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**CLARIEN ALTERNATIVE INVESTMENT FUND LIMITED**

*(a mutual fund company incorporated with limited liability in Bermuda and registered as a segregated accounts company under the Segregated Accounts Company Act 2000, as amended)*

**PROSPECTUS**

**Dated: 4 May, 2016**

**relating to**

**the offering of segregated account company shares as set out in the Supplement for each Fund**

Manager

Clarien Investments Limited  
25 Reid Street  
Hamilton HM 11  
Bermuda

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This Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offers or solicitations.

**NO PERSON HAS BEEN AUTHORISED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN AS CONTAINED IN THIS PROSPECTUS AND ANY SUPPLEMENT. PLEASE DIRECT ANY ENQUIRIES TO THE ADMINISTRATOR.**

**THE SHARES OFFERED HEREBY HAVE NOT BEEN FILED WITH OR APPROVED OR DISAPPROVED BY ANY REGULATORY AUTHORITY OF ANY COUNTRY OR OTHER JURISDICTION. NOR HAS ANY SUCH REGULATORY AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS OR ANY SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.**

## IMPORTANT NOTICES

IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, LAWYER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

THIS PROSPECTUS (**PROSPECTUS**) CONTAINS INFORMATION ABOUT CLARIEN ALTERNATIVE INVESTMENT FUND LIMITED (**COMPANY**). IN ADDITION, SUPPLEMENTS (**SUPPLEMENTS**) WILL BE ISSUED FOR EACH SEGREGATED ACCOUNT AND LINKED CLASSES OF SHARES CREATED BY THE COMPANY (EACH A "**FUND**"). THIS PROSPECTUS SHOULD BE READ IN ITS ENTIRETY.

THIS PROSPECTUS TOGETHER WITH THE RELEVANT SUPPLEMENT(S) CONTAINS PARTICULARS OF THE COMPANY FOR THE PURPOSE OF PROVIDING INFORMATION TO PROSPECTIVE SHAREHOLDERS. THIS PROSPECTUS GIVES GENERAL INFORMATION ABOUT THE COMPANY BUT DOES NOT DEAL WITH THE INVESTMENT OBJECTIVES, INVESTMENT RESTRICTIONS OR NATURE OF THE ASSETS ATTRIBUTABLE TO ANY INDIVIDUAL FUND, WHICH INFORMATION APPEARS IN THE APPLICABLE FUND SUPPLEMENTS. IT SHOULD BE READ IN CONJUNCTION WITH A SUPPLEMENT SO THAT TOGETHER, THIS PROSPECTUS AND SUCH SUPPLEMENT CONSTITUTE THE PROSPECTUS FOR A FUND.

**THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SUBSCRIBE OR A SOLICITATION OF AN OFFER TO SUBSCRIBE TO ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.**

THE COMPANY IS REGISTERED IN BERMUDA AS A LIMITED LIABILITY OPEN-ENDED EXEMPTED MUTUAL FUND COMPANY OF UNLIMITED DURATION UNDER THE COMPANIES ACT 1981 OF BERMUDA, AS AMENDED (**COMPANIES ACT**). THE COMPANY IS A CLASS A EXEMPT FUND WHICH IS EXEMPTED FROM THE REQUIREMENT TO BE AUTHORISED UNDER THE INVESTMENT FUNDS ACT 2006, AS AMENDED (**IFA**). ABSENT THIS EXEMPTION, THE COMPANY WOULD BE REQUIRED TO BE AUTHORISED UNDER THE IFA AND WOULD BE SUBJECT TO REGULATION BY THE BERMUDA MONETARY AUTHORITY (**BMA**) WHICH WOULD REQUIRE THE COMPANY TO COMPLY, AMONG OTHER THINGS, WITH CERTAIN ONGOING DISCLOSURE AND REPORTING REQUIREMENTS NOT APPLICABLE TO FUNDS EXEMPTED FROM THE IFA. THE OFFER OF SHARES IS NOT SUBJECT TO SUPERVISION BY ANY REGULATORY BODY IN BERMUDA. THE COMPANY MAY ONLY ACCEPT SUBSCRIPTIONS FROM QUALIFIED PARTICIPANTS (AS DEFINED UNDER S 9(2) OF THE IFA). THE COMPANY IS REGISTERED AS A SEGREGATED ACCOUNTS COMPANY UNDER THE SEGREGATED ACCOUNTS COMPANIES ACT 2000, AS AMENDED, (**SAC ACT**). EACH OF THE SEGREGATED ACCOUNTS CONSTITUTES A SEPARATE FUND WITH ITS OWN UNDERLYING INVESTMENT STRATEGY. THE COMPANY SHOULD BE VIEWED AS AN INVESTMENT SUITABLE ONLY FOR INVESTORS WHO CAN FULLY EVALUATE AND BEAR THE RISKS INVOLVED.

A COPY OF THIS PROSPECTUS HAS BEEN DELIVERED TO THE BMA IN CONNECTION WITH THE OFFERING OF THE SHARES PURSUANT HERETO. PERMISSION UNDER THE EXCHANGE CONTROL ACT 1972, AS AMENDED (AND REGULATIONS MADE THEREUNDER) HAS BEEN RECEIVED FROM THE BMA FOR THE ISSUE (AND SUBSEQUENT TRANSFER) OF THE SHARES TO PERSONS NOT RESIDENT IN BERMUDA FOR EXCHANGE CONTROL PURPOSES. PERSONS,

FIRMS OR COMPANIES REGARDED AS RESIDENTS OF BERMUDA FOR EXCHANGE CONTROL PURPOSES MAY REQUIRE SPECIFIC CONSENT UNDER THE EXCHANGE CONTROL ACT 1972 OF BERMUDA TO PURCHASE OR SELL THE SHARES.

A COPY OF THIS PROSPECTUS HAS ALSO BEEN DELIVERED TO THE REGISTRAR OF COMPANIES IN BERMUDA (**REGISTRAR**) FOR FILING PURSUANT TO THE COMPANIES ACT. IT MUST BE DISTINCTLY UNDERSTOOD THAT ANY APPROVALS OR PERMISSIONS RECEIVED FROM THE BMA OR THE ACCEPTANCE OF THIS PROSPECTUS FOR FILING BY THE REGISTRAR DOES NOT CONSTITUTE A GUARANTEE BY THE BMA OR THE REGISTRAR AS TO THE PERFORMANCE OF THE COMPANY OR ANY CLASS OF SHARES OR THEIR CREDIT-WORTHINESS. FURTHERMORE, IN GIVING SUCH APPROVALS OR PERMISSIONS OR ACCEPTING THIS PROSPECTUS FOR FILING NEITHER THE BMA NOR THE REGISTRAR SHALL BE LIABLE FOR THE PERFORMANCE OR DEFAULT OF THE COMPANY OR ANY CLASS OF SHARES OR THEIR OPERATORS OR SERVICE PROVIDERS OR FOR THE FINANCIAL SOUNDNESS OF ANY PROPOSAL OR FOR THE CORRECTNESS, ACCURACY OR COMPLETENESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED WITH REGARD TO THEM.

THE CIRCULATION AND DISTRIBUTION OF THIS PROSPECTUS IN CERTAIN COUNTRIES IS RESTRICTED BY LAW. IN PARTICULAR, THIS PROSPECTUS MAY NOT BE CIRCULATED OR DISTRIBUTED IN THE U.S. (AS HEREINAFTER DEFINED). PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS MAY COME ARE REQUIRED TO INFORM THEMSELVES OF, AND TO OBSERVE, ANY SUCH RESTRICTIONS.

THE EUROPEAN ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE (**AIFMD**) INTRODUCES A NEW REGIME GOVERNING THE MANAGEMENT AND MARKETING OF ALTERNATIVE INVESTMENT FUNDS (**AIFs**) IN THE EUROPEAN UNION (**EU**). THE COMPANY CONDUCTS ITS OWN INTERNAL MANAGEMENT OUTSIDE OF THE EU AND IS THEREFORE NOT SUBJECT TO THE AIFMD. HOWEVER ANY MARKETING OF THE SHARES OF THE COMPANY IN THE EU IS SUBJECT TO THE AIFMD AND IN THIS REGARD IT IS THE COMPANY'S INTENTION TO COMPLY WITH THE AIFMD REGULATIONS ON THE PROMOTION OF SHARES AND TO OBTAIN THE NECESSARY APPROVALS OR FULFILL THE NECESSARY REGISTRATION REQUIREMENTS IN EACH MEMBER STATE OF THE EUROPEAN UNION WHERE THE SHARES ARE PROMOTED. THERE IS NO INTENTION TO MARKET THE SHARES OF THE COMPANY IN THE EU AT THE DATE OF THIS PROSPECTUS.

THE SHARES ARE NOT AVAILABLE TO U.S. PERSONS (AS HEREINAFTER DEFINED) AND SUBSCRIBERS FOR SHARES MUST REPRESENT THAT THEY ARE NOT A U.S. PERSON.

THE SHARES WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (**SECURITIES ACT**), OR ANY OTHER U.S. SECURITIES LAWS, IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT FOR OFFERS AND SALES OF SECURITIES THAT DO NOT INVOLVE ANY PUBLIC OFFERING AND ANALOGOUS EXEMPTIONS UNDER U.S. STATE SECURITIES LAW. THE COMPANY WILL NOT BE REGISTERED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940 (**1940 ACT**) IN RELIANCE ON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1940 ACT FOR FUNDS THAT PRIVATELY OFFER INTERESTS ONLY TO INVESTORS WHO ARE "QUALIFIED PURCHASERS" AS DEFINED AND INTERPRETED UNDER THE SECURITIES ACT. THE SHARES MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND OTHER

APPLICABLE SECURITIES LAWS, PURSUANT TO REGISTRATIONS THEREUNDER OR EXEMPTIONS THEREFROM.

THE SHARES WILL CONSTITUTE SHARES IN AN UNREGULATED COLLECTIVE INVESTMENT SCHEME FOR THE PURPOSES OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 OF THE UNITED KINGDOM (**FSMA**) AND MAY ONLY BE MARKETED IN ACCORDANCE WITH THE FSMA AND THE RULES MADE THEREUNDER. ACCORDINGLY, THIS PROSPECTUS MAY ONLY BE DISTRIBUTED IN THE UNITED KINGDOM BY A PERSON AUTHORISED UNDER FSMA TO PERSONS PERMITTED TO RECEIVE THE SAME UNDER THE FINANCIAL SERVICES AND MARKETS ACT (PROMOTION OF COLLECTIVE INVESTMENT SCHEMES) (EXEMPTIONS) ORDER, 2001 OR THE RELEVANT CONDUCT OF BUSINESS RULES OF THE FINANCIAL SERVICES AUTHORITY. IF DISTRIBUTED BY THE COMPANY ITSELF OR ANY OTHER PERSON NOT AUTHORISED UNDER THE FSMA, THIS PROSPECTUS MAY ONLY BE DISTRIBUTED TO PERSONS IN ACCORDANCE WITH THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) TO PERSONS WHO FALL WITHIN ARTICLE 9(3) OF THE FSA (INVESTMENT ADVERTISEMENTS) ORDER 2001

SUBJECT TO THE AFOREMENTIONED FILING AND CONSENT IN BERMUDA, NO ACTION HAS BEEN TAKEN TO PERMIT AN OFFERING OF SHARES IN THE COMPANY OR THE DISTRIBUTION OF THIS PROSPECTUS IN ANY JURISDICTION WHERE ACTION WOULD BE REQUIRED FOR SUCH PURPOSES.

WHEN CONSIDERING WHAT ACTION YOU SHOULD TAKE YOU ARE RECOMMENDED TO SEEK YOUR OWN FINANCIAL ADVICE IMMEDIATELY FROM YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR ANOTHER APPROPRIATE AUTHORISED INDEPENDENT ADVISER.

PURCHASE OF THE SHARES INVOLVES A HIGH DEGREE OF RISK. THE PERFORMANCE OF THE SHARES IS SUBJECT TO FLUCTUATIONS AND NO ASSURANCE CAN BE GIVEN THAT APPRECIATION WILL OCCUR OR THAT LOSSES WILL NOT BE REALISED.

INVESTMENT IN THE SHARES IS INTENDED FOR PROFESSIONAL OR SOPHISTICATED INVESTORS WHO CAN AFFORD THE RISKS INHERENT IN THIS TYPE OF INVESTMENT. PROSPECTIVE INVESTORS' ATTENTION IS DRAWN TO THE "RISK FACTORS" SECTION OF THIS PROSPECTUS.

PROSPECTIVE INVESTORS SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS AND TAX CONSEQUENCES WITHIN THE COUNTRIES OF THEIR RESIDENCE OR DOMICILE FOR THE ACQUISITION, HOLDING OR DISPOSAL OF SHARES AND ANY FOREIGN EXCHANGE RESTRICTIONS WHICH MAY BE RELEVANT TO THEM. SHARES WHICH ARE ACQUIRED BY PERSONS NOT ENTITLED UNDER THE COMPANY'S POLICIES TO HOLD THEM MAY BE COMPULSORILY REDEEMED.

THIS PROSPECTUS MAY NOT BE REPRODUCED IN WHOLE OR IN PART, NOR MAY IT BE USED FOR ANY PURPOSE OTHER THAN THAT FOR WHICH IT IS INTENDED, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY.

THE COMPANY'S BOARD OF DIRECTORS HAS OVERALL RESPONSIBILITY FOR THE MANAGEMENT AND CONTROL OF THE COMPANY. THE DIRECTORS ACCEPT RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS. TO THE BEST OF THE KNOWLEDGE

AND BELIEF OF THE COMPANY'S DIRECTORS (WHO HAVE TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE). THIS PROSPECTUS DOES NOT CONTAIN ANY UNTRUE OR MISLEADING STATEMENT, OR OMIT ANYTHING WHICH IS NECESSARY TO MAKE THE STATEMENTS IN THIS PROSPECTUS TRUE OR NOT MISLEADING.

THE COMPANY WILL OFFER ITS PARTICIPATING COMMON SHARES (**SHARES**) IN SUCH CLASSES OR SERIES OF SHARES AS THE DIRECTORS SHALL FROM TIME TO TIME DETERMINE. EACH SUCH CLASS OF SHARES IS LINKED TO A SEPARATE AND DISTINCT SEGREGATED ACCOUNT WITHIN WHICH ALL ASSETS AND LIABILITIES ATTRIBUTABLE TO THAT CLASS OF SHARES ARE HELD AND KEPT SEGREGATED FROM THE ASSETS AND LIABILITIES OF EACH OTHER CLASS OF SHARES AND FROM THE GENERAL ASSETS AND LIABILITIES OF THE COMPANY.

COPIES OF THIS PROSPECTUS, THE SUPPLEMENT AND THE SUBSCRIPTION AGREEMENT (**SUBSCRIPTION AGREEMENT**) FOR EACH FUND, MAY BE OBTAINED BY CONTACTING THE ADMINISTRATOR (AS HEREINAFTER DEFINED).

THE SHARES ARE OFFERED SOLELY ON THE BASIS OF THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS PROSPECTUS AND THE APPLICABLE SUPPLEMENT ANY FURTHER INFORMATION GIVEN OR REPRESENTATIONS MADE BY ANY PERSON MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE COMPANY OR ITS DIRECTORS. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR THE OFFER, ISSUE OR SALE OF THE SHARES SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF. THIS PROSPECTUS SHOULD BE ACCOMPANIED BY, AND READ IN CONJUNCTION WITH, THE COMPANY'S PROSPECTUS OF ASSOCIATION AND BYE-LAWS (COLLECTIVELY THE "**CONSTITUTIONAL DOCUMENTS**"), ITS LATEST ANNUAL REPORT AND AUDITED ACCOUNTS (IF ANY). THIS PROSPECTUS DOES NOT SET OUT ALL THE PROVISIONS OF THE COMPANY'S CONSTITUTIONAL DOCUMENTS THAT MAY BE SIGNIFICANT TO A PARTICULAR PROSPECTIVE INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD EXAMINE THIS PROSPECTUS AND THE APPLICABLE SUPPLEMENT AND SUBSCRIPTION AGREEMENT IN ORDER TO ASSURE ITSELF THAT THE TERMS OF THE INVESTMENT OFFERED AND THE INVESTMENT OBJECTIVE AND METHODS OF OPERATION OF EACH FUND ARE SATISFACTORY TO IT.

PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS PROSPECTUS AS LEGAL, TAX OR FINANCIAL ADVICE. ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISERS AS TO THE LEGAL, TAX, FINANCIAL IMPLICATIONS OR OTHER MATTERS RELEVANT TO THE SUITABILITY OF AN INVESTMENT IN THE SHARES FOR SUCH INVESTOR.

THE PURCHASE OF SHARES IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. THERE IS NO ASSURANCE THAT A FUND WILL BE PROFITABLE. PLEASE SEE THE SECTION ENTITLED "RISK FACTORS" WITHIN THIS PROSPECTUS FOR A DESCRIPTION OF CERTAIN RISKS INVOLVED IN THE PURCHASE OF SHARES.

NO LISTING OR OTHER DEALING FACILITY IS AT PRESENT BEING SOUGHT FOR ANY PART OF THE SHARES, ALTHOUGH THE DIRECTORS MAY RESERVE THE RIGHT TO SEEK A LISTING IN THE FUTURE.

THIS PROSPECTUS AND ANY SUPPLEMENTS ARE INTENDED SOLELY FOR THE USE OF THE PERSON TO WHOM THEY HAVE BEEN DELIVERED BY THE COMPANY FOR THE PURPOSE OF EVALUATING A POSSIBLE INVESTMENT BY THE RECIPIENT IN THE SHARES DESCRIBED, AND THEY ARE NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSONS EITHER IN FULL OR IN PART (OTHER THAN PROFESSIONAL ADVISERS OF THE PROSPECTIVE INVESTOR RECEIVING THIS PROSPECTUS OR ANY SUPPLEMENT FROM THE COMPANY).

