

PRISMA ALTERNATIVES FUND

AN ALTERNATIVE FUND OF FUNDS

incorporated with limited liability in the Grand Duchy of Luxembourg
as an investment company with variable capital
(Société d'Investissement à Capital Variable (SICAV)),
registered pursuant to Part II of the Luxembourg Law of 17 December 2010

- Sub-Fund Prisma Alternatives Fund - Prisma Spectrum (Lux) Fund
(hereinafter the “**Sub-Fund**”)

Prisma Alternatives Fund (the “Fund”) is an umbrella fund composed of one or several Sub-Funds. Each Sub-Fund constitutes a "Fund of Funds" which invests in "Hedge Funds" or alternative investment vehicles such as corporations, limited partnerships, trusts, pooled investment vehicles in contractual form and other legal entities organised or formed under the laws of any jurisdiction. They may consist of foreign regulated or unregulated investment funds. The risks inherent to an investment in "Hedge Funds" or in alternative investments cannot be compared to those of investments in securities of companies listed on major securities markets worldwide. Potential investors are expressly warned about the risks described in the Prospectus and must, in particular, be ready to incur the possible loss of part or all of their investment. The Fund seeks to limit those risks by a strict selection of the underlying "Hedge Funds" and alternative investments and by a broad diversification of investment strategies. Investors are particularly encouraged to take careful notice of the limited liquidity of the investments carried out by the Fund. Consequently, the investors' right of redemption may be subject to a notice period as regards their investment in the Fund.

Prospectus

October 2014

VISA 2014/96566-7707-0-PC

L'apposition du visa ne peut en aucun cas servir
d'argument de publicité

Luxembourg, le 2014-10-16

Commission de Surveillance du Secteur Financier



Important Information

Prisma Alternatives Fund (the "**Fund**") is offering shares (the "**Shares**") of one or several separate sub-funds (individually a "**Sub-Fund**" and collectively the "**Sub-Funds**") on the basis of the information contained in the prospectus (the "**Prospectus**") and in the documents referred to herein. No person is authorized to give any information or to make any representations concerning the Fund other than as contained in the Prospectus and in the documents referred to herein, and any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information and representations contained in this Prospectus shall be solely at the risk of the purchaser.

The distribution of the Prospectus is not authorized unless it is accompanied by the most recent annual and semi-annual reports of the Fund, if any. Such report or reports are deemed to be an integral part of the Prospectus.

The Shares to be issued hereunder shall be issued in one or several separate Sub-Funds of the Fund. A separate portfolio of assets is maintained for each Sub-Fund and is invested in accordance with the investment objective applicable to the relevant Sub-Fund. As a result, the Fund is an "umbrella Fund" enabling investors to choose between one or more investment objectives by investing in one or more Sub-Funds. Investors may choose which one or more Sub-Fund(s) may be most appropriate for their specific risk and return expectations as well as their diversification needs. Furthermore, in accordance with the articles of incorporation of the Fund (the "**Articles**"), the Board of Directors of the Fund may issue Shares of different classes (individually a "**Class**" and collectively the "**Classes**") in each Sub-Fund; within each Sub-Fund, investors may then also choose the alternative Class features which are most suitable to their individual circumstances, given their qualification, the amount subscribed, the unit currency of the relevant Class and the fee structure of the relevant Class.

The Board of Directors of the Fund has currently authorized the issuance of the Classes of Shares that are more fully described in Part B of the Prospectus for specific Sub-Funds.

Shares of the different Classes if any, within the different Sub-Funds may be issued, redeemed and converted at prices computed on the basis of the net asset value (the "**Net Asset Value**") per Share of the relevant Class within the relevant Sub-Fund, as defined in the Articles.

The Board of Directors of the Fund may, at any time, create additional Classes of Shares whose features may differ from the existing Classes and additional Sub-Funds whose investment objectives may differ from those of the Sub-Funds then existing. Upon creation of new Sub-Funds or Classes, the Prospectus will be updated or supplemented accordingly.

The distribution of the Prospectus and the offering of the Shares may be restricted in certain jurisdictions. The Prospectus does not constitute an offer or solicitation in a jurisdiction where to do so is unlawful or where the person making the offer or solicitation is not qualified to do so or where a person receiving the offer or solicitation may not lawfully do so. It is the responsibility of any person in possession of the Prospectus and of any person wishing to apply for Shares to inform

themselves of and to observe all applicable laws and regulations of relevant jurisdictions.

United States - The Shares have not been registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and may not be offered or sold in the United States or to U.S. Persons unless the securities are registered under the U.S. Securities Act or an exemption from the registration requirements of the U.S. Securities Act is available

Belgium - This prospectus and its distribution do not constitute a public offering or involve an investment service in Belgium. This Prospectus has not been submitted for approval by, and no advertising or other offering materials have been filed with, the Belgian Financial Services and Markets Authority ("*Autoriteit voor Financiële Diensten en Markten*" / "*Autorité des Services et Marchés Financiers*"). Neither this document nor any other information or materials relating thereto (including for the avoidance of doubt any marketing materials) (a) may be distributed or made available to the public in Belgium, (b) may be used in relation to any investment service in Belgium unless all conditions of Directive 2004/39/EC on markets in financial instruments, as implemented in Belgium, are satisfied, (c) or may be used to publicly solicit, provide advice or information to, or otherwise provoke requests from, the public in Belgium in relation to the offering. Any offering in Belgium is made exclusively on a private basis in accordance with article 5 of the Belgian law of 20 July 2004 on certain forms of collective investment undertakings (the "Law of 20 July 2004") and with article 3 of the Law of 16 June 2006 concerning the public offering of investment instruments and the admission to the trading on a regulated market of investment instruments (the "Law of 16 June 2006"), and is addressed only to, and subscription will only be accepted from, (a) investors that qualify both as professional and institutional investors (as defined by article 5, §3 of the Law of 20 July 2004) and as qualified investors (as defined by article 10, §1 of the Law of 16 June 2006) (each, a "Qualified Investor"), and/or (b) investors investing for a consideration of at least EUR 250,000 per investor and per category (each, a "High Net Worth Individual"), and it being understood that any such Qualified Investor or High Net Worth Individual shall act in its own name and for its own account and shall not act as intermediary, or otherwise sell or transfer, to any other investor, unless any such other investor would also qualify as a Qualified Investor or a High Net Worth Individual. For the purpose of the above, the Law of 16 June 2006 shall be read and interpreted in accordance with the Directive 2010/73/EU amending Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading.

Netherlands – Any investor investing in any of the Fund's Sub-Funds from the Netherlands should refer to the country specific supplement for the Netherlands to be read in conjunction with this Prospectus.

Luxembourg – The Fund is an investment company governed by the laws of the Grand Duchy of Luxembourg and is subject to Part II of the law of 17 December 2010 relating to undertakings for collective investment (the "**Law**"). The above registration does not, however, require any Luxembourg authority to approve or disapprove either the adequacy or accuracy of the Prospectus or the assets held in the various Sub-Funds. Any representations to the contrary are unauthorized and unlawful.

The Articles give powers to the Board of Directors of the Fund to impose such restrictions as they may think necessary for the purpose of ensuring that no Shares in the Fund are acquired or held by any person in breach of the law or the requirements of any country or governmental authority or by any person in circumstances which in the opinion of the Board of Directors might result in the Fund

incurring any liability or taxation or suffering any other disadvantage which the Fund may not otherwise have incurred or suffered (such persons being referred to as the "Prohibited Persons"). The Fund may compulsorily redeem all Shares held by any such persons. In particular, the Board of Directors may decide that U.S. Persons (as defined in the Fund's Articles) would be one class of Prohibited Persons. Whether U.S. Persons shall be authorized or not to invest in a given Sub-Fund shall be set out in the Specific Information regarding the relevant Sub-Fund in Part B of this Prospectus.

The value of the Shares may fall as well as rise and a shareholder on transfer or redemption of Shares may not get back the amount initially invested. Income from the Shares may fluctuate in money terms and changes in rates of exchange may cause the value of Shares to go up or down. The levels and bases of, and available relief from, taxation may change.

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences, foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to the subscription, purchase, holding, redemption or disposal of the Shares of the Fund.

All references in the Prospectus to USD are to the legal currency of the United States of America. All references in the Prospectus to EUR are to the legal currency respectively of the Grand Duchy of Luxembourg and to the legal currency of the countries participating in the Economic and Monetary Union.

All references to "Business Day" refer to any day on which banks are open for business in New York and Luxembourg City.

DIRECTORY

PRISMA ALTERNATIVES FUND

Registered Office

2-4, Rue Eugène Ruppert
L - 2453 Luxembourg

Directors of the Fund

Chairman:

Girish Reddy, Prisma Capital Partners LP

Members:

Michael Sanders, Alceda Fund Management S.A.
Helmut Jörg Hohmann, Alceda UK Limited, London

Management Company and Alternative Investment Fund Manager

Alceda Fund Management S.A.
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L-1736 Senningerberg
Luxembourg

Directors of the Management Company:

Michael Sanders, Chairman of the Supervisory Board
Heinrich Echter, Managing Director of Alceda Fund Management S.A.
Michaela Maria Eder von Grafenstein, Managing Director of Alceda Fund Management S.A.
Jost Rodewald, Managing Director of Aquila Capital Management GmbH Hamburg
Roman Rosslenbroich, Managing Director of Aquila Capital Management GmbH Hamburg
Ralf Rosenbaum, Managing Director of Alceda Fund Management S.A.

Conducting Officers of the Management Company:

Silvia Wagner
Michael Sanders
Ralf Rosenbaum
Michaela Maria Eder von Grafenstein

Investment Manager

Prisma Capital Advisors LLC
One Penn Plaza
Suite 3515
New York, NY 10119

Depositary

The Bank of New York Mellon (Luxembourg) S.A.
2-4, Rue Eugène Ruppert
L - 2453 Luxembourg

Central Administration Agent, Registrar and Transfer Agent

The Bank of New York Mellon (Luxembourg) S.A.
2-4, Rue Eugène Ruppert
L - 2453 Luxembourg

Auditors

Ernst & Young
7, Rue Gabriel Lippmann
L - 5365 Munsbach

Legal Advisers

As to Luxembourg law:

Arendt & Medernach
14, rue Erasme
L-2082 Luxembourg

As to Belgian law:

Stibbe
Central Plaza, Loksumstraat 25
BE-1000 Brussels
Belgium

As to Dutch law:

Stibbe
Stibbetoren, Strawinskylaan 2001
1077 ZZ Amsterdam
Netherlands

As to U.S. law:

Fried, Frank, Harris, Shriver & Jacobson LLP
One New York Plaza
New York, NY 10004
United States of America

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PART A – GENERAL INFORMATION

DEFINITIONS

Accounting Year	The financial year of the Fund ends on 31 December of each year.
Articles	The articles of incorporation of the Fund published on 31 December 2012 in the <i>Mémorial C, Recueil des Sociétés et Associations</i> .
Board of Directors	The board of directors of the Fund.
Business Day	All references to "Business Day" refer to any day on which banks are open for business in New York and Luxembourg City.
Class	Pursuant to the Articles of Incorporation of the Fund, the Board of Directors may decide to issue, within each Sub-Fund, separate classes of shares (hereinafter a " Class " or " Classes ", as appropriate) whose assets will be commonly invested but where a specific sales or redemption charge structure, fee structure, minimum subscription amount, subscription currency, dividend policy or any other features determined by the Board of Directors may be applied. If different Classes are issued within a Sub-Fund, the details of each Class are described in the relevant Sub-Fund's Specific Information.
EUR	All references in the Prospectus to EUR are to the legal currency respectively of the Grand Duchy of Luxembourg and to the legal currency of the countries participating in the Economic and Monetary Union.
Fund	Prisma Alternatives Fund.
Initial Subscription Period	The Initial Subscription Period for each Class of Shares of a Sub-Fund is set out in the Specific Information regarding the relevant Sub-Fund in Part B of this Prospectus.
Investment Manager	Prisma Capital Advisors LLC.
Investment Strategies	The investment strategies of each Sub-Fund such as described in this Prospectus.
Law	The law of 17 December 2010 on undertakings for collective investment.
Listing	Information regarding the Listing of the Shares on the Luxembourg Stock Exchange is set out in the Specific Information regarding the relevant Sub-Fund in Part B of this Prospectus.

Management Company	Alceda Fund Management S.A.
Net Asset Value	The total assets minus liabilities and accrued expenses valued at current market prices.
Offer Price	The Net Asset Value plus the subscription charge as stated for each Class within each Sub-Fund individually in its Specific Information in Part B of this Prospectus. Notwithstanding the foregoing, with respect to any Class of Shares that is subject to a Performance Fee, the Offer Price may be calculated differently as set forth in Part B of the Prospectus with respect to such Class of Shares.
Performance Fee	In respect of any Class subject thereto, a performance fee calculated as described in the relevant Sub-Fund's Specific Information.
Prohibited Person	Any person for whom the acquisition of Shares would constitute a breach of the law or the requirements of any country or governmental authority or any person designated by the Board of Directors as a person whose acquisition of Shares in the opinion of the Board of Directors might result in the Fund incurring any liability or taxation or suffering any other disadvantage which the Fund may not otherwise have incurred or suffered. In particular, the Board of Directors may decide that U.S. Persons (as defined in the Fund's Articles) would be one class of Prohibited Persons. Whether U.S. Persons shall be authorized or not to invest in a given Sub-Fund shall be set out in the Specific Information regarding the relevant Sub-Fund in Part B of this Prospectus.
Redemption Price	The Net Asset Value per Share of the relevant Class within the relevant Sub-Fund computed on the relevant Valuation Day. Notwithstanding the foregoing, with respect to any Class of Shares that is subject to a Performance Fee, the Redemption Price may be calculated differently as set forth in Part B of the Prospectus with respect to such Class of Shares.
Reference Currency	The currency in which the financial statements of a Sub-Fund are expressed.
Stock Exchange or Other Regulated Market	Means any stock exchange including regulated markets as defined in Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, as amended, and any other regulated market which operates regularly and is recognised and open to the public.
Share	Means a share of any Class of the Fund issued and outstanding from time to time.

Specific Information	Information regarding a Sub-Fund set out in Part B of this Prospectus.
Sub-Fund	A portfolio of assets constituting a compartment corresponding to a distinct part of the assets and liabilities of the Fund within the meaning of Article 132 of the Law and which is invested in accordance with a particular investment objective.
Portfolio Manager	The manager of a Portfolio Fund in which the assets of the Fund and / or a Sub-Fund will be invested.
Portfolio Funds	Collective investment undertakings in which the Fund intends to invest.
Unit Currency	Currency in which the Net Asset Value per Share of any Class within a relevant Sub-Fund shall be expressed. The Unit Currency shall be defined in Part B of the Prospectus for each Sub-Fund individually.
USD	All references in the Prospectus to USD are to the legal currency of the United States of America.
Valuation Day	Business Day as of which the Net Asset Value per Share will be calculated. The Valuation Day shall be defined in Part B of the Prospectus for each Sub-Fund individually.

GLOSSARY OF TERMS

Administrator	<p>The Administrator carries out all administrative duties related to the administration of the Fund, including the issue and redemption of Shares, the calculation of the Net Asset Value of the Shares and the provision of accounting services to the Fund. The Administrator has also been appointed registrar and transfer agent for the Fund and in such capacity it processes all subscriptions, redemptions and transfers of Shares and registers these transactions in the share register of the Fund.</p> <p>The Fund has appointed The Bank of New York Mellon (Luxembourg) S.A., with registered address at 2-4, Rue Eugène Ruppert, L - 2453 Luxembourg, as Administrator of the Fund. For more information please see Section "Central Administration Agent, Registrar and Transfer Agent" of this Prospectus.</p>
Cash	<p>Time deposits in depository institutions and money market instruments which are regularly negotiated and which have a residual maturity of 12 months or less from the acquisition date shall be deemed to be cash equivalents.</p>
Convertible	<p>A security is described as convertible when it carries the right or option for the holder thereof to convert it in another form of security at a fixed price. Convertibles are often bonds which carry the right to be converted into ordinary shares at some date in the future at a previously specified price. They usually provide a greater income than shares, but less income than a corporate bond.</p>
Currency Conversion and Hedging	<p>Subscription amounts received by the Fund in a currency other than the U.S. dollar and redemption payments made to the shareholders of other currency Classes will generally be converted by the Fund into U.S. dollars or from U.S. dollars, respectively, at the exchange rate in effect as of the relevant date.</p>

Generally, the Fund will use reasonable endeavors to mitigate the foreign currency risks to which the shares of the other currency Classes are subject by utilizing various currency hedging techniques.

Such hedging transactions may require the Fund to grant to its hedging counterparty an undivided security interest in some or all of its assets attributable to the applicable Sub-Fund. In such a case, if the Fund defaults with respect to a currency hedging transaction relating solely to one Class of Shares, then the hedging counterparty could lay claim to the portion of the assets attributable to the applicable Sub-Fund in which a security interest has been granted, including those assets relating to any other Share Class of the same Sub-Fund (but not assets relating to any other Sub-Fund)..

Depository

The custody of the assets of the Fund will in accordance with the Law, be entrusted to the Depository. The Depository is a credit institution which has its registered office in Luxembourg or is established in Luxembourg if its registered office is in another Member State of the European Union.

The Fund has appointed The Bank of New York Mellon (Luxembourg) S.A. with registered office at 2-4, Rue Eugène Ruppert, L-2453 Luxembourg as Depository. For more information please see Section "Depository" of this Prospectus.

ERISA Investors

It shall be disclosed in the Specific Information of each Sub-Fund in Part B of this Prospectus whether or not Shares of the relevant Sub-Fund may be acquired by or transferred to any ERISA Investors i.e. (A) any "employee benefit plan" (as defined in Section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")) that is subject to Title I of ERISA; (B) any "plan" (as defined in Section 4975(e)(1) of the United States Internal Revenue Code of

1986, as amended (the “**Code**”)) that is subject to Section 4975 of the Code; (C) any “employee benefit plan” or “plan” subject to laws or regulations similar to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code and under which the assets of the Fund or any Sub-Fund could be deemed to include “plan assets” by reason of the investment by such employee benefit plan or plan in the Fund or such Sub-Fund; or (D) any entity whose underlying assets are deemed to include the assets of an “employee benefit plan” or “plan” described in clause (A), (B) or (C) pursuant to Section 3(42) of ERISA, any regulations promulgated thereunder, or otherwise.

Leverage

Leverage consists in the enhancement of return or value through the investment in techniques and instruments which offer the prospect of high return for little or no investment. In return leveraged investments are generally associated to higher risk than unleveraged investments.

Open-Ended Funds

Funds which, directly or indirectly redeem their units or shares at the request of investors.

PRINCIPAL FEATURES

Structure

The Fund is an open-ended investment company incorporated under the laws of the Grand Duchy of Luxembourg as a *Société d'Investissement à Capital Variable* ("**SICAV**"). The Fund is subject to Part II of the Law. The Fund is an alternative investment fund (an « **AIF** ») within the meaning of the directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on alternative investment fund managers and amending directives 2003/41/EC and 2009/65/EC and regulations (EC) n°1060/2009 and (EU) n°1095/2010 (the "**Directive 2011/61/EU**") and of the law of 12 July 2013 on alternative investment fund managers (the "**2013 Law**").

The Fund has been incorporated under the name of Prisma Alternatives Fund on 11 December 2012, for an unlimited period. The Articles have been published on 31 December 2012 in the *Mémorial C, Recueil des Sociétés et Associations* (the "**Mémorial C**"). The latest amendment of the Articles was made on 4 September 2014; the relevant notarial deed will be published in the *Mémorial C* of 13 October 2014.

The Fund has appointed Alceda Fund Management S.A. as its external alternative investment fund manager (the "**AIFM**") within the meaning of article 4 of the 2013 Law.

The Fund is an umbrella Fund and as such provides investors with the choice of investment in a range of one or several separate Sub-Funds each of which relates to a separate portfolio of liquid assets and other securities and assets permitted by law with specific investment objectives, as described in Part B of the Prospectus.

Investment Choice

For the time being, the Fund offers Shares in those Sub-Funds, as further described individually in Part B of the Prospectus.

Upon creation of new Sub-Funds, the Prospectus shall be updated accordingly.

Share Classes

All Sub-Funds may offer more than one Class of Shares. Each Class of Shares may have a different Unit Currency, a different fee structure, different minimum investment and holding requirements as summarized in Part B of the Prospectus, but participates in the assets of the same Sub-Fund.

Minimum Investment and Holding

The minimum initial and subsequent investments as well as the minimum holding requirements are set out for each Sub-Fund in Part B of the Prospectus.

Offer Price

After the Initial Subscription Period (specified for each Sub-Fund/Class in Part B of the Prospectus), the Offer Price of the Shares will generally be equal to the Net Asset Value per Share of the relevant Class within the relevant Sub-Fund plus the sales charge mentioned for each Sub-Fund/Class individually in Part B of the Prospectus. Notwithstanding the foregoing, with respect to any Class of Shares that is subject to a Performance Fee, the Offer Price may be calculated differently to account for the manner in which the Performance Fee is calculated and paid (such as by issuing Shares in series at a fixed price or by charging an additional amount to effect equalisation of Shares) as set forth in Part B of the Prospectus with respect to such Class of Shares.

Dealing

Shares may normally be purchased or redeemed at prices based on the Net Asset Value per Share of the relevant Class within the relevant Sub-Fund on the relevant Valuation Day of each Sub-Fund (specified for each Sub-Fund in Part B of the Prospectus).

Listing

Listing of the Shares on the Luxembourg Stock Exchange is set out for each Sub-Fund in Part B of the Prospectus.

INVESTMENT OBJECTIVE AND STRATEGY

The investment objective and strategy of each Sub-Fund is set out in Part B of the Prospectus.

The Board of Directors is entitled to modify the investment strategy or policy as well as the objective and investment restrictions of one or several Sub-Funds, subject to the prior approval of the Luxembourg supervisory authority (*Commission de Surveillance du Secteur Financier*, the “**CSSF**”). In case the relevant amendments have or may have a material impact on the shareholders of a given Sub-Fund, such shareholders will be informed prior to the effective date of the modifications and will be able to apply for the redemption of their Shares, free of redemption fees or, whenever possible, to convert their Shares in Shares of the same or another Class in a different Sub-Fund. The Prospectus will be updated to reflect the modifications decided by the Board of Directors.

INVESTMENT RESTRICTIONS

Depending on the investment objective of each Sub-Fund as set out in the Specific Information regarding the relevant Sub-Fund in Part B of the Prospectus, part of the investment restrictions set out below may not be applicable to the relevant Sub-Fund. The investment restrictions which are applicable to a given Sub-Fund are set out in the Specific Information regarding the relevant Sub-Fund in Part B of the Prospectus.

Each Sub-Fund of the Fund will at all times respect the Investment Restrictions as set out in this paragraph, as amended or completed by the investment restrictions set out for each Sub-Fund in Part B of the Prospectus. However, the investments of any portfolio fund are subject only to the restrictions given in their respective information memoranda, articles of incorporation and prospectuses. Neither the Fund nor the Investment Manager nor the Depositary are liable for the compliance with such guidelines and restrictions by a portfolio fund.

1. Restrictions applicable to investments in portfolio funds (“Portfolio Funds”)

The Fund may not invest:

- more than 20% of the net assets of each Sub-Fund in securities issued by the same Portfolio Fund. For the purpose of this 20% limit, each sub-fund of a Portfolio Fund with multiple compartments is to be considered as a distinct Portfolio Fund provided that the principle of segregation of the commitments of the different sub-funds of a Portfolio Fund towards third parties is ensured. Each Sub-Fund may hold more than 50% of the units of a Portfolio Fund,

provided that, if the Portfolio Fund is a Portfolio Fund with multiple compartments, the investment of the Sub-Fund in the legal entity constituting the Portfolio Fund represents less than 50% of the net assets of the relevant Sub-Fund.

These restrictions are not applicable to the acquisition of units of open-ended Portfolio Funds if such Portfolio Funds are subject to risk diversification requirements comparable to those applicable to undertakings for collective investment which are subject to Part II of the Law and if such Portfolio Funds are subject in their home country to a permanent supervision by a supervisory authority set up by law in order to ensure the protection of investors. This derogation may not result in an excessive concentration of the investments of each Sub-Fund in one single Portfolio Fund provided that for the purpose of this limitation, each compartment of a Portfolio Fund with multiple compartments is to be considered as a distinct Portfolio Fund if the principle of segregation of the commitments of the different compartments towards third parties is ensured.

