
GLOBAL VOYAGER FUNDS 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)

INSURANCE LINKED SECURITIES FUND

(A Segregated Account constituted as a segregated fund and Linked to the class of shares known as Insurance Linked Securities Shares)

FUND SUPPLEMENT

Dated: 31 August 2022

Manager

Clarien Investments Limited
1st Floor, Point House
6 Front Street
Hamilton HM 11
Bermuda

This Supplement is supplemental to, forms part of, and should be read in conjunction with, the Prospectus dated 31 August 2022 (as amended and restated from time to time)

GENERAL NOTICES AND SECURITIES WARNINGS

This supplement dated 31 August 2022 (**Supplement**) is supplemental to, forms part of, and should be read in conjunction with, the Prospectus dated 31 August 2022 as amended and restated (**Prospectus**) for Global Voyager Funds Limited (**Company**). All defined terms used herein and not otherwise defined shall have the same respective meanings as set forth in the Prospectus.

The Insurance Linked Securities Fund (**Fund**) is a segregated account which is Linked to Insurance Linked Securities Shares (**Shares**), which is the designated name of a distinct and segregated class of shares in the Company, a company incorporated under the laws of Bermuda as a segregated accounts company. The Shares are offered pursuant to the terms of the Prospectus and this Supplement and are issued by the Company. Copies of the Prospectus are available during usual business hours on any weekday (Saturdays, Sundays and holidays excepted), on behalf of the Company, free of charge, from the offices of the Manager or the Administrator.

The Company's board of directors has overall responsibility for the management and control of the Company and the Fund. The Directors, whose names appear in the Prospectus, accept full responsibility for the information contained in this Supplement and confirm, having made all reasonable enquiries that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading. The information contained in this Supplement should be read in the context of, and together with, the information contained in the Prospectus and distribution of this Supplement is not authorised unless accompanied by, or supplied in conjunction with, a copy of the Prospectus.

This Supplement and the Prospectus should be accompanied by, and read in conjunction with, the Company's Memorandum of Association and Bye-laws (collectively the "**Constitutional Documents**"), and its latest annual report and audited accounts (if any). Neither this Supplement nor the Prospectus 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 Supplement and the Prospectus and the applicable subscription agreement in order to assure itself that the terms of the investment offered and the Fund's investment objective and methods of operation are satisfactory to it.

THIS SUPPLEMENT 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.

In making an investment decision, investors must rely on their own examination of the Company and the terms of the offering, including the merits and risks involved. No assurance can be given that the Company's or Fund's investment objective will be achieved.

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" sections of this Supplement and the 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.

DIRECTORY

Directors and Officers

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

1st Floor, Point House
6 Front Street,
Hamilton HM11, Bermuda

are as follows:

Ian Truran (Director, Chairman)
Steven Gooden (Director)
Vishram Sawant (Director)
Miguel DaPonte (Director)

Secretary, Segregated Accounts Representative & Registered Office

Clarien Corporate Services Limited, Secretary
Geoffrey Faiella, Assistant Secretary
Clarien Bank Limited, Segregated Accounts
Representative

Registered Office:

1st Floor, Point House, 6 Front Street,
Hamilton HM11, Bermuda
Tel: 1 441 296 6969
Fax: 1 441 296 3855

Manager

Clarien Investments Limited
1st Floor Point House
6 Front Street,
Hamilton HM11, Bermuda
Tel: 1 441 296 1111
Fax: 1 441 296 3855

Administrator

Apex Fund Services Ltd.
Vallis Building, 4th Floor
58 Par-La-Ville Road,
Hamilton HM11, Bermuda
Tel: 1 441 292 2739
Fax: 1 441 292 1884

Banker

Clarien Bank Limited
1st Floor, Point House 6 Front Street,
Hamilton HM11
Bermuda
Tel: 1 441 296 6969
Fax: 1 441 296 3855

Custodian

Clarien Bank Limited
1st Floor, Point House 6 Front Street,
Hamilton HM11
Bermuda
Tel: 1 441 296 6969
Fax: 1 441 296 3855

Auditors

PricewaterhouseCoopers Ltd.
P.O. Box HM 1171
Hamilton HM EX
Bermuda

Legal Counsel

BeesMont Law Limited
3rd Floor
73 Front Street,
Hamilton HM 12
Bermuda

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Appendices

(The documents attached as Appendices can be altered from time to time without any change to this Supplement)

Appendix I: Subscription Agreement

DEFINITIONS

Administrator	Apex Fund Services Ltd., Williams House 3 rd Floor, 20 Reid Street, Hamilton HM 11, Bermuda.
Banker	Clarien Bank Limited, 1 st Floor, Point House, 6 Front Street, Hamilton HM11, Bermuda.
Business Day	A day on which commercial banks in Hamilton, Bermuda settle payments and are open for general business, being Monday to Friday inclusive (save for public holidays).
Company	Has the meaning ascribed thereto on page 2.
Custodian	Clarien Bank Limited, 1 st Floor, Point House, 6 Front Street, Hamilton HM11, Bermuda.
Dealing Day	The first Business Day of each calendar month or such other day as the Directors may in their discretion determine.
Fund Account	An interest bearing bank account for Insurance Linked Securities Fund into which Subscription Proceeds are deposited and from which Insurance Linked Securities Fund's purchases, redemptions, fees and expenses are paid.
Initial Subscription Period	The period that commenced at 9.00 a.m. (Bermuda time) on 31 December, 2021 and expired at 5.00 p.m. (Bermuda time) on 31 December, 2021.
Insurance Linked Securities Fund or Fund	Has the meaning ascribed thereto on page 7.
Lock-Up Period	Has the meaning ascribed thereto on page 23.
Management Fee	Has the meaning ascribed thereto on page 24.
Redemption Date	Has the meaning ascribed thereto on page 23.
Share(s)	Has the meaning ascribed thereto on page 7.
Shareholders	The persons registered in the register of shareholders of the Company in respect of the registered title to the Shares.
Subscription Day	Has the meaning ascribed thereto on page 21.
Subscription Price	The Net Asset Value of the Shares, as determined by the Board.
Subscription Closure Date	Has the meaning ascribed thereto on page 21.
Supplement	Has the meaning ascribed thereto on page 2.
Valuation Day	The last Business Day of each calendar month or such other day as the Directors may in their discretion determine.

More detailed information concerning the Company and Insurance Linked Securities Fund is set forth in the Prospectus, which should be read in conjunction with this Supplement, the

Constitutional Documents and the documents and agreements referred to herein and therein which are available from the Manager or the Administrator on request.

THE COMPANY AND INSURANCE LINKED SECURITIES FUND

Details regarding the incorporation and nature of the Company and its designation as a segregated accounts company under the laws of Bermuda are set forth in the Company's Prospectus. Reference should be made to the Prospectus regarding the implications of segregation.

The Offering

The Company has an authorised share capital of US\$12,000 divided into (i) 8,000 Management Shares of par value US\$1.00 each issued to, and held by, the Manager; and (ii) 40,000,000 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 as well as from the general assets and liabilities of the Company.

By this Supplement the Company is offering the "*Insurance Linked Securities Shares*" (**Shares**) and the Segregated Account that is Linked to the Shares is known as the "*Insurance Linked Securities Fund*" (**Fund**).

There is no minimum amount which, in the opinion of the Directors, must be raised with respect to the offer of the Shares in order to provide for the matters referred to in Section 28 of the Companies Act.