**DIRECTORY**

**Directors and Officers**

The Directors and Officers of the Company,  
whose business address is at:

25 Reid Street,  
Hamilton HM11, Bermuda

are as follows:

Ian Truran (Chairman)  
John Johnson (President and CEO)  
David Carrick (CFO)  
James L. Gibbons

**Secretary & Registered Office**

Clarien Bank Limited  
19 Reid Street,  
Hamilton HM11, Bermuda  
Tel: 1 441 296 6969  
Fax: 1 441 296 3855

**Manager**

Clarien Investments Limited  
25 Reid Street,  
Hamilton HM11, Bermuda  
Tel: 1 441 296 1111  
Fax: 1 441 296 3855

**Administrator**

CITCO Fund Services (Ireland) Limited  
Tellengana House  
Blackrock Road, Cork  
Ireland  
Tel: 353 1 483 6600  
Fax: 353 1 636 0466

**Banker**

Citco Bank Nederland N.V., Dublin Branch  
Customs House Plaza Block 3  
I.F.S.C., Dublin 1,  
Ireland

**Custodian**

Citco Custody Limited  
Level 2 West, Mercury Tower  
The Exchange Financial & Business Centre  
Elia Zammit Street  
St. Julians STJ 3155  
Malta

**Auditors**

KPMG Audit Limited  
Crown House  
4 Par-La-Ville Road  
Hamilton HM 08,  
Bermuda

**Legal Counsel**

BeesMont Law Limited  
5<sup>th</sup> Floor Andrew's Place  
51 Church Street,  
Hamilton HM 12  
Bermuda

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## DEFINITIONS

<b>Account Owners</b>	has the meaning ascribed hereto in the SAC Act
<b>Administrator</b>	CITCO Fund Services (Ireland) Limited, or such other person appointed as administrator from time to time by the Company
<b>Administration Agreement</b>	has the meaning ascribed thereto on page 37
<b>Affiliate</b>	any affiliate, subsidiary or parent of the Company, whether situated in Bermuda or elsewhere, also including Clarien Investments Limited and the Administrator
<b>AIFMD</b>	Alternative Investment Fund Managers Directive of the European Union
<b>AML/ATF</b>	has the meaning ascribed hereto on page 43
<b>Applicable Law</b>	All applicable statutes, enactments, laws, ordinances, bye-laws, rules, regulations, guidelines, notifications, notices, and/or judgments, decrees, injunctions, awards, writs or orders of any court, statutory or regulatory or taxation authority, tribunal, arbitral tribunal, board or stock exchange in any applicable jurisdiction, as may be in force and effect during the subsistence of this Prospectus, and such term shall further include any obligations of the Company to comply with: (i) any applicable local or foreign law, ordinance, regulation, demand, guidance, guidelines, rules, codes of practice, whether or not relating to an intergovernmental agreement between the governments or regulatory authorities of two or more jurisdictions; and (ii) any agreement between the Company (or that of any Affiliate, as the case may be) and any government or taxation authority in any jurisdiction; and including but not limited to FATCA, UK FATCA, CRS and any agreement entered into by the Company (or any affiliate) and any applicable intergovernmental agreement entered into pursuant to FATCA, UK FATCA and/or CRS
<b>Applicant</b>	has the meaning ascribed thereto on page 41
<b>Auditors</b>	has the meaning ascribed thereto on page 17
<b>Authority</b>	any national, state, or local government, any political subdivision thereof, any agency, authority, instrumentality, whether judicial or administrative, regulatory or self-regulatory organisation, law enforcement body, court, central bank or tax or revenue authority in any jurisdiction whether within or outside of Bermuda
<b>Banker</b>	Citco Bank Nederland N.V., Dublin Branch, or any such banker as may be appointed from time to time by the Company
<b>BD\$</b>	the lawful currency of Bermuda
<b>BMA</b>	has the meaning ascribed thereto on page 2 <b>Error! Bookmark not defined.</b>
<b>Bye-laws</b>	the Bye-laws of the Company as the same may be amended or substituted from time to time

<b>Business Day</b>	a day on which commercial banks in Dublin, Ireland settle payments and are open for general business, being Monday to Friday inclusive (save for public holidays)
<b>Companies Act</b>	the Companies Act 1981 of Bermuda, as amended
<b>Company</b>	has the meaning ascribed thereto on page 2
<b>Constitutional Documents</b>	has the meaning ascribed thereto on page 5
<b>CRS</b>	the OECD Standard for Automatic Exchange of Financial Account Information in Tax Matters - Common Reporting Standard
<b>Custodian</b>	Citco Custody Limited, or any such custodian as may be appointed from time to time by the Company
<b>Dealing Day</b>	the first Business Day of each calendar month or such other day as the Directors may in their discretion determine, save as may otherwise be provided in a Fund Supplement
<b>Designated Bank Account</b>	has the meaning ascribed thereto on page 19
<b>Director or Board</b>	the board of directors of the Company or of any committee thereof
<b>Eligible Investor</b>	has the meaning ascribed thereto on page 48
<b>FATCA</b>	Foreign Account Tax Compliance Act of the United States, as amended, and any associated similar or analogous legislation, treaty, intergovernmental agreement, regulation, instruction, or other official guidance of any Authority in any jurisdiction whether within or outside of Bermuda including without limitation in any Member State of the EU
<b>FSMA</b>	has the meaning ascribed thereto on page 4
<b>Fund</b>	each sub-fund or Segregated Account established by the Board and Linked to a Class of Shares as more particularly referred to in the Supplement issued in respect of a Fund
<b>Fund Account</b>	an interest bearing bank account for a Fund into which Subscription Proceeds and investment sale proceeds are deposited and from which the Fund's purchases, redemptions, fees and expenses are paid
<b>Governing Instruments</b>	shall include the Constitutional Documents and any other document required by the SAC Act
<b>IFA</b>	the Investment Funds Act 2006, as amended
<b>IFRS</b>	has the meaning ascribed thereto on page 16
<b>Initial Subscription Period</b>	has the meaning ascribed thereto on page 41
<b>Linked</b>	has the meaning ascribed thereto in the SAC Act
<b>Management Fee</b>	has the meaning ascribed thereto on page 17
<b>Management Shares</b>	the voting, non-redeemable and non-participating shares of par value US\$1.00 each of the Company

<b>Manager</b>	Clarien Investments Limited or any such manager as may be appointed from time to time by the Company or a Fund
<b>Net Asset Value or NAV</b>	the net asset value of the Company or, as the case may be, a Fund as determined in accordance with the Bye-laws
<b>NAV per Share</b>	the Net Asset Value divided by the number of Shares in issue of the Company as a whole or, as the case may be, a Fund outstanding at the applicable time
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OTC</b>	has the meaning ascribed thereto on page 25
<b>Participating Shares or Shares</b>	the non-voting, redeemable and participating shares of par value of US\$0.0001 each of the Company
<b>Prospectus</b>	has the meaning ascribed thereto on page 2 and relates to the Company as a whole. A separate Supplement is issued in respect of each of the Company's Funds (i.e. Segregated Accounts).
<b>Redemption Price</b>	has the meaning ascribed thereto on page 44
<b>Redemption Proceeds</b>	the sum of the proceeds of redemption
<b>Redemption Request</b>	a request in writing by a Shareholder to the Company to redeem shares using the form set out in Appendix I of this Prospectus or any form substituted therefor by the Directors from time to time and subject to the terms set out therein
<b>Registrar</b>	has the meaning ascribed thereto on page 3
<b>Resolution</b>	has the meaning ascribed thereto on page 54
<b>Restricted Person</b>	has the meaning ascribed thereto on page 48
<b>SAC Act</b>	the Segregated Accounts Companies Act 2000, as amended
<b>SAR</b>	has the meaning ascribed thereto on page 38
<b>Securities Act and 1940 Act</b>	have the respective meaning ascribed thereto on page 3
<b>Segregated Accounts</b>	has the meaning ascribed thereto on page 18
<b>Shareholder</b>	a person registered in the register of Shareholders of the Company in respect of the registered title to the Shares
<b>Special Resolution</b>	has the meaning ascribed thereto on page 54
<b>Subscription</b>	the amount subscribed by a Shareholder to the relevant Fund during the Subscription Period
<b>Subscription Agreement</b>	the form of subscription application set out in Appendix II of this Prospectus or any other application form substituted therefor by the

	Directors from time to time
<b>Subscription Period</b>	has the meaning ascribed thereto on page 41
<b>Subscription Price</b>	a new class of shares will be offered at an initial Subscription Price per share, and have an Initial Subscription Period, as provided in the relevant Supplement. Following the Initial Subscription Period for any class of shares, shares will be offered for the applicable Subscription Period at the Net Asset Value of the relevant class, at the relevant time, divided by the number of shares (in issue) of that class subject to such adjustment, if any, as may be required where there is more than one series of shares in the class.
<b>Subscription Proceeds</b>	the sum of the proceeds of Subscriptions, denominated in US dollars less any Redemption Proceeds, if applicable
<b>Supplement</b>	the separate information memorandum which is issued in respect of each Fund (i.e. the Company's Segregated Accounts)
<b>Clarien Alternative Investment Fund</b>	The first Segregated Account to be created as described herein
<b>UK FATCA</b>	the United Kingdom – Bermuda Intergovernmental Agreement 2013
<b>U.S./US</b>	the United States of America and each of its territories and possessions
<b>U.S. Person</b>	has the meaning ascribed thereto in the Application Documents, but shall be distinct from the definition of U.S. Person for Tax Purposes
<b>U.S. Person for Tax Purposes</b>	means the beneficial owner of an investment in the Company that is any of the following: (i) an individual citizen or resident of the United States, (ii) a corporation (including any entity treated as a corporation for US federal income tax purposes) created or organised under the laws of the United States or any State thereof (including the District of Columbia), (iii) any entity created or organised in or under the laws of any other jurisdiction if treated as a US domestic corporation pursuant to US federal income tax laws, (iv) a partnership created or organised under the laws of the United States or any State thereof (including the District of Columbia), (v) an estate the income of which is subject to US federal income tax without regard to its source, (vi) a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and (2) one or more US Persons for Tax Purposes have the authority to control all substantial decisions of the trust, or (vii) a trust that has elected to be treated as a domestic trust for US federal income tax purposes.
<b>US dollar or US\$</b>	the lawful currency of the United States of America
<b>Valuation Day</b>	the last Business Day of each calendar month or such other day as the Directors may in their discretion determine, save as may otherwise be provided in a Fund Supplement

## SUMMARY OF PRINCIPAL TERMS

*The following summary is qualified in its entirety by reference to more detailed information included elsewhere in this Prospectus, the relevant Supplement and the Constitutional Documents of the Company. Prospective investors should read the whole of this Prospectus (including any relevant Fund Supplement) prior to making any investment, copies of which are available from the Manager or the Administrator on request.*

**Company:** The Company is a limited liability open-ended exempted mutual fund company of unlimited duration incorporated under the laws of Bermuda with registration number 50358 on 12 June, 2015. The Company is a Bermuda Class A Exempt Fund under the IFA and registered as a segregated accounts company pursuant to the SAC Act. Each of the Segregated Accounts constitutes a separate Fund with its own underlying investment strategy. A Segregated Account (i.e. a Fund) is not a legal entity that is separate from the Company and, therefore, references throughout this Prospectus to a Segregated Account acting (e.g. entering into agreements or making investments) should be read as the Company acting for the account of the relevant Segregated Account. Unless otherwise stated in a Supplement relating to a particular Segregated Account, the terms set out in this Prospectus relate to all Segregated Accounts of the Company.

Each class of Participating Shares is represented by a separate and distinct Segregated Account within which all assets and liabilities attributable to that class of Participating Shares are held and kept segregated from the assets and liabilities of each other class of Participating Shares and from the general assets and liabilities of the Company.

**Investment Objective:** The investment objective of each Fund will be set out in the Supplement relevant to each such Fund.

**Manager:** The Company has appointed Clarien Investments Limited as the Manager of the Company and, as the case may be, of a Fund.

**Offering of the Shares:** The offering of the Shares is made on the basis of this Prospectus and, the applicable Fund's Supplement subject to certain restrictions set out herein or therein. Save as otherwise provided in a Supplement, Shares are offered for sale during the Initial Subscription Period at the Subscription Price of the applicable class of Shares or series thereof and thereafter will be available for subscription on each Dealing Day in accordance with the provisions of this Prospectus, the relevant Fund's Supplement and the Bye-laws at the Net Asset Value per Share prevailing on the Valuation Day following receipt of the duly completed Subscription Agreement and related subscription monies. Subject to the provisions as set out in any Supplement, applications for Shares should be made by completing and signing the Subscription Agreement which must be received by the Administrator, together with cleared funds to the Company's bank account, by the last Business Day of the Initial Subscription Period in accordance with the relevant Supplement. In the case of ongoing subscriptions for Shares the Subscription Agreement should be received by the applicable Dealing Day provided that cleared funds are received by no later than the preceding Valuation Day (unless, in either case, the Directors otherwise determine in their discretion) and in any event in accordance with the relevant Supplement. Any variations with respect to the offering of a class of Participating Shares and its Linked Segregated Account will be set forth in the relevant Fund's Supplement.

Classes or series of Shares may be offered from time to time at the discretion of the Directors upon such terms as determined by the Directors and may be offered in subscription monies in classes not denominated in US dollars. Shares not denominated in US dollars will not be hedged and therefore the investor in non-US dollar denominated Shares assumes all currency risk as both operations and investments will be in US dollars.

**Management and Participating Shares:** The Company has an authorised share capital of US\$10,000 divided into (i) 8,000 Management Shares issued to, and held by, the Manager; and (ii) 20,000,000 Participating Shares. The Participating Shares are issuable by the Directors in such classes of Shares or series thereof as the Directors may determine from time to time. Each class of Participating Shares and series thereof is Linked to a separate and distinct Segregated Account within which all assets and liabilities attributed to that class of Participating Shares are held and kept segregated from the assets and liabilities of each other class of Participating Shares and from the general liabilities of the Company. As at the date of this Prospectus the following Segregated Account is in issue:

- “*Clarien Alternative Investment Fund*” which is Linked to the “*CAIF Class A US\$ Shares*” pursuant to the Supplement dated 26 August 2015

The details of any other class of Shares and its Linked Segregated Account will be provided in a separate Supplement per Fund. Each series of a class of Shares shall have the same rights and restrictions as the relevant class save as regards the currency in which the Shares are offered.

**Net Asset Value per Share:** The Net Asset Value per Share will be determined as at each Valuation Day in accordance with the Bye-laws. The Net Asset Value of a Fund is the value of the assets of that Fund attributable to the Shares Linked to that Fund net of liabilities so attributed to that Fund as at the relevant Valuation Day (see “Determination of Net Asset Value”).

**Minimum Subscription Amount:** The minimum initial subscription is as set out in the applicable Supplement for each Fund, subject to an absolute minimum initial subscription per investor of the equivalent in the relevant currency of USD 100,000. The Directors may in their discretion alter, decrease or increase the minimum initial subscription amount, generally or in specific cases. Fractional shares may be issued.

**Redemption of Shares:** Redemptions are permitted, subject to the specific redemption provisions of the applicable Supplement for each Fund and subject to there being no suspension of redemption rights at the applicable time, if a Redemption Request is received by the Administrator by the applicable Valuation Day in accordance with the relevant Supplement. If the Redemption Request is received after that day then it will be held over until the next Valuation Day and will be treated as a Redemption Request received for redemption on that subsequent Valuation Day (unless the Directors otherwise determine in their discretion). Shares will be redeemed at the Redemption Price determined as of the close of business of the relevant Valuation Day. The Redemption Proceeds will generally be paid within thirty (30) Business Days after the relevant Valuation Day. The Directors are not obliged to satisfy a Redemption Request that has been received or is deemed to have been received by or on behalf of the Fund on a Valuation Day on which the total Redemption Requests received or deemed to have been received comprise more than 25% of the Net Asset Value. If this occurs, the Directors may (i) satisfy each Redemption Request *pro rata* based on the overall amount of such Redemption Request up to an aggregate amount for all Redemption Requests equal to 25% of the Net Asset Value, and (ii) deem the remaining proportion of those Redemption Requests to have been received on the next Valuation Day(s), subject to the aforementioned limitation.

**Suspension of Redemption Rights:** Shareholders’ rights to request redemption of the Shares may be suspended by the Directors at their discretion during any period of time when the determination of Net Asset Value is suspended. See “*Suspension of Determination of Net Asset Value and of Dealings*”. Further, pursuant to the Bye-laws, the Directors may declare a temporary suspension of redemptions if, in their opinion, it would be prejudicial to the Company or, as the case may be a Fund to permit the same to occur at a particular time.

**Risks:** An investment in a Fund is speculative and involves a high degree of risk. Shares are suitable only for investors who can afford to lose all or a portion of their investment. No one should commit to invest a large percentage of their readily marketable assets in a Fund of the Company. The risks described in this Prospectus, and any risk factors associated with a particular Fund as set out in the relevant Supplement, are not intended to be an exhaustive list of all risks which may relate to an



investment in the Company or in respect of a Fund. Investors should inform themselves and take advice from their own professional advisers as to the suitability or an investment in the Company or in respect of a Fund.

**Manager Fees:** A Management Fee may be paid in respect of a Fund as set forth in the Fund's Supplement at an annual rate which will be a percentage of the Net Asset Value of the relevant Fund which will be payable monthly in arrears (**Management Fee**).

**Operating and Transactional Expenses:**

**Establishment and promotional expenses:** Establishment expenses allocated to a Fund will be expensed as they arise as set forth in the Fund Supplement.

**Operating expenses:** Each Fund will pay its *pro rata* share of all operating expenses which include, *inter alia*, legal, accounting and administrative fees (including the fees of the Manager, Administrator and Auditor).

**Transaction costs:** Each Fund will pay all bank charges and any other transaction costs incurred by it in respect of its investment activities at normal commercial rates.

**General expenses:** Each Fund will pay its administration expenses not captured above and its apportioned share of the costs of administering the Company (for this purpose, expenses may be recognised on an accruals basis or as incurred, depending upon the nature of the expenses).

**Listing:** The Shares are not listed on any stock exchange and there is no intention to list the Shares on any stock exchange.

**Secondary Market:** There is no secondary trading market for the Shares. No assurance can be given that a trading market will develop, nor is a secondary market anticipated.

**Administrator:** Pursuant to an Administration Agreement, CITCO Fund Services (Ireland) Limited has been appointed by the Company to provide administration services, including accounting, valuation and registrar and transfer agency services.

