVE INVESTORS SHOULD NOTE THAT INVESTOR SHARES MAY NOT BE AVAILABLE TO ALL INVESTORS. THE COMPANY RETAINS THE RIGHT TO OFFER INVESTOR SHARES FOR PURCHASE BY PROSPECTIVE INVESTORS IN ANY PARTICULAR JURISDICTION IN ORDER TO CONFORM TO LOCAL LAW, CUSTOMS OR BUSINESS PRACTICE OR FOR FISCAL OR ANY OTHER REASON.

### **U.S. PERSONS**

INVESTOR SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE 1933 ACT OR THE SECURITIES LAWS OF ANY OF THE STATES OF THE UNITED STATES. INVESTOR SHARES ARE BEING OFFERED AND SOLD SOLELY OUTSIDE THE UNITED STATES TO NON-US PERSONS IN RELIANCE ON REGULATION S OF THE 1933 ACT. THE COMPANY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE 1940 ACT BUT WILL BE EXEMPTED FROM SUCH REGISTRATION PURSUANT TO SECTION 3(C7) THEREOF. IT IS STRICTLY PROHIBITED FOR INVESTOR SHARES TO BE OFFERED, SOLD OR PLEDGED OR OTHERWISE TRANSFERRED DIRECTLY OR INDIRECTLY IN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF ANY U.S. PERSON, AS DEFINED IN REGULATIONS OF THE 1933 ACT, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT.

FOR THE PURPOSE OF THIS PROSPECTUS, THE "UNITED STATES" INCLUDES ALL POSSESSIONS, TERRITORIES AND ALL AREAS SUBJECT TO THE JURISDICTION OF THE UNITED STATES OF AMERICA AND A "U.S. PERSON" SHALL INCLUDE:

1. ANY NATURAL PERSON RESIDENT IN THE UNITED STATES;
2. ANY PARTNERSHIP OR CORPORATION ORGANIZED OR INCORPORATED UNDER THE LAWS OF THE UNITED STATES;

3. ANY ESTATE OF WHICH ANY EXECUTOR OR ADMINISTRATOR IS A U.S. PERSON;
4. ANY TRUST OF WHICH ANY TRUSTEE IS A U.S. PERSON;
5. ANY AGENCY OR BRANCH OF A FOREIGN ENTITY LOCATED IN THE UNITED STATES;
6. ANY NON-DISCRETIONARY ACCOUNT OR SIMILAR ACCOUNT (OTHER THAN AN ESTATE OR TRUST) HELD BY A DEALER OR OTHER FIDUCIARY FOR THE BENEFIT OR ACCOUNT OF A U.S. PERSON;
7. ANY DISCRETIONARY ACCOUNT OR SIMILAR ACCOUNT (OTHER THAN AN ESTATE OR TRUST) HELD BY A DEALER OR OTHER FIDUCIARY ORGANIZED, INCORPORATED, OR (IF AN INDIVIDUAL) RESIDENT IN THE UNITED STATES; AND
8. ANY PARTNERSHIP OR CORPORATION WHICH HAS BEEN ORGANIZED OR INCORPORATED UNDER THE LAWS OF ANY JURISDICTION OUTSIDE THE UNITED STATES AND FORMED BY A U.S. PERSON PRINCIPALLY FOR THE PURPOSE OF INVESTING IN SECURITIES NOT REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, UNLESS IT IS ORGANIZED OR INCORPORATED, AND OWNED, BY ACCREDITED INVESTORS (AS DEFINED IN RULE 501(A) OF THE SECURITIES ACT OF 1933) WHO ARE NOT NATURAL PERSONS, ESTATES OR TRUSTS.

### **RISK WARNING**

INVESTMENT IN THE COMPANY INVOLVES SPECIAL RISKS. THE PURCHASE OF INVESTOR SHARES SHOULD BE CONSIDERED ONLY BY PERSONS WHO CAN BEAR THE ECONOMIC RISK OF THEIR INVESTMENT FOR AN INDEFINITE PERIOD AND CAN AFFORD A TOTAL LOSS OF THEIR INVESTMENT.

THE CAPITAL RETURN AND INCOME OF THE COMPANY ARE BASED ON THE CAPITAL APPRECIATION AND INCOME ON THE INVESTMENTS IT HOLDS, LESS EXPENSES INCURRED. THEREFORE, THE COMPANY'S RETURN MAY BE EXPECTED TO FLUCTUATE IN RESPONSE TO CHANGES IN SUCH CAPITAL APPRECIATION OR INCOME.

THE INCOME FROM THE VALUE OF INVESTOR SHARES IS NOT GUARANTEED AND MIGHT FLUCTUATE CONSIDERABLY, THEREFORE THERE IS NO SURETY ABOUT THE AMOUNT INVESTED. THE INVESTOR SHOULD BE AWARE THAT THERE IS A POTENTIAL RISK OF THE ENTIRE AMOUNT OF THE VALUE OF AN HIS/HER INVESTMENT TO BE LOST.

### **DATA PROTECTION**

CERTAIN PERSONAL DATA OF INVESTORS (INCLUDING, BUT NOT LIMITED TO, THE NAME, ADDRESS AND SUBSCRIPTION AMOUNT) MAY BE COLLECTED, RECORDED, STORED, ADAPTED, TRANSFERRED OR OTHERWISE PROCESSED AND USED BY THE COMPANY AND ITS SERVICE PROVIDERS SUCH AS THE FUND ADMINISTRATOR OR DISTRIBUTORS, AS APPROPRIATE. IN PARTICULAR, SUCH DATA MAY BE PROCESSED FOR THE PURPOSES OF ADMINISTRATION, ANTI-MONEY LAUNDERING AND TERRORISM FINANCING IDENTIFICATION, MAINTAINING THE REGISTER, PROCESSING SUBSCRIPTION APPLICATIONS, REDEMPTION AND TRANSFER REQUESTS AND PAYMENTS OF DIVIDENDS AND PROVISION OF OTHER INVESTOR-RELATED SERVICES. SUCH INFORMATION SHALL NOT BE PASSED ON TO ANY UNAUTHORISED THIRD PERSONS. EACH INVESTOR HAS A RIGHT OF ACCESS TO HIS/HER PERSONAL DATA AND MAY ASK FOR A RECTIFICATION THEREOF IN CASE SUCH DATA IS INACCURATE OR INCOMPLETE. BY SUBSCRIBING TO INVESTOR SHARES, EACH INVESTOR CONSENTS TO SUCH PROCESSING OF HIS/HER PERSONAL DATA. THIS CONSENT IS FORMALISED IN WRITING IN THE SUBSCRIPTION APPLICATION FORM AND THE ECONOMIC SITUATION AND BACKGROUND FORM.

### **RESTRICTIONS ON SOLICITATIONS**

THIS PROSPECTUS IS ISSUED ON A CONFIDENTIAL BASIS ONLY FOR THE SOLE PURPOSE OF PROVIDING INFORMATION ABOUT AN INVESTMENT IN THE COMPANY. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL TO, OR A SOLICITATION OF AN OFFER TO SUBSCRIBE, FROM ANYONE IN ANY COUNTRY OR JURISDICTION (I) IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORISED, (II) IN WHICH ANY PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR (III) IN WHICH ANY SUCH OFFER OR SOLICITATION WOULD OTHERWISE BE UNLAWFUL. THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF INVESTOR SHARES MAY BE RESTRICTED IN CERTAIN JURISDICTIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES ARE REQUIRED TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER IS NOT LAWFUL OR AUTHORISED, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO

MAKE SUCH OFFER. THIS PROSPECTUS SHOULD NOT BE DISTRIBUTED, PUBLISHED OR REPRODUCED, IN WHOLE OR IN PART, NOR SHOULD ITS CONTENTS BE DISCLOSED TO ANY OTHER PERSON.

#### **INVESTOR RESPONSIBILITY**

PROSPECTIVE INVESTORS SHOULD REVIEW THIS PROSPECTUS CAREFULLY AND IN ITS ENTIRETY AND CONSULT WITH THEIR LEGAL, TAX AND FINANCIAL ADVISERS IN RELATION TO (I) THE LEGAL AND REGULATORY REQUIREMENTS WITHIN THEIR OWN COUNTRIES FOR THE SUBSCRIPTION, TRANSFER OR REDEMPTION OF INVESTOR SHARES; (II) ANY FOREIGN EXCHANGE RESTRICTIONS TO WHICH THEY ARE SUBJECT IN THEIR OWN COUNTRIES IN RELATION TO THE SUBSCRIPTION, TRANSFER OR REDEMPTION OF INVESTOR SHARES; (III) THE LEGAL, TAX, FINANCIAL OR OTHER CONSEQUENCES OF SUBSCRIPTION, TRANSFER OR REDEMPTION OF INVESTOR SHARES; AND (IV) ANY OTHER CONSEQUENCES OF SUCH ACTIVITIES.



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## DEFINITIONS

In this Prospectus the following words and expressions shall have the following meanings:

<b>“Actual Owner”</b>	: the Natural or Legal Person(s) whose holdings in the Company are held by a Bank or Nominee. The Actual Owner enjoys the benefits of ownership even though title to Investor shares is in another name.
<b>“Administration Agreement”</b>	: any agreement for the time being subsisting between the Company and the Fund Administrator and relating to the appointment and duties of the Fund Administrator.
<b>“AIF or Alternative Investment Fund”</b>	: any collective investment undertaking, including investment compartments thereof, which collectively (a) raises capital from a number of Investors, with a view to investing it in accordance with a defined investment policy for the benefit of those Investors; and (b) does not require authorisation pursuant to section 9 of the Open-ended Undertakings for Collective Investments Law of 2012 or pursuant to the legislation of another Member State which harmonises the article 5 of the Directive 2009/65/EC.
<b>“AIF with Limited Number of Persons”</b>	: an AIF authorised by the Securities and Exchange Commission to operate as an Alternative investment fund with limited number of persons, subject to Part VII, or which was permitted to operate as an AIFLNP subject to article 120(1)(a) of the AIF Law.
<b>“AIF Law”</b>	: the Law which provides for the Alternative Investment Funds and Related Matters 128(I)/2018 or any law substituting or amending the same.
<b>“AIFM Law”</b>	: the Alternative Investment Fund Managers Law of 2013, Law 56(I)/2013 or any Law substituting or amending the same.
<b>“Anti-Money Laundering [AML]”</b>	: the process of obtaining relevant information about investment background and financial situation from prospective and existing Investors.
<b>“Anti-Money Laundering Law”</b>	: the Prevention and Suppression of Money Laundering and Terrorist Financing Law 188(I) of 2007-2019 or any Law substituting or amending the same.
<b>“Articles”</b>	: the Company’s Articles of Association as defined in the Companies Law which are approved by the CySEC and are submitted with the Registrar of Companies in the English language.
<b>“Auditor”</b>	: any person as may be appointed to perform the audit of the Company’s accounts in accordance with section 152A of the Companies Law.
<b>“Base Currency”</b>	: the currency in which the Company is denominated, and is the currency (i) in which the financial statements of the Company are drawn, and (ii) in which the Investment Share capital of the Company is expressed.
<b>“Business Day”</b>	: a business day in Cyprus on which banking institutions are open for business, unless otherwise stated.

<b>“Closing Day”</b>	:	the last Business Day of the Initial Offering Period in respect the Company’s Investor shares.
<b>"Companies Law" or “the Law”</b>	:	the Companies Law, Cap. 113 or any Law substituting or amending the same.
<b>“Company”</b>	:	RFUND AIFLNP V.C.I.C. LTD, a Variable Capital Investment Company, under the legal form of a private limited company, designated as an Alternative Investment Fund with limited number of persons whose name appears on the heading of this Offering Memorandum Investor shares.
<b>"Cyprus"</b>	:	the Republic of Cyprus.
<b>“CySEC”</b>	:	the Cyprus Securities and Exchange Commission, the legal entity of public law which is established and which operates in pursuance of the Cyprus Securities and Exchange Commission Law, as amended being the competent regulatory authority for Alternative Investment Funds in Cyprus.
<b>“CySEC Directives”</b>	:	the directives issued by the CySEC in exercise of its powers under the provisions of the AIF Law, as published in the official gazette of the Republic of Cyprus.
<b>“Dealing Day”</b>	:	the day on which the Directors have resolved to proceed with the issuance of Investor shares in relation to an application for Subscription and/or resolve the payment of the Redemption Price following a requests for Redemption of Investor shares.
<b>“Depositary”</b>	:	any legal person entrusted at least one of the depositary tasks set out in article 24 of the Alternative Investment Fund Managers Law.
<b>“Director”</b>	:	a member, at any specific time, of the Board of Directors of the Company. The Directors of the Company shall hereafter be referred to collectively as the “Board of Directors”.
<b>“Duties and Charges”</b>	:	all stamp duties, taxes, governmental charges, levies, exchange costs and commissions, transfer fees and expenses, agents’ fees, commissions, bank charges, registration fees and other duties and charges, whether payable in respect of the constitution, increase or reduction of all of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, redemption, sale or transfer of Investor shares or Investments by or on behalf of the Company or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation including Redemption Fees and Subscription Fees (if any) payable on the redemption and issue of Investor shares respectively.
<b>“Early Redemption Fee”</b>	:	such amount or amounts payable on a Redemption of Investor shares occurring prior to the completion of the Minimum Holding Period and which will be deducted and retained from the redemption proceeds.
<b>“ECB”</b>	:	the European Central Bank of the European Union member states which have adopted the Euro.

<b>“Eligible Investor”</b>	: any Natural or Legal Person that qualifies as a Professional or Well-Informed Investor within the meaning of the AIF Law and is a resident in a jurisdiction where the offering of Investor shares is not restricted.
<b>“Entry Cut-Off”</b>	: the applicable time and/or Business Day prior to a Valuation Day or such other time as the Directors may determine by which Investors shall be able to submit an Application for Subscription of Investor shares.
<b>“EUR”</b>	: the currency used by the institutions of the European Union and the official currency of the Eurozone.
<b>“Exchange-Traded Fund” or “ETF”</b>	a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund. Unlike mutual funds, an ETF trades like a common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. ETFs typically have higher daily liquidity and lower fees than mutual fund shares, making them an attractive alternative for investors.
<b>“Exit Cut-Off”</b>	: the applicable time and/or Business Day prior to a Valuation Day or such other time as the Directors may determine by which Investors shall be able to submit an application for Redemption of Investor shares.
<b>“Financial Year”</b>	: the accounting period of the Company ending on 31st December of each year, unless otherwise determined by the Directors.
<b>“Force Majeure”</b>	: means an event that causes a party to suspend or terminate the performance of its obligations when certain circumstances beyond their control arise, making performance inadvisable, commercially impracticable, illegal, or impossible. Such an event may free a party from liability or obligation when an extraordinary event or circumstance beyond the control of the party, such as, but not limited to, a war, strike, riot, crime, or an event described by the legal term act of God (hurricane, flood, earthquake, volcanic eruption, etc.), prevents the party from fulfilling its obligations.
<b>“Fund Administrator”</b>	: any company as may be appointed by the Directors to undertake part of, or the whole scope of the administration duties of the Company in accordance with section 6(1)(b) of the AIF Law.
<b>“Governing Body”</b>	: the body (a) with ultimate decision making authority in a Board of Director of the External Manager or the AIF, in case the AIF is internally managed, comprising the supervisory and/or managerial functions and (b) which is, as the case may be, the board of directors in a company or the general partner in a limited partnership
<b>“High Water Mark”</b>	: the highest peak in value of the Company’s NAV per Share in excess of which the Board of Directors shall be entitled to a Performance Fee.
<b>“IFRS”</b>	: the International Financial Reporting Standards which will be applied by the Company for the preparation of the financial statements.

<b>“Income Tax Law”</b>	: the Cyprus Income Tax Law L118(I)/2002, as may be amended or substituted from time to time.
<b>“Ineligible Person”</b>	: any person, firm or corporation applying for Subscription of Investor shares or a Unit holder of Investor shares who is ineligible to hold Investor shares (i) for legal, tax, regulatory or any other reason, or (ii) due to not meeting the requirements of a Professional or Well Informed Investor, or (iii) is a U.S Person, or (iv) is determined by the Directors, at their sole discretion, to be ineligible to be a Unit holder of Investor shares.
<b>“Initial Capital”</b>	: Means the minimum own funds: (a) are required by this Law, and shall be comprised of: (i) the issued and paid up capital or share classes not created for investment purposes, plus share premium accounts but excluding cumulative preferential shares and (ii) reserves of share classes not created for investment purposes, excluding revaluation reserves, and profit and losses of share classes not created for investment purposes, brought forward as a result of the application of the final profits and losses of the previous year, and (c) are cash or assets readily convertible to cash.
<b>“Initial Offering Period”</b>	: the period during which Investor shares may be offered by the Company for Subscription at the Initial Subscription Price as set out in this Prospectus.
<b>“Initial Subscription Price”</b>	: the initial fixed price determined by the Directors at which Investor shares may be offered for Subscription during the Initial Offering Period and adding thereto such sums as the Directors may determine as an appropriate provision for Duties and Charges.
<b>“Investment Company”</b>	: a variable capital investment company or a fixed capital investment company established in accordance with the provision of the Companies Law.
<b>“Investor shares”</b>	: the redeemable non-voting shares in the share capital of the Company which shall be issued with specific rights and may be issued in separate Classes
<b>“Investor”</b>	: a person wishing to invest in the Company by way of Investor shares acquisition or any Unit holder for the time being of Investor shares, where applicable.
<b>“Investments”</b>	: any investment or other asset of any description which the Company is entitled to acquire, purchase or invest in accordance with this Prospectus and the provisions of the Memorandum and Articles.
<b>“Know Your Client [KYC]”</b>	: the process of obtaining relevant information from prospective and existing Investors for identification and verification purposes. The process of KYC entails identifying the Investor and verifying his/her identity by using reliable and independent documents or information.
<b>“Launch Date”</b>	: the date on which the Company will begin its operations.

