

**OAM EUROPEAN VALUE FUND  
OFFERING MEMORANDUM**

The subscription list for the offer of up to 14,990,000 Non-Voting Participating Redeemable Preference Shares of US\$0.01 par value ISIN KYG6689A1058 (the “Participating Shares”) of the OAM European Value Fund (the “Fund” or the “Company”) offered to Qualifying Investors (as defined on page 3 hereof) opened for the initial offering at a subscription price of US\$10.00 per Participating Share at 9.00am on 31<sup>st</sup> December 2002. There has been a continuous offering of Participating Shares as set out herein. The full subscription price is payable in cash upon subscription. The minimum initial subscription is US\$250,000.00 per investor.

**OFFER BY**

**OAM EUROPEAN VALUE FUND**

(An exempted company established under the Companies Law of the Cayman Islands  
on 9<sup>th</sup> December 2002)

Participating Shares of OAM European Value Fund are listed on the Cayman Islands Stock Exchange under the Bloomberg symbol OAMEUVA KY.

**DISTRIBUTOR AND INVESTMENT ADVISOR**

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Updated: 31<sup>st</sup> January 2016

This document contains certain particulars of the Fund for the purpose of giving information to the recipients hereof. The Participating Shares are offered on the basis of the information and representations contained in this Offering Memorandum. Any other information given or representations made by any person must be regarded as unauthorised.

This Offering Memorandum includes information given in compliance with the Listing Rules of the Cayman Islands Stock Exchange (the "CSX"). The Directors of the Fund (the "Directors" and each a "Director"), collectively and individually, accept full responsibility for the accuracy of the information contained in this Offering Memorandum and confirm having made reasonable enquiry, that to the best of their knowledge and belief there are no facts the omission of which would make any statement within this Offering Memorandum misleading. The CSX takes no responsibility for the contents of this Offering Memorandum and makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of this document.

### **SIGNIFICANT INFORMATION**

It is recommended that any person interested in applying for Participating Shares in the Fund pursuant to this Offering Memorandum should consult his professional advisers on matters referred to in this document. No information or advice herein contained shall constitute advice to a prospective shareholder in respect of his personal position.

The distribution of this Offering Memorandum and the offering of Participating Shares may be wholly or partly restricted in certain jurisdictions. It is the responsibility of any persons in possession of this Offering Memorandum and any persons wishing to make application for Participating Shares on the basis of or pursuant to this Offering Memorandum to inform themselves of and to observe fully the applicable laws and regulations of any relevant jurisdiction.

This Offering Memorandum does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation or is unlawful without compliance with additional registration or filing requirements. In particular, the Participating Shares have not been registered under the United States Securities Act of 1933 and, other than in certain circumstances, may not be directly or indirectly offered or sold in the United States or to or for the benefit of U.S. persons, or to others purchasing the Participating Shares for re-offering, resale or delivery directly or indirectly in the United States, or to or for the benefit of any such persons.

### **Qualifying Investors/Compulsory Redemptions**

The Fund's Articles of Association contain a provision empowering the Fund to redeem compulsorily any Participating Shares if it comes to the attention of the Directors that any Participating Shares are owned directly or beneficially by any person who (i) is not a Qualifying Investor or, (ii) by virtue of such ownership, is in breach of any law or requirement of any country or governmental authority which might result in the Fund or its shareholders suffering taxation or pecuniary or other disadvantage which it or they would not suffer if such person (whether alone or

together with other persons) was not a holder of Participating Shares. Otherwise, the Participating Shares are freely transferable among Qualifying Investors. However, the Directors accept no responsibility for, and are not obliged to ascertain whether or not such a person so owns any Participating Shares or such ownership would result in breach of any such law or requirement or bring about any such disadvantage.

## **U.S Persons**

U.S. Persons are not Qualifying Investors and may not acquire Participating Shares.

For the purposes of this Offering Memorandum, "United States" means the United States of America, each state thereof, its territories and possessions and all areas subject to its jurisdiction and a "Qualifying Investor" means a person who is not a U.S. Person (unless expressly approved by the Board of Directors) and has an open account and signed an investment management agreement with the Investment Advisor.

All references to a "U.S. Person"- means (a) a natural person who is a citizen or resident of the United States; (b) a partnership, limited liability company or corporation organized or incorporated under the laws of the United States, its territories or possessions, any U.S. state, or the District of Columbia; (c) a trust of which any trustee is a U.S. Person, unless no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. Person, the trustee who is a U.S. Person is a professional fiduciary and a trustee who is not a U.S. Person has sole or shared investment discretion with respect to the trust assets; (d) an estate of which any executor or administrator is a U.S. Person, unless such estate is governed by non-U.S. law, the U.S. Person who serves as an executor or administrator of such estate is a professional fiduciary and an executor or administrator of the estate who is not a U.S. Person has sole or shared investment discretion with respect to the estate's assets; (e) a non discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person; (f) a discretionary or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; (g) an agency or branch of a foreign entity located in the United States; or (h) a partnership, limited liability company or corporation that is (i) organized or incorporated under the laws of a jurisdiction other than the United States and (ii) formed by a U.S. Person principally for the purpose of investing in securities not registered under the U.S. Securities Act of 1933 as amended, unless it is organized or incorporated and owned by accredited investors (as defined in Rule 501(a) under the U.S. Securities Act of 1933 as amended) who are not natural persons, estates or trusts. Notwithstanding the foregoing, an employee benefit plan established and administered in accordance with the law of a country other than the United States and with customary practices and documentation of such country does not constitute a U.S. Person.