**Auditors:** KPMG Audit Limited, Bermuda (**Auditors**) will provide auditing services with respect to the Company and the Funds.

**Legal Counsel:** BeesMont Law Limited (**BeesMont Law**) serves as Bermudian counsel to the Company. BeesMont Law does not represent the Shareholders in relation to this offering and no other counsel has been engaged to act on behalf of the Shareholders. The Company may engage other counsel at the discretion of the Manager.

**Dividend Policy:** Unless otherwise stated in a Supplement in respect of a particular Fund, the Directors do not anticipate paying dividends on Shares and profits will be re-invested in the relevant Segregated Account in accordance with that Fund's investment objective and policy.

**Fiscal Year Reports:** Each fiscal year of the Company will end on 31 December of each calendar year. The financial statements are prepared in accordance with International Financial Reporting Standards (**IFRS**) and an annual report and audited financial statements for the Company and each Fund (unless waived for a particular Fund as set out in its Supplement) in respect of each financial year will be sent to Shareholders within twenty-one (21) days of their issue and will be emailed and, if requested, posted to a Shareholder at his registered postal address or other address as notified in writing by the Shareholder, free of charge and will be made available for inspection at the registered office of the Administrator and the Company.

## THE COMPANY AND THE FUNDS

The Company is a limited liability open-ended exempted mutual fund company of unlimited duration and incorporated under the laws of Bermuda as a Class A Exempt Fund under the IFA. The Company's Memorandum of Association empowers it to carry on the business of a mutual fund company and in furtherance thereof, to acquire, possess, deal in and dispose of assets or investments of any kind. The Company is open-ended in that it can redeem its Participating Shares at prices based upon the Net Asset Value per Share.

The Company is registered as a segregated accounts company. As a segregated accounts company the Company is permitted to create Segregated Accounts (i.e. Funds) pursuant to the SAC Act, collectively referred to herein as "**Segregated Accounts**", in order to segregate the assets and liabilities relating to a particular class of Participating Shares from the assets and liabilities relating to each other class of Participating Shares and from the Company's general assets and liabilities.

The Company establishes and maintains a separate and distinct Segregated Account in connection with each class of Participating Shares created for issue. Each of the Segregated Accounts constitutes a separate fund with its own underlying investment strategy (each a Fund). Assets belonging or pertaining to a Segregated Account may only be used to meet liabilities to creditors in respect of that account and are not available to meet liabilities to creditors in respect of other Segregated Accounts or, except where otherwise agreed, to general creditors of the Company.

Each Fund is a separate, individually-managed pool of assets constituting, in effect, a separate fund with its own investment objective and policies. Each Fund will be administered and maintained separate from the other Funds. Investors who hold Shares of a particular Fund will only assume the investment risks (and share the upside potential) associated with such Fund. Investors who hold Shares in a Fund of the Company are shareholders of the Company (**Shareholders**).

The details of the offering of each Fund can be found in the relevant Fund's Supplement which accompanies this Prospectus.

The Company will make offerings of the Shares from time to time in such manner as the Directors may determine in their absolute discretion, provided that any new offering will relate to a Segregated Account for that purpose.

### **The Offering**

The Company has an authorised share capital of US\$10,000 comprised of (i) 8,000 Management Shares of par value US\$1.00 each issued to, and held by, the Manager and (ii) 20,000,000 Participating Shares of par value US\$0.0001 each. The Participating Shares are issuable by the Directors in such classes as the Directors may determine from time to time and the Directors will establish and maintain a separate and distinct Segregated Account in connection with each class of Participating Shares created for issue and within which all assets and liabilities attributable to each relevant class of Participating Shares are held and are segregated from the assets and liabilities attributable to each other class of Participating Shares and from the general assets and liabilities of the Company.

### **Minimum Amount**

There is no minimum amount which, in the opinion of the Directors, must be raised with respect to the offer of the Shares save as otherwise provided in a Fund's Supplement in order to provide for the matters referred to in Section 28 of the Companies Act. Following the expiration of the Subscription Period it is intended that each Fund will be fully invested from that point save for such amount as may be retained in order to pay for expenses of the relevant Fund or as otherwise provided in the relevant Fund's Supplement.

## Investment Objective and Policies

The assets of each Fund will be invested separately in accordance with the investment objective and policy of the Fund, which are set out in the Fund Supplement for each relevant Fund.

The Directors are responsible for the formulation of each Fund's investment objective and investment policy and any subsequent changes to either of them.

## Funds

Different classes of Participating Shares may be offered from time to time at the discretion of the Directors upon such terms as determined by the Directors. The offering of any class of Participating Shares will be made by way of a Supplement which will set forth the investment criteria and strategy for each Fund. As at the date of this Prospectus there is one Fund created as Segregated Accounts Company namely "*Clarien Alternative Investment Fund*" brief details of which are set out below.

### Clarien Alternative Investment Fund

By the Supplement dated 26 August, 2015, the Company is offering to the public "*CAIF Class A US\$ Shares*" and the Segregated Account Linked to the Shares is known as the "*Clarien Alternative Investment Fund*" (**Clarien Alternative Investment Fund**).

The objective of Clarien Alternative Investment Fund is to achieve attractive long term capital appreciation with limited draw-downs and low correlation to traditional global markets. The investment policy seeks to achieve this investment objective through investment in global markets implementing a variety of investment strategies primarily via investment in investment funds and products offering an exposure to these markets. Investment strategies which may be considered are global trading, multi strategy/event driven and global equity. Other strategies, which the Directors consider appropriate, may be added from time to time.

## Investment Process

As soon as is reasonably practicable following the closing of the Subscription Period, it is intended that the relevant Fund will use the Subscription Proceeds less applicable fees, expenses and accrued expenses standing to the credit of the applicable Fund Account to commence trading in accordance with its investment strategy as set forth in its Supplement.

The manner of processing Redemption Requests in respect of a Fund may be set forth in the Fund's Supplement and otherwise the provisions set out in this Prospectus will apply.

In the event of a winding-up of the Company or a Fund, any credit balance in the Fund Account less performance fee, if any, will be distributed to Shareholders in the proportion of the Shares attributed to each Shareholder. Distributions to Shareholders will be made by wire transfer to the bank account of the applicable Shareholder designated in the Subscription Agreement or as subsequently notified to the Administrator in writing by such Shareholder (**Designated Bank Account**). If a Shareholder changes the Designated Bank Account, the Company must be notified in writing as part of the Redemption Request. Upon completion of such a distribution the Shareholder's participation in the relevant Fund will terminate.

The monies in the Fund Account are not distributable before a winding-up of the Company or the relevant Fund except in the case of a Redemption Request.

If a Shareholder dies, the Directors will, on request made to the Company by the legal personal representatives of such Shareholder with such supporting documentation as the Directors deem

satisfactory, transfer the Shares to the beneficiary or beneficiaries of the deceased Shareholder's estate so that the Shares may be redeemed.

### **Efficient Portfolio Management**

Unless specified in the Fund Supplement for a Fund, each Fund is authorised to utilise forward foreign exchange contracts, currency options and other derivative instruments in order to hedge against currency exposures within the Fund. There can be no assurance, however, that currency hedging on behalf of a Fund will be undertaken and, if undertaken, will be successful.

Although it is the normal policy of the Company to deploy its assets as detailed above, it may also retain cash and cash equivalents in the appropriate circumstances. Such circumstances may include but are not limited to the holding of cash on deposit pending investment, to meet redemptions and the payment of expenses.

### **Investment via Subsidiaries**

The Company may invest the assets attributable to each Fund directly in investments purchased and held as part of the relevant Fund's investment objective and policy. The Company nonetheless has the power to establish subsidiaries through which any such investment may be made and reserves the right to utilise this power where this is considered by the Directors to be in the best interests of the Company or conducive to achieving the investment objective and policy of any one or more Funds. The shares and assets of any subsidiary will be held by the Custodian or its agents.

### **Dividend Policy**

The Company does not intend to distribute any income or gains from the Company's or a Fund's investments by way of dividend. This does not preclude the Directors from declaring a dividend with respect to one or more classes of Participating Shares at any time in the future if, in their discretion, the Directors consider it appropriate to do so. In the event that a dividend is declared and remains unclaimed after a period of six (6) years from the date of payment of such dividend, such dividend will be forfeited and will revert to the applicable Fund and will be paid to the Manager. Unless otherwise stated in a Supplement in respect of a particular Fund, profits will be re-invested in the relevant Segregated Account in accordance with that Fund's investment objective and policy.

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## **RISK FACTORS**

***Applicants should give careful consideration to the factors set out below in evaluating the merits and suitability of an investment in the Company or any of its Funds. The following does not purport to be a comprehensive summary of all of the risks associated with an investment in the Company or a Fund.***

An investment in the Company and any Fund is speculative. Investment should only be made after consultation with independent qualified sources of investment and tax advice. Prospective Shareholders should consider the following risk factors and the risk factors set out in the relevant Supplement before subscribing for Shares. This section does not purport to be an exhaustive list of risks involved in investing in the Shares and some of the risks noted below may pertain more particularly to certain Funds. Specific additional risks which affect certain Funds due to the nature of their investment strategy will be set forth in the relevant Fund's Supplement. There are risks associated with any investment and generally the higher the expected return on investment, the higher the risk and the greater the variability of returns. Before making an investment in the Company or any Fund, investors should carefully determine their investment objectives, risk tolerance and expected investment timeframe.

**In addition, the Supplement for a Fund will set out or reference further risks that may be associated with an investment in that Fund but, again, do not purport to be a comprehensive summary of all the risks associated with an investment in that Fund.**

### **General**

The transactions in which the Funds will engage may involve significant risks. Growing competition may limit the abilities of a Fund to take advantage of trading or investment opportunities in rapidly changing markets. No assurance can be given that investors will realise a profit on their investment. Moreover, each investor may lose some or all of its investment. Due to the nature of a Fund's trading or investment activities, the results of Fund's operations may fluctuate from month to month and from period to period. Accordingly, investors should understand that the results of a particular period will not necessarily be indicative of results in future periods.

### **Legislation and Regulation**

Unanticipated changes in securities/tax laws and/or regulations, accounting standards, financing regulations, or political climate can affect the number of investment opportunities and the profitability of the Company or a Fund, as the case may be. Similarly changes to corporate regulatory laws may have an impact on investors' ability to redeem Shares. The Company reserves the right to alter its investments or restructure its arrangements to prevent any adverse effects from changes to laws or changes to their interpretation.

### **Absence of Operating History**

A Fund may not have an operating history upon which Applicants may base an evaluation of its likely performance. A Fund's results will depend upon the availability of suitable trading or investment opportunities being taken advantage of by the Fund and upon the performance of the Fund's positions.

### **Economic Conditions**

Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws can affect substantially and adversely the business and prospects of the Fund. None of these conditions are within the control of the Manager or the Directors and no assurances are given that the Manager or the Directors will anticipate these developments.

### **Conflicts of Interest**

The Directors and the Manager may from time to time act in a similar capacity to or otherwise be involved in trading for individuals, entities, funds or collective investment schemes, some of which may have similar investment objectives to those of the Fund. The Directors and the Manager may thus be subject to potential conflicts of interest with the Fund or the Shareholders. The Directors, and the Manager will at all times have regard to their obligations to the Company, the Fund and the Shareholders and, in the event that a conflict of interest arises, will endeavour to ensure that such conflicts are resolved fairly.

### **Market Risk**

Any investment made in a specific group of assets is exposed to the universal risks of the market of such assets. There is no guarantee that losses equivalent to or greater than the overall market will not be incurred by a Shareholder as a result of a Subscription.

### **Exchange Rate and Currency Fluctuations**

Fluctuations in the exchange rate against a Shareholder's domestic currency are unpredictable and can

have a significant impact on the return on investment to each Shareholder. The currency of the shares of a Fund may be different to the currency of the underlying investment funds invested in by that Fund, some of which may not be freely convertible. The NAV per Share may fluctuate in accordance with changes in the foreign exchange rate between the relevant currencies. It may not be possible or practicable to hedge against the consequent exchange/currency risk exposure. Further where the class or series of Shares are not denominated in US dollars then as the operations and investments will be denominated in US dollars, the holders of such class or series of Shares may be adversely affected by unfavourable movements in exchange rates.

### **Segregated Accounts Company**

The Company is permitted to create Segregated Accounts in order to segregate the assets and liabilities relating to a particular class of Participating Shares from the assets and liabilities relating to each other class of Participating Shares and from the Company's general assets and liabilities. The assets of each Segregated Account are only intended to be used to meet liabilities to creditors in respect of a particular account or Fund and are not intended to be available to meet liabilities to creditors in respect of other accounts or Funds or, except where otherwise agreed, to general creditors of the Company. It is possible, however, that a court could refuse to recognise a Fund as segregated and determine that creditors of the Company could enforce claims against all of its assets.

The SAC Act has application to all Bermuda companies registered under it as a matter of Bermuda law and will be applied by the Bermuda courts in accordance with its terms. However, the Directors are not aware of any formal recognition having been given by the courts of any jurisdiction outside Bermuda to the principles of segregation under the SAC Act nor are the Directors aware of any litigation pending with respect thereto. To that extent, therefore, the application of the SAC Act in jurisdictions outside Bermuda is untested. Accordingly, if the Fund's assets are located in a jurisdiction other than Bermuda and proceedings are brought in respect of them in that jurisdiction; it is not known how the courts of that jurisdiction would deal with the structure contemplated by the SAC Act, which may well be unfamiliar to such jurisdiction. More specifically, courts in a jurisdiction other than Bermuda may not be prepared to accept that creditors in respect of a particular Segregated Account are prevented from gaining recourse to the assets of the other accounts or funds, or that general creditors of the Company as a whole do not have recourse to those assets specifically designated as Segregated Account assets. Similarly, if a liability (e.g. fine or tax) is imposed on the Company by a Bermuda or other authority, it is unknown how the courts of Bermuda or other jurisdictions would impose or distribute that liability as among the general account of the Company and the Segregated Accounts.

The Directors reserve the right to alter the Company's or a Fund's investments or restructure its arrangements to prevent any adverse effects from changes to laws or changes to their interpretation.

### **Regulation and Domicile Considerations**

The Company is incorporated and registered in Bermuda, and its corporate affairs are governed by its Memorandum of Association and Bye-laws and the Companies Act. The laws of Bermuda relating to the protection of the interests of minority Shareholders and to the fiduciary responsibilities of Directors may differ from the laws in other jurisdictions, and the corresponding remedies available to minority Shareholders may differ accordingly.

The rights of the Shareholders and the fiduciary responsibilities of the Directors under Bermuda law may not be as clearly established as under statutes or judicial precedent in other jurisdictions. Shareholders may have more difficulty protecting their interests in the case of actions by the Directors or management than would Shareholders of a company incorporated in other jurisdictions.

Under Bermuda law, the duties of Directors and officers of a company are generally owed to the company only and not to individual Shareholders. Shareholders of Bermuda companies do not generally have rights to take action against Directors or officers of the company, and may only do so in limited circumstances.

### **Effects of Substantial Redemptions**

Substantial redemptions of any of a Fund's Shares could require the Fund or the Manager to liquidate positions or assets more rapidly than would otherwise be desirable, which could adversely affect the value of the Shares. Shareholders' rights to request redemption of Shares may be suspended by the Directors in their discretion during any period of time when the determination of Net Asset Value is suspended. Furthermore, pursuant to the Bye-laws, the Directors may declare a temporary suspension of redemptions if, in their opinion, it would be prejudicial to the Company or (as the case may be) the Fund to permit the same to occur at a particular time.

### **No Guarantee**

There is no guarantee that implementation of the investment criteria or strategy by a Fund as described in the Supplement relevant to such Fund will not result in losses to Shareholders.

### **Liquidity Risk**

Exists when investments are difficult to purchase or sell, preventing the Fund or the Manager from liquidating assets at a fair price and hence preventing the timely processing of redemptions.

### **Transfer/Resale Risk**

The transfer of Shares is subject to the approval of the Directors and Applicable Laws and regulations. The Shares are not registered under the securities laws of the United States or any other jurisdiction, and may only be resold or transferred in such jurisdictions pursuant to registration or exemption therefrom.

### **No secondary market**

There is no public market for Subscriptions or Shares and it is unlikely that any active secondary market for Subscriptions or Shares will develop. Neither Subscriptions nor Shares are being registered to permit a public offering under the securities laws of any jurisdiction.

### **Past Performance is Not an Indication of Future Results**

No assurance can be given that the strategies employed by the Manager in the past to achieve attractive returns will continue to be successful or that the return on the Company's or a Fund's investments will be similar to that achieved by the Manager in the past.

### **Substantial Charges**

Each Fund will be obligated to pay management fees to the Manager and will each be required to pay its *pro rata* share of all other fees and expenses of the Company. See "FEES AND EXPENSES." In addition, a Fund which invests in an underlying investment vehicle will be subject to management and performance fees and *pro rata* expenses in respect of that Fund.

### **Reliance on the Investment Manager**

The Investment Manager will have exclusive responsibility for managing a Fund's assets. Investors must rely on the judgment of the Investment Manager in exercising these responsibilities. There is a risk that the Manager will not achieve its return and risk objectives or fail to produce positive returns or returns which compare favourably against its peers. The Manager and each of its respective principals are not required to devote substantially all their time to the Company or a Fund, as applicable.

### **Dependence on Key Personnel**

The Manager is or may be dependent on the services of a limited number of persons, and if the services of such key persons were to become unavailable, the Directors might deem it in the best interest of the Company or a Fund to terminate the management agreement between the Company or the relevant Fund and the Manager, as applicable.

### **Side Letters**

The Company or the Manager (for and on behalf of and for the account of a Fund), may from time to time enter into agreements with certain Shareholders that will result in different terms of an investment in the Company than the terms applicable to other Shareholders. As a result of such agreements (**Side Letters**), certain Shareholders may receive additional benefits which other Shareholders may not receive (e.g., additional information regarding the investment portfolio of the Company or in respect of a Fund, different redemption terms, lower management fee rates or performance fees). The Company and the Manager will not be required to notify the other Shareholders of any such agreement or any of the rights and/or terms or provisions thereof, nor will the Company or the Manager be required to offer such additional and/or different terms or rights to any other Shareholder. The Company or the Manager may enter into any such agreement with any Shareholder(s) at any time in the sole discretion of the Board of Directors or the Board of Directors in consultation with the Manager. For administrative reasons, Shares issued to such Shareholders may be issued in separate classes of Shares. It is possible that in the future some regulators may take regulatory action in respect of the use of such Side Letters. As a result, while the Directors may have ensured that the Company and any Fund is in compliance with all relevant laws, regulations and guidelines as regards the entry into Side Letters at the time of such entry, there is the risk that the Company, a Fund, the Directors and/or the relevant Shareholder may be subject to regulatory action in future in connection with the Company or a Fund's Side Letters, or may be forced to rescind some of the Side Letters or certain provisions thereof, affecting the parties to those Side Letters.