Administrator

The Fund has appointed Apex Fund Services Ltd., as the Administrator to provide all general administrative services for the Fund and to act as its registrar and transfer agent pursuant to an administration agreement dated 1 January, 2019 as the same may be amended, restated or otherwise modified (**Administration Agreement**). The services include the maintenance of the Company's records relating to ownership, subscriptions and redemptions of Shares, periodic calculation of the Net Asset Value per Share for each of the Classes, maintaining accounting records of the Company and preparing its financial statements.

The Administrator will receive an annual fee calculated in accordance with its customary schedule of fees and is also entitled to be reimbursed for all out-of-pocket expenses paid out of the Company's assets properly incurred in performing its duties. The administrative fees may be adjusted from time to time as agreed to between the parties

The Administrator is licensed as a fund administrator by the BMA under section 43 of the Investment Funds Act 2006, as amended and is part of the Apex Group, a global provider of fund administration services with 50 offices across the globe, ISAE 3402/SSAE18 audited, independently owned with over \$1.2 Trillion under administration. The Apex Group provides specialist fund administration, share registrar, corporate secretarial services and directors to funds and collective investment schemes globally.

Pursuant to the Administration Agreement, the Company will indemnify the Administrator to the fullest extent permitted by law against any and all judgments, fines, amounts paid in settlement and reasonable expenses, including legal fees and disbursements, incurred by the Administrator, save where such actions, suits or proceedings are the result of fraud, willful misconduct or gross negligence of the Administrator.

In accordance with the terms of the Administration Agreement, the services of the Administrator may be terminated by at least ninety (90) days written notice from either the Company or the Administrator (or such shorter notice period as the parties may agree to accept) or earlier on the liquidation of either the Company or the Administrator.

Banker and Custodian

Clarien Bank Limited has been appointed by the Company to act as Banker and Custodian to 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 and Custodian is organised under the laws of Bermuda, has a banking license under the Bank and Deposit Companies Act, 1999 and is regulated by the Bermuda Monetary Authority.

INVESTMENT CRITERIA AND STRATEGY

Investment Objective and Policy

The Insurance Linked Securities Fund seeks to achieve attractive risk-adjusted returns that are demonstrably uncorrelated with traditional asset classes by investing, directly and indirectly, in a diversified portfolio of insurance-linked investments in catastrophe risk markets (**ILS**) and other investments in catastrophe risk markets, with a particular focus on natural catastrophe risks, and through direct or indirect investments in reinsurance vehicles that write reinsurance or retrocession contracts. The Fund does not currently, but may in the future, trade other instruments, either directly or indirectly, to achieve its objective including, but not limited to derivatives, such as swaps, options and other instruments.

The Fund's portfolio of insurance-linked securities will primarily focus on catastrophe bonds (**Cat bonds**), traditional or collateralised reinsurance investments (**RI**), industry loss warranty (**ILW**) contracts, and side cars (collectively such catastrophe bonds, RI, ILWs, side cars and other instruments are referred to herein as **Risk-Linked Instruments** or **RLI**).

(1) Cat Bonds - Cat Bonds are investments that transfer risk from an issuer (such as an insurance company or a reinsurance company) to capital markets investors. They are often structured as floating rate bonds whose principal is lost if specified trigger conditions are met. If triggered the principal is paid to the sponsor. Cat Bonds, like ILWs, are generally exposed to what are believed to be relatively low probability, large-scale natural catastrophe events in the United States, Japan, Europe and elsewhere. Cat Bonds may be structured as derivatives that are triggered by amounts actually lost by the protected counterparty, modeled losses (determined pursuant to predetermined algorithms or models), losses incurred by a specified industry, one or more event parameters or combinations of the foregoing. Certain Cat Bonds may cover the risk that multiple loss events will occur.

(2) Traditional or collateralised reinsurance -Collateralised reinsurance contracts are private transactions whereby the reinsurer assumes the risk associated with an insurance company's ultimate net losses ("UNL") in exchange for up-front premium payments. While essentially the same as traditional reinsurance, a unique feature of these contracts is that the full limit of the policy is posted in a trust account, and hence collateralised, to eliminate credit risk for the counterparty.

(3) Industry Loss Warranties (**ILW**) - ILWs are a type of short-term reinsurance contract whereby one party agrees to a set payment to its counterparty if insurance industry losses, as determined by an independent, third-party assessor, exceed a specified trigger amount. ILWs are privately negotiated investments that typically cover, among other things, natural catastrophe events, such as tornadoes, hurricanes, and earthquakes in North America, windstorms and earthquakes in Europe, and typhoons and earthquakes in Japan, New Zealand and Australia.

(4) Side cars - Reinsurance sidecars are financial structures, typically referred to as special purpose vehicles (**SPVs**) or special purpose insurers (**SPIs**), established to allow third party investors to take on a pro-rata exposure to the risk and returns of a single traditional reinsurer's portfolio.

Other strategies, which the Directors consider appropriate for Insurance Linked Securities Fund, may be added from time to time.

In addition, the investment objective, policy and/or restrictions of the Fund may be amended from time to time by the Directors. In the event of a change in investment objective, policy and or restrictions the Board will provide Shareholders with at least three (3) months' prior written notice of the applicable change.

The investment program of the Fund is speculative and entails substantial risks. There can be no assurance that the investment objective of the Fund will be achieved.

Summary of RLI and Products Traded

RLI emerged as an asset class as a result of the financial distress created by large catastrophic events in the early 1990s such as Hurricane Andrew (1992) and the Northridge Earthquake (1994). Market growth accelerated after September 11, 2001 and Hurricane Katrina (2005). These instruments are used by insurance companies, reinsurance companies, corporations and governmental entities as a means to limit their financial exposure to a catastrophic event or a series of catastrophic events.

RLI can be transacted on either a proportional or non-proportional basis. In a proportional RLI transaction, the protection seller assumes a predefined portion of losses from a counterparty in exchange for a similar percentage of the premium received by such counterparty. In a non-proportional RLI transaction, the protection seller receives a negotiated premium in exchange for protecting the buyer against losses in excess of a pre-determined retention (deductible).

Losses under RLI are determined by reference to the actual loss experience of an insurance or reinsurance company, the amount of insured industry losses from an event or other index-based measures and are accumulated in several ways. Most transactions are structured on a "per-occurrence" basis where the seller protects the buyer against single event losses exceeding the retention. These transactions can be structured to protect the buyer from the first such event to occur during the coverage period or from the second, third or other subsequent event to occur. There are also transactions that protect the buyer against an aggregation of losses arising from multiple events that collectively exceed the retention during the coverage period.

Selected collateralised reinsurance investments may include the concept of a reinstatement provision, whereby the protection seller is contractually obligated to provide a second amount of coverage for the remainder of the risk period upon the occurrence of an initial loss event. In some, but not all cases, the protection seller will receive an additional, or reinstatement, premium for providing the additional coverage.

Natural catastrophe bonds are fixed income instruments for which the return of principal and payment of interest are primarily contingent on the non-occurrence of a specific natural peril event ("trigger event") such as an earthquake, tropical windstorm, extra-tropical windstorm, tornado, flood or other physical or weather-related phenomenon. These instruments are commonly referred to as

catastrophe bonds. If a natural catastrophe event occurs, the Fund may lose all or a portion of its investment in one or more of its affected positions. Temperature or precipitation variability, though weather-related, traditionally has been traded in the weather derivatives market and is not usually classified as a natural catastrophe event.