<b>“Legal Person”</b>	: an entity (such as a firm) other than a Natural Person (human being) created by law and recognized as a legal entity having distinct identity, legal personality, and duties and rights.
<b>“Leverage”</b>	: any method by which the Company increases its exposure whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.
<b>“Liquidation”</b>	: the process during which the Company is dissolved and its remaining assets are liquidated in accordance with the Companies Law.
<b>“Management Fee”</b>	: the fee charged by the Company for the investment management services to be rendered.
<b>“Management Shareholder”</b>	: the holders of the Management Shares of the Company.
<b>“Management Shares”</b>	: the voting non-redeemable shares in the share capital of the Company that will not be entitled to participate in any dividends of the Company and/or other distributions to be made out of the profits of the Company.
<b>“Memorandum”</b>	: the Company’s Memorandum of Association as defined in the Companies Law which is approved by the CySEC and is submitted with the Registrar of Companies in the English language only.
<b>“Minimum Capital Raising”</b>	: the minimum capital required to be raised from the Company in order to be able to commence its operations.
<b>“Minimum Subscription”</b>	: the minimum subscription amount or value that must be subscribed for by Investors for Subscription of Investor shares to the Company.
<b>“Minimum Subsequent Subscription”</b>	: the minimum subscription amount or value that must be subscribed for by any existing Investor for Subscription of additional Investor shares to the Company.
<b>“Minimum Holding Period”</b>	: a period of time during which an Investor is bound to hold Investor shares. This period applies from the date of the Investor’s initial or subsequent, whatever the case may be, date of Subscription.
<b>“Minimum Holding”</b>	: the minimum value of Investor shares that must be held by a Unit holder at all times.
<b>“Natural Person”</b>	: a real human being, as distinguished from a corporation.
<b>“Net Asset Value [NAV]”</b>	: the value of the assets of the Company less its liabilities as applicable and as calculated in accordance with the provisions of this Prospectus and the provisions of the Articles.
<b>“NAV per Share”</b>	: the Net Asset Value of the Company divided by the number of Investor shares in issue, calculated on each Valuation Day.
<b>“Open-Ended Fund”</b>	: means an AIF whose shares are, at the request of any of its shareholders, repurchased or redeemed prior to the commencement of its liquidation phase or wind-down, directly or indirectly, out of the assets of the AIFLNP and in accordance with the procedures and frequency set out in its instruments of incorporation or offering document



<b>“Performance Fee”</b>	: the fee payable to the Company based on the appreciation of the Company’s NAV per Share as further detailed in this Prospectus.
<b>“Portfolio”</b>	: the Portfolio of assets held by the Company as detailed in this Offering document and the Company’s Articles
<b>“Prevailing Exchange Rate”</b>	: the foreign exchange currency rate prevailing over the relevant Valuation Date and/or reporting period.
<b>“Private Placement”</b>	: the sale of Investor shares to a relatively small number of select Investors as a way of raising capital. A private placement is different from a public issue, in which Investor shares are made available for sale on the open market to any type of Investor.
<b>“Professional Investor”</b>	: an Investor who is considered to be a professional client or may, on request, be treated as a professional client within the meaning of Annex II of the Cyprus Investment Services And Activities And Regulated Markets Law as amended.
<b>“Offering document” or “Prospectus”</b>	: this document, containing information about the AIFLNP, and which is not governed by the provisions of the Public Offer and Prospectus Law, L114 (I) of 2005.
<b>“Redemption Fee”</b>	: such amount or amounts payable on the Redemption of Investor shares which may be deducted and retained from the redemption proceeds.
<b>“Redemption Price”</b>	: the price at which Investor shares shall be redeemed by the Company at the request of an Investor calculated in accordance with the provisions of this Prospectus and the Articles less any such sum as the Directors may determine as an appropriate provision for Duties and Charges.
<b>“Register”</b>	: the register kept by the Fund Administrator into which the names of Unit holders and the number of Investor shares held by Unit holders are entered.
<b>“Unit holder(s)”</b>	: the holder(s) of a unit or a fraction of unit.
<b>“Registered Office”</b>	: the Company’s registered office provided for in section 102 of the Companies Law.
<b>“Secretary”</b>	: any Legal or Natural Person appointed to perform the duties of the secretary of the Company.
<b>“Special Defence Contribution Law”</b>	: the Special Contribution for the Defence of the Republic Law No.117(I)/2002 as this may be amended, supplemented or replaced from time to time.
<b>“Subscription Agreement”</b>	: the agreement between the Company and each Investor subscribing for Investor shares in the Company.
<b>“Subscription Fee”</b>	: any such amount or amounts payable by the Investor to the Company for the issue of Investor shares.
<b>“Subscription Price”</b>	: the price at which Investor shares shall be offered, subsequently to the Initial Offering Period, calculated in accordance with the provisions of this Prospectus and the Articles adding thereto such



	sum as the Directors may determine as an appropriate provision for Duties and Charges.
<b>“Sub-threshold AIFMs”</b>	: the AIF Managers, including internally-managed AIFs and AIFs with Limited Number of Persons, that meet one of the following criteria and are subject to registration with the CySEC pursuant to section 4(3) of the AIFM Law:  i) the assets of their portfolios, including any assets acquired through use of leverage, in total do not exceed a threshold of EUR 100.000.000;  (ii) the assets of their portfolios, where they do not employ leverage and their Unit holders have no redemption rights exercisable during a period of 5 years following the date of initial investment, do not exceed a threshold of EUR 500.000.000;
<b>“Sub-threshold AIFM register”</b>	: the register created and maintained by the CySEC for the registration of Sub-threshold AIFMs pursuant to section 4(3) of the AIFM Law.
<b>“Target Market/s”</b>	: the Target Markets of the Company as further detailed in this Prospectus.
<b>“Unit” or “share”</b>	means the share of an investment company.
<b>“USD”</b>	: the official currency used by the institutions of the United States of America and the base currency of the Company.
<b>“Valuation Day”</b>	: a Business Day on which the Net Asset Value of the Company is determined or any other day as shall be determined by the Directors from time to time and specified in this Prospectus.
<b>“Valuer”</b>	any recognized qualified valuers, independent auditors, custodians or financial valuers hired by the Company from time to time as required.
<b>“Variable Capital Investment Company”</b>	: a company incorporated subject to the Companies Law as a company limited by shares and which is authorised to operate as an AIFLNP subject to the provisions of Part VII of the AIF Law.
<b>“Well-Informed Investor”</b>	: every Investor which is not a Professional Investor and fulfils the following conditions: (a) the investor confirms in writing – (i) that he has sufficient knowledge and experience in financial and business matters to evaluate the merits and risks associated with the prospective investment and that he is aware of the risks associated with the prospective investment or (ii) that his business activity is related to the management, acquisition or sale of assets, either on the investor’s own account or on behalf of third parties, and are of the same type as the investments of the AIF and (b) (i) invests at least €125.000 in the AIF or (ii) has been assessed by a credit institution, an AIFM, a UCITS

	<p>Management Company, an IF or an external manager of AIFs authorised in the Republic or another Member State for the management of AIFs whose assets do not exceed the limits provided for in article 4(2) of the Alternative Investment Fund Managers Law or the corresponding article 3(2) of Directive 2011/61/EU, and the above assessment shows that he has the necessary knowledge and experience in financial and business matters, to evaluate the merits and risks associated with the AIF's prospective investment based on the AIF's investment policy, or</p> <p>(iii) is employed by one of the persons referred to in subparagraph (ii) of paragraph (b), receiving total remuneration that takes him into the same remuneration bracket as the natural persons who effectively conduct the business of the person referred to in subparagraph (ii) of paragraph (b) or the executive members of their governing body, who effectively conduct the their business.</p>
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Unless the context otherwise requires:

- i. words importing the singular number shall include the plural number and vice versa;
- ii. words importing any gender shall be construed as importing any other gender;
- iii. words importing persons only shall include companies or associations or bodies of persons, whether corporate or not; and
- iv. the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative; and
- v. words and expressions defined in the Articles and not otherwise defined herein shall have the meaning ascribed to them in the Articles.

## DIRECTORY

<p><b>DIRECTORS</b> Mr. Nikolay Gerashchenko ~ Executive Evros Evripidou ~ Non- Executive Ms. Marilena Christofi ~ Non-Executive</p> <p><b>AML COMPLIANCE OFFICER</b> Mr. Nikolay Gerashchenko Promachon Elefterias 19, Office #1Cedars Oasis Tower, Leoforos Archiepiskopou Makariou III, 169, office #401, Limassol 3027, Cyprus</p>	<p><b>SENIOR MANAGEMENT</b> Mr. Nikolay Gerashchenko Mr. Kiryl Kirychenka</p> <p><b>PORTFOLIO MANAGER</b> Mr. Kiryl Kirychenka</p> <p><b>REGULATORY COMPLIANCE OFFICER</b> Mr. Constantinos Constantinides Kerkyras 21A, 4107 Limassol, Cyprus</p>
<p><b>RISK MANAGER</b> Mr Nikolay Gerashchenko Cedars Oasis Tower, Leoforos Archiepiskopou Makariou III, 169, office #401, Limassol 3027, Cyprus</p>	<p><b>INTERNAL AUDITOR</b> Mr. Theodoros Theodorou 79 Spyros Kyprianou Avenue, Protopapas Building, 2nd floor, POBox 51718, Limassol 3076, Cyprus</p>
<p><b>EXTERNAL AUDITORS</b> Priamus Audit Ltd 75 Prodromou Avenue, Oneworld Parkview House, Floor 2, Nicosia 2063, Cyprus</p>	<p><b>BANK</b> Bank of Cyprus Public Company 51 Stassinou Street Agia Paraskevi, Strovolos, 2002 Nicosia, Cyprus</p>
<p><b>FUND ADMINISTRATOR</b> Oneworld Ltd 75 Prodromou Avenue, Oneworld House, 5th floor, Nicosia 2363, Cyprus</p>	<p><b>BUSINESS OFFICE</b> Cedars Oasis Tower, Leoforos Archiepiskopou Makariou III, 169, office #401, Limassol 3027, Cyprus</p>
<p><b>SECRETARY TO THE COMPANY</b> <b>Evros Evripidou</b> Flat 2, Christaki Kranou, 46, Germasogia, 4042, Limassol, Cyprus</p>	<p><b>REGISTERED OFFICE</b> 155, Arch. Makarios III Avenue Soboh House 377, 28th October Street, Office Number 1, Limassol 3107, Cyprus</p>

## KEY FEATURES

<b>Legal Structure</b>	Open-Ended Investment Company of Variable Capital
<b>Strategy Classification</b>	Financial Instruments
<b>Target Markets</b>	European Markets, United States, United Kingdom, Russia and other Emerging Markets
<b>Target Capital Raising</b>	USD 5,000,000
<b>Life Duration</b>	Unlimited
<b>Use of Leverage</b>	Yes
<b>Reference Currency</b>	USD
<b>Distribution Policy</b>	No dividends
<b>Types of Investors</b>	Professional & Well Informed
<b>U.S Investors</b>	No
<b>Minimum Investment Size</b>	USD 100,000
<b>Initial Subscription Price</b>	USD 5.00
<b>Minimum Initial Subscription</b>	USD 100,000 for Investors classified as Professionals EUR 125,000 (equivalent in USD) for Investors classified as Well-Informed
<b>Minimum Subsequent Subscription</b>	USD 30,000
<b>Minimum Holding</b>	USD 100,000
<b>Valuation Days</b>	Last Business Day of each month
<b>Dealing Days</b>	First Business Day of each month
<b>Subscription Fee</b>	N/A
<b>Minimum Holding Period</b>	Three (3) months unless Early Redemption Fee is applied
<b>Redemption Fee &amp;</b>	✦ 5% Early Redemption Fee if the Redemption is made prior to the completion of the Minimum Holding Period; or
<b>Early Redemption Fee</b>	✦ 0% Redemption Fee in all other cases;
<b>Entry Cut-Off</b>	One (1) Business Day prior Valuation Day
<b>Exit Cut-Off</b>	Seven (7) Business Days prior Valuation Day
<b>Management Fee</b>	2%
<b>Performance Fee</b>	20% above the High Water Mark

## THE COMPANY

### REGISTRATION AND REGULATION

**Rfund AIFLNP V.C.I.C. Ltd** is incorporated under the Companies Law, Cap. 113 on 12 June 2018 with registration number HE385026 and authorized by the CySEC to operate as an AIF with Limited Number of Persons in the form of a Limited Liability Company by shares as an Open-Ended Investment Company of Variable Capital as provided for in Part VII of the AIF Law.

The Company is internally-managed in accordance with section 125(1)(a) of the AIF Law.

The Company has not appointed a Depository since it meets the requirement of the section 128(4)(a) of the AIF Law. Under its authorization requirements, the Company's total assets shall never exceed the amount of EUR 5,000,000, or its USD equivalent.

The Company is constituted for an indefinite term. The registered office of the Company is at 74 Agiou Athanasiou, 2nd floor, Agios Athanasios, 4102 Limassol, Cyprus.

### BOARD OF DIRECTORS

The Board of Directors is responsible for the overall management of the Company including the determination of investment policies and of investment restrictions and powers. The Board of Directors is also responsible for managing the business affairs of the Company.

The Board of Directors shall have the power and authority to take any action from time to time as it may deem to be necessary, appropriate, or convenient in connection with the management and conduct of the business and affairs of the Company. The Board of Directors has delegated the day to day administration of the Company to Oneworld Limited through an Administration Agreement and subject to the overall supervision of the Directors.

The operations of the Company are to be reviewed at regularly scheduled meetings of the Board of Directors. The Directors may meet together for the dispatch of business, adjourn, and otherwise regulate their meetings as they think fit and questions arising at any meeting shall be decided in accordance with the provisions of the Articles.

In addition to its general functions, the Company's Board of Directors has the following responsibilities, particular to its investment business and strategy:

***Determination of the Company's strategy:*** The Board of Directors is responsible for determining the Company's strategy. The Board of Directors must from time to time determine and explicitly state the goals that the Company is aiming to achieve. It is the Board of Director's responsibility to monitor the Company's progress towards the achievement of its strategic goals and to identify and work towards the removal of any obstacles.

***Processing of Subscriptions/Redemptions/Transfers:*** The Directors are authorized to provide all instructions necessary to the Fund Administrator for the execution of all Subscription applications and Redemption and Transfer requests linked to the net assets of the Company.

***Determination of the Company's structure and hierarchy:*** The Board of Directors

is responsible for determining the internal structure of the Company, by appointing officers, each assigned with specific duties and responsibilities and endowed with the powers necessary for effectively carrying them out. It is the responsibility of the Board of Directors to ensure that the structure of the Company is such that will further the achievement of the strategic goals of the Company.

***Company's policy and internal operations manual:*** Having set the Company's strategic goals and structure, the Board of Directors is responsible for leading the Company towards their achievement through the creation of appropriate policies, procedures and rules for the Company's internal operations.

***Change of the Investment Strategy/Policy:*** In the event that the Company intends to change its investment strategy / policy a decision by the Board of Directors is required. The relevant change shall also be depicted to the Articles of the Company. It is the responsibility of the Board of Directors to notify the CySEC for any changes in the investment strategy/policy of the Company prior to their commencement for approval.

#### **MEMBERS OF THE BOARD**

The Board of Directors is composed by one (1) Executive Director and two (2) Non-Executive Directors.

The members of the Board of Directors, as at the date of this Prospectus, are listed below with their principal occupations:

***Mr. Nikolay Gerashchenko ~ Executive Director + Risk Manager***

Mr. Gerashchenko decided to specialise in the financial industry 12 years ago, when he graduated with an Accounting and Finance degree from the Machine – Building College in Russia. However his educational qualifications were not limited by a degree. Later on, he decided to take an additional step into the finance sector through his Finance and Management diploma, obtained by the Plekhanov Russian Academy of Economy.

Mr. Gerashchenko was employed at RoboMarkets Ltd, a regulated investment firm, as the Head of the Brokerage department. He was also acting as the Risk Manager of RoboMarkets Ltd from 2013 until 2018. His previous experience as senior dealer and trader as well as his numerous certificates and trainings, of which among them are the Collective Investment Schemes Administration exam, the Federal Service of Financial Markets Basic Exam, the CySEC basic and advanced certificate and the transitioning into a new era of regulatory reporting, enabled him to develop strong leadership skills, to be able to analyse the market within a short time-frame, broaden his knowledge of different peculiarities of the market and trading different terminals (i.e.Reuters, Bloomberg, CQG etc.). At the moment, Mr. Gerashchenko is studying Risk Management together with another financial disciplines with CQF under Fitch Learning.

***Ms. Marilena Christofi ~ Non-Executive Director***

Having over 20 years of experience in the banking sector and almost 14 years of experience in the Treasury department, Ms. Christofi could be described as one of the most appropriate individuals taking over the Company's directorship responsibilities. Her comprehensive knowledge in the private banking industry/foreign exchange, financial and compliance procedures, illustrates the strong background of an exceptional individual. The attendance of



various seminars such as those offered by the CySEC, Business Delegation Courses and AML seminars rationalises the need for a continuous improvement and broaden of horizons.

Ms. Christofi has worked in various well-recognised institutions. For instance she held the Treasury position in the Bank of Cyprus for 14 years, used to be the Head of RTO department in Skopalino Finance Ltd, a regulated investment firm, for 2 years, and from then until present she is working at Hellenic Bank as part of the Compliance team. The different positions held within growth orientated working environment, mirrors a flexibility of working well as part of a team or individually.

***Mr. Evros Evripidou ~ Non-Executive Director***

Mr. Evros Evripidou had shown an aggressive interest in the financial markets in 1999, when he decided to specialise in the business sector through his Bachelor of Arts in Accounting, Finance and Economic Studies, at University of West London, London, United Kingdom.

He attained an immense network and expertise through his working experiences, whereas at one of his latest experience with IFSA Management Ltd he obtain expertise in project managements, tax consultation, drafting contracts, managements of companies, liquidation of companies as well as licensing procedures. He had also worked with P.Panayiotou & Co and accounting/audit firm where he attained technical skills, management of companies, ASP and Notional Interest Deduction knowledge. Mr. Evripidou is capable of undertaking the directorship responsibilities, since he is aware of the necessary steps to be followed for the setup and ongoing maintenance of Alternative Investment Funds. More specifically, he accumulates a broad knowledge of the market, with reference to the consultation of the current and incoming VAT regulations, Defence Tax policies, Anti-Money Laundering and KYC procedures. He has also been appointed as Risk Manager with Vinst Capital Ltd, a CySEC regulated investment firm for 2 years and furthermore currently holds an Executive Directorship position with Ox Capital Markets Ltd, a CySEC regulated investment firm.

