

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO ACQUIRE INTERESTS IN THE PARTNERSHIP, AND MAY BE REVISED PRIOR TO THE FIRST CLOSING. THIS MEMORANDUM HAS NOT BEEN APPROVED BY ANY SUPERVISORY AUTHORITY. THE INFORMATION CONTAINED HEREIN IS SUBJECT TO UPDATING, REVISION, CORRECTION AND AMENDMENT.

## RED NOVEMBER SCSP SICAV-RAIF

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### CONFIDENTIAL OFFERING MEMORANDUM

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MARCH 2022

Within the EEA, this document is only intended for "**Professional Investors**" (defined as "professional clients" under the Directive on Markets in Financial Instruments (2014/65/EU), as amended or replaced from time to time) or such other Eligible Investors (as defined below) and *not* for "**Retail Investors**" (as defined under Regulation (EU) No. 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products (PRIIPs) (the "**PRIIPs Regulation**")). Consequently, no key information document required by the PRIIPs Regulation for offering or selling the Interests or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Interests or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

THE PARTNERSHIP QUALIFIES AS AN INVESTMENT COMPANY WITH VARIABLE CAPITAL - RESERVED ALTERNATIVE INVESTMENT FUND - AND IS AN INVESTMENT VEHICLE, WHICH IS NOT SUBJECT TO THE PRUDENTIAL SUPERVISION OF THE COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER ("**CSSF**"), THE LUXEMBOURG SUPERVISORY AUTHORITY FOR THE FINANCIAL SECTOR, OR ANY OTHER LUXEMBOURG SUPERVISORY AUTHORITY, ALTHOUGH IT QUALIFIES AS AN ALTERNATIVE INVESTMENT FUND WITHIN THE MEANING OF DIRECTIVE 2011/61/EU ON ALTERNATIVE INVESTMENT FUND MANAGERS, AS AMENDED FROM TIME TO TIME (THE "**AIFMD**") AND HAS DESIGNATED A LICENSED ALTERNATIVE INVESTMENT FUND MANAGER WITHIN THE MEANING OF AIFMD. CONSEQUENTLY, THIS MEMORANDUM WILL NOT BE SUBMITTED TO THE CSSF OR ANY OTHER LUXEMBOURG SUPERVISORY AUTHORITY FOR FORMAL APPROVAL OF THIS PARTNERSHIP.

THE INTERESTS WILL NOT BE OFFERED AND SOLD IN THE UNITED STATES. THE INTERESTS WILL BE OFFERED OUTSIDE THE UNITED STATES IN RELIANCE UPON THE EXEMPTION FROM REGISTRATION PROVIDED BY REGULATIONS UNDER THE 1933 ACT, IN PARTICULAR REGULATIONS THEREUNDER. THE INTERESTS MAY NOT BE SOLD OR TRANSFERRED (I) EXCEPT AS PERMITTED UNDER THE PARTNERSHIP'S LIMITED PARTNERSHIP AGREEMENT (AS AMENDED, RESTATED OR SUPPLEMENTED FROM TIME TO TIME, THE "**PARTNERSHIP AGREEMENT**") AND (II) TO ANY U.S. PERSON.

## IMPORTANT NOTICE

### YOU MUST READ THIS NOTICE BEFORE CONTINUING

This confidential offering memorandum (this "**Memorandum**") has been prepared solely for, and is furnished by the General Partner (as defined below) on a confidential basis under the AIFMD passport regime to a limited number of Professional Investors (defined as "**professional clients**" under the Markets in Financial Instruments Directive (Directive 2014/65/EU), as amended or replaced from time to time) or such other Eligible Investors (as defined herein) which are not Retail Investors, for the purpose of providing information about an investment in Red November SCSp SICAV-RAIF (the "**Partnership**"). The Partnership is structured as a stand-alone fund qualifying as an investment company with variable capital - reserved alternative investment fund (*société d'investissement à capital variable - fonds d'investissement alternatif réservé* - RAIF) governed by the Law of 23<sup>rd</sup> July 2016 on reserved alternative investment funds, as may be amended from time to time (the "**RAIF Law**") and qualifies as an alternative investment fund (an "**AIF**") within the meaning of the AIFMD.

With respect to each prospective investor (a "**Prospective Investor**"), the term "Memorandum" shall be construed as including (i) Part A (*Partnership Features*), Part C (*Certain Legal, Regulatory and Tax Considerations*), Part D (*Risk Factors and Potential Conflicts of Interest*) and Part E (*Offering Legends*) (together, the "**Offering Memorandum**"), and (ii) the annex Part B (*Limited Partner Interest B Features*).

This Memorandum will not be provided to Retail Investors and, as such, no key information document will be prepared or published pursuant to the PRIIPs Regulation.

The Partnership is structured as an open-ended Luxembourg special limited partnership (a *société en commandite spéciale*) registered under the Luxembourg law of 10<sup>th</sup> August 1915 on commercial companies, as amended (the "**1915 Law**"). The general partner of the Partnership is Red November Limited, a private limited liability company existing under the laws of Malta, having its registered office at Skyway Offices, Block C, Office 1, 179 Marina Street, Pietà, PTA 9042, Malta, registered with the Malta Business Register under number C 83357 (the "**General Partner**").

The General Partner has appointed Abalone Asset Management Limited, a Malta private limited company, having its registered office at Skyway Offices, Block C, Office 1, 179 Marina Street, Pietà, PTA 9042, Malta, registered with the Malta Business Registry under number C 71261, to serve as the alternative investment fund manager (the "**AIFM**") of the Partnership under the AIFMD. The AIFM is authorised by the Malta Financial Services Authority to act as the external "alternative investment fund manager" (within the meaning of the AIFMD) of the Partnership. The promotion of the limited partnership interests ("**Interests**") and the distribution of this Memorandum are restricted by the RAIF Law.

Interests in the Partnership must not be made available to the public in Luxembourg or in any other jurisdiction and will be limited to Eligible Investors.

By accepting delivery of this Memorandum, each Prospective Investor agrees not to use it for any purpose other than considering an investment in the Partnership and not to reproduce, distribute or disclose this Memorandum, in whole or in part, to any person except to its advisers, with whom the Prospective Investor will procure compliance with these restrictions. Each Prospective Investor agrees to return this Memorandum promptly upon request and to procure that its advisers do the same.

This Memorandum is being sent at your request and by accepting the e-mail and accessing this Memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are Eligible Investors, (2) such acceptance and access to this Memorandum by you and any customer you represent is not unlawful in the jurisdiction where it is being made to you and any customers you represent and (3) you consent to delivery of this Memorandum by electronic transmission or by accessing a data room.

Interests in the Partnership have not been recommended or approved by and are not supervised by any securities commission or regulatory authority anywhere in the world including, without limitation, the CSSF. Nor has any such commission or authority confirmed the accuracy, completeness or adequacy of this Memorandum.

The Partnership has NOT been approved and does NOT qualify as (i) an undertaking for collective investment in transferable securities or an undertaking for collective investment within the meaning of the Luxembourg law of 17<sup>th</sup> December 2010 on undertakings for collective investment, as amended, (ii) a specialised investment fund within the meaning of the Luxembourg law of 13<sup>th</sup> February 2007 on specialised investment funds, as amended, or (iii) an investment company in risk capital within the meaning of the Luxembourg law of 15<sup>th</sup> June 2004 on investment company in risk capital, as amended.

Interests in the Partnership have not been, and are not expected to be, registered under the securities laws of any jurisdiction. Accordingly, Prospective Investors will not be afforded any protections that would be provided by any such registration.

Interests in the Partnership are subject to restrictions on transferability and resale and may not be transferred or resold except as provided for in the limited partnership agreement (including the appendices thereto) governing the Partnership, as amended and restated from time to time (the "**Partnership Agreement**") and there will be no public market for such Interests. Accordingly, Prospective Investors should be aware that they will be required to bear the financial risks of an investment in the Interests in the Partnership for the life of the Partnership.

Investment in the Interests in the Partnership involves significant risks, including the risk of the loss of a Prospective Investor's entire capital investment. Accordingly, investment in the Partnership is only suitable for Eligible Investors who have the knowledge and experience in financial and business matters required to properly evaluate the merits and understand the risks of such investment and who are willing to accept the lack of liquidity inherent in such investment and who are able to withstand a total loss of their investment. A Prospective Investor who does not have such knowledge and experience or is not willing to accept such risks, should not invest in the Partnership. Prospective Investors should read the risk factors and information relating to conflicts of interest set out in Part D (*Risk Factors and Potential Conflicts of Interest*) of this Memorandum.

This Memorandum is not a prospectus for the purposes of Regulation (EU) 2017/1129 and does not purport to contain all the information a Prospective Investor may require to form an investment decision. It is not intended that it should be solely relied upon in relation to, and must not be used solely as the basis for, any investment decision. This Memorandum should be read in conjunction with the Partnership Agreement and certain other documents. However, such summaries do not purport to be complete and are subject to and qualified in their entirety by reference to the Partnership Agreement and such other documents. In the event that the terms described in this Memorandum are inconsistent with or contrary to the terms of the Partnership Agreement or such other documents, the terms of the Partnership Agreement shall prevail. For the avoidance of doubt, if this Memorandum contains more detail than the Partnership Agreement, this should not be considered as a conflict or discrepancy.

Each Prospective Investor should note that any application for an Interest in the Partnership will be accepted on the basis of this Memorandum, the Partnership Agreement, a duly completed and signed Subscription Agreement, an assessment by the AIFM, the General Partner or the Administrator of the documentation received from such Prospective Investor and full compliance by such Prospective Investor with the relevant 'Know-Your-Customer' and anti-money laundering requirements.

The delivery of this Memorandum does not imply that the information contained herein or therein is correct as of any date subsequent to the date on the cover page or, if earlier, any other date by which such information is expressly referenced.

Certain information contained in this Memorandum constitutes "forward-looking statements", which

can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "intend", "continue", "target" or "believe" or the negatives thereof or other variations thereof or comparable terminology and may include projected or targeted returns on Investments to be made by the Partnership. Such forward-looking statements are inherently subject to significant economic, market and other risks and uncertainties, including the risk factors set out in Part D (*Risk Factors and Potential Conflicts of Interest*) of this Memorandum and accordingly actual events or results or the actual performance of the Partnership may differ substantially from those reflected or contemplated in such forward-looking statements. Nothing contained in this Memorandum should be deemed to be a prediction or projection of future performance of the Partnership or any Investment. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation that the objectives and plans discussed herein will be achieved. Further, no person undertakes any obligation to revise such forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. In addition, due to numerous risks and uncertainties, events and circumstances may unfold or come to pass in a manner materially different than anticipated, reflected or contemplated in such forward-looking statements. Given such certainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. The Partnership, the General Partner and the AIFM disclaim any obligation to update such factors or to announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

While the General Partner has taken all reasonable care to ensure that the facts stated in this Memorandum are true and accurate in all material respects, and that there are no other facts which by their omission would make any statement of fact or opinion in this Memorandum misleading, it does not purport to be comprehensive, nor has it been independently verified. In particular, certain information contained in this Memorandum is based on or derived from information provided by independent third-party sources, and while the General Partner believes that such information is accurate and that the sources from which it has been obtained are reliable, it cannot guarantee or verify the accuracy of such information or the assumptions on which it is based. All liability including liability for negligence for statements, representations or warranties, expressed or implied as to the accuracy or completeness of information in this Memorandum is expressly disclaimed by the General Partner and its respective managers, except that the General Partner accepts any liability for fraud or fraudulent misrepresentation, made by them in relation to the information in this Memorandum.

Each Prospective Investor is invited to meet with representatives of the General Partner and the AIFM so as to be given the opportunity to ask questions in respect of such Prospective Investor's prospective investment in the Partnership, including in respect of the procedures and methodologies used to calculate investment returns and other performance data and the terms of the Interests in the Partnership, provided that each such Prospective Investor shall alone be responsible for making the decision to acquire an Interest in the Partnership. Any such information provided must not be relied upon as having been authorised by the General Partner or the AIFM unless it is contained in this Memorandum or the General Partner or the AIFM has expressly agreed in writing with such Prospective Investor that such information may be relied upon for such purpose. No such representative nor any other person has been authorised to provide information on any other basis.

Interests in the Partnership will be offered subject to the General Partner's ability to reject any Prospective Investor's application in whole or in part in its sole and absolute discretion.

The distribution of this Memorandum and the offering of the Interests in the Partnership in certain jurisdictions may be restricted by law. No representation or warranty is made to any Prospective Investor regarding the legality of an investment in the Partnership by such Prospective Investor in the jurisdiction(s) applicable to it and Prospective Investors should consult their legal advisers accordingly. This Memorandum does not constitute an offer or solicitation in any jurisdiction where such an offer or solicitation is not duly authorised, or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such an offer or solicitation.

Prospective Investors should read the applicable notices set out in Part E (*Offering Legends*) of this Memorandum for important additional information relating to the offering of Interests in the Partnership in certain jurisdictions.

Nothing in this Memorandum should be taken as legal, tax, regulatory, financial, business, accounting, investment or other advice. Prospective Investors should conduct their own due diligence independent of any information or statements contained in this Memorandum, and should consult with their legal, tax, regulatory, financial, business, accounting or investment advisers, as appropriate, before deciding to make any investment in the Partnership.

The register of the Partners (as defined below) and a copy thereof will only be kept at the registered office of the Partnership in accordance with the 1915 Law (the "**Register**"). The Register shall contain among others:

- (i) the complete and conformed up-to-date copy of the Partnership Agreement;
- (ii) a list of all of the Partners featuring, as applicable their names, surnames, professions, private or professional addresses, or, in case of legal entities, their corporate denominations, legal forms, address and registration numbers of the Partners and the Interest held by each of them in the Partnership; and
- (iii) a record of all transfers of Interests in the Partnership that take place together with the date of their notification to, or acceptance by, the General Partner.

Subject to the Partnership Agreement, each Limited Partner may, on reasonable notice and during normal business hours inspect the Register to the extent that such Register relates to such Limited Partner and make copies of the same. **A Limited Partner shall have no right to inspect other information contained in the Register (including, without limitation, information relating to other Limited Partners) unless specifically agreed with the General Partner.**

### **Data Protection**

The Partnership and the AIFM (the "**Controllers**") jointly process information relating to several categories of identified or identifiable natural persons (including, in particular but not limited to, prospective or existing investors, their beneficial owners and other natural persons related to prospective or existing investors) who are hereby referred to as the "Data Subjects". This information has been, is and/or will be provided to, obtained by, or collected by or on behalf of, the Controllers directly from the Data Subjects or from other sources (including prospective or existing investors, intermediaries such as distributors, wealth managers and financial advisers, as well as public sources).

The information that a Prospective Investor provides in relation to a subscription for an Interest in the Partnership or subsequently by any other means which relates to such Prospective Investor or a third-party individual (to include, in each case, sensitive personal data) will be held and processed by the General Partner (acting for the Partnership), the AIFM and other entities (i) as further described in the Subscription Agreement in compliance with the relevant Data Protection Law as defined in the Subscription Agreement and (ii) in accordance with data protection notice, a current version of which is available on demand to the General Partner, at the following email/address: red-november-scsp@abalone.com.mt or one of the following address:

Red November Limited  
Attention to: Mr Riccardo TEODORI  
Skyway Offices, Block C, Office 1  
179 Marina Street  
Pietà, PTA 9042  
Malta

Each Prospective Investor is hereby informed that the EU General Data Protection Regulation (Regulation (EU) 2016/679) ("**GDPR**") became effective on 25<sup>th</sup> May 2018 and is directly applicable in all EU member states. The GDPR is intended to strengthen and harmonise data protection rules within the EU and has introduced more stringent requirements and heavier sanctions for non-compliance. GDPR applies to all entities established in the EU and all non-EU entities that process the personal data of an EU individual, including for offering goods and services to such EU individual. The scope of personal data is far-reaching and includes any information that could be used to identify an individual which ranges from a name or photo to a computer's IP address. The GDPR governs the processing of personal data by requiring notably a lawful basis for processing; the determination of the purposes for which the personal data is processed; complete and transparent information to be provided to the concerned individuals (data subjects); and procedures and structures within the entity to monitor data collection and processing and the security of the personal data. Please see the paragraph titled "*EU General Data Protection Regulation*" of Part D (*Risk Factors and Potential Conflicts of Interest*) of this Memorandum.

### **Anti-Money Laundering Regulations**

The Partnership, the AIFM and the Administrator must comply with applicable international and Luxembourg laws, regulations and any regulation, circular or guidelines issued by any Luxembourg and other competent authorities regarding the prevention of money laundering, including, in particular, the Luxembourg law of 12<sup>th</sup> November 2004, relating to the fight against money laundering and terrorist financing, as amended, and the Luxembourg law of 13<sup>th</sup> January 2019 creating a register of beneficial owners. As far as the AIFM is concerned, it has also to comply with the Prevention of Money Laundering Act, 1994 as amended (Chapter 373, the laws of Malta), the Prevention of Money Laundering and Funding of Terrorism Regulations, 2018, as amended from time to time, the Criminal Code (Chapter 9, the Laws of Malta) and the Implementing Procedures Part I issued by the Financial Intelligence Analysis Unit as well as any regulation, circular or guidelines issued by the Malta Financial Services Authority. Within this context a procedure has been implemented, in particular, for the identification of Limited Partners and, as the case may be, ultimate beneficial owners of Interests in the Partnership and the source of funds used to subscribe for Interests in the Partnership. Namely, the Subscription Agreement of a Limited Partner in the Partnership must be accompanied by any supporting documents recommended or prescribed by applicable laws and regulations or any additional or updated documents required by the Partnership, the AIFM or the Administrator in accordance with on-going customer due diligence obligations under the relevant laws and regulations allowing the appropriate level of identification of such Limited Partner and, as the case may be, the ultimate beneficial owner of Interests in the Partnership and the source of funds used to subscribe for such Interests in the Partnership.

Prospective Investors must make such representations to the Partnership as the General Partner or the Administrator requires in connection with such anti-money laundering programs, including, without limitation, representations that such subscriber or Limited Partner is not a resident of a prohibited country, territory, or an individual or entity listed on the US Department of Treasury's Office of Foreign Assets Control ("**OFAC**") website or under the EU or Luxembourg regulations and is not directly or indirectly affiliated with, any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC, EU or Luxembourg sanctions programs. Limited Partners may also be required to represent that amounts contributed by them to the Partnership were not directly or indirectly derived from activities that may contravene Luxembourg or any applicable laws and regulations, including anti-money laundering laws and regulations.

Should the person to whom an Interest in the Partnership is to be issued or transferred fail to meet the criteria or provide all documentation and information recommended or prescribed by applicable anti-money laundering and so-called "Know-Your-Customer" laws, regulations and policies applicable to the Partnership, the General Partner, the AIFM or the Administrator, the General Partner or its delegate(s) will refuse the issue or transfer of such Interest in the Partnership or may cause its compulsory withdrawal from the Partnership.

None of the Partnership, the General Partner, the AIFM or the Administrator will be held responsible for any delay or failure to process deals as a result of any investor not providing requested identification documentation or providing incomplete identification documentation.

The Partnership, the General Partner, the AIFM or the Administrator may request additional information from Prospective Investors or Limited Partners as necessary in order to comply with Luxembourg law or any other relevant anti-money laundering legislation and regulations.

Any information provided in this context is collected for anti-money laundering compliance purposes only. By acquiring an Interest, each Limited Partner acknowledges that the Partnership, the General Partner, the AIFM or the Administrator may disclose any information about such Limited Partner to regulators and other authorities to the extent legally required.

### **AIFMD**

Interests in the Partnership are being offered in the European Economic Area (the "EEA") under the AIFMD passport regime to a limited number of Professional Investors (defined as "professional clients" under Annex II of the European Union Directive on Markets in Financial Instruments (2014/65/EU), as amended or replaced from time to time). Accordingly, for the avoidance of doubt, in the following paragraph "Professional Investor" means an investor who is considered to be a professional client or may, on request, be treated as a professional client within the meaning of Annex II to Directive 2014/65/EU.

Notwithstanding any other statement in this Memorandum, neither the Offering Memorandum nor any Annex should be made available to any Professional Investor domiciled in, or with a registered office in, the EEA, in any EEA state which the AIFM has not confirmed that it is able to market interests in the Partnership pursuant to articles 31 or 32 of the AIFMD (as transposed in the relevant EEA state) on the basis of having satisfied certain marketing passport procedural requirements. Professional Investors domiciled in, or with a registered office in, the EEA that have received the Offering Memorandum or any Annex in any EEA state in respect of which such conditions have not been satisfied should not, and should not be invited to, subscribe for Interests in the Partnership (and the General Partner reserves the right to reject any applications so made, without explanation) unless such investors have received this Memorandum on the basis of an enquiry made at the Professional Investor's own initiative.

### **US Securities Act and Regulation D**

Interests in the Partnership have not been registered under the Securities Act, the securities laws of any US state or any other US or non-US jurisdiction, and such registration is not contemplated. Interests in the Partnership will be offered and sold in the United States under the exemption provided by Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder ("**Regulation D**"), and other exemptions of similar import in the laws of the states and jurisdictions where the offering will be made. Interests in the Partnership will be offered outside the United States in reliance upon the exemption from registration provided by Regulation S promulgated under the Securities Act. Each prospective Limited Partner will be required to represent, among other customary private placement representations, that it is an "accredited investor" under Regulation D and that it is acquiring an Interest in the Partnership for its own account for investment purposes only and not with a view for resale or distribution. Interests in the Partnership will be "restricted securities" under the Securities Act and as such will be subject to certain legal restrictions on transferability in addition to the contractual restrictions described under the Partnership Agreement. Prospective Investors must rely on their own examination of the legal, taxation, financial and other consequences of an investment in the Partnership, including the merits of investing and the risks involved.

### **US Investment Company Act of 1940**

The Partnership is not, and will not be, registered as an investment company under the US Investment

Company Act of 1940, as amended (the "**Investment Company Act**") and accordingly is not subject to the protections of the Investment Company Act. In order to avoid registration under the Investment Company Act, the Partnership will require that either (a) all investors qualify as "qualified purchasers", (as defined under Section 3(c)(7) of the Investment Company Act), or (b) the number of beneficial owners (within the meaning of Section 3(c)(1)(a) of the Investment Company Act) of Interests will in all cases be limited to fewer than 100. For the purposes of assuring that the number of beneficial owners of Interests is fewer than 100, each investor holding 10% or more of the outstanding Interests will be required to represent, among other things, that it is not an investment company within the meaning of the Investment Company Act and is not a person that would qualify as such an investment company but for the exclusion contained in sections 3(c)(1) or 3(c)(7) of the Investment Company Act.

### **Information for qualified investors in Switzerland**

This collective investment scheme may only be offered in Switzerland to qualified investors in accordance with Art. 10 of the Collective Investment Schemes Act (CISA) and Art. 4 para 3-5, Art. 5 para 1, Federal Act on Financial Services (FinSA).