Collateralised reinsurance investments are instruments in which returns are linked generally to the same types of events as catastrophe bonds, but typically have broader coverage terms (e.g., may contain exposures to events such as industrial accidents and terrorism).

The Fund does not intend to invest in instruments whose return is principally subject to non-natural catastrophe risk events. Such classes may include, but not be limited to, terrorism risk, aviation risk, satellite and marine risk, credit risk, longevity/mortality and embedded value risk. Certain of the Fund's investments may include incidental exposure to such non-natural catastrophe events; provided that such investments are principally exposed to natural perils. For example, the assumption of workers compensation catastrophe risk may be permitted to the extent that such risk is primarily exposed to a natural catastrophe event (e.g., earthquake).

Investments are evaluated individually and in the context of the Fund's portfolio. The Manager endeavours to appropriately consider the Fund's long-term interests when evaluating these investment decisions. From time to time, the Manager may be requested to, and may choose to, restructure, renegotiate or commute the Fund's existing investments.

Investment and Borrowing Powers

There are no restrictions on the types of investment which may be acquired by the Fund, or in relation to which such strategies may be adopted, which may include equity securities, debt securities, futures, options and other derivative instruments, warrants, convertible securities, money market instruments, fixed interest securities, interest rates, currencies, commodities, structured products and notes, both listed, unlisted, traded on various exchanges or markets or over the counter. Investment by the Fund may be made in such investments and implementation of such strategies achieved either directly or indirectly through the acquisition of interests in exchange traded and other funds and structured notes and products.

The Fund may invest all of its assets in the securities of any one company, public or private. Generally, any investments will be made in the equity, debt or hybrid securities of either publicly listed or privately held companies. As such, investors should be prepared to accept a significant amount of investment risk, concentration risk and potentially a lack of liquidity. In exercising its investment strategy, the Fund may adopt a passive or activist investment approach and may seek and hold board representation in its portfolio companies.

The Insurance Linked Securities Fund is not subject to any requirements or restrictions on: -

- (i) the amount or degree to which it may hold liquid assets in the form of cash, near cash, money market investments, government and non-government debt securities;
- (ii) the percentage of the gross assets of the Fund that may be invested in the securities of a single issuer or issue or exposed to the credit worthiness of a single counter-party;
- (iii) the percentage of the gross assets of the Fund that may be invested in unlisted securities or securities which are not traded on an exchange or market; or
- (iv) the markets in which the Fund may invest pursuant to its investment policy.

The Insurance Linked Securities Fund is not subject to any restrictions on the degree to which borrowing or leverage may be utilised in furtherance of the investment objective and policy of the Fund although it is the current policy of the Directors that leverage and borrowing should not exceed 50 per cent (50%) of the Net Asset Value of each Class of the Fund.

Underlying investment managers may be permitted to borrow within their funds, subject to the terms of the relevant prospectus and, in the case of segregated portfolios, according to the relevant investment management agreement.

The Insurance Linked Securities 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 the Fund will be undertaken and, if undertaken, will be successful.

Investment funds managed by third party investment advisors in which investment may be made by the Fund include both open and closed ended funds and special purposes vehicles in the form of bodies corporate, unit trusts, limited partnerships and other forms of investment vehicle considered to be appropriate for investment. Securities of such funds or vehicles may be listed or unlisted. The interests which may be acquired include units, shares, participations and interests in limited and other partnerships and may include other securities such as warrants and debt instruments and other rights, interests and participations. Exposure to such investment advisors and/or funds may also be accessed through structured products and other forms of participations listed or related to the performance of such funds or investment advisors or a combination thereof or indices related thereto.

The exercise of any voting rights or other corporate actions relating to assets and securities held for the Fund are determined by the Directors, taking account of any advice or recommendations received from the third party advisors and the Manager, and reflect the Board's determination of what in its opinion is in the best interests of the Shareholders of the Fund.

THERE CAN BE NO ASSURANCE THAT THE FUND'S INVESTMENT STRATEGY WILL ACHIEVE PROFITABLE RESULTS. AS A RESULT OF INVESTMENT RISKS, A SHAREHOLDER MAY LOSE ANY CAPITAL SUBSCRIBED.

RISK FACTORS

Applicants should give careful consideration to the risk factors set out in the Prospectus and as set out below in evaluating the merits and suitability of an investment in the Company or the Fund. Neither the risks described in the Prospectus nor this Supplement purport to be a comprehensive summary of all of the risks associated with an investment in the Company or the Fund.

Risks Particular to Insurance Linked Securities Fund

Generally

Prospective investors should note that the 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 risk inherent in this type of investment. Purchase of the Shares should be made by Applicants only after consulting independent qualified investment and tax advisors.

The investments of the Fund are subject to market fluctuations and other risks inherent in investing in securities and there can be no assurance that any appreciation in value will occur. The value of investments and the income from them, and therefore the value of, and income from, the Shares of the Fund can go down as well as up and an investor may not get back the amount he invests. Changes in exchange rates between currencies may also cause the value of the investments to diminish or increase. An investor who realises Shares of the Fund after a short period may, in addition, not realise the amount originally invested in view of any initial charge made on the issue of Shares of the Fund, and/ or any redemption charge made on cancellation of Shares of the Fund.

Past performance is not necessarily a guide to future performance.

Regulatory

Insurance regulatory authorities often have broad discretionary powers in administering insurance laws, including the authority (subject to appeal in court or otherwise) to determine whether a party is conducting the business of insurance or reinsurance within their applicable jurisdictions. Because RLI have certain features and an investment return that may be based on the occurrence of events that traditionally are the subject of insurance, it is possible that such instruments may be structured in a manner where insurance regulatory authorities or courts would determine that the purchase or holding of such securities or the writing of such derivatives constitutes the conduct of the business of insurance and reinsurance. In the event such a determination is made and a holder of such securities or the writer of such derivatives is not duly licensed to conduct such activities in the applicable jurisdiction, such holder or writer may be subject to regulatory and legal action. Typically, such regulatory and legal action may include orders to cease and desist from the offending activities (which may require a divestiture of the offending securities or the unwinding or termination of the offending derivative investments), civil forfeitures or criminal fines. Although the Manager will analyse such risks prior to investing in such securities or derivatives, there can be no assurance that insurance regulatory authorities will not challenge the purchase or writing of one or more such securities or derivatives as constituting the business of insurance, and it is unclear how such a challenge would affect the Company or Fund, as holder or writer thereof. Furthermore, in the event that the Company or Fund is deemed to be conducting an unauthorised business of insurance in a particular jurisdiction, it is possible that a person or entity that is involved in the promotion or management of the Company or Fund may be deemed to be aiding and abetting the Company or Fund in such unauthorised activities.

The sale of catastrophe-linked securities are typically limited to investors in certain regulatory jurisdictions, including Bermuda and many U.S. jurisdictions, where legal opinions or regulatory rulings have been obtained generally to the effect that purchasers of such securities resident of, and purchasing in, such jurisdictions are not required, by virtue of their purchase of such securities, to be licensed as insurers or reinsurers under the insurance laws of such jurisdictions.