### **Litigation and Enforcement Risk**

The Manager might accumulate substantial positions in the securities of a specific company and engage in a proxy fight, become involved in litigation or attempt to gain control of a company. Under such circumstances, the Company conceivably could be named as a defendant in a lawsuit or regulatory action where the Manager manages a separate account on behalf of the Company. During the past few years, there have been a number of widely reported instances of violations of securities laws through the misuse of confidential information. Such violations may result in substantial liabilities for damages caused to others, for the disgorgement of profits realised and for penalties. Investigations and enforcement proceedings are ongoing and it is possible that the Manager and investment vehicles selected for the Company or a Fund may be charged with involvement in such violations. If that were the case, the performance records of the Manager would be misleading. Furthermore, if an investment vehicle in which the Company invested engaged in such violations, the Company could be exposed to losses.

### **Trading Is Speculative**

Securities and futures prices are highly volatile. Price movements for securities and futures are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; weather and climate conditions; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the psychological emotions of the market place. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument and currency markets, and such intervention (as well as other factors) may cause these markets to move rapidly.



## **Equity Securities Generally**

Certain of the Funds may engage directly or indirectly in trading equity securities. Market prices of equity securities generally, and of certain companies' equity securities more particularly, frequently are subject to greater volatility than prices of fixed-income securities. Market prices of equity securities as a group have dropped dramatically in a short period of time on several occasions in the past, and they may do so again in the future. In addition, actual and perceived accounting irregularities may cause dramatic price declines in the equity securities of companies reporting such irregularities or which are the subject of rumors of accounting irregularities.

## **Equity Securities of Small Capitalisation Companies**

Certain of the Funds may invest directly or indirectly in issuers of equity securities of small capitalised companies. Such securities may be more vulnerable than larger companies to adverse business or market developments, may have limited markets or financial resources and may lack experienced management. In addition, many small and medium-size companies are not well-known to the investing public, do not have significant institutional ownership and are followed by relatively few analysts, and thus there may tend to be less publicly available information concerning such companies compared to what is available for companies that have larger market capitalisations. Finally, some securities traded in the over-the-counter (**OTC**) market may have fewer market makers, wider spreads between their quoted bid and asked prices and lower trading volumes, resulting in comparatively greater price volatility and less liquidity than the securities of companies that have larger market capitalisations or are traded on recognised stock exchanges.

## **Leverage**

Certain of the Funds may use significant leverage in their trading activities or be subject to the same in the underlying investment vehicles, through various means. Such use of short-term margin borrowings may result in certain additional risks to a Fund. For example, should the securities pledged to a broker to secure a margin account decline in value, the broker may issue a "margin call" pursuant to which additional funds would have to be deposited with the broker or the pledged securities would be subject to mandatory liquidation to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the assets pledged to a broker as margin, assets may not be able to be liquidated quickly enough to pay off the margin debt and a Fund exposed to the same may therefore suffer additional significant losses as a result of such a default, to the extent that the segregated account structure is challenged.

Borrowing money to purchase a security may provide the opportunity for greater capital appreciation but at the same time will increase the risk of loss with respect to the security. Although borrowing money increases returns if returns on the incremental investments purchased with the borrowed funds exceed the borrowing costs for such funds, the use of leverage decreases returns if returns earned on such incremental investments are less than the costs of such borrowings. The amount of borrowings which may be outstanding at any time may be large in relation to a Fund's capital. In addition, the level of interest rates generally, and the rates at which funds can be borrowed in particular will affect the operating results of such a Fund.

## **Risks of Options Trading**

A Fund may purchase directly or indirectly options including, without limitation, OTC call options on securities and baskets of securities. In addition, certain of the Funds may directly or indirectly purchase and sell call and put options on securities and futures. Both the purchasing and selling of call and put options entail risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying instruments. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price

of the underlying instrument may fall below the exercise price.

### **Risks of Stock Index Options Trading**

Certain of the Funds may directly or indirectly purchase and sell call and put options on both securities and stock indices. A stock index measures the movement of a certain group of stocks by assigning relative values to the common stocks included in the index. Examples of well-known stock indices are the Standard & Poor's Composite Index of 500 Stocks and the FTSE 100.

As the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether a gain or loss will be realised from the purchase or writing of options on an index depends upon movements in the level of stock prices in the stock market generally, rather than movements in the price of a particular stock. Successful use of options on stock indices will depend upon the ability of the Manager or the managers of underlying investment funds to predict correctly movements in the direction of the stock market generally. This ability requires skills and techniques different from those used in predicting changes in the price of individual stocks. The effectiveness of purchasing or selling stock index options as a hedging technique will depend upon the extent to which price movements in assets that are hedged correlate with price movements of the stock index selected.

### **Short Selling**

Certain of the Funds may engage directly or indirectly in selling securities short. Selling securities short inherently involves leverage because the short sale of a security may involve the sale of a security not owned by the seller. The seller may borrow the security for delivery at the time of the short sale. If the seller borrows the security, the seller must then buy the security at a later date in order to replace the shares borrowed. If the price of the security at such later date is lower than that at the date of the short sale, the seller realises a profit; if the price of the security has risen, however, the seller realises a loss. Selling a security short which is borrowed exposes the seller to unlimited risk with respect to the security due to the lack of an upper limit on the price to which a security can rise.

### **Restricted Securities**

Certain of the Funds may engage directly or indirectly in investing in restricted or other privately placed securities. Such securities are generally not freely tradable and there may not be a market generally recognised as liquid by dealers or investors in the relevant securities. In addition to liquidity concerns, restricted securities owned by a Fund may involve special registration risks, liabilities and costs, and valuation difficulties. In addition, a Fund will be subject to the risk of breach of the purchase agreements by the issuers of such securities, whether due to bankruptcy, insolvency or other causes.

### **Futures Trading is Highly Speculative**

Certain Funds may allocate a portion of their assets to managers or underlying investment vehicles who trade futures. The low margin deposits normally required in futures trading permit an extremely high degree of leverage. Accordingly, a relatively small price movement in a futures contract may result in immediate and substantial loss or gain to the investors. For example, if at the time of purchase 10% of the price of a futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract were then closed out, result in a total loss of the margin deposit before any deduction for brokerage commissions. Thus, like other leveraged investments, any futures trade may result in losses in excess of the amount invested. Any increase in the amount of leverage applied in trading futures will increase the risk of loss by the amount of additional leverage applied.

### **Forward Contract Trading**

Certain Funds may trade their assets in forward contracts or in underlying funds which engage in forward contract trading. Such forward contracts are not traded on exchanges and are executed directly through

forward contract dealers. There is no limitation on the daily price moves of forward contracts, and a dealer is not required to continue to make markets in such contracts. There have been periods during which forward contract dealers have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the bid and asked price. Arrangements to trade forward contracts may therefore experience liquidity problems. A Fund which engages in contract trading directly or indirectly will be subject to the risk of credit failure or the inability of or refusal of a forward contract dealer to perform with respect to its forward contracts.

### **Futures Contracts on Financial Instruments**

Certain Funds may directly or indirectly trade futures contracts on financial instruments. These markets may move rapidly from time to time, thereby increasing the possible volatility of a Fund's portfolio.

### **Cash Flow**

Futures contract gains and losses are marked-to-market daily for purposes of determining margin requirements. Option positions generally are not, although short option positions will require additional margin if the market moves against the position. Due to these differences in margin treatment between futures and options, there may be periods in which positions on both sides must be closed down prematurely due to short term cash flow needs. If this were to occur during an adverse move in a spread or straddle relationship, a substantial loss could occur.

### **Trading May Be Illiquid**

Exchanges may limit fluctuations in futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." During a single trading day, no trades may be executed at prices beyond the daily limit. Once the price of a particular futures contract has increased or decreased to the limit point, positions in the futures contract neither can be taken nor liquidated unless traders are willing to effect trades at or within the limit, which would be unlikely if underlying market prices moved beyond the limit. Futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. In addition, even if futures prices have not moved the daily limit, the Fund or its underlying investment vehicle may not be able to execute trades at favourable prices if little trading in the contracts it wishes to trade is taking place. It is also possible that an exchange may suspend trading, order the immediate settlement of a particular contract or order that trading in a particular contract be conducted for liquidation purposes only. Options trading may be restricted in the event that trading in the underlying instrument becomes restricted, and options trading may itself be illiquid at times, irrespective of the condition of the market of the underlying instrument, making it difficult to offset option positions in order to either realise gain thereon, limit losses or change positions in the market.

### **Price Fluctuations**

A principal risk in trading futures is the traditional volatility and rapid fluctuation in the market prices of futures. The profitability of any Fund's futures trading directly or indirectly will depend primarily on the prediction of fluctuations in market prices. Many fundamental factors influence market prices including, without limitation, the supply and demand of a particular futures contract, weather and climate conditions, governmental activities and regulations, political and economic events, and the prevailing psychological characteristics of the marketplace. The technical trading methods employed by certain of the Funds or their respective underlying investment vehicles may not take account of such fundamental factors except as they may be reflected in the technical input data analysed by the Manager or the underlying managers.

### **Uncovered Risks**

Certain of the Funds may directly or indirectly employ various "risk-reduction" techniques designed in an attempt to minimise the risk of loss in portfolio positions. A substantial risk remains, nonetheless, that

such techniques will not always be possible to implement and when possible will not always be effective in limiting losses.

Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but a Fund or its underlying investment vehicle may establish other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedge transactions also limit the opportunity for gain if the value of a portfolio position should increase. Moreover, it may not be possible for a Fund or its underlying investment vehicle to hedge against a fluctuation that is so generally anticipated that a Fund or its underlying investment vehicle are not able to enter into a hedging transaction at a price sufficient to protect from the decline in value of the portfolio position anticipated as a result of such a fluctuation. In addition, a Fund or its underlying investment vehicle may choose not to engage in a hedging transaction if the expense associated with such hedging transaction is perceived as being too costly.

The success of the hedging transactions of the Funds will be subject to the individual abilities of the Manager or managers of its underlying investment vehicle to correctly predict market fluctuations and movements. Therefore, while a Fund or its underlying investment vehicle may enter into such transactions to seek to reduce risks, unanticipated market movements and fluctuations may result in a poorer overall performance for the Fund than if a Fund or its underlying investment vehicle had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary.

#### **Decisions Based on Technical Analysis**

The trading decisions of certain of the Funds or their underlying investment funds may be based in part on investment strategies which utilise mathematical analyses of technical factors relating to past market performance. The buy and sell signals generated by a technical, trend-following investment strategy are based upon a study of actual daily, weekly and monthly price fluctuations, volume variations and changes in open interest in the markets. The profitability of any technical, trend-following investment strategy depends upon the occurrence in the future of significant, sustained price moves in some of the markets traded. A danger for trend-following traders is "whip-saw" markets, that is, markets in which a potential price trend may start to develop but reverses before an actual trend is realised. A pattern of false starts may generate repeated entry and exit signals in technical systems which only result in unprofitable transactions. In the past there have been prolonged periods without sustained price moves. Presumably such periods will continue to occur. Periods without such price moves may produce substantial losses for such investment strategies. Thus, any factor which may lessen the prospect of such moves in the future (such as increased governmental control of, or participation in, the relevant markets) may reduce the prospect that any trend-following investment strategy will be profitable in the future.

#### **Decisions Based on Fundamental Analyses**

The trading decisions of certain Funds or their underlying investment vehicles may be based primarily on investment strategies which utilise fundamental analysis of underlying market forces. Fundamental analysis attempts to examine factors external to the trading market which affect the supply and demand for a particular instrument in order to predict future prices. Such analysis may not result in profitable trading because the Manager or managers of the underlying investment vehicle may not have knowledge of all factors affecting supply and demand, prices may often be affected by unrelated factors, and purely fundamental analysis may not enable the a Fund or its underlying investment vehicle to determine quickly that its previous trading decisions were incorrect.

#### **Absence of Regulation in OTC Transactions**

Certain Funds may directly or indirectly engage in OTC derivatives transactions. In general, there is less

governmental regulation and supervision in the OTC markets than of transactions entered into on an organised exchange. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions. A Fund will therefore be exposed to greater risk of loss through default than if it or its underlying investment vehicle had confined their trading to regulated exchanges.

Where a Fund acquires or values securities in the over-the-counter market there is no guarantee that the Fund will be able to realise such securities at a premium due to the nature of the over-the-counter market.

### **Exchanges and Markets**

Certain of the Funds may directly or indirectly engage in trading on exchanges and markets. Trading on such exchanges and markets may involve certain risks. For example, certain of such exchanges may not provide assurances of the integrity (financial and otherwise) of the marketplace and its participants. There also may be limited regulatory oversight and supervision by the exchanges themselves over transactions and participants in such transactions on such exchanges. Some exchanges are “principals’ markets” in which performance is the responsibility only of the individual member with whom the trader has dealt and is not the responsibility of an exchange or clearing association. Furthermore, trading on certain exchanges may be conducted in such a manner that all participants are not afforded an equal opportunity to execute certain trades and may also be subject to a variety of political influences and the possibility of direct government intervention.

### **Trading in Securities**

Certain of the Funds may trade directly or indirectly in securities. In addition to currency exchange risks, such trading requires consideration of certain other risks. With respect to certain countries, there is a possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments which could affect the prices of securities of issuers located in those countries. There may be limited publicly available information about issuers and entities may not be subject to internationally recognised accounting, auditing and financial reporting standards. Volume of trading may be limited and securities traded in such markets may have limited liquidity and their prices may be more volatile.

### **Emerging Markets Risks**

Certain of the Funds may invest directly or indirectly in securities issued by issuers located in emerging market jurisdictions. Emerging market countries have experienced high rates of inflation and currency fluctuations in recent years and have suffered generally from economic and political instability. Political changes or a deterioration of a country's domestic economy or balance of trade or a change in such countries exchange rates relative to US dollars may affect the willingness or ability of issuers located in such countries to make or provide for timely payments of interest or dividends on securities. There can be no assurance that adverse political and/or economic changes will not cause a Fund or the Company to suffer a loss in respect of its investments.

### **Investing in Securities Markets of Emerging Market Countries**

Most securities markets in emerging market countries have substantially less volume and are subject to less governmental supervision than US and EU securities markets, and securities of many emerging market issuers may be less liquid and more volatile than securities of comparable US or EU issuers. In addition, there is generally less governmental regulation of securities exchanges, securities dealers and listed and unlisted companies in emerging market countries than in the US or the EU.

The emerging markets also have different clearance and settlement procedures and in certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Delays in settlement could result in

temporary periods when a portion of the Company's or the case may be, a Fund's assets are invested and no return is earned thereon. The inability to make intended purchases due to settlement problems could cause the Manager to miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems could result either in losses to the Company or a Fund (as the case may be) due to subsequent declines in value of the portfolio security or, if a Fund or its underlying investment fund has entered into a contract to sell the security, could result in possible liability to the purchaser.

Information relating to the emerging markets in which the issuers of securities contemplated to be purchased by a Fund or its underlying investment vehicle are located and to particular investments is limited. There is substantially less publicly available information relating to the governments, banks and companies of emerging market countries than there are reports and ratings of US and EU companies and governments. The national income accounting, auditing and financial reporting standards and practices of the countries in which the issuers are located may not be equivalent to those employed in the US or the EU and may differ in fundamental respects, such as accounting for inflation. Inflation accounting may indirectly generate losses or profits. Such securities will not be supported by the full faith and credit of the national government of the applicable country in which an issuer is located. The Company may have limited legal recourse in the event of a default by an issuer of an instrument.

### **Below Investment Grade Securities**

Certain Funds may directly or indirectly invest in fixed-income instruments which are deemed to be the equivalent in terms of quality to securities rated below investment grade by Moody's Investors Service, Inc. and Standard & Poor's Corporation and accordingly involve great risk. Such securities are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk to adverse conditions. These securities offer higher returns than bonds with higher ratings as compensation for holding an obligation of an issuer perceived to be less creditworthy. While all security investments have some degree of risk, these types of securities may be subject to greater market fluctuations and risk of loss of income and principal than are investments in lower yield fixed-income securities with higher ratings.

### **Limited Ability to Liquidate Investment in Shares**

No secondary public market for the sale of Shares exists, nor is one likely to develop. In addition, a transferee of Shares may become a substituted Shareholder only with the consent of the Directors. Many of the investments of a Fund may not be immediately liquidated and the Fund may directly or indirectly incur redemption charges in connection with the redemption of its investment in such funds. To the extent such charges are incurred in connection with a Shareholder's redemption directly or indirectly, the Company will deduct the amount of such charges from the redemption proceeds otherwise payable to such Shareholder.

### **Involuntary Liquidation of Shares**

An investor's Shares may be liquidated by the Company through forced redemption for any reason in the sole discretion of the Directors.

### **Possible Effect of Redemptions**

Substantial redemptions of Shares could require the Company or a Fund to liquidate its positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions and achieve a market position appropriately reflecting a smaller asset base and could make it more difficult for the Company to generate profits or recover losses. These factors could adversely affect the value of Shares redeemed and of the Shares remaining outstanding.

## **Litigation**

The Company, or a Fund, might be named as a defendant in a lawsuit or regulatory action stemming from the activities of the Manager. In the event that such litigation did occur, the Company, or the Fund, would bear the additional costs of defending against it and be at further risk if the litigation were lost.

## **Possible Indemnification Obligations**

Under certain circumstances, the Company, or a Fund, may be obligated to indemnify the Manager against any liability it or its affiliates may incur in connection with their relationship with the Company or Fund. In addition, the assets of the Company or a Fund may incur indemnification obligations.