Potential investors are hereby informed that the (a) representative in Switzerland is OpenFunds Investment Services AG, with registered office at Seefeldstrasse 35, 8008 Zurich and (b) paying agent in Switzerland is Società Bancaria Ticinese SA, with registered office at Piazza Collegiata ,6501 Bellinzona.

Potential investors are hereby also informed that this Memorandum and the Key Information Document (if any), as well as the annual and semi-annual reports can be obtained free of charge from the representative in Switzerland at its registered office.

Finally, Potential investors are hereby informed that for Interests offered in Switzerland, the place of performance is at the registered office of the representative while the place of jurisdiction is either at the registered office of the representative or at the registered office or place of residence of the investor.

### **Available Information**

This Memorandum does not constitute an offer or an invitation to acquire Interests in the Partnership and the information which it contains may be subject to updating, amendment and verification. Consequently, it is recommended that Prospective Investors enquire with the General Partner or the AIFM in order to know whether a subsequent offering memorandum in respect of the Partnership has been issued.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers and solicitations are not permitted by law. This Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Partnership, the General Partner, the AIFM, a person who controls the Partnership, or any director, officer, employee or agent thereof, or any affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between this Memorandum distributed to you in electronic format and the hard copy version available to you on request from the General Partner or the AIFM.

The information in the electronic copy of this Memorandum has been formatted in a manner which should exactly replicate the printed Memorandum; however, the physical appearance may differ, and other discrepancies may occur for various reasons, including electronic communication difficulties or particular user equipment. The user of this Memorandum assumes the risk of any discrepancies between the printed Memorandum and the electronic version of this document.

***All Prospective Investors should carefully read this entire Memorandum and the Partnership Agreement before making an investment in the Partnership.***



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## **PART A**

### **PARTNERSHIP FEATURES**

*The following information under this Part A (Partnership Features) of this Memorandum is presented as the Partnership's key features and terms and is qualified in its entirety by the terms of the Partnership Agreement (as defined below). The terms in this Part A (Partnership Features) should be read together with the terms set out in the Partnership Agreement and the specific terms of the relevant Limited Partner Interests B under Part B (Limited Partner Interests B Features) of this Memorandum. Any terms undefined herein have the meaning set forth in the Partnership Agreement. Unless the context clearly requires otherwise, capitalised terms used in this Part A (Partnership Features) shall have the meanings ascribed to them under Section IV (Definitions and Interpretation) of this Part A (Partnership Features).*

## I. OVERVIEW OF THE PARTNERSHIP STRUCTURE AND KEY TERMS OF THE PARTNERSHIP

### Overview of the Structure

Red November SCSp SICAV-RAIF (the "**Partnership**") qualifies as an investment company with variable capital - reserved alternative investment fund (*société d'investissement à capital variable - fonds d'investissement alternatif réservé* – RAIF) governed by the RAIF Law and as an AIF within the meaning of the AIFMD.

The Partnership is registered with the *Registre de Commerce et des Sociétés* (the "**RCS**") under number B235691. An excerpt of the Partnership Agreement has been deposited with the RCS and published in the *Recueil Electronique des Sociétés et Associations* ("**RESA**") promptly after the date of the Partnership Agreement.

The General Partner is a private limited liability company established in Malta on 6<sup>th</sup> November 2019, having its registered office at Skyway Offices, Block C, Office 1, 179 Marina Street, Pietà, PTA 9042, Malta and registered with the Malta Business Register under number C 83357.

The General Partner is entitled at any time to create additional Interests in its sole and absolute discretion without the consent of or notifying, any Limited Partner.

The assets of the Partnership will be invested in accordance with the investment objective, strategy and policy provided therein and the features of the Interests on offer will be set forth in Part B (*Limited Partner Interest B Features*) of this Memorandum, with respect to such Interests.

Each Limited Partner will be entitled to have access to this Memorandum.

The risks relating to an investment in the Partnership are set forth in Part D (*Risk Factors and Potential Conflicts of Interest*) of this Memorandum.

### Key Terms of the Partnership

The following is an executive summary of the offering of the Interests in, and the key terms of, the Partnership. Please also refer to Part B (*Limited Partner Interest B Features*) for further information on the Interests on offer. This summary is subject to change and qualified in its entirety by reference to the full Memorandum, the relevant features contained under Part B (*Limited Partner Interest B Features*) and the Partnership Agreement. Prospective Investors should carefully review these documents before making any investment decisions. Please see Section IV (*Definitions and Interpretation*) of Part A (*Partnership Features*) for the meanings given to capitalized terms that are not otherwise defined herein.

#### **PARTNERSHIP**

Red November SCSp SICAV-RAIF, a Luxembourg investment company with variable capital - reserved alternative investment fund (*société d'investissement à capital variable - fonds d'investissement alternatif réservé* – RAIF) governed by the RAIF Law, which qualifies as an AIF within the meaning of the AIFMD.

#### **TERM AND LIQUIDATION**

The Partnership will have an unlimited term and shall be put into liquidation upon the occurrence of a relevant event, as specified in the Partnership Agreement and pursuant to the RAIF Law.

<b>GENERAL PARTNER</b>	Red November Limited is the managing general partner ( <i>associé-commandité-gérant</i> ) of the Partnership.
<b>AIFM</b>	Abalone Asset Management Ltd., a private limited company incorporated in Malta.  The Partnership shall be managed by Abalone Asset Management Limited (the " <b>AIFM</b> "), which is itself an alternative investment fund manager as per the AIFMD, whom the General Partner has designated to perform portfolio management and risk management of the Partnership.
<b>MANAGEMENT FEE</b>	The AIFM shall be entitled to management fee (exclusive of any VAT) with respect to the Partnership, which shall be calculated and payable according to the terms of this Offering Memorandum and the Partnership Agreement.
<b>ADVISORY COMMITTEE</b>	The General Partner may establish, with respect to the Partnership, an advisory committee consisting of Persons who are nominated by certain Limited Partners as designated by the General Partner.
<b>LEVERAGE AND BORROWING</b>	The Partnership may borrow funds up to 100% of its NAV to pursue its investment objective, approach and strategies and to meet redemption requests. For the purpose of providing margin or collateral in respect of the Fund's investment activities, the AIFM may transfer, mortgage, charge or encumber any assets or cash forming part of the Fund's assets or instruct the Depository to do so.  The AIFM will generally aim to limit the leverage employed in respect of the Fund to 200% of the Net Asset Value, calculated in accordance with the commitment approach and 200% of the Net Asset Value, calculated in accordance with the gross approach.
<b>SUBSCRIPTION PROCESS</b>	Prospective Investors will execute a Subscription Agreement with respect to their application to invest in the Partnership. The Subscription Agreement will specify the amount of their subscription to the Partnership, along with representations as to various matters on behalf of the prospective investor, including but not limited to, their eligibility to invest in the Partnership and tax status. The General Partner shall be able to accept or reject (in whole or in part) any Subscription Agreement submitted by a Prospective Investor for any or no reason therefor.
<b>CURRENCY</b>	The reference currency of the Partnership and of Interests shall be Euro (the " <b>EUR</b> ").
<b>CALCULATION OF NAV</b>	The net asset value of the Partnership will be calculated by the Administrator in accordance with Luxembourg law and applicable accounting standards. The net asset value of the Partnership shall be calculated by deducting the liabilities of the Partnership from the assets of the Partnership. The net asset value

of an Interest held by an investor will be the balance of its Capital Account.

#### **COSTS AND EXPENSES**

The Partnership shall be responsible for all costs and expenses (inclusive of value added tax as applicable) in relation to the formation and establishment of the Partnership and the offering of Interests therein, including, but not limited to, legal, regulatory, accounting, filing, organisational or registration arrangements (the "**Establishment Costs**"), and any excess shall be borne by the General Partner or its Affiliate(s).

The Establishment Costs shall be amortised over a five (5) year period subject to the discretion of the General Partner to vary the amortisation period, if it considers it prudent to do so.

#### **INDEMNIFICATION**

The Partnership agrees to indemnify and hold harmless any Indemnified Party (as defined in Clause 13.2 of the Partnership Agreement) from and against any loss, expense, damage, or injury suffered or sustained by them by reason of any acts, omissions, or alleged acts or omissions arising out of or in connection with the Partnership, as more fully detailed in the Partnership Agreement.

#### **VOTING**

Any action requiring the affirmative vote of Limited Partners must be adopted in accordance with the Partnership Agreement and may be taken by a vote at a meeting or in lieu thereof, by written consent of the Limited Partners with the required percentage in Interest. Where a written consent is sought, all Limited Partners concerned shall receive the exact wording of the text of the resolutions or decisions to be adopted and cast their vote in writing.

#### **REPORTS**

Annual reports for the Partnership (including the financial statements and the report of the Auditor), made up to 31<sup>st</sup> December in each year will be prepared. The annual report of the Partnership will be made available to Limited Partners within six (6) months after the end of the financial year to which they relate.

The annual report of the Partnership will be drawn up in accordance with the requirements of the AIFMD, the RAIF Law and Lux GAAP.

#### **AIFMD INVESTOR INFORMATION**

The AIFM shall make available or send, or cause to be sent, all other information required to be disclosed or made available to the Limited Partners under the AIFMD. All information that is required to be made available to investors in the Partnership pursuant to AIFMD shall be made available herein or in the Partnership Agreement, the annual reports, or as indicated therein, or at the registered office of the Partnership or the AIFM.

**ADMINISTRATOR**

Amicorp Luxembourg S.A., a professional of the financial sector organised and existing under the laws of Luxembourg, whose registered office is at 11-13, boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg, with registration number with the RCS B49731, or any other firm appointed by the General Partner (in its capacity as managing general partner of the Partnership).

**DEPOSITARY**

Banque Havilland S.A., a public company limited by shares (*société anonyme*) having its registered office at 35a Avenue J.F. Kennedy L-1855 Luxembourg, Grand Duchy of Luxembourg and with RCS Number B 147029 or any Person referred to in the 2016 Law appointed as depositary of the Partnership.

**AUDITOR**

Mazars Luxembourg S.A. or such other audit firm as may be appointed from time to time by the General Partner.

**GOVERNING LAW**

The rights and obligations of the investors towards the Partnership or the General Partner and relationships between the investors and the Partnership or the General Partner shall be governed by the laws of the Grand Duchy of Luxembourg. Any claims, actions or disputes arising in connection with or relating to the matters hereunder with respect to the investors, the Partnership or the General Partner shall be settled pursuant to the laws in force in Luxembourg and submitted to the exclusive jurisdiction of the district court of the City of Luxembourg.

## **II. CORPORATE PURPOSE OF THE PARTNERSHIP**

The corporate purpose of the Partnership is to invest directly or indirectly, in any type of assets permitted by the RAIF Law, with the purpose of spreading investment risks, in order to provide the relevant Partners with the benefit of the result of the management of its assets.

The Partnership, acting for itself may execute, deliver or perform all contracts and other undertakings (whether as agreements or deeds), or perform all legal, commercial, technical and financial transactions and, in general, engage in all activities and transactions as may in the opinion of the General Partner be necessary or advisable in order to carry out, fulfil or facilitate the foregoing purposes and objectives for itself and may take any measures, conduct any operations and enter into any agreement it sees fit for the purpose of achieving or developing its corporate purpose in accordance with the RAIF Law and the investment objective and policy of the Partnership.

Subject to and in accordance with the terms of the Partnership Agreement and without limiting the generality of any other terms hereof, the Partnership may:

- (a) in particular, acquire, by subscription, purchase, exchange or in any other manner, any stock, shares or other participation securities, bonds, debentures, certificates of deposit or other debt instruments, or, more generally, any securities or financial instruments issued by any public or private entity;
- (b) use any techniques, legal means or instruments to administer the investments of the Partnership efficiently and protect them against credit risks, currency exchange exposure, interest rate risks or other risks; and
- (c) carry out any transaction which, directly or indirectly, favors or relates to its purpose as determined by the General Partner in its discretion.

The Partnership may give guarantees, grant indemnities, pledge, transfer, encumber or otherwise create securities over some or all relevant Partnership assets in favour of any third party to secure the obligations and undertakings of the Partnership, any of its subsidiaries or other entity in which the Partnership has an interest.

### **Investment Objective and Policy**

The investment objective of the Partnership is to seek to achieve consistent net returns for investors. The Partnership will seek to achieve its investment objective by investing its net assets in receivables represented by claims for which formal instruments of credit are issued as evidence of debt, such as notes, bonds, convertible bonds, loan agreements, promissory notes, commercial papers, treasury bills, subordinated loans and securities, collateral loan obligations, mezzanine finance, asset backed securities, debt instruments issued by securitization vehicles (or other investment vehicles incorporated and governed by their home country jurisdiction) and debt instruments in general. These instruments are related to nonperforming loan and unlikely to pay loans both secured e unsecured. Such non-performing loan and unlikely to pay loans shall be predominantly exposed to real estate assets and in certain case the Partnership may directly invest in the relevant related collateralized real estate assets.

The receivable to which the Partnership will be exposed to, may be secured by bank guarantee on first demand or not and covered by a receivable insurance or not. Where such receivables are related to real estate assets they may be secured by a mortgage or not. The instruments indicated above may be (a) issued by securitization vehicles or not (b) rated or not and (c) high-yield instruments (below investment grade) having a short or medium maturity. As far as the securitization vehicles referred above are concerned, these may be established in any of the EU countries and, when established in Italy, they will be

regulated by the Italian securitization law 130 on a non-recourse basis.

The AIFM will engage services companies in order to have access to outstanding available receivables on the market. The AIFM will select qualified servicing company to identify a collateral portfolio of suitable underlying assets within instruments or directly invest in instruments of credit that are issued as evidence of debt, such as those listed in the preceding paragraph. The work of selection and risk mitigation will be mainly done by such servicer together with the assistance of qualified lawyers. Before completion of an investment, an extensive legal due diligence and credit risk assessment will be made in order to create a unique opportunity to generate a consistent return.

The investment process will be usually made up of the following steps (i) the AIFM creates a portfolio target based on risk, maturity and returns expected based on different instruments and underline assets (ii) the servicing companies will prepare analysis, reports and information of which assets are available for purchase on the market and (iii) the AIFM will either invest into notes issued by securitization vehicles with alike characteristics or acquire directly the relevant receivable from the concerned creditor.

The Partnership can also invest in listed and unlisted debt instruments, both in new issues of debt securities and in the secondary market, including but not limited to corporate and sovereign bonds, convertible bonds, bonds with warrants, zero coupon bonds and structured notes.

For liquidity management purposes the Partnership may also invest the Temporary Investment as well as in a selection of collective investment schemes and investment funds of various types, ranging from UCITS and Exchange Traded Funds to professional investor funds and alternative investment funds which may be both regulated or unregulated, listed or unlisted, established in EU or non-EU jurisdictions and their investment strategy may be different from the one established for the Partnership. The collective investment schemes and investment funds in which the Partnership may invest in could in turn invest in different asset classes and pursue different investment strategies. In selecting the target collective investment schemes and investment funds the Partnership shall consider amongst others the relevant structures behind such target schemes and funds, as well as the transparency in communicating strategies, investment policies, trading ideas and reasons underpinning the results obtained.

The Partnership may also invest in other collective investment schemes managed by the AIFM (or by an associated or related company of the AIFM) or that include investment committee members in common in their management structure.

The Partnership may start its investment activity during the Initial Offering Period.

There is no guarantee that the investment objective of the Partnership will be achieved, and investment results may vary substantially over time.

The Partnership may invest any net proceeds received from the disposition or distribution of an Investment, or generally any available cash held by the Temporary Investments or other Investments listed above under Clause 2.5.6 of the Partnership Agreement as determined by the General Partner in its sole and absolute discretion.

### **Borrowings and Leverage**

The Partnership may borrow funds up to 100% of its NAV to pursue its investment objective, approach and strategies and to meet redemption requests. For the purpose of providing margin or collateral in respect of the Fund's investment activities, the AIFM may transfer, mortgage, charge or encumber any assets or cash forming part of the Fund's assets or instruct the Depositary to do so.

The AIFM will generally aim to limit the leverage employed in respect of the Partnership to 200% of the Net Asset Value, calculated in accordance with the commitment approach and 200% of the Net



Asset Value, calculated in accordance with the gross approach.

The Partnership will not engage in collateral arrangements.

### **Hedging**

The Partnership may enter into or invest in, forwards, options, futures or other derivative transactions for hedging purposes to mitigate, amongst other things, currency or interest rate risks, provided that, for the avoidance of doubt, the Partnership may not enter into derivative transactions for speculative purposes.

### **Risk Management Policies and Liquidity Management Policies**

The AIFM has implemented appropriate risk management systems in order to detect, measure, manage and follow, in an adequate manner, all the risks relating to the investment strategy of the Partnership and their effect on the risk profile of the Partnership, as determined by the AIFM and disclosed periodically to Limited Partners.

The AIFM will carry out the risk management function for the Partnership and has implemented a risk management policy setting out the risk management process for the Partnership in accordance with AIFMD.

The AIFM's liquidity management process in relation to the Partnership is focused on the ability of the Partnership to: (a) meet its obligations including redemption obligations; (b) pay interest on, and repay principal when due under, any borrowing facility (if any) and (c) should the need arise, meet its obligations by realising existing Investments. These liquidity measures are stress tested under normal and exceptional conditions, including foreign exchange rate fluctuations, the potential for discounts to be applied to asset valuations to reflect the different timeframes in which liquidity may be required.

## **III. ADMINISTRATION, MANAGEMENT AND OTHER INFORMATION IN RESPECT OF THE PARTNERSHIP**

### **1. Administration and Management of the Partnership**

#### **A. General Partner**

Red November Limited, a private limited liability company existing under the laws of Malta, having its registered office at Skyway Offices, Block C, Office 1, 179 Marina Street, Pietà, PTA 9042, Malta, registered with the Malta Business Register under number C 83357.

The Partnership shall be managed by the General Partner as the sole unlimited partner and the statutory manager (*associé gérant commandité*) of the Partnership in accordance with the Partnership Agreement, this Memorandum and the 1915 Law. Unless otherwise required by law, the Partnership Agreement or this Memorandum, the General Partner shall have the broadest powers to perform all acts of administration and management of the Partnership. The General Partner is liable for all liabilities of the Partnership which cannot be met out of its assets on an unlimited, joint and several basis.

The General Partner shall have the authority, on behalf of and in the name of the Partnership, to directly or indirectly take any action or make any decisions hereunder (whether or not explicitly specified under this Memorandum) to carry out the purpose of the Partnership set forth above, and to perform all acts and enter into and perform all contracts and other undertakings that it may deem necessary, appropriate, proper, advisable, incidental or convenient thereto.

Subject to the terms of this Memorandum and applicable laws, the General Partner shall have the broadest powers to implement the investment objective, strategy and policy of the Partnership.

The General Partner is managed by Mr Riccardo TEODORI as sole director.

Since 2014 Mr Teodori was managing partner of Nord Credit, an Italian company specialized in financial analysis and negotiation with banking institutions. He has over 6 years of experience as quantitative professional trader developing mechanical trading strategies. Since 2012 he has acted as director, investment committee member and portfolio manager of a number of funds in Malta. Previously he joined Accenture in Milan in 2004 where he performed IT and process management consultancy. Currently Mr Teodori is the chief executive office of the AIFM.

The General Partner shall be entitled to receive a GP Fee in respect of the Partnership as further detailed elsewhere therein.

## **B. The AIFM**

The General Partner has appointed the AIFM to act as the Partnership's alternative investment fund manager pursuant to the terms of the AIFM Agreement with respect to the Partnership. The AIFM is a Malta private limited company authorised by the Malta Financial Services Authority as an alternative investment fund manager within the meaning of the AIFMD.

The AIFM is authorised and regulated by the Malta Financial Services Authority in Malta with permission to carry on the activity of managing investments. As such, the AIFM has been appointed to be the alternative investment fund manager of the Partnership, which qualifies as an AIF, for the purposes of the AIFMD.

The AIFM is ultimately responsible for the portfolio management of the Partnership and exercising the risk management function in respect of the Partnership.

As the alternative investment fund manager of the Partnership, the AIFM is responsible for ensuring compliance with the AIFMD in respect of the Partnership.

The AIFM may delegate all or part of its functions to affiliates and shall seek the consent of the General Partner prior to any such delegation, including where the delegation is of its discretionary investment management powers.

The AIFM or its affiliates may engage placing agents to promote the Partnership and market Interests to investors in one or more jurisdictions. Any distribution fees with respect to the Partnership shall be payable to the AIFM.

The AIFM covers potential professional liability risks with its own funds as a prudent matter to meet the criteria imposed by AIFMD.

The AIFM shall be entitled to receive a Management Fee as specified therein.

## **C. Depositary**

The General Partner, in its capacity as managing general partner of the Partnership, has appointed the Depositary to act as the depositary of the Partnership in compliance with the RAIF Law and pursuant to the terms of the depositary agreement between the General Partner representing the Partnership, the AIFM and the Depositary (the "**Depositary Agreement**"). The Depositary is authorised to act as the depositary in accordance with the AIFMD and the RAIF Law.

### *Depositary's functions*

The relationship between the Partnership and the Depositary is subject to the terms of the Depositary Agreement. Under the terms of the Depositary Agreement, the Depositary is entrusted with following

main functions:

- ensuring that the sale, issue, repurchase, redemption and cancellation of Interests are carried out in accordance with applicable law and the terms of the Partnership Agreement;
- ensuring that the value of the Interests is calculated in accordance with applicable law and the terms of the Partnership Agreement;
- carrying out the instructions of the Partnership (acting through the General Partner or the AIFM) and the AIFM unless they conflict with applicable law and the terms of the Partnership Agreement;
- ensuring that in transactions involving the assets of the Partnership any consideration is remitted within the usual time limits;
- ensuring that the income of the Partnership is applied in accordance with applicable law and the terms of the Partnership Agreement;
- monitoring of the cash and cash flows of the Partnership; and
- safe-keeping of the assets of the Partnership, including the safekeeping of financial instruments to be held in custody and ownership verification and record keeping in relation to other assets.

#### *Delegation and liability*

The Depositary may not delegate to third parties any of the functions entrusted to the Depositary by virtue of the AIFMD save for the safe-keeping functions in relation to financial instruments and other assets, provided, however, that the requirements for such delegation (a "**Delegation**") as provided for in the AIFMD and in the other applicable Luxembourg Laws have been complied with. The liability of the Depositary shall not be affected by a Delegation unless the Depositary has discharged itself of its liability in accordance with the AIFMD.

#### **D. Administrator**

The General Partner, in its capacity as managing general partner of the Partnership, has appointed the Administrator to act as the administrator of the Partnership pursuant to an administration agreement (the "**Administration Agreement**").

The relationship between the Partnership, the AIFM and the Administrator is subject to the terms of the Administration Agreement. Under the terms of the Administration Agreement, the Administrator will carry out all general administrative duties related to the administration of the Partnership required by Luxembourg law, calculate the net asset value per Interest, maintain the accounting records of the Partnership, as well as process all subscriptions, redemptions, conversions and transfers of Interests, and register these transactions in the Register. In addition, as registrar and transfer agent of the Partnership, the Administrator is also responsible for collecting the required information and performing verifications on investors to comply with applicable anti-money laundering rules and regulations.