As at the date of this Prospectus, no Director has:

- (i) any unspent convictions in relation to indictable offences;
- (ii) been bankrupt or the subject of an involuntary arrangement, or has had a receiver appointed to any asset of such Director;
- (iii) been a director of any company which, while he was a director with an executive function or within twelve months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangements with its creditors generally or with any class of its creditors;
- (iv) been a partner of any partnership, which while he was a partner or within twelve months after he ceased to be partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset;
- (v) had any official public incrimination or sanctions issued against them by statutory or regulatory authorities (including recognised professional bodied); or
- (vi) been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any company.

No loans or guarantees will ever be granted or provided by the Company to any member of the Board. A Director may be a party to any transaction or arrangement with the Company or



in which the Company is interested provided that the Director has disclosed to the other Directors the nature and extent of any such material interest which the Director may have. A Director may not vote in respect of any contract in which the Director has a material interest.

Changes in the composition of the Board of Directors shall be subject to the prior notification and approval of the CySEC. Procedures as to the appointment and removal of Directors are set out in the Articles. Upon replacement or dismissal or resignation of a Director, this Prospectus shall be updated accordingly.

#### **THE SECRETARY**

The Secretary of the Company is Evros Evripidou. The Secretary will prepare and distribute Board meeting notices to the Directors, unless such requirement is waived, and participate in the meetings of the Board of Directors. The Secretary will prepare the agenda of each meeting and record all documents presented during the meeting. Minutes of meetings and resolutions will also be prepared by the Secretary.

#### **PORTFOLIO MANAGEMENT FUNCTION**

The overall responsibility of the portfolio management function of the Company shall remain with its Board of Directors in accordance with section 56(2)(c) of the AIF Law.

The Board of Directors under the duties and responsibilities of the external manager, appointed Mr Kiryl Kirychenka as the person responsible for the Portfolio Management. Mr Kiryl Kirychenka meets the following conditions:

- i) he holds academic qualifications and/or has experience related to the assets in which the company is allowed to invest,
- ii) he is certified to provide portfolio management service in accordance with the provisions of the Investment Services and Activities and Regulated Markets Law, as amended,
- iii) he is registered in the Public Register kept by the Securities and Exchange Commission, in which the persons who succeed in the exams of the Securities and Exchange Commission are registered.

#### ***Mr. Kiryl Kirychenka ~ Portfolio Manager***

Mr. Kirychenka is a Quantitative Analyst with solid background in FX, CFDs and Equity markets; Business development, quantitative and business analysis of accompanied with proactive coordination, multitasking and problem solving skills. He is a holder of Cyprus Securities and Exchange Commission (CySEC) Advance Certificate - License CN4702. Mr. Kirychenka is a strategy focused, highly analytical executive with more than 8 year experience in quantitative research, performing financial analysis/modeling, developing business processes and implementing it. Skilled at developing and executing highly effective data driven projects. Mr. Kiryl is capable of undertaking the responsibility of the Portfolio Manager as he provided the portfolio management service during his work at FXO. He is aware of the risk associated and he accumulates a broad knowledge of the market, with reference to the consultation of the current and incoming Market regulations. At Robogate he was directly involved in development of the Copy FX platform, as a project manager.

The Portfolio Manager has been granted the authority to implement the Company's investment objectives and strategy. In addition the Portfolio Manager is authorized to purchase or otherwise acquire, sell or otherwise dispose of, convert and invest in investments, monies and other assets for the account of the Company's Portfolio. The Portfolio Manager is also responsible to arrange for the deposit of cash of the Company's Portfolio with the Company's banker/s, or for their disposition and payment of Investments or acquisitions.

In addition, the Company and/or the Portfolio Manager reserves the option to employ and/or use the knowledge or advice of experts in taking investment decisions. The Board of Directors and the Portfolio Manager may decide to appoint an Investment Advisor to provide ongoing advisory services to the Company. In such event, this Prospectus will be updated in order to reflect any reliance to Investment Advisors. The Company also reserves the right to use the knowledge and advice of experts on an ad-hoc basis at the discretion of the Directors without any prior approval from CySEC or amendment of this Prospectus.

### ***Risk Management***

The Portfolio Manager will maintain a documented and regularly updated due diligence process when investing on behalf of a Fund according to the investment objectives, policies and strategy of the Fund and will ensure that:

- i) the risks associated with each investment position of the Fund and their overall effect on the AIF's portfolio can be properly identified, measured, managed and monitored on an ongoing basis, including through the use of appropriate stress testing procedures; and
- ii) the risk profile of the Fund shall correspond to the size, portfolio structure and the investment objectives, policies and strategies of the Fund.

### ***Liquidity Management***

The Portfolio Manager will employ appropriate liquidity management procedures which enable him to monitor the liquidity risk of the Fund. The Portfolio Manager aims to ensure that the investment policy, liquidity profile and redemption policy are consistent with the relevant Fund's liquidity needs. The Portfolio Manager will regularly conduct stress tests, under normal and stressed liquidity conditions, which enable it to assess and monitor the liquidity risk of the Fund.

In compliance with the AIFM Law, the Portfolio Manager has responsibility for the proper valuation of the assets of the Funds as described in the section Net Asset Value and Valuation of Assets in the Prospectus.

The Portfolio Manager intend to review risk management policies on an annual basis and will notify Shareholders of any material changes to its risk management policies and procedures.

### ***Additional services:***

The Company, may delegate any of functions of article 6 (1) of the AIF Law to a third party, provided that the third party is authorised for the purpose of portfolio management and subject to efficient prudential regulation and supervision for providing this service in its

home country, in accordance with the legislation of its home country. If the Company makes such delegation, its liability towards its investors shall not be affected.

#### **RISK MANAGEMENT FUNCTION**

The Company shall maintain and apply appropriate risk management systems, in order to identify, measure, manage and duly monitor the risks related to the investment positions that it undertakes and the contribution of these positions to the overall risk profile of the Portfolio of the Company.

The Company has assigned Mr. Nikolay Gerashchenko, to undertake the duties of the Risk Management function.

The Risk Manager, amongst others, will identify any potential risks to the profitability or existence of the Company, identify and assess threats, put plans in place for if things go wrong and advice how to avoid, reduce or transfer risks.

The Risk Manager shall ensure that the risk profile of the Company corresponds to its size, Portfolio structure, investment strategy and objectives as laid down in its Prospectus.

#### **REGULATORY AND ANTI-MONEY LAUNDERING COMPLIANCE FUNCTION**

In light of the provisions governing the authorization of the Company as an AIF with Limited Number of Persons, the Company is required to establish, implement and maintain a Regulatory and Anti-Money Laundering ('AML') Compliance functions to ensure compliance with the legal framework and anti-money laundering standards performed by the Fund Administrator.

The Regulatory Compliance Officer monitors on an ongoing basis the Company's compliance with the relevant laws and regulations and takes actions in cases where non-compliance is identified. In addition, the Compliance Officer identifies and prioritizes the areas of potential compliance risk, which may lead to damage of the Company's reputation or to any financial loss (i.e. penalties). The Compliance Officer's duties include responsibility for the Company's compliance with the AIF Law and regulations as well as the Directives issued by CySEC from time to time.

The AML Compliance Officer is responsible for ensuring compliance with the Anti-Money Laundering Law and anti-money laundering Directives issued by CySEC, as well as the identification and reporting of any money laundering activity to the relevant authorities. The AML Compliance Officer is also responsible for the overall monitoring of the Investor acceptance procedures performed by the Company.

The Regulatory Compliance function will be outsourced to Constantinos Constantinides of FAI Financial Associates International Ltd, a professional services firm operating in Cyprus.

The Company has assigned Mr. Nikolay Gerashchenko, to undertake the duties of the AML Compliance Officer.

#### **INTERNAL AUDIT FUNCTION**

The main objective of the Internal Audit function is to provide the Board of Directors with reasonable assurance that the internal control mechanisms implemented, will secure compliance with all decisions and procedures of the Company at all levels.

The Internal Audit function aims to help the Company accomplish its objectives by installing a systematic approach to evaluate and improve the effectiveness of operational, control and governance processes. The Internal Auditor is responsible for ensuring that the Company's business is conducted according to rules, policies and procedures, which comply with the requirements imposed on the Company by the AIF Law and the regulations and Directives issued by the CySEC from time to time. In addition, the Internal Auditor is responsible for ensuring that anything which might adversely affect the Company's business is promptly detected and effectively dealt with.

The main responsibilities of the Internal Audit function include the preparation of an audit plan for the examination of the adequacy and effectiveness of the Company's records and internal controls mechanisms, issuance of recommendations based on the result of work carried out in accordance with the audit plan, verification of compliance with those recommendations and identification of any breaches.

The Internal Audit function will be outsourced in order to safeguard that it will operate independently from all other functions within the Company. The Internal Audit function will be outsourced to Theodoros Theodorou who will be reporting directly to the Board of Directors.

## SHARE STRUCTURE

The share structure of the Company is divided in two types of shares, the Management Shares owned by the Company's initiator and the Investor shares owned by the Investors.

The authorised share capital of the Company is USD 60,000 divided into 60,000 Management Shares of nominal value of USD 1.00 each and Investor shares of no par value, issued at initial price of USD 100. Investor shares. The management share capital is designed to meet the statutory requirement of the Companies Law, section 4(4)(a). The investment share capital of the Company is upon issue, entitled to participate equally in the profits, dividends and other distributions of the Company as well as in the liquidation proceeds. The investment share capital issued represents the Net Asset Value ("NAV") of the Company and shall be invested in accordance with the objectives set out in this Prospectus. The value of the issued Investor shares in the share capital of the Company shall at all times be equal with the NAV of the Company.

### Management Shares

The Management Shares are held by Vitaly Avtaykin, Vasily Silich, Nikolay Gerashchenko, Konstantin Rashap and Rostyslav Prus. As far as the issue relates to Management Shares, the CySEC's permission is required if such shares are to be issued, allotted or transferred to additional or alternative persons (not to current Management Share Holders).

The Management Shares have the following rights:

- ☞ **as to voting:** to receive notice of, attend and vote at any general meeting of the Company, in particular but not limited to the following matters:
  - (i) the appointment or removal of any Director;
  - (ii) the winding up of the Company; and (iii) any amendment to the Articles.
- ☞ **as to redemption rights:** not to be entitled for redemption by the Company.

- ☞ **as to transferring rights:** to be permitted transferring of ownership upon CySEC's permission.
- ☞ **as to dividends:** not to be entitled to participate in any profits and/or other distributions to be made out of profit achieved by the Company.

### Investor shares

Under article 124(5)(b) of the AIF Law, Unit holders (including Co-Holders) in the Company shall never exceed the maximum limit of 50 persons. The Board of Directors shall ensure at all times that this restriction is never breached. To this effect the Company shall maintain a register of Shareholders, which may also be in the form of an electronic registry. The register of Shareholders shall include details of the participation of each shareholder (including each one of joint holders, if any). The register will be closely monitored by the Board of Directors of the Company in order to ensure at all times that the maximum number of Shareholders holding shares in the Company shall not exceed the maximum limit of 50 persons.

The Investor shares have the following characteristics:

- ☞ **as to voting:** shall not have the right to receive notice of, attend, or vote at any general meeting of the Company except in the event of any such general meetings which are explicitly required, under the provisions of the AIF Law and the Companies Law, or any other applicable law where applicable.
- ☞ **as to redemption rights:** to be entitled for redemption by the Company, directly or indirectly by its assets.  
**as to transferring rights:** to be permitted transferring of ownership as long as it is ensured that the maximum number of Unit holders in the Company (including Co-Holders) will not exceed the maximum limit of 50 persons and the transferee qualifies as an Eligible Investor.
- ☞ **as to dividends:** will be entitled to participate in any profits and/or other distributions to be made out of profit achieved by the Company, if such provision is provided in this Prospectus.

The AIFLNP has been authorized by the CySEC for marketing solely to well informed and professional investors. To this end, it will not use any online marketing or other mass media to attract clients. It will only use direct marketing to selected target market of well informed and professional investors which cannot exceed the number of 50 (fifty).

### Winding-Up Rights

On a winding up, the assets available for distribution amongst holders of Management Shares and Investor shares shall be applied in the following priority:

- Firstly, in the payment to the holders of the Investor shares sum in the currency in which the Investor shares are designated or in any other currency selected by the liquidator as nearly as possible equal (at a rate of exchange determined by the liquidator) to the NAV of the Investor shares held by such holders respectively as at the date of commencement to wind up provided that there are sufficient assets available to enable such payment to be made.
- Secondly, in the payment to the holders of the Management Shares of sums up to the nominal amount paid thereon out of the assets of the Company not calculated for the determination of the NAV. In the event that there are insufficient assets aforesaid to enable such payment to be made, no recourse shall be held to the assets of the Company;

and

- Thirdly, in the payment to the holders of Investor shares of any asset remaining in the Company of any balance being made in proportion to the number of Investor shares held.

### **Minimum Assets Under Management**

The AIFLNP shall, within twelve (12) months from the date that its authorization is granted, raise at least two hundred fifty thousand euros (€250.000) worth of capital from investors, and for the purposes of this Regulation the initial capital commitment provided by AIF Law shall not be included in the calculation of the minimum level of assets. It is further provided that, in case of an internally managed AIFLNP, the calculation of the minimum level of assets excludes the initial capital requirement.

When the assets of the Company are reduced and fall below the two thirds (2/3) of the minimum assets requirement, as this is specified by article 129 (1) of the AIF Law or when the initial capital of the investment company is reduced and fall below the two thirds (2/3) of the minimum initial capital requirement, its board of directors shall call a general meeting of its shareholders, in order to decide in relation to its dissolution; the decision can be taken by simple majority of the shareholders present or represented at the general meeting, without the need for a quorum.

When the assets of the Company are reduced and fall below the one fourth (1/4) of the minimum assets requirement, or when the initial capital of the investment company is reduced and fall below the one fourth (1/4) of the minimum initial capital requirement, as this is specified by article 129 (4) of the AIF Law, its board of directors shall call a general meeting of its shareholders, in order to decide in relation to its dissolution; the decision can be taken by a majority of the one fourth (1/4) of the votes of the shareholders present or represented at the general meeting, without the need for a quorum.

In the cases specified above, the general meeting shall be called within forty (40) days from the day of the reduction of the assets or initial capital and the board of directors shall disclose, without undue delay, the fact that the assets or initial capital of the company were reduced by two thirds (2/3) or one fourth (1/4) as applicable, to the Securities and Exchange Commission which may demand the dissolution and liquidation of the Company.

## **INVESTMENT OBJECTIVES AND POLICY**

### **INVESTMENT OBJECTIVE**

The Company aims to provide medium to long-term capital growth by investing primarily in a flexibly managed portfolio of publicly traded securities, using financial derivative instruments where appropriate. The Company's primary investment objective is to provide Investors with attractive risk-adjusted returns by investing in a diversified portfolio of equities, fixed income, futures contracts and options that the Directors believe have special investment value regardless of size (i.e. opportunistic stressed, distressed and special situation Investments) while seeking to limit downside risk by, amongst others, taking into account sector and business correlation when choosing Portfolio Investments.

### **INVESTMENT STRATEGY**

The Company aims to invest raised funds into regulated industries, as well as, tied



economically emerging markets. The investment strategy aims to produce absolute returns with reduced volatility and manageable risk and draw-downs.

The Fund invests in exchange-traded instruments in order to ensure maximal transparency and liquidity of investments. Investments in fixed income instruments considered to reflect the most significant share of NAV of the Fund. The limit for such investments is set to 80% of NAV while the target allocation for fixed income instruments is 70% of NAV.

In order to achieve better diversification and decrease dealing costs, investment opportunities in ETFs on bonds are given higher priority than such in single bonds. Target markets are the US and EU. The Company also considers investments in fixed income instruments from Russian issuers with a limit at 10% of total NAV invested in bonds.

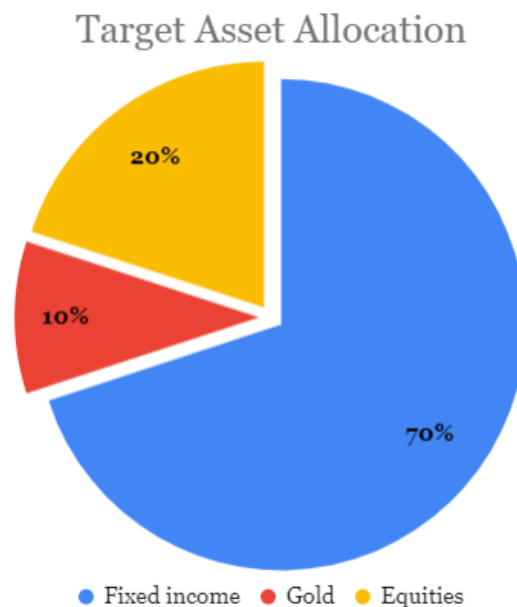
### Equities

The Fund considers investments in ETFs on stock indices of developed markets like the US, Germany, and the UK. The limit for such investments is set to 30% of NAV. Investments in single equities are not considered.

### Hedging

Up to 10% of NAV could be invested in futures on gold in order to hedge against inflation risk of the portfolio that mostly consists of fixed income instruments.

### Fixed income



Different asset classes tend to behave differently under different economic conditions, and their performance will tend to be uncorrelated to one another. Therefore, having a mix in asset classes acts as 'insurance' against changes in economic and market conditions. **The**



**size of each asset class in the Company's Portfolio can be adjusted to make the most of the prevailing economic environment.**

In general, the Company is expected to acquire instruments from different asset classes in the secondary market. However, in certain circumstances the Company may invest directly in securities in which the Directors believe that the risk/reward parameters are compelling.

Most of the Investments held in the Portfolio of the Company are expected to be denominated in USD. However, if deemed appropriate, the Portfolio Manager may expose the Company to assets denominated in other currencies. In such cases, currency exposure may but not necessarily will be hedged.

Any cash held by the Company shall, subject to appropriate risk diversification, be held on deposit or invested in liquid USD- or other currency-denominated money market instruments, time deposits or call accounts.

### **INVESTMENT POLICY**

The Company's policy is to invest through Vision Financial Markets LLC, a registered broker company, licensed by SEC and CFTC, in trading of securities on regulated currency markets using quantitative research and deploying fundamental and technical analysis. The Company's primary investment objectives are growth of the capital and safety of investment. Capital growth will be achieved by trading on various regulated markets without any OTC derivatives, while diversification across different strategies and types of assets provides a balanced risk.

In addition to its quantitative research, the Company's Portfolio Manager reviews the quantitative outputs to attempt to identify and address special issues, such as significant corporate actions or management changes, which are difficult to detect quantitatively.