## **Contingent Liabilities**

The Company, or a Fund, may find it necessary upon redemption by a Shareholder to set up a reserve for undetermined or contingent liabilities and withhold a certain portion of the Shareholder's redemption amount. This could occur, for example, in the event the Company's assets cannot be properly valued on the redemption date, or if there is any pending transaction or claim by or against the Company or a Fund.

## **Institutional Risks**

Institutions will have custody of the assets of the Company or a Fund. These firms may encounter financial difficulties that impair the operating capabilities or the capital position of the Company or a Fund. The Manager will attempt to limit the Company's or, as the case maybe, a Fund's transactions to well-capitalised and established brokers in an effort to mitigate such risks.

## **Counterparty Risk**

The Company or, as the case may be, a Fund will be subject to the risk of the inability of counterparties to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes, which could subject the Company or a Fund to substantial losses. In an effort to mitigate such risks, the Manager will attempt to limit the Company's or a Fund's transactions to counterparties which are established, well-capitalised and creditworthy.

## **Possible Law Changes**

No assurance can be given that legislative, administrative or judicial changes will not occur which will alter, either prospectively or retroactively, the tax considerations or risk factors discussed in this Prospectus.

## **AIFMD**

The AIFM Directive of the European Union (**EU**) took effect across the EU on 22 July, 2013. The AIFM Directive regulates marketing in the EU of the securities of any alternative investment fund (**AIF**) such as the Company. **However, the Company and, as the case may be, any Fund are not marketed in the EU and there is no intention as of the date of this Prospectus to market the Company nor any Fund in the EU.**

If the Company or, as the case may be, a Fund is marketed in the EU at any point prior authorisation will be required. In order to obtain authorisation to market the Company or a Fund in the EU, the Manager will be required to comply with numerous obligations in relation to its own operations and in relation to the AIFs that it manages.

If the Company or a Fund is marketed in the EU, pursuant to the AIFM Directive, the Manager, as a non-EU AIFM marketing a non-EU AIF (*i.e.*, the Company) to persons within the EU, will be required to,

among other things: (i) confirm that Bermuda and US regulatory authorities have entered into a cooperation-and-information-sharing agreement with the regulator of each EU country into which the Company is to be marketed; (ii) confirm that Bermuda is not listed as a non-cooperative country for the purposes of the Financial Action Task Force; and (iii) provide EU investors and the regulators of such investors' EU countries with the Company's annual financial report and certain additional information about the Fund.

It should be noted that, if the Company or a Fund is marketed in the EU, any regulatory changes arising from implementation of the AIFM Directive may increase the expenses of the Company or the Manager related to compliance therewith and may impair the ability of the Manager to market Shares in the EU in the future. As a result, such regulatory changes may have a material adverse effect on the Company's ability to achieve its investment objectives.

### **Compliance**

The Company must comply with various legal requirements, including without limitation requirements imposed by the securities laws, tax laws (including, without limitation, FATCA, UK FATCA and CRS) and pension laws in various jurisdictions. Should any of those laws change over the scheduled term of the Company, the legal requirements to which the Company and the Shareholders may be subject could differ materially from current requirements.

***The foregoing list of risk factors does not purport to be a complete explanation of the risks involved in this offering. Prospective investors should read the entire Prospectus and related Supplements before determining to invest in Shares.***

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## **CONFLICTS OF INTEREST**

The Company is subject to various actual and potential conflicts of interest as follows:

### **Other Trading Activities**

The Manager, the brokers, their respective principals, directors, officers, partners, members, managers, shareholders, employees and affiliates (collectively, "***principals and affiliates***"), trade or may trade for their own accounts, and certain of such persons have sponsored or may in the future sponsor or establish other public and private investment funds. The Manager all trade for accounts other than the Company's, including for their own accounts, and the Manager will remain free to trade for such other accounts and to utilise trading strategies and formulae in trading for such accounts which are the same or different from the ones the Manager will utilise in making trading decisions for the Company. In addition, and if and when applicable, in their respective proprietary trading, the Manager, the brokers and their respective principals and affiliates may take positions the same as, different than or opposite to those of the Company or a Fund and each may trade ahead of the Company or a Fund. The records of any such trading will not be available for inspection by Shareholders except to the extent required by law. All such trading may increase the level of competition experienced by client accounts including with respect to order entry and the allocation of executed trades. In addition, the brokers effect transactions for customers in addition to the Company or a Fund. Since the identities of the purchaser and seller are not disclosed until after a trade, it is possible that the brokers could affect transactions for such persons in which the other parties to the transactions are principals and affiliates or customers of the brokers or the Company or a Fund. Such persons might also compete with the Company or a Fund in making purchases or sales of futures without knowing that the Company or a Fund is also bidding on such futures. Since similar orders (e.g., market orders) for the same futures are filled in the order in which they are received by a particular floor broker, transactions for any of such persons might be effected when similar trades for the Company or a Fund are not executed or are executed at less favorable prices.



As a result of price volatility, occasional variations in liquidity, and differences in order execution, it is impossible for the Manager to obtain identical trade execution for all their clients. When block orders are filled at different prices, the Manager will assign the executed trades on a systematic basis among all client accounts. Trades for any proprietary accounts of the Manager that parallel those of the Manager's clients will be subject to the same allocation procedures. In addition, because the Manager may receive differing compensation from its clients they may have a financial incentive to favour the accounts where its compensation is greater.

As the Manager may be willing to accept more risk than they believe is acceptable for clients, and because they may test new trading methodologies, positions in the Manager proprietary accounts may be inconsistent or opposite to those of clients. In addition, the Manager may trade certain futures for its own accounts that, by virtue of speculative position limits or perceived illiquidity, are deemed by the Manager to be inappropriate for client accounts. As a result, the performance of the Manager's own accounts may differ from the performance of client accounts.

The Manager/ may advise and intend to advise additional collective investment vehicles and customer accounts in the future. Trading orders for such accounts may be similar to those of the collective investment vehicles or accounts managed by the Manager and they may occur contemporaneously. Due to circumstances beyond the Manager's control, such as unexpected inflows and outflows of funds into the collective investment vehicles managed by them on behalf of the Company or a Fund, or other collective investment vehicles which are managed in accordance with the similar investment strategy, variations in return may from time to time arise, which the Manager will use all reasonable endeavors to minimise, but for which they cannot be held accountable.

### **Other Business Activities**

The Administrator, the Directors and the Manager and each of their respective principals and affiliates will not be devoting their time exclusively to the management of the Company or a Fund. Therefore, each of these persons will have conflicts of interest in allocating management time, services and functions among the various entities for which they provide services.

### **Board Memberships**

Officers, directors and employees of the Company, the Manager and their respective principals and affiliates from time to time may serve on various committees and boards of exchanges and assist in making rules and policies of those exchanges. In such capacity, they have a fiduciary duty to the exchanges on which they serve and are required to act in the best interests of such organisations, even if such action may be adverse to the interests of the Company.

### **Performance Fees**

The performance fee arrangements made between the Company and the Manager in respect of each Fund (if any) may create an incentive for the Manager to make trading decisions that are more speculative or subject to a greater risk of loss than would be the case if no such arrangement existed.

### **Retained Earnings**

To the extent that increases in the Net Asset Value are retained by the Company rather than paid out as dividends, the Net Asset Value of the Company or a Fund will be greater, thereby increasing the amount of the management fees payable to the Manager.

### **Directors**

A Director may hold any other office or place of profit under the Company (other than the office of auditor)

in conjunction with his office of director or may act in a professional capacity to the Company on such terms as the Directors may determine. No Director shall be disqualified by his office from contracting with the Company in any capacity, nor shall any such contract or arrangement entered into by the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office if he shall declare the nature of his interest.

A Director, notwithstanding his interest, may be counted in the quorum present at any meeting at which he or any other Director is appointed to hold any such office of place of profit under the Company or at which the terms of any such appointment are arranged, and he may vote on any such appointment or arrangement other than his own appointment or the arrangement or terms thereof.

There shall be no less than two Directors of the Company. Directors are elected, and can be removed, by a majority vote in number of holders of the Shares. The Bye-laws permit the Directors to receive remuneration for their services to the Company in their capacity as Directors and reimbursement for their expenses in connection with attendance at meetings and performance of duties to the Company.

There are no existing or proposed service contracts between any of the Directors and the Company.

### **Placement Agents**

Certain placement agents may be paid ongoing compensation while investors introduced to the Company by them are Shareholders of the Company. Accordingly, such placement agents will have a conflict of interest in advising investors whether to purchase or redeem Shares.

### **Common Counsel**

In connection with the offering of Shares pursuant to this Prospectus and any Supplement, the Company and the Manager have been represented by the same legal counsel namely BeesMont Law. To the extent that this offering could benefit by further independent review, such benefit will not be available in this offering. BeesMont Law has not represented investors in the Company in connection with this offering.

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## **PROFILES**

This section sets out the various participants engaged in the operation of the Company.

### **Directors**

The Company has four (4) Directors, each of whom serves in accordance with the laws of Bermuda and with the Bye-laws. The Directors have overall responsibility for the management and control of the Company. The Directors may delegate the responsibility for the day-to-day investment management and administration of the Company to the Manager and the Administrator, respectively. The Manager and the Administrator will provide such other information as may from time to time be reasonably required by the Directors for the purpose of managing and administering the Company or, as the case may be, the Funds.

For the purposes of this Prospectus, the address of each Director is the registered office of the Company. All Directors of the Company are non-executive. The Directors do not serve under service contracts and there is no provision in the Bye-laws requiring a Director to retire by reason of any age limit and nor is there a share qualification for Directors.

A brief biographical description of the Directors of the Company follows:

### **Ian Truran**

Ian Truran is Bermudian and is Chairman of the Company. He graduated with a Bachelor of Commerce from Dalhousie University in 1992, a diploma from the ABA Stonier Graduate School of Banking in 2013 and a Wharton School of Business Leadership Certificate in 2013. Mr. Truran has worked in the banking industry for 19 years, 13 years of which in senior management roles. His primary focus has been retail banking, corporate banking, private banking and credit risk management.

Mr. Truran joined Clarien Bank Limited (formerly Capital G Bank Limited) in September 2001 has held the position of President and CEO since May 2010. In January 2014 he was appointed Co-Chief Executive Officer. Prior responsibilities included the sales and service components of the Bank with oversight of Branch Banking, Private Banking, Personal Lending, Business Banking, Credit Risk Management and Compliance.

Before joining Clarien Bank Limited (formerly Capital G Bank Limited), Mr. Truran held different positions with the Bank of N.T. Butterfield & Son Limited from 1992 until 2001, finally as Senior Vice President of Private Banking. Mr. Truran served as Executive Member of the Bermuda Chamber of Commerce from 2006 until 2010 and is a Vice President of the Bermuda Equestrian Federation since 2005 and was appointed to the Board of Education in September 2013.

An active member of the Bermuda community, Mr. Truran sits as a Trustee for the International Charitable Fund of Bermuda, Inc and has been serving as the Vice President of the Bermuda Equestrian Federation since 2005. Mr. Truran sat as an Executive Member on the Bermuda Chamber of Commerce Board from 2006 to 2010 and continues to serve as a director on various other financial services companies.

### **John Johnson**

John Johnson is Bermudian and President and CEO of the Company. He is also the EVP of the Manager and is responsible for the overall investment management process and is a member of the asset and liability committee. Mr. Johnson began his career in 1990 in investment brokerage and spent seven years at ScotiaMcLeod and a further seven years at HSBC Private Bank (Bank of Bermuda) as Senior Portfolio Manager of the Private Banking Investment Group. Prior to his appointment to COO of the Manager in 2009, he spent two years at WP Stewart & Co. Ltd. as a Portfolio Manager. Mr. Johnson holds a BA in Economics from the University of Calgary and was awarded his CFA Charter in 2001. He has served on the board of the Bermuda Society of Financial Analysts in the capacity of Secretary and Membership.

### **David Carrick**

David Carrick is Bermudian and is the Chief Financial Officer of the Company. He is also the Chief Financial Officer of Clarien Bank Limited (formerly Capital G Bank Limited).

Mr. Carrick, originally from Scotland, and possessing Bermuda status, holds a Bachelor of Accounting degree in Accountancy and Finance from Heriot-Watt University, Edinburgh, and is a Member of the Institute of Chartered Accountants of Scotland.

Mr Carrick has extensive leadership experience of top-level teams gained in a range of corporate environments in the financial services industry.

Prior to joining the Company, Mr. Carrick served for two years in the role of Corporate Controller, SVP Finance at Butterfield Bank, stepping into the CFO role during the Bank's restructuring process until the appointment of the Bank's new CFO in September 2010. Mr. Carrick is responsible for the Group's accounting, finance and treasury functions.

### **James Gibbons**

James L. Gibbons is Bermudian. He was educated at Harrow School, England and received a BSBA in Finance from Georgetown University in 1985. He worked as a registered representative for Prudential Bache Securities 1985-1986, as a Director of Gibbons Management Services Limited from 1986-1989, as Managing Director of Gibbons Deposit Company Limited from 1989-1999, as President and CEO of

Capital G Limited from 1999 – 2010 and is currently Treasurer of Edmund Gibbons Limited, Director of Clarien Bank Limited (formerly Capital G Bank Limited), a Director of Harbour Trust Limited and President of Bermuda Air Conditioning Limited. He is an Independent Director of Renaissance Re Holdings Ltd and numerous other Boards. He was a member of Bermuda Government's Council of Economic Advisers, The Waterfront Task Force, and Monetary Advisory Committee of the Bermuda Monetary Authority, the Mayor's Commission on the Future of the City of Hamilton and Public Funds Investment Committee. He is a member of the Bermuda Zoological Society's and Youthnet's Advisory Boards. He is an Honorary Trustee of the Bermuda Underwater Exploration Institute.

If a Director wishes to resign his or her office then the Company shall be given not less than 60 days prior written notice of such intention unless the Board shall accept a lesser notice period.

The Directors are remunerated from fees payable by the Company. The Directors may also under the provisions of the Bye-laws be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company or of the assets of the relevant Fund. The Directors may grant special remuneration to any Director who is required to perform any special or extra service to or at the request of the Directors.

The Bye-laws provide that, in relation to any claim, provided a Director has carried out his duties or activities on behalf of the Company, in the absence of fraud or dishonesty, the Directors (or any one of them) may be reimbursed out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by them (or him or her) in the execution and discharge of their (or his or her) duties, including any liability incurred in defending any proceedings (whether civil or criminal) which relate to anything done or omitted or alleged to have been done or omitted by them (or him or her).

### **Manager**

Clarien Investments Limited has been appointed as Manager to the Company in respect of the Funds created and offered from time to time pursuant to an Investment Advisory agreement with the Company dated 24 July, 2015 (**Management Agreement**).

Clarien Investments Limited is a limited liability company incorporated under the laws of Bermuda on 27 May, 1997 and holds an investment management licence issued by the BMA pursuant to the Investment Business Act 2003 as amended. The Manager is the investment subsidiary of Clarien Bank Limited and provides discretionary investment services, sales of third party mutual funds, execution and listing services on the Bermuda Stock Exchange (as it is a member), custodian, corporate registrar, corporate secretarial administration. The Clarien group of companies has operations in Bermuda.

The Manager was established in the mid-1990s to provide discretionary investment services for the Gibbons family and provide retail investment services to clients of the deposit company. The investment aspect of the business has grown substantially since that time. As at the date of this Prospectus, the Manager's services include discretionary investment management, custody, brokerage and mutual funds. As at 30 June, 2015, the Manager had US\$956 million assets under management.

Pursuant to the Management Agreement, the Manager is responsible for the management of the Company and the supervision of the administration of the Company. The Manager may appoint one or more Advisers to whom it may delegate all or part of the day to day conduct of its investment management responsibilities in respect of any Class of Shares. The Management Agreement provides indemnities in favour of the Manager against all liabilities, actions, proceedings, claims, costs, demands and expenses (other than out of pocket expenses incurred in the performance of its duties) which may be brought against or incurred by the Manager by reason of its performance or non-performance of its duties, except those that arise from the fraud, bad faith, willful default or gross negligence of the Manager or its agents.

The Management Agreement can be terminated by either party on ninety (90) days' notice and summarily by the Company in the case of material breach by, or liquidation of, the Manager.

The Manager is entitled to receive a quarterly management fee from the Company.. The Manager pays the fees of the Advisers out of such fees and the fees of any approved sub-Advisers.

The Company will be categorised as a non-EU AIF, and Clarien Investments Limited with respect to the promotion of the Shares of the Company and/or each Fund as a non-EU AIFM, for the purposes of the AIFMD. As such, neither the Company nor Clarien Investments Limited will be required to seek authorisation under the AIFMD. Clarien Investments Limited intends to comply with the conditions specified in the AIFMD in order that the Company and/or each Fund may be marketed to professional investors in EU States, subject to compliance with the other conditions specified in the AIFMD and the relevant provisions of the national laws of such EU States.

### **Third Party Investment Advisors**

One or more third party investment advisors may be appointed by a Fund or by the underlying investment fund in which a Fund invests. It is expected that investment advisors appointed from time to time by the Fund or any underlying investment fund will be disclosed in the annual report relating to each Fund.

### **Administrator**

The Company has entered into an administration agreement with CITCO Fund Services (Ireland) Limited dated 25 August, 2015, as the same may be amended, restated or otherwise modified (**Administration Agreement**). Pursuant to the Administration Agreement, the Company has appointed CITCO Fund Services (Ireland) Limited as Administrator to provide the following services; registrar and transfer agency, AML/ATF screening and monitoring, fund accounting, corporate secretarial, directorship and acting as the SAR (**Administrator**). The office of the Administrator is located at Tellengana House, Blackrock Road, Cork, Ireland.

The Administrator is a company organised under the laws of Ireland and incorporated in 1998. The Administrator is authorised by the Central Bank of Ireland to provide fund administration services under the Investment Intermediaries Act, 1995.

The Company has agreed to pay the Administrator such customary fees for its services as the Company and the Administrator negotiate from time to time and such fees shall be apportioned between the Segregated Accounts (including the Fund). The Administration Agreement is terminable by either party on not less than 90 days' prior written notice.

