

**IMPORTANT**

**THIS DOCUMENT MAY ONLY BE ISSUED TO PERSONS WHO MAY LAWFULLY RECEIVE IT. THIS DOCUMENT HAS BEEN DELIVERED TO YOU ON A CONFIDENTIAL BASIS AND MUST NOT BE COPIED OR DISTRIBUTED TO ANY OTHER PERSON.  
THE PRICE OF THE PARTICIPATING SHARES OF THE COMPANY FORMING THIS OFFER MAY GO DOWN AS WELL AS UP AFTER SUBSCRIBING**

**ER  
UMBRELLA FUND LTD.**

**Incorporated as an International Business Company under the laws of Commonwealth of The Bahamas**

**EXPLANATORY MEMORANDUM**

**relating to the Private Offering of Participating Stock**

**The Securities described in this confidential Explanatory Memorandum have not been approved for offer or sale to the public under the securities laws of any country or jurisdiction.**

**This document has been prepared in accordance with the requirements of the Investment Funds Act, 2003 of the Commonwealth of The Bahamas. In licensing the Company to operate as a Standard fund in that jurisdiction, the Securities Commission, as regulators of the Investment Funds Act, 2003 take no responsibility for the financial soundness of the Company or for the correctness of any statements or opinions expressed herein. To the best of the knowledge and belief of the Directors the information contained herein is in accordance with the facts and does not omit anything likely to affect the importance of such information.**

**Not for use or distribution in the United States of America.**

**This Explanatory Memorandum is dated 30 August, 2007 (as amended by resolutions of the Board of Directors of the Company adopted as of September 19, 2006, and supersedes all previous Explanatory Memoranda and supplements thereto.**

## NOTICE TO INVESTORS

**THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT YOU SHOULD CONSULT YOUR ACCOUNTANT, SOLICITOR, OR OTHER INDEPENDENT PROFESSIONAL ADVISOR.**

ER Umbrella Fund Ltd. is an open-ended investment Company designed to provide investors with access to a broad range of alternative investment strategies.

The Company is an "umbrella fund" and is offering shares of non-voting Participating Stock (the "Shares") in several different classes. Each Class of Share represents a separate sub-fund which will conduct its trading activities directly and/or through subsidiary Trading Companies. The assets and liabilities of each sub-fund will be segregated from the assets and liabilities of the other sub-funds. The Directors of the Company are responsible for the accuracy of the information contained in this Explanatory Memorandum and confirm that to the best of their knowledge and belief, having made reasonable enquiry, there are no facts the omission of which would make any statement contained in this Explanatory Memorandum misleading as at the date hereof.

Only Eligible Investors (as defined herein) may apply for the Shares that are the subject of this offering.

### ***RELIANCE ON EXPLANATORY MEMORANDUM***

The Shares are being offered privately by the Company and through authorised selling agents solely on the basis of the information and representations contained in this Explanatory Memorandum and any further information given or representations made by any person may not be relied upon as having been authorised by the Company or the Directors. Neither the delivery of this Explanatory Memorandum nor the allotment or issue of 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 Explanatory Memorandum is based on the law and practice currently in force in the Commonwealth of The Bahamas and is subject to changes therein.

The Company is a Standard Investment Fund for the purposes of the Investment Funds Act 2003 of the Commonwealth of The Bahamas and has been granted a license to carry on business as a Standard Investment Fund in that jurisdiction subject pursuant to Section 3(a)(iii) of the Investment Funds Act. The Securities Commission, as Regulators of the Investment Funds Act, 2003, takes no responsibility for the financial soundness of the Company or for the correctness of any statements or opinions expressed herein.

Persons interested in acquiring Shares should inform themselves as to:

- (i) the legal requirements within the countries of their nationality, residence, ordinary residence or domicile for such acquisition;
- (ii) any foreign exchange restrictions or exchange control requirements which they might encounter on acquisition or disposal of Shares; and
- (iii) the income tax and other taxation consequences which might be relevant to the acquisition, holding or disposal of Shares.

Expressions which are not defined in this Explanatory Memorandum have the meanings ascribed to them in the Articles of Association of the Company.

### ***RESTRICTIONS ON DISTRIBUTION***

The distribution of this Explanatory Memorandum and the offering of Shares in certain jurisdictions may be restricted and, accordingly, persons into whose possession this Explanatory Memorandum may come must inform themselves about and observe any such restrictions. This Explanatory Memorandum does not constitute, and may not be used for the purposes of, an offer or solicitation by any person in any jurisdiction: -

- (i) in which such offer or solicitation is not authorised; or
- (ii) in which the person making such offer or solicitation is not qualified to do so; or
- (iii) to any person to whom it is unlawful to make such offer or solicitation.

Applicants for Shares are required to declare that they are Eligible Investors (as defined herein) and the Directors may, in their discretion, reject any application without assigning any reason therefore. Holders of Shares who cease to be Eligible Investors will be required to dispose of such shares either through redemption or by transfer to an Eligible Investor.

The Directors are aware of the following restrictions: -

### **United Kingdom**

The Company is not a recognised collective investment scheme for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom (the "Act"). Accordingly, this Explanatory Memorandum may only be distributed in the United Kingdom to persons who fall within the exemptions contained in the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 made under Section 238(6) of the Act or those contained in rule 3 annex 5 of the Conduct of Business Rules made by the Financial Services Authority under Section 238(5) of the Act and distribution of this document by or to any other person in the United Kingdom is not authorised by the Company.

### **United States**

The Company has not been and will not be registered under the Investment Company Act of 1940 of the United States and the Shares have not been and will not be registered under the Securities Act of 1933 of the United States (as amended) (the "1933 Act") or the securities laws of any State of the United States. The Shares may not be directly or indirectly offered, sold or delivered to any person in the United States or to or for the account or benefit of any "US Person" as defined herein, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable State laws. Applicants for Shares will be required to declare that they are not a US Person and are not applying for Shares on behalf of any US Person.

### **Finland**

This Explanatory Memorandum may only be distributed in Finland to persons who fall within the professional investor exemptions contained in the Securities Act of 1989 and the Investment Funds Act of 1999 of Finland. Finnish applicants for Participating Shares will be required to declare that they can be classified as professional investors as defined in the Securities Act of 1989 of Finland.

### **The Commonwealth of The Bahamas**

No invitation may be made to Bahamian Persons, as defined herein, to subscribe for the Shares.

### **Switzerland**

The Fund has not been authorized by the Swiss Federal Banking Commission according to the Swiss Act for Collective Investment Schemes dated June 23, 2006. Accordingly, the Shares may not be advertised publicly in or from Switzerland as defined in the Circular of the Swiss Federal Banking Commission dated May 28, 2003, as amended, regarding Public Advertising according to the Investment Fund Legislation.

### **Generally**

The distribution of this Explanatory Memorandum and the offering of Shares may be restricted in certain jurisdictions. The above information is for general guidance only, and it is the responsibility of any person or persons in possession of this Explanatory Memorandum and wishing to make application for Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile. Shares sold after the date of this Explanatory Memorandum will be sold on the basis of the information and representations contained in this Explanatory Memorandum and any

further information or representations given or made by any dealer, salesman or other persons must be regarded as unauthorised.

***RISK FACTORS***

Investment in the Company, as with all investments, carries substantial risk and there can be no assurance that the investment objective will be achieved. The value of the Shares is subject to the performance of the investments of the underlying Trading Companies and/or the securities into which direct investments have been made, accordingly, may fall as well as rise. There can be no assurance that the investment objective of the Company will be achieved and past performance is not necessarily a guide to performance in the future. Investment in the Company is not intended to be a complete investment programme for any investor. Prospective investors should carefully consider whether an investment in Shares is suitable for them in light of their circumstances and financial resources (see further under "Risk Factors").

**Important - if you are in any doubt about the contents of this offering document, you should consult your stockbroker; bank manager; counsel and attorney; accountant or other financial adviser.**

**30 August , 2007**

<b>DIRECTORY.....</b>	<b>7</b>
<b>DEFINITIONS.....</b>	<b>9</b>
<b>SUMMARY.....</b>	<b>12</b>
<b>THE COMPANY.....</b>	<b>14</b>
INCORPORATION & STRUCTURE .....	14
INVESTMENT OBJECTIVE, FACTORS AND INVESTMENT & TRADING POLICIES .....	14
RISK FACTORS.....	15
<b>MANAGEMENT OF THE COMPANY .....</b>	<b>18</b>
BOARD OF DIRECTORS .....	18
REGISTERED OFFICE.....	19
AUDITORS.....	19
ADMINISTRATOR .....	19
BANKER.....	19
CALCULATION AGENT .....	20
SUB-REGISTRAR AND TRANSFER AGENT .....	20
TRADING MANAGER .....	21
POWERS OF DELEGATION.....	22
<b>FEES AND EXPENSES.....</b>	<b>23</b>
FEES OF THE ADMINISTRATOR.....	23
FEES OF THE CALCULATION AGENT .....	23
FEES OF THE SUB-REGISTRAR AND TRANSFER AGENT .....	23
FEES OF THE TRADING MANAGER AND/OR THE ADVISOR.....	23
INITIAL FEE .....	24
REMUNERATION OF DIRECTORS .....	24
OTHER OPERATING EXPENSES.....	24
SHARE CAPITAL.....	25
ALTERATION OF CAPITAL .....	26
ELIGIBLE INVESTORS.....	26
SUBSCRIPTIONS.....	26
REDEMPTIONS.....	27
COMPULSORY REDEMPTION .....	28
NET ASSET VALUATION.....	29
SUSPENSION OF VALUATIONS AND REDEMPTIONS .....	29
REGISTRATION AND TRANSFER OF SHARES .....	30
DIVIDEND POLICY.....	30
MISCELLANEOUS .....	31
<b>TAXATION .....</b>	<b>32</b>
THE COMPANY .....	32
SHAREHOLDERS .....	32
<b>ADDITIONAL INFORMATION .....</b>	<b>33</b>
REPORTING .....	33
REGULATION .....	33
CONFLICTS OF INTEREST.....	33
MATERIAL CONTRACTS.....	34
DOCUMENTS AVAILABLE FOR INSPECTION.....	34
INQUIRIES.....	34
<b>APPENDIX A .....</b>	<b>37</b>
<b>SUBSCRIPTION AND APPLICATION PROCEDURES .....</b>	<b>37</b>
<b>SUBSCRIBERS' UNDERTAKINGS AND WARRANTIES.....</b>	<b>37</b>

<b>APPENDIX A(I)</b> .....	<b>41</b>
<b>APPENDIX B</b> .....	<b>46</b>
REDEMPTION REQUEST .....	46
REDEMPTION INFORMATION .....	47
<b>APPENDIX C</b> .....	<b>48</b>
<b>APPENDIX D</b> .....	<b>49</b>

## **DIRECTORY**

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COMPANY	<b>ER Umbrella Fund Ltd.</b> 4 <sup>th</sup> Floor 308 East Bay Street, PO Box N9058, Nassau, Bahamas
ADMINISTRATOR	<b>Genesis Fund Services Limited</b> 4 <sup>th</sup> Floor 308 East Bay Street, PO Box N9058, Nassau, Bahamas
AUDITORS	<b>Ernst &amp; Young</b> Chartered Accountants One Montague Place East Bay Street PO Box N-3231 Nassau, Bahamas
BANKER	<b>Nordea Bank Finland Plc.</b> Corporate Banking Aleksanterinkatu 36 00020 NORDEA Finland
CALCULATION AGENT	<b>Brophy Gillespie</b> Chartered Accountants & Registered Auditor 6 St. Gall's Gardens South Milltown, Dublin 14 Ireland
CASH CUSTODIAN	<b>Nordea Bank Finland Plc.</b> Corporate Banking Aleksanterinkatu 36 00020 NORDEA Finland
LEGAL COUNSEL (As to Bahamas Law)	<b>Klonaris &amp; Co.,</b> Lyford Financial Centre, West Bay Street, P.O. Box N-7776, Nassau, Bahamas
REGISTRAR & TRANSFER AGENT	<b>Trinity Fund Administration Limited</b> Oyster Point Temple Road Blackrock Co. Dublin Ireland