### **TARGET MARKETS**

The Company will invest in regulated markets. More specific, the Company aims to primarily invest in the financial markets of the European Union, Russia and the United Kingdom, whereas opportunities in the United States may also be explored.

Despite the geographical concentration, there shall be no geographical restrictions on target investment opportunities. Investments in emerging markets such as Brazil, India and China, as well as Mexico, South Korea and Turkey may also be explored, provided that the potential investments are in line with the investment strategy and policy of the Company.

### **USE OF LEVERAGE**

The Company's capital requirements will be financed with Investor's funds, nevertheless, due to the nature of its strategy, it may use leverage through securities borrowing or leverage embedded in derivatives positions.

The use of margin loans and margin accounts opened in the name of the Company may be employed for covering financing needs. A margin or investment loan is a form of gearing that allows to borrow money in order to invest in approved shares or managed funds, using the existing capital raised, shares or managed funds as security. The amount that can be borrowed is determined by the securities in the Company's portfolio, their Loan to Value

Ratio and a credit limit based on an assessment of the financial position.

The Portfolio Manager plans to carefully balance between such opportunities and the intention of keeping a stable capital structure. The Board of Directors does not intend to over extend the balance sheet with financial leverage, therefore have placed a maximum leverage ratio of 1:1, equal to 100% of the Company's net assets.

The use of leverage for investment purposes can increase the risk and volatility of the Company. Although leverage inherently involves some risk, the Portfolio Manager has the knowledge to manage that risk and limit the potential losses.

## **INVESTMENT RESTRICTIONS**

The Company is subject to a light legal framework and therefore no regulatory investment restrictions have been imposed to it. However, the Company may have to comply with investment restrictions set by Directives issued, from time to time, by the CySEC on a later stage and if required to do so. This Prospectus shall be updated accordingly in order to reflect any regulatory restrictions imposed.

## **CHANGES IN OBJECTIVES OR STRATEGIES**

The Company shall not alter its objects or powers in any way which would result in it ceasing to qualify as an AIF with Limited Number of Persons under the AIF Law and without the prior consent of the CySEC.

In the event the Board of Directors intends to amend the strategic orientations of the Company, a decision through a special resolution is required as well as a written notification to CySEC for approval. Should any of the existing Investors object the change of the Company's investment strategy/policy he will be given the option to redeem their Investor shares prior to the effective date of the change in investment strategy/ policy as per the redemption conditions specified in this Prospectus.

## **RISK FACTORS**

### **GENERAL RISKS**

General risk factors concerning the whole Company irrespective of strategy or focus are set out below and include the exposures to which an investment in Investor shares of the Company may be subject to:

### **Non-Voting Rights**

The Investor shares that are issued to Investors do not carry voting rights. Consequently, Investors will not have any control over the management of the Company or the appointment and removal of its Directors and service providers. The holder of the Management Shares of the Company controls all of the voting interests in the Company. Only the holder of the Management Shares may appoint and remove the Directors of the Company and only the Board of Directors may terminate the services of the Fund Administrator, the Auditor and other service providers of the Company. Investors should be aware that an investment in the Company is to be regarded as a passive investment.

### **Accounting Practices**

The Directors may amortize certain expenses over a period, as it considers such treatment to be more equitable to the Investors. This treatment, in case it is deemed to be not in accordance with International Financial Reporting Standards, may result in showing a different NAV per Share. If the difference between the NAV per Prospectus practice and the NAV per International Financial Reporting Standards is considered material, a modification may be included in the Auditor's report.

### **Market and Acquisition Risks**

- a) Lack of liquidity may adversely affect the ease of disposal of assets. The absence of reliable pricing information in a particular asset held by the Company may make it difficult to assess reliably the market value of assets.
- b) The Register may not be properly maintained and the ownership or interest may not be (or remain) fully protected.
- c) Acquisition of some assets may be subject to delay and during the period of delay it may be difficult to prove beneficial ownership of the assets.
- d) Acquisition procedures may be less developed and still be in physical as well as in dematerialized form. Investment may carry risks associated with failed or delayed acquisition.

### **Currency Risk**

The Company may invest in assets that are denominated in a currency other than its Base Currency. Accordingly, the value of an Investor investment may be affected favorably or unfavorably by fluctuations in the rates of the different currencies. The Company may, but is not obliged to, hedge the currency exposure arising from the investment in assets denominated in a currency other than its Base Currency. Whilst these hedging strategies are designed to reduce the losses to an Investor if the currencies of assets which are denominated in currencies other than the Company's Base Currency fall against that of the its Base Currency, the use of hedging strategies may substantially limit Unit holders from benefiting if the currency rises against that of the currency in which the assets of the Company are denominated.

### **Execution and Counterparty Risk**

There may be no secure method of delivery against payment which would minimize the exposure to counterparty risk. It may be necessary to make payment on a purchase or delivery on a sale before receipt of the assets or, as the case may be, sale proceeds.

### **Nominee/Custody**

The legislative framework in some markets is only beginning to develop the concept of legal/formal ownership and of beneficial ownership or interest in securities. Consequently the courts in such markets may consider that any nominee or custodian/depositary as Unit holder of Investor shares would have full ownership thereof and that an Actual Owner may have no rights whatsoever in respect thereof.

### **Indemnification Obligations**

The Company might be subject to certain contractual indemnification obligations. The

Company will not and potentially none of the service providers carry any insurance for losses for which the Company may be ultimately subject to an indemnification obligation. Any indemnification payment would be borne by the Company and will result in a corresponding reduction of its NAV per Share.

### **Liquidity Risk**

The Portfolio Manager does not envisage an active secondary market in the Shares. Not all securities or instruments invested in by the Funds will be listed or rated and consequently liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. The Funds may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity. In some circumstances, investments may be relatively illiquid making it difficult to acquire or dispose of them. Accordingly, a Fund's ability to respond to market movements may be impaired, and the Fund may experience adverse price movements on liquidation of its investments.

### **Leverage Risk**

The use of leverage creates an opportunity for increased net investment income dividends for the Investors, but also creates risks. It is not guaranteed that the use of leverage, if employed, will result in a higher yield on the Investor shares. Any leveraging strategy the Company employs may not be successful.

Leverage involves risks and special considerations for Investors, including:

- ⌘ the likelihood of greater volatility of NAV, market price and dividend rate of the Investor shares than a comparable portfolio without leverage;
- ⌘ the risk that fluctuations in interest rates on borrowings and short-term debt or in the interest or dividend rates on any leverage that the Company must pay will reduce the return of Investor shares; and
- ⌘ leverage may increase operating costs, which may reduce total return.

Any decline in the NAV of the Company's Investments will be borne entirely by the Investor shares. Therefore, if the market value of the Company's Portfolio declines, leverage will result in a greater decrease in NAV to Investor shares than if the Company was not leveraged. This greater NAV decrease will also tend to cause a greater decline in the price for the Investor shares. While the Company may from time to time consider reducing any outstanding leverage in response to actual or anticipated changes in interest rates in an effort to mitigate the increased volatility of current income and NAV associated with leverage, there can be no assurance that the Company will actually reduce any outstanding leverage in the future or that any reduction, if undertaken, will benefit the Investors.

Changes in the future direction of interest rates are very difficult to predict accurately. If the Company were to reduce any outstanding leverage based on a prediction about future changes to interest rates, and that prediction turned out to be incorrect, the reduction in any outstanding leverage would likely operate to reduce the income and/or total returns to Investor shares relative to the circumstance where the Company had not reduced any of its outstanding leverage. The Company may decide that this risk outweighs the likelihood of achieving the desired reduction to volatility in income and share price if the prediction were to turn out to be correct, and determine not to reduce any of its outstanding leverage as

described above.

The Company may in the future borrow funds from banks or other financial institutions as described in this Prospectus. Certain types of leverage the Company may use may result in the Company being subject to covenants relating to asset coverage and portfolio composition requirements.

The Company may invest in the securities of other companies. Such investment companies may also be leveraged, and will therefore be subject to the leverage risks described above. This additional leverage may in certain market conditions reduce the NAV of the Company's Investor shares and the returns to the Investors.

## **OVERALL MANAGEMENT**

### **Dependence on the Board of Director's performance**

The Company's ability to pay dividends and achieve its investment objectives is partially dependent on the Board of Directors, which influences the Company's performance. If the Board of Directors of the Company does not have the ability to take the right decisions the Company's ability to achieve the desired returns will be limited.

### **Resignation of a Director of the Company**

If a Director of the Company resigns its appointment, the Company is subject to the risk that no suitable replacement may be found. In addition, the Company believes that the Company's success depends to a significant extent upon the experience of the Board of Directors the Company.

### **Departure of key Officers**

The Company may be affected due to the departure of an officer of key importance (e.g. Risk Manager) and with specific qualification, a replacement for whom may be difficult or impossible to find within a reasonable period of time and at a reasonable cost.

### **Availability of Investment Opportunities**

The success of the Company's investment and activities depends on the ability of the Portfolio Manager to successfully employ the investment strategy of the Company. Identification and exploitation of the investment strategies to be pursued involves a high degree of uncertainty. No assurance can be given that the Portfolio Manager will be able to identify suitable investment opportunities in which to deploy all of the Company's capital.

## **TAX IMPLICATIONS**

Relevant tax framework and other matters for both the Company and the Investors should be noted by reference to the 'Tax Considerations' sections of the Company's Prospectus.

It is the responsibility of any person interested in investing in the Company to secure information

/ advice on the tax consequences of any such investment, the specific operations of the Company and any foreign exchange or other fiscal restrictions which might be relevant to their specific circumstances. Prospective Investors are advised to consult with professional

advisors as regards any taxation aspects applicable to the subscription, buying, holding, redemption, conversion or selling of the Investor shares under the laws of their jurisdiction of citizenship, residence, domicile or incorporation.

## **TRANSFERABLE SECURITIES**

### **Price Fluctuations**

The price of equity securities may rise or fall because of changes in the broader markets or changes in the company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries selected or changes in economic or political conditions. Equity securities tend to be more volatile in terms of price fluctuations than fixed income securities.

### **Preferred Securities**

There are special risks associated with investing in preferred securities. Distributions to holders of preferred securities are typically paid before any distributions are paid to holders of common stock. However, preferred securities may include provisions that permit the issuer, at its discretion, to defer paying distributions. Preferred securities may be substantially less liquid than many other securities, such as common stocks or U.S. government securities. Preferred securities generally have no voting rights with respect to the issuing company unless preferred dividends have been in arrears for a specified number of periods. Preferred securities, in certain instances, may be redeemed by the issuer prior to a specified date, which may negatively impact the return of the security held by the Company. Preferred securities may be highly sensitive to changes in long-term interest rates and/or changes in underlying issuer credit since preferred securities generally do not have a maturity date. In addition, the preferred securities the Company invests in may be rated below investment grade, which could increase their risks.

### **Reverse Repurchase Agreements and sale with right of repurchase transactions in which the Company acts as purchaser**

In the event of the failure of the counterparty with which cash has been placed, there is the risk that the value of the collateral received may be less than the cash placed out which may be due to factors including inaccurate pricing of the collateral, adverse market movements in the value of the collateral, a deterioration in the credit rating of the issuer of the collateral, or the illiquidity of the market in which the collateral is traded. Locking cash in transactions of significant size or duration, delays in recovering cash placed out, or difficulty in realizing collateral may restrict the ability of the Company to meet redemption requests or security purchases. As the Company may reinvest any cash collateral received from sellers, there is a risk that the value on return of the reinvested cash collateral may decline below the amount owed to those sellers.

### **Repurchase Agreements and Sale with right of repurchase transactions in which the Company acts as seller**

In the event of the failure of the counterparty with which collateral has been placed, there is the risk that the value of the collateral placed with the counterparty is higher than the cash originally received, which may be due to factors including that the value of the collateral placed usually exceeds the cash received, market appreciation of the value of the collateral, or an improvement in the credit rating of the issuer of the collateral. Locking investment



positions in transactions of excessive size or duration, or delays in recovering collateral placed out, may restrict the ability of the Company to meet delivery obligations under security sales or payment obligations arising from redemptions requests. As the Company may reinvest the cash received from purchasers, there is a risk that the value on return of the reinvested cash may decline below the amount owed to those purchasers.

### **Securities Lending**

Securities lending involves counterparty risk, including the risk that the loaned securities may not be returned or returned in a timely manner if the borrower defaults, and that the rights to the collateral are lost if the lending agent defaults. Should the borrower of securities fail to return securities lent by the Company, there is a risk that the collateral received may be realized at a value lower than the value of the securities lent out, whether due to inaccurate pricing of the collateral, adverse market movements in the value of the collateral, a deterioration in the credit rating of the issuer of the collateral, or the illiquidity of the market in which the collateral is traded. As the Company may reinvest the cash collateral received from borrowers, there is a risk that the value on return of the reinvested cash collateral may decline below the amount owed to those borrowers. Delays in the return of securities on loan may restrict the ability of the Company to meet delivery obligations under security sales or payment obligations arising from redemption requests.

### **When-Issued, Delayed Delivery and Forward Commitment Transactions**

The Company may purchase securities which it is eligible to purchase on a when-issued basis, may purchase and sell such securities for delayed delivery and may make contracts to purchase such securities for a fixed price at a future date beyond normal settlement time (forward commitments). When such purchases are outstanding, the Company will set aside and maintain until the settlement date assets determined to be liquid by the Company's Board of Directors, or Sub-Investment Manager, in an amount sufficient to meet the purchase price. When-issued transactions, delayed delivery purchases and forward commitments involve a risk of loss if the value of the securities decline prior to the settlement date. This risk is in addition to the risk that the Company's other assets will decline in value. Typically, no income accrues on securities the Company has committed to purchase prior to the time delivery of the securities is made.

Investment in debt securities, small and mid-capitalization stocks and emerging market issuers will be especially subject to the risk that during certain periods, the liquidity of particular issuers or industries, or all securities within a particular investment category, will shrink or disappear suddenly and without warning as a result of adverse economic, market or political events, or adverse investor perceptions whether or not accurate. The downgrading of debt securities may affect the liquidity of investments in debt securities. Other market participants may be attempting to sell debt securities at the same time as the Company, causing downward pricing pressure and contributing to illiquidity. The ability and willingness of bond dealers to "make a market" in debt securities may be impacted by both regulatory changes as well as the growth of bond markets. This could potentially lead to decreased liquidity and increased volatility in the debt markets.

## **DEBT SECURITIES**

### **Interest Rates Risk**

Investing in debt securities such as bonds may be affected by credit quality considerations



and changes to prevailing interest rates. The issuer of a bond or other debt security (including, but not limited to, governments and their agencies, state and provincial governmental entities, supranational and companies) may default on its obligations by failing to make payments due, or repay principal and interest in a timely manner which will affect the value of debt securities held by the Company. Debt securities are particularly susceptible to interest rate changes and may experience significant price volatility. If interest rates increase, the value of the investments generally declines. In a historically low interest environment, risks associated with rising interest rates are heightened. On the other hand, if interest rates fall, the value of the investments generally increases. Securities with greater interest rate sensitivity and longer maturities tend to produce higher yields, but are subject to greater fluctuations in value.

## **Ratings**

Debt securities can be rated investment grade or below investment grade. Such ratings are assigned by independent rating agencies (e.g. Fitch, Moody's, Standard & Poor's) on the basis of the creditworthiness or risk of default of the issuer or of a bond issue. Rating agencies review, from time to time, such assigned ratings and debt securities may therefore be downgraded in rating if economic circumstances impact the relevant bond issues.

Investment grade debt securities are assigned ratings within the top rating categories by independent ratings agencies (rated Baa3/BBB- or higher using the highest rating available from one of the independent ratings agencies e.g. Moody's, Standard & Poor's, Fitch). Below investment grade debt securities have a lower credit rating (rated Ba1/BB+ or below using the highest rating available from one of the independent ratings agencies (e.g. Moody's, Standard & Poor's, Fitch)) than investment grade debt securities and therefore will typically have a higher credit risk (i.e. risk of default, interest rate risk) and may also be subject to higher volatility and lower liquidity than investment grade debt securities.

## **Government Debt Securities**

The Company may invest in debt securities issued or guaranteed by governments or their agencies, quasi-government entities and state sponsored enterprises ("governmental entities"). This would include any bank, financial institution or corporate entity whose capital is guaranteed to maturity by a government, its agencies or government sponsored enterprises. Government securities (including sovereign debt and municipal securities) are subject to market risk, interest rate risk and credit risk. Governmental entities may default on their Sovereign Debt. Holders of Sovereign Debt, including the Company, may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. There is no bankruptcy proceeding by which Sovereign Debt on which a governmental entity has defaulted may be collected in whole or in part. The price of certain government securities may be affected by changing interest rates. Government securities may include zero coupon securities, which tend to be subject to greater market risk than interest-paying securities of similar maturities. In periods of low inflation, the positive growth of a government bond may be limited.

## **Risks related to the Sovereign Debt crisis**

The Company may invest substantially in sovereign debt. There are increasing concerns regarding the ability of certain sovereign states to continue to meet their debt obligations. Global economies are highly dependent on each other and the consequences of the default of any sovereign state may be severe and far-reaching and could result in substantial losses to

the Company.

### **Debt Securities of Financial Institutions**

Certain financial institutions may be adversely affected by market events and could be forced into restructurings, mergers with other financial institutions, nationalized (whether in part or in full), be subject to government intervention or become bankrupt or insolvent. All of these events may have an adverse effect on the Company and may result in the disruption or complete cancellation of payments to the Company. Such events may also trigger a crisis in global credit markets and may have a significant effect on the Company and its assets.

Prospective investors should note that the Company's Investments may include bonds and other debt securities that constitute subordinated obligations of such institutions. Upon the occurrence of any of the events outlined above the claims of any holder of such subordinated securities shall rank behind in priority to the claims of senior creditors of such institution. No payments will be made to the Company in respect of any holdings of such subordinated bonds or debt securities until the claims of the senior creditors have been satisfied or provided for in full.

### **Asset-Backed Securities (ABS) and Mortgage-Backed Securities (MBS)**

The Company may have exposure to a wide range of asset-backed securities (including so-called "sub-prime" securities)(including asset pools in credit card loans, auto loans, residential and commercial mortgage loans, collateralized mortgage obligations, collateralized debt obligations and collateralized loan obligations), agency mortgage pass-through securities and covered bonds. The obligations associated with these securities may be subject to greater credit, liquidity and interest rate risk compared to other debt securities such as government issued bonds.