Insurance regulatory authorities have broad discretionary powers in administering insurance laws, including the authority to modify or withdraw interpretations or to impose additional requirements. There can be no assurance that any opinions of counsel provided to an issuer of natural catastrophe-linked securities (an "Issuer") or regulatory rulings will continue to be effective or favourable to the Company or Fund or that a modification in such legal opinions or regulatory rulings would not adversely affect the Company or Fund. Furthermore, with respect to RLI that are structured as collateralised reinsurance or derivative transactions, in particular those that are written as over-the-counter derivatives, such instruments are typically marketed and promoted in a different manner than catastrophe bonds, whereby the legal opinions and regulatory rulings that are typically obtained by, as well as the representations and warranties customarily made by, the issuers and promoters of such securities may not be available with respect to such RLI.

Nature of Subscriptions

The Fund's business involves a high degree of financial risk. There is no assurance that the Fund's objective will be realised or that Shareholders will receive any return on their Subscription. A Shareholder may lose all of his or her Subscription.

Dividends

Notwithstanding the provisions set forth in the section on "*Dividend Policy*" in the Prospectus, the Fund does not intend to pay dividends. Accordingly, an investment in the Fund may not be suitable for Applicants seeking current returns for financial or tax planning purposes.

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 fluctuations

Fluctuations in US Dollars exchange rate against a Shareholder's domestic currency are unpredictable and can have a significant impact on the return on investment to each Shareholder.

Segregated Accounts Company

The Insurance Linked Securities Fund is a segregated account and reference should be made to the Prospectus regarding the implications of the same.

Compliance

The Fund must comply with various legal requirements, including without limitation requirements imposed by the securities laws, tax laws and pension laws in various jurisdictions. In particular risks of AIFMD, FATCA, and CRS are set forth in the Prospectus. 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.

Uncertainties as to Valuations

Special situations affecting the measurement of the Net Asset Value of the assets attributable to the Fund may arise from time to time. Prospective investors should be aware that situations involving uncertainties as to the valuation of assets attributable to the Fund could have an adverse effect on its Net Asset Value. In particular, the assets of the Fund may be invested in investment funds that are not regularly traded on an exchange and the accuracy of the determination of the Net Asset Value of the assets of the Fund may be affected by the frequency of the valuations of securities provided by those funds and advisors who manage investment funds may report on a weekly, bi-weekly, monthly or quarterly basis.

Whilst the Fund will generally use the latest available published price in respect of each investment in order to calculate the Net Asset Value it reserves the right to use more recent valuations where this is considered appropriate. Such valuations may be based on an estimate of a more recent price of any unit or share in an underlying investment fund or other collective investment undertaking in which the Fund invests obtained from or calculated on the basis of more recent information received from the underlying fund or undertaking or any of its service providers or agents.

In instances where the value of an investment cannot be determined in accordance with the valuation procedures described under the section entitled "Determination of Net Asset Value" in the Prospectus or in instances where the Directors determine that it is impracticable or inappropriate to determine a price or amount of a liability in accordance with the above procedures, the price will be a fair and reasonable value as determined in good faith and on a prudent basis in such manner as the Directors may prescribe in accordance with the accounting procedures applicable to the Company and the Fund.

In the event that a price or valuation estimate accepted by the Fund in relation to an underlying investment subsequently proves to be incorrect or varies from a final published price, no adjustment to the Net Asset Value of Shares in issue will be made unless the Directors deem it appropriate in the circumstances.

Further advisors of underlying funds invested in by the Fund may themselves be affected by special situations relating to the valuation and computation of dealing prices for the underlying funds and these situations will not usually be disclosed to or known about by the Manager.

The Manager does not verify the integrity and consistency of approach followed in the valuation of underlying funds invested in by the Fund. Valuation of underlying funds by their advisors may be affected by override powers exercised by such advisors or connected parties and there may not be complete segregation of duties between functionaries carrying out the valuation process from those responsible for investment management of the underlying funds. Investors are required to accept the risks inherent in these circumstances when investing in the Fund.

Counterparty and Settlement Risks

The Fund may be exposed to credit risk with the counterparties with whom it trades in relation to options, futures, contracts and other derivative financial instruments that are not traded on an exchange. Such instruments are not afforded the same protections as may apply to participants trading futures or options on organised exchanges, such as the performance guarantee of an exchange clearing house. The Fund will be subject to the possibility of the insolvency, bankruptcy or default of a counterparty with which the Company trades such instruments, which could result in substantial losses to the Fund.

The Fund may also be exposed to a credit risk on parties with whom the Fund trades securities, and may also bear the risk of settlement default, in particular in relation to debt securities such as bonds, notes and similar debt obligations or instruments. Shareholders should also note that settlement mechanisms in emerging markets are generally less developed and reliable than those in more developed countries and that this therefore increases the risk of settlement default, which could result in substantial losses for the Fund in respect to investments in emerging markets. Shareholders should also note that the securities of small capitalisation companies as well as the securities of companies domiciled in emerging markets are less liquid and more volatile than more developed stock markets and this may result in fluctuations in the price of the Shares of the Fund.

Reliability of Valuations.

To the extent that the Fund invests in investments that are illiquid (such as ILS, ILWs and certain Cat Bonds), not traded on an exchange or in an established market or for which no value can be readily determined, such investments generally will be assigned value based on pricing models, dealer quotes or independent appraisals, or such other factors as the Fund, as applicable, may reasonably determine, and are subject to the valuation discretion of the investment funds, and/or such dealers or appraisers, as applicable. Such valuations may not be indicative of what actual fair market value would be in an active, liquid or established market.

To the extent that the Fund trades or invests in securities or other investments for which market quotations are not readily available, the valuation of such securities and investments will be determined by the Fund, as applicable, whose determination will be final and conclusive as to all parties. The actual value of the security or other investment, however, may prove significantly different. In cases where a security or other investment is over-valued, this could result in higher Management Fees, than would otherwise be the case if such securities or investments were not over-valued.

ILS and ILWs in which the Fund directly or indirectly invests will be valued according to third-party vendor models selected by the underlying investment managers, to be consistent with industry standards at the time of selection. The underlying investment managers may change such third-party vendor models from time to time, but will be under no obligation to monitor the consistency with industry standards of any selected third-party vendor model on an ongoing basis, and there can be no assurance that a third-party vendor model selected will continue to be in favour with other industry participants. Any deviation from industry standards could result in valuations of the Fund's ILS and ILWs that are higher or lower than the valuations of similar investments as determined by other third-party vendors or by other funds similar to the Partnership.

Unpredictability of Catastrophes and Losses; Reliance on Third-Party Catastrophe Risk Modeling

The Fund's investments are subject to relatively infrequent but severe losses resulting from the occurrence of one or more catastrophic events. The occurrence or non-occurrence of catastrophic events can be expected to result in volatility with respect to the Fund's net asset value. A major catastrophic loss or series of catastrophic losses may occur from time to time and, if affecting one or more of the Fund's investments, could result in material losses.

The results of analyses performed by third party catastrophe risk modeling firms cannot be viewed as facts, projections, or forecasts of future catastrophic losses and cannot be relied upon as an indication of the future return on the Fund's investments. Actual loss experience can materially differ from that generated by such models. Loss distributions produced by such models constitute estimated losses based on assumptions relating to environmental, demographic and cost factors, many of which represent subjective judgments, are inherently uncertain and are beyond the control of the respective modeling firm. The assumptions or methodologies used by such firms may not constitute the exclusive set of reasonable assumptions or methodologies and the use of alternative assumptions or methodologies could yield results materially different from those generated. Further uncertainties arise from insufficient data, limited scientific knowledge, alternative theories governing empirical relationships and the random nature of catastrophic events themselves. In addition, there can be no assurance that any or all of the catastrophe risk modeling firms will continue to perform such analyses and, if so, the amount of resources dedicated to such efforts.