## **U.S. FATCA**

Sections 1471 – 1474 (referred to as "U.S. FATCA") of the US Internal Revenue Code of 1986, as amended (the "Code") impose new rules with respect to certain payments to non-US persons, such as the Fund. Under such legislation, the relevant withholding agent may be required to withhold 30% of any interest, dividends, and other fixed or determinable annual or periodical

gains, profits, and income from sources within the United States or gross proceeds from the sale of any property of a type which can produce interest or dividends from sources within the United States, to: (i) a foreign financial institution unless such foreign financial institution agrees to verify, report and disclose its U.S. accountholders and meets certain other specified requirements; or (ii) a non-financial foreign entity that is a beneficial owner of the payment unless such entity certifies that it does not have any substantial U.S. owners or provides the name, address and taxpayer identification number of each substantial U.S. owner and such entity meets certain other specified requirements. Thus, Fund and, indirectly, its non-U.S. investors, could be subject to the U.S. FATCA withholding tax if they do not provide information to the Fund to comply with the U.S. FATCA information reporting rules. In such case, the Fund may require the Shareholders whose failure to provide information resulted in the U.S. FATCA withholding tax, to indemnify the Fund for the tax and associated costs, treat the U.S. FATCA withholding as an amount deemed distributed to such Shareholder and/or seek other remedies (such as through the compulsory redemption of Participating Shares). Prospective shareholders should consult their own tax advisors regarding the possible implications of the U.S. FATCA on their investment in the Participating Shares.

It will be noted that under the Tax Information Authority Law (as revised), the Cayman Islands have introduced the Tax Information Authority (International Tax Compliance) (United States of America) Regulations, 2014 requiring the Fund to make reports in respect of U.S. Persons who hold Participating Shares.

Given the prohibition on U.S. Persons holding Participating Shares in the Fund, it is not anticipated that, in practice, the Fund will have U.S. investors for FATCA purposes. However, the Board of Directors reserves the right to, inter alia, exercise the Fund's right of compulsory redemption as described on page 2 above in the event that such U.S. Persons are identified.

## **UK FATCA**

Also, pursuant to the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Cayman Islands to Improve International Tax Compliance (the "UK ITC IGA"), the Cayman Islands has enacted The Tax Information Authority (International Tax Compliance) (United Kingdom) Regulations, 2014 requiring that the Cayman Islands obtain certain specified information with respect to all United Kingdom reportable accounts (which includes the Fund) and annually exchange this information with the United Kingdom on an automatic basis pursuant to the provisions of the arrangement between the United Kingdom of Great Britain and Northern Ireland and the Government of the Cayman Islands for the avoidance of double taxation and the prevention of fiscal evasion. In the event that Shareholders do not provide information to the Fund to enable it to comply with such domestic legislation the Fund may be subject to penalties under Cayman Islands law.

In such case, the Fund may require the Shareholders whose failure to provide information resulted in any penalties to indemnify the Fund for such penalties, treat the amount of such penalties as an amount deemed distributed to such Shareholder and/or seek other remedies (such as through the compulsory redemption of Participating Shares). Accordingly, the Board of Directors reserves the right, inter alia, to exercise the Fund's right of compulsory redemption as

described on page 2 above in relation to Shareholders that do not provide to the Fund with the information required to enable it to comply with Cayman Islands law.

### **Common Reporting Standards**

The Cayman Islands has committed, along with approximately 95 other countries, to the implementation of the Organisation of Economic Cooperation and Development (“**OECD**”) standard for automatic exchange of financial account information – common reporting standard (“**CRS**”). The Cayman Islands government has passed legislation to give effect to the CRS (the Tax Information Authority (International Tax Compliance) (Common Reporting Standard) Regulations, 2015) which requires “reporting financial institutions” to identify, and report information in respect of, specified persons in the jurisdictions which sign and implement the CRS. As the OECD initiative develops, further inter-governmental agreements may be entered into by the Cayman Islands government.

By investing (or continuing to invest) in the Fund, investors shall be deemed to acknowledge that:

- (i) the Fund (or its agent) may be required to disclose to the Cayman Tax Information Authority (“**Cayman TIA**”) certain confidential information in relation to the investor, including but not limited to the investor's name, address, tax identification number (if any), tax residence(s) social security number (if any) and certain information relating to the investor's investment;
- (ii) the Cayman TIA may be required to automatically exchange information with foreign fiscal authorities;
- (iii) although currently not anticipated the Fund (or its agent) may in the future be required to directly disclose to foreign fiscal authorities certain confidential information when registering with such authorities and if such authorities contact the Fund (or its agent directly) with further enquiries;
- (iv) the Fund may require the investor to provide additional information and/or documentation which the Fund may be required to disclose to the Cayman TIA;
- (v) in the event an investor does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Fund, or a risk of the Fund or its investors being subject to failing to comply with CRS, the Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or withdrawal of the investor concerned;
- (vi) no investor affected by any such action or remedy shall have any claim against the Fund (or its agent) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Company in order to comply with CRS or any of the relevant underlying legislation; and

- (vii) the Fund will endeavour to satisfy the requirements imposed under CRS and any related Cayman Islands domestic laws. In the event that the Company is not able to comply with the requirements imposed by CRS or any related Cayman Islands domestic laws and the Fund does suffer penalties as a result of non-compliance, the Net Asset Value of the Fund may be adversely affected and the Fund may suffer significant loss as a result.

In this Offering Memorandum all references to "dollars", "\$" and "cents" are to the currency of the United States of America, unless otherwise stated, and a "Business Day" is a day on which the banks are not closed for business in the Cayman Islands.