TRADING MANAGER

**Estlander & Rönnlund Limited**

Aleksanterinkatu 50 A  
FIN-00100 Helsinki  
Finland

## DEFINITIONS

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"Addendum"	An addendum to this Explanatory Memorandum that details the investment and trading policies of a Sub-Fund;
"Advisor"	Appointed by the board of Directors of the Company for providing advice on asset management, which is discretionary evaluated and executed by the Trading Manager. The Advisor(s) are appointed per Sub-Fund and described further in each Addendum of the Sub-Funds should such have been appointed.
"Articles of Association"	the Articles of Association of the Company;
"Administrator"	Genesis Fund Services Limited;
"Base Currency"	means the currency in which the Net Asset Value of a particular Class is expressed;
"Bahamian Person"	A national, citizen or resident of a person normally resident in the Commonwealth of The Bahamas or any corporation, partnership, trust, estate or other entity formed or organised under the laws of, or existing in the Commonwealth of The Bahamas and deemed resident therein within the meaning of the Exchange Control Regulations made under the Exchange Control Regulations Act;
"Broker"	means any person, firm or corporation appointed as a broker to a Sub-Fund and as detailed in its Addendum;
"Business Day"	any day on which banks are open for business in Dublin, New York and The Bahamas;
"Class"	means each sub-division of Shares also expressed as a Sub-Fund;
"Company"	ER Umbrella Fund Ltd.;
"Cash Custodian"	Nordea Bank Plc.
"Custodian"	means any person, firm or corporation appointed as custodian (may be the same as Prime Broker) to a Sub-Fund or the Trading Company of a Sub-Fund from time to time and as detailed in its Addendum;
"Dealing Day"	the first Business Day of each month or such other day or days as the Directors may from time to time determine; (see Subscription Day)
"Directors"	the members of the board of directors of the Company for the time being and any duly constituted committee thereof and any successors to such members as they may be appointed from time to time;
"Eligible Investor"	an investor who satisfies the criteria for being eligible to subscribe for, or to hold, Shares as set out herein;
"Incentive Fee"	the incentive fee payable by the Company to the Trading Manager in respect of certain Sub-Funds, calculated in the manner described in the Addendum of each relevant Sub-Fund;
"Initial Offering Period"	the period during which Shares of a Sub-Fund

	are offered for subscription at the Initial Offering Price determined at the launch of each Sub-Fund:
“Initial Offering Price”	the fixed price at which Shares are offered during the Initial Offering Period as determined by the Directors in respect of each Class;
“Investment Funds Act”	the Investment Funds Act and Regulations of 2003 of the Commonwealth of The Bahamas and any amendments and replacements thereof;
“Management Fee”	the management fee payable by the Company to the Trading Manager, as described herein;
“Net Asset Value”	the net asset value of each Sub-Fund as determined in accordance with the Articles;
“Net Asset Value per Share”	the Net Asset Value divided by the number of Shares in issue or deemed to be in issue for that Sub-Fund;
“Preferred Shares”	Preferred voting, redeemable, non-participating Shares of par value US\$0.01 in the Company;
"Principal Broker"	means any person, firm or corporation appointed as principal broker to a Sub-Fund or the Trading Company of a Sub-Fund from time to time and as detailed in its Addendum;
"Redemption Day"	the first Business Day of each month or such other day or days as the Directors may from time to time determine;
“Redemption Price”	the price per Share at which Shares are redeemed, calculated in the manner described herein;
“Shareholder”	a person recorded as a holder of shares of any Class in the register of members of the Company;
“Shares”	the non-voting, redeemable participating Shares of Participating Stock of par value US\$0.01 each;
“Sub-Fund”	means a Sub-Fund established and maintained in respect of the assets and liabilities attributable to a Class of shares. The investment activities of each Sub-Fund may be conducted through separate Trading Companies;
“Subscription Day”	the first Business Day of each month or such other day or days as the Directors may from time to time determine; (see Dealing Day)
“Subscription Price”	the price per Share at which Shares are issued after the close of the Initial Offering Period, calculated in the manner described herein;
"Trading Company"	a subsidiary of the Company into which the trading assets of a Sub-Fund are invested for trading;
"Trading Manager"	Estlander & Rönnlund Limited;
“US Person”	(a) any natural person who is a resident or citizen of the United States of America; (b) any partnership or corporation organised or incorporated under the laws of the United

States or a state of the United States of America; (c) any estate of which any executor or administrator is a U.S. Person as defined in sub-paragraphs (a) and (b) herein; (d) any trust of which any trustee is a U.S. Person as defined in sub-paragraphs (a) and (b) herein; (e) any agency or branch of a foreign entity located in the United States of America; (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 of America; 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 1933, as amended (the "Act"), unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Act) who are not natural persons, estates or trustees (whenever such term is used in this document it shall have the meaning given in the Act);

"United States"

the United States of America (including the States and District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction; and

"Valuation Day"

the last Business Day of each month or such other day or days as detailed in the respective Addendum of each Sub-Fund or any other day as the Directors may determine from time to time,

## **SUMMARY**

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The information set forth below should be read in conjunction with, and is qualified in its entirety by, the full text of this Explanatory Memorandum and the documents referred to herein.

**Administrator** The Company has appointed Genesis Fund Services Limited, as its Administrator to ensure compliance with the Investment Funds Act 2003 and Investments Fund Regulations 2003 of the Commonwealth of The Bahamas.

**Auditors** Ernst & Young, Bahamas, have been appointed as independent auditors of the Company.

**Calculation Agent** The Company has appointed Brophy Gillespie as its Calculation Agent. The Calculation Agent is responsible for the preparation and maintenance of financial and accounting records, the net asset value of the Shares and periodic financial statements.

**Company** ER Umbrella Fund Ltd. is a limited liability company designed to permit investors to participate in professionally managed portfolios. The Company was incorporated as Estlander & Rönnlund Global Fund Ltd. under the laws of the Commonwealth of The Bahamas as an International Business Company on 29th November 1995, and changed its name to er Umbrella Fund Ltd. on 14 February 2003 and to ER Umbrella Fund Ltd. on 14<sup>th</sup> December ,2005.

The investment activities of the Company in respect of the each Sub-Fund will be conducted through the Sub-Funds as well as Trading Companies. Further details on a Sub-Fund are set out in a separate Addendum in respect of each Sub-Fund.

**Eligible Investors** Subscribers for Shares must be, and continue to be, Eligible Investors (as defined herein) and the Directors may reject applications at their discretion.

**Fees and Expenses** The Trading Manager will receive an annual Management Fee for each Sub-Fund to which it is appointed and such Management Fees are detailed in an Addendum of the Sub-Fund to which it relates. The Trading Manager may also be entitled to receive an Incentive Fee in respect of the Sub-Funds to which it is appointed, and such fees will be detailed in an Addendum of the Sub-Fund to which it relates. The Sub-Funds as well as the Trading Companies will also pay their operating expenses including the fees of Custodian, Principal Broker, Brokers, Calculation Agent, the Sub-Registrar and Transfer Agent and the Administrator.

**Investment Objective** The investment objective of the Company is to achieve long-term capital appreciation.

<b>Investment Policy</b>	The Company will seek to achieve its investment objective for each Sub-Fund either directly and/or through investing in subsidiary Trading Companies.
<b>Minimum Subscription</b>	The minimum initial subscription and the minimum additional subscription for Participating Shares of a Sub-Fund by the same subscriber are set out in a separate Addendum relating to each Sub-Fund.
<b>Offering of Shares</b>	The Initial Offering Period relating to each Sub-Fund will be determined by the Directors at the launch of each Sub-Fund. Thereafter the Shares will be offered on each Subscription Day at the Net Asset Value per Share.
<b>Redemptions</b>	Shares are redeemable at the option of the Shareholder on each Redemption Day, upon at least one (1) Business Day prior written notice to the Sub-Registrar and Transfer Agent, at the relevant Redemption Price.
<b>Reporting Currency</b>	The Company will maintain the accounting records and transact subscriptions and redemptions in respect of each Sub-Fund in the base currency, as set out in an Addendum of each Sub-Fund.
<b>Sub-Registrar and Transfer Agent</b>	Trinity Fund Administration Limited has been appointed as Sub-Registrar and Transfer Agent with responsibility for the processing of subscriptions and redemptions.
<b>Trading Manager</b>	Estlander & Rönnlund has been appointed as Trading Manager with responsibility to develop the investment strategy of the Sub-Funds. The Company also has the ability to appoint an alternative, suitably qualified external trading adviser to a Sub-Fund, should it be deemed appropriate.

## **THE COMPANY**

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### ***INCORPORATION & STRUCTURE***

The Company was incorporated as an International Business Company under the laws of the Commonwealth of The Bahamas on 29th November 1995 as Estlander & Rönnlund Global Fund Ltd. and has its registered office at 4<sup>th</sup> Floor, 308 East Bay Street, PO Box N9058, Nassau, Bahamas. The registered number of the Company is 38,398 B. The Company changed its name to ER Umbrella Fund Ltd. on 14 February 2003 and to ER Umbrella Fund Ltd. on 14 December 2005.

The Company is a limited liability company that has the power to issue and redeem Shares. The Company was restructured as a multi-class, umbrella fund meaning that it may issue one or more classes of Shares, to each of which classes of Shares is attributable a different pool of assets and liabilities. The price at which a Share of a particular class may be issued or redeemed is determined solely by reference to the value of the assets and liabilities attributable to that class of Shares, except that during the Initial Offering Period of a particular Sub-Fund, Shares shall be issued at the Initial Offering Price. The characteristics of each class of Shares are determined by the Directors. The financial year of the Company ends on 31 December and the Company has retained Ernst & Young, Bahamas, as its independent auditors.

### ***INVESTMENT OBJECTIVE, FACTORS AND INVESTMENT & TRADING POLICIES***

#### Investment Objective

The investment objective of the Company is to achieve long term capital appreciation.

#### Investment Factors

By investing in a pooled investment vehicle such as the Company, individual investors gain access to more diverse markets and instruments than they could generally have access to without a substantially greater commitment of funds. Similarly, investors may obtain the management services of the Trading Manager and/or the advisory services of every single Advisor with a significantly smaller investment than the Trading Manager and/or the Advisor generally requires when managing an individual account for a client.

The Company together with its Trading Companies provides shareholders with various services, which reduce the administrative burden otherwise borne by individual account owners, including overseeing the Trading Manager's trading activity, keeping a register of shareholders, appointing prime brokers and executing brokers, administering margin requirements, managing excess cash, reviewing broker statements, keeping books and records of account, and providing periodic financial statements to shareholders.

#### Investment and Trading Policies

The Company will seek to achieve its investment objective in respect of each Sub-Fund through investment and trading policies specifically designed for each such Sub-Fund. The Sub-Funds will, unless otherwise determined by the Directors, invest directly and/or through investment in Trading Companies to implement their respective investment policies. The Investment and Trading policies of each Sub-Fund will be set out in its respective Addendum.

#### Investment Restrictions

The Company is restricted to the Investment Policies outlined for each Sub-Fund in its respective Addendum.

## **RISK FACTORS**

Investment in Shares involves considerable risk and is suitable only for persons who can assume the risk of losing their entire investment. The price of shares in the Company and the income from them (where income is distributed) may be subject to market fluctuations. Prospective investors should therefore consider the following risk factors including, but not limited to:

**General Considerations.** An investment in the Company may involve risk and may not be suitable for all investors. There is no guarantee that the Company will achieve its investment objective and Investors should recognise that investing in the Company involves special considerations not typically associated with investing in other securities. Investing in the Company should not be considered a complete investment programme by any investor and as such it is advisable for an individual investor to consult their own financial adviser. Similarly, investors should be fully aware of the long-term nature of their investment in the Company and should have other financial reserves.

**Price Variability and Leverage.** The securities held by the Company are speculative and may have a high degree of price variability. Some or all Sub-Funds and their Trading Companies may utilise leverage in order to achieve its investment objectives. Such leverage may be acquired through derivatives (futures, forwards and options) or through outright lending. The price variability, combined with leverage, can cause large and sudden losses of capital and may result in the total loss of investment.

**Economic Conditions.** The success of any investment activity is affected by general economic conditions that may affect the level and volatility of interest rates and the extent and timing of investor participation in the equity markets.

**Political and/or Regulatory Risks.** The Net Asset Value of a Sub-Fund may be affected by uncertainties such as international political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries in which the assets of the Company are invested.

**Illiquidity and possible Limitations on Redemptions.** Security interests cannot always be liquidated at the desired price. It is difficult to execute a trade at a specific price when there is a relatively small volume of buy and sell orders in a market. A market disruption, such as when foreign governments may take or be subject to political actions or an exchange interrupts trading, can also make it difficult to liquidate a position. Unexpected market illiquidity may cause major losses. Under certain circumstances the Directors of the Company may find it necessary to limit the right of Shareholders to have their Shares redeemed (see "Redemptions" and "Suspension of Valuations").

**Concentration of Investments.** Although it will be the policy of the Company to diversify its investment portfolio, at certain times the Company may hold relatively few positions. Please refer to the Investment Objectives, Policies and Restrictions of each of the Sub-Funds for full details of the composition and concentration and the risks associated therewith.

**Position Limits May Alter Trading Decisions.** The exchanges of financial instruments, the financial regulators as well as the counterparties of the Company and its Trading Companies may restrict trading as well as set limits on the maximum net long or net short positions that an investor may hold or control in certain securities. If trading in the positions held by the Company or its Trading Companies were to be restricted or approach the level of a particular speculative position limit, such limits could cause a modification of trading decisions or restrict/force the trading/liquidation of certain positions. Any of these actions may not be in the best interests of the investors.

**Competition.** The securities industry is extremely competitive. The Company and the Trading Manager believe that its investment objectives, policies and procedures are designed to compete fully with its competitors. However, such competition will be with firms, including many of the larger investment and commercial banking firms, which have substantially greater financial resources and research capability.

**Investment Selection.** The Trading Manager will select investments for each Sub-Fund on the basis of information and data filed by the issuers of such securities with various government regulators or made directly available to the Investment Advisor by such issuers or through other sources. Although the Trading Manager may evaluate such information and data and seek independent corroboration when the Trading Manager considers it appropriate and available, the Trading Manager is not in a position to confirm the completeness, genuineness or accuracy of such information or data.