Each Sub-Fund can invest exclusively in Portfolio Funds governed by any foreign legislation including Portfolio Funds not submitted in their country of origin to a permanent control carried out by a regulatory authority in order to ensure the protection of investors as for example, the British Virgin Islands, the Cayman Islands, the Netherlands Antilles or other legislations.

To the extent that a Sub-Fund invests its assets in open-ended or closed-ended Portfolio Funds investing themselves in investment funds ("funds of funds"), only 15% of the assets of such Sub-Fund may be invested in funds of funds. Such decision should not result in an accumulation of fees detrimental to the relevant Sub-Fund's investors. The Investment Manager will consider any resulting indirect investment in an investment fund. The reasons behind such investments are that:

- they may provide the Sub-Funds indirect access to Portfolio Funds, which do not accept new subscriptions;
- certain funds of funds offer more favourable liquidity conditions than other Portfolio Funds in which they invest;
- certain funds of funds investing in other Portfolio Funds and specialized in one or a limited number of management strategies may offer the Sub-Fund a significant degree of diversification.

Each Sub-Fund makes sure that its portfolio of Portfolio Funds presents appropriate liquidity features to enable the Fund to meet its obligation to repurchase its shares.

In accordance with the 2013 Law, the Management Company has adopted appropriate liquidity management tools and procedures allowing to measure the liquidity risk of each Sub-Fund, so as to ensure that the liquidity profile of the Sub-Funds' investments is in line with the Sub-Funds' obligations and notably that they will be in a position to satisfy the shareholders' redemption request in accordance with the provisions of this Prospectus and the Articles.

The Management Company proceeds, on a regular basis, with stress tests simulating normal and exceptional circumstances in order to evaluate and measure the liquidity risk of the Sub-Funds.

The Management Company shall ensure, for each Sub-Fund, the coherence of the investment strategy, the liquidity profile and the redemption policy.

2. Restrictions applicable to investments in transferable securities other than those issued by a Portfolio Fund

In addition to the investment restrictions referred to in section 1. here above, the Fund shall, in principle, not:

- (1). invest more than 10% of the assets of each Sub-Fund in transferable securities which are not quoted on a stock exchange or dealt on another regulated market, which operates regularly and is recognised and open to the public,
- (2). acquire more than 10% of the securities of the same nature issued by the same issuer,
- (3). invest more than 20% of the assets of each Sub-Fund in securities issued by the same issuer.

The restrictions set forth under (1)., (2). and (3). above are not applicable to securities issued or guaranteed by a member state of the OECD or by its local authority or by supranational institutions and organisations with European, regional or worldwide scope.

The restrictions set forth under (1)., (2). and (3). above are not applicable to units or shares issued by Portfolio Funds, to which apply the restrictions set forth in section 1. here above.

The Investment Manager has adopted a voting rights strategy in respect of the Sub-Funds' assets. A summary description of that policy as well as the details of the actions taken under that policy by the Investment Manager are available upon request with the Management Company or the Investment Manager.

3. Rules for diversification of risks regarding uncovered sales.

To the extent that a Sub-Fund reverts to short sales, the following provisions shall apply, subject to more stringent restrictions set out in Part B ("Specific Information") of the Prospectus:

- a. Short sales may, in principle, not result in a Sub-Fund holding:
 - (1). an uncovered position on transferable securities which are not listed on a stock exchange or dealt on another regulated market, operating regularly and being recognised and open to the public. However, each Sub-Fund may hold uncovered positions on transferable securities which are not quoted and not dealt on a regulated market if such securities are highly liquid and do not represent more than 10% of the Sub-Fund's assets;
 - (2). an uncovered position on transferable securities which represent more than 10% of the securities of the same type issued by the same issuer;
 - (3). an uncovered position on transferable securities of the same issuer, (i) if the sum of the cancelling price of the uncovered positions relating thereto represents more than 10% of the Sub-Fund's assets or (ii) if the uncovered position entails a commitment exceeding 5% of the assets.

- b. The commitments arising from uncovered sales on transferable securities at a given time correspond to the cumulative non-realised losses resulting, at that time, from the uncovered sales made by a Sub-Fund. The non-realised loss resulting from an uncovered sale is the positive amount equal to the market price at which the uncovered position can be covered less the price at which the relevant transferable security has been sold uncovered.
- c. The aggregate commitments of each Sub-Fund resulting from uncovered sales may at no time exceed 50% of the assets of the relevant Sub-Fund. If a Sub-Fund enters into uncovered sales, it must hold sufficient assets enabling it at any time to close the open positions resulting from such uncovered sales.
- d. The uncovered positions of transferable securities for which a Sub-Fund holds adequate coverage are not considered for the purpose of calculating the total commitments referred to above. It is to be noted that the fact that a Sub-Fund has granted a security, of whatever nature, on its assets to third parties to guarantee its obligations towards such third parties, is not to be considered as adequate coverage for the Sub-Fund's commitments, from the point of view of that Sub-Fund.
- e. In connection with uncovered sales on transferable securities, each Sub-Fund is authorised to enter, as borrower, into securities lending transactions with first class professionals specialised in this type of transactions. The counterparty risk resulting from the difference between (i) the value of the assets transferred by a Sub-Fund to a lender as security in the context of the securities lending transactions and (ii) the debt of a Sub-Fund owed to such lender may not exceed 20% of the Sub-Fund's assets. It is to be noted that the Sub-Fund may, in addition, grant guarantees in the context of systems of guarantees which do not result in a transfer of ownership or which limit the counterparty risk by other means.

4. Borrowings

To the extent that a Sub-Fund reverts to borrowings, the following provisions shall apply, subject to more stringent restrictions set out in Part B ("Specific Information") of the Prospectus:

A Sub-Fund may borrow permanently and for investment purposes from first class professionals specialised in this type of transactions.

Such borrowings are limited to 200% of the net assets of the relevant Sub-Fund. Consequently, the value of the assets of the Sub-Fund may not exceed 300% of its net assets.

The counterparty risk resulting from the difference between (i) the value of the assets transferred by a Sub-Fund to a lender as security in the context of the borrowing transactions and (ii) the debt of the Sub-Fund owed to such lender may not exceed 20% of the Sub-Fund's assets. A Sub-Fund may, in addition, grant guarantees in the context of systems of guarantee which do not result in a transfer of ownership or which limit the counterparty risk by other means.

The counterparty risk resulting from the sum of (i) the difference between the value of the assets transferred as security in the context of the borrowing of securities and the amounts due under item 3.e. above and (ii) the difference between the assets transferred as security and the amounts borrowed referred

to above may not exceed, in respect of a single lender, 20% of a Sub-Fund's assets.

5. Use of derivative financial instruments and other techniques

Each Sub-Fund is authorised to make use of the derivative financial instruments and the techniques referred to hereafter for hedging purposes and for purposes of efficient portfolio management.

Additional restrictions in relation to the use of derivatives can for each Sub-Fund be set out in Part B ("Specific Information") of the Prospectus.

The derivative financial instruments may include, amongst others, options, forward contracts on financial instruments and options on such contracts as well as swap contracts by private agreement on any type of financial instruments. In addition, each Sub-Fund may participate in securities lending transactions as well as sale with right of repurchase transactions and repurchase transactions ("*opérations à réméré*" and "*opérations de mise en pension*").

The maximum total leverage resulting from the use of these financial derivative instruments or techniques will be set out for each Sub-Fund, if appropriate, in Part B of the Prospectus. The derivative financial instruments must be dealt on an organised market or contracted by private agreement with first class professionals specialised in this type of transactions.

The leverage is controlled by the Management Company on a regular basis and shall not exceed a threshold as further described in the Part B of the Prospectus. Leverage is the ratio between the sum of notionals of the derivative instruments used and borrowed cash and the net asset value of the relevant Sub-Fund.

The aggregate commitments resulting from uncovered sales of transferable securities together with the commitments resulting from financial derivative instruments entered into by private agreement and, if applicable, the commitments resulting from financial derivative instruments dealt on a regulated market may not exceed at any time the assets of the Sub-Funds.

a. Restrictions relating to derivative financial instruments

- (1). Margin deposits in relation to derivative financial instruments dealt on an organised market as well as the commitments arising from derivative financial instruments contracted by private agreement may not exceed 50% of the assets of each Sub-Fund. The reserve of liquid assets of each Sub-Fund must represent at least an amount equal to the margin deposits made by the Sub-Fund. Liquid assets do not only comprise time deposits and regularly negotiated money market instruments the remaining maturity of which is less than 12 months, but also treasury bills and bonds issued by OECD member countries or their local authorities or by supranational institutions and organisations with European, regional or worldwide scope as well as bonds listed on a stock exchange or dealt on a regulated market, which operates regularly and is open to the public, issued by first class issuers and being highly liquid.

- (2). A Sub-Fund may not borrow to finance margin deposits.
- (3). A Sub-Fund may not enter into contracts relating to commodities other than commodity future contracts.
- (4). The premiums paid for the acquisition of options outstanding are included in the 50% limit referred to under item (1) above.
- (5). Each Sub-Fund must ensure an adequate spread of investment risks by sufficient diversification.
- (6). A Sub-Fund may not hold an open position in anyone single contract relating to a derivative financial instrument dealt on an organised market or a single contract relating to a derivative financial instrument entered into by private agreement for which the margin required or the commitment taken, respectively, represents 5% or more of the assets of the Sub-Fund.
- (7). The Premiums paid to acquire options outstanding having identical characteristics may not exceed 5% of the assets of each Sub-Fund.
- (8). A Sub-Fund may not hold an open position in derivative financial instruments relating to a single commodity or a single category of forward contracts on financial instruments for which the margin required (in relation to derivative financial instruments negotiated on an organized market) together with the commitment (in relation to derivative financial instruments entered into by private agreement) represent 20% or more of the assets of the Sub-Fund.
- (9). The commitment in relation to a transaction on a derivative financial instrument entered into by private agreement by a Sub-Fund corresponds to the non-realised loss resulting, at that time, from the relevant transaction.

b. Securities lending transactions.

A Sub-Fund may enter into securities lending transactions, provided that the following conditions are complied with:

- (1). Rules intended to ensure that securities lending transactions are properly completed.

Each Sub-Fund may only lend securities within the framework of a standardised lending system organised by a recognised securities clearing system or a first class financial institution, which specialises in this type of transaction. In the context of lending operations, each Sub-Fund will ensure that it receives collateral the value of which must, at the time of the conclusion of the loan contract, be at least equal to the global estimated value of the securities which have been lent. This collateral must consist of cash and/or securities issued or guaranteed by a Member State of the OECD or by their local authorities, or by supranational institutions and organisations with EU, regional or worldwide scope, and this collateral must be blocked in the name of the relevant Sub-Fund until the expiry of the loan contract.

(2). Conditions and limits on lending transactions.

Lending transactions may generally not be entered into in respect of more than 50% of the total estimated value of the securities in the portfolio and may not be for a period exceeding 30 days. These limitations that lending transactions may not be entered into in respect of more than 50% of the total estimated value of the securities in the portfolio and cannot extend beyond a period of 30 days are not applicable where a Sub-Fund has the right to terminate the securities lending operations contract at any time and to obtain restitution of the securities which have been lent.

c. Sale with right of repurchase transactions ("*opérations à réméré*") and repurchase transactions ("*opérations de mise en pension*").

A Sub-Fund may enter into sale with right of repurchase transactions which consist in the purchase and sale of securities where the terms reserve the right to the seller to repurchase the securities from the purchaser at a price and at a time agreed between the two parties at the time when the contract is entered into. Each Sub-Fund can also enter into repurchase transactions which consist in transactions where, at maturity, the seller has the obligation to take back the asset sold ("*mis en pension*") whereas the original buyer either has a right or an obligation to return the asset sold ("*mis en pension*").

Each Sub-Fund can either act as buyer or as seller in the context of the aforementioned transactions. Its participation in the relevant transactions is however subject to the following rules:

(1). Rules to bring the transactions to a successful conclusion

Each Sub-Fund may participate in sale with right of repurchase transactions or repurchase transactions only if the counterparties in such transactions are first class professionals specialised in this type of transactions.

(2). Conditions and limits of the transactions

During the lifetime of a sale with right of repurchase agreement where a Sub-Fund acts as purchaser, it may not sell the securities which are the subject of the contract before the counterparty has exercised its right to repurchase the securities or until the deadline for the repurchase has expired, unless the Sub-Fund has other means of coverage. Each Sub-Fund makes sure to keep the importance of such transactions at a level such that it is at all time able to meet its repurchase obligation. The same conditions are applicable in the case of a repurchase transaction on the basis of a purchase and firm sale where a Sub-Fund acts as purchaser (transferee).

In case where a Sub-Fund acts as seller (transferor) in a repurchase transaction, the Sub-Fund may not, during the whole lifetime of the contract, sell the ownership or pledge to a third party, or realise a second time, in any other form, the securities sold. Each Sub-Fund makes sure that it holds at the maturity of the repurchase transactions sufficient assets to pay, if appropriate, the agreed upon repurchase price payable to the transferee.

6. Cash and cash equivalents

Each Sub-Fund may hold on an ancillary basis cash and cash equivalents. In this respect, time deposits in depository institutions and money market instruments which are regularly negotiated and which have a residual maturity of 12 months or less from the acquisition date shall be deemed to be cash equivalents.

Each Sub-Fund makes sure that its portfolio of Portfolio Funds presents appropriate liquidity features to enable the Fund to meet its obligation to repurchase its shares.

GENERAL RISK CONSIDERATIONS

There can be no assurance that the Funds' investment objectives will be achieved or that there will be a return on capital. Shares in the Funds are thus suitable for investment only by individuals and institutions who fully understand and are able to assume the risks involved.

In addition, despite the principle of asset segregation between the Sub-Funds, certain liabilities of a relevant Sub-Fund, such as operational costs, auditors' expenses, legal expenses, may have to be borne by the other Sub-Funds in the event of the insolvency of the relevant Sub-Fund.

Among others, prospective investors should give careful consideration to the following risk factors in evaluating the merits and suitability of an investment in the Shares of the Fund. Investors should also refer to the risk considerations set forth in Part B of the Prospectus.

The investments within each Sub-Fund are subject to market fluctuations and to the risks inherent in all investments; accordingly, no assurance can be given that the investment objective will be achieved.

Attention should be drawn to the fact that the Net Asset Value per Share can go down as well as up. An investor may not get back the amount he has invested, particularly if Shares are redeemed soon after they are issued and the Shares have been subject to charges. Changes in exchange rates may also cause the Net Asset Value per Share in the investor's base currency to go up or down. No guarantee as to future performance of or future return from the Fund, can be given.

In addition to the above mentioned general risks which are inherent in all investments, the investment in the Fund entails above-average risks and is only appropriate for investors who can take the risk to lose the entire investment.

Dependence on the Investment Manager relationship: All decisions with respect to the general management of the Fund will be made by the Board of Directors of the Fund in consultation with the Fund's Investment Manager. Further all investment allocation decisions will be taken by the Investment Manager. As a result, the success of the Fund for the foreseeable future will depend largely upon the abilities of the Investment Manager.

Conflicts of interest: The Board of Directors seeks to avoid any conflicts of interests with regard to any Portfolio Funds in an attempt to ensure that the client's interests coincide with those of the Portfolio Managers. However, there may arise instances where the interests of the Board of Directors, Investment Manager and Portfolio Managers conflict.

Market Risks: Different markets have different clearance and settlement procedures. Delays in settlement could result in temporary periods when a portion of the assets of a Sub-Fund is uninvested and no return is earned thereon or the Sub-Fund could miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems could result either in losses to the Sub-Fund due to subsequent declines in value of the portfolio security or, if the Sub-Fund has entered into a contract to sell the security, could result in possible liability to the purchaser. Certain markets may require payment for securities to be made before delivery with the accompanying credit risk for the Sub-Fund concerned.

Changes in applicable law: The Fund must comply with various legal requirements, including securities laws and tax laws as imposed by the jurisdictions under which it operates. Should any of those laws change over the life of the Fund, the legal requirements to which the Fund and its shareholders may be subject, could differ materially from current requirements.

Early termination: In the event of the early termination of the Fund, the Fund would have to distribute to the shareholders their pro-rata interest in the assets of the Fund. The securities and other interests in Portfolio Funds as well as the Fund's direct investments, if any, would have to be sold by the Fund or distributed to the shareholders. It is possible that at the time of such sale or redemption certain investments held by the Fund may be worth less than the initial cost of the investment, resulting in a loss to the Fund and to its shareholders. Moreover, in the event the Fund terminates prior to the complete amortization of organizational expenses, any unamortized portion of such expenses will be accelerated and will be debited (and thereby reduce) amounts otherwise available for distribution to shareholders.

Foreign exchange/Currency risk: The Fund may invest its assets in securities denominated in a wide range of currencies. The Net Asset Value of each Class expressed in its respective Unit Currency will fluctuate in accordance with the changes in foreign exchange rate between its Unit Currency, the Reference Currency of the Fund and the currencies in which the Fund's investments are denominated.

Commission and fee(s) amounts: The payment of a fee calculated on the basis of performance could encourage the Investment Manager to select riskier and more volatile placements than if such fees were not applicable.

Accumulation of fees: As the Fund may invest in Portfolio Funds, the shareholders could incur a duplication of fees and commissions (such as management fees, including performance fees, custody and transaction fees, central administration fees and audit fees). To the extent these Portfolio Funds invest in turn in other funds, shareholders may incur additional fees.

Nominee: The Fund draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the Fund, notably the right to participate in general shareholders' meetings, if the investor is registered himself and in his own name in the shareholders' register of the Fund. In cases

where an investor invests in the Fund through an intermediary investing into the Fund in his own name but on behalf of the investor (nominee), it may not always be possible for the investor to exercise certain shareholder rights directly against the Fund. Investors are advised to take advice on their rights.

The specific risks related to the investment in each Sub-Fund are described in Part B of the Prospectus.

BOARD OF DIRECTORS

The Board of Directors is responsible for the overall management and control of the Fund. The members of the Board of Directors (the “**Directors**” and each a “**Director**”) will receive periodic reports from the Investment Manager and/or the Administrator detailing the performance and analyzing the investment portfolio of each Sub-Fund.

The Directors of the Fund are identified above in the Directory of this Prospectus.

The Board of Directors of the Fund shall have the broadest powers to act in any circumstances on behalf of the Fund, subject to the powers expressly assigned by law to the general meetings of shareholders.

The Board of Directors is responsible for the investment objectives and policies of each Sub-Fund and for the investment management and administration of the Fund.

MANAGEMENT COMPANY

The Fund has appointed Alceda Fund Management S.A. to serve as its external alternative investment fund manager within the meaning of article 4 of the 2013 Law. The Management Company is responsible, subject to the overall supervision of the Board of Directors, for the provision of portfolio management and risk management services, administrative services and marketing services to the Fund.

The Management Company was established in Luxembourg on 9 January 2007. Its articles of incorporation were published in the “*Mémorial*” of 27 February 2007 Nr. 253 and the last amendment to its articles of incorporation was on 31 December 2007, which was published in the “*Mémorial*” of 28 February 2008 Nr. 501. The Management Company is regulated by Chapter 15 of the Law. The Management Company is a duly authorised alternative investment fund manager within the meaning of the Directive 2011/61/EU. The Management Company’s registered office is at 5, Heienhaff, L-1736 Senningerberg, Grand Duchy of Luxembourg. This information can also be found on the website of the Management Company: (www.alceda.lu).

The board of directors of the Management Company is as described above in the Directory.

In addition to the Fund, the Management Company also acts as management company for other funds.

The list of funds managed by the Management Company may be obtained upon request from the Management Company (see also website of the Management Company).

In accordance with the Law and with the prior consent of the Board of Directors, the Management Company may delegate all or part of its duties and powers to any person or entity, provided such duties and powers remain under the supervision and responsibility of the Management Company. The Management Company has appointed Prisma Capital Advisors LLC to carry out portfolio management and distribution functions, and The Bank of New York Mellon (Luxembourg) S.A. to carry out certain administrative functions in respect of the Fund.

The Management Company will ensure that a valuation of the Fund's assets is performed. For this purpose, the Management Company shall ensure that appropriate valuation policies and procedures are adopted to achieve that any valuation of each of the Fund's assets is performed impartially and with all due skill, care and diligence. In accordance with applicable law, the Management Company will ensure that the valuation task is functionally independent from the portfolio management, and that the remuneration policy and other measures ensure that conflicts of interest are mitigated. The Management Company may also appoint an external valuer, where justified by special circumstances, to perform the valuation of the Fund's assets. In such case, this Prospectus will be updated to reflect this appointment and provide the shareholders with information on the appointed entity.

INVESTMENT MANAGER

With the consent of the Fund, the Management Company has appointed Prisma Capital Advisors LLC as investment manager of the Fund (the "**Investment Manager**"), who may, subject to the approval of the Management Company, sub-delegate its powers, in which case the Prospectus will be updated or supplemented accordingly.

The Investment Manager provides the Management Company and the Board of Directors with advice, reports and recommendations in connection with the management of the assets of the Sub-Funds and shall advise the Board of Directors as to the selection of liquid assets and other securities and assets constituting the portfolios of the Sub-Funds and, pursuant to the agreement as set forth below, have discretion, on a day-to-day basis and subject to the overall control and responsibility of the Board of Directors of the Fund, to purchase and sell such liquid assets and other securities and otherwise to manage the Sub-Funds' portfolios.

Prisma Capital Advisors LLC is a Delaware limited liability company. Prisma Capital Partners LP, a Delaware limited partnership, is the sole member of the Investment Manager. Prisma Capital Partners LP, the sole member and manager of the Investment Manager, is registered as an investment adviser with the U.S. Securities and Exchange Commission. Pursuant to the American Bar Association, Business Law Section, SEC No-Action Letter (January 18, 2012) (the "**2012 Letter**"), Prisma Capital Partners LP has listed the Investment Manager in Section 7A ("Financial Industry Affiliations") of Schedule D of its Form ADV in reliance on the 2012 Letter. Pursuant to the 2012 Letter, the Investment Manager, as well as Prisma Capital Partners LP, is subject to all of the provisions of the Advisers Act.

The Investment Manager and its sole member are owned by Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, "**KKR**"). KKR is a global investment firm whose parent company, KKR & Co. L.P., is publicly traded on the New York Stock Exchange.

Biographical information for Girish V. Reddy and other key employees of the Investment Manager are available to investors upon request to the Investment Manager.

Pursuant to an investment management agreement between the Management Company, the Fund and the Investment Manager (as amended from time to time, the “**Investment Management Agreement**”), the Investment Manager is responsible for the investment of the Fund’s assets, subject to the policies and control of the Management Company and the Board of Directors of the Fund. The Investment Management Agreement is effective on a year-to-year basis, except that it may be terminated by either party thereto at any time upon 60 days’ written notice.

The Investment Manager may from time to time appoint one or several investment advisors to advise the Investment Manager in relation to the management of the assets of the Fund. The appointment of one or more investment advisors will not lead to an increase of expenses for the Fund.

DEPOSITARY

The Fund has appointed The Bank of New York Mellon (Luxembourg) S.A. as Depositary (as such, the “**Depositary**”) of all of the Fund’s assets, including its cash and securities, which will be held either directly or through other financial institutions such as correspondents, nominees, agents or delegates of the Depositary.

The Depositary will further, in accordance with the 2013 Law:

- a) ensure that the sale, issue, redemption and cancellation of Shares effected by the Fund or on its behalf are carried out in accordance with the Law and the Articles;
- b) ensure that the value of the Shares is calculated in accordance with the Law and the Articles;
- c) carry out the instructions of the Management Company, unless they conflict with the Law or the Articles;
- d) ensure that in transactions involving the assets of the Fund, any consideration is remitted to it within the customary settlement dates; and
- e) ensure that the income of the Fund is applied in accordance with the Articles.

The relationship between the Fund and the Depositary is subject to the terms of a depositary agreement. The Fund and the Depositary may terminate this agreement upon ninety (90) days prior written notice.