IT SHOULD BE NOTED THAT THE REDEMPTION PRICE OF PARTICIPATING SHARES AND THE AMOUNT OF INCOME, IF ANY, AVAILABLE FOR DISTRIBUTION CAN GO DOWN AS WELL AS UP.

### **Regulation of the Fund in the Cayman Islands**

The Fund falls within the definition of a "mutual fund" under the Mutual Funds Law (2012 Revision) of the Cayman Islands (the "Mutual Funds Law") and, accordingly, has been registered under the Mutual Funds Law. The Fund will be required to file this Offering Memorandum (and any changes thereto) as well as other prescribed documents with the authorities in the Cayman Islands and to file audited accounts with such authorities on a regular basis.

As a "regulated mutual fund", the Fund is subject to the supervision of the Cayman Islands Monetary Authority (the "Authority") and the Authority may at any time instruct the Fund to have its accounts audited and to submit them to the Authority within such time as the Authority specifies. In addition, the Authority may ask the Fund and/or any of its Directors to give the Authority such information or such explanation in respect of the Fund as the Authority may reasonably require to enable it to carry out its duty under the Mutual Funds Law.

The Fund and/or any of its Directors must give the Authority access to or provide at any reasonable time all records relating to the Fund and the Authority may copy or take an extract of any record to which it is given access. Failure to comply with these requests by the Authority may result in substantial fines on the part of the Fund and its Directors and may result in the Authority applying to a court to have the Fund wound up.

The Authority may take certain actions if it is satisfied that a regulated mutual fund is or is likely to become unable to meet its obligations as they fall due or is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors or the direction and management of the Fund has not been conducted in a fit and proper manner or a person holding a position as a director, manager or officer of the Fund is not a fit and proper person to hold the respective position. The powers of the Authority include, inter alia, the power to require the substitution of any Director, to appoint a person to advise the Fund on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Fund. There are other remedies available to the Authority, including the ability to apply for a court order to take such other actions as it considers necessary, to protect the interests of investors in and creditors to the Fund.

The Authority does not take responsibility for the Fund's investment programme, nor does it monitor compliance with the investment guidelines and restrictions set forth in this Offering Memorandum.

### **ISSUE OF PARTICIPATING SHARES**

No Participating Shares in the Fund may be subscribed for except by clients of Overseas Asset Management (Cayman) Ltd. who have signed an investment management agreement with Overseas Asset Management (Cayman) Ltd. as well as the prescribed application form for the purchase of Participating Shares (see Procedure for Subscription), or such persons who meet any suitability criteria as the Directors, in their complete discretion, may establish, or with the express written consent of the Directors. Overseas Asset Management (Cayman) Ltd. is the Investment Advisor of the Fund and is referred to herein as the "Investment Advisor".

Participating Shares may be subscribed for at the "Subscription Price" as calculated on the Valuation Day coinciding with the relevant Subscription Day (see page 13 hereof).

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## **THE OAM EUROPEAN VALUE FUND**

### **STRUCTURE AND ADMINISTRATION**

The proceeds of issue of Participating Shares will be invested in accordance with the investment objectives and strategies of the Fund as set out in this Offering Memorandum. The Fund will be responsible for its own day to day administration and registrar and transfer agent functions and Overseas Asset Management (Cayman) Ltd. will act as Investment Advisor to the Fund.

#### **Registered Office:**

The Pavilion  
Cricket Square  
P.O. Box 597  
Grand Cayman KY1-1107

#### **The Directors of the Fund:**

Desmond H. Kinch (Chairman and  
Managing Director)  
Roger M. Cave  
Peter T. Dutton  
John F. Dyke

#### **Distributor and Investment Advisor:**

Overseas Asset Management (Cayman) Ltd.  
The Pavilion  
Cricket Square  
P.O. Box 597  
Grand Cayman KY1-1107

#### **Auditors:**

KPMG  
Century Yard, Cricket Square  
P.O. Box 493  
Grand Cayman KY1-1106

#### **Bankers:**

RBC Royal Bank (Cayman) Limited  
Shedden Road  
P.O. Box 245  
Grand Cayman KY1-1104  
Cayman Islands

#### **Custodian of Securities:**

Deutsche Bank International Limited  
St Paul's Gate, New Street  
P.O. Box 727  
St Helier  
Jersey JE4 87B

#### **Legal Advisors as to Cayman Islands Law:**

Carey Olsen  
Willow House  
Cricket Square  
P.O. Box 10008  
Grand Cayman KY1-1001

#### **Listing Agent:**

Carey Olsen  
Willow House  
Cricket Square  
P.O. Box 10008  
Grand Cayman KY1-1001

## DESCRIPTION AND OBJECTIVES OF THE FUND

### General

The Fund is an open-ended investment fund established under the Companies Law of the Cayman Islands. It may issue and redeem Participating Shares at Net Asset Value per Participating Share as at each Subscription Day (being in the normal course of events the last Business Day of each month). The term “Net Asset Value per Participating Share” used herein means Net Asset Value divided by the number of issued and outstanding Participating Shares. The term “Net Asset Value” used herein bears the meaning given in Part 1 of Appendix B below.

The Fund's share capital is described in Appendix A.

### Introduction and Description

The Fund will invest in listed equities, closed-end funds and investment trusts which invest principally in United Kingdom and continental European companies and does have authority to invest in unlisted securities. The Fund may invest in companies listed in or funds which invest in the European Union stock markets of United Kingdom, France, Germany, Italy, Spain, Portugal, The Netherlands, Belgium, Luxembourg, Denmark, Austria, Greece, Sweden, Finland, Ireland, Estonia, Latvia, Lithuania, Hungary, the Czech Republic, Poland Slovenia, Slovakia, Cyprus, Malta, Romania and Bulgaria. The Fund may also invest in European countries outside the European Union including Switzerland and Norway. However, companies listed in the UK and Western European stock markets will comprise the majority of the Fund's assets.