**Lack of Control.** Investors will have no right to participate in the management of the Company or in the control of its business. Accordingly, no person should purchase any Shares unless he is willing to entrust all aspects of management of the Company to the Directors.

**Lack of Independent Representatives.** The Directors have consulted with counsel, accountants and other experts regarding the formation of the Company. Such personnel are accountable to the Company only and not to the Shareholders. Each prospective investor should consult his own legal, tax and financial advisers regarding the desirability of an investment in the Shares.

**Currency Risk.** The Net Asset Valuation of each Sub-Fund will be calculated in the currency stated in the respective Addendum. Where currency conversions are required, they may be affected by rate fluctuations.

**OTC Forward Transactions are Not Regulated and are Subject to Credit Risk.** The Company and the Trading Companies may invest in OTC forward contracts and options. Forward contracts and certain options are typically traded over-the-counter through a dealer market, which is dominated by major money center and investment banks, and are not regulated by the CFTC. The absence of regulation could expose an investment to significant losses in the event of trading abuses or financial failure by participants in the forward and options markets which it might otherwise have avoided. Also, an investment faces the risk of non-performance by its counterparties to forward contracts and options and such non-performance may cause some or all of its gains to remain unrealized. The Company and its Trading Companies has a substantial portion of client assets on deposit with financial institutions. In the event of a financial institution's insolvency, recovery of client assets on deposit may be limited to account insurance or other protection afforded such deposits, if any. The Company and its Trading Companies seeks to minimize credit risk primarily by depositing and maintaining client assets at financial institutions and brokers that the Company believes to be creditworthy.

**Conflict of Interest.** Instances may arise where the interests of Trading Manager or its principals or affiliates conflict with interests of the Company and its Shareholders. Such conflicts include the fact that the principal(s) of the Trading Manager may be engaged in other substantial activities apart from the activities with respect to the Trading Manager or the Company and may therefore devote to the Trading Manager or the Company only as much time as is reasonably necessary, in their judgement, for their respective management. The Company's and the Trading Companies' service providers, including the Trading Manager, Calculation Agent, the Sub-Registrar and Transfer Agent and the Directors, are engaged in other business activities besides the Company. Although such persons will devote a certain amount of time to the business of the Company, they are not required to devote themselves full-time to such endeavors.

**Assets held by Counterparty.** Brokerage firms, primer brokers, cash custodians and banks and other institutions will have custody of the assets of the respective Sub-Funds and its Trading Companies. Although such institutions are generally required under applicable law to maintain customer funds in a separate, segregated customer account, such laws may not require the institutions to maintain separate accounts for each individual customer. If a counterparty to the Sub-Fund or a Trading Company fails to segregate client funds from own funds, as well as from other client funds, an investment might not be fully protected. Such failure may also impact the possibility to recover assets in the event of the bankruptcy of a counterparty

**Regulation.** The Company is not currently registered with, or regulated by, any securities or other governmental authority in the United States of America. Thus, the benefits of such registration or regulation are not, and will not be, available to the Shareholders. However, the Company will be regulated as a standard investment fund with the Securities Commission of The Bahamas.

**Potential Inability to Trade or Report Due to Systems Failure.** The investments held by the Sub-Funds and the Trading Companies may be dependent to a significant degree on the proper functioning of the computer systems of its services providers and counterparties. Accordingly, systems failures could disrupt trading or make trading impossible until such failure is remedied. Any such failure, and consequential inability to trade (even for a short time), could, in certain market conditions, cause an investment to experience significant trading losses or to miss opportunities for profitable trading. Last, any such failures could cause a temporary delay in reports to investors.

**Amortisation of Organisational Costs.** The financial statements of the Company will be prepared in accordance with International Accounting Standards that do not permit the amortisation of organisational costs. However, the initial organisational costs associated with the Company have been paid and amortised by the Company. Any organisational costs associated with the launch of additional Sub-Funds and Trading Companies will be borne by those Sub-Funds and the Company may, at the discretion of the Directors and subject to the approval of the Auditors, amortise such costs over a period of time in order not to prejudice early investors and, if it does, the audit report on the financial statements may be qualified as a result.

**Multi-class Insolvency.** The Company is a multi-class investment fund and, whilst the assets relating to each class of Shares in issue will be accounted for and valued separately, under the laws of the Commonwealth of The Bahamas the assets relating to a particular class are available to meet the claims of creditors of the Company as a whole. In order to segregate the trading assets and trading liabilities of one class from the trading assets and trading liabilities of the other classes, the most trading assets of each class will be held by Trading Companies.. Several of the Sub-Funds may, however, invest in the same Trading Company. The performance of such Trading Company may thus affect the performance of several Sub-Funds. Sub-Funds may also, in accordance with their respective Addendum, directly invest their assets into securities.

**Failure of banker, broker, clearing brokers, commodity brokers, custodian, trading advisor.** If an external service provider to the fund such as a banker, broker, commodity broker, clearing broker or custodian defaults or becomes insolvent, the Company's assets may be at risk.

**THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OF THE RISKS INVOLVED IN AN INVESTMENT IN THE COMPANY. PROSPECTIVE INVESTORS SHOULD READ THIS MEMORANDUM IN ITS ENTIRETY AND CONSULT WITH THEIR OWN ADVISERS BEFORE DECIDING TO SUBSCRIBE FOR SHARES.**

## **MANAGEMENT OF THE COMPANY**

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### **BOARD OF DIRECTORS**

The Directors are responsible under the Articles of Association for managing the business of the Company. The Directors determine the overall investment objectives and policies of the Company and will supervise and review the activities of the Trading Manager. The Directors also determine whether to establish a particular Sub-Fund and the characteristics of each Sub-Fund.

The Directors will usually meet twice a year to review the investment and administrative affairs of the Company. The Directors are elected by the voting Shareholders of the Company to serve for an indefinite term in accordance with the Articles of Association until their resignation, death or removal.

The following persons are Directors of the Company at the date of this Explanatory Memorandum:

**Martin Estlander**, of Aleksanterinkatu 50 A, FIN-00100 Helsinki, Finland, is a Director of the Trading Manager, which is a subsidiary of Estlander & Rönnlund Group Oy, the owners of which are Messrs. Estlander and Rönnlund. Mr. Estlander holds a MSc. Degree in Industrial Management and Computer Services from Helsinki University of Technology. (See 'Key Personnel' of the 'Trading Manager' for Mr. Estlander's complete biography.)

**Keith Hazley**, of Dublin Exchange Facility, I.F.S.C., Dublin 1, Ireland, was born in 1960 and first became involved in the financial markets in December 1982 as a broker with M.W. Marshalls. In June 1985, Mr. Hazley joined Midland Montagu Bank ("Midland") in London where he was Chief Dealer of Currency Options until April 1991. In May 1991, Mr. Hazley joined the Gaiacorp Group and set up Gaiacorp Ireland Limited, a registered CTA specialising in currency Hedge Funds. Mr. Hazley left Gaiacorp Ireland in July 1994 to start his own CTA company, K.P. Options Limited and in March 1995 he set up an affiliated investment company, K.P. Investment Management Limited ("K.P. Investment"). Mr. Hazley sold KP Options to Messrs. Estlander and Rönnlund in October 1996. The firm later changed its name to Estlander & Rönnlund Capital Ltd. Mr. Hazley remains an Advisor to this firm. K.P. Investment Management, changed its name to Lambay Capital in September 2005. Lambay Capital received authorization as an Investment Business Firm under the Investment Intermediaries Act 1995 from the Irish Financial Services Regulatory Authority ("IFSRA") in August 2005. The firm is a registered Commodity Trading Advisor with the Commodity Futures Trading Commission (CFTC) since 31<sup>st</sup> October 2005, and became a member of the National Futures Association (NFA) on the 3rd November 2005. The firm's NFA ID is 0359548.

Mr Hazley is currently a director of a number of other investment funds, all of which are registered outside of The Bahamas.

Mr. Hazley holds an MBA degree from City University Business School, London, and a BBS degree from Trinity College, Dublin.

**Antoine Bastian**, is the Managing Director of Genesis Fund Services Limited. He earned his B.Sc. in Accounting from Indiana University and qualified as a Certified Public Accountant. He began his career with Deloitte & Touche LLP. After leaving Deloitte & Touche he took on a position as senior accountant with MeesPierson FundService (formerly FundService International, Ltd.), Nassau Bahamas. Subsequently, he managed St. Matthew Investment Fund Accounting Ltd., a Bahamian fund administrator that was associated with Michael J. Liccar & Co., CPA's of Chicago, Illinois. He joined The Private Trust Corporation Limited as Manager of the Fund Administration and was appointed to the Board of Directors in 2001. In September 2002, Mr. Bastian was appointed as Managing Director of Genesis Fund Services Limited, a licensed Investment Fund Administrator. Mr. Bastian is a Founding Member of the Bahamas Association of Investment Fund Administrators and works actively with development and promotion of fund administration in the Bahamas.

## **REGISTERED OFFICE**

The Company has appointed Genesis Fund Services Limited to provide its registered office, to provide up to two directors, and to maintain the statutory register of the holder(s) of Preferred Shares.

## **AUDITORS**

The Company and its Trading Companies have retained Ernst & Young, Nassau, Bahamas as its independent auditors.

## **ADMINISTRATOR**

The Directors have delegated administrative responsibility to Genesis Fund Services Limited, Nassau, Bahamas ("the Administrator"). The Administrator is responsible for all matters pertaining to the administration of the Company, including: (i) communicating with the Shareholders, (ii) communicating with prospective investors relating to the Company, (iii) accepting subscriptions, (iv) maintaining principal corporate records, (v) arranging for and coordinating the audit of the Company's financial statements by the Company's independent auditors, (vi) disbursing distributions (if any), (vii) conducting meetings of the Shareholders and Directors, (viii) making redemptions of Shares. In providing services for the Company, the Administrator in no respect acts as a guarantor or offeror of the Shares.

The Company has entered into a administration agreement with the Administrator dated as of 1st February, 2005 (the "Fund Administration Agreement") which provides that the Company will indemnify the Administrator against all expenses, including legal fees, and against all judgements, fines, and amounts paid in settlement and reasonably incurred in connection with legal, administrative, and investigative proceedings, except that the Administrator will not be indemnified against any liability to which it would otherwise be subject by reason of willful default, gross negligence, fraud or dishonesty in the performance of its duties. The Fund Administration Agreement may be terminated at any time without penalty by either of the parties upon not less than sixty (60) days' notice.

As part of the Company's responsibility for the prevention of money laundering, the Administrator, its affiliates, associates or subcontractors may require a detailed verification of a Share subscriber's identity and the source of the subscription payment. The Administrator reserves the right to request such additional information as is necessary to verify the identity of a subscriber and the source of the subscription payment.

In the event of a delay or failure by the subscriber to produce any information required for verification purposes, the Administrator may refuse to accept the subscription and the subscription payment relating thereto. If any person involved in the business of the Company (including the Administrator) has a suspicion or belief that a payment to the Company (by way of subscription or otherwise) is derived from or represents the proceeds of criminal conduct, that person must report such suspicion to the Financial Intelligence Unit pursuant to the Financial Transaction Reporting Act 2000 and The Proceeds of Crime Act, 2000.

The Administrator has, by separate agreement, sub-delegated the responsibility of registrar and transfer agency to Trinity Fund Administration Limited. The Administrator has, also by separate agreement, sub-delegated the responsibility of calculation agency to Brophy & Gillespie.

## **BANKER**

Nordea Bank Finland plc, Aleksanterinkatu 36, 00020 NORDEA, Finland, company Number: 1680235-8, provides banking services to the Company and its Trading Companies. Each Sub-Class as well as Trading Company has opened a bank account with Nordea in its respective name. At the discretion of the Trading manager, short-term and medium-term surplus funds are held with Nordea. The Trading Manager has authority to initiate and authorise transfers of funds from the accounts of the Sub-Funds and the Trading Companies in order to facilitate the trading activities of the Company and its Trading Companies.

### ***CALCULATION AGENT***

Brophy & Gillespie, Chartered Accountants & Registered Auditor, Dublin, Ireland, provides accounting services to the Company and Trading Companies under the general supervision and direction of such entities' Directors. Among other duties, the Calculation Agent is responsible for preparing and maintaining on behalf of such entities, financial and accounting records, the Net Asset Value of the Shares as of each Valuation Day, and periodic financial statements.

### ***CASH CUSTODIAN***

Nordea Bank Finland Plc has been appointed as Cash Custodian with responsibility for the custody and possession of the liquid assets of the Sub-Funds and the Trading Companies, the collection of interest attributable to such assets and the settlement of transactions for the Account. All other assets are held by the Principal Broker, or such other brokers as the Company may select from time to time.

The Cash Custodian will not be responsible for valuing the investments or ensuring that the investment transactions are consistent with the investment objective and approach set out in this Explanatory Memorandum.

The Cash Custodian will not have any decision-making discretion relating to the Sub-Funds' or Trading Companies' investments.

### ***SUB-REGISTRAR AND TRANSFER AGENT***

Trinity Fund Administration Limited has been appointed to act as sub-registrar and transfer agent of the Company in respect of the Shares pursuant to a Sub-Registration and Transfer Agency Agreement. Under the terms of such Agreement, and subject to the overall supervision of the Directors and the Administrator, the Sub-Registrar and Transfer Agent will maintain the statutory register of Shareholders in respect of holders of Shares, will process subscription and redemption requests, and will perform all the duties usually performed by registrars of companies.