No model of catastrophe events is, or could be, an exact representation of reality. These models rely on various assumptions, some of which are subjective and some of which vary between the different catastrophe risk modeling firms. Accordingly, the loss estimates produced by such models are themselves based upon subjective determinations and subject to uncertainty. Professional catastrophe risk modeling firms review their modeling assumptions from time to time in the light of new meteorological, engineering, and other data and information and refine their loss estimates as such information becomes available. Such refinements may materially alter, and have in the past materially altered, the loss estimates currently generated by these models. In addition, catastrophe models may not be available for all risks included in a particular investment.

The loss probabilities generated by such models are not predictive of future catastrophic events, or of the magnitude of losses that may occur. Actual frequency of catastrophic events and their attendant losses could materially differ from those estimated by such models. Potential investors in the Fund should not view the loss probabilities generated by such models as, in any way, predicting the likelihood of the event occurrence or loss.

Modeling insured property losses resulting from catastrophes is an inherently subjective and imprecise process, involving an assessment of information that comes from a number of sources that may not be complete or accurate. No universal consensus on models or risk parameters exists. Other alternative, credible models or risk parameters may therefore exist, which, if used, could produce results materially different from those produced by catastrophe risk modeling firms.

Catastrophic Events and Other Perils

The occurrence of catastrophic events and other perils with respect to which the Fund has directly or indirectly provided protection could have a material adverse effect on the results of the Fund. The Fund will directly and/or indirectly offer forms of protection against, and have large aggregate exposures to, natural disasters, including but not limited to hurricanes and earthquakes. The Fund may experience significant losses if such events were to occur. The frequency and severity of catastrophe losses are inherently unpredictable. Consequently, the occurrence of losses from a severe catastrophe or series of catastrophes could have a material adverse effect on the results of the Fund.

The Fund, may have substantial exposure to losses resulting from acts of war, acts of terrorism and political instability. These risks are inherently unpredictable. It is difficult to predict their

occurrence with statistical certainty or to estimate the amount of loss that could result from an occurrence of such events. Claims for catastrophic events could cause large losses and substantial volatility in the performance of investments, and as a result the distributions, if any, may fluctuate widely.

Clustering of Independent Trigger Events

The Fund intends to diversify its portfolio among many independent catastrophic risks, a clustering of trigger events in a short time would be detrimental to the Fund's performance

Loss on Investments

The ability of the issuers of the RLI to provide the expected returns on their issued securities is based in part on such entities' investments, which may be subject to credit default risk, interest rate risk and other investment risks.

Lower or No Ratings

The RLI may receive or have low ratings or may be unrated by rating agencies. Consequently, such securities may be relatively illiquid and subject to adverse publicity and investor perceptions, any of which may act to depress the price of such securities.

Foreign Exchange Risk

From time to time, the Fund may invest in RLI or hold collateral denominated in currencies other than U.S. dollars, which would expose the Fund to loss in the event of an appreciation of the U.S. Dollar. The Fund may also take positions in RLI in which the thresholds for loss may be denominated in a foreign currency. As such, currency fluctuations may increase the actual probability of loss to RLI related to the anticipated probability of loss at the inception of the position. While the Manager will generally attempt to hedge the Fund's currency exposure, it is not required to do so.

Risks Associated with Catastrophe-Linked Securities and Derivatives

Catastrophe-linked securities are privately-placed fixed income or equity securities for which the return of principal and payment of interest or dividends is contingent on the non-occurrence of a specific natural peril event such as a hurricane, earthquake or other physical or weather-related phenomenon. Catastrophe-linked securities and derivatives often provide for an extension of maturity following the occurrence of an event to enable the insurer to process and audit loss claims where a trigger event has, or possibly has, occurred. Alternatively, the maturity could in certain circumstances be accelerated upon the occurrence of certain legal, regulatory, credit or structural events. An extension or acceleration of maturity may increase volatility. The market value of catastrophe-linked securities can be expected to fluctuate (i) in the event of a catastrophic event or (ii) reflecting market expectations of a catastrophic event that could potentially impact the Partnership's investments. The occurrence of catastrophic events is inherently unpredictable. In addition, catastrophe-linked securities are often subordinated to other obligations of the issuer thereof, such as those obligations to a ceding insurer. Consequently, if such an issuer incurs unexpected expenses or liabilities in connection with its activities, the issuer may be unable to pay the required interest and/or principal on its issued securities.

ILW-Specific Risks

The Fund will invest in ILWs, which, by their nature, are exposed to catastrophic risks that can lead to binary performance of individual transactions. Events that trigger most payouts with respect to ILWs are rare and as such the probability of their occurrence over a short time period may be difficult to predict. In particular, the performance of ILWs depends on determination of industry losses by a recognised third-party assessor. This dependency may cause substantial delays in

either releasing the ILW collateral and premium funds to the Partnership or paying it to the reinsured party, as the third-party assessor may require time to issue its findings of industry losses.

Contracts for ILWs typically contain clauses that allow collateral release upon review of certain loss thresholds relative to certain time intervals—the “loss development period.”

The Fund will seek to structure its ILW commitments to limit any conditional lock up period to the extent commercially reasonable, but there can be no assurance such conditional lock up period will coincide with the intended duration of an investor’s investment.

Risks Associated with Catastrophe Bonds

Cat Bonds are a way for insurers, reinsurers, corporations and government entities that have risks associated with natural catastrophe events and disasters to transfer those risks to the capital market in securities format. A typical Cat Bond transaction involves the creation of a special purpose vehicle that provides protection to a ceding company or counterparty against the risk of specified natural or non- natural catastrophes or events and issues floating rate notes, the proceeds of which serve as collateral to secure the special purpose vehicle’s obligations. More specifically, the obligation of the special purpose vehicle to repay principal is contingent on the occurrence or non-occurrence of whatever catastrophic event or events are specified by the offering. Cat Bonds can provide coverage for a broad array of perils utilising an indemnity, index, modeled loss or parametric trigger. An investment in Cat Bonds is subject to special risks, including the following:

- Limited Resources of Issuers. The issuers of Cat Bonds often are thinly capitalised, special- purpose entities that do not have ready access to additional capital. In the event of unanticipated expenses or liabilities, such entities may not have the resources available to pay such expenses or liabilities or the required interest and/or principal on their issued securities.
- Investments of Issuers. The ability of issuers of Cat Bonds to provide the expected investment returns on their issued securities is based in part on such entities’ investments, which may be subject to credit default risk, interest rate risk and other risks.
- Regulation. Entities that issue Cat Bonds may be subject to substantial regulation of their insurance and other activities. Such regulation can lead to unanticipated expenses that may result in such an entity being unable to satisfy its obligations, including those related to its issued securities. Conversely, because such entities often are domiciled in non-U.S. jurisdictions, such entities may not be subject to the same degree of regulatory oversight to which investors may be accustomed to seeing issuers and insurance companies subject in the U.S. Similarly, because such entities often are subject only to the laws of non-U.S. jurisdictions, it could be difficult for an investor in such an entity to make a claim or enforce a judgment against the entity or its directors or officers.
- Subordination; No Recourse. RLI, and particularly Cat Bonds, often are subordinated to other obligations of the issuer, such as those obligations to a ceding insurer. Consequently, if such an entity incurs unexpected expenses or liabilities in connection with its activities, the entity may be unable to pay the required interest and/or principal on its issued securities. In particular, Cat Bonds are issued without recourse. As a result, if an issuer of a Cat Bond defaulted on its obligations under the Cat Bond, an investor would have no recourse to recover any amount of the principal invested to purchase the Cat Bond.