The Investment Advisor believes that there are significant pricing inefficiencies in European stock markets which it intends to exploit for the Fund's shareholders. In particular, there are several listed, family-controlled companies in Europe with strong long-term track records of compounding their net asset value per share which are currently trading at an average discount of 45% to net asset value. This has been an area of expertise for the Fund. The Fund also invests in closed-end funds and investment trusts which invest principally in European companies when their shares are trading at historically wide discounts to net asset value. Another area of focus has been smaller and medium sized listed European companies with good long-term track records of increasing earnings per share and which are selling at significant discounts to the Manager's estimate of intrinsic value. The Fund also invests in European companies which are becoming market leaders in their industry, either across Europe or globally, but which sell at significant discounts to the Manager's estimate of their intrinsic value. Given the likelihood of lackluster growth in the UK and the European Union, the Manager seeks to invest in companies listed in the region that have significant exposure to more rapidly growing parts of the world.

The Fund has acquired unlisted assets including closed-end funds, limited partnerships or convertible bonds, which all have fixed lives at the end of, or during, which they will return capital to the Fund. These assets were (a) acquired at a discount to net asset value or par through negotiations with a third-party broker, (b) were subscribed to during capital raising by one limited partnership, or (c) were initially bought on an exchange prior to the holding being de-listed and subjected to periodic redemption opportunities at net asset value.

## **Investment Performance to date**

The Net Asset Value per Participating Share of the Fund increased by 260.9% between 31<sup>st</sup> December, 2002 and 31<sup>st</sup> December 2015 (10.4% per annum). During the same period, the Fund's benchmark, the MSCI Europe (US\$) index, increased by 72.6% (4.3% per annum). This performance data is based on audited financial statements of the Fund up to 31<sup>st</sup> December 2014 and the unaudited Net Asset Value per Participating Share of the Fund on 31<sup>st</sup> December 2015. The Fund outperformed its benchmark since inception by a considerable margin with less volatility than either the benchmark index or competing European equity funds.

Performance data is based on the Fund's monthly Net Asset Value calculations and its annual audited financial statements.

THE INVESTMENT ADVISOR DRAWS EACH SUBSCRIBER'S ATTENTION TO THE SECTION ENTITLED RISK CONSIDERATIONS WHICH SHOULD BE READ IN CONJUNCTION WITH THE ABOVE SECTION.

## **Investment Objectives and Strategies**

The Investment Advisor's objective is to provide shareholders of the Fund with risk-adjusted returns which exceed the Fund's benchmark index, being the MSCI Europe Index (US\$). In absolute terms, the Investment Advisor's objective was to provide shareholders of the Fund with returns over the first ten years of the Fund's life which were at least three times higher than the yield on 5-year United States Treasury bonds which at 4<sup>th</sup> December, 2002 was 3.20%. The Fund returned 12.9% per annum during its first ten years. This return calculation is based on the Fund's Net Asset Value per Participating Share at launch and its Net Asset Value per Participating Share according to the Fund's audited financial statements at 31<sup>st</sup> December 2012. At the start of 2013, the Investment Advisor established a new absolute return objective which is to provide the Fund's shareholders with a return that is at least five times higher than the yield on 10-year US Treasury bonds at that time, which was 1.75%. Given that European equity indices in US Dollars are no higher now than they were when this objective was set 3 years ago, it implies an objective of generating a compound annual return of 11.6% per annum over the next 7 years. The Investment Advisor thinks that this objective is within the realm of possibility but feels that it is a very ambitious objective that may be difficult to attain.

The Fund will focus principally on companies which the Investment Advisor believes have strong interest coverage ratios that:-

- Sell at large discounts to net asset value, or
- Sell at significant discounts to the Investment Advisor's estimate of intrinsic value, or
- Conform to the objective of having a portfolio of investments with higher quality and/ or predictability than the overall European equity market, but that have a valuation that is lower on average than the European equity market.

The Investment Advisor does not currently intend to hedge general market risks. The Investment

Advisor has used a similar strategy in managing its clients' segregated portfolios for more than twenty five years. However the Investment Advisor retains a discretion to hedge risks if it deems fit (and has, from time to time, hedged against falls in the Euro against the US Dollar) subject always to the investment restrictions described below.

The Investment Advisor emphasizes that part of its investment objective is also to seek an absolute return for the Fund's shareholders. As a result, the Fund's investments are likely to vary widely from the components of its benchmark index. There are likely to be periods of significant underperformance by the Fund, particularly during short covering rallies and strong market rallies that are led by European large capitalisation equities. The Investment Advisor draws each Subscriber's attention to the paragraph entitled Variance from the Fund's Benchmark within the Risk Considerations section.

With effect from 31<sup>st</sup> March, 2008, the shareholders of the Fund have, by resolution, authorised (but not required) the Board to hedge the exposure of the Fund to the Euro and other European currencies by means of currency swaps against the U.S. Dollar, options or such other means as the Board may deem fit from time to time.