The Sub-Registrar and Transfer Agent was incorporated in 1993, commenced operation in June 1994 and has its registered offices in Dublin, Ireland.

The Sub-Registrar and Transfer Agent provides services to numerous funds, managed accounts and investment companies. The Sub-Registrar and Transfer Agent is regulated by the Irish Financial Services Regulatory Authority and is a participating member of the Dublin Funds Industry Association (D.F.I.A.).

The Sub-Registrar and Transfer Agent (which includes all directors, officers and employees of the Sub-Registrar and Transfer Agent) shall not be liable for any loss or damage suffered by the Company, as a result of or in the course of the discharge of its duties hereunder in the absence of fraud, or willful default and the Company shall indemnify and hold harmless the Sub-Registrar and Transfer Agent against all claims and demands (including costs and expenses arising therefrom or incidental thereto) which may be made against the Sub-Registrar and Transfer Agent in respect of any loss or damage sustained or suffered by any third party, otherwise than by reason of the fraud, or willful default of the Sub-Registrar and Transfer Agent or any delegate of the Sub-Registrar and Transfer Agent as aforesaid.

The Sub-Registrar and Transfer Agency Agreement provides that the Sub-Registrar and Transfer Agent shall not be required to verify information supplied by Calculation Agent or any connected person thereof, nor will the Sub-Registrar and Transfer Agent be liable for the accuracy of data provided to it by Calculation Agent, the Company, or the Trading Companies, or any experts engaged by such entities.

The Sub-Registrar and Transfer Agent will not have any responsibility or authority to make investment decisions, nor to render investment advice. The Sub-Registrar and Transfer Agent neither acts in any supervisory capacity with respect to the Trading Manager or the Company. Therefore, potential investors should not rely upon the Sub-Registrar and Transfer Agent in deciding whether or not to invest in the Company.

The Sub-Registrar and Transfer Agent will be indemnified out of the assets of the Company against all liabilities, actions, proceedings, claims, costs, demands and expenses arising out of its proper performance under the Sub-Registrar and Transfer Agency Agreement except for fraud or willful default.

### **TRADING MANAGER**

The Company has appointed Estlander & Rönnlund Limited, a company incorporated in Finland on 25th February 2000, as its Trading Manager. The responsibilities of the Trading Manager include the management of the assets of each Sub-Fund and its Trading Company for which it acts in accordance with the guidelines laid out in this Explanatory Memorandum, the Addendum and the Trading Management Agreement between the Company and the Trading Manager in respect of the Sub-Funds and each Trading Company. Should an Advisor have been appointed for a single Sub-Fund, the responsibilities of the Trading Manager include the discretionary evaluation of the advice as well as the discretionary execution and/or discretionary selection of appropriate instruments for execution of such strategies and advice.

The Trading Manager is registered with the United States Commodity Futures Trading Commission as a Commodity Trading Advisor ("CTA") and Commodity Pool Operator ("CPO") and is a member of the National Futures Association, the self-regulatory organisation of the futures industry in the United States, I.D. number 0275421. The Trading Manager is, in addition, subject to the prudential supervision of the Finnish Financial Supervision Authority.

The key personnel of the Trading Manager together with a summary of their respective qualifications and experience are as follows:

**Martin Estlander** is a Director of the Trading Manager, and is a principal of Blue White Investments Limited, the ultimate parent company of Estlander & Rönnlund Limited.

**Kaj Rönnlund** is the Chairman and a principal of Blue White Investments Limited, the ultimate parent company of Estlander & Rönnlund limited. Mr. Rönnlund holds a MSc. Degree in Economics from the Swedish School of Economics.

**Martin Estlander** and **Kaj Rönnlund** began their professional collaboration in 1985 when they started trading stocks together. With the founding in 1987 of Sophos AB, a market maker on the Swedish OM, they became involved in trading derivative instruments such as futures contracts, options on futures and equities.

In 1988, Messrs. Estlander and Rönnlund founded Servisen Group Arctos & Partners Oy ("SAPO") in Helsinki, together with the Servisen Group of Sweden, to which the partners sold Sophos. SAPO became one of the major brokers and market-makers on the Finnish Options Market.

Messrs. Estlander and Rönnlund left SAPO and moved to Frankfurt in 1990, where they established, with the Servisen Group, Servisen Arctos & Partners GmbH ("SAP"), a market maker on Eurex (former Deutsche Terminbörse). In 1992, Messrs. Estlander and Rönnlund acquired the Servisen Group's interest in SAP, and subsequently changed SAP's name to Estlander & Rönnlund GmbH ("ERG").

During 1990 and 1991, Mr. Estlander developed a computer program for the systematic trading of futures and futures options. Using the program, Messrs. Estlander and Rönnlund began managing client accounts in August 1991. In November 1992, the partners formed Estlander & Rönnlund Managed Derivatives Ltd., the predecessor of the Trading Manager, to offer managed futures advisory services to clients utilising the program developed by Mr. Estlander. These services have been offered through the Trading Manager since 1996.

In 1995, Messrs. Estlander and Rönnlund formed Estlander & Rönnlund Financial Products Oy, a Finnish corporation that acted as market maker on the exchanges EUREX, Xetra, HEX and OMX.

In 1999, Estlander & Rönnlund Capital Management Oy was formed and in 2000, the operation of Estlander & Rönnlund Capital Management Limited, Ireland was transferred thereto as a

result of a decision to relocate the operation from Dublin to Helsinki, where the company finds better synergies to the other Estlander & Rönnlund companies.

In 2000 Estlander & Rönnlund Group Oy was formed to become the holding company of Estlander & Rönnlund Capital Management Limited, Estlander & Rönnlund Capital Management Oy, and Estlander & Rönnlund Financial Products Oy.

In 2005, Estlander & Rönnlund Capital Management changed its name to Estlander & Rönnlund Limited. Simultaneously Estlander & Rönnlund Group Oy changed its name to Blue White Investments Limited.

#### ***POWERS OF DELEGATION***

The Trading Manager, The Calculation Agent, The Administrator and the Sub-Registrar and Transfer Agent each have the power to delegate at their own respective expense or as agreed with the Company the whole or any part of its respective functions, powers, discretion, privileges and duties (or any of them) to any person, firm or company (and any such delegation may be on such terms and conditions (including the ability to sub-delegate) as each of the Trading Manager and Sub-Registrar and Transfer Agent (as the case may be), with the prior written consent of the Directors, thinks fit. However, the delegation of the delegating parties liability towards the company is not possible.

## **FEES AND EXPENSES**

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### **FEES OF THE ADMINISTRATOR**

Genesis Fund Services Limited is currently entitled to receive fees pursuant to the terms of the Fund Administration Agreement, as follows: -

- (a) A standard fee in the amount of US\$5,000 per annum; and
- (b) US\$2,500 per annum in respect of each Class of Shares in issue as at each Dealing Day.
- (c) US\$4,000 per annum in respect of each Trading Company in issue as at each Dealing Day.

### **FEES OF THE CALCULATION AGENT**

The fees of the Calculation Agent are not anticipated to exceed US\$10,000 per Sub-Fund and US\$20,000 per Trading Company per month. Such fees incorporate the entire umbrella structure, to include the Sub-Funds and the Trading Companies that have been created as at the date of this Explanatory Memorandum.

### **FEES OF THE SUB-REGISTRAR AND TRANSFER AGENT**

Trinity Fund Administration Limited is entitled to receive fees pursuant to the terms of the Sub-Registrar and Transfer Agency Agreement, as follows: -

- (a) A standard fee in the amount of US\$5,000 per annum;
- (b) US\$3,000 per annum in respect of each Class of Shares in issue as at each Dealing Day;
- (c) A fee in the amount of US\$50.00 per Shareholder transaction; and
- (d) A fee in the amount of US\$30.00 per automatic share cancellation transaction.

The fees of the Sub-Registrar and Transfer Agent in relation to the provision of services to the Class K and Class M, are as follows:-

- (a) A fee in the amount of US\$40.00 in respect of the creation of a Shareholder Register; and
- (b) The following fees in relation to obtaining anti-money documentation:-
  - US\$0.00 First Attempt
  - US\$25.00 Second Attempt
  - US\$35.00 Third Attempt
  - US\$50.00 Thereafter, for each attempt

All transaction charges associated with the purchase, transfer, switching and redemption of Shares in the amount of US\$30.00 shall be payable by shareholder as an upfront fee.

The fees shall be calculated monthly in arrears and payable on the last valuation date of each month and on the termination date. The rates of such fees may be amended by the Sub-Registrar and Transfer Agent by giving to the Company not less than ninety (90) days notice in writing specifying the new rates that will apply at the expiry of such notice. The Sub-Registrar and Transfer Agent shall also be entitled to receive the reimbursement of all out-of-pocket expenses incurred in carrying out their duties.

### **FEES OF THE TRADING MANAGER AND/OR THE ADVISOR**

The Trading Manager is entitled to receive a Management fee and an Incentive fee in respect of each Sub-Fund to which it acts. Such fees are detailed within the respective Addendum of the Sub-Fund to which they relate.

If an Advisor has been appointed for providing trading and strategy advice, it is entitled to receive a Management fee and an Incentive fee in respect of each Sub-Fund to which it acts. Such fees are detailed within the respective Addendum of the Sub-Fund to which they relate. In such a case the Trading Manager will receive a substantially smaller fee for the discretionary execution of the advice as described herein.

### ***INITIAL FEE***

The Company reserves the right to charge, at the discretion of the Directors, an initial fee of up to a maximum of five per cent (5%) of the Subscription Price of the Shares. The Company will pay any such Initial Fee to the selling agents employed by the Company (the "Selling Agents"). In lieu thereof, or in addition thereto, the Selling Agents may be paid a portion of the brokerage commissions paid by the Trading Companies, at the discretion of the Directors.

### ***REMUNERATION OF DIRECTORS***

The Articles of Association provide that the remuneration of the Directors in respect of services provided to the Company shall be determined by a resolution of the Directors with the prior or subsequent approval of the Preferred Shareholder. Mr. Hazley and Mr. Estlander are currently entitled to a director's fee of US\$1,250 per annum and US\$750 per annum per Share Class of the Company, and Mr. Bastian is currently entitled to a director's fee of US\$750 per annum per Share Class of the Company. Each of the Directors is also entitled to the reimbursement of expenses incurred in carrying out his respective duties.

### ***OTHER OPERATING EXPENSES***

In addition to the fees referred to above, the Company will bear all other expenses incidental to its operations and business, including: (i) banking charges; (ii) brokerage commissions; (iii) fees of legal advisers and independent auditors; (iv) any income tax, withholding taxes, transfer taxes and other governmental charges and duties occurring for the Company; (v) the costs of revising, printing and distributing any prospectuses, reports as well as notices to the Shareholders; (vi) licensing, registration and other fees payable to the government of The Bahamas.

The Directors intend to amortise the organisational costs of the Trading Companies over a period of thirty-six (36) months in respect of each Sub-Fund from the date of the commencement of trading of each respective Sub-Fund, and/or such other period as they may in any particular case determine.

## SHARES OF THE COMPANY

### **SHARE CAPITAL**

The Authorised Capital comprises of the following:

1. Ten Thousand and Eight Dollars (US\$10,008) in the currency of the United States of America comprising One Million and Eight Hundred (1,000,800) shares divided into four (4) classes, A,B, O, and P each with Two Hundred and Forty-Nine Thousand, Nine Hundred and Fifty (249,950) non-voting Participating Stock ("the Shares") with par value US\$0.01 each and One Thousand (1,000) voting non-participating stock ("Voting Preferred Stock") with par value US\$0.01 each ; and
2. Thirty-Nine Thousand, Nine Hundred & Ninety Two (€39,992) in the currency of the European Union comprising Three Million, Nine Hundred and Ninety Nine Thousand, Two Hundred Non-voting Participating Stock ("the Shares") divided into sixteen (16) classes C-N and Q-T inclusive each with Two Hundred and Forty-Nine Thousand, Nine Hundred and Fifty (249.950) all having a par value of Euro 0.01 each.

#### Shares

The Shares of each Sub-Fund presently in existence are currently being offered for sale on the basis of this Explanatory Memorandum and the Addendum relating to each respective Class of Shares, at the prevailing Subscription Prices. Further Classes of Shares will be issued pursuant to this Explanatory Memorandum and their respective Addendum at an Initial Offer Price as determined, and thereafter at the relevant Subscription Price. A list of the Sub-Funds presently in existence and their respective Addendum as attached hereto as Appendix D and is updated from time to time by the Directors.

Under the Articles of Association, the Directors have power to issue further Shares in different classes from time to time up to the limit of the authorised capital. Shares have no voting rights (except in connection with the variation of class rights, as noted below) and the holder of a Share is not entitled to receive notice of, attend or vote at general meetings of the Company. The Shares have the right to participate equally in any dividends declared by the Company and are redeemable at the option of the holder. In the event of a winding-up of the Company, each holder of a Share has a preferential right of return of the paid-up par value and a right to a pro-rata share in surplus assets of the Class to which they relate after return of the paid-up par value of the Preferred Shares.