Pursuant to the Administration Agreement, the Company agrees to indemnify and hold harmless the Administrator, its employees, shareholders, agents, affiliates, subsidiaries, directors, officers and any person who controls the Administrator against and from any and all liabilities, obligations, losses, damages, penalties, actions, judgments, claims, demands, suits, costs, expenses or disbursements of every nature and character arising out of or in any way related to the Administrator's actions taken or failure to act in connection with the administrative services under the Administration Agreement (other than by reason of the gross negligence, fraud, willful misconduct, dishonesty, reckless disregard for their duties or breach of the Administration Agreement on the part of the Administrator).

For the purpose of calculating the net asset value of a Fund the Administrator shall, and shall be entitled to, rely on, and will not be responsible for the accuracy of, financial data furnished to it by the Manager and/or any independent third party pricing and valuation services selected by the Company. Provided, however, that the Administrator shall inquire into the accuracy or completeness of such information if it has a reasonable basis to believe such information is inaccurate. If the Manager is responsible for or otherwise involved in the pricing of the Fund's investments or other assets, the Administrator may accept, use and rely on such prices in determining the net asset value of the Fund and shall not be liable to the

Company, the Fund or Shareholders or any other person in so doing.

The Administrator is a service provider to the Company and does not have any responsibility or authority to make investment decisions, nor render investment advice, with respect to the assets of the Company. The Administrator has no responsibility for monitoring compliance by the Company or the Manager with any investment policies or restrictions to which they are subject. The Administrator accepts no responsibility or liability for any losses suffered by the Company as a result of any breach of such policies or restrictions by the Company or the Manager.

### **Secretary**

The Secretary of the Company is Clarien Bank Limited.

The responsibilities of the Secretary of the Company include maintaining the Company's share register and the register of director and officers of the Company, maintaining the Company's minute books and other statutory records, and convening and preparing minutes of meetings of the Directors and Shareholders.

### **SAR**

Clarien Bank Limited has been appointed by the Company to act as the Segregated Accounts Representative (**SAR**). The SAR is under a duty to make a written report to the Registrar of Companies in Bermuda within 30 days after (a) the SAR reaches the view that there is a reasonable likelihood of a Fund or the general account of the Company becoming insolvent, or (b) it comes to the SAR's knowledge or he or she has reason to believe that certain failures to comply with the SAC Act have occurred or that the Company has become involved in any criminal proceedings in Bermuda or elsewhere.

### **Custodian**

Citco Bank Nederland N.V., Dublin Branch, has been appointed by the Company to act as Banker to the Company and Citco Custody Limited has been appointed to act as Custodian by the Company pursuant to a depositary agreement dated 25 August, 2015 (**Depositary Agreement**). The Citco group of companies provide global custody, brokerage and depositary services and fund administration to an international clientele of investment funds and fund management groups.

The custody assets of the Company are held by the Custodian for the account of the Company or by sub-custodians appointed by the Custodian which are, *inter alia*, responsible for the custody of assets and receipt of income, except where a prime broker has been appointed by the Company.

The Custodian is not responsible for any shortcomings on the part of sub-custodians, agents or other third parties which are not affiliates of the Custodian provided the Custodian can demonstrate that due care was taken in the selection and ongoing level of monitoring of any such sub-custodian, agent or third party. The Custodian is not responsible for any act or omission or for the solvency of any sub-custodian, agent or third party which is not an affiliate of the Custodian which the Custodian is either compelled or directed to appoint.

The Banker is a limited liability company registered in the Netherlands, acting through its Irish branch registered at Customs House Plaza Block 3, I.F.S.C., Dublin 1, Ireland. Citco Bank Nederland N.V. was established in Amsterdam in December 1985 and is regulated by De Nederlandsche Bank N.V. (the Dutch Central Bank) and the Autoriteit Financiële Markten (AFM or Authority Financial Markets).

The Custodian is organised under the laws of Malta and is regulated by the MFSA. The Custodian is licensed by the MFSA and is authorised to act as custodian to various funds.

Neither the Custodian nor the Banker is responsible for the preparation of this Private Placement Memorandum and accepts no responsibility for any information contained herein. The Custodian/Banker does not have any responsibility or authority to make investment decisions, nor render investment advice, with respect to the assets of the Company.

The fees and expenses payable to the Custodian are described in Section 13 and Schedule 1 of the Depositary Agreement

**Auditor**

The independent auditors to the Company are KPMG Audit Limited of Crown House, 4 Par-La-Ville Road Hamilton HM 08, Bermuda.

The Auditors have given and have not withdrawn their written consent to the inclusion of their name and references to them within this Prospectus, before delivery of a copy of this Prospectus to the Registrar of Companies in Bermuda.

**Legal Advisers**

BeesMont Law of 5<sup>th</sup> Floor Andrew's Place, 51 Church Street, Hamilton HM 12, Bermuda has been appointed counsel to the Company as to matters of Bermuda law as to which the Company consult their attorneys.

In connection with the preparation of this Prospectus, BeesMont Law has relied upon the information provided to it by the Manager, and has not made any systematic effort to verify the information contained herein. In addition BeesMont Law has been engaged to act on behalf of the Company and not on behalf of the shareholders.

## FEES AND EXPENSES

### Manager's Fees

The Company will pay the Manager in respect of a Fund a Management Fee at an annual rate of a percentage of the Net Asset Value of the applicable Fund which shall be payable monthly in arrears from the Fund Account (as more particularly set forth in the Fund Supplement).

### Expenses

*Establishment expenses:* Establishment expenses allocated to a Fund will be expensed as they arise as set forth in the Fund Supplement. Any additional establishment expenses will be paid by the Manager and not reimbursed from the Company or any other Fund.

*Operating expenses:* These expenses are paid by each Fund and are (*inter alia*) the legal, accounting and administrative fees in respect of that Fund and include the apportioned fees of the Administrator and Auditor.

*General expenses:* Each Fund will pay its administration expenses not captured above and its apportioned share of the costs of administering the Company (for this purpose, expenses may be recognised on an accruals basis or as incurred, depending upon the nature of the expenses).

### Other Fees and Expenses

The Company is obligated to pay all fees and expenses incurred in the ordinary course of its business, including, without limitation, legal fees and expenses, expenses of the continuous offering and marketing of Shares, fees and expenses related to currency hedging transactions, filing fees and expenses, administration fees and expenses, accounting, audit and tax preparation expenses, data processing costs, software and software development expenses, the Directors' fees, tax, interest expenses, insurance expenses, custody fees and bank charges and litigation and extraordinary expenses, if any. All fees and expenses which are specific to a Fund or to a series or class of Shares within a Fund will be charged to such Fund, series or class.

### Commissions

Save as disclosed in this Prospectus, no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any Shares. No person has, or is entitled to be given, an option to subscribe for any Shares or loan capital of the Company. The Manager may from time to time and at its sole discretion and out of its own resources decide to rebate to some or all investors (including the Directors) or to their agents or to third-party intermediaries part or all of the Subscription Fee and/or Management Fee.

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## SHARE DEALINGS

Any variations in respect of share dealings for a particular Fund the information set out below will be set forth in the Fund Supplement.



## Subscription for Shares

### Admission

The Shares shall be offered to persons who are “Eligible Investors” as more particularly considered on page 48.

It is the responsibility of each prospective applicant for Shares (**Applicant**) to ensure that the purchase of Shares does not violate any Applicable Laws in the Applicant’s jurisdiction of residence or any other jurisdiction in respect of whose laws that Applicant may be subject. Persons interested in purchasing Shares should inform themselves as to the legal requirements within their own countries for the purchase of Shares and any foreign exchange restrictions with which they must comply.

The Directors may impose restrictions on ownership of the Shares and may compel a Shareholder to compulsorily redeem some or all of its Shares for any reason. The Directors retain the discretion to reject the subscription of any potential investors as well. Generally, the Directors will act for the purposes of ensuring that no Shares are acquired or held by any of the following persons:

- (a) any person in breach of the law or requirements of any country or governmental authority;
- (b) any person or persons in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Directors to be relevant) which in the opinion of the Directors might result in the Company or the relevant Fund incurring any liability to taxation or suffering any other pecuniary or other disadvantage which the Company might not otherwise have incurred or suffered; or
- (c) such other category of person or persons as the Directors may from time to time specify, including without limitation due to failure to comply with FATCA, UK FATCA, the CRS and/or any AML/ATF requirements.

### Application Procedure

The following procedure applies to the application for subscription for Shares is as set out below, save as otherwise set forth in any Fund Supplement:

*Subscription Agreement:* Applications for Shares should be made, subject to the provisions of any relevant Supplement, by completing and signing the Subscription Agreement in respect of a particular Fund which must be received by the Administrator, together with cleared funds, not later than:-

- in the case of an Initial Subscription Period, on the last Business Day of the Initial Subscription Period in accordance with the relevant Supplement (unless otherwise determined by the Directors).
- In the case of a subscription after expiration of the Initial Subscription Period, prior to the applicable Dealing Day provided that cleared funds are received by no later than the preceding Valuation Day in accordance with the relevant Supplement (unless the Directors otherwise determine in their discretion) (**Subscription Period**).

References in this Prospectus to “**Initial Subscription Period**” for a Fund are to the relevant periods identified in the applicable Supplement.

The duly completed and signed Subscription Agreement should be sent by facsimile to the Administrator at the fax number referred to therein or scanned and emailed to the Administrator to the email address referred to therein. It is the responsibility of the Applicant to verify that the Administrator has received a legible copy of the Subscription Agreement. Subscription monies should be sent by wire transfer (see the Subscription Agreement for details).

Applicants are required to specify on application a Designated Bank Account into which the proceeds of any redemption may be sent by the Administrator. This Designated Bank Account must be in the name of the Applicant. Third party accounts will not be acceptable. Any subsequent change of such instruction must be in writing and duly signed by the Shareholder. Instructions must be signed by authorised signatories.

Applicants are advised that the Shares are issued subject to the provisions of the Company's Constitutional Documents. Fractional Shares may be issued.

*Subscription Amounts:* When applying for Shares or a series thereof, Applicants must initially apply for the minimum amount specified in the relevant Fund's Supplement. If a Subscription is received in a currency other than US dollars that subscription will automatically be converted upon receipt by the Fund into US dollars at the Shareholder's cost at the then prevailing exchange rate available to the Fund. The resultant subscription proceeds will be deposited into the Fund Account. The Directors have absolute discretion to accept or reject subscriptions and to accept subscriptions greater or smaller than the minimum subscription, in either instance without ascribing any reasons therefor. Each Applicant will pay an upfront Subscription Fee in respect of his or her Subscription, which will be deducted from that Subscription.

*Acceptance:* The Administrator (for and on behalf of the Company) will notify successful Applicants of their acceptance by fax or email (as provided in the Subscription Agreement). Once a Subscription Agreement has been received and accepted by the Company, it will be irrevocable. The Company reserves the right in its entire discretion to reject any application in whole or in part, in which event the Subscription Proceeds or any balance will be returned without interest by wire transfer to the Designated Bank Account at the Applicant's risk and at the expense of the Applicant. Shares will not be allotted or issued without a completed and duly signed Subscription Agreement, receipt of cleared Subscription Proceeds and any documents of verification or identity that may be requested by the Administrator (see "AML/ATF and FATCA Compliance" below).

In the case of mis-receipt or corruption of any message, the applicant/shareholder will be required to re-send the documents. Facsimiles sent to the Company or the Administrator shall only be effective when actually acknowledged by the Company or the Administrator. In the event that no acknowledgement is received from the Administrator within five (5) days of submission of the request, the applicant/shareholder should contact the Administrator on telephone number +(353) 21 483 6600 to confirm receipt by the Administrator of the request. The applicant/shareholder must use the form of document provided by the Company in respect of the subscription, redemption, exchange or transfer, unless such condition is waived by the Company and/or the Administrator and messages sent via email must contain a duly signed document as an attachment.

*Minimum Amount:* The minimum amount which, in the opinion of the Directors, must be raised with respect to the offer of the Shares is nil.

*Investment:* As soon as is reasonably practicable following the receipt and acceptance of Subscriptions, it is intended that the Manager will use the Subscription Proceeds less applicable fees, expenses and accrued expenses will, subject to the approval of the Board of Directors, implement the investment strategy of the Fund.

*Share Certificates:* Ownership of Shares will be evidenced by an entry in the Company's Register of Shareholders, which shall constitute conclusive evidence as to ownership, and will be confirmed by a contract note issued by the Administrator. An advantage of this, apart from avoiding the inconvenience of lost or damaged certificates, is that Shareholders will be able to redeem Shares by fax or email. By comparison, where share certificates are issued, the Administrator may decline to process Redemption Requests until it receives the relevant share certificates with written instructions signed by the Shareholder together with completed and signed Redemption Request.

In the case of an Applicant acting in a special capacity (for example, as a trustee), certificates may, at the request of the Applicant, record the capacity in which the Applicant is acting. Notwithstanding the record of any such special capacity, the Company is not bound to investigate or incur any responsibility in respect to the proper administration of any such trust. The Company will take no notice of any trust applicable to any Shares whether or not it had notice of such trust.

### **AML/ATF and FATCA/UK FATCA/CRS Compliance**

As part of the Company, the Administrator, its affiliates, subsidiaries or associates responsibility for the prevention of money laundering and terrorist financing, the Company, the Administrator, its affiliates, subsidiaries or associates may require a detailed verification of an investor's identity and the source of payment.

Under the Bermuda Anti-Money Laundering/Anti-Terrorist Financing (**AML/ATF**) regulations, a regulated institution is one subject to the laws of a jurisdiction with equivalent regulations and is bound by the laws of such jurisdiction to conduct AML/ATF due diligence, not one which does so voluntarily.

In addition to the information required under the Subscription Agreement, the Company, the Administrator, its affiliates, subsidiaries or associates reserve the right to request such further information as is necessary to verify the identity of a prospective investor. The Company also reserves the right to request such evidence of identification in respect of a transferee of the Shares. In the event of delay or failure by the prospective investor or transferee to produce any information required for verification purposes, the Company, the Administrator, its affiliates, subsidiaries or associates may refuse to accept the application or (as the case may be) to register the relevant transfer and (in the case of a subscription of Shares) any funds received will be returned without interest to the account from which the monies were originally debited.

The Company, the Administrator, its affiliates, subsidiaries or associates also reserve the right to refuse to make any redemption payment or distribution to a Shareholder if there is any suspicion or if they are advised that this might result in a breach or violation of any applicable anti-money laundering or anti-terrorist regulations in any relevant jurisdiction or if such refusal is considered necessary or appropriate to ensure the compliance by the Company, the Administrator, its affiliates, subsidiaries or associates with any such laws or regulations in any applicable jurisdiction.

The Company reserves the right, to the extent permitted under Applicable Law, to use any information that is gathered as part of its anti-money laundering procedures also for compliance with tax related information reporting requirements, including without limitation, FATCA, UK FATCA and the CRS.

The Company, the Administrator, its affiliates, subsidiaries or associates shall be held harmless by a potential investor against any loss arising as a result of a failure to accept or process the subscription, redemption or transfer if the information requested is not provided by the investor.

Any person who is resident of any applicable jurisdiction (including the Company, its Directors, the Administrator, its affiliates, subsidiaries or associates, respectively) who has a suspicion that a payment to the bank at which the Company's subscription account is maintained (by way of subscription or otherwise) contains the proceeds of criminal conduct is required to report such suspicion pursuant to the relevant statute as amended from time to time.

### **Redemptions**

#### Voluntary Redemption

Shareholders may redeem at their option on any Valuation Day.

*Redemption Procedure:* To redeem Shares the holder thereof must comply with the following redemption

procedures save as otherwise set forth in any Fund Supplement. Subject thereto, a Redemption Request must be submitted subject to, and in accordance with, the following provisions:

- (i) the Redemption Request must be signed by or on behalf of the registered Shareholder;
- (ii) the executed Redemption Request must be received by the Administrator on behalf of the Company prior to the applicable Valuation Day in accordance with the relevant Supplement. If the Redemption Request is received after that day then it will be held over until the next Valuation Day and treated as Redemption Request on that subsequent Valuation Day;
- (iii) Redemption Requests may be sent by fax to the fax number specified therein or scanned and emailed to the Administrator to the email address specified therein at the risk of the Shareholder;
- (iv) Redemption Requests will only be accepted where cleared and completed documents are in place from the original subscription. Furthermore, the Board reserves the right to accept or reject any redemption request for failure to comply with the AML/ATF regulations; and
- (v) will be irrevocable once it is submitted to the Administrator and so may not be withdrawn except with the consent of the Directors.

The Directors may, in their discretion, waive the time limits within which a Redemption Request must be received by the Administrator.

*Redemption Price:* Shares will be redeemed at a price per share equal to the Net Asset Value per Share, (referred to herein as the “**Redemption Price**”) as determined in accordance with the Bye-Laws.. Payment of the Redemption Price will be made (at the applicable Shareholders risk and expense) by wire transfer, to the Designated Bank Account of the applicable Shareholder in US dollars in which the Shares were originally subscribed. The Redemption Price will generally be paid within thirty (30) Business Days after the Valuation Day on which such Shares were redeemed.

The Directors are not obliged to satisfy a Redemption Request that has been received or is deemed to have been received by or on behalf of a Fund on a Valuation Day on which the total Redemption Requests received or deemed to have been received comprise more than 25% of the Net Asset Value. If this occurs, the Directors may (i) satisfy each Redemption Request *pro rata* based on the overall amount of such Redemption Request up to an aggregate amount for all Redemption Requests equal to 25% of the Net Asset Value, and (ii) deem the remaining proportion of those Redemption Requests to have been received on the next Valuation Day(s), subject to the aforementioned limitation.

The Directors have the discretion to change the percentage set out in the above paragraph at any time and from time to time subject to a period of three months’ advance notice being given to the Shareholders of an affected class of such a change of percentage during which there is no suspension of valuations or dealings in Participating Shares of an affected class.

#### Compulsory Redemption

The Directors may compel a Shareholder to redeem some or all of its Shares for any reason, including for the purpose of ensuring that no Shares are acquired or held other than by an Eligible Investor. If it comes to the notice of the Directors that any Shares are held by anyone other than an Eligible Investor or otherwise as provided above, the Directors may give not less than five (5) days’ written notice to such person requiring the redemption or transfer of such Shares in accordance with the provisions of the Bye-laws.