With effect from 24<sup>th</sup> January, 2014, the shareholders of the Fund have, by resolution, authorised the Board, from time to time, to invest in entities that purchase pools of loans or other assets, including those related to insolvencies, subject to debt management plans, payment plans, insolvency or other comparable investments and/or to co-invest with such entities or make such other arrangements which the Company's Investment Advisor deems fit for taking an economic interest in such investments. It is not envisaged that more than 10% of the Fund's net assets at the time of investment will be invested in such arrangements. The purpose of this authority is to give the Board better options to invest surplus assets of the Fund at times when attractive equity investment opportunities are not available within the Fund's investment parameters. It is hoped that such debt investments will reduce the drag on returns caused by uninvested funds.

## **INVESTMENT RESTRICTIONS**

The Fund will not:-

- (i) sell short securities not owned by the Fund;
- (ii) purchase or sell derivatives except for hedging purposes; or
- (iii) take management control of, or invest more than 10% of the Fund's net assets in any one company unless, in the latter case only, that company is a fund which holds a diversified portfolio of securities.

However, some of the companies in which the Fund invests may from time to time engage in one or more of the above activities.

The Fund has corporate authority to borrow funds not exceeding a total of ten (10) per cent of the Net Asset Value of the Fund calculated as at the time of committing to any such borrowings. Borrowings may be undertaken for temporary purposes only, including without prejudice to the

generality of the foregoing, to assist in the orderly disposal of securities to meet redemption requests. The Directors may exercise all the powers of the Fund to borrow or raise moneys.

Pursuant to a resolution approved by the Fund's shareholders, the Fund is permitted to invest in unlisted securities from time to time. It is the Board's current intention that the Fund will invest no more than 20% of the Fund's net assets in unlisted securities.

The investment objectives, strategies and restrictions described above may be modified by the Directors from time to time if they deem it expedient with the approval by ordinary resolution of the holders of the Participating Shares.

### **RISK CONSIDERATIONS**

Each shareholder should understand that all investments have a risk factor. Therefore, there can be no guarantee against loss resulting from an investment in the Fund and there can be no assurance that the Fund's investment policy will be successful or that its investment objective will be attained.

There are many risks of investing in equity markets in Europe which include relative illiquidity in some securities, excessive corporate debt at some companies which will cause bankruptcies, poor corporate governance at some listed companies, high share price volatility at times, and potential currency weakness against the US Dollar which is the Fund's reporting currency. The Fund will not necessarily hedge its currency exposure, but the Board has authority to do so.

Please also refer to Appendix B III of this Offering Memorandum for a discussion of further risk considerations.

### **PROCEDURE FOR SUBSCRIPTION**

The subscription list for the Participating Shares of the Fund opened for the initial offering at a subscription price of US\$10.00 per Participating Share at 9.00am on 31<sup>st</sup> December, 2002. Subsequent applications from Qualifying Investors may be made for Participating Shares on each Subscription Day, which will normally be the last Business Day of each month but may also be such other days as determined by the Directors (each a "Subscription Day"). The Subscription Price is payable in full in cash upon subscription. The minimum initial subscription is US\$250,000.00 per investor unless such minimum is waived by the Board on a case by case basis.

Applications should be made on the application form provided with this Offering Memorandum (the "Application Form"). Application Forms, duly completed, should be sent to the Fund at the address set out in the Application Form. Persons who have not opened an account (which remains open) and have not signed an investment management agreement with the Investment Advisor will need to do so before or at the time of subscribing for Participating Shares.

The current subscription price of the Participating Shares shall be calculated as at the close of business on the Valuation Day coinciding with the relevant Subscription Day by determining the Net Asset Value of the Fund (see Part 1 of Appendix B) as at that time, and dividing that amount by the number of Participating Shares in issue at the date of such calculation (the "Subscription

Price”). There are no sales commissions or other "front end fees".

At the discretion of the Fund’s Directors, the Fund may accept listed European securities in lieu of cash for a part of the whole of an application to subscribe for Participating Shares. Any securities which are accepted in lieu of cash will be valued at their closing price as indicated by Bloomberg on the relevant Subscription Day

Before subscribing for Participating Shares, prospective applicants should check with the Investment Advisor to confirm whether it is accepting subscriptions. The Fund’s directors have discretion to either close the Fund to subscription or to restrict subscriptions to those from existing clients in order to regulate the flow of money into the Fund. If the Application Form is accepted, the amount to be invested in the Fund, as set out therein, will either be transferred from the investor’s managed account with the Investment Advisor to the Fund’s bank account at RBC Royal Bank (Cayman) Limited, George Town, Grand Cayman branch, or wire transferred by the subscriber to the Fund’s custody account at Deutsche Bank International Limited, or paid by a local US Dollar cheque drawn on a Cayman Islands clearing bank made payable to the Fund and deposited to the Fund’s bank account at RBC Royal Bank (Cayman) Limited, George Town, Grand Cayman branch. The Application Form contains an instruction to the Investment Advisor to that effect. Certificates in respect of the Participating Shares will not be issued.

Any cash from a subscription amount that remains after issuing the largest whole number of shares by which the subscription amount is divisible will be retained by the Fund for the benefit of its shareholders.

## **REDEMPTION**

Holders of Participating Shares have the right, except when there is a suspension of the determination of the Net Asset Value, to redeem their Participating Shares on the last Business Day of each calendar month or any other date on which the Board of Directors permits redemption (each a "Redemption Day") next following the fourteenth day after the receipt by the Fund of such request at the Redemption Price (as defined below) prevailing at that time. If a request is received after that time, such request, at the option of the Directors, may be complied with or, alternatively, be deemed to be a request in respect of the next following Redemption Day when the Redemption Price prevailing at that time shall apply. If compliance with a shareholder's request for redemption would result in the shareholder holding Participating Shares with an aggregate Net Asset Value of less than US\$10,000.00 or such other minimum as the Directors may determine, at the option of the Directors, the shareholder's request may be rejected or the whole of his holding redeemed.