Lower or No Ratings. Cat Bonds may receive low ratings or be unrated by rating agencies. Consequently, such securities may be relatively illiquid and subject to adverse publicity and investor perceptions, any of which may act to depress prices.

Limited Geographic Diversification Risk

The investments of the Fund may be concentrated in a limited number of geographic regions and areas that are vulnerable to catastrophic events. As a result of this concentration and lack of diversification, the risk of loss to the Fund may be high. The occurrence of one or more catastrophic events in the regions and areas that relate to the investments of the Fund could have a severe negative impact on the results of the Fund.

The Catastrophic Risk Market is Cyclical

The catastrophe risk market is historically cyclical, and opportunities to capture gains from price inefficiencies may decline or disappear entirely. Demand for protection against catastrophic risks and, hence, ILWs is influenced significantly by underwriting results of primary insurers and prevailing general economic and market conditions, all of which affect insurance and reinsurance companies' decisions as to the amount or portion of risk that they retain for their own accounts and consequently the terms of the securities or other investments through which they seek to hedge their risk. The supply of protection against catastrophe risks is related to prevailing prices, the levels of insured losses and levels of industry surplus that, in turn, may fluctuate in response to changes in rates of return on investments being earned in the reinsurance and catastrophe risk protection industry. The cyclical trends in the reinsurance and protection industry and the industry's profitability can also be affected significantly by volatile and unpredictable developments, including changes in the political, social, legal or economic environment, natural disasters (such as catastrophic hurricanes, windstorms, tornadoes, earthquakes and floods), fluctuations in interest rates, changes in the investment environment that affect market prices of and returns on investments, and inflationary pressures that may tend to affect the size of losses experienced by primary issuers. The Fund cannot predict whether market conditions will improve, remain constant, or deteriorate. Unfavourable market conditions may negatively impact the ability of the Fund to locate investments or write insurance policies at rates that it considers appropriate relative to the risk assumed. If the Fund to locate investments its ability to produce investment returns would be significantly and adversely affected and the results of the Fund in turn would also be significantly and adversely affected.

Restricted Nature of Investment Positions; Uncertain Exit Strategies

Generally, there will be no readily-available market for ILWs, or for the majority of the Fund's other investments. Due to the generally illiquid nature of the positions which the Fund is expected to acquire, the Investment Manager is unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available at an attractive price, or at all. In such cases, the Fund would be required to hold the applicable investments until maturity. Even upon maturity, there can be no assurance that the Fund will realise any proceeds therefrom. The Fund's inability to exit its investments or otherwise to realise proceeds upon maturity could materially and adversely affect its investment returns, as well as its ability to source cash to pay Investor/Shareholder withdrawals.

Idle Funds

While the Investment Manager typically will endeavour to keep the Fund's assets invested, there may be periods of time when the Fund has a significant portion of its assets in cash or cash equivalents. The investment return on such "idle funds" may not meet the overall return objective the Investment Manager seeks through the Fund's investment program

Reliance on Certain Loss-Related Information

The determination of losses under certain ILS is often based on reports and may be based upon information provided by the issuer of such investments or by an independent source (such as an index). Where an ILS is based on an index, the source providing such index may be under no obligation to correct or update the index in the event of errors or subsequently discovered information. In light of the foregoing, there can be no assurance that relevant information provided

by outside sources will be accurate, and it may not be economically feasible or efficient for the Portfolio to verify or challenge such information.

Claims and Coverage

As industry practices and legal, judicial, social and other environmental conditions change, unexpected and unintended issues related to claims and coverage may emerge. These issues may adversely affect the Fund's investments in certain risk-linked instruments, and in some instances, these changes may not become apparent until such risks and instruments are affected by these changes. As a result, the full extent of liability as a result of these changes may not be known for many years following the Fund's investment in such instruments. In addition, the effects of unforeseen developments or substantial government intervention in the handling of claims or coverage could adversely impact the ability of the Fund to implement its investment strategy or adhere to its objectives.

Forward Currency Contracts

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Disruptions can occur in any market traded by the Fund and by investment funds in which the Fund may invest due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to the possible detriment of the investors in the Fund or investment funds in which the Fund may invest. In respect of such trading, the relevant investment fund is subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to the Fund or to an underlying investment fund (and hence the Fund).

Short Sales

A short sale involves the sale of a security that the Fund or an underlying investment fund in which the Fund is invested does not own in the expectation of purchasing the same security (or a security exchangeable therefore) at a later date at a lower price. To make delivery to the buyer, the Fund or the underlying investment fund must borrow the security and later purchase the security to return to the lender. A short sale involves a risk of a theoretically unlimited increase in the market price of the security and therefore a theoretically unlimited loss on the security sold short.

Lack of Established Rating Criteria

No rating criteria have been established for the debt securities in which the Fund may invest. Therefore, in accordance with the Fund's investment policy, the Fund may invest in low rated (considered to be those that are below "investment grade") and unrated debt securities. Low rated and unrated debt securities are the equivalent of high yield, high risk bonds, commonly known as "junk bonds" are generally considered to be speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of its obligations under such securities.

In some emerging market countries evidence of legal title to shares is maintained in "book-entry" form. In order to be recognised as the registered owner of the shares of a company, a purchaser or purchasers' representative must physically travel to a registrar and open an account with the registrar (which, in certain cases, requires the payment of an account opening fee). Thereafter, each time that the purchaser purchases additional shares of the company, the purchasers' representative must present to the registrar powers of attorney from the purchaser and the seller of such shares, along with evidence of such purchase, at which time the registrar will debit such

purchased shares from the seller's account maintained on the register and credit such purchased shares to the purchaser's account to be maintained on the register.

Securities Registration Risk

The role of the registrar in such custodial and registration processes is crucial. Registrars may not be subject to effective government supervision and it is possible for the Fund or an underlying investment fund to lose its registration through fraud, negligence or mere oversight on the part of the registrar. Furthermore, while companies in certain emerging market countries may be required to maintain independent registrars that meet certain statutory criteria, in practice, there can be no guarantee that this regulation has been strictly enforced. Due to this possible lack of independence, management of companies in such emerging market countries can potentially exert significant influence over the shareholding in such companies. If a company's register was to be destroyed or mutilated, the Fund's or an underlying investment fund's holding in respect of the relevant shares of that company could be substantially impaired, or in certain cases, deleted. Registrars often do not maintain insurance against such occurrences, nor are they likely to have assets sufficient to compensate the Fund or an underlying investment fund (and hence the Fund) as a result thereof. While the registrar and the applicable company may be legally obliged to remedy such loss, there is no guarantee that either of them would do so, nor is there any guarantee that the Fund or an underlying investment fund would be able to bring successfully a claim against them as a result of such loss. Furthermore, the registrar or the relevant company could wilfully refuse to recognise the Fund or an underlying investment fund as the registered holder of shares previously purchased due to the destruction of the relevant company's register.