The Bank of New York Mellon (Luxembourg) S.A., is a public limited company (*société anonyme*) created under Luxembourg law to carry out banking activities. The Bank of New York Mellon (Luxembourg) S.A. was incorporated in Luxembourg as a *société anonyme* on 15 December 1998 and has its registered office located at the Vertigo-Polaris, 2-4 rue Eugène Ruppert, L- 2453 Luxembourg. It is an indirect wholly-owned subsidiary of The Bank of New York Mellon Corporation.

The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks performed on behalf of the

Fund (if any), and the potential conflicts of interest are properly identified, managed, monitored and disclosed to the investors.

The Depositary may delegate to third parties the safe-keeping of the assets of the Fund subject to the conditions laid down in the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on alternative investment fund managers (the “AIFMD”) and the 2013 Law, and in particular subject to the condition that such third parties are subject to effective prudential regulation (including minimum capital requirements, supervision in the jurisdiction concerned and external periodic audit) for the custody of financial instruments.

However, where the laws of a third country requires that certain financial instruments be held in custody by a local entity and no local entities satisfy these delegation requirements, the Depositary may delegate its functions to such a local entity only to the extent required by the law of the third country and only for as long as there are no local entities that satisfy these delegation requirements. Furthermore, the Depositary will only delegate the custody of financial instruments to such a third party not satisfying these delegation requirements upon instruction of the Management Company.

The Depositary is not delegating its function to such local entities not satisfying the delegation requirements under the AIFMD and the 2013 Law for the time being, but may do so if required in the future. The Management Company will inform the investors in writing before they invest in the Company of any arrangement made by the Depositary to contractually discharge itself of liability in accordance with article 19 (14) of the 2013 Law. The Management Company will also inform shareholders, by means of a notice, of any changes with respect to depositary liability without delay.

The Depositary’s liability shall not be affected by any such delegation mentioned above.

However, the Depositary may discharge its liability in case of loss of assets held in custody with delegates provided that:

- a) all requirements for the delegation of its safe-keeping services set forth above are met;
- b) the written contract between the Depositary and the relevant delegate expressly transfers the liability of the Depositary to that delegate and makes it possible for the Management Company acting on behalf of the Fund to make a claim against that delegate in respect of the loss of assets or for the Depositary to make such a claim on behalf of the Fund; and
- c) there is objective reasons for such discharge of liability which are:
 - (i) limited to precise and concrete circumstances characterizing a given activity; and
 - (ii) consistent with the Depositary’s policies and decisions.

Such objective reasons shall be established each time the Depositary intends to discharge itself of liability. There is no discharge of liability of the Depositary in place for the time being. The Management Company will inform the investors in writing before they invest in the Company of any arrangement made by the Depositary to contractually discharge itself of liability in accordance with article 21 (2) of the 2013 Law. The Management Company

will also inform shareholders, by means of a notice, of any changes with respect to depositary liability without delay.

The Depositary's liability to Shareholders may be invoked indirectly through the Management Company, in its quality as external alternative investment fund manager of the Fund.

CENTRAL ADMINISTRATION AGENT, REGISTRAR AND TRANSFER AGENT

The Bank of New York Mellon (Luxembourg) S.A. has been appointed central administration agent, registrar and transfer agent (the "**Administrator**"). The Administrator will carry out all administrative duties related to the administration of the Fund, including the issue and redemption of Shares, the calculation of the Net Asset value of the Shares and the provision of accounting services to the Fund. The Administrator has also been appointed registrar and transfer agent for the Fund and in such capacity it processes all subscriptions, redemptions and transfers of Shares and registers these transactions in the share register of the Fund. The Administrator has also been appointed as domiciliary agent for the Fund.

The relationship between the Management Company, the Fund and the Administrator is subject to the terms of the administration agreement. Each party may terminate this agreement upon ninety (90) days prior written notice.

To the extent that in connection with the calculation of the Net Asset Value, the Administrator relies on information supplied by any Portfolio Funds or by the managers of these Portfolio Funds, the liability of the Administrator for the accuracy of such calculations will be limited to the accuracy of its computations. The Administrator shall not be liable for the accuracy of the information received from a Portfolio Fund.

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

AUDITOR

Ernst & Young has been appointed as Auditor of the Fund. The Fund has instructed the Auditor as follows:

- to perform an annual audit of the Fund;
- to determine whether the Board of Directors, the Management Company, the Investment Manager, the Depositary, the Central Administration Agent, the Registrar and the Transfer Agent have observed the provisions of this Prospectus as well as those of all applicable laws and regulations;
- to proceed at least on a semi-annual basis with on-site inspections of the registered office of the Fund, the Central Administration Agent and if needed the Investment Manager.

DISTRIBUTOR

Subject to the consent of the Fund, the Management Company may, from time to time, appoint a distributor (the "**Distributor**"), to market and promote the Fund's

Shares in each Sub-Fund in all countries of the world, subject to compliance with local rules on public offerings/private placements.

CONFLICTS OF INTEREST

The Investment Manager, Prisma Capital Partners LP, KKR and any of their respective affiliates, members, officers, directors, partners, or employees (collectively, the “**Prisma Group**”) will be subject and the Fund will be exposed to a number of actual, apparent and potential conflicts of interest. Any such conflict of interest could have a material adverse effect on the Fund and its shareholders. However, the mere existence of an actual, apparent or potential conflict of interest does not mean that it will be acted upon to the detriment of the Fund. When a conflict of interest arises the Prisma Group will endeavour to ensure that the conflict is addressed fairly. The Prisma Group has implemented policies and procedures that they believe are reasonably designed to identify and manage actual, apparent and potential conflicts of interest.

The Investment Manager (and its affiliates) may advise or manage other funds and accounts (collectively, “**Other Accounts**”). Other Accounts may have substantially similar investment objectives to those of the Fund. Similar investment objectives employed by the Fund and Other Accounts may affect the available capacity in a prospective Portfolio Fund. The Investment Manager will attempt to allocate investment opportunities to the Fund and Other Accounts over a period of time on a fair and equitable basis, taking into account such factors as the respective investment programs and existing investments of the Fund and the Other Accounts for which participation is appropriate.

The Investment Manager and its affiliates may give advice or take action with respect to any Other Account which may differ from the advice given or the timing or nature of any action taken with respect to investments of the Fund.

The Investment Manager and its investment personnel will devote as much of their time to the activities of the Fund they deem necessary and appropriate.

Where conflicts of interest cannot be avoided and there exists a risk of damage to investors' interests, the Management Company shall inform investors of the general nature or sources of conflicts of interest and develop appropriate policies and procedures in order to mitigate such conflicts while ensuring equal treatment between investors and ensuring that the Fund is treated in an equitable manner.

Investors should be aware that management of conflicts of interest can lead to a loss of investment opportunity or to the Management Company having to act differently than the way it would have acted in the absence of conflicts of interest. This may have a negative impact on the performance of the Fund and its Sub-Funds.

PREVENTION OF MONEY LAUNDERING

Any applicants wanting to subscribe Shares of the Fund must provide the Administrator with all necessary information, which the Administrator may reasonably require to verify the identity of the applicant. Failure to do so may result in the Fund refusing to accept the subscription for Shares in the Fund. Applicants must indicate whether they invest on their own account or on behalf of a third party. Except for applicants applying through companies who are regulated professionals of the

financial sector, bound in their country by rules on the prevention of money laundering equivalent to those applicable in Luxembourg, any applicant (applying in its own name or through companies) is obliged to submit to the Administrator in Luxembourg all necessary information, which the Administrator may reasonably require to verify. The Administrator must verify the identity of the applicant. In the case of an applicant acting on behalf of a third party, the Administrator must also verify the identity of the beneficial owner(s). Furthermore, any such applicant hereby undertakes that it will notify the Administrator prior to the occurrence of any change in the identity of any such beneficial owner.

THE SHARES

The Fund issues Shares in each Class of the separate Sub-Funds.

The Board of Directors will adopt such provisions as necessary to ensure that any preferential treatment accorded by the Fund, or the Management Company with respect to the Fund, to a shareholder will not result in an overall material disadvantage to other shareholders, as further disclosed in this Prospectus.

Shares may be issued in one or more Classes in each Sub-Fund by the Board of Directors; each Class having a different Unit Currency, a different fee structure and different minimum initial and/or subsequent investment and/or holding requirement, if any, as more fully disclosed in Part B of the Prospectus for each Sub-Fund individually. The Board of Directors may however decide that no such Classes will be available in any of the Sub-Funds as more fully disclosed in Part B of the Prospectus for each Sub-Fund individually.

Each interest in the Fund of the same category is entitled to a proportionate share of the assets of the Fund insofar as the participants in the Fund are entitled to the assets.

The net proceeds from the subscriptions are invested in the specific portfolio of assets constituting the relevant Sub-Fund.

The Board of Directors shall maintain for each Sub-Fund a separate portfolio of assets. As between shareholders, each portfolio of assets shall be invested for the exclusive benefit of the relevant Sub-Fund.

The Fund shall be considered as one single legal entity. With regard to third parties, in particular towards the Fund's creditors, each Sub-Fund shall be exclusively responsible for all liabilities attributable to it.

Shares of any Class in any Sub-Fund shall only be issued in registered book-entry form. A holder of registered Shares shall receive a written confirmation of his or her shareholding.

The inscription of the shareholder's name in the register of Shares evidences his or her right of ownership of such registered Shares.

Forms for the transfer of Shares are available at the registered office of the Fund. Shares are freely transferable except to Prohibited Persons.

All Shares must be fully paid-up; they are of no par value and carry no preferential or pre-emptive rights. Each Share of the Fund of any Class to whatever Sub-Fund it

belongs is entitled to one vote at any general meeting of shareholders, in compliance with Luxembourg law and the Articles.

Fractional Shares will not be issued.

ISSUE AND SALE OF SHARES

After the Initial Subscription Period, the offering price per Share of each Class in each Sub-Fund (the "**Offer Price**") is generally equal to the total of (i) the Net Asset Value per Share plus (ii) the sales charge as stated for each Class within each Sub-Fund individually in Part B of the Prospectus, if any. However, notwithstanding the foregoing, with respect to any Class of Shares that is subject to a Performance Fee, the Offer Price may be calculated differently to account for the manner in which the Performance Fee is calculated and paid (such as by issuing Shares in series at a fixed price or by charging an additional amount to effect equalisation of Shares) as set forth in Part B of the Prospectus with respect to such Class of Shares. The Offer Price is available for inspection at the registered office of the Fund.

Investors whose applications are accepted will be allotted Shares issued on the basis of the Net Asset Value per Share determined as of the Valuation Day (as defined in Part B of the Prospectus for each Sub-Fund individually) following receipt of the application form provided that such application is received by the Administrator (from the Distributor or an agent thereof or direct from the subscriber) at a time and conditions as defined in Part B of the Prospectus for each Class within each Sub-Fund individually.

The sales charge, if any, shall revert to the Distributor and is indicated for each Class within each Sub-Fund individually in Part B of the Prospectus.

Payments for Shares will be required to be made to the Fund in the Unit Currency of the relevant Class, if any, or in the Reference Currency of the relevant Sub-Fund or in any other currency specified by the investor (in which case any currency conversion costs shall be borne by the investor) within a period as defined in Part B of the Prospectus for each Class within each Sub-Fund individually.

Upon the issue of Shares of any Class, the Fund retains an amount per Share equal to the Net Asset Value per Share on the date the order was dealt with.

Written confirmations of shareholding will be sent to shareholders within three Business Days after the determination of the Valuation Day.

The Fund reserves the right to reject any application in whole or in part, in which case subscription monies paid, or the balance thereof, as appropriate, will be returned to the applicant within seven Business Days thereafter without interest, or to suspend at any time and without prior notice the issue of Shares in one, several or all of the Sub-Funds.

The Fund may agree to issue Shares as consideration for a contribution in kind of securities, provided that such securities comply with the investment objectives, policies and restrictions of the relevant Sub-Fund and in compliance with the conditions set forth by Luxembourg law, in particular the obligation to deliver a valuation report from the auditor of the Fund ("*réviseur d'entreprises agréé*") which shall be available for inspection. In the event that securities are accepted as payment for a subscription, such securities will be independently valued. Any costs incurred in

connection with a contribution in kind of securities shall be borne by the relevant shareholders.

No Shares of any Sub-Fund will be issued during any period when the calculation of the Net Asset Value per Share in such Sub-Fund is suspended by the Fund, pursuant to the powers reserved to it by the Articles.

In the case of suspension of dealings in Shares the application will be dealt with on the first Valuation Day following the end of such suspension period.

REDEMPTION OF SHARES

Each shareholder of the Fund may at any time request the Fund to redeem on the specific Valuation Day specified for each Class within each Sub-Fund in Part B of the Prospectus all or any of the Shares held by such shareholder in any Class within each of the Sub-Funds.

Shareholders desiring to have all or any of their Shares redeemed should apply in writing to the Administrator. The Distributor or any agent thereof are also authorized to transmit redemption requests from the shareholders to the Fund.

Redemption requests should contain the following information (if applicable): the identity and address of the shareholder requesting the redemption, the number of Shares to be redeemed, the relevant Class, the relevant Sub-Fund and details as to whom payment should be made. All necessary documents to complete the redemption should be enclosed with such application.

Shareholders whose applications for redemption are accepted will have their Shares redeemed on any Valuation Day provided that the applications have been received in Luxembourg at a time defined in Part B of the Prospectus for each Class within each Sub-Fund individually.

Shares will be redeemed at a price equal to the Net Asset Value per Share of the relevant Class within the relevant Sub-Fund less a redemption charge, the rate of which is indicated for each class within each Sub-Fund in Part B of the Prospectus (the "**Redemption Price**").

The payment of the Redemption Price shall be made within a period as defined in Part B of the Prospectus for each Class within each Sub-Fund individually.

Payment will be made by wire to the shareholder or by bank order to an account indicated by the shareholder, at such shareholder's expense and at the shareholder's risk.

The Redemption Price will be paid in the currency by which the shareholder subscribed into the relevant class or in any currency as the Board of Directors shall determine. The Redemption Price may be higher or lower than the price paid at the time of subscription or purchase.

Shares in any Sub-Fund will not be redeemed if the calculation of the Net Asset Value per Share in such Sub-Fund is suspended by the Fund in accordance with the Articles.

If, as a result of any request for redemption, the aggregate Net Asset Value of the Shares held by any shareholder in a Sub-Fund/Class would fall below the minimum amount indicated in Part B of the Prospectus for each Sub-Fund/Class, the Fund may treat such request as a request to redeem the entire shareholding of such shareholder in such Sub-Fund/Class. At the Fund's discretion, the Fund reserves the right to transfer any existing shareholder who falls below the minimum shareholding requirement for one Class of Shares into another appropriate Class of Shares without charge.

Furthermore, if on any Valuation Day redemption requests relate to more than 25% of the Shares in issue in a specific Sub-Fund, the Board of Directors may decide that part or all of such requests for redemption will be deferred for such period as the Board of Directors considers to be in the best interests of the Sub-Fund, as described in more detail in Part B of the Prospectus.

The Articles contain provisions enabling the Fund to compulsorily redeem Shares held by Prohibited Persons.

The Fund shall have the right, if the Board of Directors so determines, to satisfy payment of the Redemption Price to any shareholder, *in specie* by allocating to the holder investments from the portfolio of assets set up in connection with such Sub-Fund equal in value (calculated in the manner described in the Articles) as of the Valuation Day, on which the Redemption Price is calculated, to the value of the Shares to be redeemed. The nature and type of assets to be transferred in such case shall be determined on a fair and reasonable basis and without prejudicing the interests of the other holders of Shares and the valuation used shall be confirmed by a special report of the auditor of the Fund. The costs of any such transfers shall be borne by the transferee.

Notwithstanding the foregoing, with respect to any Class of Shares that is subject to a Performance Fee, the foregoing provisions may be modified or applied differently to account for the manner in which the Performance Fee is calculated and paid (such as by paying to a redeeming shareholder an amount in addition to the Redemption Price to effect equalisation of Shares) as set forth in Part B of the Prospectus with respect to such Class of Shares.

CONVERSION OF SHARES

In case the Fund has several Sub-Funds, shareholders have the right, subject to the provisions hereinafter specified, to convert on the Valuation Day specified for each Sub-Fund in Part B of the Prospectus Shares from one Sub-Fund for Shares of another Sub-Fund within the same Class of Shares.

The rate at which Shares of any Class in any Sub-Fund shall be converted will be determined by reference to the respective Net Asset Values of the relevant Shares calculated as of the same specific Valuation Day following receipt of the documents referred to below by a time defined in Part B of the Prospectus for each Class individually in each Sub-Fund.

There is presently no conversion fee. With regard to differences in sales charges among the Sub-Funds, if Shares are converted to a Sub-Fund whose sales charge is higher, the transaction will be assessed the difference between the sales charges.

A conversion of Shares of one Sub-Fund for Shares of another Sub-Fund will be treated as a redemption of Shares and a simultaneous purchase of Shares. A converting shareholder may, therefore, realise a taxable gain or loss in connection with the conversion under the laws of the country of the shareholder's citizenship, residence or domicile.

All terms and notices regarding the redemption of Shares shall equally apply to the conversion of Shares.

No conversion of Shares will be effected until the following documents have been received at the registered office of the Administrator:

- a duly completed conversion request form or other written notification acceptable to the Administrator;
- the transfer form duly completed together with any other documentation that may be requested by the Administrator from time to time.

Upon conversion, Shares will be issued as entire Shares.

Written confirmations of shareholding (as appropriate) will be sent to shareholders within 20 Business Days after the relevant Valuation Day, together with the balance resulting from such conversion, if any.

In converting Shares of a Sub-Fund for Shares of another Sub-Fund, a shareholder must meet applicable minimum investment requirements imposed by the acquired Sub-Fund in the relevant Class, if any.

If, as a result of any request for conversion, the aggregate Net Asset Value of the Shares held by the converting shareholder in a Class of Shares/Sub-Fund fall below the minimum holding requirement indicated in Part B of the Prospectus, the Fund may treat such request as a request to convert the entire shareholding of such shareholder in such Class/Sub-Fund. At the Fund's discretion, the Fund reserves the right to transfer any existing shareholder who falls below the minimum shareholding requirement for a Class of Shares into another appropriate Class of Shares without charge.

Shares of any Class, if any, in any Sub-Fund will not be converted in circumstances where the calculation of the Net Asset Value per Share of such Sub-Fund is suspended by the Fund pursuant to the Articles.

Notwithstanding the foregoing, with respect to any Class of Shares that is subject to a Performance Fee, the foregoing provisions may be modified or applied differently to account for the manner in which the Performance Fee is calculated and paid as set forth in Part B of the Prospectus with respect to such Class of Shares.

DETERMINATION OF THE NET ASSET VALUE

1) Calculation and Publication

The Net Asset Value per Share of each Class within the relevant Sub-Fund will be determined as of any Valuation Day in the Unit Currency of such Class or in the Reference Currency of the Sub-Fund and will be equal to the gross assets of the

Class less gross liabilities of the Class as of any date of determination, divided by the number of Shares of such Class outstanding. Because the various Classes of Shares will be issued at different dates, the Net Asset Value per Share of each Class within each Sub-Fund may differ.

The Net Asset Value per Share is determined by first allocating any increase or decrease in the Net Asset Value of the relevant Sub-Fund for the period of calculation among each Class of Shares, then allocating any increase or decrease in the Net Asset Value of the relevant Class (and sub-class) of Shares for such period among each Class within the relevant Sub-Fund pro rata in accordance with the Net Asset Value of each such Class at the beginning of such period, and then dividing the Net Asset Value of such Class by the number of outstanding Shares thereof. Shares within a Class will have the same Net Asset Value per Share. Any Performance Fee or Management Fee determined with respect to a particular Class thereof will be debited against the Net Asset Value of such Class within the relevant Sub-Fund. The Net Asset Value per Share of a Class denominated in a Unit Currency other than the Reference Currency of the relevant Sub-Fund will be reported to Shareholders Unit Currency and in the relevant Reference Currency, based on the exchange rate obtained by the Sub-Fund on the relevant date, net of all applicable fees and expenses. The Net Asset Value of the Shares shall be calculated to three decimal places.

To the extent feasible, expenses, fees and other liabilities will be accrued in accordance with International Financial Reporting Standards (“IFRS”). Reserves (whether or not in accordance with IFRS) may be taken for estimated or accrued expenses, liabilities or contingencies.

Notwithstanding the foregoing, with respect to any Class of Shares that is subject to a Performance Fee, the foregoing provisions may be modified or applied differently to account for the manner in which the Performance Fee is calculated and paid (such as by calculating a separate Net Asset Value with respect to each series of Shares for a Class of Shares issued in series) as set forth in Part B of the Prospectus with respect to such Class of Shares.

The value of such assets shall be determined as follows:

- a) Units or shares of open-ended Portfolio Funds will be valued at their last reported net asset value as calculated in accordance with the terms and conditions of the respective governing agreement of each Portfolio Fund. If such price is not representative of the fair market value of such assets, then the price shall be determined by the Board of Directors on a fair and equitable basis and in good faith.
- b) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof.
- c) The value of assets, which are listed or dealt in on any stock exchange, is based on the last available price on the stock exchange, which is normally the principal market for such assets.

- d) The value of assets dealt in on any other Regulated Market is based on the last available price.
- e) In the event that any assets are not listed or dealt in on any stock exchange or on any other Regulated Market, or if, with respect to assets listed or dealt in on any stock exchange, or other Regulated Market as aforesaid, the price as determined pursuant to sub-paragraph (b) or (c) is not representative of the fair market value of the relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith.
- f) The liquidating value of options contracts not traded on exchanges or on other Regulated Markets shall mean their net liquidating value determined, pursuant to the policies established by the Board of Directors, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward or options contracts traded on exchanges or on other Regulated Markets shall be based upon the last available settlement prices of these contracts on exchanges and Regulated Markets on which the particular futures, forward or options contracts are traded by the Fund; provided that if a futures, forward or options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the board of directors may deem fair and reasonable. Swaps will be valued at their market value established by reference to the applicable interest rates' curve.
- g) All other securities and other assets will be valued at fair market value as determined in good faith pursuant to the procedures established by the Board of Directors.

The value of all assets and liabilities not expressed in the Reference Currency of a Sub-Fund will be converted into the Reference Currency of such Sub-Fund at rates last quoted by any major bank. If such quotations are not available, the rate of exchange will be determined in good faith by or under procedures established by the Board of Directors.

The Board of Directors, in its discretion, may permit some other method of valuation to be used if it considers that such valuation better reflects the fair value of any asset of the Fund.

If since the time of determination of the Net Asset Value there has been a material change in the quotations in the markets on which a substantial portion of the investments attributable to the relevant Sub-Fund are dealt in or quoted, the Fund may, in order to safeguard the interests of the shareholders and the Fund, cancel the first valuation and carry out a second valuation for all applications received on the relevant Valuation Day.

The Net Asset Value per Share of each Class and the issue and redemption prices per Share of each Sub-Fund may be obtained during business hours at the registered office of the Fund.

The Net Asset Value per Share of each Class are published and available on the website of the Management Company.

Compensation to shareholders for damages resulting from an incorrect calculation of the Net Asset Value per Share will only be paid insofar as such compensation is

mandatory under the laws of the Grand Duchy of Luxemburg or any other applicable law.

2) Temporary Suspension of the Calculation

The Fund may temporarily suspend the determination of the Net Asset Value per Share of any Sub-Fund and the issue and redemption and conversion of its Shares from its shareholders from and to Shares of each Class:

- a) during any period when any of the principal stock exchanges or other markets on which any substantial portion of the investments of the Fund attributable to such Sub-Fund from time to time is quoted or dealt in is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended, provided that such restriction or suspension affects the valuation on the investments of the Fund attributable to a Sub-Fund quoted thereon; or
- b) during the existence of any state of affairs which constitutes an emergency in the opinion of the Board of Directors as a result of which disposals or valuation of assets owned by the Fund attributable to such Sub-Fund would be impracticable; or
- c) during any breakdown in the means of communication normally employed in determining the price or value of any of the investments of such Sub-Fund or the current price or values on any stock exchange or other market in respect of the assets attributable to such Sub-Fund; or
- d) when for any other reason the prices of any investments owned by the Fund attributable to any Sub-Fund cannot promptly or accurately be ascertained; or
- e) during any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of the Shares of such Sub-Fund or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares cannot in the opinion of the Board of Directors be effected at normal rates of exchange; or
- f) following the suspension of (i) the calculation of the net asset value per share/unit, (ii) the issue, (iii) the redemption and/or (iv) the conversion of the shares/units issued within a Portfolio Fund in which the Sub-Fund invests; or
- g) upon the publication of a notice convening a general meeting of shareholders for the purpose of resolving the winding-up of the Fund.