The Redemption Price shall be calculated as at the close of business on the Valuation Day coinciding with the relevant Redemption Day by determining the Net Asset Value of the Fund (see Part I of Appendix B) as at that time and dividing that amount by the number of Participating Shares in issue at the date of such calculation (the “Redemption Price”). If Participating Shares are redeemed within three (3) years from the date of issue there may be deducted from the Redemption Price an amount equal to five (5) per cent of such Redemption Price which shall be retained by the Fund for the benefit of the remaining shareholders. It is not the intention of the

Directors to apply the 5% discount to the Redemption Price in respect of the redemption of Participating Shares originally issued in exchange for European securities transferred from an existing account held by an investor with the Investment Advisor.

**SINCE THE REDEMPTION PRICE OF PARTICIPATING SHARES IS TIED TO THE VALUE OF THE UNDERLYING ASSETS OF THE FUND, IT SHOULD BE NOTED THAT THE PRICE AT WHICH AN INVESTOR MIGHT REDEEM HIS PARTICIPATING SHARES MAY BE MORE OR LESS THAN THE PRICE AT WHICH HE SUBSCRIBED FOR THEM DEPENDING ON WHETHER THE VALUE OF THE UNDERLYING ASSETS HAS APPRECIATED OR DEPRECIATED BETWEEN THE DATE OF SUBSCRIPTION AND THE DATE OF REDEMPTION.**

To redeem all or part of his holding, a shareholder should provide signed redemption instructions to the Fund at its registered office as set out above (the “registered office”). The instructions should be received not later than 3:30 p.m. Cayman time fourteen (14) days prior to the relevant Redemption Day in order to qualify for redemption on that day. Requests for redemption received later than such date may be held over until the next Redemption Day when the Redemption Price prevailing at that time shall apply.

Requests for redemption once made may not be withdrawn (except with the written consent of the Directors) or unless there has been a suspension of determination of the Net Asset Value of the Fund.

Any amount payable to a shareholder in connection with requests for redemption will be paid by wire transfer (in accordance with written details to be supplied by the shareholder) at the shareholder's expense and risk. The Fund will normally ensure that it has sufficient liquid assets available to enable redemption proceeds to be forwarded forthwith to a shareholder who has requested a redemption of all or part of his holding of Participating Shares and in any event redemption proceeds will be forwarded not later than twenty (20) Business Days after the relevant Redemption Day. The details of where such monies are to be forwarded must be set out in the space provided on the Application Form. This may be changed from time to time by written instructions of the shareholder. Failure to complete that section of such Application Form may result in delays in the receipt of redemption proceeds since the Fund will reserve the right to insist on instructions with regard to payment being received by the Fund in writing under the verified signature of the shareholder.

Notwithstanding the previous paragraph, the Fund may defer payment of the Redemption Price if it is unable to do so because of circumstances beyond its control, in which case it will pay such Redemption Price as soon as possible. The Fund may pro-rate all redemption requests on any Redemption Day to limit total redemptions to 20% of the Fund's Participating Shares in issue on the relevant Redemption Day. Any outstanding redemption requests will be carried forward to the next following Valuation Date where they will be dealt with prior to any subsequent requests.

If a redemption amount is specified by a redeeming shareholder in Dollars, that amount will be divided by the NAV per share and the largest resulting whole number will be the number of shares redeemed. Any cash that arises from the difference (a) between the number of shares

redeemed multiplied by the NAV per share, and (b) the redemption amount paid, will be retained by the Fund for the benefit of its shareholders. Any wire transfer fees incurred by the Fund will be added to the redemption amount if applicable.

All Participating Shares are issued on the basis that they may be redeemed or purchased from time to time by the Fund at its option if it shall come to the attention of the Fund that (a) any Participating Shares are owned directly or beneficially by any person who is not a Qualifying Investor, or (b) ownership of such Participating Shares by any person is in breach of any law or requirement of any country or governmental authority which might result in the Fund or its shareholders suffering any taxation, pecuniary or any other disadvantage which it would not suffer if such person (whether alone or together with other persons) was not a holder of Participating Shares.

### **TRANSFER OF PARTICIPATING SHARES**

Subject to the preceding paragraph, Participating Shares are freely transferable among Qualifying Investors upon submission to the Fund of an instrument of transfer in any usual or common form together with such evidence as the Directors may reasonably require to show the right of the transferee to transfer the Participating Shares.

### **SUBSCRIPTION, REDEMPTION AND VALUATION DAYS**

Subscription Days will normally occur monthly on the last Business Day of each month except during periods when the calculation of Net Asset Value is suspended. Redemption Days will normally occur monthly on the last Business Day of each month except during periods when the calculation of Net Asset Value is suspended. However, the Directors reserve the right to appoint such other day or days as they shall determine as a Subscription Day or a Redemption Day.

The Net Asset Value of the Fund will be calculated on each Valuation Day which will normally be the Business Day coinciding with each Subscription Day and Redemption Day (each a “Valuation Day”). However, the Directors may suspend valuations in certain circumstances in accordance with the Articles of Association of the Fund. The Net Asset Value will be notified to the CSX immediately upon calculation. The relevant extract of the Articles of Association of the Fund is set out in Appendix B, Part IV. The Investment Advisor will value the investments of the Fund in accordance with the relevant provisions of the Articles of Association of the Fund, as set out in Part I of Appendix B.