Illiquidity of Underlying Investments

Certain investment positions may be illiquid. Futures positions may be illiquid because, for example, some exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Similar occurrences could prohibit the Fund from promptly liquidating unfavourable positions and subject the Fund to substantial losses. In addition, the Fund may not be able to execute futures contract trades at favourable prices if little trading in the contracts involved is taking place. It is also possible that an exchange may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. Further, the factors relating to illiquidity of investment positions may also be applicable to an investor whose assets are used in any *in specie* redemption or withdrawal.

Hedging Transactions

The Fund and the investment funds in which the Fund invests may utilise financial instruments such as forward and futures contracts, options, caps and floors both for investment purposes and to seek to hedge against fluctuations in the relative values of their portfolio positions as a result of changes in currency exchange rates, market interest rates, equity indices, commodity prices and credit spreads. Such hedging transactions may limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not be possible for the Fund and such underlying investment funds to hedge against fluctuations in currency exchange rates, market interest rates, equity indices, commodity prices or credit spreads that may generally be anticipated if the Fund or the relevant underlying investment fund is not able to enter into a hedging transaction at a price sufficient to protect the Fund or the relevant investment fund from the decline in value of the portfolio position anticipated as a result of such fluctuations.

While investment funds in which the Fund and the underlying investment funds invest may enter into such transactions to seek to reduce the risks associated with fluctuations in exchange rates, market interest rates, equity indices, commodity prices and credit spreads, unanticipated changes in currency, exchange rates, interest rates, equity indices, commodity prices and credit spreads

may result in a poorer overall performance of the relevant investment funds and hence the Fund. For a variety of reasons, the relevant funds' investment advisors may not seek to establish (or may not otherwise obtain) a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the relevant investment fund from achieving the intended hedge or expose the relevant fund to risk of loss.

Trading in Indices, Financial Instruments and Currencies

The Fund and the underlying investment funds in which the Fund invests may place an emphasis on trading indices, financial instruments and currencies. The effect of governmental and/or regulatory intervention may be particularly significant at certain times in currency and financial instrument futures and options markets. Such intervention (as well as other factors) may cause all of these markets to move rapidly in the same direction because of, amongst other things, interest rate fluctuations.

Prime Brokers

An underlying fund in which the Fund invests may appoint one or more prime brokers to provide it with prime brokerage services. A prime brokerage service would involve the prime broker providing this investment fund with financing facilities, typically in the form of cash loans to finance long securities positions and stock loans to enable the company to sell short. Other leveraging facilities, such as acting as a counterparty for swaps and OTC derivatives transactions, may be provided by the prime broker in conjunction with such prime brokerage services.

As security for the prime brokerage facilities the prime broker will normally hold part or all of the underlying investment fund's securities portfolio and/or other assets as collateral, subject either to a charge or mortgage or on a transfer of title basis. Where security is taken by means of a charge or mortgage the prime broker will also normally require the right to deal with, lend, dispose of, pledge, or otherwise use or rehypothecate the charged assets ("rehypothecated assets") for its own purposes and all right, title and interest to such rehypothecated assets can be expected to pass to the prime broker, subject to a contractual obligation to return equivalent assets to the applicable investment fund. Where collateral is taken by the prime broker on a transfer of title basis all right, title and interest in the collateral will pass to the prime broker, the collateral will cease to be the property of the investment fund and instead it will have a contractual right to the return of equivalent assets. In the case both of rehypothecated assets and assets held as collateral on a transfer of title basis, if the prime broker were to become insolvent the relevant underlying investment fund's claim for such assets would be as an unsecured creditor and it might not be able to recover such assets in full.

The underlying fund's assets held by the prime broker may also be subject to other rights associated with security or collateral arrangements in favour of the prime broker, such as a right on the part of the prime broker to retain such assets until all amounts owing to it by the investment fund have been paid in full and a right to have recourse to the assets to meet liabilities owing to other companies within the prime broker's own group.

Master/Feeder Structure

The Fund may be the sole investor in an underlying fund but if there are additional feeder funds whether initially or in the future this could present certain risks to the investor. For example, a smaller feeder fund investing in the underlying master fund may be materially affected by the actions of a larger feeder fund investing in this master fund. If a larger feeder fund withdraws from this master fund, the remaining feeder fund may experience higher pro rata operating expenses, thereby producing lower returns. Hence an underlying master fund may also become less diverse due to a redemption by a larger feeder fund, resulting in increased portfolio risk.

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.

Contingent Liabilities

The underlying investments may establish such reserves for unknown or contingent liabilities (even if not required by GAAP) as the underlying managers in their sole discretion deem advisable. The underlying investments may from time to time find it necessary, upon withdrawal by the Fund, to set up a reserve for contingent liabilities and withhold a certain portion of the withdrawal proceeds to which such the Fund would otherwise be entitled.

PROFILES

Profiles of the Directors, the Manager, the Administrator, Secretary, SAR, Auditor and Legal Counsel are set forth in the Prospectus. Details of the other participants engaged in the operation of the Fund are as set forth herein.

SHARE DEALINGS

The provisions dealing with subscriptions and redemptions generally are set forth in the Prospectus. Those provisions which specifically relate to subscription in and redemption from the Fund and are not contained in the Prospectus are set forth below. Prospective investors and existing Shareholders must read those Prospectus provisions in conjunction with the provisions set forth below.

Subscription for the Shares of the Insurance Linked Securities Fund

Admission

The general admission provisions are set forth in the Prospectus. The Fund is open for monthly subscriptions. Shares may be purchased on the first Business Day of each calendar month (**Subscription Day**) at a purchase price equal to the then prevailing Net Asset Value per Share in accordance with the Prospectus. The minimum initial subscription for each Shareholder is US\$250,000, and thereafter US\$100,000, which may be waived or reduced by the Directors or by the Manager, on behalf of the Directors, in their discretion on a case by case basis (**Subscription Amount**). Subscriptions are generally payable in USD. The date of closure of the Fund to further subscriptions will be notified to existing Shareholders following determination thereof by the Board (**Subscription Closure Date**).

Application Procedure

Shares may be purchased by delivering duly completed application documents (including an account opening form and subscription form) together with the necessary subscription monies to the Administrator at its headquarters in Bermuda, prior to 5:00 p.m. (Bermuda time) not less than five (5) Business Days prior to the relevant Subscription Day. Late application documents received

by the Administrator may be held over to the next Subscription Day, and Shares will then be issued at the Subscription Price applicable on that day.

The Board, in its absolute discretion, may authorise the Administrator to allow subscriptions on less than five (5) Business Days' notice. Subscriptions for Shares will be accepted and processed on the Subscription Day immediately following their receipt by the Administrator. Requests will only be accepted where cleared funds and completed documents have been received.

Subscription Amounts: When applying for Shares or a series thereof, Applicants must initially apply for an initial minimum amount of US\$250,000 or its equivalent in any freely convertible currency, and thereafter a subsequent minimum amount of US\$100,000. The Board may waive this minimum amount at its discretion. If a Subscription is received in a currency other than US Dollars that subscription will automatically be converted upon receipt by Insurance Linked Securities 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. Investors may elect and the Directors or the Manager, in their sole discretion may accept, payment-in-kind, rather than cash, as payment for subscriptions. If accepted, such in-kind payments will generally be assigned a fair market value in US Dollars unless the Directors determine another value therefor.