The Administrator is not responsible for any investment decisions of the Partnership or the effect of such investment decisions on the performance of the Partnership.

#### **E. Auditor**

Mazars Luxembourg S.A. has been appointed as the statutory approved (*réviseur d'entreprises agréé*) auditor of the Partnership (the "**Auditor**"). The Auditor's responsibility is to audit and, where relevant, express an opinion on the financial statements of the Partnership in accordance with applicable law and

auditing standards.

## **2. Valuation of Investments**

In compliance with AIFMD, the independent valuation of the Partnership assets shall be carried out by the AIFM, which may be assisted by one or more independent valuation advisers as may be appointed from time to time. Investments will be valued for Partnership in accordance with Lux GAAP and the provisions set out in the Partnership Agreement.

Except as provided in the Partnership Agreement, the value of assets of the Partnership shall be at fair market value, and the value of Investments shall be their fair market value and usually based upon the valuation of such Investments using prevailing market standard techniques in accordance with Lux GAAP and the provisions set out in the the Partnership Agreement.

The AIFM has documented valuation policies and procedures and has established a valuations committee. The valuations committee has responsibility within the AIFM for approving all investment valuations. The valuation policies and procedures are reviewed and, if necessary, updated by the valuations committee at least annually or more frequently as may be required by regulatory or industry developments.

The AIFM may rely on various sources to determine asset values, including the advice provided by one or more independent valuation advisers, which may be appointed by the AIFM to provide certain valuation advisory services in respect of the Partnership Agreement and its Investments, provided that, for the avoidance of doubt, any costs or expenses associated with such advisory services shall form part of the operational costs and expenses of the Partnership Agreement.

## **3. Derivatives**

The Partnership will not enter into derivative instruments for speculative purposes. Derivative instruments may be entered into pursuant to the hedging of, amongst other things, interest rate or currency rate risk of the Partnership.

Derivative instruments shall be valued using prevailing market valuation standards. For instance, derivative instruments which are traded on a recognised market are expected to be valued at the settlement price as determined by the relevant recognised market at the relevant valuation point, provided that where it is not the practice of the relevant recognised market to quote a settlement price, or if a settlement price is not available for any reason, such instruments shall be valued at their fair value as the AIFM shall determine.

Bilateral and centrally cleared derivative instruments are valued by using a mark to market or mark to model approach.

## **4. Rights of Prospective Investors**

### **A. Prospective Investors' Relationship with the Partnership and Rights as Limited Partners**

The Partnership is an alternative investment fund formed as a special limited partnership under the 1915 Law. Prospective Investors will acquire Interests the Partnership by completing and executing a Subscription Agreement and upon such Subscription Agreement being accepted by the General Partner such Prospective Investor will become a Limited Partner in the Partnership. The rights and obligations of an investor in relation to the Partnership will be governed by and set out in the Partnership Agreement, its Subscription Agreement and any side letter granted to it.

The Partnership has no legal personality under the laws of Luxembourg. The liability of investors as Limited Partners in the Partnership will be limited to the value of each such investor's subscription,

provided that they do not control the day-to-day operations, including investment and disposition decisions of the Partnership in accordance with the 1915 Law.

#### **B. Jurisdiction and Applicable Law**

By signing its Subscription Agreement and thereby acquiring an Interest in the Partnership, investors agree to be bound by the Subscription Agreement, the Partnership Agreement and associated agreements, which are governed by, and construed in accordance with, the laws of the Grand Duchy of Luxembourg.

For the exclusive benefit of the General Partner and the Partnership, by signing its Subscription Agreement and thereby acquiring for an Interest in the Partnership, each investor irrevocably submits to the jurisdiction of the courts of Luxembourg City and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

#### **C. Prospective Investor Rights Against Third-party Service Providers**

As the Partnership will have no employees, and the General Partner will appoint the AIFM as the "alternative investment fund manager", the Partnership will be reliant on the performance of third-party service providers, including the AIFM, the Depositary, the Administrator, and the Auditor, whose details are each set out in this Memorandum (each, a "**Service Provider**"). Further information in relation to the roles of the Service Providers is also set out herein.

Each Prospective Investor's relationship in respect of its investment is represented by the General Partner, only. No Prospective Investor will have any contractual claim against any Service Provider with respect to such Service Provider's default or breach of its obligations. Any Prospective Investor who believes that they may have a claim against any Service Provider in connection with their investment in the Partnership should consult their legal adviser.

Prospective Investors may have a claim against the General Partner pursuant to the terms of the Partnership Agreement or in compliance with applicable law.

In the event that an investor considers that it may have a claim against the General Partner or against any other Service Provider, such investor should consult its legal adviser.

#### **D. Recognition and Enforcement of Judgments in Luxembourg**

Prospective Investors in the Partnership will, upon their admission as Limited Partners, acquire Interests in the Partnership as a Limited Partner. Such Interests are not certificated nor unitised but are recorded on the register of Partners of the Partnership, which is maintained by the Administrator on behalf of the Partnership. However, Limited Partners in the Partnership will not acquire any direct legal interest in the investments made by the Partnership.

The courts of Luxembourg will have non-exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Partnership Agreements or a Subscription Agreement.

A final and conclusive civil or commercial judgment obtained against the Partnership or the General Partners from a foreign court of competent jurisdiction will be enforceable in Luxembourg in accordance with and subject to applicable enforcement proceedings as provided for in the European Council Regulation (EC) No 1215/2012 of 12<sup>th</sup> December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the "**Brussels Regulation**") or the Convention of Lugano of 16<sup>th</sup> September 1988 on jurisdiction and the enforcement of judgments in civil and commercial matters, as ratified by and in accordance with the Luxembourg law of 31<sup>st</sup> July 1991 (the "**Lugano**"),

**Convention**"), as applicable and when relevant. According to Luxembourg case law, a judgment rendered by a foreign court of competent jurisdiction outside the scope of the Brussels Regulation or the Lugano Convention, as applicable, would be recognized and enforced by a Luxembourg court, without reconsideration of the merits, subject to the following conditions: (i) the judgment of the foreign court must be enforceable (*exécutoire*) in the country in which it was rendered; (ii) the foreign court must have had jurisdiction according to both its own laws and to the Luxembourg conflict of jurisdiction rules; (iii) the foreign court must have applied to the matter submitted to it the law which is designated by Luxembourg conflict of law rules, or, at least, the order must not contravene the principles underlying these rules (based on case law and legal doctrine, it is not certain that this condition would still be required for enforcement by a Luxembourg court); (iv) the judgment of the foreign court must not have been obtained by fraud, but in compliance with procedural rules of the country in which it was rendered and in particular the rights of the defendant; and (v) the judgment of the foreign court must not be contrary to Luxembourg international public policy.

#### **E. Fair treatment of Limited Partners**

The AIFMD requires that the AIFM treat all investors fairly. The rights and obligations of Limited Partners are set out in the Partnership Agreement and its Subscription Agreement which are made available for review by each Prospective Investor before they invest. The AIFM will seek in its decision-making procedures to ensure fair treatment of all Limited Partners in accordance with AIFMD and applicable AIFMD set of rules, and any relevant policies and procedures it has adopted in respect of the Partnership and the terms of the Partnership Agreement. For the avoidance of doubt, fair treatment does not necessarily equate to equal or identical treatment: the terms and conditions of one Limited Partner's investment in the Partnership may differ to those of another Limited Partner.

#### **F. Preferential treatment**

Save as otherwise stated in the Partnership Agreement and this Memorandum, the General Partner, the AIFM, the Partnership or an Affiliate of the General Partner may enter into side letters or other agreements with individual Limited Partners which have the effect of establishing rights under, or altering or supplementing the terms of, the Partnership Agreement (each, a "**Side Letter**"). Any rights established, or any terms of the Partnership Agreement altered or supplemented in such Side Letter shall govern with respect to such Limited Partner notwithstanding any other provision of the Partnership Agreement. A description of the types of preferential treatment that may be granted in Side Letters is set out in the Partnership Agreement.

### **5. Amendments to this Memorandum**

For the avoidance of doubt, the General Partner may amend this Memorandum without the consent of the Limited Partners, including for the purpose of reflecting any change made at the level of the Partnership Agreement, provided that, for the avoidance of doubt, any amendment to this Memorandum also triggering an amendment to the Partnership Agreement is subject to an amendment to the Partnership Agreement made in compliance with the relevant provisions of the Partnership Agreement.

#### IV. DEFINITIONS AND INTERPRETATION

*Any such capitalised term used herein that is not defined within this Section IV (Definitions and Interpretation) shall take such applicable definition as given to it in the Partnership Agreement.*

"1915 Law"	means the Luxembourg law of 10 <sup>th</sup> August 1915 on commercial companies, as amended from time to time;
"2004 Law"	has the meaning given to it in Part D ( <i>Risk Factors and Potential Conflicts of Interest</i> ) of this Memorandum;
"2019 Law"	has the meaning given to it in Part D ( <i>Risk Factors and Potential Conflicts of Interest</i> ) of this Memorandum;
"4 <sup>th</sup> AML Directive"	has the meaning given to it in Part D ( <i>Risk Factors and Potential Conflicts of Interest</i> ) of this Memorandum;
"Act"	has the meaning given to it in Part E ( <i>Offering Legends</i> ) of this Memorandum;
"Administrator"	means Amicorp Luxembourg S.A., a professional of the financial sector organised and existing under the laws of Luxembourg, with company number B49731 with its registered office at 11-13, boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg, or any other firm appointed by the General Partner (in its capacity as managing general partner of the Partnership) to act as administrator of the Partnership;
"Administration Agreement"	means the administration, registration and transfer agent agreement pursuant to which the Administrator has been appointed;
"Advisers Act"	means the Investment Advisers Act of 1940, as amended from time to time;
"Advisory Committee"	means the advisory committee which may be established by the General Partner from time to time;
"Affiliate(s)"	means, with respect to a specified Person, any Person directly or indirectly Controlling, Controlled by, or under common Control with such specified Person. Any Person in which an Investment has been made, shall not be deemed to be an Affiliate of the General Partner or its members, officers, directors, or employees solely as a result of the Investment or any contractual or voting arrangements entered into by the Partnership or the General Partner in connection therewith;
"AIF"	means an alternative investment fund pursuant to Article 4.1(a) of the AIFMD;
"AIFM"	means the alternative investment fund manager of the Partnership, being Abalone Asset Management Limited, a Maltese private limited company, having its registered office at Skyway Offices, Block C, Office 1, 179 Marina Street, Pietà, PTA 9042, Malta, registered with the Malta Business Registry under number C 71261, which is authorised by the Malta Financial Services Authority to act as the external "alternative investment fund manager" within the meaning of the AIFMD;

<b>"AIFM Agreement"</b>	means the management agreement entered into between the AIFM and the General Partner on its behalf and on behalf of the Partnership from time to time;
<b>"AIFMD"</b>	means Directive 2011/61/EU of the European Parliament and the Council of the European Union of 8 June 2011 on alternative investment fund managers. For the purposes of this Memorandum, references to AIFMD in this Memorandum shall also include any implementing legislation or regulations thereunder;
<b>"AMLD 5"</b>	has the meaning given to it in Part D ( <i>Risk Factors and Potential Conflicts of Interest</i> ) of this Memorandum;
<b>"Annex"</b>	means an annex attached under Part B ( <i>Limited Partner Interest B Features</i> ) of this Memorandum, containing the specific terms of such Interest in issue;
<b>"ATAD I"</b>	has the meaning given to it in Part D ( <i>Risk Factors and Potential Conflicts of Interest</i> ) of this Memorandum;
<b>"ATAD II"</b>	has the meaning given to it in Part D ( <i>Risk Factors and Potential Conflicts of Interest</i> ) of this Memorandum;
<b>"ATAD I Law"</b>	has the meaning given to it in Part D ( <i>Risk Factors and Potential Conflicts of Interest</i> ) of this Memorandum;
<b>"ATAD II Law"</b>	has the meaning given to it in Part D ( <i>Risk Factors and Potential Conflicts of Interest</i> ) of this Memorandum;
<b>"Auditor"</b>	means Mazars Luxembourg S.A, or such other audit firm as may be appointed from time to time by the General Partner;
<b>"BEPS"</b>	has the meaning given to it in Part D ( <i>Risk Factors and Potential Conflicts of Interest</i> ) of this Memorandum;
<b>"Brussels Regulation"</b>	has the meaning given to such term in Section III ( <i>Administration, Management and Other Information in respect of the Partnership</i> ) of Part A ( <i>Partnership Features</i> ) of this Memorandum;
<b>"Business Day(s)"</b>	means each calendar day (except for Saturdays, Sundays and national holidays) in which banks are usually open in Malta and Luxembourg, to conduct business during the whole day;
<b>"Code"</b>	means the Internal Revenue Code of 1986, as amended from time to time;
<b>"Control"</b>	means the possession, directly or indirectly, of the power to direct the management or policies of a Person, whether through ownership or voting, by contract or otherwise and <b>"Control"</b> , <b>"Controlling"</b> , or <b>"Controlled"</b> means with respect to any Person, to possess or possessing Control of that Person;
<b>"Corporation Taxes"</b>	has the meaning given to such term in Section II ( <i>Certain Luxembourg Tax Considerations</i> ) of Part C ( <i>Certain Legal, Regulatory and Tax Considerations</i> ) of this Memorandum;



<b>"CRS"</b>	has the meaning given to such term in Section III ( <i>FATCA and Other Cross-Border Reporting Systems</i> ) of Part C ( <i>Certain Legal, Regulatory and Tax Considerations</i> ) of this Memorandum;
<b>"CRS Law"</b>	has the meaning given to such term in Section III ( <i>FATCA and Other Cross-Border Reporting Systems</i> ) of Part C ( <i>Certain Legal, Regulatory and Tax Considerations</i> ) of this Memorandum;
<b>"CRS Reportable Accounts"</b>	has the meaning given to such term in Section III ( <i>FATCA and Other Cross-Border Reporting Systems</i> ) of Part C ( <i>Certain Legal, Regulatory and Tax Considerations</i> ) of this Memorandum;
<b>"CSSF"</b>	means the <i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg supervisory authority for financial services, or any successor entity;
<b>"DAC2"</b>	has the meaning given to such term in Section III ( <i>FATCA and Other Cross-Border Reporting Systems</i> ) of Part C ( <i>Certain Legal, Regulatory and Tax Considerations</i> ) of this Memorandum;
<b>"DAC6"</b>	has the meaning given to such term in Section III ( <i>FATCA and Other Cross-Border Reporting Systems</i> ) of Part C ( <i>Certain Legal, Regulatory and Tax Considerations</i> ) of this Memorandum;
<b>"Depository"</b>	means Banque Havilland S.A., a public limited company ( <i>société anonyme</i> ) incorporated and existing under the laws of Luxembourg, or any other firm appointed by the General Partner (in its capacity as managing general partner of the Partnership) to act as depository of the Partnership from time to time;
<b>"Depository Agreement"</b>	means the depository agreement as in effect from time to time between the General Partner, the Depository and the AIFM;
<b>"EEA"</b>	means the European Economic Area as constituted from time to time;
<b>"Eligible Investor"</b>	means investors qualifying as Well-Informed Investors pursuant to the provisions of article 2 of the RAIF Law and meeting any other eligibility criteria set forth, if any, in the Partnership Agreement, admitted to the Partnership;
<b>"EU"</b>	means the European Union as constituted from time to time;
<b>"FATCA"</b>	means Sections 1471 through 1474 of the Code, as amended from time to time, and regulations thereunder or official interpretations thereof, including any successor regulations or interpretations, any intergovernmental agreement implementing the foregoing, and any similar legislation, regulations, or guidance enacted in any other jurisdiction, including the Luxembourg law of 24 <sup>th</sup> July 2015, that seek to implement equivalent tax reporting or withholding tax regimes;
<b>"FATCA Law"</b>	has the meaning given to such term in Section III ( <i>FATCA and Other Cross-Border Reporting Systems</i> ) of Part C ( <i>Certain Legal, Regulatory and Tax Considerations</i> ) of this Memorandum;

<b>"FATCA Reportable Accounts"</b>	has the meaning given to such term in Section III ( <i>FATCA and Other Cross-Border Reporting Systems</i> ) of Part C ( <i>Certain Legal, Regulatory and Tax Considerations</i> ) of this Memorandum;
<b>"FFIs" or "foreign financial institutions"</b>	has the meaning given to such term in Section III ( <i>FATCA and Other Cross-Border Reporting Systems</i> ) of Part C ( <i>Certain Legal, Regulatory and Tax Considerations</i> ) of this Memorandum;
<b>"GDPR"</b>	means the EU General Data Protection Regulation (Regulation (EU) 2016/679) as amended from time to time;
<b>"General Partner"</b>	means Red November Limited, a private limited liability company existing under the laws of Malta, having its registered office at Skyway Offices, Block C, Office 1, 179 Marina Street, Pietà, PTA 9042, Malta, registered with the Malta Business Register under number C 83357 as the managing general partner ( <i>associé-commandité-gérant</i> ) of the Partnership;
<b>"GP Fee"</b>	means, in respect of the Partnership, the fee payable to the General Partner as consideration for managing the affairs of in respect of the Partnership as further described therein;
<b>"Hedging Instruments"</b>	has the meaning given to such term in Part D ( <i>Risk Factors and Potential Conflicts of Interest</i> ) of this Memorandum;
<b>"Interest(s)"</b>	means (i) with respect to a Partner, the entire ownership interest of such Partner in the Partnership at any time, including without limitation, such Partner's right to share in profit, or loss or similar items of, and to receive distributions from, the Partnership, any and all rights to vote, and the rights to any, and all benefits to which such Partner is entitled as provided in the Partnership Agreement, or Luxembourg law, together with the any obligations of such Partner to comply with all of the terms and provisions of the Partnership Agreement, and (ii) in case of partial transfer of an Interest, with respect to an assignee, the Interest in the Partnership that its assignor or transferor effectively transferred to such assignee in accordance with the Partnership Agreement;
<b>"Investment(s)"</b>	means investments in debt debt-related instruments, non-listed securities, as applicable, and other instruments eligible under the investment objectives and policy of the Partnership made or acquired directly or indirectly by the Partnership;
<b>"Investment Company Act"</b>	means the Investment Company Act of 1940 as amended from time to time;
<b>"IRS"</b>	has the meaning given to such term in Section III ( <i>FATCA and Other Cross-Border Reporting Systems</i> ) of Part C ( <i>Certain Legal, Regulatory and Tax Considerations</i> ) of this Memorandum;
<b>"Limited Partner"</b>	means any limited partner ( <i>associé commanditaire</i> ) of the Partnership from time to time including any Person that may become a limited partner thereafter qualifying as well-informed investor within the meaning of article 2 of the RAIF Law;

<b>"Limited Partners Consent"</b>	<p>means the consent of the Partners representing in aggregate not less than fifty per cent (50%) of the total NAV of the Partnership (excluding from such calculation any Restricted Person(s) and any Partner that is an Affiliate of the General Partner) it being acknowledged that:</p> <p>any Limited Partner may split its Interests for such purposes and vote in favor of a matter in respect of part of its Interests and vote against or abstain in respect of one or more other parts;</p> <p>provided that where any eligible Limited Partner does not respond to any request for a written consent within such time period as may be notified to it by the General Partner (not being less than 10 Business Days) either indicating that it does, or does not, give its consent, the total NAV for the purposes of a Limited Partner Consent shall be deemed to exclude such investor's ownership;</p>
<b>"Lugano Convention"</b>	has the meaning given to such term in Section III ( <i>Administration, Management and Other Information in respect of the Partnership</i> ) of Part A ( <i>Partnership Features</i> ) of this Memorandum;
<b>"Lux GAAP"</b>	means the Luxembourg generally accepted accounting principles;
<b>"Luxembourg IGA"</b>	has the meaning given to such term in Section III ( <i>FATCA and Other Cross-Border Reporting Systems</i> ) of Part C ( <i>Certain Legal, Regulatory and Tax Considerations</i> ) of this Memorandum;
<b>"Management Fee"</b>	means, in respect of the Partnership, the fee payable to the AIFM as consideration for acting as alternative investment fund manager in relation to the Partnership as further described therein;
<b>"Memorandum"</b>	means this confidential offering memorandum;
<b>"MLI"</b>	has the meaning given to it in Part D ( <i>Risk Factors and Potential Conflicts of Interest</i> ) of this Memorandum;
<b>"Multilateral Agreement"</b>	has the meaning given to such term in Section III ( <i>FATCA and Other Cross-Border Reporting Systems</i> ) of Part C ( <i>Certain Legal, Regulatory and Tax Considerations</i> ) of this Memorandum;
<b>"Non-Participating FFI"</b>	has the meaning given to such term in Section III ( <i>FATCA and Other Cross-Border Reporting Systems</i> ) of Part C ( <i>Certain Legal, Regulatory and Tax Considerations</i> ) of this Memorandum;
<b>"OECD"</b>	has the meaning given to such term in Section III ( <i>FATCA and Other Cross-Border Reporting Systems</i> ) of Part C ( <i>Certain Legal, Regulatory and Tax Considerations</i> ) of this Memorandum;
<b>"OFAC"</b>	means the US Department of Treasury's Office of Foreign Assets Control;
<b>"Participating Member State"</b>	has the meaning given to it in Part D ( <i>Risk Factors and Potential Conflicts of Interest</i> ) of this Memorandum;
<b>"Partner(s)"</b>	means the General Partner, as managing general partner ( <i>associé commandité-gérant</i> ) of the Partnership and any Person that is or may become

a Limited Partner (each, a "Partner" and collectively, the "Partners");

<b>"Partnership"</b>	means Red November SCSp SICAV-RAIF, a Luxembourg investment company with variable capital - reserved alternative investment fund ( <i>société d'investissement à capital variable - fonds d'investissement alternatif réservé</i> – RAIF) governed by the RAIF Law, which qualifies as an AIF within the meaning of the AIFMD;
<b>"Partnership Agreement"</b>	the limited partnership agreement (including the appendices thereto) governing the Partnership, as amended and restated from time to time;
<b>"Person"</b>	means any individual, body corporate, unincorporated association, partnership, trustee, joint venture, association, or government, state or agency of a state (in each case whether or not having separate legal personality);
<b>"PRIIPs Regulation"</b>	means Regulation (EU) No. 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products (PRIIPs);
<b>"Professional Investor"</b>	means an investor who is considered to be a professional client or may, on request, be treated as a professional client within the meaning of Annex II to Directive 2014/65/EU;
<b>"Prospective Investor"</b>	means a prospective investor in the Partnership;
<b>"Prospectus Directive"</b>	has the meaning given to it in Part E ( <i>Offering Legends</i> ) of this Memorandum;
<b>"RAIF Law"</b>	means the Law of 23 <sup>th</sup> July 2016 on reserved alternative investment funds, as may be amended from time to time;
<b>"RBO"</b>	has the meaning given to it in Part D ( <i>Risk Factors and Potential Conflicts of Interest</i> ) of this Memorandum;
<b>"RBO Rules"</b>	has the meaning given to it in Part D ( <i>Risk Factors and Potential Conflicts of Interest</i> ) of this Memorandum;
<b>"RCS"</b>	means the <i>Registre de Commerce et des Sociétés</i> of Luxembourg;
<b>"Retail Investors"</b>	means as defined under the PRIIPs Regulation;
<b>"Register"</b>	means the register of the Partners a copy which will be kept at the registered office of the Partnership in accordance with the 1915 Law;
<b>"Regulation D"</b>	means and Rule 506 of Regulation D promulgated under the Securities Act;
<b>"Reportable Arrangements"</b>	has the meaning given to such term in Section III ( <i>FATCA and Other Cross-Border Reporting Systems</i> ) of Part C ( <i>Certain Legal, Regulatory and Tax Considerations</i> ) of this Memorandum;
<b>"SCSp"</b>	has the meaning given to such term in Section II ( <i>Certain Luxembourg Tax Considerations</i> ) of Part C ( <i>Certain Legal, Regulatory and Tax Considerations</i> ) of this Memorandum;