Any such suspension shall be published, if appropriate, by the Fund and shall be notified to shareholders having made an application for subscription and redemption of Shares for which the calculation of the Net Asset Value has been suspended.

Such suspension as to any Sub-Fund shall have no effect on the calculation of the Net Asset Value per Share, the issue and redemption of Shares of any other Sub-Fund.

Any request for subscription or redemption shall be irrevocable except in the event of a suspension of the calculation of the Net Asset Value, in which case shareholders may give notice that they wish to withdraw their application. If no such notice is received by the Fund, such application will be dealt with on the first Valuation Day, as

determined for each relevant Sub-Fund, following the end of the period of suspension.

DISTRIBUTION POLICY

The Sub-Funds' principal investment objective is to achieve long term capital growth. The generation of income will not be an overriding consideration in determining investment policy. It is likely that some of the investments in which the Sub-Funds will invest will have little or no dividend yield and consequently the Sub-Funds' income will, at times, be low. Consequently, no dividend is expected to be paid to the shareholders of the Sub-Funds.

The Board of Directors reserves however the right to propose the payment of a dividend at any time.

The general meeting of the shareholders of a Sub-Fund may determine how the results of the Sub-Fund may be disposed of and, subject to limits set out by law, may authorize the making of distributions.

In any event, no distribution may be made if, as a result, the Net Asset Value of the Fund would fall below the equivalent of EUR 1.250.000.

Dividends not claimed within five years of their due date will lapse and revert to the relevant Class within the relevant Sub-Fund.

No interest shall be paid on a distribution declared by the Fund and kept by it at the disposal of its beneficiary.

CHARGES AND EXPENSES

General

The Fund pays out of the assets of the relevant Sub-Fund all expenses payable by the Fund which shall include but not be limited to formation expenses, fees (investment management fees and Performance Fee, if any) payable to its Investment Manager, the Distributor, the Management Company, fees and expenses payable to its Auditors and accountants, Depositary and its correspondents, Administrator, any listing agent, any paying agent, any permanent representatives in places of registration, as well as any other agent employed by the Fund, the remuneration of the Fund's directors and officers and their reasonable out-of-pocket expenses, insurance coverage, and reasonable travelling costs in connection with board meetings, fees and expenses for legal and auditing services, any fees and expenses involved in registering and maintaining the registration of the Fund with any governmental agencies or stock exchanges in the Grand Duchy of Luxembourg and in any other country, reporting and publishing expenses, including the costs of preparing, printing, advertising and distributing prospectuses, explanatory memoranda, periodical reports or registration statements and the costs of any reports to shareholders, all taxes, duties, governmental and similar charges, and all other operating expenses, including the costs for the publication of the issue and redemption prices, all investment-related expenses, interest, bank charges, brokerage commissions and spreads, postage, telephone and fax. The Fund may accrue administrative and other expenses of a regular or recurring nature based on

an estimated amount rateably for yearly or other periods. The Fund also bears its share of the fees and expenses of the Portfolio Funds in which it invests, which may include its pro rata share of such Portfolio Funds' management fees of generally 1-2% of assets under management, performance fees of generally 10-20% of such Portfolio Funds' net appreciation, and operating expenses of the Portfolio Funds (e.g., administrator, Depositary and directors' fees, as well as audit and other standard expenses).

Formation and Launching Expenses

Expenses incurred in connection with the incorporation of the Fund and the creation of the initial Sub-Fund including those incurred in the preparation and publication of the first Prospectus, as well as the taxes, duties and any other publication expenses, are estimated at USD 200.000.

These expenses shall be borne by the initial Sub-Fund and will be amortized over a period of five years. Expenses incurred in connection with the creation of any additional Sub-Fund shall be borne by the relevant Sub-Fund and will be written off over a period of five years. Hence, the additional Sub-Funds shall not bear a pro rata of the costs and expenses incurred in connection with the creation of the Fund and the initial issue of Shares, which have not already been written off at the time of the creation of the new Sub-Funds.

Management Company Fee

The Management Company will receive a management company fee for the provision of its services. The management company fee, which is expressed as a percentage of the Net Asset Value, is specified for each Sub-Fund individually in Part B of the Prospectus.

Fees of the Investment Manager

The Investment Manager is entitled to receive from each Class within each Sub-Fund a fee payable quarterly in advance as disclosed for each Sub-Fund individually in Part B of the Prospectus, plus a Performance Fee, if applicable.

Fees of the Depositary and Administrator

The Depositary, in its capacities as Depositary is entitled to receive out of the assets of each Sub-Fund a fee calculated in accordance with customary banking practice in Luxembourg and payable quarterly in arrears. In addition, the Depositary is entitled to be reimbursed by the Fund for its reasonable out-of-pocket expenses and disbursements and for the charges of any correspondents.

The Administrator, in its capacities as Central Administration Agent, Registrar and Transfer Agent and paying agent is entitled to receive out of the assets of each Sub-Fund a fee calculated in accordance with customary practice in Luxembourg and payable quarterly in arrears. In addition, the Administrator is entitled to be reimbursed by the Fund for its reasonable out-of-pocket expenses and disbursements and for the charges of any correspondents.

Double Dip provisions

If the Investment Manager acquires units of other Portfolio Funds that are managed directly or indirectly by the Investment Manager itself or a company by which it is linked by way of common management or control or by way of a direct or indirect stake of more than 10% of the capital or votes, no management fee may be charged to the Fund's assets in respect of such investments. Moreover, the Investment Manager may not charge to the Fund any issuing or redemption commissions of the Portfolio Funds.

TAXATION

The following is based on the Fund's understanding of, and advice received on, certain aspects of the law and practice currently in force in Luxembourg and the United States. The summary contained herein is not a full description of the complex tax rules involved, and is based on Luxembourg and U.S. law as in effect or in existence on the date of this Prospectus. There can be no guarantee that the tax position at the date of this Prospectus or at the time of an investment will endure indefinitely or that such tax position will not be changed with retroactive effect.

Prospective shareholders should note that future tax legislation and regulations could result in material tax or other costs for the Fund or some or all of its shareholders, or require a significant restructuring of the manner in which the Fund is organized or operated. The discussion assumes that (i) there is no "U.S. Person" for U.S. federal income tax purposes as defined in the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") (i.e., a citizen or resident of the United States, a corporation or partnership created or organized in the United States or any state thereof, or an estate or trust, the income of which is includible in income for U.S. federal income tax purposes regardless of its source) (a "**U.S. Tax Person**") that owns Shares or an indirect interest in Shares through a partnership, grantor trust, or other pass-through entity, (ii) there is no non-U.S. Tax Person that holds Shares in connection with a trade or business conducted by such non-U.S. Tax Person in the United States, and (iii) there is no non-U.S. Tax Person that is an individual who owns Shares that will be present in the United States for more than 182 days in the taxable year in which such non-U.S. Tax Person disposes of its Shares.

The Fund has not sought a ruling from any Luxembourg or U.S. federal, state or local agency or authority, or obtained any opinion of counsel, with respect to any of the tax consequences to the shareholders or the tax issues affecting the Fund.

This summary is necessarily general and does not address all the tax aspects relevant to the Fund and does not discuss any U.S. federal, state or local or non-U.S. (other than Luxembourg) income or other tax consequences of holding Shares. Investors should consult their professional advisers on the possible tax and other consequences of their subscribing for, purchasing, holding, selling or redeeming Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

A. Taxation of the Fund in Luxembourg

The Fund is currently not liable to any Luxembourg tax on profits or income, nor are distributions paid by the Fund liable to any Luxembourg withholding tax. The Fund is, however, liable in Luxembourg to a tax (*taxe d'abonnement*) of 0.05% per annum of

its Net Asset Value, such tax being payable quarterly on the basis of the value of the aggregate net assets of the Sub-Funds at the end of the relevant calendar quarter. However such rate may be decreased to 0.01% per annum of their Net Asset Value for specific Classes of Shares reserved to institutional investors in a Sub-Fund as specified in Part B of the Prospectus. In case some Sub-Funds are invested in other Luxembourg investment funds, which in turn are subject to the subscription tax provided for by the law of 17 December 2010 relating to undertakings for collective investment, no subscription tax is due from the Fund on the portion of assets invested therein. No stamp duty or other tax is payable in Luxembourg on the issue of Shares. No Luxembourg tax is payable on the realised capital appreciation of the assets of the Fund.

The Fund was liable to an initial tax of EUR 75 which was paid upon incorporation.

General

Dividends and interest received by the Fund on its investments may be subject to non-recoverable withholding or other taxes in the countries of origin.

B. Luxembourg taxation of Shareholders

Under current legislation, shareholders are not subject to any capital gains, income or withholding tax in Luxembourg except for those domiciled, resident or having a permanent establishment in Luxembourg.

C. Taxation of the Fund in the U.S.

Entity Tax Classification

The Fund is an open-ended investment company incorporated under the laws of the Grand Duchy of Luxembourg as a *Société d'Investissement à Capital Variable*. The Fund (nor any Sub-Fund) has not and will not “check the box” to be treated as a partnership for U.S. federal income tax purposes, and accordingly the Fund will be treated under applicable U.S. Treasury Regulations (the “**Treasury Regulations**”) as a corporation for U.S. federal income tax purposes.

U.S. Trade or Business

The Code and the Treasury Regulations provide a specific exemption from U.S. federal income tax on a net basis, by means of an exemption from being considered engaged in the conduct of a trade or business in the United States, to non-U.S. Tax Persons which restrict their activities in the United States to trading in stocks and securities (and any other activity closely related thereto) for their own account. This exemption applies whether such trading (or such related activity) is by such non-U.S. Tax Person or its employees or through a resident broker, commission agent, depository or other agent. Trading in commodities (including, for these purposes, certain non-U.S. currencies) for a non-U.S. Tax Person's own account is similarly exempt, provided that the commodities are of a type ordinarily traded on an organized commodity exchange and the trading is implemented in transactions customarily effected on such an exchange. It is not entirely clear how these exemptions apply to currencies which are not traded on an organized commodity exchange. These exemptions do not apply to non-U.S. Tax Persons that are dealers in stocks, securities, or commodities.

Pursuant to proposed Treasury Regulations, a non-U.S. Tax Person (other than a dealer in stocks, securities, commodities or derivatives) that effects transactions for its own account in derivatives (including derivatives on stocks, securities and commodities of a type described above and interest rate and certain currency notional principal contracts) is not deemed thereby to be engaged in the conduct of a U.S. trade or business. Although the proposed Treasury Regulations are not final, the IRS has indicated in the preamble to the proposed Treasury Regulations that for periods prior to the effective date of the proposed Treasury Regulations, taxpayers may take any reasonable position with respect to the application of the proposed Treasury Regulations to derivatives (including presumably derivatives with respect to non-exchange traded currencies), and that a position consistent with the proposed Treasury Regulations will be considered a reasonable position.

The Fund intends to rely on the exemptions for trading in stocks, securities, commodities and derivatives discussed above (including those provided by the preamble to the proposed Treasury Regulations with respect to derivatives) and intends to operate so as not to be subject to U.S. federal income tax on a net basis on income from its trading activities. Thus, the Fund's securities, commodities and derivatives trading activities are not expected to cause it to be considered to be engaged in a U.S. trade or business and, except in the limited circumstances discussed below, the Fund does not expect to be subject to U.S. federal income tax on a net basis on any of its trading profits. Notwithstanding the foregoing, if it were determined that the Fund was engaged in the conduct of a trade or business in the United States (as defined in the Code), any taxable income that is effectively connected with such U.S. trade or business, would be subject to U.S. federal income tax on a net basis (and to the 30% branch profits tax as well on all or some portion of this income) and could be subject to state and local income taxes, as well as charges for interest and/or penalties.

Even if the Fund is not engaged in the conduct of a U.S. trade or business, any gains it recognizes from the sale or disposition of certain financial instruments conveying an economic interest in real property located in the United States (e.g., participating mortgages) which financial instruments constitute U.S. Real Property Interests (as defined in Section 897 of the Code), generally will be subject to U.S. federal income tax on a net basis.

U.S. Withholding Taxes Subject to certain exceptions, fixed or determinable annual or periodic gains, profits and income ("**U.S. Source FDAP**"), including dividends, certain dividend equivalent payments, interest and gains attributable to original issue discount, derived by a non-U.S. Tax Person from sources within the United States, that are not effectively connected with a U.S. trade or business, are subject to U.S. federal withholding taxes at a rate of 30% or such lesser rate as may apply pursuant to an applicable income tax treaty. Certain types of income are specifically exempted from such withholding tax, including interest that qualifies as "portfolio interest" within the meaning of Section 881 of the Code and interest paid to a non-U.S. corporation on its deposits with U.S. banks. The amount of U.S. federal withholding taxes to which the Fund's income will be subject cannot be predicted as the amount of the Fund's income and gain that will be from sources that are subject to U.S. federal withholding taxes is not known.

Pursuant to U.S. withholding provisions commonly referred to as the Foreign Account Tax Compliance Act ("**FATCA**"), payments of U.S. Source FDAP made after 30 June 2014, certain payments attributable to gross proceeds from the sale or other disposition of property that could produce U.S. source interest or dividends made after 31 December 2016, and certain payments (or a portion thereof) by a foreign

financial institution made after 31 December 2016, to a foreign financial institution or other foreign entity will be subject to a withholding tax of 30% unless various reporting requirements are satisfied. It is expected that the Fund and each non-U.S. Portfolio Fund (an **“Offshore Entity”**) will be treated as a “foreign financial institution” for this purpose. As a foreign financial institution, in order to be relieved of this 30% withholding tax, each Offshore Entity may be required to register with the U.S. Internal Revenue Service (the **“IRS”**) and to enter into an agreement (a **“Withholding Agreement”**) with the IRS by 30 June 2013, requiring such Offshore Entity to, among other requirements: (i) obtain and verify information on all of its interest holders to determine which interest holders are “Specified U.S. Persons” (i.e., U.S. Tax Persons other than tax-exempt entities and certain other persons) and “U.S. Owned Foreign Entities” (i.e., foreign entities with a **“substantial United States owner”** - meaning greater than 10% ownership by a Specified U.S. Person - or, in the case of an interest holder that is a foreign financial institution, any ownership by a Specified U.S. Person); (ii) annually report information on its interest holders that are non-compliant with FATCA (in the aggregate), Specified U.S. Persons and U.S. Owned Foreign Entities to the IRS; and (iii) attempt to obtain a waiver from each U.S. Owned Foreign Entity of any foreign law that would prevent the Offshore Entity from reporting to the IRS any required information obtained with respect to such U.S. Owned Foreign Entity and, if such waiver is not obtained, to mandatorily redeem the U.S. Owned Foreign Entity. Alternatively, each Offshore Entity may be required to provide similar information to its local tax authority under the terms of an intergovernmental agreement. No assurances can be provided that each Offshore Entity will be able to enter into and comply with a Withholding Agreement and that each Offshore Entity will be exempt from this 30% withholding tax.

Even if the Fund enters into a Withholding Agreement, any shareholder that fails to produce the required information or that is a foreign financial institution that itself, if required, does not enter into a Withholding Agreement with the IRS, or otherwise not compliant with FATCA, (a **“Non-Compliant shareholder”**) will be subject to 30% withholding on all or a portion of any redemption payments or distributions from the Fund after December 31, 2016. The Board of Directors may take any action in relation to a Non-Compliant shareholder or redemption proceeds paid to a Non-Compliant shareholder to ensure that such withholding is economically borne by the relevant Non-Compliant shareholder whose failure to provide the necessary information gave rise to the withholding. Each shareholder should be aware that as a result of an investment in the Fund, the tax authorities in the shareholder’s jurisdiction of tax residence may be provided information, pursuant to the provisions of a treaty, an inter-governmental agreement or otherwise, regarding the Fund’s investments or other information directly or indirectly relating to such shareholder. In addition, in certain circumstances, where the Fund is unable to obtain a waiver of any foreign law that would prevent it from reporting to the IRS any required information in respect of a shareholder, the Fund may be required to mandatorily redeem such shareholder. Moreover, the Fund may exercise its right to completely redeem a Non-Compliant shareholder (at any time upon any or no notice). Shareholders should be aware that the term “foreign financial institution” is very broad and generally will include, among others, any shareholder that holds financial assets for the account of others as a substantial portion of its business or is engaged, or holds itself out as being engaged, primarily in the business of investing, reinvesting or trading in securities, partnership interests, commodities or any interests in the foregoing and, accordingly, shareholders may need to enter into a Withholding Agreement with the IRS in order to not be treated as a Non-Compliant shareholder.

The scope of this withholding tax and the information required to be provided by shareholders in order to not be treated as Non-Compliant shareholders is not entirely

clear, and it is possible that the disclosure obligation described above could be changed (e.g., by subsequent guidance). Shareholders should consult their own tax advisors regarding the potential implications of this withholding tax.

D. Taxation in Other Jurisdictions

Taxation of the Fund

In general, the manner in which the Fund and its income will be subject to taxation in a particular country in which it conducts investment activities will depend on whether the Fund is treated as having a trade or business in such country. Although the Fund will endeavor, to the extent consistent with achieving its management and investment objectives, to minimize the risk that it is treated as engaged in a trade or business in a particular country that might result in significant taxation, no assurance can be provided in this regard.

Income and gains realized by the Fund may be subject to withholding, capital gains, stamp duty and other taxes in jurisdictions other than the United States. Taxation of dividends, interest and capital gains received by non-residents varies among countries and, in some cases, is comparatively high. Moreover, in the case of certain countries, the tax laws and procedures are less well-defined and such laws may permit retroactive taxation so that the Fund could in the future become subject to local tax liabilities that it had not reasonably anticipated in conducting its investment activities or valuing its assets. Tax treaties between certain countries, if applicable, may reduce or eliminate such taxes. The rate of non-U.S. tax the Fund will pay cannot be predicted because the amount of the Fund's assets to be invested in various countries, and the ability of the Fund to reduce such taxes under any applicable tax treaties, is not known.

The Fund will have sole discretion as to whether it will apply for the benefits, if any, available to the Fund under any applicable tax treaties. However, the Fund does not currently expect to apply for such benefits, even in circumstances in which the amount(s) that can be claimed under one or more tax treaties are substantial because, among other things, claiming such benefits may be administratively burdensome, cause the Fund to incur substantial costs or require disclosure of certain information about the shareholders to third party service providers or taxing authorities in the relevant jurisdiction.

In the event that such benefits are applied for, there may be a substantial amount of time between when any such benefit accrues and when the amount that is claimed under such benefit is received. Any increase in the Fund's Net Asset Value that occurs as a result of the receipt, directly or indirectly, of any amounts claimed under such benefits will generally be allocated among shareholders of the Fund at the time such amounts are received, regardless of whether such shareholders were shareholders at the time such benefits accrued, and shareholders who redeem Shares prior to receipt of such amounts will have no interest in any such amounts in respect of the Shares redeemed.

Taxation of the Shareholders

The tax treatment of shareholders that are non-U.S. Tax Persons in their jurisdictions of tax residence will depend entirely on the laws of such jurisdictions, and may vary considerably from jurisdiction to jurisdiction. Depending on the laws of a shareholder's jurisdiction of tax residence and the nature of the Fund's investments,

an investment in the Fund could result in a shareholder recognizing taxable income in its jurisdiction of tax residence significantly in excess of cash received by such shareholder from the Fund, and possibly in excess of the shareholder's actual economic income from the Fund. Shareholders may also be subject to restrictions on the use of their share of the Fund's losses in their jurisdictions of tax residence. Each prospective investor is urged to consult its tax advisor with respect to the tax implications of an investment in the Fund, if any, in its jurisdiction of tax residence.

Tax Reporting

After the end of the Fund's fiscal year, the Fund will provide shareholders with certain financial information as described in "General Information—Meetings of, and Reports to, Shareholders," which information they may use in the preparation of required tax returns. Depending on the particular jurisdiction in which each shareholder is obligated to file tax returns, the information provided by the Fund to such shareholder may not be timely or sufficient for such shareholder to comply with its tax filing obligations. Each shareholder will be responsible for the preparation and filing of such shareholder's own income tax return, and shareholders should expect to obtain extensions of the filing date for their income tax returns.

Uncertain Tax Positions

In compliance with applicable accounting standards, the Fund may recognize certain tax assets or liabilities in situations where there is uncertainty about whether such assets or liabilities should be recognized and/or about the amount that should be recognized. Any such tax assets or liabilities may be allocated among the shareholders at the time they are recognized, and any benefit or detriment associated with a reversal of such recognition may be allocated among the shareholders at the time the recognition is reversed. For example, if the Fund recognizes all or part of an uncertain tax liability, then a shareholder that withdraws from the Fund after such recognition would have the amount redeemed determined after taking into account a reduction for its allocable share of such tax liability, and any such redeeming shareholder generally would not receive any additional distribution or other benefit if such liability were not subsequently paid in full and the associated tax liability reduced or removed from the Fund's financial statements.

PURSUANT TO U.S. TREASURY DEPARTMENT CIRCULAR 230, THE FUND IS INFORMING PROSPECTIVE SHAREHOLDERS THAT (A) THE SUMMARY SET FORTH ABOVE IS NOT INTENDED AND WAS NOT WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES UNDER THE U.S. FEDERAL TAX LAWS THAT MAY BE IMPOSED ON THE TAXPAYER, (B) THE SUMMARY SET FORTH ABOVE WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE FUND AND DISTRIBUTOR OF THE SHARES, AND (C) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

SUITABILITY REQUIREMENTS; LIMITATIONS ON TRANSFERABILITY

It shall be disclosed in the Specific Information for each Sub-Fund in Part B of this Prospectus whether or not U.S. Persons (as defined below) shall be authorized to invest in the relevant Sub-Fund. If U.S. persons are not so authorized, the following shall apply:

Prospective shareholders in the relevant Sub-Fund must be non-U.S. Persons. All prospective shareholders must meet other suitability requirements described below and in the application form. The Board of Directors, in its sole discretion, may decline to accept the subscription for Shares of any prospective shareholder.

With respect to entities other than individuals, the term “**U.S. Person**” includes: (i) a corporation, partnership or other entity created or organized in the United States or under the law of the United States or any state; (ii) a trust where (a) a U.S. court is able to exercise primary jurisdiction over the trust and (b) one or more U.S. persons have the authority to control all substantial decisions of the trust; and (iii) an estate or trust which is subject to U.S. tax on its worldwide income from all sources.

With respect to individuals, the term “U.S. Person” includes any U.S. citizen (and certain former U.S. citizens) or “resident alien” within the meaning of U.S. income tax laws and regulations as in effect from time to time. Prospective investors that are individuals should consult with their tax advisors concerning their U.S. residency status.

In addition, the term “U.S. Person” includes (i) any individual or entity that would be a “U.S. person” under Regulation S under the U.S. Securities Act of 1933, as amended, and (ii) any individual or entity that would *not* be a “non-United States Person” under Rule 4.7 under the U.S. Commodity Exchange Act, as amended.

Each subscriber for Shares is required to certify to the Fund, among other things that, the Shares are not being acquired and will not at any time be held for the account or benefit, directly or indirectly, of any U.S. Person or any non-U.S. Person subject to all other restrictions referred to herein and in the application form. Shareholders are required to notify the Fund immediately of any change in such information. IT IS THE RESPONSIBILITY OF EACH SHAREHOLDER TO VERIFY THAT IT IS NOT A U.S. PERSON OR OTHERWISE PROHIBITED FROM OWNING SHARES IN THE RELEVANT SUB-FUND.