## MANAGEMENT, ADMINISTRATION AND CUSTODY

### Administration

The Fund will be responsible for the day to day investment management and administration of its affairs including the investment of its assets, dealing with the subscription and redemption of Participating Shares, maintaining the register of shareholders, calculating the Net Asset Value of the Fund and liaising generally with shareholders. The Fund will obtain closing prices that are used to calculate its Net Asset Value from Bloomberg or from market makers in a particular security in any instance where Bloomberg prices are not available. Although the Fund will be audited annually, there will be no independent verification of its calculation of its Net Asset Value done on each Valuation Day.

### Investment Advisor

The Investment Advisor of the Fund is Overseas Asset Management (Cayman) Ltd. The Investment Advisor is an ordinary resident company incorporated in the Cayman Islands in 1989. The Investment Advisor is licensed under the Companies Management Law (2003 Revision) and is regulated under this Law by the Cayman Islands Monetary Authority. Each of the Directors of the Fund is also a director of the Investment Advisor, and three of the Directors are shareholders of the Investment Advisor. For a description of such Directors please see the section headed "The Directors of the Fund".

The Investment Advisor currently manages in the region of US\$510,000,000 for approximately 230 high net worth private clients and institutions. The areas of expertise of the Investment Advisor include European equities, Asian equity funds, offshore incorporated closed end funds and private equity secondaries.

The Investment Advisor has been appointed as such pursuant to an Investment Advisory Agreement (the "Investment Advisory Agreement") dated 20<sup>th</sup> December 2002 between the Fund and the Investment Advisor. The Investment Advisory Agreement provides that the Investment Advisor and its affiliates and respective shareholders, members, directors, officers, employees and agents (each an "indemnified person") will be held harmless, defended and indemnified by the Fund from and against any claim, loss, damage, liability or expense (including court costs, attorneys' fees and expenses, costs of investigation, taxes and penalties) suffered by an indemnified person by virtue of such indemnified person's activity as or on behalf of the Investment Advisor in connection with the services it provides to the Fund and shall not be responsible to the Fund or its shareholders for any loss suffered by them as a result of the Investment Advisor's actions or omissions provided, in all cases, that such actions or omissions by the Investment Advisor are in good faith.

The Investment Advisory Agreement is terminable by either party on three (3) months' written notice without penalty.

Notice of any variation or termination of the Investment Advisory Agreement shall first be given to the holders of the Participating Shares in the Fund.

## **Custody of Securities**

Deutsche Bank International Limited is custodian of securities held by the Fund. The Fund's Directors signed a custodian agreement with Deutsche Bank International Limited dated 11<sup>th</sup> September, 2009 (the "Custodian Agreement") pursuant to which the custodian will settle all transactions of the Fund, collect all dividends received by the Fund, provide accounting of all transactions in the custody account, and execute instructions received from the Investment Advisor on all corporate actions involving any securities held by the Fund. The custodian will charge an annual fee of 0.10% on the first US\$2,500,000 million in assets of the Fund, 0.075% on the next US\$5,000,000, and 0.05% on assets exceeding US\$7,500,000, charged on a quarterly basis. In addition, the custodian will charge receipt and delivery fees on the settlement of each purchase and sale by the Fund, and will recover any banking fees or out-of-pocket expenses.

The Custodian Agreement may be terminated by either party giving ninety (90) days notice in writing.

The Custodian Agreement permits the Custodian to employ agents and sub-custodians worldwide.

In performing its obligations under the Custodian Agreement, the Custodian will act with due care, skill and diligence. The Custodian will only be liable to the Fund for any liability, loss or cost suffered by the Fund to the extent that such liability, loss or cost is a direct result of the negligence, wilful default or fraud of the Custodian or any broker, dealer, market maker, sub-custodian or agent which is a Group Company (being a company ultimately owned by the Custodian's ultimate holding company, Deutsche Bank AG). The Custodian will not be responsible for any loss attributable to any act, omission or default of any broker, dealer, market maker, sub-custodian or agent selected by the Custodian provided that the Custodian has not acted negligently in selecting or utilising the services of such broker, dealer, market maker, sub-custodian or agent.

See "Custodian/Sub-Custodian risk" under Part III of Appendix B, "Risk Factors".

The Fund will indemnify the Custodian and any Group Company against all actions, proceedings, claims, demands, liabilities, taxes, costs and expenses arising out of the custodian agreement, except to the extent that these result from the negligence, wilful default or fraud of the Custodian or any Group Company, its servants and/or agents.

The Custodian is regulated by the Jersey Financial Services Commission in the carrying on of Fund Services Business and Investment Business under the Financial Services (Jersey) Law, 1998 and is an Approved Custodian within the meaning given in the Financial Services (Investment Business (Client Assets)) (Jersey) Order 2001. It is a wholly owned subsidiary of Deutsche Bank AG. As at 30<sup>th</sup> September, 2015, Deutsche Bank AG had total assets of €1,719 billion, shareholders equity of €64 billion, a Basel III Core Tier 1 capital ratio of 11.4%, and was rated A2 by Moody's.

Any cash which the Fund may have from time to time, which is not held by or through the custodian, will be deposited in the Fund's bank account at RBC Royal Bank (Cayman) Limited, George Town, Grand Cayman branch or its custody account at Deutsche Bank International

Limited.