### **Convertible Securities**

A convertible security generally entitles the holder to receive interest paid or accrued on debt securities or the dividend paid on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Before conversion, convertible securities generally have characteristics similar to both debt and equity securities. The value of convertible securities tends to decline as interest rates rise and, because of the conversion feature, tends to vary with fluctuations in the market value of the underlying securities. Convertible securities are usually subordinated to comparable nonconvertible securities. Convertible securities generally do not participate directly in any dividend increases or decreases of the underlying securities, although the market prices of convertible securities may be affected by any dividend changes or other changes in the underlying securities.

### **Contingent Convertible Securities**

A Contingent Convertible Security is subject to certain predetermined conditions which, if triggered (commonly known as "trigger events"), will likely cause the principal amount invested to be lost on a permanent or temporary basis, or the Contingent Convertible Security may be converted to equity, potentially at a discounted price. Coupon payments on Contingent Convertible Securities are discretionary and may also be cancelled by the issuer. Trigger events can vary but these could include the capital ratio of the issuing company falling below a certain level or the share price of the issuer falling to a particular level for a certain period of time. Holders of Contingent Convertible Securities may suffer a loss of

capital when comparable equity holders do not. In addition the risk of capital loss may increase in times of adverse market conditions. This may be unrelated to the performance of the issuing companies.

### **High Yield Bonds**

Investment in debt securities is subject to interest rate, sector, security and credit risk. Compared to investment grade bonds, high yield bonds are normally lower-rated securities and will usually offer higher yields to compensate for the reduced creditworthiness or increased risk of default that these securities carry.

### **Unrated Bonds**

The Company may invest in debt securities which do not have a rating issued by an independent rating agency. Investment in an unrated debt security will be subject to those risks of a rated debt security of comparable quality. For example, an unrated debt security of comparable quality to a debt security rated below investment grade will be subject to the same risks as a below investment grade rated security.

### **Inflation-Linked Securities**

Inflation-linked debt securities are subject to the effects of changes in market interest rates caused by factors other than inflation (real interest rates). In general, the price of an inflation-linked security tends to decrease when real interest rates increase and can increase when real interest rates decrease. Interest payments on inflation-linked securities are unpredictable and will fluctuate as the principal and interest are adjusted for inflation. Any increase in the principal amount of an inflation-linked debt security may be considered taxable ordinary income, even though the Company will not receive the principal until maturity.

In the case of inflation-indexed bonds, their principal value is periodically adjusted according to the rate of inflation. If the index measuring inflation falls, the principal value of inflation-indexed bonds will be adjusted downward, and consequently the interest payable on these securities (calculated with respect to a smaller principal amount) will be reduced.

There can also be no assurance that the inflation index used will accurately measure the real rate of inflation in the prices of goods and services. The Company's Investments in inflation-linked securities may lose value in the event that the actual rate of inflation is different than the rate of the inflation index.

### **MUTUAL FUNDS AND ETFs**

The Company may invest part of its assets in UCITS and UISSs, (the "Mutual Funds"). Investment decisions in respect of the Mutual Funds will be made independently of the Company and it is possible that certain Mutual Funds may invest in the same security or in issues of the same asset class, industry, currency, country or commodity at the same time. Accordingly, there can be no assurance that effective diversification of the Company's Portfolio will always be achieved.

Mutual Funds will be subject to certain fees and other expenses, which will be reflected in the NAV of the Company.

Certain Mutual Funds traded on exchanges may be thinly traded and experience large spreads between the “ask” price quoted by a seller and the “bid” price offered by a buyer. If the Company invests in certain types of Mutual Funds, it may not have the same rights normally associated with ownership of other types of shares, including the right to elect directors, receive dividends or take other actions normally associated with the ownership of shares of a corporation.

The Company may also invest in Exchange-Traded Funds (“ETFs”) and closed-ended funds. The price and movement of an ETF and/or closed-ended fund designed to track an index may not track the underlying index and may result in a loss. In addition, ETFs and closed-ended funds traded on an exchange may trade at a price below their net asset value (also known as a discount).

The Company may invest in leveraged, inverse or inverse-leveraged ETFs. ETFs that seek to provide investment results that are the inverse (or inverse-leveraged, meaning the ETF attempts to provide multiple of the inverse) of the performance of an underlying index are subject to the risk that the performance of such ETF will fall as the performance of the ETF’s benchmark rises

– a result that is the opposite for traditional investment funds. In addition, the ETFs held by the Company may utilize leverage (i.e. borrowing) to acquire their underlying portfolio Investments. The use of leverage involves special risks and an ETF that utilizes leverage may be more volatile than an ETF that does not because leverage tends to exaggerate any effect on the value of the portfolio securities. Because leveraged, inverse or inverse-leveraged ETFs typically seek to obtain their objective on a daily basis, holding such ETFs for longer than a day will produce the result of the ETF’s return for each day compounded over the period, which usually will differ from the actual multiple (or inverse) of the return of the ETF’s index for the period (particularly when the benchmark index experiences large ups and downs).

## **DERIVATIVES INSTRUMENTS**

### **Warrants**

When the Company invests in warrants, the values of these warrants are likely to fluctuate more than the prices of the underlying securities because of the greater volatility of warrant prices.

### **Futures and Options**

The Company will also use options and futures on securities, indices and interest rates for the purpose of efficient portfolio management. Also, where appropriate, the Company may hedge market, currency and interest rate risks using futures, options or forward foreign exchange contracts. There is no guarantee that hedging techniques will achieve the desired result. In order to facilitate efficient portfolio management, the Company may finally, for a purpose other than hedging, invest in derivative instruments.

Transactions in futures carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are “leveraged” or “geared”. A relatively small market movement will have a proportionately larger impact which may work for or against the Investor. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders.

Transactions in options also carry a high degree of risk. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

### **Leverage Risk**

Due to the low margin deposits normally required in trading financial derivative instruments, an extremely high degree of leverage is typical for trading in financial derivative instruments. As a result, a relatively small price movement in a derivative contract may result in substantial losses to the investor. Investment in derivative transactions may result in losses in excess of the amount invested.

### **Short Selling Risk**

The Company may take short positions on a security through the use of financial derivative instruments in the expectation that their value will fall in the open market. The possible loss from taking a short position on a security differs from the loss that could be incurred from a cash investment in the security; the former may be unlimited as there is no restriction on the price to which a security may rise, whereas the latter cannot exceed the total amount of the cash investment. The short selling of Investments may also be subject to changes in regulations, which could impose restrictions that could adversely impact returns to investors.

### **Particular Risks of Exchange Traded Derivative Transactions**

**Suspensions of Trading:** Each securities exchange or commodities contract market typically has the right to suspend or limit trading in all securities or commodities which it lists. Such a suspension would render it impossible for the Company to liquidate positions and, accordingly, expose the Company to losses and delays in its ability to redeem Investor shares.

## **EMERGING MARKETS**

### **Legal Environment**

- a) The interpretation and application of decrees and legislative acts can be often contradictory and uncertain particularly in respect of matters relating to taxation.
- b) Legislation could be imposed retrospectively or may be issued in the form of internal regulations not generally available to the public.
- c) Judicial independence and political neutrality cannot be guaranteed.
- d) The requirements of the governing legislation and the relevant contract might be subject to different interpretation by state bodies and judges. There is no certainty that Investors will be compensated in full or at all for any damage incurred.
- e) Recourse through the legal system may be lengthy and protracted.

### **Foreign Exchange Rate Risk**

Foreign investments in stocks and bonds will typically produce returns in the local currency



of the investment. As a result, the Company will have to convert this local currency back into their domestic currency. If the Company purchases a Brazilian stock in Brazil, the security will have to be bought and sold using the Brazilian real. Therefore, currency fluctuations can impact the total return of investment. If the local value of a held stock increased by 5%, but the real depreciated by 10%, the investor will experience a net loss in terms of total returns when selling and converting back to U.S. dollars.

### **Non-Normal Distribution**

Financial models can be used to price derivatives and make somewhat accurate economic forecasts about the future of equity prices. Emerging market securities, on the other hand, cannot be valued using the same type of mean-variance analysis. Also, because emerging markets are undergoing constant changes, it is almost impossible to utilize historical information in order to draw proper correlations between events and returns.

### **Lax Insider Trading Restrictions**

Although most countries claim to enforce strict laws against insider trading, none have proved to be as rigorous as America in terms of prosecuting unfair trading practices. Insider trading and various forms of market manipulation introduce market inefficiencies, whereby equity prices will significantly deviate from their intrinsic value. Such a system can be subject to extreme speculation, and can also be heavily controlled by those holding privileged information.

### **Poor Corporate Governance System**

A solid corporate governance structure within any organization is correlated with positive stock returns. Emerging markets sometimes have weaker corporate governance systems, whereby management, or even the government, has a greater voice in the firm than shareholders. Furthermore, when countries have restrictions on corporate takeovers, management does not have the same level of incentive to perform in order to maintain job security. While corporate governance in the emerging markets has a long road to go before being considered fully effective, many countries are showing improvements in this area in order to gain access to cheaper international financing.

### **Increased Chance of Bankruptcy**

A poor system of checks and balances and weaker accounting audit procedures increase the chance of corporate bankruptcy. Despite that bankruptcy is common in every economy, such risks are most common outside of the developed world. Within emerging markets, firms can more freely cook the book to give an extended picture of profitability. Once the corporation is exposed, it experiences a sudden drop in value. This is not to say that such occurrences do not happen in North America and Europe.

Because emerging markets are viewed as being more risky, they will have to issue bonds that pay higher interest rates. The increased debt burden further increases borrowing costs and strengthens the potential for bankruptcy.

### **Political Risk**

Political risk refers to uncertainty regarding adverse political decisions. Developed nations tend to follow a free market discipline of low government intervention, whereas emerging



market businesses are often privatized upon demand. Some additional factors that contribute to political risk are: possibility of war, tax increase, loss of subsidy, change of market policy, inability to control inflation and laws regarding resource extraction. Major political instability can also result in civil war and a shutdown of industry, as workers either refuse or are no longer able to do their jobs.

## CASH AND CASH EQUIVALENT POSITIONS

For liquidity and to respond to unusual market conditions, the Company, in accordance with its investment policy, may invest part of its assets in cash and cash equivalents for temporary defensive purposes. Investments in cash and cash equivalents may result in a lower yield than other investments, which if used for temporary defensive purposes rather than an investment strategy, may prevent the Company from meeting its investment objective. Cash equivalents are highly liquid, high-quality instruments with maturities of three months or less on the date they are purchased. They include, but are not limited to, securities issued by sovereign governments, their agencies and instrumentalities, repurchase agreements (other than equity repurchase agreements), certificates of deposit, bankers' acceptances, commercial paper (rated in one of the two highest rating categories), and bank money market deposit accounts.

## TRANSACTIONS OF INVESTOR SHARES

### ELIGIBLE INVESTORS

Investment in the Company may only be permitted to individuals or legal entities qualifying as Professional or Well-Informed Investors, as such terms are defined in the AIF Law and in section titled "Definitions". It is the responsibility of each interested party to seek advice on the meaning of these terms and decide for themselves if they qualify or are willing to be treated as such.

Potential Investors should ensure that, before investing, they understand the risks involved and are satisfied that an investment is suitable with their profile and risk tolerance. Investments in the Company should be made only by sophisticated investors or professionals of the field who (i) have independent knowledge of the financial markets, (ii) are able to consider and weigh the various risks presented by such investments, (iii) have the financial resources necessary to bear the substantial risk of loss of investment in such investments and; (iv) seek independent professional advice on the implications investing in the Company.

### SUBSCRIPTIONS

#### Summary of the Offering

**The Offering:** The offering consists for a Subscription of Investor shares in the Company, each Investment Share being linked to the Portfolio of the Company. Investor shares are offered only under the basis of Private Placement and any invitation to the public is prohibited. The Company is authorized to market its Investor shares throughout the world under private placement. The Company is not open for investment by any U.S. Person. The Directors of the Company, through their network and associates, will seek to market the Investor shares of the Company mainly to foreign Investors domiciled outside Cyprus.

**Register and Registration of Investor shares:** Investor shares are issued only in registered form. The Company is not allowed to issue bearer shares. The title of a Unit holder to the Investor shares subscribed by him/her shall be evidenced by having the account name,

address and the number of Investor shares held by him/her entered in the Register. The Register shall be kept in such manner as to show at all times the Unit holders subscribed in the Company for the time being. The Register may be kept in the form of electronic records, provided that legible evidence can be produced therefrom to satisfy the requirements of applicable law. The Directors and the Fund Administrator shall further closely monitor the Register in order to ensure that the number of Unit holders (including Co-Holders) does not exceed 50.

**Fractions:** No fractions of Investor shares are allowed under the provisions of the AIF Law. Where any subscription monies for Investor shares may not be an exact multiple of the Initial Subscription Price or Subscription Price per Share for the Compartment applied for, a fraction of an Investment Share will not be issued and the number of Investor shares to be allotted will be rounded to the nearest whole number. Any excess subscription monies will be retained for the benefit of the relevant Compartment and, in any case, will not be returned to the applicant.

**Minimum Holding:** Investors are bound to keep into consideration a prescribed Minimum Holding in the Company of USD 100,000 at all times. The Minimum Holding shall apply both in the case of a partial Redemption as well as if the value of the Investors' holding (i.e. NAV per Share multiplied by the number of Investor shares held by the Investor) shall fall below the Minimum Holding. As a result, Investors holding less than the specified Minimum Holding will either have to redeem (or transfer) their remaining Investor shares or subscribe to additional Investor shares, in which case the Investors may be liable for any related transaction costs and/or expenses of a tax nature. The Directors maintain the right to waive such obligation at any time.

### **Initial Offer**

The Company, upon its authorization by the CySEC, will seek, through an initial offer, to raise proceeds of a Minimum Capital Raising of USD 100,000 prior expenses. The Board of Directors intends to make use of the net proceeds of the Minimum Capital Raising as consideration for the investments of the Company and implementation of its strategies.

The Initial Offering Period may last until the Minimum Capital Raising is achieved or within one

(1) year from the date of the Company's authorization (the "Last Offering Day"). If the Minimum Capital Raising is not achieved prior to the Last Offering Day, the commitment will become unconditional and any subscription amount collected will be returned to the Investors.

The Board of Directors, up to its absolute discretion, may decide to extend the Initial Offering Period even if the Minimum Capital Raising is achieved but in any case the extension will not transcend the Last Offering Day. The Closing Day of the Initial Offering Period will be decided by a special resolution signed by the Directors and passed on to the Fund Administrator.

During the Initial Offering Period, the Investor shares, will be offered for Subscription at the Initial Subscription Price of USD 5 each. Investor shares received during the Initial Offering Period will be issued and allotted one (1) Business Day after the Closing Date, during which, the Register of the Company will be updated and Subscription Confirmations will be sent to the Unit holders.

### **Further Subscriptions**

Following the Initial Offering Period, Investor shares in the Company may be subscribed on a monthly basis, i.e. on the first Business Day of each month, being the Dealing Days, and on any other date the Senior Management of the Company may determine at their own discretion, at the Subscription Price calculated with reference to the NAV per Share on the last Business Day of the previous month, being the Valuation Day. Investors should settle payment of the subscription monies at least one (1) Business Day prior to the Valuation Day. Payment of subscription monies should be made to the bank account whose details are provided in the Subscription Application Form.

Investor shares will be offered at the Subscription Price calculated based on the NAV per Share of the Company. The Subscription Price per Share of the Company shall be ascertained by:

- (i) determining the NAV calculated in respect of the relevant Valuation Day; and
- (ii) dividing the amount calculated under (i) above by the number of Investor shares in issue; and
- (iii) deducting therefrom such amount as may be necessary to round the resulting amount to seven (7) decimal places; and
- (iv) adding thereto such sum as the Board of Directors may consider represents an appropriate figure for Subscription Fees, if applied.

Investor shares will be issued and allotted on the Dealing Day. No Investor shares will be issued or allotted by the Company during any period in which the determination of the NAV per Share is suspended.

For the marketing of AIF units and the subscription to AIF units by a unitholder, the following are required

- (a) a subscription application, submitted to the AIF, either in writing or electronic form.
- (b) acceptance of the fund rules or instruments of incorporation of the AIF
- (c) full payment of the amount due for the acquisition of AIF units, as this is determined by the subscription price of the units in accordance with the above, in cash, by depositing the amount in an account opened in the name of the AIF, or in the form of other assets in which the AIF is allowed to invest in accordance with the Company's investment policy of the. Such assets should be valued according to article 20(6) of the AIF Law

### **Minimum Initial and Subsequent Subscription Amounts**

The Board of Directors and Senior Management have set minimum Initial Subscription Amount to the Company's Investor shares, for a minimum aggregate amount of USD 100,000 for Investors classified as Professionals and EUR 125,000 (equivalent in USD) for Well-Informed Investors, except as otherwise may be agreed.

Moreover, existing Investors of the Company wishing to increase their Investment Shareholdings in the Company are obliged to comply with a Subsequent Subscription Amount of USD 30,000 irrespective of their classification status, except as otherwise may be agreed. Any potential or existing Investor, whatever the case may be, wishing to invest in Investor shares of the Company must comply with these restrictions. The Senior Management has the discretion, from time to time, to waive or reduce any applicable minimum subscription amounts.

## Subscription Fee

No Subscription Fee will be levied.

## Subscription Application Package

All applicants applying for the first time for Investor shares must complete a set of documents, all of which together comprise the Subscription Application Package. A new applicant is obliged to complete the following Subscription documents:

**Subscription Application Form:** The Investor will have to fill out the *Subscription Application Form* which evaluates the Investor's suitability to invest in the Company. The *Subscription Application Form* contains all the information required in order for the Investor to be subscribed in the Company. Information include, among others, personal information of the Investor, commitment amount, additional holders if any, details of the Actual Owners, Bank details etc.

**Mandatory Documents for Submission:** This document includes documentation required for submission in order for the Company to evaluate the Investor's identity and residency status in accordance with the requirements of the Anti-Money Laundering Law and relevant CySEC Directives. The Company is obliged to receive and examine the documentation required as part of its KYC (Know your Client) identification and AML (Anti-Money Laundering) procedures subject to the requirements of the Anti-Money Laundering Law and internal rules.