Furthermore, this prospectus and its distribution do not constitute a public offering or involve an investment service in Belgium. This prospectus has not been submitted for approval by, and no advertising or other offering materials have been filed with, the Belgian Financial Services and Markets Authority (“Autoriteit voor Financiële Diensten en Markten” / “Autorité des Services et Marchés Financiers”). Neither this document nor any other information or materials relating thereto (including for the avoidance of doubt any marketing materials) (a) may be distributed or made available to the public in Belgium, (b) may be used in relation to any investment service in Belgium unless all conditions of Directive 2004/39/EC on markets in financial instruments, as implemented in Belgium, are satisfied, (c) or may be used to publicly solicit, provide advice or information to, or otherwise provoke requests from, the public in Belgium in relation to the offering. Any offering in Belgium is made exclusively on a private basis in accordance with article 5 of the Belgian law of 20 July 2004 on certain forms of collective investment undertakings (the “Law of 20 July 2004”) and with article 3 of the Law of 16 June 2006 concerning the public offering of investment instruments and the admission to the trading on a regulated market of investment instruments (the “Law of 16 June 2006”), and is addressed only to, and subscription will only be accepted from, (a) investors that qualify both as professional and institutional investors (as defined by article 5, §3 of the Law of 20 July 2004) and as qualified investors (as defined by article 10, §1 of the Law of 16 June 2006) (each, a “Qualified Investor”), and/or (b) investors investing for a consideration of at least EUR 250,000 per investor and per category (each, a “High Net Worth Individual”),

and it being understood that any such Qualified Investor or High Net Worth Individual shall act in its own name and for its own account and shall not act as intermediary, or otherwise sell or transfer, to any other investor, unless any such other investor would also qualify as a Qualified Investor or a High Net Worth Individual. For the purpose of the above, the Law of 16 June 2006 shall be read and interpreted in accordance with the Directive 2010/73/EU amending Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading.

Each prospective shareholder is urged to consult with its own advisors to determine the suitability of an investment in the Shares, and the relationship of such an investment to the purchaser's overall investment program and financial and tax position. Each purchaser of Shares is required to represent further that, after all necessary advice and analysis, its investment in the relevant Sub-Fund is suitable and appropriate, in light of the foregoing considerations.

Shares may be freely sold, assigned, transferred, conveyed or disposed of, provided, however, that the Fund may refuse to register any transfer that would result in legal, taxation, regulatory, fiscal, pecuniary or material administrative disadvantage to the Fund, the relevant Sub-Fund or to shareholders as a whole. Prior to considering any request to register any transfer of Shares, the Board of Directors may require the submission by the proposed transferee of a certification as to the matters referred to in the preceding paragraphs as well as such other documents the Board of Directors considers reasonably necessary. Each subscriber for Shares is required to agree that in the event that the Board of Directors has reason to believe that a shareholder has violated the applicable restrictions on transfer or that any material matters set forth in the certifications referred to in the preceding paragraphs were false, the Board of Directors is entitled to compulsorily redeem all Shares held by such shareholder. There is no independent market for the purchase or sale of Shares, and none is expected to develop. Subscribers for Shares must represent that they are purchasing Shares for investment. A transfer of Shares will not be registered unless the transferee, if not an existing shareholder, has completed and returned the application form and such other documentation as the Board of Directors may from time to time require to the satisfaction of the Board of Directors.

GENERAL INFORMATION

1) Corporate Information

The Fund was incorporated on 11 December 2012 for an unlimited period of time and is governed by the law of 10 August 1915 on commercial companies, as amended, and by the 2010 Law.

The registered office of the Fund is established at 2-4, Rue Eugène Ruppert, L-2453 Luxembourg. The Fund is recorded at the Luxembourg Register of Commerce and Companies ("*Registre de Commerce et des Sociétés*") under the number B 173692.

The Articles have been published in the *Mémorial C* of 31 December 2012 and have been filed with the Luxembourg Register of Commerce and Companies. The latest amendment of the Articles was made on 4 September 2014; the relevant notarial deed will be published in the *Mémorial C* of 13 October 2014.

Any interested person may inspect these documents at the Luxembourg Register of Commerce and Companies; copies are available on request at the registered office of the Fund.

The minimum capital of the Fund, as provided by law, is the USD equivalent of EUR 1.250.000. The capital of the Fund is represented by fully paid-up Shares of no par value.

The Fund is open-ended which means that it may, at any time on the request of the shareholders, redeem its Shares at prices based on the applicable Net Asset Value per Share, under the conditions for redemptions as disclosed for each Sub-Fund in Part B of the Prospectus. Due to the potential illiquidity of the Fund's underlying investments, the ability of Portfolio Funds to suspend redemptions and the ability of the Fund to suspend redemptions, Shareholders may be unable to redeem their Shares for a significant period of time and Shares should be considered an illiquid investment. Investors should also refer to the risk factors section of this Prospectus.

In accordance with the Articles, the Board of Directors may issue Shares in each Sub-Fund. A separate portfolio of assets is maintained for each Sub-Fund and is invested in accordance with the investment objective applicable to the relevant Sub-Fund as disclosed in Part B of the Prospectus. As a result, the Fund is an "umbrella Fund" enabling investors to choose between one or more investment objectives by investing in one or more Sub-Funds.

Furthermore, the Board of Directors of the Fund may issue Shares of different Classes in each Sub-Fund.

The Board of Directors of the Fund may from time to time decide to create further Sub-Funds; in that event, the Prospectus will be updated and amended so as to include detailed information on the new Sub-Funds. The Board of Directors of the Fund may also decide to create further Classes of Shares; in that event the Prospectus will be updated and amended as to include detailed information on such new Classes.

The share capital of the Fund will be equal, at any time, to the total value of the net assets of all the Sub-Funds.

2) Meetings of, and Reports to, Shareholders

Notice of any general meeting of shareholders (including those considering amendments to the Articles or the dissolution and liquidation of the Fund or of any Sub-Fund) shall be mailed to each registered shareholder at least fourteen days prior to the meeting and shall be published to the extent required by Luxembourg law in the *Mémorial C* and in any Luxembourg and other newspaper(s) that the Board of Directors may determine. The notice of any general meeting of shareholders will be published on the website of the Management Company.

If the Articles are amended, such amendments shall be filed with the Luxembourg Register of Commerce and Companies and published in the *Mémorial C*.

The Fund publishes annually a detailed audited report on its activities and on the management of its assets; such report shall include, inter alia, the combined accounts relating to all the Sub-Funds, a detailed description of the assets of each

Sub-Fund and a report from the Auditor. The first audited annual report will be published as of 31 December 2013.

The Fund shall further publish semi-annual unaudited reports, including, inter alia, a description of the investments underlying the portfolio of each Sub-Fund and the number of Shares issued and redeemed since the last publication. The first unaudited semi-annual report has been published as of 30 June 2013.

The aforementioned documents will be sent to registered shareholders within six months for the annual reports and three months for the semi-annual reports of the date thereof and copies may be obtained free of charge by any person at the registered office of the Fund. The annual report and semi-annual report are also available on the website of the Management Company.

The accounting year of the Fund shall commence on the first of January of each year and shall terminate on the thirty-first of December of the same year. The first accounting year started on the date of formation of the Fund and ended on 31 December 2013.

The annual general meeting of shareholders takes place in Luxembourg City at a place specified in the notice of meeting on the date specified in the Articles.

The shareholders of any Class within any Sub-Fund may hold, at any time, general meetings to decide on any matters which relate exclusively to such Class.

The combined accounts of the Fund shall be maintained in USD being the currency of the share capital. The financial statements relating to the various separate Sub-Funds shall also be expressed in the reference currency (the "**Reference Currency**") for the Sub-Funds.

3) Amendment of the articles of Association and the terms and conditions

The Articles may be amended by a general meeting of shareholders, subject to the quorum and majority requirement as laid down in the law of 10 August 1915 on commercial companies, as amended.

Contemplated amendments to the Articles and an explanation of these amendments will be published on the website of the Management Company.

If the Articles are amended, such amendments shall be filed with the Luxembourg Register of Commerce and Companies and published in the *Mémorial C*. The amendments and an explanation of these amendments will be published on the website of the Management Company.

Amendments to the Articles and terms and conditions contained in the Prospectus that reduces the rights of shareholders or impose more charges on the shareholders may only be invoked one month after the publication of these amendments. Shareholders may redeem their shares in the Fund (or Sub-Fund) without being affected by the amendments.

Amendments to the Articles and terms and conditions that affect the investment and strategy of the Fund or Sub-Fund may only be invoked one month after the publication of these amendments. Shareholders may redeem their Shares in the Fund (or Sub-Fund) without being affected by the amendments.

4) Dissolution and Liquidation of the Fund

The Fund may at any time be dissolved by a resolution of the general meeting of shareholders subject to the quorum and majority requirements applicable for amendments to the Articles.

Whenever the share capital falls below two-thirds of the minimum capital indicated in the Articles, the question of the dissolution of the Fund shall be referred to a general meeting of shareholders by the Board of Directors. The general meeting, for which no quorum shall be required, shall decide by the simple majority of the Shares represented at the meeting.

The question of the dissolution of the Fund shall also be referred to a general meeting of shareholders whenever the share capital falls below one-fourth of the minimum capital set by the Articles; in such event, the general meeting shall be held without any quorum requirement and the dissolution may be decided by shareholders holding one-fourth of the Shares represented at the meeting.

The meeting must be convened so that it is held within a period of forty days as from ascertainment that the net assets have fallen below two-thirds or one-fourth of the legal minimum, as the case may be.

Liquidation shall be carried out by one or several liquidators, who may be physical persons or legal entities, duly approved by the regulatory authority and appointed by the general meeting of shareholders, which shall determine their powers and their compensation.

The net proceeds of liquidation corresponding to each Class within each Sub-Fund shall be distributed by the liquidators to the holders of Shares of the relevant Class in the relevant Sub-Fund in proportion to their holding of such Shares in such Class.

Should the Fund be voluntarily or compulsorily liquidated, its liquidation will be carried out in accordance with the provisions of the Law. Such Law specifies the steps to be taken to enable shareholders to participate in the distribution(s) of the liquidation proceeds and provides for a deposit in escrow at the "Caisse de Consignations" at the time of the close of liquidation. Amounts not claimed from escrow within the statute of limitation period shall be liable to be forfeited in accordance with the provisions of Luxembourg law.

5) Termination and Amalgamation of Sub-Funds /Classes of Shares

In the event that for any reason the value of the total net assets in any Sub-Fund or Class has decreased to, or has not reached, an amount determined by the Board of Directors to be the minimum level for such Sub-Fund or Class to be operated in an economically efficient manner (which amount is currently fixed at USD 25 million) or in case of a substantial modification in the political, economic or monetary situation or as a matter of economic rationalization, the Board of Directors may decide to redeem all the Shares of the relevant Sub-Fund or Class at the Net Asset Value per Share (taking into account actual realization prices of investments and realization expenses) calculated on the Valuation Day at which such decision shall take effect. The Fund shall serve a notice to the holders of the relevant Shares prior to the effective date for the compulsory redemption, which will indicate the reasons of and the procedure for the redemption operations: registered holders shall be notified in writing. Unless it is otherwise decided in the interests of, or to keep equal treatment

between, the shareholders, the shareholders of the Sub-Fund or Class concerned may continue to request redemption of their Shares free of charge (but taking into account actual realization prices of investments and realization expenses) prior to the date effective for the compulsory redemption.

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, the general meeting of shareholders of any Class or of any Sub-Fund will, in any other circumstances, have the power, upon proposal from the Board of Directors, to redeem all the Shares of the relevant Sub-Fund or Class and refund to the shareholders the Net Asset Value of their Shares (taking into account actual realization prices of investments and realization expenses) calculated on the Valuation Day, at which such decision shall take effect. There shall be no quorum requirements for such general meeting of shareholders, which shall decide by resolution taken by simple majority of those present or represented and voting at such meeting.

Assets which may not be distributed to their beneficiaries upon the implementation of the redemption will be deposited with the Depositary for a period of six months thereafter; after such period, the assets will be deposited with the *Caisse de Consignations* on behalf of the persons entitled thereto.

All redeemed Shares shall be cancelled.

Under the same circumstances as provided by the first paragraph here above, the Board of Directors may decide to allocate the assets of any Sub-Fund to those of another existing Sub-Fund within the Fund or to another undertaking for collective investment organized under the provisions of Part II of the Law or to another sub-fund within such other undertaking for collective investment (the "**new Sub-Fund**") and to redesignate the Shares of the Sub-Fund concerned as Shares of another Sub-Fund (following a split or consolidation, if necessary, and the payment of the amount corresponding to any fractional entitlement to shareholders). Such decision will be published in the same manner as described in the first paragraph here above one month before its effectiveness (and, in addition, the publication will contain information in relation to the new Sub-Fund), in order to enable shareholders to request redemption of their Shares, free of charge, during such period.

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, a contribution of the assets and of the liabilities attributable to any Sub-Fund to another Sub-Fund within the Fund may, in any other circumstances, be decided upon by a general meeting of the shareholders of the Sub-Fund or Class concerned for which there shall be no quorum requirements and which will decide upon such an amalgamation by resolution taken by simple majority of those present or represented and voting at such meeting.

Furthermore, in other circumstances than those described in the first paragraph here above, a contribution of the assets and of the liabilities attributable to any Sub-Fund to another undertaking for collective investment referred to in the fifth paragraph here above or to another sub-fund within such other undertaking for collective investment shall require a resolution of the shareholders of the Class or Sub-Fund concerned taken with 50% quorum requirement of the Shares in issue and adopted at a 2/3 majority of the Shares present or represented, except when such an amalgamation is to be implemented with a Luxembourg undertaking for collective investment of the contractual type ("*fonds commun de placement*") or a foreign based undertaking for collective investment, in which case resolutions shall be binding only on such shareholders who have voted in favour of such amalgamation.

DOCUMENTS AVAILABLE

Copies of the following documents may be obtained for inspection during usual business hours on any Business Day in Luxembourg at the registered office of the Fund:

1. the Articles of Incorporation of the Fund;
2. the management company agreement between the Fund and the Management Company;
3. the depositary agreement between the Fund and the Depository;
4. the administration agreement;
5. the agreement with the Investment Manager referred to under the heading "Investment Manager"; and
6. the agreements with the Distributor referred to under the heading "Distributor", if any.

Furthermore, the Prospectus, the Articles of Incorporation and the latest reports and accounts referred to under the heading "Meetings of and Reports to Shareholders" may be obtained free of charge.

The following disclosures will be made in the annual report or in another appropriate periodic reporting, and where necessary on an ad hoc basis:

- where available, the historical performance of the Fund;
- changes to the Depository's liability;
- any changes to the maximum level of leverage which the Management Company or its delegate may employ on behalf of the Fund as well as any right of the re-use of collateral or any guarantee granted under the leveraging arrangement, if applicable;
- total amount of leverage employed by the Fund;
- any new arrangements for managing the liquidity of the Fund;
- percentage of the Fund's assets which are subject to specific arrangements arising from their illiquid nature;
- current risk profile of the Fund and the risk management systems employed by the Management Company to manage those risks;
- any changes to the risk management systems employed by the Management Company in accordance with point c) of Article 21 (4) of the 2013 Law as well as its anticipated impact on the Fund and its investors.

PART B: SPECIFIC INFORMATION

PRISMA ALTERNATIVES FUND – PRISMA SPECTRUM (LUX) FUND

The Prospectus is composed of Part A, which outlines the general information relating to the Fund, and Part B, which sets out the specific information relating to the Sub-Funds of the Fund referred to above. Part B forms an integral part of the Prospectus. In the event of a conflict between the provisions of Part A and those of Part B, the provisions of Part B shall prevail.

1. Investment Objective and Policy

Investment Objective

The Sub-Fund seeks to achieve long-term capital appreciation over a several year period with lower volatility than, and low correlation to, broad equity and fixed income indices. The Sub-Fund intends to accomplish this objective by allocating its assets primarily among a diversified portfolio of Portfolio Funds operated by a diverse group of selected alternative **Portfolio Managers**. There are no restrictions as to where the Portfolio Funds will be located or to the geographical areas in which they invest.

Investment Strategy

The Portfolio Funds in which the assets of the Sub-Fund are invested generally employ one or more of the investment strategies described below. The following descriptions are summaries only and do not purport to be complete.

Convertible Arbitrage

This strategy involves investing in the convertible securities of companies and then hedging a portion of the equity risk by selling short the underlying common stock. Convertible bonds, convertible preferred stock and mandatory convertibles are just a few of the equity-linked instruments traded in this strategy. The convertible bond is a hybrid product that combines the coupon of a debt instrument with a fixed conversion rate that acts as a call option.

Credit/Distressed

These Portfolio Managers may invest in bank loans, trade claims, equity securities, debt securities and other indebtedness of financially distressed and/or highly leveraged companies. Some Portfolio Managers pursuing this strategy may take simultaneous long and short positions in these securities in an attempt to profit from directional movements. Other Portfolio Managers may focus on holding positions in companies where the Portfolio Managers believe the price of a security or asset has declined to the point that the underlying asset values of the company limit downside risk and there is meaningful upside potential. Long-biased distressed Portfolio Managers generally employ only low levels of leverage while long/short credit Portfolio Managers may utilize moderate to high levels of leverage.

Dedicated Short Bias

Portfolio Managers pursuing this strategy sell securities that they do not own to take advantage of an anticipated price decline. The Portfolio Managers may utilize a variety of techniques to identify securities they believe are trading in excess of their fundamental value.

Emerging Markets

This strategy involves investment in the equity, fixed-income and currency markets of emerging, developing and under-developed countries. The liquidity and market capitalization of such markets is very limited. Because many emerging, developing and under-developed markets may not allow, or have other structural impediments to, short selling through cash or derivative markets, the ability for a Portfolio Manager to hedge may be limited. As a result, managers employing this strategy often employ a long-only strategy.

Equity Market Neutral

This strategy seeks to profit by exploiting pricing inefficiencies between related equities by combining long and short positions to neutralize market exposure. This strategy is often based on methods for selecting and ranking specific stocks with approximately equal values or approximately equal beta correlations allocated to the long and the short sides of the portfolio. Some Portfolio Managers may also seek to hold approximately equal allocations by sector, geographic region, and capitalization size.

Event

Event managers seek to capture the price spread between current market prices and the value of securities of companies involved in event-driven situations such as spin-offs, recapitalizations, asset sales, leveraged buy-outs, mergers and hostile takeovers. Portfolio Managers employing this strategy usually consider the expected value of securities following an event or transaction, the probability that the event or transaction will occur, and the amount of time the process will take. Most Portfolio Managers attempt to control risk by limiting position size, diversifying their positions and conducting thorough due diligence.

Fixed-Income Arbitrage

The fixed-income arbitrageur attempts to profit from price differences between related securities and can earn excess return by providing liquidity to other market participants. Fixed-income arbitrage can include among others, interest rate swap arbitrage, mortgage-backed and asset-backed securities arbitrage, U.S. and non-U.S. government bond arbitrage, forward yield curve arbitrage, or a combination of each. Some Portfolio Managers pursuing this strategy focus only on U.S. markets while others focus in whole or in part on global capital markets. The goal of most fixed-income arbitrageurs is to deliver steady returns with low volatility. In this strategy, exposure to interest rate, prepayment and credit risks can be mitigated by running long and short paired positions, interest rate hedges and offsetting credit hedges. Portfolio Managers pursuing this strategy typically will use significant leverage depending on the similarity of the two securities comprising the paired positions and the choice of hedging instruments.

Global Macro

Global macro funds typically make leveraged investments based on anticipated price movements of stock markets, interest rates, non-U.S. currencies and physical commodities. Macro Portfolio Managers focus on underlying macro-economic fundamentals in developing their investment themes. Central Bank policy, fiscal policy shifts, GDP growth, and inflation are all considered in developing a market view. The Portfolio Managers establish opportunistic long or short market positions to benefit from the anticipated market moves. Macro players tend to make significant use of derivatives and leverage.

Long/Short Equity

These Portfolio Managers may take simultaneous long and short positions in equity securities in an attempt to profit from directional movements in the securities. Such a strategy need not create a portfolio that emphasizes purchases of either long or short securities, although in practice such portfolios frequently emphasize long positions. From time to time, these Portfolio Managers may also use derivative instruments to counter-balance perceived market risks to an equity portfolio. Portfolio Managers in equity hedge strategies may focus on a particular geographic region, industry sector, market capitalization, or investment style to achieve their goal of capital appreciation through individual stock selection.

Managed Futures

Also known as commodity trading advisors or CTAs, the Portfolio Managers pursuing this strategy invest in listed financial and commodity futures and forward markets and currency markets around the world. Trading disciplines are generally systematic. Systematic traders utilize sophisticated technical models to analyze price and market data in order to identify trends across a broad range of markets. While many Portfolio Managers focus on identifying “long-term” trends (six months to one year), others have constructed models to predict short-term momentum and counter-trend price moves. The derivative instruments used by Portfolio Managers effectively provide significant leverage for their portfolios.

Niche Strategies

This category includes Portfolio Managers that pursue strategies that are not described above. Examples of such strategies include, but are not limited to, energy trading, metals trading and catastrophe reinsurance.

Multi-Strategy

Multi-Strategy funds are characterized by their ability to dynamically allocate capital among strategies falling within several hedge fund strategies. Many Portfolio Managers in this category specialize in a subset of the strategies listed above. The combination of strategies employed and changes to the allocation to any one strategy attempt to decrease the volatility associated with reliance of a single strategy that may perform poorly in some market environments.

Any descriptions contained herein of specific strategies that are or may be engaged in by Portfolio Managers should not be understood as in any way limiting the Sub-Fund's or the Portfolio Managers' investment activities. The Sub-Fund and the Portfolio Managers may engage in investment strategies not described herein that

the Investment Manager considers appropriate, subject to the limitations imposed under the Fund's Articles.

Due Diligence and Manager Selection

At present, industry sources estimate that thousands of hedge funds operate around the world with total assets under management well in excess of USD 1 trillion. These funds are not generally available to the investing public and employ a wide variety of investment strategies and techniques. In many cases, the managers that operate these funds severely restrict the amount of capital that they will manage. The Investment Manager believes that a fund of hedge funds like the Sub-Fund allows investors to access a diverse group of these money managers and to benefit from their varied skills and expertise. In addition, the Investment Manager believes that an investment in the Sub-Fund should reduce the risks and volatility associated with an investment in any single money manager or strategy.

The Investment Manager allocates the Sub-Fund's assets among Portfolio Managers using its knowledge and experience to assess the capabilities of the Portfolio Managers and to determine the optimal mix of investment sectors and styles given the economic and investment environment.

In determining the optimal mix of investment sectors and styles, the Investment Manager establishes views on key economic variables such as interest rates, credit spreads, broad equity price movements and market volatility. It also considers strategy-specific dynamics such as capital flows and arbitrage opportunities. Based on these analyses and historic results, the Investment Manager forecasts the expected volatility and Sharpe Ratio of each hedge fund strategy for the following 18-month to two-year period. These forecasts are then used in a mean-variance optimization to arrive at target allocations among the hedge fund strategies that are expected to achieve best the investment objectives of the Sub-Fund.

Once the target strategy allocation is determined, the Investment Manager allocates the Sub-Fund's assets among what it considers to be the best available Portfolio Managers in each strategy. Information regarding Portfolio Managers is received by the Investment Manager through personal contacts, referrals, recommendations, third-party marketing firms, and capital introduction teams within prime brokerage units of leading broker-dealers. The Investment Manager believes that the quality of its proprietary networks is a prime factor in its ability to identify and obtain investment capacity with identified Portfolio Managers. To the extent possible, the Investment Manager seeks to identify and allocate assets to unique Portfolio Managers within each strategy that utilize different investment approaches. In addition, the Investment Manager seeks to balance the Sub-Fund's assets among Portfolio Funds at different stages of the hedge fund "life cycle".

The Investment Manager conducts three independent reviews of each potential Portfolio Manager by dedicated investment, risk and operations teams. The teams conduct on-site meetings as part of the review process. In addition, the Investment Manager uses a third-party provider to conduct background reviews of key personnel of the prospective manager, and external legal counsel reviews the legal documents governing the potential investment (e.g., offering memoranda, limited partnership agreements). Each team must approve a prospective Portfolio Manager before it can be included in the Sub-Fund's portfolio.