<b>"SEC"</b>	means the Securities and Exchange Commission;
<b>"Securities Act"</b>	means the US Securities Act of 1933, as amended from time to time;
<b>"Service Provider"</b>	means third-party service providers to the Partnership, including but not limited to the AIFM, the Depository, the Administrator and the Auditor;
<b>"SFDR"</b>	means the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 <sup>th</sup> November 2019 on sustainability-related disclosures in the financial services sector and includes any implementing instruments thereunder.
<b>"Side Letter"</b>	has the meaning given to it in Section III ( <i>Administration, Management and Other Information in respect of the Partnership</i> ) of Part A ( <i>Partnership Features</i> ) of this Memorandum;
<b>"Solvency II Directive"</b>	has the meaning given to it in Part D ( <i>Risk Factors and Potential Conflicts of Interest</i> ) of this Memorandum;
<b>"Specified US Persons"</b>	has the meaning given to such term in Section III ( <i>FATCA and Other Cross-Border Reporting Systems</i> ) of Part C ( <i>Certain Legal, Regulatory and Tax Considerations</i> ) of this Memorandum;
<b>"Subscription Agreement"</b>	means the subscription agreement pursuant to which a Limited Partner subscribes for an Interest in the Partnership;

## **PART B**

### **Limited Partner Interest B Features**

*The following information under this Part B (Limited Partner Interest B Features) is presented as the relevant Limited Partner Interest B 's key features and terms and is qualified in its entirety by the terms of the Partnership Agreement. The terms of each section of this Part are only applicable to the relevant Limited Partner Interest and should be read together with the terms set out in this Memorandum and the Partnership Agreement. Capitalised terms used therein shall have the meanings ascribed to them in Section IV (Definitions and Interpretation) of Part A (Partnership Features) of this Memorandum.*

## ANNEX 1

### I. LIMITED PARTNER INTEREST B FEATURES

<b>Reference Currency:</b>	EUR
<b>Minimum Subscription Amount:</b>	EUR 125,000 or such other amount as may be determined by the General Partner in its absolute discretion.
<b>Minimum Holding Amount:</b>	EUR 125,000 or such other amount as may be determined by the General Partner in its absolute discretion.
<b>Initial Offering Price:</b>	EUR 1,000
<b>Initial Offering Period:</b>	From the Effective Date to the Closing Date.
<b>Closing Date:</b>	The Bank Business Day following the expiration of 90 (ninety) calendar day period as from the Effective Date unless otherwise extended or reduced by the General partner at its sole discretion.
<b>Distribution Fee:</b>	Up to 5% of the Subscription Price to be charged to the Partnership.
<b>Redemption Fee:</b>	Calculated according to Clause 9.2 of the Partnership Agreement.
<b>GP Fee</b>	The General Partner shall be entitled to receive a GP Fee, payable in advance on or about the first of January of each financial year, in an amount up to Twenty Thousand Euro (EUR 20,000) (or such lower amount as determined by the General Partner) per annum.
<b>Management Fee</b>	The AIFM shall be entitled to an annual Management Fee calculated on the NAV of all the Limited Partnership Interests in issue, of two percent (2.00%). The accrual of this fee will be calculated on the NAV of the Limited Partnership Interests on every Valuation Day and paid quarterly in arrears. The Management Fee will be charged during the Initial Offering Period. The Management Fee is subject to a minimum of EUR 50,000.
<b>Performance Fee:</b>	For each outstanding Limited Partner Interest at any Valuation Day, 20% of the over-performance, if any, of the “NAV per Limited Partner Interest ex PF” (NAV per Limited Partner Interest at the Valuation Day before application of the Performance Fee) over the applicable HWM at any Valuation Day, as further detailed under Clause 7.2 of the Partnership Agreement.
<b>Subscription Notice Period</b>	03:00 pm CET, five (5) Bank Business Days prior to the relevant Subscription Day;
<b>Redemption Notice Period:</b>	means 3:00 pm CET fifteen (15) Bank Business Days prior to the relevant Redemption Day.
<b>Lock Up Period</b>	NA

**Minimum Additional Subscription** EUR 10,000



## **PART C**

### **CERTAIN LEGAL, REGULATORY AND TAX CONSIDERATIONS**

*The following information under this Part C (Certain Legal, Regulatory and Tax Considerations) forms part of the Offering Memorandum and is presented as a summary of the various considerations that apply to the Partnership and should be read together with the terms set out in the Partnership Agreement. Unless the context clearly requires otherwise, capitalised terms used in this Part C (Certain Legal, Regulatory and Tax Considerations) shall have the meanings ascribed to them in Section IV (Definitions and Interpretation) of Part A (Partnership Features).*

## **I. CERTAIN LEGAL AND REGULATORY CONSIDERATIONS**

### **Money Laundering Regulations**

The Partnership reserves the right to request such documentation as is necessary to comply with applicable law or regulations. In the event of delay or failure by the investor to produce any information required for verification purposes, the General Partner may refuse to accept the subscription of the investors or any increase thereof and will not be liable for any interest, costs or compensation. Similarly, when Interests are issued, they cannot be withdrawn or transferred until full details of registration and any anti-money laundering documents have been completed.

The General Partner reserves the right to reject a subscription, for any reason, in whole or in part, provided that the identity of the investor can be properly verified pursuant to the Luxembourg anti-money laundering regulations.

Failure to provide necessary documentation may result in the withholding of distributions by the Partnership.

The Partnership may disclose to any Service Provider to the Partnership, or to any regulatory body in any applicable jurisdiction, copies of an investor's Subscription Agreement and any information concerning the investor provided by such investor to the Partnership, the General Partner or the AIFM and any such disclosure shall not be treated as a breach of any restriction upon the disclosure of information imposed on such person by law or otherwise.

Within this context a procedure has been implemented, in particular, for the identification of Limited Partners and, as the case may be, ultimate beneficial owners of Interests in the Partnership and the source of funds used to subscribe for LP Interests in the Partnership. Namely, the Subscription Agreement of a Limited Partner in the Partnership must be accompanied by any supporting documents recommended or prescribed by applicable laws and regulations or any additional or updated documents required by the Partnership, the AIFM or the registrar and transfer agent in accordance with on-going customer due diligence obligations under the relevant laws and regulations allowing the appropriate level of identification of such Limited Partner and, as the case may be, the ultimate beneficial owner of LP Interests in the Partnership and the source of funds used to subscribe for such LP Interests in the Partnership. In particular in the case the subscription thought an intermediary/nominee acting on behalf of his/her/its customers enhanced customer duty diligence measures for this intermediary/nominee will be applied in accordance with the 2004 Law and the CSSF Regulation N° 12-02 of 14<sup>th</sup> December 2012 on the fight against money laundering and terrorist financing as amended by the CSSF Regulation N° 20/05 and as may be further amended from time to time.

As far as the AIFM is concerned, it has to comply with Section 5.4.1 of the Circular CSSF 18/698 and implements due diligence measures, in particular, on clients, initiators, portfolio managers to whom it may delegate the management and investment adviser(s). Pursuant to Luxembourg law, the AIFM must also apply due diligence measures on the assets under management held by the Partnership.

### **Legal and Regulatory Environment for Private Investment Funds**

The legal, tax and regulatory environment worldwide for private offered investment funds (such as the Partnership) and their managers is evolving, and changes in the regulation of private investment funds, their managers, and their investing activities may have a material adverse effect on the value of the Partnership's investments and on their abilities to pursue their investment programs. There has been an increase in scrutiny of the alternative investment industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by regulators that restrict the ability of the Partnership to pursue its investment programs or employ counterparties could have a material adverse effect on the Partnership and the Limited Partners' investments therein. For example, such legislation and regulations may, directly or indirectly, (i) require the AIFM to provide reports and other disclosure

to investors, counterparties, creditors and regulators, (ii) cause the AIFM to alter management of the Partnership or, including for the purposes of avoiding increased regulatory burdens, (iii) limit the types and structures of the investments available to the Partnership including limitations on the use of leverage, or (iv) otherwise change or restrict the operations of the Partnership. In particular, recently, there has been significant discussion regarding greater governmental scrutiny or potential regulation of the private equity industry, as private equity firms become more significant participants in the global economy. It is uncertain what form such enhanced scrutiny or regulation on the private equity industry ultimately may take and in what jurisdictions such measures may be implemented. Therefore, there can be no assurance as to whether any such regulatory scrutiny or initiatives will have an adverse impact on the private equity industry.

### **Increased Regulatory Oversight**

The financial services industry generally, and the activities of private investment funds and their managers, in particular, have been subject to intense and increasing regulatory oversight. Such scrutiny may increase the Partnership's, the General Partner's, the Investment Advisor's and the AIFM's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight may impose administrative burdens on the General Partner, the Investment Advisor and the AIFM, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert the General Partner's, the Investment Advisor's and the AIFM's time, attention and resources from portfolio management activities. In addition, regulatory investigations could harm the Partnership's reputation, which could adversely affect its ability to consummate transactions.

## II. CERTAIN LUXEMBOURG TAX CONSIDERATIONS

*The following information is based on the laws, regulations, decisions and practice currently in force in Luxembourg and is subject to changes therein, possibly with retrospective effect. This tax section is a short summary of certain Luxembourg tax principles that may or will become relevant with respect to the investments in the Partnership. It does not purport to be a comprehensive description of all Luxembourg tax laws and considerations that may be relevant to a decision to invest in, own, hold, or dispose of Interests. It does not constitute and should not be considered as tax advice to any particular investor or potential investor. Prospective Investors should consult their own professional advisers as to the implications of buying, holding or disposing of Interests and to the provisions of the laws of the jurisdiction in which they are subject to tax. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Luxembourg.*

*Prospective Investors should note that the Partnership may be required to comply with certain reporting requirements including those required in relation to FATCA and the OECD Common Reporting Standard. Prospective Investors must provide the required information to the Partnership and authorise its disclosure to any relevant tax authority.*

*All investors should read "FATCA and other cross-border reporting systems" below for a discussion of potential reporting obligations and the consequences of failing to comply with such obligations.*

*All investors will be required, prior to the acceptance of their subscription agreement, to furnish the partnership with an IRS form W-9, IRS form W-8ben-e or IRS form W-8 or any other appropriate form that generally is required to establish their status as a non-US person.*

*All investors will be required, prior to the acceptance of their subscription agreement, to furnish the partnership with a CRS self-certification form that generally is required to establish their tax residence and CRS status.*

*In case of a change of the Prospective Investor's FATCA or CRS status, each Prospective Investor further undertakes to immediately inform the General Partner of, and provide the General Partner with, all supporting documentary evidence of any changes related to the information within thirty (30) days after the occurrence of such change.*

### **Taxation of the Partnership**

#### ***Subscription tax***

The Partnership is a tax transparent entity for Luxembourg direct tax purposes. It should not be subject to Luxembourg corporation taxes or net wealth tax at its own level.

The Partnership is instead, subject to a subscription tax (*taxe d'abonnement*) levied at the rate of 0.01% per annum based on the net asset value of the Partnership at the end of the relevant quarter, calculated and paid quarterly.

However, a subscription tax exemption applies to:

- (a) the value of the Partnership's assets represented by units held in other Luxembourg investment funds, such units being themselves subject to the subscription tax in accordance with the law of 17<sup>th</sup> December 2010 relating to undertakings for collective investment or with the law of 13<sup>th</sup> February 2007 relating to specialised investment funds;
- (b) the Partnership, (i) whose sole object is the collective investment in money market instruments

and the placing of deposits with credit institutions, (ii) whose weighted residual portfolio maturity does not exceed (ninety) 90 days, and (iii) that have obtained the highest possible rating from a recognised rating agency;

- (c) the Partnership, the Interest of which are reserved to certain retirement pension schemes; and
- (d) the Partnership whose investment policy provides that at least 50% of their assets shall be invested in one or several microfinance institutions.

## **Withholding Tax**

### ***Prospective Investor withholding tax***

Distributions made by the Partnership as well as capital gains realised on a disposal or a redemption of Interest are not subject to withholding tax in Luxembourg.

### ***Withholding tax in source countries***

Interest and dividend income received by the Partnership may be subject to non-recoverable withholding tax in the source countries. Furthermore, realised or unrealised capital appreciation of the Partnership's assets may be subject to tax in the countries of the Investments. However, as a result of the tax transparency of the Partnership, in certain jurisdictions and depending on the structure, an exemption or a reduced tax rate may be available based on the double tax treaty entered into between the countries of the Investments and the Prospective Investor's tax residence.

## **Taxation of Prospective Investors**

### ***Luxembourg Resident Prospective Investors***

#### ***Individual Prospective Investors***

A Luxembourg resident individual Prospective Investor is in principle subject to Luxembourg personal income tax levied at progressive rates in respect of his/her share of profits in the Partnership.

However, as a result of the tax transparency of the Partnership, dividends received through the Partnership may benefit from a 50% exemption if such dividends are paid by a fully taxable company resident in a European Union (EU) Member State or a state that has concluded a tax treaty with Luxembourg.

Capital gains realised upon the disposal of Interests held by a resident individual Prospective Investor who acts in the course of the management of his/her private wealth, is not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation:

- Speculative gains are subject to income tax at progressive rates if the Interests are disposed of within six months after their acquisition.
- Capital gains realised on a substantial participation more than six months after the acquisition thereof are taxed at half the average combined tax rate.

A participation is deemed to be substantial where a resident individual Investor holds or has held, either alone or together with his spouse or partner and/or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10% of the capital of the company in which she/he hold the substantial participation.

An Investor is also deemed to alienate a substantial participation if he acquired free of charge, within the five years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same

five-year period).

### ***Corporate Prospective Investors***

A resident corporate Prospective Investor will in principle be subject to corporate income tax, municipal business tax and an employment fund surcharge at ordinary rates ("**Corporation Taxes**"), in respect of its share of profits in the Partnership.

However, as a result of the transparency of the Partnership, dividends received from entities held through the Partnership or gains realised on the sale of participations held through the Partnership may benefit from a full exemption from Corporations Taxes if the conditions of the Luxembourg participation exemption as set forth in Article 166 of the Luxembourg income tax law and Article 1 of the Grand Ducal Decree dated 21<sup>st</sup> December 2001, as amended, are met. Dividends may otherwise benefit from a 50% exemption if such dividends are paid through the Partnership by a fully taxable company resident in an EU Member State or a State that has concluded a tax treaty with Luxembourg.

Luxembourg corporate resident Prospective Investors which benefit from a special tax regime, such as, for example, (i) undertakings for collective investment subject to the law of 17<sup>th</sup> December 2010 relating to undertakings for collective investments, (ii) specialised investment funds subject to the law of 13<sup>th</sup> February 2007 relating to specialised investment funds, (iii) reserved alternative investment funds subject to the law of 23<sup>rd</sup> July 2016 relating to reserved alternative investment funds, (not opting for the treatment as a venture capital vehicle for Luxembourg tax purposes) or (iv) family wealth management companies subject to the law of 11<sup>th</sup> May 2007 related to family wealth management companies, are exempt from Corporation Taxes in Luxembourg and may be instead subject to an annual subscription tax (*taxe d'abonnement*).

The assets held through the Partnership shall be part (pro rata) of the taxable net wealth of the Luxembourg resident corporate Prospective Investor subject to net wealth tax levied on a yearly basis at a rate of 0.5%. A reduced rate of 0.05% is available for the part of the net wealth exceeding EUR 500,000,000.

Participations held through the Partnership may be exempt from net wealth tax subject to the conditions set forth by Paragraph 60 of the Law of 16<sup>th</sup> October 1934 on the valuation of assets (*Bewertungsgesetz*), as amended.

Prospective Investors which are amongst others: (i) an undertaking for collective investment subject to the amended law of 17<sup>th</sup> December 2010 relating to undertakings for collective investments; (ii) a vehicle governed by the law of 22<sup>nd</sup> March 2004 on securitisation; (iii) a company governed by the law of 15<sup>th</sup> June 2004 on venture capital vehicles; (iv) a specialised investment fund subject to the law of 13<sup>th</sup> February 2007 relating to specialised investment funds; (v) a reserved alternative investment fund subject to the law of 23<sup>rd</sup> July 2016, relating to reserved alternative investment funds; (vi) a family wealth management company subject to the law of 11<sup>th</sup> May 2007 related to family wealth management companies, as amended; or (vii) a professional pension institution governed by the law of 13<sup>th</sup> July 2005 on institutions for occupational retirement provision in the form of pension savings companies with variable capital and pension savings associations, are exempt from net wealth tax.

A minimum net wealth tax may however be due under certain circumstances by certain resident corporate Prospective Investors.

### ***Non-Resident Prospective Investors***

Non-resident Prospective Investors without a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the Interest are attributable, are not, in principle, subject to any capital gains tax, income tax, withholding tax or net wealth tax in Luxembourg.

As a result of the tax transparency of the Partnership, a non-resident Prospective Investor may, however,

be subject to Luxembourg taxation on capital gains (unless a tax treaty provides otherwise) if such a Prospective Investor holds a substantial participation through the Partnership in a Luxembourg company which is transferred or redeemed (i) less than 6 months after its acquisition or (ii) more than 6 months after its acquisition, and where the Prospective Investor has been a Luxembourg resident taxpayer for more than 15 years but became a non-resident taxpayer fewer than five years before the transfer/redemption took place.

### **Other Taxes**

Neither the issuance nor the transfer of the Interests in the Partnership will give rise to any Luxembourg stamp duty, value added tax, issuance tax, registration tax, transfer tax or similar taxes or duties.

No inheritance tax is levied on the transfer of Interests in the Partnership upon death of a Limited Partner in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes. Where the Limited Partner is a resident of Luxembourg for tax purposes at the time of his/her death, the Interest in the Partnership may be included in his/her taxable estate for inheritance tax purposes.

Gift tax may be due on a donation of Interests in the Partnership if passed before a Luxembourg notary or recorded in a deed registered in Luxembourg.

A special limited partnership (*société en commandite spéciale*; "SCSp") such as the Partnership should be considered as a VAT taxable person on its own, distinct from the General Partner. The Partnership must be VAT registered in Luxembourg as from the moment it receives services subject to reverse charge VAT in Luxembourg. A VAT exemption applies in Luxembourg for services qualifying as fund management services. Other services supplied to the Partnership by the General Partner or other external service providers could potentially trigger VAT. No VAT liability arises in principle in Luxembourg in respect of any payments by the Partnership to its Partners as such payments are linked to their subscription for an Interest in the Partnership and therefore do not constitute the consideration received for taxable services supplied.

### **Residence**

A Prospective Investor will not become resident, or deemed to be resident, in Luxembourg by reason only of holding the Interests.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS STRONGLY URGED TO CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE INTERESTS UNDER THE INVESTOR'S OWN CIRCUMSTANCES.

### III. FATCA AND OTHER CROSS-BORDER REPORTING SYSTEMS

#### FATCA

The Foreign Account Tax Compliance Act ("**FATCA**") requires financial institutions outside the US ("**foreign financial institutions**" or "**FFIs**") to pass information about "Financial Accounts" held by "Specified US Persons", directly or indirectly, to the US tax authorities (the Internal Revenue Service or "**IRS**") on an annual basis. A 30% withholding tax is imposed on certain US source income of any FFI that fails to comply with this requirement (the so-called "**Non-Participating FFI**").

On 28<sup>th</sup> March 2014, the Grand Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement ("**Luxembourg IGA**") with the United States of America and a memorandum of understanding in respect thereof. The Partnership would hence have to comply with this Luxembourg IGA as implemented into Luxembourg law by the Law of 24<sup>th</sup> July 2015 relating to FATCA ("**FATCA Law**") in order to comply with the provisions of FATCA rather than directly complying with the US Treasury Regulations implementing FATCA. Under the FATCA Law and the Luxembourg IGA, the Partnership may be required to collect information aiming to identify its financial account holders, i.e., all equity and debt interest holders (including certain foreign entities and their controlling persons) that are Specified US Persons for FATCA purposes ("**FATCA Reportable Accounts**"). Any such information on FATCA Reportable Accounts provided to the Partnership will be shared with the Luxembourg tax authorities (*Administration des Contributions Directes*) which will exchange that information on an automatic basis with the IRS.

The Partnership intends to comply with the provisions of the FATCA Law and the Luxembourg IGA to be deemed compliant with FATCA and will thus not be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed US investments (if any) of the Partnership. The General Partner, in its capacity as the manager of the Partnership will continually assess the extent of the requirements that FATCA, and notably the FATCA Law, place upon it.

To ensure the Partnership's compliance with FATCA, the FATCA Law and the Luxembourg IGA in accordance with the foregoing, the General Partner, in its capacity as the manager of the Partnership may:

- (a) request information or documentation, including W-9 or W-8 tax forms, a Global Intermediary Identification Number, if applicable, or any other valid evidence of a Prospective Investor's FATCA registration with the IRS or a corresponding exemption, in order to ascertain such Investor's FATCA status;
- (b) report information concerning a Prospective Investor and his/her/its account holding in the Partnership to the Luxembourg tax authorities (*Administration des Contributions Directes*) if such account is deemed a FATCA Reportable Account under the FATCA Law and the Luxembourg IGA;
- (c) report information to the Luxembourg tax authorities (*Administration des Contributions Directes*) concerning payments to the Limited Partners with FATCA status of a non-participating foreign financial institution;
- (d) deduct applicable US withholding taxes from certain payments made to a Prospective Investor by or on behalf of the Partnership in accordance with FATCA, the FATCA Law and the Luxembourg IGA; and
- (e) divulge any such personal information to any immediate payer of certain US source income as may be required for withholding and reporting to occur with respect to the payment of such income.



Potential FATCA withholding on payments to Prospective Investors from sources outside the United States is not currently contemplated by the Luxembourg IGA and has been deferred under US law until further guidance is enacted by the US tax authorities.