**Financial Situation and Background Form:** Along with the *Subscription Application Form*, prospective Investors are required to complete the accompanied *Financial Situation and Background Form*. The purpose of the *Financial Situation and Background Form* is to identify the source of the invested money into the Company. The prospective Investors are instructed to provide information relating to their occupational status, total wealth and professional background.

**Subscription Agreement:** The *Subscription Agreement* constitutes the agreement that will be signed by each Investor subscribing for Investor shares. The *Subscription Agreement* lays down the terms which the Investors should have knowledge of and accept, in order to subscribe for Investor shares of the Company. The *Subscription Agreement* also includes the representation and warranties between the Company and the Investor as part of their agreement. These "reps and warranties" are statements that one party gives certain assurances to the other, and on which the other party can rely.

Representations and requests for information regarding the satisfaction of Investor suitability standards are included in the documents mentioned above. Provided, however, that the Senior Management are entitled to rely on the truthfulness and accuracy of any representation made by a prospective Investor, each of whom is presumed to have access superior to that available to the Directors with respect to any relevant information therein requested. In the event that the Directors deem it necessary to obtain additional evidence to substantiate information or representations contained in any Subscription Application Package, a prospective Investor will also be required to provide the same.

Existing Unit holders wishing to invest in additional Investor shares of the Company must complete the **Top-Up Application Form** which requires from them to confirm or update their personal information recorded in the Register of the Company.

In light of the Company's obligations under the AML Law to ensure that it holds appropriate up to date information on its Investors, Unit holders (and Actual Owners where appropriate) are obliged to provide additional information in relation to their AML and KYC status when requested. Any amendments to the registration details provided on the Subscription Application Package must be effected by an original written instruction.

### **Application Procedure**

Applications for Subscription of Investor shares must be submitted to the Fund Administrator between usual business hours (09:00 – 17:00 Cyprus time, GMT +2). It is required for all applicants for Investor shares to submit the original completed Subscription Application Package at the offices of the Fund Administrator either by hand or post. Prior submission of the original, a completed and signed Application Package may be sent via electronic mail, for confirmation of good order, provided the original is also received at the offices of the Fund Administrator in a timely manner. Applications via fax will not be accepted.

Applications for Subscriptions submitted after the Initial Offering Period must be received prior to the Entry Cut-Off, being one (1) Business Day prior to the relevant Valuation Day or such other time as the Directors may determine from time to time. Subscription requests received prior to the Entry Cut-Off shall be effected on the next Dealing Day based on the Subscription Price determined on the Valuation Day they are applying for. Any applications received after the Entry Cut-Off will normally be held over until a subsequent Dealing Day but may be accepted for dealing on the next Dealing Day, at the discretion of the Senior Management.

The Senior Management is authorized to close or restrict the Company to new Subscriptions, either for a specified period and either in respect of all Investors or new Investors only.

### **Payment of Subscription Monies**

Subscription payments net of all bank charges should be paid by electronic transfer to the bank account specified at the time of application. Other methods of payment are subject to the prior approval of the Senior Management. No interest will be paid in respect of payments received in circumstances where the application is held until a subsequent Dealing Day.

Subscription monies are payable in the Base Currency of the Company. If any issue or sales taxes become payable to the relevant tax authorities, the Initial Subscription amount will be increased by that amount or be deducted by the total subscription amount.

If payment in cleared funds in respect of a subscription has not been received by the Entry Cut- Off, the Senior Management may cancel the allotment.

### **Notification of Transaction**

Provided that (i) the subscription proceeds in clear funds; (ii) original and Signed Subscription Application Package; and (iii) sufficient KYC documentation required have been received prior to the Entry Cut-Off, a Subscription Confirmation (which may take the form of regular contract notes) will be issued and sent by the Fund Administrator to the Unit holder of the issued Investor shares via electronic mail as soon as reasonably practicable after the relevant Dealing Day, providing full details of the transaction.

Title to registered Investor shares is evidenced by entries in the Register kept by the Fund



Administrator. Share certificates will not be issued unless so requested by a Unit holder. In such case the share certificate shall be in the form approved by the Senior Management and any charges incurred for its issuance shall be burden by the Unit holder.

In case of discrepancy between the Subscription confirmation and/or the share certificate and the Register, the Register shall prevail.

### **Rejection of Subscription Applications**

The Senior Management has the authority to effect the issue of Investor shares and has absolute discretion to accept or reject in whole or in part any application for Investor shares without assigning any reason therefor, regardless of whether a prospective Investor meets the suitability standards. The Senior Management has the power to impose such restrictions as it thinks necessary to ensure that no Investor shares are acquired by any person which might result in the legal and beneficial ownership of Investor shares by persons who do not qualify as Eligible Investors or expose the Company to adverse tax or regulatory consequences.

If an application is rejected, any monies received will be returned to the applicant as soon as possible by electronic transfer without any interest or compensation for charges.

It is the responsibility of each prospective investor to ensure that the subscription for Investor shares does not violate any applicable laws in the investor's jurisdiction of residence.

### **Subscription through Nominees**

Any Investor will only be able to fully exercise his rights directly against the Company, if the Investor is registered himself and in his own name in the Register. In cases where an Investor invests in the Company through an intermediary investing into the Company in his own name but on behalf of the Investor (a "Nominee"), it may not always be possible for the Investor to exercise certain rights directly against the Company.

For the avoidance of doubt, in cases where a Nominee invests into the Company in his own name but on behalf of several Investors, any applicable minimum Subscription and/or holding amounts will be assessed at the level of the Nominee, without applying any look-through to the level of the individual, underlying Investors.

## **REDEMPTIONS**

### **Minimum Holding Period**

The Board of Directors has set three (3) months Minimum Holding Period. Investors are bound to hold their Investor shares for at least three (3) months from the date of their initial or subsequent, whatever the case may be, date of Subscription unless an Early Redemption Fee is applied.

### **Redemption Fee and Early Redemption Fee**

On Redemption, a Redemption Fee shall be charged which will scale down depending on the time the Redemption is made as indicated below:

- ✦ 5% Early Redemption Fee which will be deducted and retained from the



- redemption proceeds, payable if the Redemption is made prior to the completion of the Minimum Holding Period applicable to the Investor; or
- ✦ 0% Redemption Fee in all other cases;

Upon Early Redemption of the Investor shares allotted to the Company, the Investors shall be charged with an Early Redemption Fee reaching up to 5% of the redemption proceeds, payable to the Company.

The Senior Management reserve the right to waive or reduce the applicable redemption fee.

### **Processing of Redemptions**

Upon the end of the Minimum Holding Period or the deduction of an Early Redemption Fee from the redemption proceeds, each Unit holder has the right to redeem his/her Investor shares on a monthly basis i.e. the first Business Day of each month, being the Dealing Days, at a Redemption Price calculated on the basis of the NAV per Share as determined on the last Business Day of the previous month, being the Valuation Day.

The Redemption Price per Share shall be ascertained by:

- (i) determining the NAV of the Company calculated in respect of the relevant Valuation Day; and
- (ii) dividing the amount calculated under (i) above by the number of the Investor shares in issue allocated to the Company at the relevant Dealing Day; and
- (iii) deducting therefrom such amount as may be necessary to round the resulting sum to seven (7) decimal places; and
- (iv) deducting therefrom such sums as the Senior Management may consider represents an appropriate provision for Redemption Fees, if applied.

Any taxes, commissions and other fees incurred in the respective countries in which the Investor shares are redeemed will be charged. The Company shall at all times maintain sufficient liquidity to satisfy any Redemption requests for Investor shares. During any period when the calculation of the NAV of the Company is suspended, no redemption requests will be processed.

Redeemable Shares will be cancelled on the Dealing Day.

### **Redemption Request Form**

Applicants for Redemptions of Investor shares must complete the *Redemption Request Form*. The *Redemption Request Form* includes either (i) the monetary amount the Investor wishes to redeem or (ii) the number of Investor shares the Investor wishes to redeem. In addition, the application for Redemption must include the Investor's personal details. Failure to provide any of the aforementioned information will result in delay of such application for Redemption.

### **Application Procedure**

All Unit holders seeking to redeem Investor shares may apply to do so by completing and sending a Redemption Request Form to the Fund Administrator between usual business hours (09:00 – 17:00 Cyprus time, GMT +2). The submission of the original Redemption Request Form at the offices of the Fund Administrator by hand or by post is mandatory.

Prior submission of the original, a completed and signed Redemption Request Form may be sent via electronic mail, for confirmation of good order, provided the original is also received at the offices of the Fund Administrator in a timely manner. Applications via fax will not be accepted.

Redemption requests must be received by the Fund Administrator not less than seven (7) Business Days prior to the intended Valuation Day, being the Exit Cut-Off. Redemption requests received prior to the Exit Cut-Off shall be effected on the next Dealing Day based of the Redemption Price determined on the Valuation Day they are applying for. If the Redemption Request Form is received after the Exit Cut-Off, normally, it shall be treated as a request for redemption on a subsequent Dealing Day, however the Board of Directors may accept it for processing on the next Dealing Day.

Redemption requests will only be accepted where completed documents are in place from original Subscriptions including the original Subscription Application Package and anti-money laundering procedures have been completed.

Investors should note that if a request for Redemption relates to a partial Redemption of an existing holding of Investor shares, and the remaining balance within the existing holding is below the Minimum Holding, such Investors may be required to amend or withdraw their request for Redemption such that they meet the Minimum Holding or the Board of Directors in its absolute discretion may require the Investors to fully redeem their Investor shares.

### **Redemption Proceeds**

The redemption proceeds will be equal to the number of redeemable Investor shares multiplied with the Redemption Price. In calculating the redemption proceeds, the amount will be rounded to the nearest cent (0.01), with the Company being entitled to receive the adjustment. Redemption monies, representing less than the relevant fraction of an Investment Share will not be returned to the applicant but will be retained by the Company.

### **Payment of Redemption Monies**

Redemption Proceeds will be paid in the Base Currency of the Company to the account designated by the Investor in the Redemption Request Form. No interest will accrue on the Redemption Proceeds pending the payment date. Any bank transfer charges or exchange costs will be deducted from the total redemption proceeds. In case of inability to remit Redemption Proceeds to an Investor for reasons not attributable to the Company, the Company shall not bear any liability and the responsibility lies with the Investor to proceed to necessary actions so as to enable the remittance.

Redemption Proceeds will only be paid to the Unit holder(s). If the Redemption Proceeds are to be paid to a bank account other than the one specified in the original Subscription Application Form, then a reasonable and sufficient explanation must be provided from the Investor's side as to the reasons of the change of bank accounts. In the case of Co-Holders, all must sign the revised payment instructions.

### **Notification of Transactions**

A Redemption Confirmation will be sent by the Fund Administrator to redeeming Investors via electronic mail as soon as reasonably practicable after the relevant Dealing Day, providing full details of the transaction. The Redemption Confirmation should not be

construed by Investors as confirmation of settlement of redemption monies as the Fund Administrator is not in a position to confirm this information.

The Redemption Price per Investment Share may be higher or lower than the Subscription Price paid by the Investor, depending on the Net Asset Value per Share of the Valuation Date immediately preceding the Redemption Date.

### **Rights following Dealing Date**

The name of a redeeming Unit holder will be removed from the Register on the Dealing Day upon determination of the Redemption Proceeds in respect of the Investor shares being redeemed. A Unit holder requesting the redemption of all or any part of its Investor shares on any particular Dealing Day will, with effect from that Dealing Day (i) be treated as a creditor of the Company and will rank accordingly in the event of a winding up of the Company;

(ii) have no rights as a Unit holder of Investor shares being redeemed; and (iii) are entitled to receive the Redemption Price and any dividend which has been declared in respect of their Investor shares but not paid prior to the relevant Dealing Day.

### **Suspension of Redemptions**

The suspension of Redemptions of Investor shares is only allowed in exceptional cases where this is demanded by the circumstances, so required and where such suspension is justified as being due to a Force Majeure event and in the best interests of the Investors. A suspension of Redemptions may be made at any time prior to the payment of redemption proceeds and the removal of the Unit holder's name from the Register.

The relevant suspension of Redemptions requires the previous decision of the Senior Management and the relevant authorisation of the CySEC. Where the circumstances under which the Suspension of redemption of the Investor shares of the Company has been decided cease to exist before the end of the suspension period, the Senior Management shall revoke the suspension and notify the CySEC.

Redemptions will also be suspended in those circumstances in which the NAV of the Company cannot be determined. In case of suspension of the determination of the NAV of the Company, an Investor who's right to redeem Investor shares is similarly suspended may, during the period of suspension, withdraw the request for Redemption of Investor shares. Any withdrawal of a redemption request will be made in writing and shall only be effective if actually received by the Company before termination of such suspension.

If the request is not withdrawn the Redemption of the Investor shares shall be made in accordance with the provisions of the Articles, on the Dealing Day next following the end of the suspension or on such other Business Day following the end of the suspension as the Directors at the request of such Investor may agree.

### **Compulsory Redemption**

The Company has the right upon 5 (five) Business Days' notice to compulsorily redeem on a Dealing Day in whole or in part any Investor shares of the held by an Investor under such circumstances as are described in the Articles, including if the Senior Management determine in their absolute discretion that:

- ⊗ the Investor shares are held by or for the benefit (directly or indirectly) of any Ineligible Person;
- ⊗ an Investor has become an Ineligible Person, or has ceased to be an Eligible Person;
- ⊗ such Investor shares have been acquired (or since their acquisition are now held) in breach of any laws of any country or the decision, order or determination of any governmental agency;
- ⊗ such Redemption would in any way best serve the interests of the Company or of its Investors as a whole;
- ⊗ such Redemption would eliminate or reduce the exposure of the Company or its Investors to adverse tax or regulatory consequences under the laws of any country;
- ⊗ the latest value of Investor shares held by an Investor is less than the Minimum Holding; it is to be clarified that the said notice in such case shall allow the Investor to increase his/her holding above the Minimum Holding amount within a period to be specified therein;
- ⊗ any of the representations given by the Investor in the Subscription Application Form and/or Economic Situation and Background Form were not true or have ceased to be true;
- ⊗ upon Liquidation of all the underlying assets of the Company; or
- ⊗ the Company is being liquidated.

The Senior Management may charge any legal, accounting or administrative costs associated with such compulsory Redemption.

Distributions in respect of a compulsory Redemption shall be made in the same manner and under the same terms as a regular Redemption.

## **TRANSFERS**

### **Rules for Transfers**

Transfer of Investor shares from a Register Holder wishing to transfer the Investor shares registered in his/her name (the "Transferor") to a person (existing Unit holder or new Investor) wishing to receive those Investor shares (the "Transferee") are allowed as long as the updated Register will not violate the limitation of 50 persons. Transfer of Investor shares are always subject to the approval of the Senior Management.

The Senior Management may also decline to register any Transfer of Investor shares where it appears that such transfer would result in the legal or beneficial ownership of such Investor shares by a person who does not qualify as an Eligible Investor, as this is specified in the section titled "Eligible Investors", or could expose the Company to adverse tax or regulatory consequences.

Investors wishing to proceed to a Transfer of Investor shares will not receive the NAV per Share during the processing of the Transfer of Investor shares. During any period when the determination of the NAV of the Company has been temporarily suspended, the Senior

Management at its discretion may permit the registration of a Transfer of Investor shares.

### **Transfer Request Form**

Unit holders wishing to transfer some or all of the Investor shares registered in their names should submit to the Fund Administrator a Transfer Request Form signed by both the Transferor and the Transferee. The Transfer Request Form must include the number of Investor shares the Transferor wishes to transfer. In addition, the Transferor's personal details together with the Transferee's personal information are requested. In case the Transferee is not an existing Unit holder, he/she should also submit a Subscription Application Package at the offices of the Fund Administrator.

### **Time of Execution**

Requests for Transfers may be processed immediately, upon submission of the original completed and signed Transfer Request Form, and Subscription Application Package in case the Transferee is a new Unit holder.

### **Application Procedure**

Investors may apply for a Transfer of Investor shares in writing by electronic mail to the Fund Administrator (with original Transfer Request Form to follow promptly by post). No Transfer of Investor shares will be performed prior to the submission of the original completed and signed Transfer Request Form and Subscription Application Package by the Transferee, if required as a new Unit holder.

The Fund Administrator shall update the Register by removing the transferred Investor shares from the Transferor's account and recording them in the Transferee's account. The Transfer shall only be effective upon registration of the Transferee in the Register. The Fund Administrator shall issue a Transfer Confirmation and distribute it via electronic mail to the Transferor and Transferee. If the Directors decline to register the Transfer of any Investment Share they shall, within one month after the date on which the Transfer was lodged, send to the Transferee notice of the refusal.

### **PLEDGES**

The Investor shares of the Company may be used as collateral to secure a claim towards a lender as long as the lender qualifies as an Eligible Investor as this is specified in section titled "Eligible Investors" and provides all the information and documentation requested in the Subscription Application Package in a form approved by the Board of Directors. Any lender participating in the Company as an Investor shall always comply with the Company's internal rules and the provisions of the Articles. No special treatments will be upheld for the benefit of any Investor participating in the Company as a result of a pledge.

The collateral shall be valid and shall take effect against the Company, from the date it is disclosed in writing to the Directors and the above conditions are met. The Fund Administrator shall record the collateral in the Register.

The satisfaction of the lender is effected by the Redemption of the pledged Investor shares and the payment of the redemption proceeds to the lender, until the Redemption of all the pledged Investor shares. Where the pledged Investor shares are not redeemed in total, the lender shall maintain its right on the collateral as to the remaining pledged Investor shares,

without having to conclude and disclose a new collateral agreement.

## **VALUATIONS**

### **RULES OF VALUATION**

The Company's assets will, together with any cash or cash equivalents and any fees and expenses, be valued by the Fund Administrator on each Valuation Day, defined as the last Business Day of each month and on any other date the Directors of the Company, at their sole discretion, determine. The net assets of the Company are valued in the Base Currency of the Company, being the USD.

The calculation of the NAV attributable to Investor shares will be calculated by the Company in respect of the relevant Valuation Day by reference to the valuation guidelines below and in accordance with the Articles.

### **DETERMINATION OF THE NET ASSET VALUE**

The NAV of the Company is defined as an aggregate value of the consolidated assets minus the liabilities allocated to the Company.