The Investment Manager considers numerous factors in evaluating and selecting Portfolio Managers, including, but not limited to, the following:

- ◆ **Team.** The Investment Manager evaluates the investment expertise and professional background of the Portfolio Manager's key investment personnel, the Portfolio Manager's organizational culture, and the consistency of the size and composition of the investment team with the investment strategy and business needs of the Portfolio Manager.
- ◆ **Track Record.** The Investment Manager seeks Portfolio Managers with an identifiable investment record with strong risk-adjusted returns. In evaluating the Portfolio Manager's performance record, the Investment Manager generally prefers managers whose performance has resulted from the quality of their investment decisions (i.e., "alpha") rather than the movement of a broad market index (i.e., "beta").
- ◆ **Trading Strategy.** The Portfolio Manager must be able to implement well-developed investment strategies in an effective and efficient manner. The Investment Manager seeks Portfolio Managers with an understandable investment process that it believes can be successfully repeated in the future. In carrying out its strategy, the Portfolio Manager must exhibit strong risk management capabilities and discipline.
- ◆ **Transparency.** The Portfolio Manager must be able to clearly communicate its investment process and to identify the sources of its investment return. The Investment Manager must have access to senior investment personnel on a regular and ongoing basis to discuss the Portfolio Manager's current positions, outlook and investment results. In addition, the Investment Manager generally prefers Portfolio Managers that regularly report position and/or sector data and risk measures of their portfolios.
- ◆ **Technology.** In evaluating Portfolio Managers, the Investment Manager evaluates the adequacy of the information systems and infrastructure necessary to support the firm's trading strategy. It also examines the accounting systems and procedures and operational controls as well as the risk management systems employed by the Portfolio Manager.
- ◆ **Terms.** The Investment Manager reviews the proposed investment terms offered by the Portfolio Manager to ensure that they are reasonable, competitive and appropriate for the investment strategy. In addition, the Investment Manager generally prefers Portfolio Managers who have made a substantial personal investment in the funds they manage and provide reasonable liquidity in the event that the services of key investment personnel are no longer available.

In evaluating potential Portfolio Managers and Portfolio Funds, the Investment Manager recognizes that a fund may not meet all of its selection criteria. The Investment Manager, in its sole discretion, balances these factors and determines the appropriate weight each factor should have in allocating the assets of the Sub-Fund and making the final decision whether or not to invest in a particular Portfolio Fund.

The Investment Manager expects to allocate the Sub-Fund's assets to approximately 35 to 50 Portfolio Managers. The Investment Manager may increase or reduce this number in its sole discretion, and expects the number to fluctuate over time. The identity and number of the Portfolio Managers with which the assets of the Sub-Fund are invested is expected to change over time. The Investment Manager may redeem

from or invest in different Portfolio Funds and terminate or enter into new investment advisory agreements without prior notice to or the consent of the Sub-Fund or the shareholders.

Each Portfolio Manager generally charges the Sub-Fund an asset-based fee and receives performance-based compensation. The asset-based fees of the Portfolio Managers are generally expected to range from 1% to 2%, and the performance-based compensation of the Portfolio Managers is generally expected to range from 15% to 25% of net capital appreciation. The Investment Manager may seek rebates or reductions of a Portfolio Manager's standard fee or allocation, with such rebates or reductions being for the benefit of the Sub-Fund. Such asset-based fees and performance-based compensation may be greater or less than the ranges listed above.

Other funds and/or accounts managed by the Investment Manager (including its affiliates) may have similar investment programs or investment programs that differ from the Sub-Fund's investment program in their risk/reward profile. Such other funds and/or accounts are expected to invest with many of the same Portfolio Managers and Portfolio Funds with which the Sub-Fund invests.

Risk Analysis and Monitoring of Portfolio Managers

The Management Company will implement a risk management process in order to detect, measure, manage and follow the risks related to investments of each Sub-Fund and their effect on the risk profile of the relevant Sub-Fund, as determined in the Part B of the Prospectus. As such, the Management Company shall ensure that the risk profile of the Sub-Fund is relevant in light of the size, portfolio's structure, strategies and investment objectives of the Fund, as provided for, among other things in this Prospectus.

In order to mitigate the overall risk of the Sub-Fund, the Investment Manager seeks to diversify the Sub-Fund's assets among Portfolio Funds that pursue different investment strategies and styles, to closely monitor the Portfolio Funds in which the Sub-Fund invests, and to reallocate the assets of the Sub-Fund as required.

In seeking to create a diversified portfolio, the Investment Manager seeks to create a portfolio of multiple Portfolio Funds and strategies to mitigate the effect that any one Portfolio Manager or strategy can have on the Sub-Fund's overall performance. The Investment Manager bases its allocations to Portfolio Managers, in part, on the expected correlation of their performance to one another. In addition, a Portfolio Manager's expected risk characteristics and drawdown patterns are important criteria in considering both whether a Portfolio Manager is selected as well as the relative size of an allocation of the Sub-Fund's assets to a Portfolio Manager.

The Investment Manager monitors the Portfolio Managers on an ongoing basis to seek to understand the sources of the Portfolio Managers' risk and return. At a minimum, the Investment Manager requires that each Portfolio Manager regularly make available senior investment personnel to discuss the Portfolio Manager's significant positions, investment results and outlook. In addition to these regular discussions throughout the year, the Investment Manager formally meets with each Portfolio Manager no less frequently than annually.

From time to time, the Investment Manager may determine that it is necessary to rebalance the Sub-Fund's assets. The Investment Manager considers numerous

factors in determining whether to terminate a relationship with a Portfolio Manager, including, but not limited to, (i) poor or inconsistent performance, (ii) personnel changes or change in the organization or control of a Portfolio Fund, (iii) change to, or the failure to adhere to the stated investment strategy or risk characteristics of a Portfolio Fund, and (iv) reallocation based on changes to the Investment Manager's strategy outlook.

Portfolio Managers invest in a wide range of instruments, including, but not limited to, U.S. and non-U.S. equities, equity-related instruments, and fixed income and other debt-related instruments. The Sub-Fund expects that Portfolio Managers will utilize both over-the-counter and exchange traded securities (including derivative instruments), trade on margin and engage in short sales. Portfolio Managers may invest, without limitation, in cash and cash equivalents when they determine that such an investment is warranted.

The Investment Manager may invest the cash balances of the Sub-Fund in any instruments it deems appropriate. Any income earned from such investments is reinvested by the Sub-Fund.

The Sub-Fund does not intend to utilize leverage in connection with allocating its assets among the Portfolio Funds. However, the Sub-Fund may utilize short-term borrowings for operating and cash management purposes. The Portfolio Funds are generally permitted to borrow and use leverage. The use of leverage can, in certain circumstances, substantially increase the adverse impact to which the Sub-Fund's investment portfolio may be subject.

The Sub-Fund's leverage is monitored on a frequent basis. There are two required methods of calculating the leverage of the Sub-Fund under Directive 2011/61/EU: the gross approach and the commitment approach. Each such approach expresses the Sub-Fund's leverage as a ratio of the Sub-Fund's exposure to its investments (calculated on a gross or net basis) to the Sub-Fund's net assets.

The Sub-Fund's leverage shall not exceed two hundred and ten percent (210%) of the Sub-Fund's net assets when calculated using the gross method and one hundred and ten percent (110%) of the Sub-Fund's net assets when calculated using the commitment method.

Investors should note that, pursuant to the calculation methodology laid down in the Directive 2011/61/EU, the gross leverage approach includes, as leverage, the notional value of currency hedging transactions. As a result of the inclusion of the hedging transactions, the gross leverage approach results indicate a higher leverage ratio even when there is no leverage employed for investment purposes.

The Investment Manager reserves the right to alter or modify the Sub-Fund's investment program or to invest in additional strategies where the Investment Manager concludes that such alterations or modifications are consistent with the Sub-Fund's investment objectives, subject to what the Investment Manager considers an acceptable level of risk.

2. Investment Restrictions

The Sub-Fund will at all times respect the Investment Restrictions as set out in this paragraph. It should be noted, however, the investments of any Portfolio Fund are subject only to the restrictions given in their respective information memoranda,

articles of incorporation and prospectuses. Neither the Sub-Fund, nor the Investment Manager, nor the Depositary is liable for the compliance with such guidelines and restrictions by a Portfolio Fund.

- a. Notwithstanding anything to the contrary in Part A of this Prospectus, the Sub-Fund may not invest its assets in open-ended or closed-ended Portfolio Funds whose primary investment objective is investing in other investments funds (“funds of funds”). For the avoidance of doubt, the restriction in the foregoing sentence shall not apply to funds of funds managed by the Investment Manager. In the event the Sub-Fund does invest in a fund of fund managed by the Investment Manager, it shall not be charged management or performance fees at the fund of funds level;
- b. the Sub-Fund may not enter, as borrower, into securities lending transactions in connection with uncovered sales on transferable securities or otherwise;
- c. the Sub-Fund will not borrow money or otherwise incur indebtedness except for short term cash management purposes (e.g., to make investments in one or more Portfolio Funds in anticipation of receipt of additional subscriptions by the Sub-Fund or to pay redemption proceeds to the shareholders in anticipation of receipt of redemption proceeds in a like amount from one or more Portfolio Funds). Such borrowing generally will not exceed 10% of the Net Asset Value of the Fund measured at the time of incurrence ;
- d. the Sub-Fund may only make use of the derivative financial instruments and the techniques referred to in Part A for purposes of hedging currency transactions.

3. Eligible Investors, Minimum Investment and Holding

General:

U.S. Persons as well as ERISA Investors are not allowed to invest in this Sub-Fund.

In the context of this Sub-Fund, U.S. Persons, as well as ERISA Investors are specific classes of Prohibited Persons.

Furthermore, this prospectus and its distribution do not constitute a public offering or involve an investment service in Belgium. This prospectus has not been submitted for approval by, and no advertising or other offering materials have been filed with, the Belgian Financial Services and Markets Authority (“Autoriteit voor Financiële Diensten en Markten” / “Autorité des Services et Marchés Financiers”). Neither this document nor any other information or materials relating thereto (including for the avoidance of doubt any marketing materials) (a) may be distributed or made available to the public in Belgium, (b) may be used in relation to any investment service in Belgium unless all conditions of Directive 2004/39/EC on markets in financial instruments, as implemented in Belgium, are satisfied, (c) or may be used to publicly solicit, provide advice or information to, or otherwise provoke requests from, the public in Belgium in relation to the offering. Any offering in Belgium is made exclusively on a private basis in accordance with article 5 of the Belgian law of 20 July 2004 on certain forms of collective investment undertakings (the “Law of 20 July 2004”) and with article 3 of the Law of 16 June 2006 concerning the public offering of investment instruments and the admission to the trading on a regulated market of investment instruments (the “Law of 16 June 2006”), and is addressed only to, and

subscription will only be accepted from, (a) investors that qualify both as professional and institutional investors (as defined by article 5, §3 of the Law of 20 July 2004) and as qualified investors (as defined by article 10, §1 of the Law of 16 June 2006) (each, a “Qualified Investor”), and/or (b) investors investing for a consideration of at least EUR 250,000 per investor and per category (each, a “High Net Worth Individual”), and it being understood that any such Qualified Investor or High Net Worth Individual shall act in its own name and for its own account and shall not act as intermediary, or otherwise sell or transfer, to any other investor, unless any such other investor would also qualify as a Qualified Investor or a High Net Worth Individual. For the purpose of the above, the Law of 16 June 2006 shall be read and interpreted in accordance with the Directive 2010/73/EU amending Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading.

Class R1 Shares:

Class R1 Shares will be issued to a limited circle of retail investors, as the Board of Directors or its delegate may determine from time to time. Class R1 Shares will be issued in two different Unit Currencies, i.e. USD and EUR.

The minimum initial and subsequent investment in Class R1 (USD) Shares is USD 10,000 and USD 1,000, respectively, but the Board of Directors or the Management Company may allow subscriptions for less than that amount. The minimum holding requirement in Class R1 (USD) Shares is USD 1,000 and a redemption request which would reduce the value at such time of any holding to below such amount may be treated as a request to redeem the whole of such shareholding.

The minimum initial and subsequent investment in Class R1 (EUR) Shares is EUR 10,000 and EUR 1,000, respectively, but the Board of Directors or the Management Company may allow subscriptions for less than that amount. The minimum holding requirement in Class R1 (EUR) Shares is EUR 10,000 and a redemption request which would reduce the value at such time of any holding to below such amount may be treated as a request to redeem the whole of such shareholding.

Class R2 Shares:

Class R2 Shares will be issued to a limited circle of retail investors, as the Board of Directors or its delegate may determine from time to time. Class R2 Shares will be issued in two different Unit Currencies, i.e. USD and EUR.

The minimum initial and subsequent investment in Class R2 (USD) Shares is USD 10,000 and USD 1,000, respectively, but the Board of Directors or the Management Company may allow subscriptions for less than that amount. The minimum holding requirement in Class R2 (USD) Shares is USD 1,000 and a redemption request which would reduce the value at such time of any holding to below such amount may be treated as a request to redeem the whole of such shareholding.

The minimum initial and subsequent investment in Class R2 (EUR) Shares is EUR 10,000 and EUR 1,000, respectively, but the Board of Directors or the Management Company may allow subscriptions for less than that amount. The minimum holding requirement in Class R2 (EUR) Shares is EUR 10,000 and a redemption request which would reduce the value at such time of any holding to below such amount may be treated as a request to redeem the whole of such shareholding.

Class I1 Shares:

Class I1 Shares will be issued to a limited circle of institutional investors, as the Board of Directors or its delegate may determine from time to time. Class I1 Shares will be issued in two different Unit Currencies, i.e. USD and EUR.

The minimum initial and subsequent investment in Class I1 (USD) Shares is USD 1,000,000 and USD 100,000, respectively, but the Board of Directors or the Management Company may allow subscriptions for less than that amount. The minimum holding requirement in Class I1 (USD) Shares is USD 1,000,000 and a redemption request which would reduce the value at such time of any holding to below such amount may be treated as a request to redeem the whole of such shareholding.

The minimum initial and subsequent investment in Class I1 (EUR) Shares is EUR 1,000,000 and EUR 100,000, respectively, but the Board of Directors or the Management Company may allow subscriptions for less than that amount. The minimum holding requirement in Class I1 (EUR) Shares is EUR 1,000,000 and a redemption request which would reduce the value at such time of any holding to below such amount may be treated as a request to redeem the whole of such shareholding.

Class I2 Shares:

Class I2 Shares may be purchased by certain Institutional Investors as the Board of Directors or its delegate may determine from time to time. Class I2 Shares will be issued in two different Unit Currencies, i.e. USD and EUR.

The minimum initial and subsequent investment in Class I2 (USD) Shares is USD 1,000,000 and USD 100,000, respectively, but the Board of Directors or the Management Company may allow subscriptions for less than that amount. The minimum holding requirement in Class I2 (USD) Shares is USD 1,000,000 and a redemption request which would reduce the value at such time of any holding to below such amount may be treated as a request to redeem the whole of such shareholding.

The minimum initial and subsequent investment in Class I2 (EUR) Shares is EUR 1,000,000 and EUR 100,000, respectively, but the Board of Directors or the Management Company may allow subscriptions for less than that amount. The minimum holding requirement in Class I2 (EUR) Shares is EUR 1,000,000 and a redemption request which would reduce the value at such time of any holding to below such amount may be treated as a request to redeem the whole of such shareholding.

4. Sales Charge and Redemption Charge

The Offer Price per Share corresponds to the Initial Subscription Price respectively the Net Asset Value per Share of the relevant Class plus the sales charge as mentioned hereinafter.

The sales charge levied, if any, is a maximum of 5% of the Initial Subscription Price respectively the Net Asset Value per Share (the “**Sales Charge**”) of the relevant Class, which shall revert to the agents involved in the placing of the Shares.

A redemption charge of up to 3% may be charged at the discretion of the Board of Directors. Any such redemption charge will be retained by the Sub-Fund for the benefit of all remaining investors.

5. Initial Subscription Period

Class R2 and Class I2 Shares can be subscribed from 1st January 2014 up to and including 10th January 2014, 17.00h (Luxembourg time) at a subscription price of EUR 100 or USD 100 per Share, plus the Sales Charge as set forth above (the "**Initial Subscription Price**"). Payment of the Initial Subscription Price has to be effected no later than 10th January 2014.

6. Subscriptions

Any application for subscription must be made by means of the application form annexed to this Prospectus. The application form by which investors may subscribe for Shares is governed by Luxembourg law and any disputes arising from the application form will be brought before the exclusive jurisdiction of the courts of the Grand-Duchy of Luxembourg. Shareholders should note that there are no legal instruments in Luxembourg required for the recognition and enforcement of judgments in Luxembourg.

Applications for subscriptions must be placed with the Administrator not later than 5 p.m., Luxembourg time, on the fifth Business Day preceding the last business day of each month (hereinafter "**the relevant Valuation Day**"). Applications received by the Administrator after that time will be processed on the next Valuation Day.

Payment for USD subscriptions must be received no later than three (3) Business Days before the relevant Valuation Day. Payment for EUR subscriptions must be received no later than five (5) Business Days before the relevant Valuation Day.

7. Redemptions

Shares of a particular Class may be redeemed as of the last day of any calendar quarter, upon not less than 65 calendar days' prior written notice to the Administrator (a "**Redemption Request**"). For the avoidance of doubt, a Redemption Request must be received by the Administrator not later than 5 p.m., Luxembourg time, on the 65th calendar day preceding the relevant calendar quarter-end.

Any day on which a redemption is made is referred to as a "**Redemption Date**." A Redemption Request will be irrevocable. Applications received by the Administrator after the above cut-off time will be processed on the next Redemption Date.

Shares of a Class will be redeemed at a price equal to the Net Asset Value per Share of such Class as of the Redemption Date less the above mentioned redemption charge (the "**Redemption Price**"). Shares will be redeemed on a "first in-first out" basis. Accordingly, Shares of the earliest issued Class owned by a shareholder will be redeemed first, until such shareholder no longer owns any Shares attributable to such Class.

Generally, redemption proceeds paid pursuant to a Redemption Request are paid within 45 days following the applicable Redemption Date, subject to the Sub-Fund's ability to make redemptions or receive cash distributions from the Portfolio Funds. Redemption proceeds with respect to the Shares generally will be paid in their

relevant currency, unless distributions with respect to redemptions are made in-kind as provided below.

Redemption proceeds may be paid in cash and/or in-kind, or in a combination thereof, as determined by the Board of Directors with the consent of the relevant Shareholder. In-kind distributions may be comprised of, among other things, interests in special purpose vehicles holding one or more investments of the Sub-Fund or participations in one or more investments of the Sub-Fund which investments will remain held by the Sub-Fund. Notwithstanding anything to the contrary herein, the Board of Directors may establish reserves and holdbacks for estimated accrued expenses, liabilities or contingencies, which could reduce the amount of a distribution upon redemption.

In the event that aggregate Redemption Requests received in any calendar quarter by the Sub-Fund exceed 25% of the Net Asset Value of the Sub-Fund, the Board of Directors may, in its sole discretion, (i) satisfy all such Redemption Requests or (ii) reduce all Redemption Requests pro rata in accordance with the size of such Redemption Requests received by the Sub-Fund so that only 25% of the Net Asset Value of the Sub-Fund (or more, at the sole discretion of the Board of Directors) as of the Redemption Date is redeemed as of such date (the “**25% Limitation**”) as a result of such requests. Redemption Requests that are not fully satisfied as of any Redemption Date because of the 25% Limitation will be satisfied as of the next Redemption Date (and if not fully satisfied as of that Redemption Date because of the 25% Limitation, then as of the next and, if necessary, successive Redemption Dates), each time subject to the 25% Limitation, and any unsatisfied portion of any such Redemption Requests will continue at the risk of the Sub-Fund’s business; provided, however, that any such Redemption Request will be fully satisfied before satisfying any later Redemption Requests. Notwithstanding the foregoing, any Redemption Request that remains unsatisfied for three consecutive quarters as a result of the 25% Limitation will be satisfied at the next quarter-end regardless of whether satisfying such request results in redemption of more than 25% of the Net Asset Value of the Sub-Fund.

The Board of Directors, in its sole discretion, may suspend redemptions or delay the effectiveness of any Redemption Request in whole or in part in circumstances during which the Sub-Fund faces a delay in the receipt of redemption proceeds from Portfolio Funds (e.g., a Portfolio Fund imposes a “gate” provision or suspends redemptions). In the event that redemptions are suspended or delayed pursuant to this provision, any portion of the Redemption Request not effected will remain subject to, and at the risk of, the Fund’s investment program until the effective date of the redemption.

The Board of Directors, in its sole discretion, may compulsorily redeem all or any portion of a shareholder’s Shares at any time, upon not less than five days’ prior written notice, where the holding of such Shares would result in a legal, taxation, regulatory, fiscal, pecuniary or material administrative disadvantage to the Sub-Fund or to shareholders as a whole.

8. Reference Currency/Unit Currency

The Reference Currency of the Sub-Fund is USD.

The Net Asset Value per Share of Class R1 (USD), Class R2 (USD), Class I1 (USD) and Class I2 (USD) within the Sub-Fund will be calculated in USD, being the Unit Currency of Class R1 (USD), Class R2 (USD), Class I1 (USD) and Class I2 (USD) Shares.

The Net Asset Value per Share of Class R1 (EUR), Class R2 (EUR), Class I1 (EUR) and Class I2 (EUR) within the Sub-Fund will be calculated in EUR, being the Unit Currency of Class R1 (EUR), Class R2 (EUR), Class I1 (EUR) and Class I2 (EUR) Shares.

Subscription amounts received by the Sub-Fund in a currency other than USD will generally be converted by the Sub-Fund into USD, at the exchange rate in effect as of the relevant date, prior to investment in the Portfolio Funds. Similarly, redemption proceeds received from the Portfolio Funds in USD will be converted by the Sub-Fund into the relevant currency at the exchange rate in effect as of the relevant date, prior to distribution to a redeeming holder of shares in other currencies.

Generally, the Sub-Fund will use reasonable endeavors to mitigate the different foreign currency risks to which the shares are subject by utilizing different currency hedging techniques. Specifically, because the Sub-Fund will accept subscriptions in different currencies with respect to Shares of the Sub-Fund, it may enter into different hedging transactions with respect to each Class.

Such hedging transactions may include a credit component, pursuant to which the Sub-Fund may be required to grant to its hedging counterparty a security interest in some or all of its assets attributable to the applicable Sub-Fund. Such security interest may include an undivided interest in all of the Sub-Fund's assets, and may not be limited solely to the assets that are attributable to the classes to which the hedge relates. Accordingly, in such a case, if the Sub-Fund defaults with respect to a currency hedging transaction relating solely to one class of Shares, then the hedging counterparty could lay claim to the portion of the assets attributable to the applicable Sub-Fund in which a security interest has been granted, including those assets relating to any other Share Class of the same Sub-Fund (but not assets relating to any other Sub-Fund). For example, if the Sub-Fund defaults with respect to a currency hedging transaction, then the hedging counterparty could lay claim to an interest in all of the Sub-Fund's assets, including those assets relating to any other Share Class.

There can be no assurance that a currency hedge will be successful or will not itself generate significant losses. Although a currency hedge will be adjusted periodically, a currency hedge will not necessarily at any time hedge the Sub-Fund's entire exposure to changes in the exchange rate, and the Sub-Fund's unhedged exposure to changes in the exchange rate may be significant. A currency hedge will be executed and managed by the Investment Manager.

9. Frequency of the Net Asset Value calculation and Valuation Day

The Net Asset Value per Share of the Sub-Fund is calculated, under the overall responsibility of the Board of Directors, the last business day of each month.

Compensation to shareholders for damages resulting from an incorrect calculation of the Net Asset Value per Share of the Sub-Fund will only be paid insofar as such compensation is mandatory under the laws of the Grand Duchy of Luxemburg or any other applicable law.

10. Management Company Fees

Regarding the tasks of the Management Company Agreement the Management Company will receive from the Sub-Fund, payable out of the assets attributable to the relevant Class of Shares, the following monthly fee based on the Net Asset Value of the assets attributable to the relevant Class of Shares on the relevant Valuation Day: up to 0,11% per annum plus 500,- EUR per month per sub-fund. For details on charges and expenses of the Fund, please refer to Section "Charges and Expenses" in Part A of this Prospectus.

11. Investment Manager

The Investment Manager for the Sub-Fund is Prisma Capital Advisors LLC.