#### Preferred Shares

Preferred Shares may be issued at par value and to such persons as the Directors may determine. Preferred Shares do not carry any right to participate in dividends declared by the Company. The holder of a Preferred Share has the right to receive notice of, attend and vote at general meetings of the Company. In the event of a winding-up of the Company, the holder of a Preferred Share is entitled only to the return of its paid-up par value after the paid-up par value of Shares has been returned.

The Preferred Shares are held by GFS Business Ltd.

#### Variation of Class Rights

If at any time the authorised share capital is divided into classes of shares, the rights attached to any existing class (unless otherwise provided by the terms of issue of that class) may, whether or not the Company is being wound up, be varied only with the consent in writing of the holders of not less than three-fourths of the issued shares of any such class of shares which may be affected by such variation or by a special resolution passed at a separate class meeting of the holders of the shares of such class. The creation or issue of further shares ranking pari passu with any particular class of shares shall not be deemed to be a variation of the rights attaching to such class.

## **ALTERATION OF CAPITAL**

The Company may from time to time by resolution of the holders of Preferred Shares, alter the conditions of its Memorandum of Association to increase its share capital by new shares of such amount as it thinks expedient. All new shares shall be subject to the provisions of the Articles concerning calls, forfeiture, lien, transfer, transmission, disposal by the Directors and otherwise as the original shares.

The Company may also from time to time by resolution of the holders of Preferred Shares alter the conditions of its Memorandum of Association to:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; or
- (b) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum of Association.

## **ELIGIBLE INVESTORS**

Only persons who satisfy the requirements of this Explanatory Memorandum including this section (referred to herein as “Eligible Investors”) may subscribe for or hold Shares in the Company. The Directors have the right to request the compulsory redemption of all Shares held by a Shareholder who is not an Eligible Investor (see “Redemptions”). For these purposes any person to whom the issue, holding or transfer of Shares would be in breach of the laws of any jurisdiction or contrary to the regulations of any government authority or in circumstances (where taken alone or in conjunction with other persons or any other circumstances appearing to the Directors to be relevant) which, in the opinion of the Directors, might result in the Company and/or its Shareholders as a whole incurring any liability to taxation or suffering any other regulatory, pecuniary, legal or material administrative disadvantage that the Company might not otherwise have suffered or incurred is not an Eligible Investor. For this purpose a U.S. Person is not an Eligible Investor unless expressly approved by the Directors.

THE SHARES HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 AS AMENDED (THE “ACT”) AND THE SHARES CANNOT BE SOLD, TRANSFERRED OR DISTRIBUTED TO OR ON BEHALF OF A U.S. PERSON (AS THAT TERM IS DEFINED UNDER THE ACT).

Each prospective investor will be required to certify that the Shares are not being acquired directly or indirectly for the account or benefit of a U.S. Person or a Bahamian Person) nor by a custodian, nominee or trustee of such a person or to any other person to whom the issue or transfer of Shares would be in breach of the laws of any jurisdiction or contrary to the regulations of any government authority. No offer to purchase the Shares will be made in the United States and each prospective investor will also be required to certify that such investor is outside the United States or is not a Bahamian Person as at the date of the execution and delivery of the Subscription Agreement. It is the responsibility of each investor to verify that the purchase of and payment for the Shares is in compliance with all relevant laws of the investor’s jurisdiction of residence or domicile, as the case may be.

## **SUBSCRIPTIONS**

### Initial Offer

Shares in respect of the Sub-Funds presently in existence are currently being offered at the prevailing Subscription Price. The Shares of any further Sub-Funds will be offered during their respective Initial Offering Period at an Initial Offering Price per Share as will be determined by the Directors and set out in the Addendum relating to that Sub-Fund. The initial Offer Price will exclude any applicable Initial Fee (see “Fees and Expenses”) and will be calculated to three (3) decimal places rounded after the third decimal place. The Directors may extend or shorten the Initial Offering Period in respect of all or any Sub-Fund at their discretion.

### Subsequent Subscriptions

Following the close of the Initial Offering Period of each Sub-Fund, Shares of that Sub-Fund will be available for subscription at the discretion of the Directors on each Dealing Day at the

Subscription Price. The Company may also, at its discretion, charge a fee of up to five percent (5%) of the subscription charge for payment to the Selling Agents. Subscriptions must be received and accepted on the Subscription Day in order to be effective as of the next Dealing Day. The Subscription Price will equal the Net Asset Value per Share as at the relevant Valuation Day on which the application is effective and will be calculated to three (3) decimal places rounded after the third decimal place.

#### Minimum Subscription

The minimum initial subscription and the minimum amount of any additional subscriptions by the same investor in respect of each Sub-Fund will be set out in the Addendum relating to that Sub-Fund.

#### Procedure

Applications for Shares in a particular Class during the Initial Offering Period of the corresponding Sub-Fund must be made using the Subscription Agreement and Application Form attached as Appendix A and Appendix A(I) which must be received by the Sub-Registrar and Transfer Agent by facsimile (with original to follow by mail) no later than 4.00 p.m. (Dublin time) on the last day of the Initial Offering Period. Thereafter, applicants for Shares must complete and return the Subscription Agreement and Application Form to the Sub-Registrar and Transfer Agent so that it is received by facsimile (with original to follow by mail) no later than 4.00 p.m. (Dublin time) on the relevant Subscription Day. Shares will be issued to three (3) decimal places rounded after the third decimal place and excess subscription monies will be retained for the benefit of the Company.

The acceptance of subscriptions is subject to confirmation of the prior receipt of cleared funds credited to the subscription account of the Company (details of which are set out in the Subscription Agreement and Application Form). Any delay in receipt of a Subscription Agreement and Application Form or of cleared funds will result in the relevant application being deferred until the first Subscription Day following their receipt and, in such event, the Shares will be issued at the Subscription Price prevailing at that Subscription Day. However, the Directors reserve the right to waive the notice period for subscriptions in their absolute discretion as long as by waiving such notice period they are not acting in a prejudicial manner in respect to all other existing shareholders. The Directors reserve the right to reject applications for Shares in their absolute discretion, without assigning any reason therefore. Subscriptions will not be accepted during periods in which the valuation of Shares is suspended (see "Suspension of Valuations").

### **REDEMPTIONS**

#### Procedure

Shares may be redeemed at the option of the holder on each Redemption Day. Shareholders wishing to redeem all or part of their holding of Shares should send a completed Redemption Request (see Appendix B) to the Sub-Registrar and Transfer Agent by fax (with original to follow by mail) to be received not later than 4.00 p.m. on the Business Day falling at least one (1) Business Day (or such lesser period as the Directors may in any particular case determine) before the relevant Redemption Day. Any delay in receipt of the Redemption Request will result in the request being deferred until the next Redemption Day and, in such event, the Shares will be redeemed at the Redemption Price prevailing on that Redemption Day.

A request for the redemption of part of a holding of Shares may be refused, or the holding redeemed in its entirety, if, as a result of such partial redemption, the Net Asset Value of the Shares retained by the holder would be less than the minimum investment amount.

#### Redemption Price

The Redemption Price for each Share is equal to the Net Asset Value per Share on the relevant Redemption Day, provided that such amount shall be reduced by the Net Asset Value of any Shares subject to the Automatic Share Cancellation provisions as described in the applicable Addendum to this Explanatory Memorandum. The Net Asset Value per Share is determined as of the close of business on each Valuation Day in accordance with the provisions set out under "Net Asset Valuation" in this Explanatory Memorandum.

### Redemption Fee

At the discretion of the Company, a redemption fee of two percent (2%) of the Redemption Price may be payable on Shares that are redeemed which have been held for less than six (6) months.

### Payment of Redemption Proceeds

The redemption proceeds normally will be remitted within one month, where practicable, after the Redemption Day on which Shares are redeemed, without interest for the period from that date to the payment date. Redemption payments will be made in the base currency of the Sub-Fund, and will be remitted to the Shareholder by wire transfer (at the expense and risk of the Shareholder) to an account in the name of the Shareholder (and not a third party) as specified by the Shareholder in his Redemption Request.

### Deferred Redemptions

In the event that redemption requests on a particular Redemption Day exceed in aggregate ten percent (10%) of the total number of Shares then in issue for that Sub-Fund, the Directors may reduce the requests rateably amongst all Shareholders seeking to redeem Shares on the relevant Redemption Day and effect only sufficient redemptions which in aggregate equal ten per cent of the number of Shares then in issue for that Sub-Fund. Shares which are not thereby redeemed will be redeemed on the next Redemption Day (subject to further deferral if the deferred requests themselves exceed ten per cent of the number of Shares then in issue) in priority to any later redemption requests that may have been received. All Shares will be redeemed at the Redemption Price prevailing on the Redemption Day on which they are redeemed.

The Company shall not be liable for any loss arising from suspended, deferred or delayed payment of redemptions.

### **COMPULSORY REDEMPTION**

The Directors may compulsorily redeem all of the Shares held by a Shareholder if:

- (a) as a result of a redemption request the value of Shares held by a Shareholder is reduced to less than the minimum investment amount; or
- (b) Shares are acquired by, or on behalf of, a person who is not an Eligible investor; or
- (c) the Net Asset Value of attributable to such Sub-Fund is less than US\$1 million on four consecutive Valuation Days; or
- (d) the Trading Manager notifies the Company that the investment objective is no longer reasonably achievable in accordance with the investment policies and restrictions set out in this Explanatory Memorandum and/or the Addendum of each Sub-Fund; or
- (e) any law is passed which renders it illegal or impracticable for the Company to continue its operations; or
- (f) the Directors in their absolute discretion see fit.

In any event the Shares will be compulsorily redeemed at the Redemption Price prevailing on the Valuation Day next following the issuance of a written or telegraphic notice of thirty (30) Business Days of redemption to the Shareholder (or any other such time limit as may be stipulated in the applicable Addendum to this Explanatory Memorandum or determined by a Resolution of the Directors) and upon such other terms and conditions as the Directors shall deem advisable. The value of shares compulsorily redeemed will be calculated at the Net Asset Value of those Shares determined on the last Valuation Day before compulsory redemption takes place.

## **NET ASSET VALUATION**

The Net Asset Value of each Sub-Fund will be determined by Calculation Agent under the overall supervision of the Directors. The Net Asset Value of a Sub-Fund will be expressed in the base currency of that Sub-Fund and calculated at the close of business on each Valuation Day by ascertaining the value of the assets of such Sub-Fund and deducting from such amount the liabilities of such Sub-Fund.

The Net Asset Value per Share of each Sub-Fund Portfolio will be calculated on each Valuation Day by dividing the Net Asset Value of the relevant Sub-Fund by the number of Shares in issue in the Class corresponding to such Sub-Fund on the relevant Valuation Day. The Net Asset Value per Share of the relevant Sub-Fund is the resulting sum rounded to the nearest cent.

The value of the assets and liabilities of each Sub-Fund shall be determined as hereinafter provided by reference to the latest prices and values available, and the Directors may rely upon any reputable system for the determination of prices, exchange rates or values for the purpose thereof.

The assets of each Sub-Fund shall be deemed to include all investments and other assets of every kind and nature (including prepaid expenses as valued and defined from time to time by the Directors) transferred or allocated to the Sub-Fund.

Subject to the approval of the Auditors, any expense or liability for any Sub-Fund may be amortised over such period as the Directors may determine (and the Directors may at any time and from time to time determine to lengthen or shorten any such period), and the unamortised amount thereof in respect of any Sub-Fund at any time shall also be deemed to be an asset of that Sub-Fund.

The value of investments listed or quoted on a stock exchange or traded over-the-counter shall be based upon the upon the bid prices in respect of long positions and offer prices in respect of short positions unless the Directors determine that some other basis of valuation would be more equitable.

In the case of any asset for which no price quotations are available as above provided, the fair value thereof shall be determined from time to time in such equitable manner as the Directors shall from time to time determine.

If any asset is realised or contracted to be realised at a known value the net proceeds of such realisation shall be taken into account in lieu of any other method of determining the value of the investments concerned.

Currencies or values in currencies other than the base currency of the Sub-Fund shall be translated at prevailing exchange rates as determined by the Directors.

For the purpose of valuing the assets and liabilities of each Sub-Fund the Directors may rely upon the opinions of any persons who appear to them to be competent by reason of any appropriate professional qualification or of experience of any relevant market. The Directors may include estimated figures for liabilities being incurred, or to be incurred, in respect of each Sub-Fund on a yearly or other periodical basis and accrue the same over any such period.

In certain circumstances the Directors may suspend valuations in respect of a Sub-Fund (see "Suspension of Valuations") and, during any such period of suspension, no Shares of that Sub-Fund may be redeemed or new subscriptions accepted.

In the event of it being impossible or incorrect to carry out a valuation of a specific investment in accordance with the valuation method set out in the paragraphs above, or if such valuation is not representative of the security's fair market value, the Directors are entitled to rely upon the opinions of any persons who appear to them to be competent by reason of any appropriate professional qualification or of experience of any relevant market.