The assets shall be deemed to include: (i) all investment holdings held in the Portfolio of the Company (ii) all cash in hand or on deposit, including any interest accrued thereon; (iii) the set up expenses of the Company, including the cost of issuing and distributing Investor shares, insofar as the same have not been written off; (iv) all accounts receivable; (v) any cash dividends and cash distributions receivable to the extent information thereon is reasonably available to the Company; (vi) all interest accrued on any interest bearing assets owned by the Company except to the extent that the same is included or reflected in the principal amount of such asset; (vii) and all other assets of any kind and nature including expenses paid in advance.

The liabilities allocated to the Company include: (i) all temporarily contract loans, bills and accounts payable; (ii) all accrued interest on loans provided to the Company (including accrued fees for commitment for such loans); (iii) all accrued or payable expenses including the Management Fee, Performance Fee; (iv) all known liabilities, present and future, including all matured contractual obligations for payment of money or property; (v) an appropriate provision for future taxes based on income or reserves to the relevant Valuation Day; (vi) any costs associated with purchasing and selling assets; and (vii) any Dealing costs including but not limited to currency conversion.

### **VALUATION OF ASSETS**

In calculating the NAV, all the investment holdings held in the Portfolio of the Company and any rights or liabilities derived from their ownership shall be calculated as follows:

- a. Assets listed or traded on an exchange or regulated market or over-the-counter markets for which market quotations are readily available shall be valued using the last traded price or, if for specific assets the last traded price is unavailable or, in the opinion of the Fund Administrator unrepresentative of fair market value, the value shall be calculated with care and in good faith by a competent person appointed by the Directors or by the Directors themselves on the basis of the probable realization value for such assets as at the close of business as of the Valuation Day on the relevant



regulated market. Investments are derecognized when the rights to receive cash flows from the Investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. If the assets are listed or traded on several exchanges or regulated markets the last traded price as of the Valuation Day which in the opinion of the Fund Administrator following consultation with the Board of Directors constitutes the principal market for such assets will be used.

- b. All fixed-income securities shall be valued at the closing bid for such securities as supplied by a specific relevant pricing source. If a reliable closing bid price is not available, a competent person following approval from the Directors will use the most recently reliable price for the security provided that such price is the probable realization value of the securities.
- c. Cash and cash equivalents comprising cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value shall be valued at their nominal value plus accrued interest.
- d. Units or shares in collective investment schemes shall be valued at the latest available net asset value relevant to the collective investment scheme.
- e. Exchange-traded derivative instruments are recorded as assets when their fair value is positive and as liabilities when their fair value is negative. The adjustments on the fair value of derivatives held at fair value through profit or loss are recognized in profit or loss. If fair value is not available for any such instrument, the value of that instrument shall be the probable realization value estimated with care and in good faith by a competent person appointed by the Directors;
- f. Over-the-counter derivatives, forward foreign exchange and interest rate swap contracts shall be valued using the counterparty valuation or an alternative valuation. The counterparty to derivative instruments not traded on an exchange must be prepared to value the contract and to close out the transaction at the request of the Company at fair value;
- g. Any interest arise from the ownership of a private loan accrued but not received or any dividends declared for distribution but for which no distribution has been made shall be recorded;
- h. Any interest arise from the ownership of a fixed-income security accrued but not received or any dividends declared for distribution but for which no distribution has been made shall be recorded;
- i. Loans provided to the Company (including accrued fees for commitment for such loans) shall be valued having regard to generally accepted principles of banking.
- j. Tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantially enacted, by the reporting date. Current tax includes any adjustments to tax payable in respect of previous periods;
- k. for other assets and liabilities not covered in (a) through (j) above, their fair value will be calculated in accordance with applicable valuation techniques.

Any value expressed otherwise than in the Base Currency (whether of an investment or cash) and any non-Base Currency borrowing shall be converted into the Base Currency using the ECB exchange rates (if available) prevailing at the dates of the transactions. Moreover, foreign currency transactions are translated into the Base Currency using the ECB exchange rates (if available) prevailing at the dates of the transactions. If the ECB exchange rate is not available then the Directors are to decide the appropriate exchange rate at their sole discretion. Foreign exchange gains and losses resulting from the settlement of such

transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

In the event of it being impossible or incorrect to carry out a valuation of a specific investment in accordance with the valuation rules set out above or if such valuation is not representative of an assets fair market value, the Fund Administrator is entitled to use such other generally recognized valuation method in order to reach a proper valuation of that specific instrument, provided that such method of valuation has been approved by the Directors.

### **NAV PER SHARE**

The NAV per Share of the Company in respect of each Valuation Day shall be ascertained by:

- (i) determining the NAV of the Company; and
- (ii) dividing the amount calculated under (i) above by the number of Investor shares in issue at the relevant Valuation Day; and
- (iii) deducting therefrom such amount as may be necessary to round the resulting amount to seven (7) decimal places.

Any rounding differences between the NAV calculated from the accounting records of the Company and the NAV derived from the Register based on the holdings of Investors shall be retained for the benefit of the Company.

In case of a material error in the calculation of the NAV or NAV per Share arising from either an incorrect calculation or non-compliance with investment rules, the Fund Administrator must take all necessary steps to correct the error.

If after the calculation of the NAV per Share, there has been a material change in the valuation of a substantial portion of the Investments attributable to the Portfolio of the Company, the Directors may, in order to safeguard the interests of Investors and the Company, cancel the first valuation and carry out a second valuation, prudently and in good faith.

### **TEMPORARY SUSPENSIONS OF NAV CALCULATIONS**

The Company may temporarily suspend the determination of the NAV and consequently the subscription or redemption of Investor shares during:

- i. any period during which the prices or values of Investments which constitute a substantial portion of the assets of the Company is not practically feasible or, if feasible, would be possible only on terms materially disadvantageous to the Investors;
- ii. any period when, for any reason, the prices or values of any Investments of the Company cannot be reasonably, promptly or accurately ascertained;
- iii. any period when remittance of monies which will, or may, be involved in the realization of, or in the payment for, Investments of the Company cannot, in the opinion of the Directors, be carried out at normal rates of exchange;
- iv. any period when the proceeds of the Subscription or Redemption of the Investor shares cannot be transmitted to or from the Company's account;
- v. any period when a notice to terminate the Company has been served or when a meeting of Management Shareholders has been convened to consider a motion to terminate the Company;

- vi. in the event that any redemptions or distributions, in the opinion of the Directors, result in a violation of applicable law;
- vii. if the Directors otherwise determine that allowing any redemption would adversely affect the Company or any non-redeeming Investors;
- viii. upon the occurrence of an event causing the Company to enter into Liquidation;
- ix. in exceptional cases, where the circumstances so require, and where the Directors consider it justifiable to do so having regard to the best interests of the Investors as a whole;
- x. when such suspension is required by the CySEC as being in the best interest of the Investors; or
- xi. during Force Majeure events.

Affected Investors and CySEC will be notified of any such suspension, and the termination of any such suspension, by means of a written notice.

It is clarified that no issue or redemption of Investor shares or payment of Redemption Proceeds will generally take place during any period when the calculation of the NAV is suspended.

## **FEES AND EXPENSES**

### **COMPANY EXPENSES**

The Company expenses may include, but not be limited to set-up fees, Management Fee, fees and expenses of the members of any committee that may be established for monitoring the Investments and/or risk exposure or for having an advisory role for matters relating to the investment strategy or policy, advisory fees of investment or non-investment nature payable to independent third-parties, research fees, promoters or distributors fees, fees and out of pocket expenses, placement or intermediary fees, costs related to the purchase, holding and disposal of Investments, costs payable for the valuation or pricing of Investments, tax payables directly occurred from the ownership of Investments, costs of establishing and maintaining the Company and registering the Company and the Investor shares with any governmental or regulatory authority, costs of printing, reporting and publishing expenses including reasonable marketing and advertising expenses such as addenda and explanatory term-sheets and costs of preparing, translating and printing the Prospectus in different languages, fees payable to the Directors (including all reasonable out-of-pocket expenses and travel expenses), costs of extraordinary measures carried out in the interests of Investors in particular, postage, telephone, and facsimile charges, reports to CySEC and governmental agencies, all taxes, duties, governmental or similar charges, auditing, tax and legal fees, insurance premiums, membership dues for trade associations, paying agent and/or local representative fees that are payable at normal commercial rates, costs of dealing with legal proceedings and expenses of litigation, and all other operating expenses such as governmental or similar charges. Some fees and charges may be subject to value added tax (“VAT”) in Cyprus or abroad at the applicable VAT rate. The holders of the Management shares shall cover all fees of the Company except Management Fee, Performance Fee, Redemption Fee, Dealing Costs and Bank Charges.

The following fees and expenses are allocated to the Company:

#### **Set-up Fees**

The costs of establishing the Company, the preparation and printing of this Prospectus and

any relevant document(s) and the marketing costs and fees of all professionals relating to the same will be burdened by the Company and amortised for a period of five (5) years and will be charged to the Portfolio of the Company on such terms and in such manner as the Directors see fit.

### **Management Fee**

The Company will be charged an annual Management Fee calculated as a percentage of its average net assets. The annual management fee is equal to 2% of the Company's net assets. The annual Management Fee is accrued and payable on a monthly basis to the holders of the Management shares.

### **Performance Fee**

*In addition to the Management Fee, the Company shall be charged a 20% annual Performance Fee (equivalent to 1.66%) per month on the appreciation of the NAV per Share above the High Watermark threshold. The annual Performance Fee is calculated monthly and payable monthly to the holders of the Management shares.*

### **Directors' Fees**

All the Directors of the Company shall also be entitled to be reimbursed out of the assets of the Company for all travelling, hotel and other reasonable out-of-pocket expenses properly incurred by them in attending and returning from meetings of the Directors or any meetings in connection with the business of the Company.

The Executive Director is entitled to have all reasonable business-related expenses (including but not limited to travel expenses, tax advice including personal tax advice related to the Company or any Investor of the Company, transportation, car rental, accommodation, hotels, food, marketing services, consulting services, telecommunication services and such others and any fees related to above mentioned) reimbursed when conducting services for the Company both in Cyprus and abroad (the Company also may at the sole decision of the Executive Director to pay such expenses both in advance or on the ground of invoice issued).

## **SERVICE PROVIDER EXPENSES**

### **Administration Fee**

As per the Administration Agreement signed between the Fund Administrator and the Company, the Fund Administrator will charge an annual fixed fee for the provision of fund administration services to the Company, payable by the holders of Management shares. The annual fixed fee is payable quarterly in arrears.

### **External Auditor Fees**

The Auditors shall charge the Company an annual fee payable prior to the commencement or upon the completion of their auditing work. The fixed fee payable to the Auditor and the period upon which it becomes payable is specified to the engagement letter concluded between the Company and the Auditors in accordance to the services provided. The External Auditor fees will be payable by the holders of Management fees.

### **Internal Audit Fee**

Pursuant to the Internal Audit Services agreement between the Company and the Internal Auditor, the Company is obliged to pay an annual fee for the internal audit services provided to the Company by the person appointed as the internal auditor of the Company. The Internal Audit fee will be accrued and calculated on each valuation date and will be payable by the holders of Management shares

### **Compliance Officer Fee**

The Company shall also be obliged to pay a fee to the person acting as the Compliance Officer of the Company for the provision of compliance services. The fee payable to the Compliance Officer is specified in the agreement concluded between the two parties in accordance with the services provided. The Compliance Officer fee will be accrued and calculated on each valuation date and will be payable by the holders of Management shares.

### **Corporate and Secretarial Fees**

The Secretary shall charge the Company an annual fee for its services and for the provision of the Company's Registered Office. Extra charges occurred from additional services performed by the Secretary and any out of pocket expenses burden by the Secretary shall be paid out of the assets of the Company. Such charges and out of pocket expenses shall become payable by the holders of Management shares upon issuance and receipt of the relevant invoices and notices sent from the Secretary to the Company and further communicated to the Fund Administrator.

## **REGULATORY EXPENSES**

### **Regulatory Supervision Fee**

The Company is subject to an annual supervision fee imposed by CySEC, amounting to €1.300. The fee is payable on an annual basis upon the end of the calendar year. For the first year of its authorization, the Company shall pay the total amount on a pro-rata basis.

### **Registration Fee**

Under the provisions of the Companies Law, the Company is obliged to pay a levy amounted to €350 payable to the Cyprus Registrar of Companies no later than 30<sup>th</sup> June of each calendar year. In case the Company delays to pay the levy as stated above but proceed with the payment within:

- ⌚ two (2) months from the due date, a penalty of 10% is imposed;
- ⌚ five (5) months from the due date, an additional penalty of 30% is imposed;

Despite the above provisions, in case the Company will not comply with the payment of the levy and any penalties which might occur, the Cyprus Registrar of Companies without notification may strike off the company from its record in accordance with the provisions of the Companies Law.

## **KEY SERVICE PROVIDERS**

## **FUND ADMINISTRATOR**

The administrative functions of the Company have been outsourced to Oneworld Ltd. Essentially, the Fund Administrator is an outsourced third party service provider that protects the interests of Investors by independently verifying the assets and valuation of the Company. By outsourcing the Fund Administration function, the Company is allowed the freedom to focus on portfolio management internally.

The Fund Administrator has developed systems and procedures to ensure that the administration services provided to the Company are executed in an efficient and cost effective manner. The Fund Administrator carries out all the administration duties and tasks in relation to the Company in accordance with section 6(1)(b) of the AIF Law. The administration services include, among others, the following:

- (i) Accounting management services;
- (ii) Disclosure of information services and services to the Unit holders;
- (iii) NAV calculation and pricing, including tax returns;
- (iv) Assistance with regulatory compliance monitoring;
- (v) Maintenance of the Register;
- (vi) Distribution of profits;
- (vii) Issues and redemptions of Investor shares;
- (viii) Contract settlements;
- (ix) KYC/AML Checks; and
- (x) Record keeping.

The Fund Administrator will be acting as the coordinator, the primary and central point of contact of third parties with the Company providing comfort to Investors in the operation of the Company:

- ☒ Central point of receiving enquiries from existing and potential Investors
- ☒ Sending Subscription Application Packages, Redemption Request Forms and any other forms requested to new and existing Investors
- ☒ Subscription Confirmations and allocation of Investor shares upon subscription
- ☒ Statement of Periodic NAV
- ☒ Redemption Statements and allocation of Redemption Money
- ☒ All other types of communication to the Investors

## **BANK**

The fund has appointed Bank of Cyprus Public Company Ltd to act as the bank of the Company.

## **DEPOSITARY**

The Company operates without a depositary in accordance with Section 128(4)(a) of the AIF according to which an AIFLNP that limits its total assets to EUR 5,000,000 (Five Million Euro, or another currency equivalent) throughout its life duration could be exempted from the obligation to appoint a depositary.

## **AUDITORS**



The Auditors of the Company will be Priamus Audit Ltd, a well-recognised firm specialised in the Accounting, Auditing, Tax and Business advisory services in Cyprus offering a range of services to its clients. The financial statements of the Company shall be audited annually by the Auditor in accordance with International Financial Reporting Standards (IFRS). The Auditors have a statutory obligation to report to the authorities any irregularities which come to their attention during the audit of the Company or any acts or omissions observed while performing their duties. The Auditors must also confirm in their report that the Company is in compliance with the provisions of the Law. The Auditor's report will also be included in the annual report of the Company.

## **CONFLICTS OF INTEREST**

### **COMPANY'S RESPONSIBILITY**

Independence and high standards of professional conduct are crucial for the Company's performance and reputation. Where legal duties of loyalty and trust towards an Investor are applicable, the Company must put the interests of the Investor above its own interests and must not profit from its responsibilities except with the knowledge and consent of the Investors. The Company is responsible for undertaking all necessary steps as to identify the potential of conflict of interest situations in due time and is obliged to carry out procedures either to avoid or resolve such a threat.

Conflicts of interest will always be managed in a reliable and consistent manner. The main measure to prevent conflicts of interest from adversely affecting an Investor is to ensure that actions taken in respect of the Investor are based solely on the Investor's interests, and are taken independently of the interests of any of the Company's other Investors, other services or activities, or Director's or officers' and service providers' personal interests. Should a conflict of interest arise, the Board of Directors will endeavour to ensure that it is resolved timely and fairly.

In evaluating these potential conflicts of interest, an Investor should be aware that the Directors have a responsibility to the Investors to exercise good faith and fairness in all dealings affecting the Company.

### **POTENTIAL CONFLICTS**

Each of the Directors and officers of the Company, the Fund Administrator, the Auditor, other service providers and their affiliates (if applicable) may currently manage or may manage in the future or may provide other services for investment funds or accounts in addition to those of the Company. In the event that any of the above named persons elect to undertake such activities and other business activities in the future, such persons and or their respective principals or affiliates may be subject to conflicting demands in respect of allocating management time, services and other functions. The Directors, the officers, the Fund Administrator, the Auditor any other service provider and their affiliates may engage in such business activities provided that their performance in relation to the Company is not impaired. The Directors, the officers, the Fund Administrator, the Auditor and their respective principals and affiliates will endeavour to treat each investment pool and managed account fairly and not to favour one account or pool over another. Any such person will not be prevented from dealing with the Company, as principal or as agent, provided that any such dealings are on terms no less favourable to the Company than could reasonably have been obtained had the dealing been effected with an independent third party.

## **ACTIONS AGAINST CONFLICTS**

The Company will have organizational and administrative arrangements for identifying, preventing, managing and disclosing conflicts of interest in order to prevent any damage to the interests of its Investors. The Company is committed to conducting business in a manner that ensures the Company's, the Fund Administrator's, the Auditor's and associates' business judgment and decision making is not influenced by undue personal interests.

The Company shall ensure that measures are taken in order to avoid any conflict of interest situations. Such actions include the allocation of adequate time for managing the Company, and ensuring that the fund management activities do not interfere with any other activities of the Directors. When a conflict of interest arises, measures shall be taken by the Company to manage it in order not to damage Investors' interests. If the arrangements put in place by the Company to manage conflicts of interest are not sufficient to ensure with reasonable confidence that the risk of damage to the interests of the Company or its Investors will be prevented, the Company will disclose the general nature and sources of conflicts of interest to its Investors.

Members of the Board of Directors, officers of the Company, the Fund Administrator, the Auditors, their affiliates as well as any person to whom powers have been conferred by virtue of a power of attorney, owe it to the Company to avoid the pursuit of any personal interest which is contrary or in conflict with the interests of the Company. Any such persons have a duty to disclose any own interests that may be potentially affected directly by transactions or decisions of the Company, as well as any other conflict of own interests with those of the Company or its affiliates, which arise during the exercise of their duties. Each relevant person shall disclose to the Company any instances where he conducts transactions through the Company or through other companies for its own account or for the account of third persons with whom they have a close relationship.