12. Management Fee

The Investment Manager will receive from the Sub-Fund, payable out of the assets attributable to the relevant Class of Shares, the following quarterly management fees based on the Net Asset Value of the assets attributable to the relevant Class of Shares on the relevant Valuation Day:

Class R1 (EUR) and Class R1 (USD) Shares:	1,5% per annum.
Class R2 (EUR) and Class R2 (USD) Shares:	0,75% per annum.
Class I1 (EUR) and Class I1 (USD) Shares:	1,5% per annum.
Class I2 (EUR) and Class I2 (USD) Shares:	0,75% per annum.

13. Performance Fee

Class R1 (EUR), Class I1 (EUR), Class R2 (EUR), Class I2 (EUR), Class R1 (USD), Class I1 (USD), Class R2 (USD) and Class I2 (USD) Shares are not charged a Performance Fee. However, other classes of Shares to be created in the future may be subject to Performance Fees.

In addition, Portfolio Managers will be entitled to receive incentive fees or allocations from their Portfolio Funds based on the realized as well as unrealized gains. The Portfolio Managers will generally carry losses forward in calculating their incentive payments.

14. Listing on the Luxembourg Stock Exchange

The Shares of the Sub-Fund will not be listed on the Luxembourg Stock Exchange.

15. Publication of the Net Asset Value

The Net Asset Value per Share of each Class in the Sub-Fund will be available at the registered office of the Fund. It shall be published in the Unit Currency of the relevant Class.

16. Subscription Tax (Luxembourg tax d'abonnement)

Class R1 (EUR) and Class R1 (USD) Shares:	0,05%
Class R2 (EUR) and Class R2 (USD) Shares:	0,05%
Class I1 (EUR) and Class I1 (USD) Shares:	0,01%
Class I2 (EUR) and Class I2 (USD) Shares:	0.01%

17. Risks Considerations

The Sub-Fund's investment program is speculative and entails substantial risks. There can be no assurance that the investment objectives of the Sub-Fund, including its risk monitoring and diversification goals, will be achieved, and results may vary substantially over time. Portfolio Managers may consider it appropriate to utilize options, swaps, other derivative instruments, short sales, margin and leverage in their investment programs. Such investment techniques can substantially increase the adverse impact to which the Sub-Fund's investment portfolio may be subject.

A. General Risks

Limited Operating History. The Sub-Fund has a limited operating history upon which prospective investors can evaluate the likely performance of the Sub-Fund. The past investment performance of any of the Portfolio Managers with which the assets of the Sub-Fund are invested should not be construed as an indication of the future results of the Portfolio Managers or of the Sub-Fund. The investment program of the Sub-Fund should be evaluated on the basis that there can be no assurance that the Investment Manager's assessments of the short-term or long-term prospects of investments will prove accurate or that the Sub-Fund will achieve its investment objective.

Dependence on the Investment Manager and the Portfolio Managers. The Investment Manager invests assets of the Sub-Fund through the Portfolio Managers. The success of the Sub-Fund depends upon the ability of the Investment Manager and the Portfolio Managers to develop and implement investment strategies that achieve the Sub-Fund's investment objectives. For example, a Portfolio Manager's inability to effectively hedge an investment strategy that it utilizes may cause the assets of the Sub-Fund invested with such Portfolio Manager to significantly decline in value and could result in losses to the Sub-Fund. Subjective decisions made by the Investment Manager and/or the Portfolio Managers may cause the Sub-Fund to incur losses or to miss profit opportunities on which it may otherwise have capitalized.

Risks Faced by Portfolio Managers. Portfolio Managers are subject to various risks, including, but not limited to, operational risks such as the ability to provide an adequate operating environment for a Portfolio Fund such as back office functions, trade processing, accounting, administration, risk management, valuation services and reporting. Portfolio Managers may also face competition from other investment funds which may be more established and have larger capital bases and larger numbers of qualified management and technical personnel. Additionally, certain Portfolio Managers may pursue over time different investment strategies which may

limit the Sub-Fund's ability to assess a Portfolio Manager's ability to achieve its long-term investment objective. Furthermore, a Portfolio Manager may face additional risks as the assets of a Portfolio Fund increase over time. In such instances, a Portfolio Manager may not be able to handle properly the operating volumes of a Portfolio Fund with an increased capital basis. Also, a Portfolio Manager may be unable to manage a Portfolio Fund's increased assets effectively because it may be unable to maintain such Portfolio Fund's current investment strategy or find the types of investments better suited for a Portfolio Fund with an increased capital basis.

Flexible Investment Approach. The Investment Manager has broad and flexible investment authority, and may invest in a variety of Portfolio Funds that it believes will help the Sub-Fund achieve its investment objective. Additionally, the strategies in which the Sub-Fund invests may change and evolve materially over time. The Investment Manager has broad latitude with respect to the Sub-Fund's investment program. The Investment Manager will opportunistically implement whatever strategies or discretionary approaches it believes from time to time may be best suited to prevailing market conditions. The Investment Manager may utilize such portfolio management techniques as it believes appropriate for the Sub-Fund. Prospective investors must recognize that in investing in the Sub-Fund, they are placing their capital under the full discretionary management of the Investment Manager and authorizing the Investment Manager to invest the Sub-Fund's assets in such manner as the Investment Manager may determine (subject to the investment objectives, policies and restrictions described above). Investors may not generally be informed of any changes in the strategies in which the Sub-Fund invests. There can be no assurance that the Investment Manager will be successful in applying its approach and there is material risk that an investor may suffer significant impairment or total loss of its capital.

In addition, a Portfolio Manager may be given broad authority in pursuing its respective investment objectives and may alter its investment strategy as permitted under its organizational documents. As a result, a Portfolio Manager may change the manner in which it manages its fund. Nonetheless, the Sub-Fund may not be allowed to redeem its assets from such Portfolio Manager.

"Style Drift". The Investment Manager relies primarily on information provided by Portfolio Managers in assessing a Portfolio Manager's defined investment strategy, the underlying risks of such a strategy and, ultimately, determining whether, and to what extent, it will allocate the Sub-Fund's assets to particular Portfolio Managers. "Style drift" is the risk that a Portfolio Manager may deviate from his or her stated or expected investment strategy. Style drift can occur abruptly if a manager believes it has identified an investment opportunity for higher returns from a different approach (and the manager disposes of an interest quickly to pursue this approach) or it can occur gradually, such as if, for instance, a "value"-oriented Portfolio Manager gradually increases its investments in "growth" stocks. Style drift can also occur if a Portfolio Manager focuses on factors it had deemed immaterial in its offering documents- such as particular statistical information or returns relative to certain benchmarks. Additionally, style drift may result in a manager pursuing investment opportunities in an area in which it has a competitive disadvantage or is outside the manager's area of expertise (e.g., a large-cap manager focusing on small-cap investment opportunities). Moreover, style drift poses a particular risk for multiple-manager structures since, as a consequence, the Sub-Fund may be exposed to particular markets or strategies to a greater extent than was anticipated by the Investment Manager when it assessed the portfolio's risk-return characteristics and allocated assets to a Portfolio Manager (and which may, in turn, result in overlapping investment strategies among various Portfolio Managers).

Limited Liquidity. The liquidity of the Sub-Fund is subject at all times to the liquidity of the Portfolio Funds it holds. To the extent the liquidity of such Portfolio Funds is restricted, delayed or suspended, as further described in this prospectus, the Sub-Fund's ability to satisfy redemption requests in a timely manner may be restricted.

In addition, an investment in the Sub-Fund provides limited liquidity since a shareholder holding Shares may only redeem its Shares as of the last day of any calendar quarter, upon not less than 65 days' prior written notice to the Administrator. Also, a shareholder's ability to redeem Shares may be subject to further limitations in the event aggregate redemption requests in any given calendar quarter exceed 25% of the Net Asset Value of the Sub-Fund. The Board of Directors, in its sole discretion, may suspend redemptions or delay the effectiveness of any redemption request in whole or in part in circumstances during which the Sub-Fund faces a delay in the receipt of redemption proceeds from Portfolio Funds (e.g., a Portfolio Fund imposes a "gate" provision or suspends redemptions). In the event that redemptions are suspended or delayed pursuant to this provision, any portion of the redemption request not effected will remain subject to, and at the risk of, the Sub-Fund's investment program until the effective date of the redemption.

Notwithstanding anything to the contrary herein, the determination of the Net Asset Value, distributions to shareholders in respect of redemptions or redemptions in general may also be limited or temporarily suspended in whole or in part, in the sole discretion of the Board of Directors, in circumstances when the disposal of part or all of the assets of the Sub-Fund, the redemption from Portfolio Funds or the determination of the Net Asset Value of the Sub-Fund, would be seriously prejudicial to the non-redeeming shareholders. An investment in the Sub-Fund is suitable only for certain investors who do not need liquidity with respect to this investment.

Redemption from Portfolio Funds; Re-Allocation of Investments. The Sub-Fund typically has limited rights pursuant to which it may redeem, transfer or otherwise liquidate its investments in Portfolio Funds. Under the terms of the governing documents of the Portfolio Funds, the ability of the Sub-Fund to redeem any amount invested therein may be subject to certain restrictions and conditions, including restrictions on the redemption of capital for an initial period, restrictions on the amount of redemptions and the frequency with which redemptions can be made, and investment minimums which must be maintained. Additionally, the Portfolio Funds typically reserve the right to reduce ("gate") or suspend redemptions, to set aside ("side pocket") capital that cannot be redeemed for so long as an event or circumstance has not occurred or ceased to exist, respectively, and to satisfy redemptions by making distributions in-kind, under certain circumstances. The ability of shareholders to redeem Shares may be adversely affected to varying degrees by such restrictions depending on, among other things, the length of any restricted periods imposed by the Portfolio Funds, the amount and timing of a requested redemption by a shareholder in relation to the time remaining of any restricted periods imposed by Portfolio Funds, the aggregate amount of redemption requests, the next regularly scheduled redemption dates of such Portfolio Funds, the imposition of "gates" or suspensions, the use of "side pockets", the decision by a Portfolio Fund to satisfy redemptions in-kind, and the satisfaction of other conditions.

Events in the world financial markets may materially adversely affect the Portfolio Funds, potentially limiting the Sub-Fund's ability to fully exercise its redemption rights with regard to Portfolio Funds due to "gates", suspensions, distributions in-kind and Portfolio Fund dissolutions. Distributions in-kind may include, among other things, actual portfolio positions held by Portfolio Funds and interests in special purpose

vehicles created for that purpose. Additionally, in some cases, Portfolio Managers may also suspend the determination of the net asset value of all or a portion of their portfolios. The absence of such valuations will make it more difficult for the Investment Manager to accurately value the Sub-Fund's portfolio.

Delays in Investment in Portfolio Funds. The Sub-Fund may make additional investments in a Portfolio Fund only at certain times pursuant to limitations set forth in the governing documents of such Portfolio Fund. In any such event, pending the investment in additional Portfolio Funds, or the agreement of the existing Portfolio Funds to accept additional subscriptions from the Sub-Fund, initial or additional subscriptions made by shareholders may be temporarily invested in short-term investments or cash (including demand deposit balances). Under such circumstances, continued purchases of shares by new shareholders will dilute the participation of existing shareholders in the Portfolio Funds in which the Sub-Fund is invested.

In-Kind Distributions; Liquidating SPVs. The Sub-Fund anticipates that all distributions to shareholders will be made in cash, but there can be no assurance that the Sub-Fund will have sufficient cash to satisfy redemption requests. Additionally, the Sub-Fund may make distributions in-kind even in instances in which the Sub-Fund has sufficient cash to satisfy redemption requests, but is concerned that doing so may create an imbalance in its portfolio. The Sub-Fund may make distributions in-kind in the sole discretion of the Board of Directors. In-kind distributions may be comprised of, among other things, participations or other derivative instruments referring to certain assets of the Sub-Fund, interests in special purpose vehicles or trading vehicles (each, a "Liquidating SPV") holding financial instruments (e.g., shares in Portfolio Funds or in Liquidating SPVs created by them) also being held or that were held by the Sub-Fund, or participations or other derivatives instruments referring to such Liquidating SPVs. In such case, each redeeming shareholder will receive shares in a Liquidating SPV or some other asset, the value of which will reflect, as of the date of its distribution, together with any other payment made to such shareholder with respect to such redemption, that part of the net asset value being redeemed as of such date. The proceeds ultimately received by a shareholder from a Liquidating SPV may be different than the net asset value of the amount requested by to be redeemed by such shareholder that had been issued shares in such Liquidating SPV.

A distribution in respect of a redemption may be made in cash or in-kind, or any combination thereof, as determined by the Board of Directors, in its sole discretion. The Board of Directors will determine the percentage of any distribution to be made in cash and the percentage to be made in-kind, as well as the particular financial instruments, if any, to be distributed. Distributions that are made in-kind will, to the extent practicable, not be disproportionately allocated to any shareholder or shareholders. However, a prior in-kind distribution will not affect the Fund's right to distribute cash to shareholders.

Distributions that are made in-kind may not represent a pro rata portion of the portfolio to the extent that a pro rata distribution is not practicable (*i.e.*, if certain financial instruments in the portfolio cannot be distributed in-kind, a redeeming shareholder may be paid in-kind with other financial instruments that are capable of being distributed). Further, where deemed appropriate by the Board of Directors, all or a portion of the financial instruments distributed in-kind, may be liquid financial instruments that are capable of being reduced to cash quickly. In the event that a distribution in-kind does not represent a pro rata portion of the portfolio, a shareholder receiving financial instruments through such distribution may experience

lower returns than it would have if it received a pro rata portion of the portfolio (or was distributed different assets in any non pro rata distribution). Conversely, the Fund's performance after making such a distribution may be lower than it would have if such financial instruments remained in the portfolio entirely or were distributed pro rata in accordance with the portfolio, thereby adversely affecting the remaining shareholders.

The Investment Manager would manage any Liquidating SPV with the intention of distributing the net proceeds attributable to the financial instruments held therein, or as a participation, as they are realized over time. A Liquidating SPV would generally not make new investments. A Liquidating SPV may receive in-kind payments of assets and liabilities from the Fund which it, in turn, would distribute to redeeming shareholders. The Investment Manager does not expect to charge any management fees or incentive fees with respect to the financial instruments or participations held by a Liquidating SPV.

Any Liquidating SPV would be responsible for paying its operating costs and expenses, including, but not limited to, documentation of performance and the admission of the shareholders, all operating expenses such as governmental fees and entity-level taxes, administrative fees, communications with the shareholders and ongoing legal, accounting, auditing, bookkeeping and other professional fees and expenses, and any trading costs and expenses (e.g., brokerage commissions, margin interest, custodial fees and clearing and settlement charges). Any Liquidating SPV would bear its organizational expenses and investment-related expenses incurred in connection with the Liquidating SPV. The expenses of the Liquidating SPV would reduce the net proceeds therefrom.

In the event that the Liquidating SPV holds participations or derivative instruments referring to certain assets held by the Sub-Fund, or participations or other derivative instruments referring to certain assets held by the Sub-Fund are distributed to the shareholders in-kind, the redeeming shareholders would continue to be at risk of the Fund's business (including its credit risk) until distributions with respect to such assets have been made to the Liquidating SPV or shareholders, as applicable. The risk of loss and delay in liquidating the financial instruments held, directly or through a participation, by the Liquidating SPV would be borne by the redeeming shareholders, with the result that such redeeming shareholders may ultimately receive significantly less cash than they would have received following the Redemption Date if they had been paid in cash. Furthermore, the redeeming shareholders would generally have no control over when and at what price the financial instruments held, directly or through a participation, by the Liquidating SPV were sold. In addition, payment to the redeeming shareholders of that portion of their redemption proceeds attributable to the Liquidating SPV would be delayed until such time as the Investment Manager elects to liquidate the financial instruments held, directly or indirectly through a participation, by the Liquidating SPV.

Tiered Fee Structure. The Sub-Fund utilizes a so-called "fund-of-funds" or "multi-manager" investment strategy, pursuant to which its assets are allocated primarily among Portfolio Managers and Portfolio Funds. The Portfolio Managers and Portfolio Funds charge investment management fees, which may include asset-based fees and/or performance-based compensation. A shareholder will indirectly bear such fees in addition to directly bearing the Management Fee and the Incentive Fee. Such fees, in the aggregate may, exceed the fees that an investor would typically incur by investing directly with Portfolio Managers or Portfolio Funds. The Sub-Fund may also invest in Portfolio Managers or Portfolio Funds that invest in other investment

vehicles, thereby subjecting the Sub-Fund, and a shareholder, to an additional level of fees.

Past Performance by Portfolio Managers is Not Indicative of Future Performance. Market conditions and trading approaches are continually changing, and a particular Portfolio Manager's past successful performance may be largely irrelevant to such Portfolio Manager's prospects for future profitability. Past performance is not indicative of future performance.

Limited Information Regarding Portfolio Managers. Although the Investment Manager will receive information from each prospective Portfolio Manager regarding such Portfolio Manager's historical performance, if any, and investment strategy, in most cases the Investment Manager will have little or no means of independently verifying the information supplied to it by such Portfolio Managers or its integrity. In general, the Investment Manager will not have access to detailed information regarding the underlying portfolios of the Portfolio Funds, and will rely in large part on the limited information provided to it by the Portfolio Managers. The absence of such detailed information could result in significant losses to the Sub-Fund.

Misconduct or Bad Judgment of Portfolio Managers. While the Investment Manager attempts to mitigate risks associated with investing with a Portfolio Manager by conducting due diligence on such Portfolio Manager, it is difficult, if not impossible, for the Investment Manager to protect the Sub-Fund from the risk of Portfolio Manager fraud, misrepresentation, material strategy alteration or poor judgment. Although Portfolio Managers are required to adhere to the offering documents for the respective funds, the Investment Manager cannot control the investments made by a Portfolio Manager. Further, when the Sub-Fund invests in a Portfolio Fund, it does not have custody of the assets of such Portfolio Fund. Therefore, there is always the risk that the personnel associated with such Portfolio Fund could abscond with the Portfolio Fund's securities or funds (or both) resulting in losses to the Sub-Fund.

Estimates; Lack of Transparency; Limited Recourse. In most cases, the Sub-Fund may have no ability to assess the accuracy of information (including the valuations) received from a Portfolio Manager or the administrator of a Portfolio Fund. Furthermore, the net asset values received by the Sub-Fund from such Portfolio Managers may typically be estimates only, subject to revision through the end of each Portfolio Fund's annual audit. Revisions to the Sub-Fund's gain and loss calculations will be an ongoing process, and no appreciation or depreciation figure can be considered final until the Sub-Fund's annual audit is completed.

Moreover, as the Sub-Fund typically does not have transparency to the portfolio composition of the Portfolio Funds, the Sub-Fund will not likely be able to fully confirm the Portfolio Managers' adherence to the investment mandate of their respective Portfolio Funds. Even in the event that such information may be available to the Sub-Fund, the Sub-Fund's investment in Portfolio Funds will typically be subject to limitations on redemptions, and in light of the broad exculpation and indemnification provisions typically contained in the governing documents of the Portfolio Funds, the Sub-Fund will likely have only limited recourse against the Portfolio Funds and the Portfolio Managers.

Investments by Portfolio Funds that May be Illiquid. From time to time, a significant portion of each Portfolio Fund's portfolio may be invested in illiquid securities and instruments. In some cases a Portfolio Fund may be contractually prohibited from disposing of such investments for a specified period of time. Further, under adverse market or economic conditions or in the event of adverse changes in

the financial condition of the issuer, a Portfolio Fund may find it more difficult to sell such securities and/or instruments when the Portfolio Manager believes it advisable to do so or may be able to sell such securities and/or instruments only at prices lower than if the securities and/or instruments were more widely held. In such circumstances, a Portfolio Fund may find it more difficult to determine the fair market value of such securities and/or instruments for valuing the Portfolio Fund's portfolio and therefore the Board of Directors will have corresponding difficulty in valuing the Sub-Fund's investment in the Portfolio Fund. There may be no market for such securities and/or instruments or for a substantial percentage of such securities and/or instruments. To the extent there is a market for such securities and/or instruments, the market will be limited to a narrow range of potential counterparties, such as institutions and investment banks. These investments could prevent the Portfolio Fund from liquidating unfavorable positions promptly and subject it to substantial losses. Further, such investments could also impair a Portfolio Fund's ability to distribute redemption proceeds to the Sub-Fund in a timely manner and/or the Portfolio Fund may distribute to the Sub-Fund in-kind distributions. As a result, the Sub-Fund's ability to distribute redemption proceeds to shareholders in a timely manner could be impaired.

Newly-Formed Portfolio Funds and Portfolio Managers. From time to time, the Sub-Fund may invest in newly or recently formed Portfolio Funds and "emerging" Portfolio Managers. To the extent such a Portfolio Fund or Portfolio Manager is in an early stage of formation or operation, there may be a number of operational and other issues that make these types of investments highly speculative. Emerging investment managers may face competition from other investment funds, which may be more established, have a larger number of qualified personnel and benefit from a larger capital base. There is no guarantee that such investment management firms will be able to overcome these obstacles and generate any profits.

Proprietary Investment Strategies. A Portfolio Manager may use proprietary investment strategies that are based on considerations and factors that are not fully disclosed to the Investment Manager or the Sub-Fund. These strategies may involve risks under some market conditions that are not anticipated by the Portfolio Manager, the Investment Manager or the Sub-Fund. The Portfolio Managers generally use investment strategies that differ from those typically employed by traditional managers of portfolios of stocks and bonds. The strategies employed by the Portfolio Managers may involve significantly more risk and higher transaction costs than more traditional investment methods. The Sub-Fund will seek to reduce these risks by spreading the investments of the Sub-Fund among a variety of different Portfolio Managers using investment strategies with returns that are not expected to be highly correlated with one another. However, it is possible that the performance of the Portfolio Managers may be closely correlated in some market conditions, resulting (if those returns are negative) in significant losses to the Sub-Fund and its shareholders.

Business and Regulatory Risks of Hedge Funds. Legal, tax and regulatory developments that may adversely affect the Sub-Fund could occur during the term of the Sub-Fund. Securities and futures markets are subject to comprehensive statutes, regulations and margin requirements enforced by regulators and self-regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The regulatory environment for private funds is evolving, and changes in the regulation of private funds and their trading activities may adversely affect the ability of the Sub-Fund or a Portfolio Fund to pursue its

investment strategy, its ability to obtain leverage and financing and the value of investments held by the Sub-Fund or such Portfolio Sub-Fund. There has been an increase in governmental, as well as self regulatory, scrutiny of the alternative investment industry in general. It is impossible to predict what, if any, changes in regulations may occur, but any regulations which restrict the ability of the Sub-Fund or a Portfolio Fund to trade in securities or the ability of the Sub-Fund or such Portfolio Fund to employ, or brokers and other counterparties to extend, credit in its trading (as well as other regulatory changes that result) could have a material adverse impact on the Sub-Fund's or such Portfolio Fund's portfolio.

For example, the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") aims to reform various aspects of the U.S. financial markets. The Dodd-Frank Act covers a broad range of market participants including banks, non-banks, rating agencies, mortgage brokers, credit unions, insurance companies, payday lenders, broker-dealers and investment advisers. The Dodd-Frank Act directly affects the Investment Manager and the Portfolio Managers by mandating additional new reporting requirements, including, but not limited to, position information, use of leverage and counterparty and credit risk exposure. The Dodd-Frank Act and related regulations may also affect the Sub-Fund and the Portfolio Funds in a number of other ways. The Dodd-Frank Act creates the Financial Stability Oversight Council (the "**Council**") that is charged with monitoring and mitigating systemic risk. As part of this responsibility, the Council would have the authority to subject banks and other financial firms (like the Portfolio Funds) to regulation by the Federal Reserve Board, which could limit the amount of risk-taking engaged in by the Sub-Fund or a Portfolio Fund. In the area of derivatives, the Dodd-Frank Act requires that swaps and security-based swaps be traded through an exchange with few exceptions. This may limit the Portfolio Funds' ability to hedge certain risks. In addition, all swaps and security-based swaps will be required to have initial and variation margin.

It is impossible to predict what, if any, changes in regulation applicable to the Sub-Fund, the Investment Manager, the Portfolio Funds, the Portfolio Managers, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. The effect of any future regulatory change on the Sub-Fund and the Portfolio Funds could be substantial and adverse.