Acceptance: The Administrator (for and on behalf of the Fund acting through 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 Board 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 pursuant to the Application Procedures (see "*Money Laundering*" below). A contract note will not be released until the Administrator is in receipt of the original Subscription Agreement.

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.

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.

Money Laundering

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.

A description of the money laundering provisions is set forth in the Prospectus.

The Company and Fund reserve 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.

Determination of Net Asset Value

The Net Asset Value per Share will be determined on each Valuation Day.

Lock-Up Period

Generally, without the consent of the Manager, no Shareholder may withdraw any portion of any of its Net Asset Value before the expiration of a twelve-month period from the date of the subscription.

Redemptions

Redemption by Shareholders

Following the expiration of the Lock-Up Period with respect to any shares, the Shareholder may withdraw up to 75% of the balance of their total fund value at any Redemption Date with the remainder to be distributed at the next available Redemption Date. Shareholders may request redemption of their Shares on June 30 and December 31 of each calendar year throughout the term of the Fund, or at such other time as determined by the Directors in their sole discretion (each a “**Redemption Date**”). Shareholders wishing to redeem Shares as of a particular Redemption Date must provide the Administrator by 5:00 p.m. Bermuda time on the Business Day that is at least ninety (90) calendar days prior to the relevant Redemption Date written notice of their intention to redeem such Shares as of the applicable Redemption Date. A Redemption Request, once made, will be irrevocable and may not be withdrawn without the consent of the Directors or the Manager.

The redemption price per Share is equal to the Net Asset Value per Share on the Valuation Day. Each redeeming Shareholder withdrawing all or a portion generally will be paid an amount equal to at least 90% of the estimated withdrawal proceeds within 120 days after the relevant withdrawal date, with the balance settled as soon as practicable.

However, in certain unusual or unforeseen circumstances where the Fund is unable to liquidate securities positions in a timely and orderly manner in order to fund redemptions, or where the value of the assets and liabilities of the Fund cannot reasonably be determined, the Fund may, in the sole discretion of the Directors, take longer than the time period mentioned above to effect settlements of redemptions or may effectuate only a portion of a requested redemption. Under certain circumstances, the Fund may settle redemptions, in whole or in part, in-kind and may extend the duration of the redemption notice period if the Directors deem such an extension as being in the best interest of the Fund and the non-redeeming Shareholders. Furthermore, under certain circumstances, the Fund may suspend redemptions.

Redemption Procedure: The form of Redemption Request will be supplied to Shareholders if the Board approves a redemption of Shares by Shareholders at the relevant time.

Redemption Price: In the event that the Board approves a redemption of the Shares at any time then the Shares will be redeemed at a price per share equal to the Net Asset Value per Share, (referred to herein as the “**Redemption Price**”). 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.

Compulsory Redemption

The provisions regarding the Directors right to compulsorily redeem some or all of the Shares of a Shareholder are set forth in the Prospectus.

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 “Subscription for Shares” in the Prospectus). 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.

Conversion of Shares

Shareholders do not have the right to convert Shares of this Fund into Shares of another Fund, or to convert shares of another Fund into shares of this Fund.

FEES AND EXPENSES

Management Fee

A management fee of one and a half per cent fee (1.5%) per annum will be payable on the Net Asset Value of the Fund and payable quarterly in arrears from the Fund Account (**Management Fee**). There is no Performance Fee charged in respect of the Fund.

The Manager may, in its sole discretion, effectively waive all or part of the Management Fee otherwise due with respect to any Shareholder’s investment by rebate or otherwise.

Expenses

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

General expenses: Insurance Linked Securities 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).

Fees and Expenses of Underlying Investment Funds

As the investment objectives of the Fund may be achieved through investment in underlying investment funds, the Fund will bear a proportion of the expenses attributable to those investments (whether directly or indirectly) including, without limitation, any subscription or redemption fees or other charges which may be levied by such funds or their operators and investment advisors and advisors. Investment funds of the type in which the Fund may invest include investment funds that charge in addition to a management fee (typically of between one and four per cent. per annum of the relevant net asset value), an incentive fee based on a percentage of profits. The incentive fee can be as high as twenty-five per cent. of profits (or possibly even higher in certain cases). Often profits will be assessed on a “high water mark” basis so that no new incentive fee is payable until any prior losses have been recouped, but this may not always be the case.

TAX

The description of the current law and practice in Bermuda as regards taxes and exchange control provisions are set forth in the Prospectus.

STATUTORY AND GENERAL INFORMATION

A summary of certain statutory and general information about the Company, the Fund and the Shares is set forth in the Prospectus. Any variation thereto is set forth below. Neither the information in the Prospectus nor as set forth below purports to be exhaustive. Unless specified otherwise, information contained in this Supplement is as of the date specified on the cover page.

Share Capital and other provisions

There are no variations to the information set out in the Prospectus regarding the share capital of the Company and the different classes of Participating Shares.

Directors' Interests, Indemnities and Commissions

There are no variations to the information set out in the Prospectus regarding the interests of Directors, indemnities and commissions.

Reporting

The financial year of the Company and the Fund will end on 31 December in each calendar year. The financial statements for the Fund are prepared in accordance with IFRS. An annual report and, if applicable, audited financial statements for the Fund in respect of each financial year will be sent to Shareholders at least twenty-one (21) days prior to each Annual General Meeting 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. However, the Directors intend to waive the requirement for audited financial statements for the Fund subject to any applicable regulatory approvals required.

It is expected that the Administrator will supply Shareholders with Net Asset Value statements as soon as reasonably practicable following the determination of the Net Asset Value to be calculated as of 31 December each year.

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 the Fund, should be directed to the Administrator at their respective addresses set out in the "DIRECTORY".

General

1. The Directors confirm that as of the date of this Supplement no dividends have been declared in relation to the Insurance Linked Securities Fund.
2. As at the date of this Supplement, the Company does not intend to seek registration or licensing in any jurisdiction or with any supervisory or regulatory authority outside Bermuda.

Litigation

Neither the Company nor the Fund are engaged in any litigation or arbitration proceedings and neither is aware of any litigation or claim pending or threatened by or against them. The Manager has not been the subject of any criminal convictions or disciplinary action taken by a supervisor or regulatory body since inception.

Borrowings

As of the date of this Supplement, neither the general account of the Company nor the Insurance Linked Securities 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.

Correspondence

Neither the Company nor the Insurance Linked Securities Fund is responsible, and does not accept any liability, for any correspondence addressed to the Company or the Fund, including the loss of any completed Subscription Agreement or any supporting documentation posted to the Fund, which is not received by the Insurance Linked Securities 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 Supplement will be governed by, and construed in accordance with, the laws of Bermuda.

Availability of Documents

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 Prospectus under "*Material Contracts*".
- (e) Any report of audited accounts prepared by the auditor of the Company.

Privacy

The Company only collects (i) information on a Shareholder sent by, or collected in relation to, a Shareholder when submitting their Subscription Agreement and accompanying documents, (ii) information relating to a Shareholder's transactions with the Insurance Linked Securities 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 the Insurance Linked Securities 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 the Insurance Linked Securities 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' information.

APPENDIX I
SUBSCRIPTION AGREEMENT