By investing in the Partnership, each Prospective Investor acknowledges that (i) the Partnership and the General Partner in its capacity as the manager of the Partnership are responsible for the treatment of the personal data provided for in the FATCA Law and will act as data controller for the purpose of the FATCA Law; (ii) the personal data will *inter alia* be used for the purposes of the FATCA Law; (iii) the personal data may be communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*) and to the IRS; (iv) responding to FATCA-related questions is mandatory; and (v) such Prospective Investor has a right of access to and rectification of the data communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*).

The General Partner, in its capacity as the manager of the Partnership reserves the right to refuse any subscription for Interests if the information provided or not provided does not satisfy the requirements under FATCA, the FATCA Law and the Luxembourg IGA.

Prospective Investors should consult their professional advisers on the individual impact of FATCA.

### **Automatic Exchange of Information**

The Organisation for Economic Co-operation and Development ("**OECD**") has developed a common reporting standard ("**CRS**") to achieve a comprehensive and multilateral automatic exchange of information on a global basis.

On 29<sup>th</sup> October 2014, Luxembourg signed the OECD's multilateral competent authority agreement ("**Multilateral Agreement**") to automatically exchange information under the CRS. On 9<sup>th</sup> December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation ("**DAC2**") was adopted to implement the CRS among the EU Member States. The CRS and the DAC2 were implemented into Luxembourg law by the law of 18<sup>th</sup> December 2015 on the automatic exchange of financial account information in the field of taxation (the "**CRS Law**").

The CRS Law requires Luxembourg financial institutions to identify their financial account holders, i.e., all equity and debt interest holders in case of an investing entity (including certain foreign entities and their controlling persons) and establish where they are fiscally resident as well as their CRS status (in case of entities). In general, if no exemption applies, financial accounts held by account holders that are resident in a jurisdiction which has signed the Multilateral Agreement and which is identified in the list of reportable jurisdictions published by Grand Ducal Decree have to be reported for CRS purposes ("**CRS Reportable Accounts**"). The first official list of CRS reportable jurisdictions was published on 24<sup>th</sup> March 2017 and is updated from time to time. Luxembourg financial institutions will then report the information on such CRS Reportable Accounts to the Luxembourg tax authorities (*Administration des Contributions Directes*), which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.

Accordingly, the General Partner, in its capacity as the manager of the Partnership may require its Prospective Investors to provide information or documentation in relation to the identity and fiscal residence of financial account holders (including certain foreign entities and their controlling persons) in order to ascertain their CRS status, and report information regarding a Prospective Investor and his/her/its account holding in the Partnership to the Luxembourg tax authorities (*Administration des Contributions Directes*) if such an account is deemed a CRS Reportable Account under the CRS Law.

By investing in the Partnership, each Prospective Investor acknowledges that (i) the Partnership and the General Partner in its capacity as the manager of the Partnership are responsible for the treatment of the personal data provided for in the CRS Law and will act as data controller for the purpose of the CRS

Law; (ii) the personal data will *inter alia* be used for the purposes of the CRS Law; (iii) the personal data may be communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*) and to the tax authorities of CRS reportable jurisdictions; (iv) responding to CRS-related questions is mandatory; and (v) such Prospective Investor has a right of access to and rectification of the data communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*).

The General Partner, in its capacity as the manager of the Partnership reserves the right to refuse any subscription for Interests if the information provided or not provided does not satisfy the requirements under the CRS Law.

Prospective Investors should consult their professional advisers on the individual impact of the CRS.

## **DAC6**

On 25<sup>th</sup> May 2018, the EU Council adopted a directive (2018/822 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation) that imposes a reporting obligation on parties involved in transactions that may be associated with aggressive tax planning ("**DAC6**").

More specifically, the reporting obligation will apply to cross-border arrangements that, among others, satisfy one or more "hallmarks" provided for in DAC6 (the "**Reportable Arrangements**"). In the case of a Reportable Arrangement, the information that must be reported includes the name of all relevant taxpayers and intermediaries as well as an outline of the Reportable Arrangement, the value of the Reportable Arrangement and identification of any member states likely to be concerned by the Reportable Arrangement.

The reporting obligation in principle rests with persons that design, market or organise the Reportable Arrangement and professional advisors (intermediaries). However, in certain cases, the taxpayer itself can be subject to the reporting obligation.

The information reported will be automatically exchanged between the tax authorities of all Member States.

DAC6 must be implemented in the domestic laws of the Member States by 31<sup>st</sup> December 2019 and will only apply from 1<sup>st</sup> July 2020 with the first reporting deadline being 31<sup>st</sup> August 2020. However, at that time, it will be necessary to report the Reportable Arrangements the first step of which was implemented between 25<sup>th</sup> June 2018 and 1<sup>st</sup> July 2020.

In light of the broad scope of DAC6, transactions carried out by the Partnership may fall within the scope of DAC6 and thus be reportable (subject however to the way DAC6 will be implemented into national laws).

## **IV. ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE**

### **Information on Location of the Investments**

Subject to specific provisions the Partnership Agreement the Partnership can invest in Investments established in the Republic of Italy and potentially elsewhere, although the primary focus of Investments will be Italy.

### **Leverage that the AIFM is entitled to employ on behalf of the Partnership**

The Partnership will not enter into any collateral or asset reuse arrangements.

Pursuant to article 23 of the AIFMD, the AIFM has to set a maximum level of leverage which may be employed in relation to the Partnership. For the purposes of the AIFMD, leverage is any method by which the fund's exposure is increased, whether through the borrowing of cash or by the use of derivatives or by any other means. The AIFMD requires leverage to be expressed as a ratio between the fund's exposure (that is, the sum of the absolute value of its balance sheet positions) and its net asset value and prescribes two methodologies, the gross method and the commitment method (as set out in Commission Delegated Regulation No. 231/2013), for calculating such exposure.

The AIFM has set the following maximum leverage limits for the Partnership:

- (i) leverage calculated as the ratio between the exposure of the Partnership, calculated in accordance with the gross method referred to above, and its net asset value shall not exceed 200%; and
- (ii) leverage calculated as the ratio between the exposure of the Partnership, calculated in accordance with the commitment method referred to above, and its net asset value shall not exceed 200%.

The AIFM may, from time to time, amend or vary the maximum leverage limits set for the Partnership for the purposes of the AIFMD provided that any such amendment or variation is not inconsistent with and does not contravene the terms of the Partnership Agreement. Any change to the maximum level of leverage as well as the total amount of leverage employed by the Partnership shall be made available to the investors through the quarterly or annual reports of the Partnership.

### **Latest Annual Report**

No annual report is yet available with respect to the Partnership. The first such report will be prepared as of the fiscal year ending on 31<sup>st</sup> December 2021. The AIFM will prepare such other reports required under the AIFMD and make such reports available as required under the AIFMD.

### **Latest Net Asset Value**

The latest net asset value of the Partnership is available upon request to the AIFM.

### **Historical Performance of the Partnership**

To the extent applicable, the historical performance of the Partnership is available upon request to the AIFM.

### **Information in relation to the Prime Broker**

It is not anticipated that a prime broker will be appointed to provide services to the Partnership.

### **Transfer and Reuse of Partnership Assets**

The assets of the Partnership will not be made subject to transfer and reuse arrangements.

### **Side Pocket LP Interests**

If an illiquid event occurs in consequence of which any asset(s) of the Partnership becomes illiquid or otherwise difficult to value, the Partnership shall not reconstitute a certain number of LP Interest in the Partnership into side pocket LP Interests.

### **Article 23 Disclosure**

The AIFM will make such periodic disclosures as required under the AIFMD, but will generally make such required disclosures in the annual reports of the Partnership. The Partnership will make available at its registered office such other information as is required to be disclosed under applicable law within six months of the end of the fiscal year to the extent such information is not otherwise included in reports regularly provided to investors.

## **PART D**

### **RISK FACTORS AND POTENTIAL CONFLICTS OF INTEREST**

*Participation in the Partnership involves certain risks. The following information under this Part D (Risk Factors and Potential Conflicts of Interest) forms part of the Memorandum and sets out risks that apply generally to the Partnership. Unless the context clearly requires otherwise, capitalised terms used in this Part D (Risk Factors and Potential Conflicts of Interest) shall have the meanings ascribed to them under Section IV (Definitions and Interpretation) of Part A (Partnership Features).*

***The following considerations should be carefully evaluated before making an Investment in the Partnership. Although the General Partner believes that positive returns can be achieved by investing in the Partnership, such an investment involves a high degree of risk and the following risk factors do not purport to be a complete or exhaustive explanation of the risks involved in participating in the Partnership. Prospective Investors should read this Memorandum in its entirety and should conduct their own due diligence and obtain such professional advice including, without limitation, advice on the legal, tax and regulatory consequences to them of an Investment in the Partnership, as they deem necessary before deciding whether to invest.***

#### **General Risks in Relation to an Investment in the Partnership**

##### **Structuring**

Prospective Investors should consider whether the Partnership is most appropriate for the Prospective Investor's own particular circumstances. Prospective Investors should be aware that the Partnership may be open to investment by many different types of investors.

Investments by the Partnership may make use of additional entities in order to minimize applicable taxes or for regulatory or securities reasons. However, no assurance is given that any structure used, or the structure of an underlying Investment, will be suitable for all investors participating in the Partnership and, in certain circumstances, such structures may lead to additional costs or reporting obligations for some or all of the investors. No assurance is given that distributions from the Partnership will have any specific tax characteristics.

The Partnership, an underlying Investment or any structure underlying the Partnership or Investment and the investors therein may be subject to income or other tax in jurisdictions in which underlying vehicles are located or investments are made. Moreover, withholding tax or branch tax may be imposed on earnings of the Partnership from Investments in such jurisdictions. In addition, local tax incurred in such jurisdictions by the Partnership, an Investment or any vehicle through which they invest may not be creditable to or deductible by the investors in their respective jurisdictions.

##### **Economic and Political Risks**

Changes in political, social and economic conditions could have substantial impact on an Investment. Such potential changes include, but are not limited to, (a) currency exchange rate fluctuations; (b) exchange control regulations; (c) risks associated with different (and lower quality) information available; (d) higher rates of inflation; (e) greater governmental involvement in the economy; (f) stricter or more expansive governmental regulations; (g) contraction of economies; or (h) changes in tax rates, which may impact the Partnership's financial performance and the value of its Investments.

##### **General Changes**

Changes in legal, tax, accounting or regulatory regimes of jurisdictions (including changes to the interpretation and practice) in which the Partnership is domiciled or invest (directly or indirectly) or in which investors are resident may occur during the life of the Partnership, which may have an adverse effect

on it or its investments. Such changes may make it necessary or desirable to make alterations to the Partnership, the structures through which it invests, its service providers, its activities and any disclosures made, any of which may involve additional expense and affect the performance and returns of the Partnership.

Changes in policy with regard to taxation, fiscal or monetary policies, repatriation of profits, or other economic regulations are possible, any of which could have an adverse effect on investments. Laws and regulations in certain jurisdictions, including those relating to investment and taxation of foreign entities, may be subject to change or evolving interpretation. The Partnership, the Investments or the investors could become subject to additional or unforeseen taxation or tax return filing obligations in jurisdictions in which the Partnership operates and invests. Changes to taxation treaties (or their interpretation) between the jurisdictions in which the Partnership invests on the one hand, and the jurisdiction in which an investor resides for tax purposes, on the other hand, may increase the tax liability of the Partnership, the Investments or an investor.

### **Cybersecurity Risks**

With the increased use of digital and network technologies, and the increased dependence on computer systems to perform ongoing business and operational functions, the Partnership and its service providers, including the AIFM, may be susceptible to operational and information security risks resulting from cyber incidents and attacks. Such cyber incidents may result from intentional or unintentional events, including systems malfunctions, unauthorized access to digital systems (through "hacking" or malicious software coding), computer viruses, or cyber-attacks which shut down, disable, or otherwise disrupt operations or prevent website access (including denial of service attacks). For example, cyber-attacks or technical malfunctions may render the records of the Partnership, including records of assets and transactions, investor information and other data integral to the functioning of the Partnership, inaccessible or inaccurate; result in the theft or release of private investor information or other confidential information; or otherwise interfere with the core operations of the Partnership and the processing of the Partnership's transactions. Such incidents may adversely impact the Partnership and its investors, potentially resulting in, among other things, financial losses; violations of applicable privacy and other laws; regulatory fines and penalties; reputational damage; or reimbursement or other compensation costs.

### **Limitations of Investment Performance Data and Pro Forma Data**

No representation or warranty is made by the Partnership, the General Partner, the AIFM, the Investment Advisor or any of their related entities or affiliates as to the sufficiency, relevance, importance, appropriateness, completeness, or comprehensiveness of the market data, information or summaries contained herein for any specific purpose. None of the Partnership, the General Partner, or the AIFM or the Investment Advisor guarantees the accuracy or completeness of such information or the adequacy of the methodology used for estimating returns, and none of the Partnership, the General Partner, the AIFM or the Investment Advisor assume any liability for damages resulting from or arising out of the use of such information. Market data and information presented, and any views expressed herein are subject to change based on market and other conditions and the Partnership does not intend to update the information after its distribution, even in the event that the information becomes materially inaccurate. Certain information contained herein may include calculations or data that have been prepared internally and have not been audited or verified by a third party, and material differences may result if using different methods for calculation or presenting information. Prospective investors may not rely on the information as the basis upon which to make an investment decision or to enter into an advisory relationship with the Partnership. The data contained in this Memorandum, including any information about specific past investments made by predecessor funds, is for illustrative purposes only, in order to aid prospective investors in better understanding the investment strategies and processes used by the AIFM, the Investment Manager and the Investment Advisor, and is not indicative of actual future investment or performance results that will be achieved by any product to be managed or addressed by the Sponsor. Market and economic conditions may change in the future, producing materially different

results than those shown herein. Given inherent market volatility, it should not be assumed that investors will experience returns comparable to those shown herein. No assurance is provided by the Partnership, the General Partner, the AIFM, the Investment Manager or the Investment Advisor that similar investment opportunities will be available in the future, and the results of actual investments made by the Partnership in the future may differ significantly.

### **Limitations on Third-Party Information**

The General Partner has not confirmed the accuracy or determined the adequacy of any third-party information contained in this Memorandum.

### **Risks Related to Legal and Regulatory**

#### **General Regulatory Risk**

Either by reason of a change in law or regulation or their interpretation in any applicable jurisdiction or by reason of law or regulation leaving space for different interpretation and practices of which the Partnership is unaware, certain of its activities or those of its agents in relation to the issuance and offering of its Interests in the Partnership and the acquisition and disposal of the Investments may constitute the provision of cross-border banking or financial services which are regulated in other jurisdictions. Should it be determined that the Partnership has failed to comply with any applicable licence or consent requirements under any applicable law or regulation in any such jurisdiction, the regulators in such jurisdiction could, to the extent they have authority to do so, impose sanctions on certain of the parties involved, including the Partnership, seeking the immediate cessation of such parties' activities in that jurisdiction, liquidation of the transactions conducted by it in that jurisdiction or with Prospective Investors in or from that jurisdiction and even the imposition of criminal sanctions.

#### **Alternative Investment Fund Managers Directive (AIFMD)**

Prospective Investors should be aware that the Partnership qualifies as an alternative investment fund or "AIF" under the AIFMD and the AIFM is duly authorised under the AIFMD as an alternative investment fund manager or "AIFM". Since the Partnership is established within the EU, the AIFM, as the AIFM of the Partnership, is required to procure that the Partnership complies with certain restrictions or meets certain conditions which include restrictions or conditions as to the appointment of a depositary, transparency requirements (including the requirement to make detailed information relating to the Partnership and its investments available to regulators) and disclosure obligations concerning the acquisition of major holdings and control of unlisted companies which have their registered offices in the EEA (based on the level of voting rights held by the Partnership). As a result, the AIFMD may adversely affect the returns that investors might otherwise have received from the Partnership.

#### **Markets in Financial Instruments Directive II**

Directive 2014/61/EU on markets in financial instruments and Regulation 600/2014/EU on markets in financial instruments (collectively, "**MIFID II**") took effect in Luxembourg and other member states of the EU on 3<sup>rd</sup> January 2018. MIFID II is the product of a formal mandatory post-implementation review of its predecessor, known as MIFID, which identified a need to update MIFID in respect of market developments, to adjust those provisions which failed to meet the original objectives and to encourage trading across all asset classes to migrate onto open and transparent markets. MIFID II forms the legal framework governing the requirements applicable to EU investment firms and trading venues and third-country firms providing investment services or activities in the EU and will have a substantial impact on the EU financial services sector, including asset managers, impacting the risk-taking behaviour of financial institutions and other market participants not just in the EU but also indirectly in the US and otherwise globally.

MIFID II has had, and is expected to continue to have, significant and wide-ranging impacts on the EU

financial services sector including asset managers, and the EU securities and derivatives markets.

Fund managers established in the EEA are not subject to MIFID II but are subject instead to the AIFMD. However, given the trend in the EU towards sectoral convergence, certain MIFID II standards may be incorporated into any revised and updated version of the AIFMD which is currently being reviewed by the European Commission.

Accordingly, it is difficult to predict the full impact of MIFID II on the Partnership and the AIFM which may include an increase in the ongoing costs borne, directly or indirectly, by the Partnership. As a result, MIFID II may adversely affect the returns that investors might otherwise have received from the Partnership.

### **Risk Relating to Solvency II**

Directive 2009/138/EC of the European Parliament and the European Council (the "**Solvency II Directive**") came into force on 1<sup>st</sup> January 2016. The European Commission under the Solvency II Directive has implemented measures setting out the requirements that need to be met by originators of certain securities in order for an insurance or reinsurance undertaking to be allowed to invest in such securities and that require such insurance and reinsurance undertakings established in the European Union to ensure that certain risk retention requirements are met. Prospective Investors are advised to seek their own professional advice in relation to the Solvency II Directive and its potential impact on their dealings in the interests in the Partnership before investing.

### **Investment Company Act of 1940**

The Partnership has not registered with the SEC as an investment company pursuant to the Investment Company Act of 1940 as amended from time to time (the "**Investment Company Act**"). Accordingly, the Partnership will not be operated to comply with, and the Prospective Investors will not receive the protections of, the requirements and restrictions of the Act.

If the SEC or a court of competent jurisdiction were to find that the Partnership is required, but in violation of the Investment Company Act, had failed, to register as an investment company, possible consequences include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation; (ii) Prospective Investors in the Partnership could sue the Partnership and recover any damages caused by the violation; and (iii) any contract to which the Partnership is party that is made in, or whose performance involves, a violation of the Investment Company Act would be unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act. Should the Partnership be subjected to any or all of the foregoing, the Partnership would be materially and adversely affected.

### **The Dodd-Frank Act and other regulation**

There have been significant legislative developments affecting the financial industry and there continues to be discussion regarding enhancing governmental scrutiny and/or increasing the regulation of the financial industry. In the United States, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") requires registration with the SEC of advisers to private funds with assets under management of \$150 million or more (with certain limited exceptions) and imposes new reporting and recordkeeping obligations with respect to the private funds they advise. A key feature of the Dodd-Frank Act is the potential extension of prudential regulation and supervision by the Board of Governors of the Federal Reserve System (the "Federal Reserve") to nonbank financial companies that are not currently subject to such regulation but that are determined to pose risk to the U.S. financial system. The Dodd-Frank Act defines a "nonbank financial company" as a company that is predominantly engaged in activities that are financial in nature. The Financial Stability Oversight Council (the "FSOC"), an interagency body created to monitor and address systemic risk has the authority to subject such a company to regu-



lation by the Federal Reserve, including capital, leverage and liquidity requirements if the FSOC determines that such company is systemically important, in that it poses risk to the U.S. financial system. The Dodd-Frank Act does not contain any minimum size requirements for such a designation and it is possible that it could be applied to private funds, particularly large, highly leveraged funds. On December 18, 2014, the FSOC released a notice seeking public comment on the potential risks posed by aspects of the asset management industry, including whether asset management products and activities may pose potential risks to the U.S. financial system in the areas of liquidity and redemptions, leverage, operational functions, and resolution, or in other areas.

The Dodd-Frank Act also imposes a number of restrictions on the relationship and activities of banking organisations with private equity funds and hedge funds and other provisions that affect the private equity industry, either directly or indirectly. Included in the Dodd-Frank Act is the so-called “Volcker Rule”, which takes the form of new Section 13 of the Bank Holding Company Act of 1956. Among other things, the Volcker Rule prohibits any “banking entity” (generally defined as any insured depository institution, subject to certain exceptions including for depository institutions that do not have, and are not controlled by a company that has, more than \$10 billion in total consolidated assets and significant trading assets and liabilities, any company that controls such an institution, a non-U.S. bank that is treated as a bank holding company for purposes of U.S. banking law, and any affiliate or subsidiary of the foregoing entities) from sponsoring or acquiring or retaining an ownership interest in a private equity fund or hedge fund that is not subject to the provisions of the Investment Company Act in reliance upon either Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act. The Volcker Rule also authorises the imposition of additional capital requirements and certain other quantitative limits on such activities engaged in by certain nonbank financial companies that have been determined to be systemically important by the FSOC and subject to regulation and supervision by the Federal Reserve (as discussed above), although such entities are not expressly prohibited from engaging in sponsoring or investing in such funds. Prospective Investors in the Partnership that are banking entities should consult their bank regulatory counsel prior to making an investment.

The Dodd-Frank Act, as well as future related legislation, may have an adverse effect on the private equity industry generally and/or on the General Partner, the Investment Manager, the Investment Advisor, any investment sub-advisers, specifically. The current regulatory environment in the US may be impacted by future legislative developments, such as amendments to key provisions of the Dodd-Frank Act. For example, on 24<sup>th</sup> May 2018, the Economic Growth, Regulatory Relief and Consumer Protection Act (the “**Reform Act**”) was signed into law. Among other regulatory changes, the Reform Act amends various sections of the Dodd-Frank Act, including by modifying the Volcker Rule to exempt depository institutions that do not have, and are not controlled by a company that has, more than \$10 billion in total consolidated assets and significant trading assets and liabilities. The ultimate consequences of the Reform Act on the Partnership and its activities remain uncertain. Therefore, there can be no assurance that any continued regulatory scrutiny or initiatives will not have an adverse impact on the Master General Partner, the Investment Manager, the Investment Advisor, any investment sub-advisers or the Partnership.

The Investment Advisor has filed as an exempt reporting adviser under the United States Investment Advisers Act of 1940, as amended (the “**Investment Advisers Act**”). The Investment Advisor is registered as an investment adviser under the Investment Advisers Act. The enactment of any reforms and/or other legislation affecting investment advisers could have an adverse effect on the private investment funds industry generally and on the Partnership specifically and may impede the Partnership’s ability to effectively achieve its investment objectives.

Under the Investment Advisers Act, various periodic reporting and compliance-related obligations are required (including, without limitation, the obligation to make certain regulatory filings with respect to the Partnership and its activities under the Investment Advisers Act).

Prospective Investors should note that any significant changes in, among other things, economic policy (including with respect to interest rates and foreign trade), the regulation of the asset management industry,

tax law, immigration policy and/or government entitlement programs could have a material adverse impact on the Partnership and its Investments.