European Commission Directive. On 8 June 2011, the European Commission and the European Parliament adopted a Directive on Alternative Investment Fund Managers (the "**Directive**"). The Directive has been transposed into the laws of all European Union member states in mid-2013. In Luxembourg the Directive has been implemented through the law of 12 July 2013 on alternative investment fund managers. The Sub-Fund will monitor the potential impact of the Directive on its operations and expects to use reasonable efforts to comply with the Directive's applicable requirements as finally determined.

Exchange Rate Fluctuations; Currency Considerations. A portion of the Portfolio Funds' assets may be invested by the Portfolio Managers in equity and debt securities denominated in various currencies and in other financial instruments, the price of which is determined with reference to such currencies. The Sub-Fund will value securities and other assets in U.S. dollars or other currencies depending on the relevant Class of Shares in the Sub-Fund. The Sub-Fund will seek to hedge the currency exposure, but it may not always be practicable or economical to do so. To the extent unhedged, the value of the Sub-Fund's positions in investments will fluctuate with the exchange rates of the currencies in which the Sub-Fund's various share classes are denominated, as well as the price changes of the investments in

the various local markets and currencies. In such cases, an increase in the value of one of these currencies compared to the other currencies in which the Sub-Fund makes investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of the Sub-Fund's securities in their local markets and may result in a loss to the Sub-Fund. Conversely, a decrease in the value of one of the currencies in which the Sub-Fund's various classes are denominated will have the opposite effect.

Furthermore, the Sub-Fund may incur costs in connection with conversions between various currencies. Currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the Sub-Fund at one rate, while offering a lesser rate of exchange should the Sub-Fund desire immediately to resell that currency to the dealer. The Sub-Fund will conduct its currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward or options contracts to purchase or sell the currencies needed. It is anticipated that most of the Sub-Fund's currency exchange transactions will occur at the time securities are purchased and will be executed through the local broker or Depository acting for the Sub-Fund.

The Sub-Fund may seek to protect the value of some portion or all of its portfolio holdings against currency fluctuations by engaging in hedging transactions, but there can be no assurance that such hedging transactions will be effective. The Sub-Fund may enter into forward contracts on currencies, as well as purchase put or call options on currencies, in various markets. In order to hedge against adverse market shifts, the Sub-Fund may purchase put and call options on stocks, and write covered call options on stocks. There can be no guarantee that instruments suitable for hedging currency or market shifts will be available at the time when the Sub-Fund wishes to use them or will be able to be liquidated when the Sub-Fund wishes to do so.

In addition, any currency hedging transactions entered into by the Sub-Fund may include a credit component, pursuant to which a Sub-Fund may be required to grant to its hedging counterparty a security interest in some or all of its assets attributable to the applicable Sub-Fund. Such security interest may include an undivided interest in all of the Sub-Fund's assets, and may not be limited solely to the assets that are attributable to the classes to which the hedge relates. Accordingly, in such a case, if the Sub-Fund defaults with respect to a currency hedging transaction relating solely to one set of share classes, then the hedging counterparty could lay claim to the portion of the assets attributable to the applicable Sub-Fund in which a security interest has been granted, including those assets relating to any other Share Class of the same Sub-Fund (but not assets relating to any other Sub-Fund)..

Borrowings. Borrowings generate interest costs which may be higher than the income and capital gains produced by the assets of the Sub-Fund.

Custody risk. The Sub-Fund's assets may be lost as a result of bankruptcy of the depository, negligence or fraud of the depository or a sub-depository.

Pledge on subscription/redemption accounts. The Sub-Fund may borrow money within the limits set out in Section 2 of Part B above. In order to secure such borrowings, the Sub-Fund may grant to the relevant lender a pledge or other type of security on the Sub-Fund's assets and/or accounts. Such security may also include a pledge on (i) the Sub-Fund's subscription accounts (i.e. the accounts to which

subscription monies received from the investors are credited, pending the issuance of a contract note to the investor) as well as on (ii) the Sub-Fund's redemption accounts (i.e. the accounts to which redemption proceeds to be paid to investors are credited pending distribution). In case a subscription is rejected and at the same time the lender enforces its pledge on the Sub-Fund's subscription accounts, there is a risk that the investor's subscription monies cannot be reimbursed immediately, but that the investor has a claim against the Sub-Fund for the repayment of the relevant subscription monies. Likewise, if the lender enforces its pledge on the Sub-Fund's redemption accounts, there is a risk that redemption proceeds cannot be paid out to the investor immediately, but that the investor will have a claim against the Sub-Fund for the repayment of the relevant redemption proceeds.

B. Trading Risks

Current Market Conditions and Governmental Actions. Beginning in the fourth quarter of 2008, world financial markets experienced extraordinary market conditions, including, among other things, extreme losses and volatility in securities markets and the failure of credit markets to function. These events have largely been attributed to the combination of a real estate bubble in the United States and the securitization and deregulation of real estate mortgages in a way that made the risks of mortgage-backed securities difficult to assess. In reaction to these events, regulators in the U.S. and several other countries undertook unprecedented regulatory actions. Despite these efforts, global financial markets remain extremely volatile, as evidenced by the sovereign debt crises of 2010 in the European Union. Today, regulators continue to consider and implement additional measures to stabilize and encourage growth in U.S. and global financial markets. Nevertheless, it is uncertain whether the regulatory actions taken by regulators or any other regulatory actions will be able to prevent further losses and volatility in securities markets, or stimulate the credit markets.

The Sub-Fund may be materially and adversely affected by similar or other events in the future. In the long term, there may be significant new regulations that could limit the Sub-Fund's or a Portfolio Fund's activities and investment opportunities or change the functioning of capital markets, and there is the possibility that the severe worldwide economic downturn could continue for a period of years. Consequently, the Sub-Fund or a Portfolio Fund may not be capable of, or successful at, preserving the value of its assets, generating positive investment returns or effectively managing its risks.

Recent Developments in Global Credit Markets. Recently, the market value of asset-backed securities, especially securities backed by subprime mortgages, have significantly declined. Increasing credit and valuation problems in the subprime mortgage market have generated extreme volatility and illiquidity in the markets for securities directly or indirectly exposed to subprime mortgage loans. This volatility and illiquidity has extended to the global credit and equity markets generally, and, in particular, to the high-yield bond and loan markets, exacerbated by, among other things, growing uncertainty regarding the extent of the problems in the mortgage industry and the degree of exposure of financial institutions and others, decreased risk tolerance by investors and significantly tightened availability of credit. The duration and ultimate effect of current market conditions cannot be predicted, nor is it known whether such conditions may worsen. However, the continuation of current market conditions, uncertainty or further deterioration could result in further declines in the market values of potential Portfolio Fund investments or declines in the market values of subsequently purchased Portfolio Fund investments. Such declines could lead to diminished investment opportunities for a Portfolio Fund, prevent a Portfolio

Fund from successfully executing its investment strategies or require a Portfolio Fund to dispose of investments at a loss while such adverse market conditions prevail.

Concentration of Investments. Although the Investment Manager generally seeks to diversify the Sub-Fund's capital among multiple Portfolio Funds, if the Investment Manager allocates a relatively large percentage of the Sub-Fund's assets to any one Portfolio Fund, any loss suffered by such Portfolio Fund could result in a higher reduction in the Sub-Fund's capital than if the Sub-Fund's capital had been more proportionately allocated among a larger number of Portfolio Funds.

There can be no assurance that the selection of the Portfolio Managers will result in an effective diversification of investment styles. In addition, different Portfolio Managers acting separately may each acquire significant positions in the same investments, resulting in an inadvertent concentration by the Sub-Fund in such investments, which may subject the investments of the Sub-Fund to more rapid changes in value than would be the case if the assets of the Sub-Fund were more widely diversified.

Offsetting Positions. The Portfolio Managers invest wholly independently of one another and may at times hold economically offsetting positions. To the extent that the Portfolio Managers do, in fact, hold such positions, the Sub-Fund, considered as a whole, cannot achieve any gain or loss despite incurring expenses. In addition, a Portfolio Manager may be compensated based on the performance of its portfolio. Accordingly, a particular Portfolio Manager may receive performance-based compensation in respect of its portfolio for a period even though the Sub-Fund's overall portfolio depreciated during such period.

Valuations. Certain securities in which Portfolio Funds invest may not have a readily ascertainable market price. Such securities will nevertheless generally be valued by Portfolio Managers, which valuation will be conclusive with respect to the Sub-Fund, even though Portfolio Managers will generally face a conflict of interest in valuing such securities because the value thereof will affect their compensation.

Hedging Transactions. The Portfolio Managers and Portfolio Funds may utilize a variety of financial instruments, such as derivatives, options, interest rate swaps, caps and floors, futures and forward contracts to seek to hedge against declines in the values of their portfolio positions as a result of changes in currency exchange rates, certain changes in the equity markets and market interest rates and other events. Hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus offsetting the decline in the value of the portfolio positions. Such hedging transactions also limit the opportunity for gain if the value of the hedged portfolio positions should increase. It may not be possible for the Portfolio Managers or the Portfolio Funds to hedge against a change or event at a price sufficient to protect the Sub-Fund's or the Portfolio Funds' assets from the decline in value of the portfolio positions anticipated as a result of such change. In addition, it may not be possible to hedge against certain changes or events at all.

The Portfolio Managers are not obligated to establish hedges for portfolio positions and may decline to do so. To the extent that hedging transactions are effected, their success is dependent on each Portfolio Manager's ability to correctly predict movements in the direction of currency or interest rates, the equity markets or sectors thereof or other events being hedged against. Therefore, while a Portfolio Manager may enter into such transactions to seek to reduce currency exchange rate

and interest rate risks, or the risks of a decline in the equity markets generally or one or more sectors of the equity markets in particular, or the risks posed by the occurrence of certain other events, unanticipated changes in currency or interest rates or increases or smaller than expected decreases in the equity markets or sectors being hedged or the non-occurrence of other events being hedged against may result in a poorer overall performance for the Sub-Fund than if the Portfolio Manager had not engaged in any such hedging transaction. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, the Portfolio Managers may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Portfolio Managers from achieving the intended hedge or expose the Sub-Fund to additional risk of loss.

Securities Believed to Be Undervalued or Incorrectly Valued. Securities that Portfolio Managers believe are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame the Portfolio Managers anticipate. As a result, the Sub-Fund may lose all or substantially all of its investment in any particular instance.

Fixed-income and Convertible Bond Arbitrage. The success of the investment activities of a Portfolio Manager involved in fixed-income and convertible bond arbitrage will depend on such Portfolio Manager's ability to identify and exploit price discrepancies in the market. Identification and exploitation of the market opportunities involve uncertainty. No assurance can be given that a Portfolio Manager will be able to locate investment opportunities or to correctly exploit price discrepancies. A reduction in the pricing inefficiency of the markets in which such Portfolio Manager will seek to invest will reduce the scope for the Portfolio Manager's investment strategies. In the event that the perceived mispricings underlying such Portfolio Manager's positions were to fail to materialize as expected by such Portfolio Manager, the Sub-Fund could incur a loss.

Highly Volatile Markets; FX Risk. The prices of commodities contracts and all derivative instruments, including futures and options, can be highly volatile. Price movements of forward, futures and other derivative contracts in which a Portfolio Fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instruments, futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. A Portfolio Fund also is subject to the risk of the failure of any exchanges on which its positions trade or of their clearinghouses. In addition, governments from time to time intervene in certain markets, directly and by regulation, particularly in currencies, futures and options. Such intervention is often intended to directly influence prices and may, together with other factors, cause some or all of these markets to move rapidly in the same direction. The effect of such intervention is often heightened by a group of governments acting in concert. A Portfolio Fund may make certain speculative investments in currencies which its Portfolio Manager believes to be undervalued; however, there are no assurances that the currencies purchased will in fact be undervalued. In addition, a Portfolio Fund may be required to hold such currencies for a substantial period of time before realizing their anticipated value. During this period, a portion of such Portfolio Fund's

assets will be committed to the currencies purchased, thus possibly preventing such Portfolio Fund from investing in other opportunities.

Swap Agreements. The Portfolio Funds may enter into swap agreements. Swap agreements are individually negotiated and can be structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease a Portfolio Fund's exposure to equity securities, long-term or short-term interest rates, non-U.S. currency values, corporate borrowing rates, or other factors. Swap agreements can take many different forms and are known by a variety of names.

Depending on how they are used, swap agreements may increase or decrease the overall volatility of a Portfolio Fund's portfolio. The most significant factor in the performance of swap agreements is the change in the individual equity values, specific interest rate, currency or other factors that determine the amounts of payments due to and from the counterparties. If a swap agreement calls for payments by a Portfolio Fund, such Portfolio Fund must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses to the Portfolio Fund.

Emerging, Developing and Under-developed Markets. The Portfolio Funds may invest in emerging, developing and under-developed markets. In addition to the risks associated with investments outside of the United States, investments in emerging, developing and under-developed markets may involve additional risks. Emerging, developing and under-developed markets generally are not as efficient as those in developed countries. In some cases, a market for the financial instrument may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging, developing and under-developed markets are lower than in developed countries. When seeking to sell emerging, developing and under-developed market financial instruments, little or no market may exist for such instruments. In addition, imposition of exchange regulations, limitations on removal of funds, political instability and corruption and confiscatory taxation are more likely to occur in emerging, developing and under-developed markets.

Issuers based in emerging, developing and under-developed markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging, developing and under-developed markets may not accurately reflect the actual circumstances being reported.

The issuers of some non-U.S. securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. Custodial expenses for a portfolio of emerging, developing and under-developed markets securities generally are higher than for a portfolio of securities of issuers based in developed countries.

Many of the laws that govern private and non-U.S. investment, securities transactions and contractual relationships in non-U.S. countries, particularly in emerging and developing countries, are new and largely untested. As a result, a Portfolio Fund may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws,

ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets, and lack of enforcement of existing regulations.

High-Yield Securities. Portfolio Funds may invest in high-yield securities (commonly known as “junk bonds”). Such securities are generally not exchange traded and, as a result, these instruments trade in a smaller secondary market than exchange-traded bonds. In addition, Portfolio Funds may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. High-yield securities that are below investment grade or unrated face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer’s inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

Micro, Small and Medium Capitalization Companies. A portion of the Sub-Fund’s assets may be invested by the Portfolio Managers in the stocks of companies with micro- or small- to medium-sized market capitalizations. Those stocks, particularly smaller-capitalization stocks, involve higher risks than do investments in stocks of larger companies. For example, prices of small-capitalization and even medium-capitalization stocks are often more volatile than prices of large-capitalization stocks and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, “blue-chip” companies. In addition, due to thin trading in some small-capitalization stocks, an investment in those stocks may be illiquid.

Risk Arbitrage. Risk arbitrage is a strategy that seeks to profit from changes in the price of securities of companies involved in extraordinary corporate transactions. The difference between the price paid by a Portfolio Manager for securities of a company involved in an announced extraordinary corporate transaction and the anticipated value to be received for such securities upon consummation of the proposed transaction will often be very small. Since the price bid for the securities of a company involved in an announced extraordinary corporate transaction will generally be at a significant premium above the market price prior to the announcement, if the proposed transaction appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the securities will usually decline sharply, perhaps by more than the Portfolio Manager’s anticipated profit, even if the security’s market price returns to a level comparable to that which exists prior to the announcement of the deal.

The risk arbitrage business is extremely competitive. In any given transaction, arbitrage activity by other firms will tend to narrow the spread between the price at which a security may be purchased by a Portfolio Manager and the price it expects to receive upon consummation of the transaction.

Investments in Distressed Securities. Portfolio Funds may invest in “below investment grade” securities and obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court’s power to disallow, reduce, subordinate, recharacterize debt as equity or disenfranchise particular claims. Such companies’ obligations may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to the Portfolio Funds’ investment in any instrument, and a significant portion of the obligations and securities in which the Portfolio Funds invest may be less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that a Portfolio Manager will correctly evaluate the value of the assets collateralizing such Portfolio Fund’s investments, that such collateral will be sufficient or that prospects for a successful reorganization or similar action will become available. In any reorganization or liquidation proceeding relating to a company in which a Portfolio Fund invests, such Portfolio Fund may lose its entire investment, may be required to accept cash or securities with a value less than such Portfolio Fund’s original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Portfolio Fund’s investments may not compensate the Sub-Fund adequately for the risks assumed.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Portfolio Fund of the security in respect to which such distribution was made.

Restricted and Illiquid Investments. Portfolio Funds may invest in restricted securities and other investments that are illiquid. Restricted securities are securities that may not be sold to the public without an effective registration statement under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or, if they are unregistered, may be sold only in a privately negotiated transaction or pursuant to an exemption from registration. These may include restricted securities that can be offered and sold only to “qualified institutional buyers” under Rule 144A under the Securities Act. There may be no limit to the percentage of a Portfolio Fund’s net assets that may be invested in illiquid securities.

Positions in restricted or non-publicly traded securities, securities on non-U.S. exchanges and certain futures contracts may be illiquid because certain exchanges limit fluctuations in certain securities and futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day no trades may be executed at prices beyond

the daily limits. Once the price of a particular security or futures contract has increased or decreased by an amount equal to the daily limit, positions in that security or contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This constraint could prevent the Portfolio Funds from promptly liquidating unfavorable positions and consequently subject the Sub-Fund to substantial losses.

Leverage. The leverage effect is determined by the AIFMD as being any method by which the Investment Manager increases the exposure of the Fund whether through borrowing of cash or securities, leverage embedded in derivative positions or by any other means. The leverage creates risks for the Fund. While the use of leverage can lead to an opportunity for higher return and, therefore, additional income, at the same time it can increase volatility and, therefore, lead to a greater risk of loss of capital. Although the Sub-Fund does not intend to utilize leverage in connection with allocating its assets among the Portfolio Funds, the Portfolio Funds may buy and sell securities on margin and otherwise utilize leverage, increasing the volatility of the Sub-Fund's investments. The use of leverage can, in certain circumstances, substantially increase the adverse impact to which the Sub-Fund's investment portfolio may be subject. Trading securities on margin, unlike trading in futures (which also involves margin), results in interest charges and, depending on the amount of trading activity, such charges could be substantial. The low margin deposits normally required in futures and forward trading permit a high degree of leverage; accordingly, relatively small price movement in a futures contract may result in immediate and substantial losses to the investor. Irrespective of the control objectives of the Sub-Fund's multi-asset, multi-manager approach, such a high degree of leverage necessarily entails a high degree of risk.

Short Selling. The Portfolio Managers may engage in short selling. Short selling involves selling securities which are not owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Forward Contracts. A Portfolio Fund may enter into over-the-counter forward contracts for the trading of certain futures interests, such as currencies and interest rates, through U.S. and non-U.S. national or local banks and currency and rates dealers. A forward contract is a contractual obligation to buy or sell a specified quantity of a security or commodity at or before a specified date in the future at a specified price and, therefore, is similar to a futures contract. Banks and dealers act as principals in such markets. Banking authorities generally do not regulate trading in forward contracts. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which a Portfolio Manager would otherwise recommend, to the possible detriment of the Portfolio Fund. In its forward trading, a Portfolio Fund will be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals

with which such Portfolio Fund trades. Portfolio Fund assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. A Portfolio Manager may order trades for its Portfolio Fund in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject the Portfolio Funds to the risk of loss.

Commodities and Derivative Investments. The prices of commodities contracts and derivative instruments, including futures and options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of commodities, futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the commodities underlying them. In addition, the Portfolio Funds' assets are also subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses or counterparties.

A Portfolio Fund may buy or sell (write) both call options and put options, and when it writes options, it may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the same class and amount as those to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. The Portfolio Fund's option transactions may be part of a hedging strategy (*i.e.*, offsetting the risk involved in another securities position) or a form of leverage, in which the Portfolio Fund has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be substantial, depending on the circumstances.

In general, without taking into account other positions or transactions a Portfolio Fund may enter into, the principal risks involved in options trading can be described as follows: When a Portfolio Fund buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of the Portfolio Fund's investment in the option (including commissions). The Portfolio Fund could mitigate those losses by selling short, or buying puts on, the securities for which it holds call options, or by taking a long position (*e.g.*, by buying the securities or buying calls on them) in securities underlying put options.

When a Portfolio Fund sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is "covered." If it is covered, the Portfolio Fund would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Portfolio Fund might suffer as a result of owning the security.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty, market risk, liquidity risk and operations risk.

Futures Contracts. Trading in commodity interests may involve substantial risks. The low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. There is no assurance that a liquid secondary market will exist for commodity futures contracts or options purchased or sold, and a Portfolio Manager may be required to maintain a position until exercise or expiration, which could result in losses.

Futures positions may be illiquid due to “daily price fluctuation limits” or “daily limits.” (See “Certain Risk Factors – Restricted and Illiquid Investments”.) In addition, Portfolio Managers may not be able to execute futures contract trades at favorable prices if trading volume in such contracts is low. It is also possible that an exchange or the U.S. Commodity Futures Trading Commission (the “CFTC”) may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. In addition, the CFTC and various exchanges impose speculative position limits on the number of positions that may be held in particular commodities. Trading in commodity futures contracts and options are highly specialized activities that may entail greater than ordinary investment or trading risks.

The futures and options markets are extremely volatile and the risk of a loss in relation to such markets and/or in relation to uncovered sales is very high.

Counterparty Default. The stability and liquidity of repurchase agreements, swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that each Portfolio Fund will monitor on an ongoing basis the creditworthiness of firms with which it will enter into such arrangements. If there is a default by the counterparty to such a transaction, a Portfolio Fund will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of such Portfolio Fund being less than if such Portfolio Fund had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more of a Portfolio Fund’s counterparties were to become insolvent or the subject of insolvency proceedings in the United States (either under the U.S. Securities Investor Protection Act of 1970, as amended (the “Investor Protection Act”), or the United States Bankruptcy Code), there exists the risk that the recovery of such Portfolio Fund’s securities and other assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

In addition, a Portfolio Fund may use counterparties located in jurisdictions outside the United States. Such local counterparties are subject to the laws and regulations in non-U.S. jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to a Portfolio Fund’s assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on a Portfolio Fund and its assets. Investors should assume that the insolvency of any counterparty of a Portfolio Fund would result in a loss to the Sub-Fund, which could be material.

Failure of Portfolio Funds' Brokers. Registered investment companies are required, in accordance with SEC rules, to maintain custody of their own securities or place their securities in the custody of a bank or a member of a national securities exchange. A registered investment company which places its securities in the custody of a member of a national securities exchange is required to have a written Depositary agreement which provides that securities held in custody will be at all times individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and which contains other provisions complying with SEC regulations.

Because the Portfolio Funds are not typically registered investment companies, the Portfolio Funds are not required to, and may not, have written Depositary agreements with their prime brokers, even though their prime brokers may be members of a national securities exchange; and in acting as Depositarys of the Portfolio Funds' securities and other assets, their prime brokers may not be required to comply with certain SEC regulations applicable to Depositarys of the securities of registered investment companies.

Under the provisions of the Investor Protection Act, the bankruptcy of a prime broker might have a greater adverse effect on a Portfolio Fund than would be the case if its prime broker were required to mark such Portfolio Fund's securities as property of the Portfolio Fund and to comply with other SEC regulations governing the custody of the securities of registered investment companies.

Under certain circumstances, such as the inability of another customer of a broker or the broker itself to satisfy substantial deficiencies in the other customer's account, a Portfolio Fund may be subject to a risk of loss of its assets on deposit with such broker. In the case of any bankruptcy or customer loss, a Portfolio Fund might recover, even with respect to property specifically traceable to such Portfolio Fund, only a *pro rata* share of all property available for distribution to all of the broker's customers.

Risk of Litigation. The Portfolio Funds may accumulate positions in the securities of a company that becomes involved in proxy fights, litigation relating to control of the company or in litigation relating to bankruptcy proceedings. These types of litigation could be lengthy and expensive and may have a significant effect on the value of the securities held by the Portfolio Funds. Additionally, a Portfolio Fund might be named as a defendant in a lawsuit or regulatory action. The outcome of such disputes may affect the value of the Sub-Fund.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Sub-Fund. Prospective investors should read this entire Prospectus and consult with their own advisers before deciding to invest in the Sub-Fund.