## **REPORTING OBLIGATIONS**

### **FINANCIAL STATEMENTS**

The financial statements of the Company are prepared in accordance with the International Financial Reporting Standards (IFRSs). The consolidated accounts of the Company shall be presented in USD, being the Base Currency of the Company.

The reporting period of the Company's financial statements ends on 31st December each year. The first reporting period will begin on the incorporation of the Company and will end on 31st December of 2018, unless there is a mutual agreement between the Directors and Auditors of the Company to extent the reporting period up to 31<sup>st</sup> December 2019.

The financial statements are included in the annual report of the Company.

### **ANNUAL REPORT**

The Company, as per the conditions of its authorization as an AIF with Limited Number of Persons, must prepare an annual report, which must be audited by the Auditor and which ensures that during the period covered by the report, the Company fulfilled the conditions of

section 114 and 116 (5) (b) of the AIF Law. In particular, the annual report must ensure the following:

1. The Company is addressed only to Professional & Well-informed Investors;
2. The limitation as per the maximum number of 50 Investors is adhered. The transfer of Investor shares shall be void in case it violates the set limitation;
3. The Company does not allow the issue of bearer shares;
4. The Investor shares are recorded in the Register maintained by the Fund Administrator and monitored with recordings in it; these recordings shall prove the contribution in the Company;
5. The Company has informed the CySEC in regards to any changes in the information on the basis of which its authorization was granted;

The Company must ensure that its annual report contains at least the following information:

- a) The financial condition of the Company, that is, its total assets, liabilities and its net assets;
- b) The number of the Investor shares issued and the number of the Investors of the Company at the end of the reporting period;
- c) The annual NAV per Share;
- d) An overview of the investment activities of the Company during the reporting period and an overview of its portfolio as at the end of the reporting period;
- e) Any changes to the Prospectus during the period covered by the report;
- f) The current risk profile of the Company and the risk management systems adopted and applied by the Company to monitor those risks;
- g) Any changes to the maximum level of leverage, which the Board of Directors may employ on behalf of the Company, and any right of reuse of additional collateral or any guarantee provided in accordance with the leverage settlement and the total leverage used by the Company during the reporting period;
- h) An income and expense account for the reference period.

The Company is obliged to submit its audited annual report and accompanied financial statements to the CySEC within the timeframe defined by the latter from time to time.

The Company's reports will be sent to the Investors upon request. Additional information may be provided at any time upon the Investor's request, including an explanation as to the investment strategy that has been followed by the Company and the risks to which the portfolio is currently exposed.

### **SUB-THRESHOLD AIFM REPORT**

The Company is classified as a Sub-threshold AIFM and is registered in the relevant register maintained by the CySEC in accordance with the provisions of section 4(3)(a) of the AIFM Law.

Due to the obligations arising from its classification as a Sub-threshold AIFM, the Company must report to CySEC on the principles markets and instruments in which it trades. The Company shall include in these reports information with regards to the below:

- a. the main instruments in which it is trading, including a break-down of financial instruments and other assets, including the Company's investment strategies and their geographical and sectorial investment focus;

- b. the markets of which it is a member or where it actively trades;
- c. the diversification of the Company's portfolio, including, but not limited to, its principal exposures and most important concentrations.

In addition to the above, the Company shall provide to the CySEC the following information:

- a. the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature;
- b. any new arrangements for managing the liquidity of the Company;
- c. the risk management systems employed by the Company to manage the market risk, liquidity risk, counterparty risk and other risks including operational risk;
- d. the current risk profile of the Company, including:
  - i. the market risk profile of the Investments of the Company, including the expected return and volatility of the Company in normal market conditions;
  - ii. the liquidity profile of the Investments of the Company, including the liquidity profile of the Company's assets, the profile of redemption terms and the terms of financing provided by counterparties to the Company;
- e. information on the main categories of assets in which the Company invested including the corresponding short market value and long market value, the turnover and performance during the reporting period; and
- f. the results of periodic stress tests, under normal and exceptional circumstances.

The information referred above shall be reported to the CySEC on an annual basis, as soon as possible and not later than one month after the end of the calendar year.

### **CRS COMPLIANCE**

In the instance where the Company is considered to be a financial institution, it is required to be registered with the Cyprus tax department for the purposes of the Common Reporting Standard ("CRS"). In this regard, the Company will be required to disclose the name, address, taxpayer identification number and Investment information relating to Investors who fall within the definition of reportable persons (as such is defined under CRS) that own, directly or indirectly, an interest in the Company, as well as certain other information relating to such interest to the Cyprus tax department, who will in turn exchange this information with the competent authorities of the country in which the Investor is considered to be a tax resident (on the assumption that the relevant country has signed the relevant multilateral agreement for the adoption of CRS). Prospective Investors are encouraged to consult with their own tax advisors regarding the possible implications of CRS regarding an investment made in the Company.

### **DISCLOSURES TO INVESTORS**

The Company will provide to the Investors in electronic form via email or in any other suitable form at the sole discretion of the Directors, at least annually, with information, which shall at least include:

- a) the number of Investor shares in the possession of the Investor, the value of their subscription and the fair value of their investment as at the last Business Day of the calendar year for which the information is provided;
- b) the percentage return of the Investor shares of the Company from the beginning to the last Business Day of the calendar year for which the information is provided;

c) the percentage cumulative return of the Investor shares of the Company for the period of the last five (5) years to the last Business Day of the calendar year for which the information is provided;

d) the percentage of the Management Fee charged over the assets of the Company in which the Investor holds Investor shares, during the calendar year for which the information is provided.

The above information will be sent to the Investors via electronic mail.

## **TAX CONSIDERATIONS**

The following section is a short summary overview of certain important Cyprus domestic taxation principles and other related considerations that may be or become relevant with respect to the Company and the Investors.

This section is based upon laws, regulations, decrees, circulars, double taxation conventions, administrative practices and judicial decisions in effect as at the date of this Prospectus and insofar as it relates to matters set out herein, all or part of which may be amended or revoked at any time, with or without retroactive effect as at the date of this Prospectus.

This section is intended only as general guidance and does not purport to be a complete summary or analysis of the applicable Cyprus tax framework and does not contain any statement with respect to any applicable tax considerations in any jurisdiction other than Cyprus (for either the Company or the Investors).

It is the responsibility of any person interested in investing in the Company to secure information/advice on the tax consequences of any such investment, the specific operations of the Company and any foreign exchange or other fiscal restrictions which might be relevant to their specific circumstances. Prospective Investors are advised to consult with professional advisors as regards any taxation aspects applicable to the subscription, buying, holding, redemption, conversion or selling of the Investor shares under the laws of their jurisdiction of citizenship, residence, domicile or incorporation.

### **TAX RESIDENCY**

The Company will be considered to be tax resident in Cyprus if its management and control is exercised in Cyprus.

Even though there is no definition in the Cyprus tax laws as to what constitutes "management and control", the Cyprus tax authorities interpret this by reference to the concept of "central management and control", following the principles established in various common law countries (e.g. UK).

Based on the relevant case law, the Cyprus tax authorities have taken the view that in determining where the "management and control" of a company is, one should focus mainly on the place where top level decisions are made. The central policy core of a company and the highest level at which a company is controlled and policy decisions are taken is usually considered to be in the place where the company's Board of Directors meets.

The above should be adhered to, in order for the Company to be considered as tax resident in Cyprus and also to be entitled to the benefits of all European directives as well as the Double Tax Treaty network of Cyprus.

It is expected that the Company will be regarded as having its tax residency in Cyprus (by reason of management and control being exercised in Cyprus).

## **COMPANY TAXATION**

### **Corporate Income Tax**

#### **Introduction:**

CIT is imposed on Cyprus tax resident companies at the uniform rate of twelve and a half percent (12.5%) for each year of assessment on all income accrued or derived from all chargeable sources both within and outside Cyprus (i.e. worldwide income basis), subject to available exemptions and deductions as per the law. More specifically, all relevant expenses incurred wholly and exclusively for the production of (taxable) income constitute deductible expenses whereas, inter-alia, dividends, capital gains or profits from the disposal of "securities" constitute tax exempt incomes.

Any foreign taxes suffered may, under conditions, be credited against the Cyprus CIT liability on the same incomes.

#### **Deductible expenses:**

In general, expenses shall be deductible in computing the chargeable tax basis of the Company, provided that these are being incurred wholly & exclusively for the production of (taxable) income of the Company, unless otherwise stated in the law.

#### **Notional Interest Deduction:**

Availability for Notional Interest Deduction in regards to new corporate equity of the Company, under conditions and capped at 80% of taxable income of the Company.

#### **Available exemptions from CIT include:**

- ☒ Exemption of profits on disposal of "securities". The Cyprus tax law explicitly defines the term "securities" to include shares, bonds, debentures, founders' shares and other securities of companies or other legal persons, incorporated in Cyprus or abroad, and rights thereon. The Cyprus tax authorities have also issued tax technical circulars by which listing (by way of a non-comprehensive list) the financial instruments which should be considered as qualifying "securities" for the purposes of applying the said exemption provisions.
- ☒ Exemption of dividend incomes (except in the case of dividends which are deductible for tax purposes at the level of the payer).
- ☒ Exemption of trading profits from qualifying foreign permanent establishments.

#### **Losses:**

Where a loss arises during a year of assessment, which if a gain or profit would have been chargeable to tax, it can be set off against current year profits and any excess can be carried



forward for a period of five years from the end of the tax year in which the loss was incurred.

## **Special Defence Contribution (“SDC”)**

### **Introduction:**

Cyprus tax resident companies are subject to SDC on a gross basis on certain types of “passive” income. More specifically, where applicable, SDC is assessed at the rate of 17% on dividends, subject to conditions, at the rate of 30% on “passive” interest income (interpreted to mean interest income not arising in the ordinary course of the business or closely connected thereto) and at the effective rate of 2,25% on rental income.

### **Dividend income:**

***Dividend Income from Cyprus:*** Dividends received from Cyprus tax resident companies are exempt from SDC, subject to certain anti-avoidance provisions.

***Dividend Income from abroad (relevant to dividends which are not deductible for tax purposes by the paying company):*** Dividends received from non-Cyprus tax residents are also exempt from SDC if either of the following conditions is satisfied:

- (1) the company paying the dividend engages directly or indirectly more than fifty per cent (50%) in activities which lead to investment income; or
- (2) the foreign tax burden on the income of the company paying the dividend is substantially lower than the tax burden of the company which is resident in the Republic (‘substantially lower’ has been clarified, via tax authorities’ communication, to mean an effective tax rate of less than 6,25% on the profits distributed).

When exemption does not apply, the dividend income is subject to SDC at the rate of 17%. Any foreign taxes paid can also be credited against the SDC liability, under conditions.

### **Deemed dividend distribution (“DDD”):**

A Cyprus tax resident company is deemed to distribute as a dividend 70% of its accounting profits (as adjusted for SDC purposes), two years from the end of the tax year in which the profits were generated.

Such a deemed dividend distribution is reduced with payments of actual dividends effected by the company during the relevant year in which the profits were generated or effected during the following two years.

On the remaining net amount (if any) of deemed dividend SDC is imposed at the rate of 17% to the extent that the ultimate direct and indirect (under conditions) shareholders of the company are individuals who are both Cyprus tax resident and Cyprus domiciled.

### **Interest Income**

Cyprus tax resident companies are subject to 30% SDC on a gross basis on “passive” interest income i.e. interest income not arising in the ordinary course of the business or closely connected thereto. “Active” interest income is exempt from SDC (however it is subject to CIT

- see CIT section for further details).

### **Capital Gains Tax (“CGT”)**

CGT is imposed at the flat rate of 20% on the following:

- (i) gains arising from the disposal of immovable property situated in Cyprus (when the disposal is not subject to CIT);
- (ii) gains arising from the disposal of shares in companies not listed on any recognised stock exchange which own immovable property situated in Cyprus; and
- (iii) gains arising from the disposal of shares in companies not listed on any recognised stock exchange which indirectly own immovable property situated in Cyprus and at least 50% of the market value of the company’s shares is derived from immovable property situated in Cyprus.

In case of share disposals only that part of the gain relating to the immovable property situated in Cyprus is subject to CGT.

### **Stamp Duty**

The establishment of the Company and the subscription, redemption, conversion or transfer of its Investor shares should be exempt from Cyprus stamp duty.

### **Withholding taxes:**

Cyprus in general does not levy any withholding taxes on any payments of dividend, interest and/ or royalties made by Cypriot companies abroad or within Cyprus, except in the cases of (a) royalty payments abroad on rights being used in Cyprus, under conditions, (b) dividend payments to Cyprus tax resident and Cyprus domiciled individuals, and (c) ‘passive’ interest payments to Cyprus tax resident companies and Cyprus tax resident and Cyprus domiciled individuals.

### **Double Tax treaties & EU Directives**

A company which is considered to be tax resident in Cyprus can benefit from the double tax treaty network of Cyprus, as well as application of EU Directives.

### **Dissolution of the Company**

In case of dissolution of the Company (not within the context of a qualifying reorganisation) the total of its profits of the last five years prior to the dissolution (examined on a standalone basis; not cumulative total), which have not been distributed or deemed to have been distributed, shall be deemed on dissolution to be distributed and the shareholders shall be deemed to receive such dividends which shall be subject to SDC.

The above should apply only to the extent that the recipients of the dissolution proceeds are Cyprus tax resident and Cyprus domiciled individuals or Cyprus tax resident companies beneficially owned (directly or indirectly, under conditions) by Cyprus tax resident and Cyprus domiciled individuals.

## **Value Added Tax ('VAT')**

### **VAT registration and VAT status of the Company:**

The activities carried out by the Company should be considered for VAT purposes to constitute economic activities. This conclusion was reached by the European Court of Justice in its decision for case C-8/03 "BBL vs Belgian State", which has been endorsed by the Cypriot VAT authorities.

Due to the fact that the Company should be considered as carrying out economic activities, it may have an obligation to register for VAT purposes in Cyprus.

The right of the Company to recover any VAT suffered on expenses will depend on the specific transactions carried out by the Company.

### **Management services:**

As per the provisions of the VAT legislation, the management of special investment funds is exempt from VAT provided certain conditions are met.

## **TAXATION OF INVESTORS**

**The tax treatment of income to be earned by the Investors** will primarily depend upon their tax residency and domicile status, whether physical or legal persons, and the nature of the income.

☒ Cyprus tax resident Investors: income to be received will be subject to Cyprus tax as per the provisions of the relevant Cyprus tax legislation.

☒ Non-Cyprus tax resident Investors: should not be subject to Cyprus tax provided that they do not have a Permanent Establishment ("PE") in Cyprus. If there is a Cyprus PE then all income attributed to such PE will be subject to the provisions of the Cyprus tax legislation.

### **Sale of Investor shares of the Company**

Cyprus CGT (see above) could apply for the Investors, as computed by reference to the values of the underlying properties directly or indirectly owned by the Company which are situated in Cyprus).

### **Redemption of Investor shares in the Company**

Redemption of the Investor shares should not trigger any Cyprus tax liability in the hands of the Investors.

### **Value Added Tax ('VAT') considerations on ownership of the Investor shares in the Company**

The ownership of the Investor shares in the Company should not create on its own any VAT implications. However the Investors must examine the impact that the holding of such Investor shares or the generation of incomes therefrom may have on their right to recover input VAT on expenses.

## **OTHER GENERAL INFORMATION**

### **AIFM LAW THRESHOLDS**

The Company is authorized as an internally-managed sub-threshold AIFM under section 4(2) (a) of the AIFM Law. Consequently, the Company shall always ensure that the assets under management of its Portfolio, including any assets acquired through use of leverage, in total do not exceed a threshold of EUR 100,000,000 (or equivalent amount in USD). In case the Company exceeds the threshold of EUR 100,000,000 (or equivalent amount in USD), it shall apply for authorization as an internally-managed AIFM or restructure its license in a way so as to be managed by an AIFM within 30 calendar days in accordance with the relevant procedures laid down in the AIFM Law.

### **EXEMPTION FROM DEPOSITARY**

The Company operates without a Depositary in accordance with section 128(4) (a) of the AIF Law, according to which its total assets shall never exceed the amount of EUR 5,000,000, or its USD equivalent. Consequently, the Company is obliged to arrange for its assets to be deposited in a manner described in paragraph 5 of Directive D131-2014-02. As at the date of this Prospectus, the cash of the Company shall be deposited with an EU regulated banking institution as may be determined by the Directors.

### **MARKETING STRATEGY**

The Company shall not market its Investor shares to the general public. Potential Investors will be approached directly by the Directors under the principles of private placement, as well as indirectly through third party introducers. Any introduction fees are budgeted in order to reward any individual or company who brings in Investors to the Company. This fee will be levied and distributed to the attributable party by the Company once the Investor subscribes to the Company.

If deemed appropriate, the Company may upload a website accessible only to persons confirming their status as Well-Informed or Professional Investors. The Directors of the Company will make sure that information included in the website or any other advertisements of the Company, issued from time to time, is accurate, precise and not misleading, and presented in a way that it is understood by the Investors to whom it is addressed.

### **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the Memorandum and Articles of the Company and the latest annual report of the Company may be obtained, free of charge, from the Registered Office of the Company, upon request from the Directors.

### **OBLIGATIONS TO INVESTORS**

The Company shall act honestly, fairly and professionally in accordance with the best interests of its Investors and comply, in particular, with the following principles:

- a) All information, including marketing communications, addressed by the Company to its Investors or potential Investors will be fair, clear and not misleading; marketing communications and material must be clearly identifiable as such;

- b) The Company will treat all Investors fairly. No Investor will obtain preferential treatment, unless such preferential treatment is disclosed in the Company's Prospectus and Articles;
- c) The Company will ensure that the Investors are not charged undue costs;
- d) When selecting and appointing service providers, the Company shall exercise due skill, care and diligence;
- e) Disclosure of a conflict of interest to Investors;
- f) The Company shall ensure that its decision-making procedures and its organisational structure, ensure fair treatment of Investors;

### **GOVERNING JURISDICTION**

The contractual relationship entered by the Company and Investors is governed by, and construed in accordance with Cypriot law. The Courts of Cyprus will have exclusive jurisdiction in relation to any claim, dispute or difference concerning the contractual relationship entered by the Company and investors and any matter arising from it.