In addition, the enactment of any reforms of the Investment Advisers Act, and/or other legislation affecting investment advisers, could have an adverse effect on the private investment funds industry generally and on the Partnership specifically and may impede the Partnership's ability to effectively achieve its investment objectives.

As private equity firms and other alternative asset managers become more influential participants in the U.S. and global financial markets and economy generally, the private equity industry has been subject to enhanced public scrutiny. The SEC and various other federal, state and local agencies have been conducting enquiries into, and bringing enforcement and other proceedings regarding trading and other practices against, advisors, sponsors and distributors of investment funds.

Recently, various federal, state and local agencies have been examining the role of placement agents, finders and other similar private equity service providers in the context of investments by public pension plans and other similar entities, including investigations and requests for information. In addition, elements of organised labour and other representatives of labour unions have embarked on a campaign targeting private equity firms on a variety of matters of interest to organised labour. There can be no assurance that the foregoing will not have an adverse impact on the General Partner, the Investment Manager, the Investment Advisor, any investment sub-advisers or the Partnership or otherwise impede the Partnership's activities.

### **Securities Act**

The Interests have not been and will not be registered under the Securities Act or under any US state or non-US securities laws, and likely will not be registered under the laws of any other jurisdiction. The Interests are exempt from registration under the Securities Act pursuant to Regulation S of the Securities Act. Investment in the Partnership has not been recommended by any securities commission or regulatory authority. Furthermore, the aforementioned authorities have not confirmed the accuracy or determined the adequacy of this Memorandum.

### **EU General Data Protection Regulation**

The EU General Data Protection Regulation (Regulation (EU) 2016/679) ("**GDPR**") came into force on 25<sup>th</sup> May 2018 and is directly applicable in all EU member states. The regulations are intended to strengthen and harmonise data protection rules within the EU and have introduced more stringent requirements and heavier sanctions for non-compliance. GDPR applies to all entities established in the EU and all non-EU entities offering goods and services to an EU individual. The scope of personal data is far-reaching and includes any information that could be used to identify an individual which ranges from a name or photo to a computer's IP address. The regulations will govern the processing of personal data by requiring a lawful basis for processing, including consent under certain specific circumstances; notification to the individual; and procedures and structures within the entity to monitor data collection and processing. GDPR has introduced a series of new obligations on data controllers and data processors and certain rights for data subjects including:

- accountability and transparency requirements which require data controllers to demonstrate and record compliance with the GDPR and to provide more detailed information to data subjects regarding processing;
- obligations to consider data privacy as any new products or services are developed and limit the amount of information collected, processed, and stored and its accessibility;
- providing data subjects with personal data in a useable format on request and erasing personal data in certain circumstances;

- ensuring and maintaining at all times an appropriate level of security; and
- reporting of breaches without undue delay (72 hours where feasible).

The Controllers (as defined under section "Data Protection") will continue to comply with GDPR to the extent that they collect and process personal data of individuals such as employees and investors that could be required contractually, for their legitimate interest, for compliance with legal and regulatory requirements such as anti-money laundering obligations, or otherwise with the consent of the individuals concerned. This could require organisation-wide changes to systems, processes, policies and contracts of the Controllers and compliance with the regulations may increase the costs incurred by the Controllers. The Controllers' service providers (including but not limited to the AIFM) are also required to comply with the regulations if they are based in the EU or offer goods and services to an EU individual in their own capacity as controllers or process personal data on behalf of the Controllers.

If the Controllers are deemed to be infringing the regulations, possible consequences include fines, criminal sanctions and litigation. Fines under GDPR for breach of an obligation can reach a maximum of either EUR 20,000,000 or 4% of global turnover in the preceding financial year (whichever is higher), and fines for breach of the basic principles under GDPR or a data subject's rights can reach a maximum of EUR 10,000,000 or 2% of global turnover in the preceding financial year (whichever is higher). Regarding criminal sanctions, EU member states are permitted under GDPR to enact local criminal penalties for GDPR violation which may include the deprivation of profits obtained through such violations. The Controllers could further be subjected to litigation commenced against it as GDPR grants data subjects the right to pursue actions against data controllers and processors which may include lodging a complaint with the national supervisory authority or commencing a lawsuit and seeking compensation for damages resulting from the violation of GDPR. The Controllers and their service providers' compliance with GDPR can only be assessed to the extent that is possible from interpreting the legislation given that the application of the regulations and ensuing consequences are untested in courts across the EU and the wider market. It must be borne in mind that any sanctions imposed on the Controllers and entities with which the Controllers have an economic or legal relationship (including, but not limited to, the AIFM) could adversely affect the financial situation of the Controllers.

### **Disclosure of Investor Information**

The Partnership is subject to a number of laws and regulations, including those relating to anti-money laundering, and including the Foreign Account Tax Compliance Act. Pursuant to such laws and regulations, the Partnership may be required to request information from investors, including information with respect to any beneficial owners of an investor. The terms of the Partnership Agreement or Subscription Agreement will obligate investors to provide further information to the Partnership under certain circumstances and the Partnership will be permitted to disclose such information, including information with respect to investors' identities or the identity of beneficial owners of an investor.

In addition, Directive (EU) 2015/849 of the European Parliament and of the Council of 20<sup>th</sup> May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (the "**4th AML Directive**") was transposed into Luxembourg law on 13<sup>th</sup> February 2018. The transposition thereof resulted in changes to the law of 12<sup>th</sup> November 2004 relating to the fight against money-laundering and the financing of terrorism, as amended (the "**2004 Law**"), and to the adoption of separate legislation with respect to the beneficial owners' transparency requirements as more fully described under the 4th AML Directive. The 2019 Law, which has been supplemented by the Grand-ducal Regulation of 15<sup>th</sup> February 2019 on the registration, payment of administrative fees and access to information recorded in the RBO (collectively, the "**RBO Rules**"), has created a register of beneficial (*Registre des bénéficiaires effectifs*, "**RBO**"). The Partnership is required to (i) collect and hold information on its beneficial owners (within the meaning of the 2004 Law) and (ii) file this information with the RBO. Such information will be available to any member of the public unless such information qualifies for a limitation of access under the 2019 Law.

Additionally, 4th AML Directive has been amended by Directive (EU) 2018/843 of the European Parliament and of the Council of 30<sup>th</sup> May 2018 ("AMLD 5"), which is expected to lead to further amendments to the Luxembourg anti-money and anti-terrorism legislation by early 2020.

### **Governing Law, Jurisdiction and Sovereign Immunity**

The Partnership Agreement will be governed by the laws of Luxembourg. The Partnership is an international fund, and the General Partner may decide to admit investors to the Partnership notwithstanding that they may be established and based outside Luxembourg and may have either no assets or only limited assets in these jurisdictions. Furthermore, certain investors admitted to the Partnership may enjoy sovereign or other immunities and privileges under Luxembourg or foreign law, may claim to be or insist on being restricted in their ability to submit to the jurisdiction of particular courts and tribunals. These factors may make it substantially more difficult for the General Partner or the other parties to the Partnership Agreements to enforce the contractual obligations of an investor in the Partnership, if necessary, by obtaining a judgment or arbitration award and by enforcing that judgment or award against the investor's assets in Luxembourg or elsewhere.

### **Investment Strategy Risk**

Each investor is solely responsible for allocating its investment to the Partnership based upon the investor's own assessment of its investment needs and its overall investment strategy and objectives.

In addition, the Partnership may encompass only a limited number of investment opportunities or may only undertake investments that are substantially similar to one another, resulting in a limited degree of diversification. As a result, an investor's portfolio may become concentrated and non-diversified than it otherwise might be, and consequently the investor's portfolio may become even more susceptible to fluctuations or deteriorations in value as a result of adverse economic or business conditions affecting particular issuers, regions or industries.

None of the General Partner, the AIFM the Partnership or any of their Affiliates assumes any responsibility for the investment decisions of investors.

### **Deviation from Investment Objectives, Strategy or Limitations**

Subject to the terms of the Partnership Agreement or as otherwise approved by the General Partner, the AIFM may deviate from the investment objectives, strategies or limitations set forth in this Memorandum. The General Partner may deviate from any target allocations set out therein if in the opinion of the General Partner or the AIFM circumstances warrant it.

### **Difficulty of Locating Suitable Investments; Lack of Diversity**

The success of the Partnership depends upon the ability of the AFIM and the General Partner to select, implement and realize appropriate investments. There is no guarantee that suitable investments will be or can be secured in the desired amounts or at all, or that they will be successful. In addition, the Partnership may be subject to various laws and regulations, including regulations relating to the US securities laws or the AIFMD, and these regulations may prevent access to certain Investment, or may cause a portfolio manager to choose not to permit the Partnership access to an Investment. As a result, the Partnership may make a limited number of investments, and the aggregate returns realized by investors may be substantially adversely affected by the unfavourable performance of a small number of these investments. No assurance can be given that any investment strategy will be achieved.

### **No Assurance of Investment Returns or Duration**

There can be no assurance that the Partnership will be able to invest its capital with attractive terms or generate returns for its investors. The Partnership returns, if any, may be unpredictable. An investor

should only invest in the Partnership as part of its overall investment strategy. The possibility of partial or total loss of the investor's investment in the Partnership will exist and a potential investor should not subscribe unless it has the ability to sustain the loss of its entire investment in the Partnership. Even if the Partnership's investments are successful, they may not produce significant cash flow to investors for a number of years.

There is no guarantee that subscription amount will be fully invested.

### **Restrictions on Transfer and Withdrawal; Illiquidity of Interests**

The Interests in the Partnership are highly illiquid and should only be acquired by an investor able to commit its funds for an indefinite period of time and to bear the risk inherent in such investment, with no certainty of return. The Interests of the Partnership have not been registered under the Securities Act or any other applicable securities laws. Currently there is no public or developed private market for the Interests of the Partnership and no public market is expected to develop unless the Partnership were to complete a public listing, which is not likely to occur. Limited Partners will not be permitted to transfer their Interests in the Partnership without the satisfaction of certain conditions.

### **Ability to Exit Investments**

In evaluating potential liquidity events for the Partnership or exit strategies for some or all of the Investments, the AIFM may consider a number of alternatives, including, but not limited to disposing of such Investments or distributing in kind, including individual assets, in a transaction or series of transactions that may involve some or a substantial portion of the Partnership's Investments. It is not possible to predict whether a liquidation option will be advantageous or available at the appropriate time. If the Partnership fails to execute a liquidity event in respect of all of its Investments successfully, the Partnership may be forced to liquidate its assets on terms less favourable than anticipated, including selling its Investments and assets in a secondary transaction at a sale price that may be at a discount to net asset value. There can be no assurance that the Partnership will be able to dispose of its Investments on favourable terms, in a timely manner or at all and the proceeds from these Investments and the remaining Investments may be adversely affected.

### **Growth Requirements**

The Partnership anticipates that additional capital will be required to expand its operations to address market demand. The Partnership cannot assure an investor that such internal expansion will be successfully completed, that such expansion will generate sufficient revenues, or that the Partnership will be able to compete successfully against larger or better-funded competitors. The Partnership's success will depend to a significant extent on the ability of its management team to operate effectively to manage growth. There can be no assurance that the Partnership will be successful in expanding and improving its operational, financial and management systems, hiring and training additional qualified personnel, including sales and marketing staff, and attracting, integrating and retaining such personnel. The Partnership's inability to manage its growth effectively could adversely affect its business, results of operations and financial condition.

### **Reliance on the General Partner - the AIFM**

The Partnership is under the management of the AIFM. Limited Partners do not participate in the administration or management of the Partnership or its Investments. Limited Partners will not make decisions with respect to the management, disposition or other realization of any Investment, or decisions regarding the Partnership's business and affairs. Consequently, the success of the Partnership will depend, in large part, upon the skill and expertise of the AIFM and professional personnel of the AIFM. Furthermore, the investment professionals within the AIFM's investment team may not focus exclusively on the Partnership and will have responsibility for other investment funds and other client accounts with different strategies.

## **Short-Term Investments**

Amounts standing to the credit of the accounts of Partnership may be invested in short-term investments with deposit institutions. However, it may be the case that such short-term investments will be irrecoverable due to insolvency of a debtor under such short-term investments or of a financial institution involved or due to the loss of an investment amount during the transfer thereof. In such case, none of the Partnership, the General Partner, the AIFM or their respective Affiliates will be responsible for such loss or shortfall.

## **Competition**

The Partnership will compete for attractive investments with other prospective investors and there can be no assurance that Partnership will be able to locate, gain access to or complete attractive investments or that the investments which are ultimately made will satisfy all of the Partnership's objectives or that the Partnership will be able to invest fully its raised capital. In addition, there can be no assurance that the Partnership will be able to successfully compete against future competitors or that competition will not have a material adverse effect on its business, financial condition and results of operations. Furthermore, there can be no assurance that the Partnership will have the financial resources, technical expertise or marketing and support capabilities to continue to compete successfully in these markets. While management believes that its business model and access to capital will provide significant competitive advantages, there is no guarantee that the Partnership can effectively compete with every possible entry into the market.

## **Currency Exposure**

Investors investing in the Partnership which has a currency that is different to such investor's domestic currency will bear the risk of any currency fluctuations between the Partnership's currency and such investor's domestic currency, which fluctuations may result in increased drawdown obligations relative to such investor's domestic currency.

Fluctuations in currency values may adversely affect the value of investments, dividends and other revenues, as well as gains and losses realized on the sale of Investments and the amount of distributions in respect thereof. Furthermore, the Investments in which the Partnership invests may also be subject to the same or similar risks relating to changes in currency values.

## **Hedging**

The Partnership may engage in hedging transactions, such as hedging for currency, and interest rate risks as well as other risks. Hedging techniques could involve a variety of derivative transactions, including transactions in forward contracts, options, futures and swaps (collectively "**Hedging Instruments**"). While these transactions may attempt to reduce certain risks, these transactions themselves entail other risks. Unanticipated changes in securities or currency prices or other rates may result in poorer overall performance for a party than if it had not entered into any transactions involving Hedging Instruments. In the event of an imperfect correlation between a position in a Hedging Instrument and a portfolio position that is intended to protect, the desired protection may not be obtained, and a party may be exposed to risk of loss. In addition, it is not possible to hedge fully or perfectly against any particular risk. Any hedging might expose the Partnership to additional counterparty risk. Moreover, Hedging Instruments may not be available or may not be available at a reasonable cost to the Partnership. Although the Partnership may engage in hedging transactions, it will have no obligations to do so and thus the Partnership may incur losses that could have been avoided by Hedging Instruments.

## **Side Letters**

The Partnership, the General Partner or any Affiliate of the General Partner may, from time to time, enter into side letters with one or more Limited Partner(s) which provide such Limited Partner(s) with

additional or different rights than such Limited Partner(s) otherwise have under the Partnership Agreement as supplemented by the relevant appendix thereof. As a result of such Side Letters, certain Limited Partners may receive additional benefits including arrangements with respect to waivers or reductions of the management fee, access to portfolio information, enhanced transparency and reduced fees, which other Limited Partners will not receive. The General Partner, the AIFM, the Partnership or any Affiliate of the General Partner may enter into such Side Letters with any Limited Partner as the General Partner may determine in its sole and absolute discretion at any time. The other Limited Partners will have no recourse against the General Partner, the AIFM or any Affiliates of the General Partner in the event that certain Limited Partners receive additional or different terms as a result of such Side Letters.

### **Forward-Looking Statements**

This Memorandum contains targeted returns and forward-looking statements. Actual returns and results could differ materially from those in the targeted returns and forward-looking statements as a result of factors beyond the Partnership's control. Prospective Investors are cautioned not to place undue reliance on such returns and statements.

### **No Separate Counsel**

Prospective Investors should note that the Partnership's legal counsel does not represent investors in respect of their investment in the Partnership, and no independent legal counsel has been retained to represent the investors. Prospective Investors are encouraged to seek the advice of independent legal counsel in evaluating the relative legal risks of an investment in the Partnership.

### **Risks Specific to the Investments**

#### **Control**

Although the Investments will generally include a substantial covenant package, including restrictions on the borrowing and business activities of the borrowers and target companies and requiring that certain financial and liquidity ratios are complied with, the Partnership may not have control over decisions which may result in decisions being made in relation to the actions of the relevant borrower and target companies which are not in the interests of the Partnership. Whilst the Partnership will endeavour to have appropriate rights in respect of the Investments, the Partnership will not have an active role in the day-to-day operations of such borrower and target companies.

#### **Debt and Debt-Related Instruments**

The Partnership may invest in debt and debt-related instruments which are unrated by a recognised credit-rating agency or below investment grade and which are subject to greater risk of loss of principal and interest than higher-rated fixed income securities. The Partnership may invest in fixed income securities which are not protected by financial covenants or limitations on additional indebtedness. The Partnership will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for fixed income securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, which can make it difficult to accurately calculate discounting spreads for valuing financial instruments.

#### **Functions in portfolio companies in supervisory boards or as non-executive directors**

Investing in new or expanding companies normally involves a greater involvement as a shareholder on the part of the Partnership than is the case with investments in public companies. It is typical of a private equity investor to have a seat on the supervisory board or board of directors of the portfolio company as non-executive in a supervisory role which would enhance its ability to efficiently supervise and monitor its investment. Although a representative of the Partnership may serve on a portfolio company's

supervisory board or board of directors, non-executive directors in a supervisory role and each portfolio company will be managed by its own officers (who generally will not be associated with the Partnership). Typically, portfolio companies will have insurance to protect directors and officers (including those associated with the Partnership), but this may be inadequate. As the Partnership Agreement contains a comprehensive indemnity for the benefit of, amongst others, such directors and/or officers, any legal action resulting in damages being payable by such directors and/or officers may result in the Partnership being liable for such indemnity payments in the event that the insurance coverage of the underlying portfolio company is inadequate.

Portfolio companies may have substantial variations in operating results from period-to-period, face intense competition, and experience failures or substantial declines in value at any stage. Membership on the supervisory board or board of directors of a portfolio company can result in personal actions in litigation both in such situations and in other circumstances. To the extent to which insurance coverage at the level of the portfolio company is insufficient to cover liabilities arising from such actions then the Partnership may itself be liable to make payments to cover liabilities arising from such actions.

### **Dependence on management team**

Although the General Partner will monitor the performance of each portfolio company as a shareholder, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although the General Partner generally intends to invest the Partnership in companies with strong management or to otherwise implement or develop strong management, there can be no assurance that the management of such companies will operate such companies successfully.

### **Contingent liabilities on disposition of investments**

In connection with the disposition of an Investment, the General Partner and the Partnership may be required to make representations about the business and financial affairs of such company typical of those made in connection with the sale of a business, or may be responsible for the contents of disclosure documents under applicable securities laws. The Partnership also may be required to indemnify the purchasers of such Investment to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in the incurrence of contingent liabilities for which reserves, or escrow accounts may be established and in certain circumstances, distributions made to investors may subsequently be recalled to meet such liabilities.

### **Counterparty risk**

See also "*Credit Risk*" below. The bankruptcy or default of any counterparty could result in losses to the Partnership. In addition, the Partnership may bear the risk of loss because a counterparty does not have the legal capacity to enter into a transaction, or if the transaction becomes unenforceable due to relevant legislation or regulation (see "*Risks Related to Legal and Regulatory*" above).

In the case of any insolvency or failure of any such party, the Partnership might recover only a pro rata share of all property available for distribution to all of such party's creditors and customers. Such an amount may be less than the amounts owed to the Partnership.

To mitigate counterparty risk, the Partnership will only use preferred counterparties which it believes to be creditworthy and may reduce the exposure incurred in connection with such transactions through the use of letter of credit or collateral. A formal review of each new counterparty is completed, and all approved counterparties are monitored and reviewed on an on-going basis. However, there can be no guarantee that a counterparty will not default or that the Partnership will not sustain losses as a result.



## **Subordinated Claims**

Although it is intended that the Investments will generally be secured by a first priority lien, some first lien loans may not necessarily have priority over all other unsecured debt of an issuer. For example, some first lien loans may permit other secured obligations (such as overdrafts, swaps or other derivatives made available by members of the syndicate to the company), or involve first liens only on specified assets of an issuer (e.g., excluding real estate). Issuers of first lien loans may have two tranches of first lien debt outstanding, each with first liens on separate collateral. Furthermore, any secured debt is secured only to the extent of its lien and only to the extent of underlying assets or incremental proceeds on already secured assets. Moreover, underlying assets are subject to credit, liquidity, and interest rate changes. Although the amount and characteristics of the underlying assets selected as collateral may allow the Partnership to withstand certain assumed deficiencies in payments occasioned by the borrower's default, if any deficiencies exceed such assumed levels or if underlying assets are sold it is possible that the proceeds of such sale or disposition will not be equal to the amount of principal and interest owing to the Partnership in respect to its Investment. The Partnership's Investments may be subject to early redemption features, refinancing options, prepayment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the Partnership earlier than expected. As a consequence, the Partnership's ability to achieve its investment objective may be affected.

## **Non-Payment of Principal and Interest**

The Investments are subject to the risk of non-payment of scheduled interest or principal by the borrowers with respect to such investments. Such non-payment would likely result in a reduction of income to the Partnership and a reduction in the value of the loans experiencing non-payment.

## **Default Risk**

To the extent that a default occurs with respect to any Investment and the Partnership sells or otherwise disposes of such Investment, the proceeds of such sale or disposition are likely to be less than the unpaid principal and interest thereon. In addition, the Partnership may incur additional expenses to the extent it seeks recoveries upon the default of an Investment or participates in the restructuring of an Investment. Even in the absence of a default with respect to any of the Investments, the potential volatility and lack of liquidity at any time will vary and may vary substantially from par or from the price at which such Investments were initially purchased and from the principal amount of such Investments. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition of such Investments at any time, or that the proceeds of any such sale or disposition would be sufficient to pay a corresponding redemption amount on the interests in the Partnership.

## **Economic Risks**

Changes in policy with regard to taxation, fiscal and monetary policies, repatriation of profits, changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and other factors could substantially and adversely affect the Partnership's prospects and in particular the Partnership's ability to acquire and dispose of Investments and other economic regulations are possible, any of which may have an adverse effect on Investments.

The economies of the countries in which the Investments are located may differ favourably or unfavourably from one another with regard to the rate of growth of gross domestic product, the rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments.

## **Legal Risks**

Laws and regulations in certain jurisdictions, particularly those relating to foreign investment and taxation, may be subject to change or evolving interpretation. Further, situations may arise where legal action is pursued in multiple jurisdictions.

As a result of the complex series of legal documents and contracts of some Investments, such Investments have a potentially greater risk of dispute over interpretation or enforceability of particular terms, than some other Investments.

## **Projections, Forecasts and Estimates**

Any projections, forecasts and estimates provided to Prospective Investors in the Partnership are forward looking statements. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Past performance of similar investments does not predict the future performance of the portfolio.

The Partnership has no obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition.