## **SUSPENSION OF VALUATIONS AND REDEMPTIONS**

The Directors may in their absolute discretion declare a suspension of the determination of the Net Asset Value of the Shares in respect of any Sub-Fund and consequently may suspend the

acceptance of new subscriptions and the right to redeem any Share in respect of that Sub-Fund on the occurrence of any of the following events:

- (a) during any period when the principal markets or exchanges on which material portions of the underlying Investments held by the Trading Manager or Custodian are quoted, are closed, aside from ordinary weekend and holiday closings, or during which period dealings are substantially restricted or suspended;
- (b) during the existence of any state of affairs that, in the view of the Directors, constitutes an emergency as a result of which disposal of Investments by the Company is not reasonably practicable, or it is not possible for a Sub-Fund's Net Asset Value per Share to be determined or disposal of the Company's Investments might seriously prejudice Shareholders; or
- (c) during any breakdown in the means of communications normally employed in the determination of the Company's Investment values or current market or exchange prices or when for any other reason the price or value of any significant Investment owned by the Company cannot reasonably be promptly and accurately ascertained; or
- (d) during any period in which the Company is unable to repatriate the funds necessary to effect the redemption of Shares or during which transfers of funds involved in redemption of Shares or the acquisition of investments by the Company may not be effected, in the view of the Directors, at normal rates of exchange; or
- (e) as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Company, disposal of the assets of the Company is not reasonable or normally practicable without being seriously detrimental to Shareholders' interests as a whole;
- (f) during any period when remittance of monies that will or may be involved in the realisation of, or in the payment of, the Company's Investments is not reasonably practicable; or
- (g) any other circumstances in which, in the opinion of the Directors, the interests of the holders of Shares would be materially prejudiced.

The Directors shall take all reasonable steps to bring any suspension to an end as soon as possible. Notice of any suspension or the cessation of any suspension will be given to Shareholders and the Securities Commission of The Bahamas.

#### **REGISTRATION AND TRANSFER OF SHARES**

Shares of the Company will be issued in registered form and Share certificates will normally not be issued unless specifically requested by a Shareholder at the time of application. The Company maintains a register of the names and addresses of the Shareholders at the offices of the Sub-Registrar and Transfer Agent and an entry in such register is conclusive evidence of ownership.

Shares may be transferred to Eligible Investors (see "*Eligible Investors*") provided the transfer does not result in the holding of Shares by the transferee or the transferor being less than the minimum stipulated in this Explanatory Memorandum or in an Addendum and subject to the prior written consent of the Directors. The Directors may in their absolute discretion and without assigning any reason decline to register any transfer of Shares and shall notify the transferee of such refusal. Transfers must be made in writing using the form of share transfer that may be obtained on request from the Sub-Registrar and Transfer Agent. The share transfer form must be signed by the transferor and returned to the Sub-Registrar and Transfer Agent together with the share certificates, if any, representing the Shares to be transferred.

Any transferee will have to sign a Subscription Agreement and furnish the same information that would be required in connection with a direct subscription in order for a transfer application to be considered by the Sub-Registrar and Transfer Agent. Violation of applicable ownership and transfer restrictions may at the discretion of the Directors result in compulsory redemption (see "*Redemptions*") of the Shares to be transferred.

#### **DIVIDEND POLICY**

The Company does not anticipate that any dividends will be paid to Shareholders out of the distributable profits of the Company and it is the present intention of the Directors that all earnings of the Company will be reinvested. The Dividend policy of each Sub-Fund may, however, vary as specified in the Addendum of each Sub Fund.

## **MISCELLANEOUS**

As at the date of this Explanatory Memorandum:

- (i) there are no outstanding debt securities or warrants created or issued by the Company;
- (ii) since incorporation, the Company has not been engaged in any litigation or arbitration and no litigation or claim is known to the Directors to be pending or threatened against it which may have a significant effect on the Company or its financial position;
- (iii) (iii) the Company has no loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase commitments, guarantees or other contingent liabilities;
- (iv) no Shares or any other capital of the Company are under option or agreed conditionally or unconditionally to be put under option;
- (v) no dividends have been declared; and
- (vi) Clause 4.1 of the Memorandum of Association of the Company provides that the objects for which the Company is established are unrestricted. Accordingly, the Company has full power and authority to carry out any object not prohibited by law.

## **TAXATION**

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### ***THE COMPANY***

Under existing legislation in The Bahamas, there are no income, capital gains or withholding taxes payable by the Company, or its Shareholders, nor are there any Bahamian estate, succession or inheritance taxes payable by Shareholders with respect to their Shares.

As at the date of this Explanatory Memorandum, the following Sub-Funds hold a status as so called White Funds in Germany: Classes A, B, C, D, E, K. The directors of the Fund intend to keep the tax position current for these Sub-Funds. The directors can, however, not guarantee that the White Fund tax status can be maintained. Changes in the tax position of the Sub-Funds may substantially affect the tax position of Shareholders.

### ***SHAREHOLDERS***

Potential investors and Shareholders should inform themselves as to any tax consequences particular to their circumstances arising in the jurisdiction in which they are resident or domiciled for tax purposes in connection with the acquisition, ownership, redemption or disposition of Shares.

Each Shareholder or potential investor should consult a tax adviser as to his own tax position.

## **ADDITIONAL INFORMATION**

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### **REPORTING**

The financial year-end of the Company is 31 December in each year and audited annual reports for the Company in English will be sent to Shareholders within 120 days following the end of each fiscal year of the Fund.

All notices and reports will be sent by the Sub-Registrar and Transfer Agent to the Shareholders whose names are recorded in the register of Shareholders on the Business Day immediately preceding the date the notices are sent out and will be sent to the address provided in the Subscription Information Form (see Appendix A) submitted by each Shareholder or such other address as the Shareholder may notify to the Sub-Registrar and Transfer Agent in writing from time to time. In addition, such reports will be available at the registered office of the Company.

### **REGULATION**

The Company is a “standard investment fund” for the purposes of the Investment Funds Act and Regulations of 2003 and will be regulated in accordance with the provisions of that law.

As a standard investment fund, the Company will be subject to the supervision of the Securities Commission of The Bahamas.

### **DIRECTORS**

There is no provision for the retirement of Directors on their attaining a certain age and the Articles do not provide for the retirement of directors by rotation.

### **INDEMNIFICATION**

The Articles provide that, subject to the limitations hereinafter provided and to those imposed by the Investment Funds Act, the Company may indemnify against all expenses, including legal fees, and against all judgements, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings any person who:

- (a) is or was a party or is threatened to be made a party to any threatened pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a director, an officer or a liquidator of the Company; or
- (b) is or was, at the request of the Company, serving as a director, officer or liquidator of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise.

The Company may only indemnify a person if the person acted honestly and in good faith with a view to the best interest of the Company and, in the case of criminal proceedings, the person had no reasonable cause to believe that his conduct was unlawful. The decision of the Directors as to whether the person acted honestly and in good faith and with a view to the best interest of the Company and as to whether the person had no reasonable cause to believe that his conduct was unlawful is, in the absence of fraud, sufficient for the purposes of the Articles, unless a question of law is involved.

The Articles further provide that the Company may purchase and maintain insurance in relation to any person who is or was a director, an officer or a liquidator of the Company, or who at the request of the Company is or was serving as a director, an officer or a liquidator of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in that capacity, whether or not the Company has or would have had the power to indemnify the person against the liability as provided for in the Articles.

### **CONFLICTS OF INTEREST**

The Directors, the Trading Manager, the members of Estlander & Rönnlund Group Oy, the

Custodian, Calculation Agent, the Sub-Registrar and Transfer Agent and the Administrator may from time to time act as trading manager, manager, registrar, broker, administrator, accountant, sub-registrar and transfer agent or dealer in relation to, or be otherwise involved in, other funds established by parties other than the Company which have similar objectives to those of the Company. It is, therefore, possible that any of them may, in the normal course of business, have potential conflicts of interest with the Company. Each will, at all times, have regard in such event to its obligations to the Company and will endeavour to ensure that such conflicts are resolved fairly. In addition, any of the foregoing may deal, as principal or agent, with the Company, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis.

The interests of the Directors and their interests in companies associated with the management, administration, and marketing of the Company and its Shares are as follows: Mr. Estlander is interested in the Trading Manager, as he is a director thereof. The Trading Manager, in turn, is a subsidiary of Estlander & Rönnlund Group Oy, the owners of which are Messrs. Estlander and Rönnlund. Mr. Bastian is interested in Genesis Fund Services Limited which will act as Administrator to the Company and in the Trading Companies on whose board he serves as director.

### ***MATERIAL CONTRACTS***

The contracts described below which are or may be material have been entered into or may be entered into by the Company on its own behalf or in respect of the Sub-Funds otherwise than in the ordinary course of business. In each case the Company has agreed to indemnify the service provider against all claims and demands which may be made against it in the performance of its duties otherwise than by reason of its own fraud or wilful default.

- (a) Sub-Registrar and Transfer Agency Agreement whereby registration functions are provided to the Company in respect of the Shares by the Sub-Registrar and Transfer Agent, for which it is paid a fee detailed under "Fees and Expenses". The Agreement may be terminated by either the Company or the Sub-Registrar and Transfer Agent on 90 days' written notice.
- (b) Fund Administration Agreement whereby the Administrator provides Director services, the registered office facility and general corporate secretarial services to the Company, for which it is paid a fee detailed under "Fees and Expenses". The Agreement may be terminated by either the Company or the Administrator on 90 days' written notice.
- (b) Trading Manager Agreement between the Company and the Trading Manager whereby services are provided by the Trading Manager to the Company in respect of the Sub-Funds, for which it is paid fees detailed under "Fees and Expenses". The Agreement may be terminated by either the Company or the Trading Manager on ninety (90) days' written notice.
- (c) Calculation Agent Agreement whereby Calculation Agent provides accounting and valuation services to the Company in respect of the Sub-Funds and the Trading Companies for which it is paid fees detailed under "Fees and Expenses". The Agreement may be terminated by either the Company or the Trading Manager on ninety (90) days' written notice.

### ***DOCUMENTS AVAILABLE FOR INSPECTION***

This Explanatory Memorandum is not intended to provide a complete description of the Memorandum and Articles of Association of the Company or of the agreements with its Trading Manager, Custodian, Calculation Agent, Paying Agent, and Sub-Registrar and Transfer Agent.

Copies of all such documents are available for inspection or can be purchased for a reasonable fee by Shareholders during normal business hours at the office of the Sub-Registrar and Transfer Agent and the registered office of the Company.

### ***INQUIRIES***

Inquiries concerning the Company and its Shares should be directed to the Sub-Registrar and Transfer Agent at:

**Trinity Fund Administration Limited  
Oyster Point,  
Temple Road,  
Blackrock,  
Co. Dublin  
Ireland**

**E-Mail: [trinity@trinityfundadmin.ie](mailto:trinity@trinityfundadmin.ie)  
Tel.: +353-1-279 9690 - Fax: +353-1-279 9650**

**Attention: Shareholder Services Department**

***ANTI-MONEY LAUNDERING***

As part of the Company's responsibility for the prevention of money laundering and in accordance with the Company's, the Administrator's and the Sub-Registrar and Transfer Agent's obligations to comply with the Financial Transactions Reporting Act 2000, Statutes Law of The Bahamas, The Irish Criminal Justice Act, 1994 and the Central Bank of Ireland's Guidelines with regard to Anti-Money Laundering, the Administrator and the Sub-Registrar and Transfer Agent requires detailed verification of a prospective investor's identity as well as information concerning the origin of the assets. Accordingly, all prospective investors must supply, with their application, the information detailed in the section of the "Subscription Agreement and Application Form", headed "Client Verification Requirements", which form an integral part of this Explanatory Memorandum. Under these "Client Verification Requirements", subscribers to the Company will be required to produce, inter alia, documentation to comply with anti-money laundering regulations. An individual is required to produce a copy of his passport or identification card certified by a notary public. Corporate, trust or partnership applicants will be required to produce (as applicable) a certified copy of incorporation (and any change of name), Memorandum and Articles of Association (or other document evidencing the existence of the legal entity), trust deed or partnership agreement, the names and addresses of the ultimate beneficial owners or partners, the register of Directors or an excerpt from the trade register held at the relevant chamber of commerce and the signatory card verifying the authority of the directors, officers or partners to sign on behalf of the legal entity or partnership.