The Company’s ability to comply with FATCA, UK FATCA and the CRS will depend on each Shareholder providing the Company with information that the Company requests concerning the direct and indirect owners of such Shareholder. If a Shareholder fails to provide the Company with any information requested, the Company may exercise its right to redeem such Shareholder’s Shares compulsorily and/or

create a separate class or series of Shares for which such Shareholder's Shares are compulsorily exchanged after deduction of an amount equal to any withholding attributable to such Shareholder's failure to provide the requested information from the compulsory redemption proceeds which are applied towards the issue of shares of the new class or series of Shares.

If a person becomes aware that he is holding or owning Shares in breach of any such restriction he is required either to deliver to the Company a written request for redemption of the Shares or to transfer the Shares to the person who is an Eligible Investor (see "*Transfer of Shares*" for other restrictions on transferring Shares).

The Redemption Price of the Shares to be compulsorily redeemed will be calculated by reference to the Net Asset Value per Share as at the first Valuation Day following the decision of the Company to compulsorily redeem.

#### Suspension of Redemption Rights

Shareholders' rights to request redemption of Shares may be suspended by the Directors in their discretion during any period of time when the determination of Net Asset Value is suspended (see "*Suspension of Determination of Net Asset Value and of Dealings*"). Further pursuant to the Bye-laws, the Directors may declare a temporary suspension of redemptions if, in their opinion, it would be prejudicial to the Company to permit the same to occur at a particular time.

#### **Transfer of Shares**

Shareholders are not entitled to transfer their Shares without the prior consent of the Directors which consent may be granted or withheld in the sole discretion of the Directors, and only under Applicable Law. In particular, a Shareholder is not entitled to transfer Shares if as a result of such transfer either he or the person to whom the Shares are to be transferred will hold Shares having a Net Asset Value of less than US\$50,000. Further any transfer of Shares to anyone other than an Eligible Investor will not be permitted (see "*Subscriptions for Shares*"). Any proposed transferee will be required to make the same representations and warranties and satisfy the same criteria as those set out in the Subscription Agreement.

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## **DETERMINATION OF NET ASSET VALUE**

### **Determination of Net Asset Value**

The Net Asset Value per Share of a Fund will be determined on each Valuation Day in accordance with the Bye-laws.

The Net Asset Value of a Fund will be determined by deducting the value of all liabilities of that Fund (including without limitation, the Management Fee, any performance fee and any applicable accrued but unpaid expenses and such amount in respect of contingent or projected expenses as the Directors consider reasonable) from the value of all the assets of that Fund (including any unamortised expenses), both calculated on an accrual basis as of the date of calculation.

The assets of a Fund include the market value of all assets of the Fund (including without limitation, cash and cash equivalents, accrued interest and the market value of all open positions and other assets if any). The liabilities of a Fund include all accrued, contingent and other liabilities of the Fund including the cost of closing out the open option positions. A Fund's Supplement will include further information regarding the valuation of assets and liabilities for the applicable Fund.

In the case of any asset for which price quotations are not available or for which price quotations appear

inaccurate, the fair value shall be determined in such a manner as the Company shall determine in accordance with IFRS after consultation with the Administrator or their respective affiliates.

The Directors may, in their discretion, permit some other method of valuation to be used if they believe that such valuation better reflects the fair value of a Fund's assets and is in accordance with IFRS. The Directors may rely upon information from the Manager and the Administrator or their respective affiliates in determining the value of the assets held for the relevant Fund. A Fund's income and expenses (including fees) will be determined on an accrual basis.

The Net Asset Value per Share shall be determined by dividing the Net Asset Value of a Fund by the number of Shares then outstanding, rounded up in the case of subscriptions and down in the case of redemptions to the nearest whole penny. The Net Asset Value per Share is available from the Administrator and from the registered office of the Company.

### **Suspension of Determination of Net Asset Value and of Dealings**

The Directors may suspend the determination of the Net Asset Value per Share at any time:

- (a) when extraordinary market conditions or periods of delay exist outside the control of the Company;
- (b) when circumstances exist as a result of which in the opinion of the Directors it is not reasonably practicable for the Company to dispose of investments comprised in a Fund or as a result of which any such disposal would be materially prejudicial to Shareholders;
- (c) when a breakdown occurs in any of the means normally employed in ascertaining the value of investments or when for any other reason the value of any of the investments or other assets of a Fund cannot reasonably or fairly be ascertained; or
- (d) during which the Company is unable to repatriate funds required for the purpose of making payments due on redemption of the Shares or during which any transfer or funds involved in a realisation or acquisition of investments or payments due on redemptions of Shares cannot in the opinion of the Directors be effected at normal rates of exchange.

When the determination of the Net Asset Value of the Shares has been suspended, Shares may not be issued or redeemed.

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## **TAXATION**

The following comments are based on advice received by the Directors regarding current law and practice in Bermuda. Investors should appreciate that the taxation, exchange control or other consequences for investors may be otherwise than as stated below. Investors should consult their professional advisers on the possible tax consequences of their subscribing for, purchasing, holding, selling or redeeming Shares under the laws of their countries of citizenship, residence, ordinary residence or domicile.

### **Bermuda**

At the date of this document, there is no Bermuda income, corporation, or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Company or its shareholders who are not ordinarily resident in Bermuda. The Company is not subject to stamp duty on the issue, transfer or redemption of its Shares.

The Company has received from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 an assurance that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital assets, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not until 31 March, 2035 be applicable to the Company or to its operations, or to the shares, debentures or other obligations of the Company except insofar as such tax applies to persons ordinarily resident in Bermuda and holding such shares, debentures or other obligations of the Company or any land leased or let to the Company.

The Company is liable to pay the following annual fees:

- (a) As an exempted mutual fund company, the Company is liable to pay the Bermuda Government an annual fee of BD\$1,995, based upon its current authorised share capital.
- (b) As a Class A Exempt Fund, the Company is liable to pay an annual fee of BD\$1,545 to the BMA.
- (c) As a segregated accounts company the Company is liable to pay an annual fee of BD\$280 in respect of each Segregated Account operated by the Company, subject to a maximum annual fee of BD\$1,120 in the aggregate.
- (d) As an AML/ATF non-licensed person the Company is liable to pay the BMA an annual fee of BD\$850.

### **Exchange Control**

The Company has been classified as non-resident of Bermuda for exchange control purposes by the BMA whose permission for the issue of Shares in the Company has been obtained. The transfer of Shares between persons regarded as resident outside Bermuda for exchange control purposes and the issue and redemption of Shares to or by such persons may be effected without specific consent under the Exchange Control Act 1972 of Bermuda and regulations made thereunder.

The Company by virtue of being non-resident in Bermuda for exchange control purposes, are free to acquire, hold and sell any currency other than Bermuda dollars and investments (other than real property in Bermuda) without restriction.

### **FATCA**

Under provisions of US federal income tax law commonly referred to as the Foreign Account Tax Compliance Act (**FATCA**), certain withholdable US-source payments made to foreign financial institutions (**FFIs**), such as the Company, are subject to a 30 percent US withholding tax. Payments that are not US-source payments may be subject to FATCA withholding beginning in 2017.

FFIs may avoid this withholding tax by entering into an agreement with the US Internal Revenue Service (**IRS**) or pursuant to an applicable intergovernmental agreement (**IGA**) between the jurisdiction of formation of the Company and the United States. The Company is located in Bermuda, which has entered into a "Model 2" IGA, pursuant to which reporting is made directly by Bermuda FFIs to the IRS, rather than to the domestic tax authority in Bermuda.

FFIs can avoid the withholding tax under FATCA without entering into an IRS agreement if the FFI is treated as "deemed compliant" under one or more regulatory tests for determining deemed compliance. The Company intends to operate in a manner such that it would be deemed compliant under FATCA. No representation is possible with respect to whether the Company can qualify for deemed compliant status under any deemed compliant category.

Specifically, the Company will seek to qualify for registered deemed-compliant status as a "qualified collective investment vehicle". A FFI may be classified as a qualified collective investment vehicles and

therefore deemed compliant under FATCA if: (1) the FFI is regulated as an investment fund in its country of organisation; (2) the FFI is an FFI under FATCA solely because it is an investment fund engaged primarily in the business of investing in certain types of assets or managing funds; (3) each direct holder of the FFI's shares or debt (if such debt has a value exceeding US\$50,000) meets specified criteria (discussed in the next paragraph), and (4) each FFI within the FFI's expanded affiliated group is either a participating FFI or a deemed compliant FFI.

To achieve deemed compliance for the Company, among other requirements, each direct holder of the Company's shares or debt (if such debt has a value exceeding US\$50,000) must be a participating FFI, registered deemed-compliant FFI, or a class of certain exempt beneficial owners or exempt U.S. persons such as publicly traded corporations, US banks, securities dealers or brokers, US mutual funds, and US tax exempt entities. Direct interests in the Company, therefore, may not be purchased, held, acquired, or otherwise subscribed for by non-US financial institutions that are not participating FFIs, exempt beneficial owners, or registered deemed-compliant under FATCA. Specifically, the definition of a Restricted Person in this Prospectus is intended to exclude all Persons whose investment in the Company would render it unable to qualify for status as a registered deemed-compliant FFI under FATCA.

### **Eligible Investors**

An eligible investor for the purposes of this Prospectus is a Qualified Person (as defined in Section 9(2) of the IFA) and who is also not a Restricted Person (**Eligible Investor**).

The Shares will only be offered to Eligible Investors for whom such an investment would be considered suitable having regard to the risk factors, objective and policies of the Company and any particular Fund, as applicable.

Unless otherwise agreed to by the Company, each prospective investor is required to certify that the Shares are not being acquired directly or indirectly for the account or benefit of a Restricted Person. The term "**Restricted Person**" as used in this Prospectus shall include and mean: (i) any U.S. Person as defined below; (ii) any U.S. Person for Tax Purposes; (iii) any Restricted Entity as defined below; (iv) any Person that fails to agree to the requirements set forth in "Tax Withholding and Compliance Provisions" below; and (v) such other persons as may be deemed to be Restricted Persons by the Board from time to time.

For the purposes of this Prospectus, "**U.S. Person**" means:

- (a) any natural person resident in the United States;
- (b) any partnership or corporation organised or incorporated under the laws of the United States;
- (c) any estate of which any executor or administrator is a U.S. Person;
- (d) any trust of which any trustee is a U.S. Person;
- (e) any agency or branch of a foreign entity located in the United States;
- (f) 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;
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or, if an individual, resident in the United States; or
- (h) any partnership or corporation if (i) organised or incorporated under the laws of any foreign jurisdiction and (ii) formed by a U.S. Person principally for the purpose of investing in securities not registered under the United States Securities Act of 1933, as amended (**Securities Act**), unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule



501(a) under the Securities Act) who are not natural persons, estates or trusts.

“**U.S. Person**” does not include:

- (a) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non U.S. Person by a dealer or other professional fiduciary organised, incorporated or, if an individual, resident in the United States;
- (b) any estate of which any professional fiduciary acting as executor or administrator is a U.S. Person if (i) an executor or administrator of the estate who is not a U.S. Person has sole or shared investment discretion with respect to the assets of the estate and (ii) the estate is governed by foreign law;
- (c) any trust of which any professional fiduciary acting as trustee is a U.S. Person if a trustee who is not a U.S. Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. Person;
- (d) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country;
- (e) any agency or branch of a U.S. Person located outside the United States if (i) the agency or branch operates for valid business reasons and (ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; or
- (f) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations and their agencies, affiliates and pension plans.

For the purposes of this Memorandum, “**Restricted Entity**” means any Person who is not an individual and is not one of the following (as each of the following is defined for purposes of FATCA, including any applicable intergovernmental agreement currently in force between Bermuda and the United States of America or the United Kingdom or any other country implementing the requirements of FATCA):

- (a) an “exempt beneficial owner”;
- (b) an “Active NFFE”; or
- (c) a “Financial Institution” that is not a “Nonparticipating Financial Institution”.

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

The Company shall not be responsible or liable in any manner for non-compliance by any investor not adhering to any Applicable Law. The Company shall rely solely on disclosures made by each investor prior to investments of Shares in the Company and shall not be liable or responsible in any manner to verify the truthfulness of such statements or disclosures.

The Company’s Bye-Laws provide that the Directors have the power to impose such restrictions as they may deem necessary for the purpose of ensuring that no Shares in the Company are acquired or held by any person or persons in circumstances (whether directly or indirectly affecting such person or persons) which, in the opinion of the Directors, might result in prejudice to the tax status of the Company or the Company incurring any pecuniary, fiscal, legal or regulatory disadvantage that the Company might not otherwise have incurred or suffered (a “**Non-Qualified Person**”). In the event that the Company incurs any such tax liability or suffering or any other pecuniary, fiscal, legal or regulatory disadvantage resulting

from a Non-Qualified Person being a Shareholder, the Company may require such Person to reimburse the Company for such tax liability, suffering or disadvantage.

The Company's Bye-Laws provide that if it comes to the notice of the Directors that any Shares are held by any such Non-Qualified Person, the Directors may give notice to such Non-Qualified Person requiring the redemption or transfer of such Non-Qualified Person's Shares, or Shares as the case may be, in accordance with the provisions of the Memorandum of Association and Bye-Laws of the Company. A person who becomes aware that he or she is holding Shares under circumstances that render such person a Non-Qualified Person is required either to deliver to the Company a written request for redemption of such Shares in accordance with the Memorandum of Association and Bye-Laws of the Company or to transfer the same to a person who would not thereby be a Non-Qualified Person.

### **United Kingdom – Bermuda Intergovernmental Agreement**

Bermuda signed an intergovernmental agreement with the UK in 2013 (**UK FATCA**) under which the Company may be required to disclose to UK HM Revenue & Customs information about certain investors that are considered to be UK tax-resident. The UK has indicated that for 2016-2017, UK FATCA will be operational for all Overseas Territories and Crown Dependencies. It is anticipated that UK FATCA will be phased out in 2017.

### **The Common Reporting Standard**

The OECD's Automatic Exchange of Information – The OECD has issued rules for the Automatic Exchange of Information in Tax Matters which provide due diligence and reporting rules for financial institutions in participating jurisdictions. Together, these rules comprise the 'Common Reporting Standard' (**CRS**). The CRS is based in a large part on the US FATCA regime and provides a uniform set of rules to address (i) the types of information to be exchanged by participating jurisdictions, (ii) the time and manner of exchange and (iii) the due diligence, confidentiality of data and safeguards that must be respected. Financial institutions in participating jurisdictions, such as Bermuda, will need to file annual information reports with their local tax authority who will in turn exchange that information with the tax authorities in other participating jurisdictions. The CRS is effective in Bermuda and the other "early adopter" jurisdictions as of 1 January, 2016 with the first information reports being exchanged in 2017. In order for the Fund to comply with the CRS regime it may be required to disclose applicable information to the relevant tax authority in respect of certain investors that are tax-resident in other participating jurisdictions.

**Prospective purchasers should consult legal and tax advisors in the countries of their citizenship, residence and domicile to determine the possible tax or other consequences of purchasing, holding and redeeming Shares under the laws of their respective jurisdictions.**

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## **STATUTORY AND GENERAL INFORMATION**

*The information contained in this section is a summary of certain information about the Company and the Shares and does not purport to be exhaustive. Unless specified otherwise, information contained in this Prospectus is as of the date specified on the cover page. Additional information may be set forth in a Fund Supplement.*

The Company will be incorporated with limited liability in Bermuda under the provisions of the Companies Act. Its constitution is defined in its Memorandum of Association and Bye-laws. The Company's objects, as set out in its Memorandum of Association, are to be and to carry on the business of a mutual fund company and, in furtherance thereof, to acquire, possess, deal in and dispose of securities, currencies, or other assets derivatives instruments and other financial instruments of any kind. The Company is of unlimited duration.

The Company was registered as a Segregated Accounts company under the SAC Act on 21 August, 2015 and the following Fund has been established:

- “*Clarien Alternative Investment Fund*” which is Linked to the “*CAIF Class A US\$ Shares*” pursuant to the Supplement dated 26 August, 2015

### **The Segregated Accounts Companies Act, as amended**

Under the SAC Act, a mutual fund company may, with the consent of the Minister, apply to operate segregated accounts with statutory divisions between accounts. The effect of the statutory division is to protect the assets of one account from liabilities of other accounts. Under the SAC Act, only the assets of a specific Segregated Account may be applied to the liabilities of that account. A Segregated Account is an account containing assets and liabilities that are legally separated from the assets and liabilities of the company's ordinary account, namely, the general account.

The assets and property standing to the credit of a Segregated Account shall be held subject to the laws of Bermuda and the SAC Act for the benefit of the holders of the class of Participating Shares Linked to that account in accordance with the Governing Instruments and no other person shall have any right or interest in the assets forming part of that Segregated Account.

In the event of the commencement of proceedings to wind up or dissolve the Company under Bermuda law during such winding up or dissolution procedure, a liquidator or receiver shall not apply for the property identified as the property of the Segregated Accounts to pay the claims of any other creditor of the Company or any other Segregated Account, other than claims arising in respect of the Segregated Account in question.

The Governing Instruments operate generally to restrict trading activities to those enumerated therein. Any transactions outside of the investment restrictions and guidelines are prohibited by the Governing Instruments.

### **Share Capital and Other Provisions**

#### Authorised Capital

The Company has an authorised share capital of US\$10,000 comprised of (i) 8,000 Management Shares of par value US\$1.00 each issued to, and held by, the Manager and (ii) 20,000,000 Participating Shares of par value US\$0.0001 each. .

#### Participating Shares

The Bye-laws empower the Directors to create and issue different classes of Participating Shares. Further the Bye-laws provide that the unissued Participating Shares of the Company are at the disposal of the Directors who may offer, allot, grant options over or otherwise dispose of them to such persons at such times and for such consideration and upon such terms and conditions as the Directors may determine. All Shares will be issued in registered form only.

Save as mentioned above and otherwise disclosed in this Prospectus:-

- (a) none of the Participating Shares have been issued or agreed to be issued for cash or other consideration and no such Participating Shares are now proposed to be issued;
- (b) no commission, discounts or brokerages or special terms have been granted in connection with the issue or sale of any of the Participating Shares;

- (c) none of the Participating Shares are under option or agreed conditionally or unconditionally to be put under option; and
- (d) no officer of the Company beneficially owns any Shares.