This Memorandum contains forward-looking statements. These forward-looking statements reflect the General Partner's view with respect to future events such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "intend", "continue", "target", "believe", the negatives thereof, other variations thereof or comparable terminology. Actual results could differ materially from those in the forward-looking statements as a result of various factors. Prospective Investors are cautioned not to place undue reliance on such statements.

## **Performance of Borrowers**

The ability of the Partnership to pay amounts payable to the Limited Partners depends upon the general operating performance and debt service capabilities of the borrowers. There can be no assurance that the borrowers will be able to generate the funds necessary to meet their respective payment obligations under the Investments. If any borrowers should become unable to meet their payment obligations under the Investments, the Partnership may become partially or wholly unable to make any payments.

## **Realisation of Investments; Limited Liquidity**

The Investments made are generally illiquid and therefore can be difficult or impossible to realise. It may be difficult to achieve a realisation of the Partnership's entire portfolio of Investments. There are limited liquidity risks associated with senior secured loans and securities of non-listed companies.

The borrower under a leveraged loan often provides the lenders thereunder with extensive information about its business, which is not generally available to the public. Because of the provision of such confidential information, the unique and customised nature of a loan agreement, and the private syndication of the loan, leveraged loans are generally not as easily purchased or sold as publicly traded securities, and historically the trading volume in the loan market has been small relative to, for example, the high yield bond market. The unique nature of the loan documentation may involve a degree of complexity in negotiating a secondary market purchase or sale which may not exist, for example, in the bond market. Investments in companies whose shares are not quoted or dealt in on any stock exchange, and for which there may only be a limited number of prospective buyers entails an high degree of illiquidity. These Investments may be difficult to value and to sell or otherwise liquidate and their realisable value may be less than their intrinsic value. The risk accompanying an Investment in such companies is

greater than the risk of investing in publicly traded securities. Investing in such companies may be more vulnerable to changes in markets and technology and dependent on the skills and commitment of a small management team. There can be no assurance that the Partnership will be able to realise cash from such Investments in a timely manner and, in some cases, the Partnership may be prohibited by contract from selling Investments for a period of time. Consequently, the timing of cash distributions to the of the Partnership is uncertain and unpredictable.

### **Valuation of Unrealised Investments**

There can be no assurance that Investments will ultimately be realised for amounts equal to, or greater than, these valuations, or that the past performance information based on such valuations will accurately reflect the realisation value of such Investments. The actual realised returns generated by unrealised Investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions on which the valuations used in the prior performance data. Valuations are subject to determinations, judgments and opinions, and other third parties or investors may disagree with such valuations.

Given the nature of the Investments, especially the Investment in portfolio companies, valuations may be difficult. There may be a relative scarcity of market comparables on which to base the value of the Partnership's assets.

### **Defaults and Recoveries**

There is limited historical data available as to the levels of defaults and recoveries that may be experienced on senior secured loans, and no assurance can be given as to the levels of default and recoveries that may apply to any senior secured loans invested in or purchased by the Partnership. As referred to above, although any particular senior secured loan often will share many similar features with other loans and obligations of its type, the actual terms of any particular senior secured loan will have been a matter of negotiation and will thus be unique. The types of protection afforded to creditors will therefore vary from investment to investment. Recoveries on senior secured loans may also be affected by the different bankruptcy regimes applicable in different jurisdictions and the enforceability of claims against the borrowers thereunder. See "Insolvency of Borrowers" below.

The effect of an economic downturn on default rates and the ability of finance providers to protect their investment in a default situation is uncertain. Furthermore, the holders of senior secured loans are more diverse than ever before, including not only banks and specialist finance providers but also potentially alternative investment fund managers or advisers, investment managers or advisers, specialist debt and distressed debt investors and other financial institutions. All of these developments may further increase the risk that historical recovery levels will not be realised. The returns on senior secured loans therefore may not adequately reflect the risk of future defaults and the ultimate recovery rates. A non-investment grade loan or debt obligation or an interest in a non-investment grade loan is generally considered speculative in nature and may become a defaulted obligation for a variety of reasons. Upon any Investment becoming a defaulted obligation, such defaulted obligation may become subject to either substantial workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal and a substantial change in the terms, conditions and covenants with respect of such defaulted obligation. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in uncertainty with respect to ultimate recovery on such defaulted obligation. The liquidity for defaulted obligations may be limited, and to the extent that defaulted obligations are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon. Furthermore, there can be no assurance that the ultimate recovery on any defaulted obligation will be at least equal to any recovery rate used in the analysis of the interests in the Partnership by Prospective Investors in determining whether to purchase the interests in the Partnership.

## **Prepayment Risk**

There can be no assurance that Investments will remain outstanding for the duration of their expected term. It is possible that there will be an early unscheduled return of principal should the borrower under an Investment repay the debt prior to its expected maturity. Investments may be structured with prepayment penalties whereby an early repayment of principal will incur a fee. However, there is no guarantee that pre-payment fees or other structural features of the Investment will prevent its early redemption. In the event of an early pre-payment of principal there is no guarantee that similar Investments at that time will yield similar returns.

## **Operational Risk**

Operational risk is the risk of loss resulting from delay in receipt of payments for delivery of oil or delay in the delivery of oil due to natural disaster, technical failure, financial problems of the producer, inadequate or failed internal processes, people and systems, or from external events. The operational risk process seeks to identify potential operational risks and the mitigating factors which allow reducing or containing these risks. Most such risks should be mitigated by change in operators or mechanical repairs within a reasonable period of time. Risks are identified on the basis of the experience of industry experts and cover the risk of oil production. These risks are essentially assessed at the start of each project and monitored throughout. Also, the Financial Advisor confirms that the contemplated investments meet all the criteria before an investment decision is made and before a request for funding is made.

## **Force Majeure/Events Risk**

The performance of the Partnership's Investments may be affected by certain events such as war, civil war, riot or armed conflict, terrorism, acts of sabotage and natural disasters such as storms, earthquakes, tidal waves, floods, lightning, explosions, fires and destruction of plant, machinery and premises and pandemic which are outside its control.

## **OTC transactions**

There is less governmental regulation and supervision of transactions in over the counter ("OTC") markets (in which currencies, forward, spot and option contracts, credit default swaps, total return swaps and certain options on currencies and other types of derivative instruments are generally traded) than organised stock exchanges. Many of the protections afforded to transactions on organised exchanges such as the performance guarantee of an exchange clearing house may not exist for OTC transactions. The risk of counterparty default therefore exists (see "*Counterparty Risk*" and "*Credit Risk*" above).

The AIFM or its delegates will continuously assess the credit and counterparty risk as well as the potential risk, which for trading activities is the risk resulting from adverse movements in the level of volatility of market prices and will assess the hedging effectiveness on an ongoing basis. They will define specific internal limits applicable to these kinds of operations and monitor the counterparties accepted for these transactions. Further, in contrast to exchange traded instruments, forward, spot and option contracts on currencies do not provide the Investment Manager and the Investment Advisor with the possibility to offset Partnership's obligations through an equal and opposite transaction. For this reason, entering into forward, spot or options contracts, the Partnership may be required, and must be able to, perform its obligations under the contracts.

## **Subordinated securities**

Some of the investments of the Partnership may consist of subordinated securities, which can be particularly susceptible to losses. Some of the investments of the Partnership may consist of subordinated debt issued by corporate or financial issuers. In the event of default under investments purchased by the

Partnership, the Partnership is unlikely to be able to recover all of its investments in the securities purchased. The recovery value for subordinated debt is lower than for senior debt as any residual value of the issuer will be first repaid to senior debt holders.

In addition, the investments may have structural features that divert payments of interest and/or principal due to adverse conditions prior to an actual default. As a result of these features, subordinated securities have a higher risk of loss from adverse conditions and/or defaults.

### **Risks of investing in asset-backed securities**

Asset-backed securities (“ABS”) collateralised by pools of loans to consumers and/or businesses carry a variety of risks to which the Partnership may be exposed. ABS carry the following risks – market values and payments to the Partnership can be adversely affected by economic slowdown, interest rates, geographically local events, servicer and trustee behaviour, regulatory and legal change, and global market events. Additionally, some ABS are collateralised by unsecured loans or loans secured by difficult-to value or depreciated collateral which have poor prospects for recovery of principal if borrowers cease making payments. Additionally, ABS may have complex structures which make it difficult to predict the timing and amount of principal and interest payments investors. The Partnership may invest in such securities and experience losses if payments deviate materially from expectations. As borrowers in loans securitised in ABS generally have the option to prepay, owners of ABS such as the Partnership may receive principal at a time when reinvestment options are unfavourable. As ABS may be collateralised by several loans, the quality of information available to the AIFM may be limited, the Partnership may invest in ABS on the basis of assumptions about the underlying loans. If these assumptions should prove materially incorrect, the Partnership could experience losses.

### **Differing laws regarding creditors' rights and enforceability of security**

The Partnership's Investments and the collateral underlying them will be subject to various laws for the protection of creditors in the jurisdictions of incorporation of the issuers or borrowers and, if different, the jurisdictions from which they conduct business and in which they hold assets (such as the jurisdiction of the underlying obligors in respect of the securitized assets), which may adversely affect an issuer's or borrower's ability to make payment in full or on a timely basis. These insolvency considerations will differ depending on the country in which an obligor or its assets are located and may differ depending on the legal status of the obligor.

### **Performance of the servicers of the underlying asset portfolios**

The Partnership is dependent on the timely and accurate collection of principal and interest from borrowers in the loan pools underlying its securities by a variety of loan servicers. Furthermore, it is dependent on the timely and accurate remittance of principal and interest by the trustees for its securities. Any event which affects the abilities of servicers and trustees to perform these duties or calls into question their obligation to perform these duties as expected could result in losses to the Partnership. Such events may include: natural disasters, litigation, legislation, regulatory action, or bankruptcy, fraud, or negligence on the part of a servicer or trustee. Furthermore, loan servicers typically have discretion to take actions which could adversely affect payments to the Partnership and the value of its securities. Changes to a servicer's policy regarding advancing delinquent interest and principal, modifying loans, foreclosing and liquidating collateral, or otherwise managing the portfolio of loans underlying a security owned by the Partnership could result in losses.

The Partnership will not control the portfolios of assets underlying the securities in which it invests and will rely on the servicers of the investments to administer and review the portfolios. Particularly in the case of residual income positions, the actions of the servicer, including its ability to identify and report on issues affecting the portfolio on a timely basis, may affect the Partnership's returns on investments, in some cases significantly.

Concentration of a significant number of the investments with one servicer could adversely affect the Partnership in the event that the servicer fails to fulfil its function effectively or at all. In the event of fraud by any entity in which the Partnership invests or by other parties involved with the entity, such as servicers or cash managers, the Partnership may suffer a partial or total loss of the amounts invested in that entity.

### **The Partnership's Net Asset Value is subject to movements in credit spreads and interest rates**

Changes in credit spreads may adversely affect the Net Asset Value of the Partnership. The Partnership will invest in credit instruments (such as i.e., ABS) which value is directly dependent on the level and direction of credit spreads. Although the Partnership will be invested according to the AIFM's views, the Partnership may from time to time have positions that do not perform as anticipated due to adverse changes in the financial condition of the issuers of the securities, the industries or regions or countries in which they operate or general economic conditions. Conversely, short positions could be affected negatively due to unforeseen improvements in credit quality and/or market conditions that lead to spread tightening.

Changes in interest rates may negatively affect the Net Asset Value. Although the Partnership will have minimal duration risk, the return on the cash collateral is dependent on the level of short-term interest rates. Lower interest rates will lead to lower income on the cash collateral.

### **The Partnership 's Net Asset Value is subject to default risk**

The individual investments of the Partnership are subject to default risk. A number of factors could adversely affect the ability of issuers to make interest or other payments. These factors include adverse changes in the financial condition of the issuers of the securities, or of the underlying obligors or the borrowers under the loans, the industries or regions or countries in which they operate or general economic conditions. Any defaults under the investments held by the Partnership will have a negative impact on the value of the investments.

### **Credit risk and credit rating**

Credit risk in ABS is the risk of loss on an investment due to the deterioration of collateral performance. Such deterioration may result in a reduction of the credit rating of the securities and may lead to the inability to make timely payment of interest and principal. Credit ratings are a measure of credit quality. Although a downgrade or upgrade of a security's credit ratings may or may not affect its price, a decline in credit quality may make securities less attractive, thereby driving down the price.

The Partnership 's income will be derived from payments on securities and default of these payments will harm the Partnership's performance.

The Partnership intends to invest inter alia in ABS and the Partnership's income will be derived from payments of interest and principal on these securities. In many cases, the issuer of the securities relies upon the receipt of payments from underlying obligors in order to make interest and other payments. A wide range of factors could adversely affect the ability of issuers to make interest or other payments. These factors include adverse changes in the financial condition of the issuers of the securities, or of the underlying obligors or the borrowers under the loans, the industries or regions or countries in which they operate or general economic conditions. Any defaults under the investments held by the Partnership will have a negative impact on the value of the investments and will reduce the income that the Partnership receives from its investments. A number of the Partnership 's Investments will be either sub-investment grade or unrated. The risk of payment defaults on such securities is generally greater than that risk for investment grade securities.

The risk that payments on the investments could be adversely affected by defaults on debt obligations is likely to be increased to the extent that the Partnership's portfolio might be concentrated in few industries, regions or countries as a result of the increased potential for correlated defaults in respect of those industries, regions or countries.

The Partnership's net income and the cash available to distribute to Limited Partners depends, in large part, on its ability to acquire ABS at favourable spreads. In acquiring ABS, it competes with investment banking firms, banks, insurance companies, mutual funds and other entities that purchase mortgage-backed and other ABS, many of which have greater financial resources than the Partnership. As a result, in the future, the Partnership may not be able to acquire sufficient securities at favourable spreads on a timely basis, or in extreme circumstances, at all, in which case the Partnership's Investment objectives may not be achieved. Until such time as the Partnership is able to invest in suitable investments, its funds may not be fully invested and may be held on cash deposit, which is likely to produce lower returns.

### **Liquidity**

All of the Partnership's Investments may be in financial instruments which are illiquid or may become illiquid under certain market conditions. Accordingly, it may not always be possible to purchase or sell those financial instruments for the prices quoted on the various exchanges or by relevant counterparties for their expected value. The Partnership's ability to respond to market movements may be impaired and the Partnership may experience severe adverse price movements upon liquidation of its investments.

The Partnership will bear the risk of cessation of trading in the markets for securities and other instruments in which it invests. Any such cessation will affect the AIFM's ability to initiate or close out positions. Poor liquidity for securities and other instruments may adversely affect the Net Asset Value of the Partnership as the AIFM may not be able to initiate or close our positions on the terms on which it may wish to do so. Poor liquidity may also affect the Partnership's ability to effect redemptions.

### **Availability of investments**

The investment climate the Partnership is currently favourable with a steady flow of new and attractive investment opportunities coming to market. Although the AIFM believes that the timing for the Partnership is opportune, there can be no assurance that a sufficient number of suitable investment opportunities will be available during the investment period of the Partnership. Identifying and participating in attractive investment opportunities is difficult. It is possible that there generally will be little or no publicly available information regarding the status and prospects of target assets. Many investment decisions by the AIFM will be dependent upon the ability of its members and agents to obtain relevant information from non-public sources, and the AIFM may be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. The marketability and value of each investment will depend upon many factors beyond the AIFM's control.

### **Concentration of Investments**

Although it will be the policy of the Partnership to diversify its investment portfolio to an extent the Partnership may at certain times hold relatively few investments. The Partnership could be subject to significant losses if it holds a large position in a particular investment that declines in value.

### **Lack of Information Rights**

The Partnership's Investments will include investments for which only limited information may be available. While the AIFM will request detailed information on a continuing basis from such invest-

ments, the Partnership may not always be provided with detailed information regarding all the investments made. This potential lack of access to complete, accurate and/or up-to-date information may make it more difficult for the Partnership to select and monitor its investments. Furthermore, you may not be provided with any information received by either the Partnership and/or the AIFM in respect of the Partnership's Investments other than as disclosed in this Prospectus.

### **Convertible Bond Risk**

The Partnership may purchase various instruments convertible into equity securities. Many Convertible Bonds have a fixed income component and therefore tend to increase in market value when interest rates decline and to decrease in value when interest rates rise. The price of a Convertible Bond is also influenced by the market value of the underlying common stock and tends to increase as the market value of the underlying stock rises, whereas it tends to decrease as the market value of the underlying stock declines. Therefore, investments in Convertible Bonds tend to bear the same risks as direct investments in the underlying equity securities. In addition, the interest or dividend yield of a convertible security is somewhat less than that of a non-convertible equity security of similar quality issued by the same company.

### **General Fixed Income Security Considerations**

The Partnership may invest in bonds and other fixed income securities. Debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to the risk of price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness or financial condition of the issuer, and general market liquidity (i.e., market risk).

The Partnership may invest in fixed income securities which are unrated by a recognised credit-rating agency or rated below investment grade and which are subject to greater risk of loss of principal and/or interest than higher rated debt securities. The Partnership may invest in debt securities which rank junior to other outstanding securities and obligations of a particular issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Partnership may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. The Partnership may therefore be subject to increased credit, liquidity and interest rate risks. In addition, evaluating credit risk for rated debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments.

### **Below "Investment Grade" Debt Securities**

The Partnership may invest in debt securities which may be Investment Grade and are subject to uncertainties and exposure to adverse business, financial or market conditions which could lead to the issuer's inability to make timely interest and principal payments. The market values of these securities tend to be more sensitive to individual corporate developments and general economic conditions than those of higher rated securities.

### **Unsecured and Subordinated Investments**

Although the Partnership may invest in secured and senior obligations, distressed securities purchased by the Partnership will be subject to certain additional risks to the extent that such securities may be unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Moreover, such securities may not be protected by financial covenants or limitations upon additional indebtedness.



## **Securitisation Transaction - Risks**

Typically, securitisation transactions involve sale of receivables by the originator (a bank, non-banking finance company, housing finance company, or a manufacturing/service company) to an intermediary (called a securitization vehicle, or “SV”). The SV issues certificates to investors, and the proceeds are paid as consideration to the originator. In this manner, the originator, by selling its receivables to the SV, receives consideration from the investors much before the maturity of the underlying receivables. Collections from the underlying receivables held by the SV are passed on to the investors. The transaction may be provided with a limited credit support or credit enhancement in the form of fixed deposits or guarantees, which provides protection to investors against defaults by the underlying borrowers. The Board believes the following four categories of potential risks will provide the starting steps for a meaningful analysis of securitisation transactions: (i) Credit risk may arise in transactions on non-payment by underlying borrowers in the pool of receivables because of either inability or unwillingness to pay. Analysis of the nature of the underlying asset class, the robustness of the origination processes, past performance of the originator’s overall portfolio and pool characteristics will provide pertinent insights into the credit risk associated with the underlying borrowers (ii) Counterparty risk arises on account of non-performance of the many counterparties involved in securitisation transactions. The key counterparties to be analysed are the servicer, the designated bank and the swap counterparties, only if applicable. The AIFM assesses counterparty risk using a combination of qualitative and quantitative factors. The AIFM analyses the quality of processes and systems at counterparties and, where required, employs credit rating as a proxy for the counterparties’ ability to perform over the tenure of the transaction (iii) Legal risk may arise in a situation where if the originator goes bankrupt, there is a possibility that the bankruptcy court may attach the securitised receivables, and may decide that the pool cash flows should not be specifically earmarked to the investors in the securitisation transaction. To assess this risk, the AIFM studies the relevant transaction-related documents and requires the originator to furnish an independent legal opinion addressing relevant legal issues and uncertainties associated with the transaction. The AIFM conducts detailed analysis of legal documents to assess whether there is a ‘true sale’ of the securitised assets and whether these assets are bankruptcy remote from the originator and (iv) Market risk arises on account of factors external to securitisation transactions. Risks arising from prepayment of receivables, movement in interest rates, and other macroeconomic factors fall under this category.

## **Risks Related to Taxation**

### **Tax Consequences**

In determining whether or not to make an investment in the Partnership, each Prospective Investor should consider the tax consequences of such investment in the relevant sections of this Memorandum. The tax consequences faced by the Partnership and the underlying Investments are complex. Positions taken by the Partnership as to tax issues may be challenged by the relevant tax authorities. Tax laws, including laws relating to disclosure of investors to tax authorities, are subject to change (potentially with retrospective effect). Certain tax risks discussed herein should be read carefully by each prospective investor. Prospective investors are urged to consult their own tax advisers with respect to their particular tax situations and the consequences of an investment in the Partnership, including potential legislative or administrative changes.

Prospective Investor is advised to consult its own tax advisers with reference to their specific circumstances as to any foreign, federal, state and local tax consequences that may apply to an investment in the Partnership. Because of timing differences between allocations of gain and income and distributions of cash proceeds, there can be no assurance that investors subject to tax on income or gains will receive distributions sufficient to fully satisfy their tax liabilities related to an investment in the Partnership.

As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the Partnership or an Investment made by the Partnership will endure indefinitely. Therefore, no assurance can be given that the Partnership or any structures through which it invests will be tax-efficient for any prospective investor or that returns to

any investor will be unaffected by taxation arising in relation to an underlying investment structure. In particular, an investor, the Partnership or other underlying Investments may be subject to taxation in the jurisdictions in or through which they invest, and any such tax may not be creditable in an investor's own jurisdiction. No undertaking is given that amounts distributed or allocated to investors will have specific tax characteristics or that investors will receive specific tax treatment in their own jurisdiction or any other jurisdiction. Additionally, returns to investors may be affected by tax authorities or courts interpreting or applying tax legislation differently to the interpretation and application anticipated by the General Partner and its advisers.

### **Base Erosion and Profit Sharing / Anti-Tax Avoidance Directives**

It should be noted that fiscal policy and practice is constantly evolving and at present the pace of evolution has been quickened due to a number of developments. In particular, the Organisation for Economic Co-operation and Development together with the G20 countries have committed to address abusive global tax avoidance, referred to as base erosion and profit shifting ("**BEPS**") through 15 actions detailed in reports released on 5 October 2015. As part of the BEPS project, new rules dealing *inter alia* with the abuse of double tax treaties, the definition of permanent establishments, controlled foreign companies, a restriction on the deductibility of excessive interest and hybrid mismatch arrangements, are being introduced into respective domestic law of BEPS member states via EU directives and a multilateral instrument.

The European Council has adopted two anti-tax avoidance directives (being, Council Directive (EU) 2016/1164 of 12<sup>th</sup> July 2016) laying down rules against tax avoidance practices that directly affect the functioning of the internal market ("**ATAD I**") and Directive 2017/952/EU of 29<sup>th</sup> May 2017 amending ATAD I as regards hybrid mismatches with third countries ("**ATAD II**") that address many of the above-mentioned issues. The measures included in ATAD I were implemented into Luxembourg law on 21<sup>st</sup> December 2018 (the "**ATAD Law**") and almost all of these measures are applicable since 1<sup>st</sup> January 2019. The measures included in ATAD II were also implemented into Luxembourg law on 19<sup>th</sup> December 2019 (the "**ATAD II Law**") and almost all of them are applicable since 1<sup>st</sup> of January 2020. The ATAD I Law as well as the ATAD II Law may have a material impact on how returns to Limited Partners are taxed.