Depending on the circumstances of each application, a detailed verification may not be required if:

- the prospective investor makes the subscription payment from an account held in his / her own name at a Qualified Financial Institution (a "QFI"); or
- the prospective investor is introduced by a QFI and that QFI provides written assurance to the Company, the Administrator or the Sub-Registrar and Transfer Agent that it has established the identity of the prospective investor and holds evidence of that identity.
- the application falls within the following statutory exemptions from the requirement for verification of identity:
  - Any financial institution regulated by the Central Bank of The Bahamas, the Securities Commission, the Registrar of Insurance or the Gaming Board
  - A financial institution located in the countries listed in The First Schedule of the Financial Transactions Reporting Act, 2000, ("FTRA") hereof, which is regulated by a body having equivalent authority as the government bodies listed immediately above.
  - Any central or local government agency or statutory body
  - A public traded company
  - Mutual fund listed on The Bahamas Stock Exchange or any Stock Exchange listed in the Financial Transactions Reporting Regulations (as amended)
  - A regulated mutual fund in The Bahamas or regulated mutual fund located in any country listed in The First Schedule of the FTRA and regulated by a body having equivalent authority as the Securities Commission

A QFI is defined as a financial institution which is:

- established in a European Union (EU) member state and subject to the EU Money Laundering Directives; or
- established in one of the countries which make up the Financial Action Task Force and/or is subject to regulation which complies with the FATF Recommendations. Such countries are the 15 EU countries, being Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom, together with Australia, Canada, Channel Islands, Hong Kong, Iceland, Isle of Man, Japan, New Zealand, Norway, Singapore, Switzerland, Turkey and the United States; or
- Located in the First Schedule of the FTRA. Such countries are Australia, Barbados, Belgium, Bermuda, Brazil, Canada, Cayman Islands, Channel Islands, Denmark, Finland, France, Germany, Gibraltar, Greece, Hong Kong, Ireland, Isle of Man, Italy, Japan, Liechtenstein, Luxembourg, Malta, Netherlands, New Zealand, Norway, Panama, Portugal, Singapore, Spain, Sweden and Switzerland

Prospective investors who DO NOT make the subscription payment from an account held in their own name at a QFI or who are NOT introduced by a QFI will be required to provide the documentation as set out under 'Client Verification Procedures', as is relevant to their status.

The Company reserves the right to request such further information as is necessary to verify the identity of an applicant. Subscribers must note that if the Company accepts the subscription without having received all necessary documentation, the Company will not be able to pay any redemption proceeds back to the subscriber's bank account out of where the original subscription was paid until the Anti-Money Laundering documents have been produced.

ER UMBRELLA FUND LTD.

FOR CLASS \_\_\_\_\_ SHARES IN ER UMBRELLA FUND LTD.

c/o Trinity Fund Administration Limited  
Oyster Point, Temple Road, Blackrock, Co. Dublin, Ireland

Tel.: + 353 1 279 9660 Fax: + 353 1 279 9650

### SUBSCRIPTION AND APPLICATION PROCEDURES

In order to purchase the non-voting redeemable shares of Participating Stock in ER Umbrella Fund Ltd., a prospective investor must:

- (a) Complete and sign the Subscription Agreement and Application Form marked Appendix A(I), and
- (b) Pay the subscription amount to the Custodian Bank by bank transfer. To ensure prompt receipt and identification of the subscription payment - the Subscriber should use the "BANK TRANSFER INSTRUCTION LETTER" form marked Appendix II, which accompanies this Memorandum, a copy of which must accompany the Subscription Agreement and Application Form.

(Please note that the Company will only issue Shares to successful applicants upon receipt of cleared payments).

- (c) Send the signed and completed Subscription Agreement and Application Form, together with a copy of the Bank Transfer Instruction Letter, to the Sub-Registrar and Transfer Agent, enclosing those documents required under CLIENT VERIFICATION REQUIREMENTS:

The copy of the Subscription Agreement and Application Form shown on the following pages may be completed and retained by the investor for the investor's personal reference and records.

### SUBSCRIBERS' UNDERTAKINGS AND WARRANTIES

Subscribers should take notice that by completing and executing *the Subscription Agreement and Application Form* which forms *Appendix A(I)* of this Explanatory Memorandum, the Subscriber is entering into the following undertakings and giving the following warranties specified herein below:

The Subscriber irrevocably subscribes for the Shares as specified in the Subscription Agreement and Application Form, as may be determined in accordance with the Articles of the Company at the initial offer price as specified in the applicable Addendum during the initial offering period and thereafter at the price equal to the Net Asset Value per Share on the next Valuation Day. The Subscriber understands that fractional shares may be issued.

The Subscriber acknowledges that Shares will be issued on the next Dealing Day following receipt of both the Subscription Agreement and the subscription monies in cleared funds. The Subscription Agreement must be received by the Sub-Registrar and Transfer Agent in acceptable form no later than 4:00 p.m. (Dublin time) on the relevant Subscription Day. The subscription monies must be received by the Custodian Bank no later than 4:00 p.m. on the relevant Subscription Day.

The Subscriber agrees that subscriptions made in currencies other than the designated currency of the Company will be sold on behalf of the Company by the Custodian Bank at the market rate for the said designated currency and Shares will be issued to the value of the said designated currency proceeds and the Subscriber accepts the exchange risk and costs relating to that transaction.

The Subscriber acknowledges and confirms receipt of, and that he has read, is familiar with and understands the Explanatory Memorandum including all relevant Appendices.

The Subscriber recognises that an investment in the Company involves a high degree of risk and has taken full cognisance of and understands all of the risk factors related to the purchase of Shares, including but not limited to those set forth above. In evaluating the suitability of an investment in the Company the Subscriber has not relied upon any representations or other information (whether oral or written) other than as set forth herein.

The Subscriber has taken the advice of professional advisors who have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of this investment and the Subscriber is fully capable of assessing and bearing the risks involved in the Subscriber's own right or with the benefit of such professional advice received.

The Subscriber acknowledges the minimum subscription restrictions as outlined herein.

The Subscriber agrees that the Shares hereby subscribed for will be held subject to the terms and conditions of the Articles of the Company as amended from time to time and that the Company will fully protect and indemnify its Directors, the Trading Manager, the Administrator, the Sub-Registrar and Transfer Agent and the Broker against liability for all acts taken on his or its behalf, except for acts involving negligence or misconduct.

The Subscriber fully appreciates the Company's rights to accept or reject all applications for subscription in its sole discretion. In order to induce the Company to accept this subscription, the Subscriber agrees, represents and warrants that the Investor Shares hereby subscribed for are not being acquired for the account of any person who is, directly or indirectly:

- (a) a citizen or resident of the United States, its territories or possessions; or
- (b) a corporation or other entity organised or created under the laws of any of the United States, its territories and possessions; or
- (c) a Bahamian Person; or
- (d) an entity controlled, directly or indirectly, by a person described in (a) or (b) above.

The Subscriber further agrees that no Shares hereby subscribed for will at any time be directly or indirectly transferred to any person without first seeking written authority from the Company for such transfer which may be withheld in its sole discretion; that the Subscriber will promptly notify the Company if and when the Subscriber should become such a person while the Subscriber owns any Shares of the Company; that should the Subscriber become such a person while the Subscriber owns any Shares of the Company, those Shares may be compulsorily redeemed at the prevailing Redemption Price at the convenience of the Company; and that prior to effecting any transfer of Shares, a representation that the proposed transferee is not such a person may be required. It is expressly understood that confirmation of ownership of Shares in the Company may contain a legend referring to the foregoing restriction on ownership and transfer of Shares.

The Subscriber agrees that no Shares hereby subscribed for may at any time be transferred to any other person without first seeking the approval of the Company in accordance with the provisions of the section herein entitled *Transfer of Shares*.

The Subscriber acknowledges and accepts that no share certificates will be issued.

The Subscriber acknowledges and accepts that this Subscription Agreement and Application is governed by Bahamian law and hereby submits to the non-exclusive jurisdiction of the Courts of The Bahamas.

The Subscriber confirms that, to the best of the Subscriber's knowledge and belief, the Subscriber's subscription moneys are not, in whole or in part, the proceeds of drug trafficking or other such criminal activity, nor do they represent, in whole or in part, directly or indirectly, such proceeds.

The Subscriber acknowledges that it has read and understood the section headed "Anti-Money Laundering" in the Explanatory Memorandum and further acknowledges that the Company, Administrator, the Sub-Registrar and Transfer Agent or other service provider to the Company may be required by applicable laws and/or regulations to take further reasonable steps to establish the identity of the Subscriber or of any other person whom the Company, Administrator, the Sub-Registrar and Transfer Agent or other service provider knows or has reason to believe is a person for whom or on whose behalf the Subscriber is acting and the Subscriber undertakes to co-operate with and assist the Company, the Administrator, the Sub-Registrar and Transfer Agent or other service provider in relation to such steps and the Subscriber acknowledges that the Company Administrator, Sub-Registrar and Transfer Agent or other service provider shall be held harmless and indemnified by the Subscriber against any loss arising as a result of a failure to process the Subscription Application if any information required by the Company, Administrator, Sub-Registrar and Transfer Agent or other service provider has not been provided by the Subscriber. In this context the Subscriber hereby agrees that it will provide the relevant information requested under "Client Verification Requirements" shown herein below and is attached to the Subscription Application Form in Appendix I.

If the Subscriber wishes to redeem his investment but the information required under 'Client Verification Requirements' has not been provided, the redemption will be acted upon but no monies will be paid to the Subscriber. Instead, the monies will be held in the Subscriber's name in the Company's account and the Subscriber will bear all associated risks.

The Subscriber confirms that, if it is a "Designated Body" (which is a bank, insurance fund, or other financial institution, or financial intermediary, which is domiciled in an OECD or FATF approved jurisdiction or in a country listed in the First Schedule of the FTRA and is regulated by an approved regulated body), subscribing for on behalf of another person, it has verified the identity of that other person in accordance with applicable anti-money laundering laws and/or regulations.

The Subscriber consents to the release by the Remitting Bank/Financial Institution to the Company and/or the Administrator, the Sub-Registrar and Transfer Agent or other service provider of all evidence of the Subscriber's identity which said bank/financial institution shall have retained. The Subscriber agrees that such evidence may further be furnished by the Company and/or the Administrator, the Sub-Registrar and Transfer Agent and to any other service provider to the Company upon request, to enable such other service provider to meet its obligations under applicable laws and/or regulations.

The Subscriber hereby authorises the Company, the Administrator and the Sub-Registrar and Transfer Agent to obtain verification of any information provided by the Subscriber as part of its subscription application.

The Subscriber agrees to provide any other information that may be required from time to time in compliance with relevant regulations.

The Subscriber agrees that, in line with current anti-money laundering requirements, the Administrator is obliged to pay redemption proceeds into the account at the Remitting Bank from which the original subscription was made. Exceptions to this may be made, if the subscriber can show justification for the change of bank and providing the bank account is in the name of the subscriber and the bank is situated in the subscriber's country of residence. Subscribers should be aware that suspicious events are reportable, under the international anti-money laundering regulations and, by way of example, failure to provide justification for the change of bank account, or a request to pay the proceeds into a bank account in a jurisdiction which the subscriber is not a resident could be deemed suspicious and therefore would be reportable under the regulations and may cause the payment to be delayed or refused.

**The Subscriber agrees that, where redemption requests made by the Subscriber are sent to the Sub-Registrar and Transfer Agent by facsimile, the Subscriber shall immediately send the original such notice to the Administrator by post or by courier but that the Sub-Registrar and Transfer Agent shall, nonetheless, be entitled, but not obliged, to treat such facsimile notice at face value and to act thereon if the original has not arrived by the relevant Dealing Day. The Subscriber acknowledges that any redemption request or new instruction sent to the Company via the Sub-Registrar and Transfer Agent verbally shall not be deemed by the Subscriber to have been received by the Company or the Sub-Registrar and Transfer Agent unless written acknowledgement of receipt has been**

received by the Subscriber. The Subscriber further agrees to indemnify and hold harmless the Company, the Administrator, Sub-Registrar and Transfer Agent, their directors and other officers, servants, employees and agents from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgements, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from the, fraud or wilful default of the Company, Administrator, the Sub-Registrar and Transfer Agent, their directors or other officers, servants, employees or agents in its treatment of such facsimile notice) which may be imposed on, incurred by or asserted against the Company, the Administrator, the Sub-Registrar and Transfer Agent, their directors or other officers, servants, employees or agents in its treatment of such facsimile notice.

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**SUBSCRIPTION AGREEMENT AND APPLICATION FORM**

**To:** The Directors, ER Umbrella Fund Ltd.

FOR CLASS \_\_\_\_\_ SHARES IN ER UMBRELLA FUND LTD.  
being the \_\_\_\_\_ Sub-Fund

c/o Trinity Fund Administration Limited  
Oyster Point, Temple Road, Blackrock, Co. Dublin, Ireland

Tel.: + 353 1 279 9660

Fax: + 353 1 279 9650

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**A.** Name of Subscriber: \_\_\_\_\_  
Trading Name (if applicable) \_\_\_\_\_  
Address of Subscriber: \_\_\_\_\_  
\_\_\_\_\_  
Contact Name: \_\_\_\_\_  
Telephone No: \_\_\_\_\_ Fax No: \_\_\_\_\_

**B.** Name of Subscriber: \_\_\_\_\_  
Trading Name (if applicable) \_\_\_\_\_  
Address of Subscriber: \_\_\_\_\_  
\_\_\_\_\_  
Contact Name: \_\_\_\_\_  
Telephone No: \_\_\_\_\_ Fax No: \_\_\_\_\_

**C.** Please send all correspondence (if different from above) to:  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Contact Name: \_\_\_\_\_  
Telephone No: \_\_\_\_\_ Fax No: \_\_\_\_\_

1. I/We hereby irrevocably subscribe for the number of Shares currently available for an investment of

\_\_\_\_\_ (Amount in figures)      ( \_\_\_\_\_ )  
(Amount in words)

in the Class \_\_\_\_ Shares of the ER Umbrella Fund Ltd. ("the Company") being the Sub-Fund \_\_\_\_\_, an investment Fund established in The Bahamas in accordance with the terms and conditions of the current Explanatory Memorandum and

relevant Addendum (the "Memorandum") of the Company and this Subscription Agreement and Application Form.