No pre-emption rights exist in respect of any of the Participating Shares either under Bermuda law, the Bye-laws or otherwise.

No capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.

#### The Different Classes of Shares

1. The holders of the Management Shares shall:
  - (a) be entitled to one vote per Management Share;
  - (b) not be entitled to any dividends whatsoever in respect of the Management Shares;
  - (c) not be entitled to request redemption or repurchase of the Management Shares whether at the option of the Company or the holder thereof; and
  - (d) in the event of the winding up or dissolution of the Company, whether voluntary or involuntary or for the reorganisation or otherwise or upon the distribution of capital, be entitled, *pari passu* with the holders of the Participating Shares to the capital paid up on the Management Shares, but shall not be entitled to any further or other amounts.
2. The holders of the Participating Shares shall:
  - (a) not be entitled to vote, save in the case of any variation of the rights attaching to their Participating Shares or as otherwise required by the Companies Act, and subject thereto shall be entitled to one vote per Participating Share;
  - (b) be entitled to such dividends as the Directors may from time to time declare;
  - (c) be entitled, and subject to, redemption or repurchase of their Participating Shares as provided in the Byelaws; and
  - (d) in the event of the winding up or dissolution of the Company, whether voluntary or involuntary or for the reorganisation or otherwise or upon the distribution of capital, be entitled, subject to the provisions of the Bye-laws, to share pro rata in the surplus assets of the Company or, where there are one or more classes of Participating Shares in issue, to share pro rata with other holders of Participating Shares of the same class in the surplus assets of the relevant Fund applicable thereto and, to the extent applicable, the surplus assets of the Company.

#### Classes of Participating Shares and Funds

On the creation of a new class of Participating Shares, the Directors shall establish and maintain a Segregated Account which shall be Linked to such new class of Participating Shares and the following provisions shall apply:

- (a) The provisions of the Bye-laws shall apply, *mutatis mutandis*, separately and independently to such class of Participating Shares and Linked Segregated Account.
- (b) Save as otherwise provided in the Bye-laws or the SAC Act, the following provisions will

apply to the Segregated Accounts:-

- (i) the proceeds from the allotment and issue of each class of Participating Shares shall be applied in the books of the Company to the Segregated Account established for that class, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such account subject to the provisions of the Bye-laws;
- (ii) where any asset is derived from another asset (whether cash or otherwise) such derivative asset shall be applied in the books of the Company to the same Segregated Account as the asset from which it was derived and, on each revaluation, any increase or diminution in value shall be applied to the relevant account;
- (iii) where the assets of any Segregated Account give rise to any income, profits or liability, such income, profits, or liability shall be applied in the books of the Company to the same Segregated Account as the asset from which it was derived;
- (iv) the proceeds from the allotment and issue of each class of Participating Shares shall be applied in the books of the Company to the Segregated Account established in respect of that relevant class, and monies required to satisfy any Redemption Request of any Participating Shares shall be accounted for out of the Segregated Account maintained in respect of such class of Participating Shares;
- (v) any dividends as and when declared and paid in respect of a particular class of Participating Shares shall be paid to the holders of Participating Shares out of the relevant Segregated Account;
- (vi) any liability, cost, or expenditure payable in respect of any asset (or the acquisition, transfer or other disposal thereof) held in any Segregated Account or specifically attributable to any Segregated Account shall be applied in the Company's books to that account;
- (vii) on a redemption of Shares of a particular class of Participating Shares, the Redemption Proceeds shall be paid to the holder redeeming such Participating Shares out of the relevant Segregated Account;
- (viii) in the case of any asset of the Company which the Directors do not consider is attributable to a particular Segregated Account, the Directors shall (subject to sub-paragraph (ix)) have discretion to determine the basis upon which any such asset shall be allocated between Segregated Accounts then in existence and the Directors shall have power at any time and from time to time to vary such basis; and
- (ix) the Directors shall, in accordance with the provisions of sub-sections 11 (4) and 17 (5) of the SAC Act, have power to (a) determine the basis upon which any liability shall be allocated between Segregated Accounts (including conditions as to subsequent re-allocation thereof if circumstances so permit) and shall have power at any time and from time to time to vary such basis and (b) transfer any assets to and from Segregated Accounts if, as a result of a creditor proceeding against certain assets of the Company or otherwise, a liability would be borne in a different manner from that in which it would have been borne under (a) aforesaid, or in any similar circumstances.

- (c) Notwithstanding anything to the contrary in the Bye-laws or in this Prospectus, agreement or other document relating to the Company:
- (i) the Company shall maintain in respect of each class of Participating Shares a Linked Segregated Account as designated by the Directors from time to time and the assets and liabilities of each Segregated Account shall be held by the Company and applied in accordance with and subject to the provisions of the SAC Act; and
  - (ii) the holders of the class of Participating Shares in respect of which a Segregated Account is established shall be the only Account Owners as defined in the SAC Act; and
  - (iii) if any provisions of the SAC Act or its applicability to the Company or a Segregated Account is prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate the remaining provisions of the Bye-laws and any such prohibition or unenforceability in any jurisdiction shall not invalidate, prohibit or render unenforceable such provision in any other jurisdiction.

#### Resolutions and Voting Rights

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held, at any general meeting on a show of hands every holder of shares who (being an individual) is present in person or (being a corporation) is present by duly authorised representatives (and is entitled to vote) shall have one vote. On a poll every such holder present as aforesaid or by proxy (and entitled to vote) shall have one vote for every share held.

To be passed, Resolutions of the Shareholders in general meeting will generally require a simple majority of the votes cast by the holders voting in person or by proxy at the meeting at which the Resolution is proposed, save where a Special Resolution is required by the Bye-laws.

For the purposes of the Bye-laws the following definitions apply:

**Resolution:** A resolution of the shareholders entitled to vote on the matter proposed for consideration or, where required, of a separate class or separate classes of shareholders, adopted by simple majority vote either in a general meeting or a meeting of a particular class of shareholders in accordance with the provisions of the Bye-laws.

**Special Resolution:** A Resolution passed either by a 75% majority of all shareholders present at a meeting in person or by proxy who are entitled to vote in respect of the applicable or an unanimous written resolution of the shareholders entitled to vote thereon.

The Company in general meeting may from time to time:

- (a) increase its capital by such sum divided into shares of such amounts as the Special Resolution shall prescribe;
- (b) alter the share capital of the Company as the Resolution shall prescribe; and
- (c) reduce its share capital to such sum not less than the minimum share capital prescribed by the Memorandum of Association as the Special Resolution shall determine.

Any rights attached to a class of Participating Shares of the Company may be varied (unless otherwise provided by the terms of issue of the shares of that class) with the sanction of a Special Resolution of the

holders of such shares at a separate general meeting. The rights attached to any class of Participating Shares (unless otherwise expressly provided by the conditions of issue of such shares) are deemed not to be varied by the creation, allotment or issue of shares ranking *pari passu* therewith.

#### Alterations to Capital

The Company in general meeting may from time to time:

- (a) increase its capital by such sum divided into shares of such amounts as the Special Resolution shall prescribe;
- (b) alter the share capital of the Company as the Resolution shall prescribe; and
- (c) reduce its share capital to such sum not less than the minimum share capital prescribed by the Memorandum of Association as the Special Resolution shall determine.

#### Variation of Class Rights

Any rights attached to a class of Participating Shares of the Company may be varied (unless otherwise provided by the terms of issue of the shares of that class) with the sanction of a Special Resolution of the holders of such shares at a separate general meeting. The rights attached to any class of Participating Shares (unless otherwise expressly provided by the conditions of issue of such shares) are deemed not to be varied by the creation, allotment or issue of shares ranking *pari passu* therewith.

#### **Transfer of Shares**

The transfer of Shares is subject to the approval of the Directors and Applicable Laws and regulations. The Shares are not registered under the securities laws of the United States or any other jurisdiction, and may only be resold or transferred in such jurisdictions pursuant to registration or exemption therefrom.

If a Shareholder dies, the Directors will, on request made to the Company by the legal personal representatives of such Shareholder, transfer the Shares to the beneficiary or beneficiaries of the deceased Shareholder's estate so that the Shares may be redeemed.

#### Directors' Interests

A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of director or may act in a professional capacity to the Company on such terms as the Directors may determine. No Director shall be disqualified by his office from contracting with the Company in any capacity, nor shall any such contract or arrangement entered into by the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office if he shall declare the nature of his interest.

A Director, notwithstanding his interest, may be counted in the quorum present at any meeting at which he or any other Director is appointed to hold any such office of place of profit under the Company or at which the terms of any such appointment are arranged, and he may vote on any such appointment or arrangement other than his own appointment or the arrangement or terms thereof.

There shall be no less than two (2) Directors of the Company. Directors are elected, and can be removed, by a majority vote in number of holders of the Shares. The Bye-laws permit the Directors to receive remuneration for their services to the Company in their capacity as Directors and reimbursement for their expenses in connection with attendance at meetings and performance of duties to the Company.

There are no existing or proposed service contracts between any of the Directors and the Company.

### Restrictions on Shareholders

The Directors have power to impose such restrictions as they may think necessary for the purpose of ensuring that no shares in the Company are acquired or held by anyone other than an Eligible Investor or any person or persons in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the directors to be relevant) which, in the opinion of the Directors, might result in the Company incurring any liability to taxation or suffering any other pecuniary or commercial disadvantage which the Company might not otherwise have incurred or suffered. See “*Subscription for Shares*” and “*Redemption of Shares – Compulsory Redemption*”.

### **Notice of General Meetings**

Notices of general meetings will be sent to each shareholder entitled to vote. Notices convening each annual general meeting will be sent to such shareholders together with the annual accounts and reports not later than twenty-one (21) days before the date set for the meeting. All other meetings of the Company are called Special General Meetings and require fourteen (14) days’ notice.

### **Reporting**

The financial year of the Company and each Fund will end on 31 December in each calendar year. The financial statements for the Company and each Fund are prepared in accordance with IFRS. An annual report and audited financial statements for each Fund (unless waived for a particular Fund as set out in its Supplement) in respect of each financial year will be sent to Shareholders within twenty-one (21) days of their issue and will be emailed and, if requested, posted to a Shareholder at his registered postal address or other address as notified in writing by the Shareholder, free of charge and will be made available for inspection at the registered office of the Administrator and the Company.

### **Communication with the Company/Inquiries**

All communications and correspondence with the Company and inquiries concerning the Company and the Shares, including information concerning subscription and redemption procedures and current Net Asset Value of each class of Participating Shares, should be directed to the Administrator at their address as set out in the “*DIRECTORY*”.

### **Litigation**

The Company is not engaged in any litigation or arbitration proceedings and is not aware of any litigation or claim pending or threatened by or against it. Clarien Investments Limited as the Manager has not been the subject of any criminal convictions or disciplinary action taken by a supervisor or regulatory body in the last five (5) years.

### **General**

1. There is no property purchased or acquired by the Company or proposed to be purchased or acquired by the Company, which is to be paid for wholly or partly out of the proceeds of this offering.
2. The Directors confirm that no trade has commenced in the Participating Shares and no accounts have been made up or dividends declared in relation to the Participating Shares as at the date of this Prospectus.
3. As at the date of this Prospectus, the Company does not intend to seek registration or licensing in any jurisdiction or with any supervisory or regulatory authority outside Bermuda.



## **Borrowings**

As of the date of this Memorandum, neither the general account of the Company nor the Clarien Alternative Investment Fund has any loan capital (including term loans) outstanding or created but unissued, or any outstanding mortgages, charges, debentures or other borrowings, including bank overdrafts, liabilities under acceptance (other than normal trade bills) or acceptance credits, obligations under finance leases, hire purchase commitments, guarantees or other contingent liabilities.

It is not the intention of the Directors to seek any loan or other form of indebtedness. Only in very exceptional circumstances (in the Directors' opinion) will indebtedness be contemplated and such a situation will be contended with by the Directors as and when the situation may arise. Information regarding any changes in this borrowing policy in respect of a Fund will be set forth in the Fund's Supplement.

## **Correspondence**

Neither the Company nor any of the Funds is responsible, and does not accept any liability, for any correspondence addressed to the Company or a Fund, including the loss of any completed Subscription Agreement or any supporting documentation posted to a Fund, which is not received by that Fund. If a Shareholder wishes to ensure the delivery of any such correspondence, such Applicant should make use of a registered delivery service.

## **Law and Jurisdiction**

Any agreement made on the basis of this Prospectus will be governed by, and construed in accordance with, the laws of Bermuda.

## **Legal Issues Relating to Segregated Accounts**

Under the SAC Act, a mutual fund company may, with the consent of the Minister, apply to operate segregate accounts with statutory divisions between accounts. The effect of the statutory division is to protect the assets of one account from liabilities of other accounts. Under the SAC Act, only the assets of a specific Segregated Account may be applied to the liabilities of that account. A Segregated Account is an account containing assets and liabilities that are legally separated from the assets and liabilities of the company's ordinary account, namely, the general account.

The assets and property standing to the credit of a Segregated Account shall be held subject to the laws of Bermuda and the SAC Act for the benefit of the holders of the class of Participating Shares Linked to that account in accordance with the Governing Instruments and no other person shall have any right or interest in the assets forming part of that Segregated Account. The Governing Instruments operate generally to restrict trading activities to those enumerated therein. Any transactions outside of the investment restrictions and guidelines are prohibited by the Governing Instruments.

The Company is permitted to create Segregated Accounts in order to segregate the assets and liabilities relating to a particular class of Participating Shares from the assets and liabilities relating to each other class of Participating Shares and from the Company's general assets and liabilities. The assets of each Segregated Account are only intended to be used to meet liabilities to creditors in respect of a particular account or fund and are not intended to be available to meet liabilities to creditors in respect of other accounts or funds or, except where otherwise agreed, to general creditors of the Company. It is possible, however, that a court could refuse to recognise a Fund as segregated and determine that creditors of the Company could enforce claims against all of its assets.

The SAC Act has application to all Bermuda companies registered under it as a matter of Bermuda law and will be applied by the Bermuda courts in accordance with its terms. However, the Directors are not aware of any formal recognition having been given by the courts of any jurisdiction outside Bermuda to

the principles of segregation under the SAC Act nor are the Directors aware of any litigation pending with respect thereto. To that extent, therefore, the application of the SAC Act both outside and in Bermuda is untested. Accordingly, if a Fund's assets are located in a jurisdiction other than Bermuda and proceedings are brought in respect of them in that jurisdiction, it is not known how the courts of that jurisdiction would deal with the structure contemplated by the SAC Act, which may well be unfamiliar to such jurisdiction. More specifically, courts in a jurisdiction other than Bermuda may not be prepared to accept that creditors in respect of a particular Segregated Account are prevented from gaining recourse to the assets of the other accounts or funds, or that general creditors of the Company as a whole do not have recourse to those assets specifically designated as Segregated Account assets. Similarly, if a liability (e.g. fine or tax) is imposed on the Company by a Bermuda or other authority, it is unknown how the courts of Bermuda or other jurisdictions would impose or distribute that liability as among the general account of the Company and the Segregated Accounts.

The SAC Act enables a segregated accounts company to issue any type of securities which track the performance of a particular account and to pay a dividend or distribution in respect of the securities linked to a segregated account and establishes solvency and liquidation requirements that must be met before any dividend or distribution is effected. In addition, the SAC Act contains provisions governing record keeping, the manner in which shares are issued and dividends distributed, accounting standards, the appointment of a receiver and winding-up of the company and the amalgamation of segregated accounts with other segregated accounts. As to the winding-up of a segregated accounts company, the SAC Act specifically directs the liquidator to observe the segregation of accounts and apply the assets as intended by the parties. Remuneration of the liquidator is appointed among the segregated accounts. The SAC Act also enables the Bermuda court to make a receivership order in respect of a segregated account where it is satisfied that the assets are unlikely to be sufficient to discard the claims of creditors. It also sets out who may apply for a receivership order and requires notice to be served on interested parties and sets out the power of the receiver to manage a segregated account.

Changes to laws or their interpretation in another jurisdiction where the assets of a Fund are domiciled, including taxation laws and corporate regulatory laws, could have a negative impact on the Company or the Fund and their returns to Shareholders. Changes to corporate regulatory laws may have an impact on Shareholders' ability to redeem Shares. The Directors reserve the right to alter the Company's or a Fund's investments or restructure its arrangements to prevent any adverse effects from changes to laws or changes to their interpretation.

### **Indemnities**

There are indemnities in favour of the Directors, secretary and other officers and servants for the time being of the Company. The Bye-Laws contain provisions exempting the Directors and other officers of the Company, inter alia, from liability and entitle them to indemnification from the assets of the Company for liabilities incurred by them in their performance of their duties for the Company except those due to their own fraud or dishonesty.

### **Material Contracts**

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company and are, or may be material:

1. Manager Agreement
2. Administration Agreement
3. Depositary Agreement
4. Corporate Administration Services and Segregated Account Representative Agreement

Copies of the following documents will be available for inspection at any time during normal business hours on any Business Day free of charge at the registered office of the Company:

- (a) The Companies Act 1981;

- (b) The Segregated Account Companies Act 2000 (Bermuda);
- (c) The Memorandum of Association and the Bye-laws;
- (d) The material contracts referred to in the foregoing section "Material Contracts";
- (e) Any report of audited accounts prepared by the auditor of the Company; and
- (f) The written consent of the Auditors referred to above.

### **Privacy Notice**

The Company only collects (i) personal information on a Shareholder sent by a Shareholder when submitting their Subscription Agreement and accompanying documents, (ii) information relating to a Shareholder's transactions with a Fund and its service providers, and (iii) information sent by a Shareholder or on a Shareholder's behalf by an agent of the Shareholder whilst the Shareholder continues as a Shareholder to a Fund. The Company does not use cookies on its website (cookies are pieces of information that a website transfers to the cookie file on your computer's hard disk). The Administrator does not disclose non-public personal information about Shareholders to any third parties except as necessary or appropriate in connection with the operation of a Fund, including the anti-money laundering procedures adopted by the Company or as required by law. The Company will not sell or profit in any way from disclosure of Shareholders' confidential information.

APPENDIX I  
FORM REDEMPTION REQUEST

APPENDIX II  
FORM OF SUBSCRIPTION APPLICATION