Furthermore, the "Multilateral Convention to Implement Tax Treaty Related Measures to prevent Base Erosion and Profit Shifting" ("**MLI**") was published by the OECD on 24<sup>th</sup> November 2016. The aim of the MLI is to update international tax rules and lessen the opportunity for tax avoidance by transposing the results from the BEPS project into more than 2,000 double tax treaties worldwide. A number of jurisdictions (including Luxembourg) have signed the MLI. Luxembourg ratified the MLI through the law dated 7<sup>th</sup> March 2019 and deposited its instrument of ratification with the OECD on 9<sup>th</sup> April 2019. As such the MLI entered into force in Luxembourg on 1<sup>st</sup> August 2019. Its application per double tax treaty concluded with Luxembourg will depend on the ratification by the other contracting state and on the type of tax concerned. Subsequent changes in tax treaties negotiated by Luxembourg could adversely affect the returns from the Partnership to its Limited Partners.

### **Taxation in Foreign Jurisdictions**

The Partnership or the Limited Partners could become subject to additional or unforeseen taxation in jurisdictions in which the Partnership operates and invests. Changes to any taxation treaties (or their interpretation) with any countries in which the Partnership invests may adversely affect the Partnership's ability to efficiently realize income or capital gains. Interest payments on the Partnership investments in certain jurisdictions and certain other items of income may be subject to withholding taxes and in some cases, such withholding taxes may be greater than if the Partnership investments were held directly by the Limited Partners. There can be no assurance that applicable tax credits may be claimed with respect to taxes incurred in other jurisdictions. Although the Partnership may, where possible, make its investments in a way which minimizes or eliminates withholding taxes, where relevant, there can be no guarantee that such strategies will be successful.

## **Prospective Investor Tax Information**

Prospective Investors should be aware that certain fiscal authorities may provide a better tax treatment if certain information reporting is provided by the Partnership to Prospective Investors. The Partnership cannot guarantee to provide tax reporting to Prospective Investors and accepts no liability as a result of such a failure. No assurance can be given that even if tax reporting is provided it will be accurate in all respects or that it will be provided by the date a Prospective Investor is due to report to its fiscal authorities or that it will be provided by the statutory due date.

## **Tax Status of the Partnership May Change in the Future**

Any change in the Partnership's tax status, taxation legislation or practice in any relevant jurisdiction or in the Partnership's tax treatment may affect the value of the Investments held by the Partnership or the ability of the Partnership to successfully pursue its investment objectives, or alter the after-tax returns to Prospective Investors. Statements in this Memorandum are based upon current tax law as well as published practice and any changes in such law and practice may adversely affect the ability of the Partnership to successfully pursue its investment policy or meet its investment objectives, or may adversely affect the taxation of Prospective Investors.

Prospective Investors are urged to consult their tax advisers with respect to their particular tax situations and the tax effect of an investment in the Partnership.

## **No Tax Advice**

The information regarding certain tax risks associated with an investment in the Partnership, set out in this Memorandum is not exhaustive and does not constitute legal or tax advice. Prospective Investors are urged to consult their tax advisers with respect to their particular tax situations and the tax effects of an investment in the Partnership and the holding or disposal of interests in the Partnership.

## **Potential Conflicts of Interest**

### ***Conflicts of interest***

The General Partner and/or the AIFM and/or the Service Providers is or may be involved in other financial, investment and professional activities which may cause a conflict of interest with the the Partnership.

These include the sponsoring and managing of other collective investment schemes, the purchase and sale of debt and equity securities, brokerage services, securities underwriting, sales and trading, investment, lending, merchant banking, insurance, financial advisory services, investment research and serving as directors, officers, advisors, distributors or agents of other collective investment schemes or other companies, including companies and investment funds in which the Partnership may invest. The sole director of the General Partner is also the chief executive officer and an indirect shareholder of the AIFM.

The General Partner and/or the AIFM and/or the Service Providers may in the future engage in additional activities that result in additional conflicts of interest not addressed below. Any such conflicts could have a material adverse effect on the Partnership and the investors.

The AIFM will manage conflicts of interest in accordance with its conflict management procedures (see "*Resolution of Conflicts*" below). However, there can be no assurance that the AIFM will resolve all conflicts of interest in a manner that is favourable to the Partnership or the investors. By acquiring interests in the Partnership, each investor will be deemed to have acknowledged and consented to the existence of actual, apparent, and potential conflicts of interest relating to the Sponsor, including, without limitation, those described in this section, and to the operation of the Partnership subject to those

conflicts.

### *Resolution of Conflicts*

Conflicts of interest generally will be discussed and resolved in accordance with the AIFM's internal policies and procedures established by the AIFM's board of directors and dealt on a case-by-case basis; specifically, the AIFM has adopted a written conflicts of interest policy setting forth, by reference to the AIFM's activities, the circumstances which constitute or may give rise to conflicts entailing a material risk of damage to the interests of the Partnership or their respective investors and the procedures and measures to be adopted in order to prevent, monitor, assess, address and register potential conflict of interest situations. In particular such policy set forth the reasonable steps the AIFM must take to maintain and operate effective organisational and administrative arrangements to identify and manage relevant conflicts. The board of directors of the AIFM is responsible for ensuring that the AIFM's systems, controls and procedures are adequate to identify and manage conflicts of interest. While the AIFM will seek to manage any resulting conflicts in an appropriate manner, such resolution may have consequences that are adverse to the interests of the Partnership.

Prospective Investors should note that the Partnership Agreement contains provisions that, subject to applicable law, reduce or eliminate the duties to the Partnership and the investors to which the General Partner would otherwise be subject, provisions that waive or consent to conduct on the part of the General Partner that might not otherwise be permitted pursuant to such duties, and provisions that limit the remedies of investors with respect to any potential or actual breach of such duties. These include a provision under which, subject to certain exceptions set forth in the Partnership Agreement, the General Partner and its affiliates will have no liability to the Partnership and the investors in respect of a conflict of interest which is disclosed herein, is managed in accordance with procedures previously disclosed to the Advisory Committee (if any), results from or relates to the engagement of affiliates of the General Partner to provide services to the Partnership on arm's length terms, results from or relates to activity that the General Partner has no knowledge (at the time of such activity) would give rise to a conflict of interest involving the Partnership, or otherwise has no material adverse impact on the Partnership. In addition, pursuant to the Partnership Agreement, the General Partner may in certain situations choose to consult with or obtain the consent of the Advisory Committee (if any) with respect to any specific conflict of interest, and under such circumstances the Advisory Committee (if any) will be authorized to give consent. If the Advisory Committee (if any) consents to a particular transaction or waives the conflict of interest or the General Partner acts in a manner, or pursuant to the standards and procedures, approved by the Advisory Committee (if any) with respect to the conflict of interest, then, subject to certain exceptions set forth in the Partnership Agreement, the General Partner and its affiliates will not have any liability to the Partnership or the investors for such actions taken as deemed appropriate by them, including actions taken in pursuit of their own interests.

### **ESG Considerations**

The Partnership qualifies in terms of the SFDR, as a "*financial product*" subject to certain requirements relating to the sustainability-related disclosures in the financial sector. The sustainability risk is defined as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment ("**Sustainability Risk**"). The Sustainability Risk encompasses, *inter alia*, the following factors/events or conditions: (a) *Environmental*: climate change mitigation and adaptation; efficient/sustainable use of resources such as energy, renewable energy, raw materials, water, marine resources and land; emission of greenhouse gases; pollution prevention; waste production/prevention; recycling; transition to a circular economy; safeguard of biodiversity and ecosystems' health; (b) *Social*: inequality; social cohesion, diversity and inclusion; labour relations and human capital; (c) *Governance*: sound management structures and practices, employee relations and safety, remuneration of staff, tax and law compliance, bribery and selling practices.

The impacts following the occurrence of a sustainability risk event or condition may vary depending on the specific risk, region and asset class. In general, where a sustainability risk occurs there will be a

negative impact on, or entire loss of the Partnership's value. The Partnership is required to disclose if Sustainability Risks are integrated into its investment decision, and if so, the manner in which these are integrated and the results of the assessment of the likely impacts of Sustainability Risks on the returns of the Partnership.

## PART E

### OFFERING LEGENDS

#### GENERAL

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OF, OR THE SOLICITATION OF ANY OFFER TO BUY OR SUBSCRIBE FOR, INTERESTS IN THE PARTNERSHIP TO ANY PERSON OR ENTITY IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL. NO ACTION HAS BEEN TAKEN TO PERMIT THE DISTRIBUTION OF THIS MEMORANDUM IN ANY JURISDICTION OR FOR THE PUBLIC OFFERING OF THE INTERESTS. ACCORDINGLY, THIS MEMORANDUM MAY NOT BE USED FOR THE PURPOSE OF, AND DOES NOT CONSTITUTE, AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. IT IS THE RESPONSIBILITY OF ANY PERSONS WISHING TO SUBSCRIBE FOR THESE INTERESTS TO INFORM THEMSELVES OF AND TO OBSERVE ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTIONS. PROSPECTIVE INVESTORS SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS AND TAX CONSEQUENCES WITHIN THE COUNTRIES OF THEIR CITIZENSHIP, RESIDENCE, DOMICILE AND PLACE OF BUSINESS WITH RESPECT TO THE ACQUISITION, HOLDING OR DISPOSAL OF THESE SECURITIES, AND ANY FOREIGN EXCHANGE RESTRICTIONS THAT MAY BE RELEVANT THERETO. THE INTERESTS SHALL NOT BE OFFERED TO RETAIL INVESTORS IN ANY JURISDICTION.

#### EEA

THIS MEMORANDUM AND ALL INFORMATION DISCLOSED HEREIN IS NOT AN OFFER TO THE PUBLIC TO PURCHASE OR SUBSCRIBE TO THE PARTNERSHIP TO ANY PERSON OR ENTITY IN ANY JURISDICTION IN WHICH SUCH OFFER IS UNLAWFUL.

THIS MEMORANDUM HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE INTERESTS WILL BE MADE PURSUANT TO AN EXEMPTION OF DIRECTIVE 2003/71/EC, AS AMENDED (THE "**PROSPECTUS DIRECTIVE**"), AS IMPLEMENTED IN MEMBER STATES OF THE EEA, FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE NEW NOTES. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER WITHIN THE EEA OF THE NEW NOTES SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE PARTNERSHIP TO PRODUCE A PROSPECTUS FOR SUCH OFFER.

THIS MEMORANDUM IS STRICTLY CONFIDENTIAL AND IS ONLY BEING DISTRIBUTED TO AND DIRECTED TO PROFESSIONAL INVESTORS AS DEFINED UNDER ARTICLE 4(1)(AG) OF AIFMD (AND BY REFERENCE TO ANNEX II OF THE MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE 2014/65/EU) OR SUCH OTHER ELIGIBLE INVESTOR AS DEFINED IN THE PARTNERSHIP AGREEMENT, IN ACCORDANCE WITH THE AIFMD AS IT HAS BEEN IMPLEMENTED IN SUCH JURISDICTIONS AND ANY RELEVANT LOCAL LAWS WHICH PERMIT SUCH OFFERS ON A PRIVATE PLACEMENT BASIS. THIS MEMORANDUM MUST NOT BE ACTED ON OR RELIED ON BY ANY OTHER PERSONS IN THE EUROPEAN

ECONOMIC AREA WHO ARE NOT PROFESSIONAL INVESTORS OR SUCH OTHER ELIGIBLE INVESTORS AS DEFINED IN THE PARTNERSHIP AGREEMENT.

ANY ACTIVITY WHICH CONSTITUTES MARKETING FOR THE PURPOSES OF THE AIFMD WILL ONLY BE CARRIED OUT IN ACCORDANCE WITH LOCAL OFFERING RULES (INCLUDING RULES IMPLEMENTING AIFMD IN SUCH JURISDICTIONS).

#### **UNITED STATES OF AMERICA**

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PARTNERSHIP AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND THE RISKS INVOLVED. INTERESTS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR ANY STATE OR OTHER SECURITIES LAWS, AND WILL NOT BE REGISTERED WITH OR APPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER US FEDERAL OR STATE GOVERNMENTAL OR SELF-REGULATORY AGENCY. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. INTERESTS WILL BE OFFERED FOR INVESTMENT ONLY IN THE UNITED STATES TO NON-US INVESTORS PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY REGULATIONS THEREOF. EACH PROSPECTIVE INVESTOR WILL BE REQUIRED TO REPRESENT IN WRITING, AMONG OTHER THINGS, THAT: (I) IT IS NOT A "U.S. PERSON" AS REFERENCED UNDER REGULATIONS OF THE SECURITIES ACT, (II) IT WILL NOT TRANSFER OR ASSIGN ITS INTEREST (IN PART OR IN WHOLE) TO ANY U.S. PERSON, (III) IT RECEIVED OR HAD ACCESS TO ALL INFORMATION IT DEEMED RELEVANT TO EVALUATE THE MERITS AND RISKS OF AN INVESTMENT IN THE PARTNERSHIP, AND (IV) IT HAS THE ABILITY TO BEAR THE ECONOMIC RISK OF AN INVESTMENT IN THE PARTNERSHIP.

NONE OF THE INTERESTS HAVE BEEN OR WILL BE REGISTERED UNDER THE SECURITIES ACT OR REGISTERED OR QUALIFIED UNDER APPLICABLE STATE STATUTES AND (EXCEPT IN A TRANSACTION WHICH IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT AND SUCH APPLICABLE STATE STATUTES) NONE OF THE INTERESTS MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA OR IN ANY OF ITS TERRITORIES OR POSSESSIONS, OR TO ANY U.S. PERSON, REGARDLESS OF LOCATION. IN ADDITION, THE PARTNERSHIP HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFIT OF THE INVESTMENT COMPANY ACT.

THE PARTNERSHIP WILL NOT KNOWINGLY OFFER OR SELL INTERESTS TO ANY INVESTOR TO WHOM SUCH OFFER OR SALE WOULD BE UNLAWFUL OR MIGHT RESULT IN THE PARTNERSHIP INCURRING ANY LIABILITY TO TAXATION OR SUFFERING ANY OTHER PECUNIARY DISADVANTAGES WHICH THE PARTNERSHIP MIGHT NOT OTHERWISE INCUR OR SUFFER OR WOULD RESULT IN THE PARTNERSHIP BEING REQUIRED TO REGISTER UNDER THE SECURITIES ACT, THE INVESTMENT COMPANY ACT, OR ANY OF U.S. OR STATE SECURITIES LAW. INTERESTS MAY NOT BE HELD BY ANY PERSON IN BREACH OF THE LAW OR REQUIREMENTS OF ANY COUNTRY OR GOVERNMENTAL AUTHORITY INCLUDING, WITHOUT LIMITATION, EXCHANGE CONTROL REGULATIONS OF THE U.S. EACH INVESTOR MUST REPRESENT AND WARRANT TO THE PARTNERSHIP THAT, AMONGST OTHER THINGS, HE/SHE/IT IS ABLE TO ACQUIRE INTERESTS WITHOUT VIOLATING APPLICABLE LAWS.

THE PARTNERSHIP HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT. IT IS CONTEMPLATED THAT THE PARTNERSHIP WILL BE EXEMPT FROM REGISTRATION UNDER THE INVESTMENT COMPANY ACT BY VIRTUE OF

SECTION 3(C)(7) THEREOF (THE "QUALIFIED PURCHASERS" EXEMPTION). ACCORDINGLY, IT IS CURRENTLY INTENDED THAT INTERESTS CAN BE OFFERED AND SOLD ONLY TO US INVESTORS WHO ARE "QUALIFIED PURCHASERS" (AS SUCH TERM IS DEFINED FOR THE PURPOSES OF THE INVESTMENT COMPANY ACT); AND IN CONNECTION THEREWITH, EACH US INVESTOR WILL BE REQUIRED TO MAKE APPROPRIATE REPRESENTATIONS AND UNDERTAKINGS AS TO ITS "QUALIFIED PURCHASER" STATUS. THE AIFM WILL NOT BE REGISTERED AS AN INVESTMENT ADVISER UNDER THE INVESTMENT ADVISERS ACT.

THE INTERESTS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT, IN PARTICULAR REGULATIONS THEREOF. PROSPECTIVE INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THERE WILL BE NO PUBLIC MARKET FOR THE INTERESTS AND THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT OR ANY STATE SECURITIES LAWS.

EACH PROSPECTIVE INVESTOR IS HEREBY NOTIFIED THAT THE US TAX ADVICE CONTAINED HEREIN (I) IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE AIFM OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN, AND (II) IS NOT INTENDED OR WRITTEN TO BE USED, AND MAY NOT BE ABLE TO BE USED BY ANY TAXPAYER, FOR THE PURPOSE OF AVOIDING US TAX PENALTIES. EACH PROSPECTIVE INVESTOR SHOULD SEEK INDIVIDUALISED ADVICE BASED ON THE PROSPECTIVE INVESTOR'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

THE PARTNERSHIP WILL NOT BE REGISTERED AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT. CONSEQUENTLY, INVESTORS WILL NOT BE AFFORDED THE PROTECTIONS OF THE INVESTMENT COMPANY ACT.

AN INVESTMENT IN THE PARTNERSHIP IS SUITABLE ONLY FOR SOPHISTICATED INVESTORS AND REQUIRES THE FINANCIAL ABILITY AND WILLINGNESS TO ACCEPT THE HIGH RISKS AND LACK OF LIQUIDITY INHERENT IN A SPECULATIVE INVESTMENT SUCH AS AN INVESTMENT IN THE PARTNERSHIP. NO ASSURANCE CAN BE GIVEN THAT THE PARTNERSHIP'S INVESTMENT OBJECTIVE WILL BE ACHIEVED OR THAT LIMITED PARTNERS WILL RECEIVE A RETURN OF THEIR CAPITAL.

THIS MEMORANDUM CONTAINS FORWARD-LOOKING STATEMENTS, WHICH CAN BE IDENTIFIED BY WORDS LIKE "ANTICIPATE", "BELIEVE", "PLAN", "HOPE", "GOAL", "INITIATIVE", "EXPECT", "FUTURE", "INTEND", "WILL", "COULD", AND "SHOULD" AND BY SIMILAR EXPRESSIONS. OTHER INFORMATION HEREIN, INCLUDING ANY ESTIMATED, TARGETED OR ASSUMED INFORMATION, ALSO MAY BE DEEMED TO BE, OR TO CONTAIN, FORWARD-LOOKING STATEMENTS. YOU SHOULD NOT PLACE UNDUE RELIANCE ON FORWARD-LOOKING STATEMENTS. ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE REFERRED TO IN FORWARD-LOOKING STATEMENTS FOR MANY REASONS, INCLUDING THE RISKS DESCRIBED IN THE "RISK FACTORS AND POTENTIAL CONFLICTS OF INTEREST" SECTION. FORWARD-LOOKING STATEMENTS MAY BE SPECULATIVE IN NATURE, AND IT CAN BE EXPECTED THAT SOME OF OR ALL OF THE ASSUMPTIONS UNDERLYING ANY FORWARD-LOOKING STATEMENTS WILL NOT MATERIALISE OR WILL VARY SIGNIFICANTLY FROM ACTUAL RESULTS. VARIATIONS BETWEEN ASSUMPTIONS AND RESULTS MAY BE MATERIAL.

WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, PROSPECTIVE LIMITED PARTNERS SHOULD NOT REGARD THE INCLUSION OF FORWARD-LOOKING STATEMENTS IN THIS MEMORANDUM AS A REPRESENTATION BY THE PARTNERSHIP, THE



GENERAL PARTNER OR THE AIFM OR ANY OF THEIR RESPECTIVE AFFILIATES OR ANY OTHER PERSON OF THE RESULTS THAT WILL ACTUALLY BE ACHIEVED BY THE PARTNERSHIP OR THE INTERESTS. NONE OF THE FOREGOING PERSONS HAS ANY OBLIGATION TO UPDATE OR OTHERWISE REVISE ANY FORWARD-LOOKING STATEMENTS, INCLUDING ANY REVISIONS TO REFLECT CHANGES IN ANY CIRCUMSTANCES ARISING AFTER THE DATE OF THIS MEMORANDUM RELATING TO ANY ASSUMPTIONS OR OTHERWISE.

FORWARD-LOOKING STATEMENTS RELATING TO THE PERFORMANCE OF THE INTERESTS OR THE PARTNERSHIP'S INVESTMENTS ARE PARTICULARLY SPECULATIVE. SOME IMPORTANT FACTORS THAT COULD CAUSE ACTUAL PERFORMANCE TO DIFFER MATERIALLY FROM THOSE IN ANY FORWARD-LOOKING STATEMENTS INCLUDE: CHANGES IN INTEREST RATES, EXCHANGE RATES AND DEFAULT AND RECOVERY RATES; MARKET, FINANCIAL OR LEGAL UNCERTAINTIES; THE TIMING OF ACQUISITIONS OF INVESTMENTS; DIFFERENCES IN THE ACTUAL ALLOCATION OF INVESTMENTS AMONG ASSET CATEGORIES FROM THOSE ASSUMED; AND MISMATCHES BETWEEN THE TIME OF ACCRUAL AND RECEIPT OF COLLECTIONS FROM THE INVESTMENTS.

CERTAIN INFORMATION CONTAINED HEREIN CONCERNING ECONOMIC TRENDS AND PERFORMANCE IS BASED ON OR DERIVED FROM INFORMATION PROVIDED BY INDEPENDENT THIRD PARTIES. THE AIFM BELIEVES THAT THE SOURCES FROM WHICH SUCH INFORMATION HAS BEEN OBTAINED ARE RELIABLE. HOWEVER, IT HAS NOT INDEPENDENTLY VERIFIED THE SAME.

ANY FORWARD-LOOKING STATEMENTS AND PAST PERFORMANCE INFORMATION CONTAINED IN THIS MEMORANDUM WERE PREPARED BY THE AIFM WITHOUT A VIEW NECESSARILY TOWARDS PUBLIC DISCLOSURE OR COMPLIANCE OR CONFORMITY WITH PUBLISHED GUIDELINES OF THE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OR WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, IN EACH CASE WHETHER RELATING TO HISTORICAL, PRO FORMA, OR OTHER FINANCIAL OR STATISTICAL INFORMATION OR DATA.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RE-SALE, AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. PROSPECTIVE INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THERE IS NO PUBLIC MARKET FOR THE INTERESTS AND NONE IS EXPECTED TO DEVELOP IN THE FUTURE, AND THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE INTERESTS UNDER THE 1933 ACT OR ANY STATE OR NON-US SECURITIES LAWS. INVESTORS SHOULD NOT ASSUME THEY WILL BE ABLE TO RESELL THE INTERESTS. OTHER IMPORTANT RISK FACTORS ARE EXPLAINED IN DETAIL IN THIS MEMORANDUM.