2. I/We will pay the full initial offer price (plus any Placement Fee, if applicable) in cleared funds on the relevant Subscription Day, and thereafter, and thereafter at the price equal to the Net Asset Value per Share per Share on the next Valuation Day.
3. I/We have read and understand the Explanatory Memorandum and have read understand and agree to abide by the Subscribers Undertakings and Warranties specified within the said Memorandum.
4. I/We acknowledge and understand that this subscription may be accepted or rejected in whole or in part in the sole and absolute discretion of the Company
5. I/We hereby apply to purchase the Shares in registered form and I/we do not require a certificate for the same Shares.
6. I/We understand that if the Subscriber is a corporation, an authorised officer(s) of that corporation must sign in compliance with its Charter or Memorandum and Articles of Association and, by signing this Subscription Agreement and Application Form, the authorised officer(s) hereby confirm and warrant that the corporation is so empowered to invest in the Company and that, if required, the relevant corporate resolution has been passed and executed by the Board of Directors of the corporation.
7. I/We understand that the Company only accepts Subscriptions from investors resident in Finland if these can be classified under the professional investor exemption as defined in the Securities Act of 1989 of Finland. Any Subscriber resident in Finland, hereby warrants that it is acting as a professional investor. The Subscriber hereby represents that it is aware of the absence of certain protections to professional investors. In particular such investors are not protected by the investor compensation fund in Finland. The professional investor treatment also implies that the Company is less restricted with regards to handling of client money, election of custodians and counterparties, the requirement for establishing contracts in writing and is subject to less onerous requirements with regards to the provision of information to Subscribers.
8. I/We understand and agree that, if I/we do not supply all of the information required under the "Client Verification Requirements" shown herein below, then the Company may accept and invest my subscription, at my/our risk on the next Dealing Day following receipt of the subscription monies, but will not deliver the shares to me/us until all of the information has been supplied. Furthermore, if I/we subsequently decide to redeem my/our holding, prior to receipt, by the Company, of the information, that redemption instruction will be executed, but the redemption proceeds will be retained in the Company's bank account, pending receipt of said information.
9. If this form, or any other communication, is sent to the Company and/or the Sub-Registrar and Transfer Agent it will not be deemed to have been received by the Company or Sub-Registrar and Transfer Agent unless receipt is acknowledged in writing by the Sub-Registrar and Transfer Agent.

The Undersigned has executed this Subscription Agreement and Application Form as of the date set forth below.

Signature \_\_\_\_\_

Name \_\_\_\_\_ Position (if any) \_\_\_\_\_

Date and Place of Execution \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_ Position (if any) \_\_\_\_\_

Date and Place of Execution \_\_\_\_\_

**Signing Instructions: *All joint applicants must sign.***

If an agent or attorney signs on behalf of the person named as the Subscriber, a copy of the relevant power of attorney or other document appointing the agent or power of attorney must be attached and the agent/attorney hereby accepts full responsibility for the obligations undertaken by his principal in subscribing for Shares on such principal's behalf.

**CLIENT VERIFICATION REQUIREMENTS**  
**(to be returned with Application Form)**

**Enclosed To be  
forwarded**

**1 Individual Person**

- 1.1 Notarised (or certified by your bank, attorney or accountant) copy of Passport/Drivers Licence or other form of identity with photograph included;
  - 1.2 Recent Utility bill in your name (original, notarised or certified as above), confirming current home address;
  - 1.3 Copy of Investor's Bank Transfer Instruction letter, or details of the bank account, including a/c number and name, and bank name, address and contact name;
  - 1.4 Bank Reference (to include a normal credit reference, or written permission to apply for a reference, with a banker's details (name and address of bank, telephone and fax details); \*
- \* Note; The bank reference referred to above, and in sections 2 and 4, is only necessary if the bank from which the money is transferred is not regulated in a FATF approved country.

**2 Corporate Entity (excluding Entities in Sections 3, 6 & 7 below)**

- 2.1 Notarised (or certified by the relevant Company Registrar) copy of, or original Certificate of Incorporation and any Change of Name Certificate;
- 2.2 Notarised (or certified by the relevant Fund registrar) copy of, or original Memorandum and Articles of Association;
- 2.3 Personal information on 2 directors and anyone authorised as a signatory for this application (as per 1.1 and 1.2), plus copies of signatures;
- 2.4 Personal information on any beneficial owners holding 10% or more of the share capital (as per 1.1 and 1.2);
- 2.5 Bank Reference as per 1.4;
- 2.6 Minutes, resolutions or declaration confirming the power to invest;
- 2.7 Certificate of Good Standing from relevant Fund registrar, or equivalent document, may be required;
- 2.8 If other corporate entities own more than 25% each of the entity which is the investor, the information as per 2.1 to 2.4 must be given for these entities

**3 Corporate Entities Listed on A Recognised Exchange**

- 3.1 The original or notarised copy of the Certificate of Incorporation or the Certificate to Trade (copies may alternatively be certified by the relevant Fund registrar);
- 3.2 A list of Directors names, occupations, residential and business addresses and dates of birth;
- 3.3 A properly authorised mandate of the Directors to open/operate an account or establish the business relationship; and
- 3.4 A list of authorised signatories.

**4 Partnerships or Other Unincorporated Businesses**

- 4.1 Personal information for 2 directors, or partners, and anyone authorised as a signatory for this transaction, as well as all beneficial owners of the entity (as per 1.1 and 1.2), plus copies of signatures;
- 4.2 Copy of partnership agreement (if any), or other agreement establishing the unincorporated business;
- 4.3 All information required for a Corporate Entity, as per 2.5 to 2.8 above.

**5 Trusts**

- 5.1 Notarised (or certified as in 1.1) copy of, or original Trust Deeds;
- 5.2 Notarised (or certified as in 1.1) copy of or original Letter of Wishes;
- 5.3 Personal information on the Trustees, beneficiaries or anyone authorised to sign for this application (as per 1.1 and 1.2), plus copies of signatures;
- 5.4 Details of settlor of the Trust;
- 5.5 A mandate as per 2.6;
- 5.6 Bank Reference as per 1.4

**6 Financial Institutions and Intermediaries**

If investing as a principal, but not deemed a "Designated Body", then the entity must supply the same information as requested for a Corporate Entity (see 2 above). If investing on a nominee basis, but not deemed a "Designated Body", the Administrator and the Sub-Registrar and Transfer Agent will deal with each case on an individual basis, to satisfy its obligations.

*Designated Body* ("DB") acting as principal

A "Designated Body" means, in the context of this Subscription Application, a financial institution that is regulated by an appropriate regulator in an acceptable jurisdiction and meets certain regulatory standards regarding Anti Money Laundering procedures, in accordance with Bahamian, EU or FATF laws and regulations.

- 6.1 Confirmation that the DB is a "Designated Body", to include confirmation of membership or association with appropriate regulatory body;
- 6.2 Membership/Registered Number and contact name at regulatory body;
- 6.3 Confirmation that the DB is investing and is allowed to invest as principal for its own account;
- 6.4 Authorised signatories list.

**7 Designated Body acting as Nominee**

- 7.1 Same information as requested under 6.1 and 6.2 above;
- 7.2 Written confirmation that the DB complies with appropriate anti-money laundering regulations with regard to verifying identity and residence of investor(s);
- 7.3 Details of anti-money laundering regulations that DB complies with;
- 7.4 Written confirmation that the anti-money laundering procedures, complying with said regulations, are routinely carried out for all investors and, if required by the Administrator, written confirmation in this regard about specific individual investors;
- 7.5 \* Undertaking that DB will provide its anti-money laundering due diligence files to the Administrator, the Sub-Registrar and Transfer Agent or competent regulatory authority, on demand;
- 7.6 Authorised signatories list;

\* Note that 7.5 above is not optional as is it a regulatory requirement that we can produce documentary evidence that we 'Know Our Customer', on demand.

**REDEMPTION REQUEST**

**For Class \_\_\_\_\_ Shares of ER Umbrella Fund Ltd.**

**in respect of the Sub-Fund \_\_\_\_\_**

c/o Trinity Fund Administration Limited  
Oyster Point, Temple Road, Blackrock, Co. Dublin, Ireland

Tel.: + 353 1 279 9660                      Fax: + 353 1 279 9650

Dear Sirs:

I/We hereby request the redemption of \_\_\_\_\_ Class \_\_\_\_\_ Shares ER Umbrella Fund Ltd. SAC (the "Company") being the Sub-Fund \_\_\_\_\_.

I/We understand that subject to the provisions of the Articles of Association of the Company, a Shareholder of the Company may redeem Shares on each monthly Redemption day after giving not less than 1 Business Day written notice of redemption (unless waived by the Directors). I/We further understand that the Company may, in its absolute discretion, limit total redemptions on any particular Redemption day to 10% of the total Shares of the Sub-Fund then in issue and that, a redemption fee of up to 2% may be deducted from the Redemption Price if my/our Shares have been held for less than 6 months.

Please therefore accept this Redemption Request as written notice of my/our intention to redeem the Shares on the Redemption day next following the notice period.

I/We look forward to receiving your acknowledgement of receipt of this notice and payment of the net redemption proceeds in accordance with the instructions provided in the attached Redemption Information Form within one month after the relevant Redemption Day, where practicable.

I/We understand that the payment will be made in the base currency of the Sub-Fund as set out in the relevant Addendum to this Explanatory Memorandum to an account in my/our name.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

By (print name): \_\_\_\_\_

Title: \_\_\_\_\_

On behalf of (entity): \_\_\_\_\_

**REDEMPTION INFORMATION**

Name and Address of Registered Shareholder: .....

.....

.....

Number of Shares to be Redeemed: .....

Date of Redemption: .....

Name and Address of Receiving Bank: .....

.....

.....

Provide full wire transfer routing instructions .....

.....

.....

Account Name: .....

Account Number: .....

Mailing Address: .....

.....

.....

Telephone Number: .....

Telefax Number: .....

Email Address: .....

**SAMPLE LETTER FOR INVESTORS USING SOURCE OF FUNDS METHOD DESCRIBED  
WITHIN THE EXPLANATORY MEMORANDUM (See ANTI-MONEY LAUNDERING)**

*Where subscription monies are being transferred from an account in the Shareholder's name with a financial institution in an Approved Country, Shareholders using this letter should give it to financial institution and have them return it to Trinity Fund Administration Limited, at the same time that the subscription monies are wired.*

[To be placed on letterhead of the Designated Body remitting payment]

Date \_\_\_\_\_

Via mail and facsimile

Trinity Fund Administration Limited  
Oyster Point, Temple Road,  
Blackrock, Co. Dublin, Ireland

Dear Sirs:

**Re: ER Umbrella Fund Ltd. - (the "Fund")**  
**Class \_\_\_\_\_ Shares being the Sub-Fund \_\_\_\_\_**

Name and address of Remitting Designated Body;  
Investor's Drawee Branch Sorting Code;  
Name and address of Subscriber;  
Name of Subscriber Account Being Debited;  
Account Number Being Debited;

We have credited the Company's account for [amount] by order of [subscriber] on [date].

We confirm that we are a Financial Institution as defined by the Financial Transactions Reporting Act 2000 (FTRA) in a First Schedule country as defined in the FTRA (specify which country).

We confirm that we have conducted the due diligence procedures required by the FTRA and the Regulations made thereunder, together with the procedures set out in our company's directives and other key objectives and have always in our possession satisfactory evidence of the identity of the introduced clients and hereby undertake irrevocably upon request to provide you and the Administrator with a copy of that evidence to within 24 hours of such request.

We undertake to certify to you and to the Administrator in the case of [ ] ("the Client"), as at every calendar year-end that:

- (i) In the case of a company, ownership of the company has remained unchanged; and
- (ii) the account activity has been closely monitored during the preceding year and no activity was noted that might have given cause to create a situation where a suspicious transaction report is warranted.

The above information is given in strictest confidence for your own use only and without any guarantee, responsibility or liability on the part of this institution or its officials.

Yours faithfully,

Signed: \_\_\_\_\_

Full Name: \_\_\_\_\_

Position: \_\_\_\_\_

## LIST OF ADDENDA PERTAINING TO THE SUB-FUNDS

<u>Class</u>	<u>Sub-Fund</u>	<u>Date of Addendum</u>
Class A Shares	ER Global XL III, Euro	16 October, 2007
Class B Shares	ER Global XXL, USD	16 October, 2007
Class C Shares	ER Global XXL, Euro	16 October, 2007
Class D Shares	ER Global XL, Euro	16 October, 2007
Class E Shares	ER Global Markets, Euro	16 October, 2007
Class F Shares	ER Global Coverage, Euro	16 October, 2007
Class G Shares	ER Global Equity Arbitrage, Euro	16 October, 2007
Class H Shares	ER Global Markets Yield, Euro	16 October, 2007
Class I Shares	ER Global Balance, Euro	16 October, 2007
Class J Shares	ER Research, Euro	16 October, 2007
Class K Shares	ER Global XL II, Euro	16 October, 2007
Class L Shares	Lambay Capital Currency, Euro	1 November, 2006
Class M Shares	ER Global XXL II, Euro	30 August, 2007