## **THE DIRECTORS OF THE FUND**

The Directors of the Fund and the Investment Advisor are:

Desmond H. Kinch - Chairman of the Board and Managing Director

Desmond Kinch, date of birth 04/11/1962, is a Barbadian, British and Caymanian citizen. He resides in the Cayman Islands. Mr. Kinch has a BBA First Class (Honours) from Bishops University of Canada and is a Chartered Financial Analyst (CFA) with 26 years investment management experience. From 1984 to 1986, he worked at Clerical Medical Investment Group in London as an investment analyst. From 1987 to 1988, he worked at NatWest International Trust Company in Grand Cayman as an investment officer. For one year in 1988/89, Mr. Kinch worked as an investment consultant for the investment manager of Pharos S.A., a Luxembourg investment holding company with three large British institutional shareholders, and in 1989 he formed Overseas Asset Management (Cayman) Ltd., the Investment Advisor of the Fund. Mr. Kinch is a past President of the Cayman Islands Society of Financial Analysts which is an affiliate of the CFA Institute.

Roger M. Cave

Roger Cave, date of birth 25/12/1966, is a Barbadian citizen. Mr. Cave is a Chartered Accountant and a Chartered Financial Analyst (CFA). He is a director and the investment manager of Fortress Fund Managers Ltd., a Barbados-based investment management company. Mr. Cave previously worked with Coopers & Lybrand, Toronto (1989-90), Price Waterhouse, Barbados (1990-92), Commonwealth Development Corporation (1992-94) as an executive in their East Caribbean office, and Cave Shepherd & Co. Ltd. (1994-96). He is also a non-executive director of Cave Shepherd & Co. Ltd. and is a Director of the Barbados Stock Exchange. Mr. Cave was educated at Bishops University, Canada where he received a BBA (Honours).

Peter T. Dutton

Peter Dutton, date of birth 02/08/1955, is a British and Caymanian citizen. He resides in the Cayman Islands. Mr. Dutton is a Chartered Accountant. He worked at Ernst & Whinney from 1979 to 1981 in London and from 1981 to 1983 in Miami. In 1983 he joined Jacques Scott & Company Ltd., a large wholesale and distributor company in the Cayman Islands where he is currently the managing director. He was educated at Harrow School, England.

John F. Dyke

John F. Dyke, date of birth 01/10/1956, is a British citizen. He was admitted in 1981 in England as a Solicitor and in 1983 in the Cayman Islands as an Attorney-at-law and Notary Public. He has been engaged as a Solicitor with Messrs. Freshfields, London (1978-82) and as an Attorney-at-Law with Messrs. Maples and Calder, Cayman Islands (1982-98), as a Partner from 1986. He was educated at Poole Grammar School and Cambridge University, England (M.A., Cantab, First in Law).

With the exception of Mr. Kinch, the Directors are all non-executive.

### **FEES AND EXPENSES**

Each Director shall be paid an annual fee of US\$5,000. Mr. Kinch has waived such fee. The Articles of Association of the Fund give its Directors the power to determine their remuneration.

The Investment Advisor, pursuant to the Investment Advisory Agreement, shall be paid all out of pocket expenses and a nominal fee of US\$1,000 per annum in arrears due on 31 December each year. Since the Participating Shares will form part of the investor's assets under management by the Investment Advisor, upon which it will charge its usual management fee, the Investment Advisor will not charge the Fund any additional fees apart from its nominal fee of US\$1,000 per annum.

The Fund pays TriSys Consulting Ltd. US\$19,200 per annum for the Summit Investment Accounting system and technical support in respect thereof.

The Fund will pay all its operational expenses including any brokerage or custodial fees, fees of legal advisors and auditors, stock exchange listing fees and all annual government fees. The Investment Advisor will be responsible for the cost of maintaining the Fund's principal and registered offices in the Cayman Islands and for providing all personnel as well as office space and facilities required to perform its duties.

### **TAXATION**

The Government of the Cayman Islands will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Fund or the shareholders.

The Cayman Islands are not party to a double tax treaty with any country that is applicable to any payments made to or by the Fund.

The Fund has received an undertaking from the Governor-in-Cabinet of the Cayman Islands that, in accordance with section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, for a period of 20 years from the date of the undertaking (being 7<sup>th</sup> January, 2003), no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Fund or its operations and, in addition, that no tax to be levied on

profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on or in respect of the shares, debentures or other obligations of the Fund or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital by the Fund to its members or a payment of principal or interest or other sums due under a debenture or other obligation of the Fund.

It is intended that the Fund will not be subject to tax in any jurisdiction on its income or gains (including gains arising in the form of discounts or premiums). Tax may be withheld at source in certain countries in respect of dividends paid by the Fund's investments. There can be no guarantee either that the tax position of the Fund will not be challenged by the revenue authorities of one or more countries.

The foregoing is based on current law and practice and is subject to changes therein. Investors should consult their professional advisers on the possible tax, exchange control or other consequences of buying, holding, selling or redeeming Participating Shares under the laws of their country of citizenship, residence or domicile.

## **REPORT TO SHAREHOLDERS AND ACCOUNTING**

KPMG (the "Auditors") have been appointed auditors to the Fund. The Fund's fiscal year ends on 31<sup>st</sup> December of each year. The accounts of the Fund will be expressed in U.S. dollars and prepared in accordance with International Accounting Standards or such other official standards as may be agreed between the Directors and the Auditors.

Copies of the audited accounts of the Fund made up to 31<sup>st</sup> December each year will normally be sent to shareholders at their registered address within 180 days of the Fund's financial year end. Shareholders will be sent quarterly valuations of their holdings in the Fund.

The Fund's audited financial statements are filed with the CSX and are expressly incorporated herein by reference. This Offering Memorandum must be read with the Fund's audited financial statements which are available for inspection during normal business hours on any business day (public holidays excepted) at the registered office of the Fund without charge.

## **LISTING**

The Fund's Participating Shares are listed on the CSX. The annual cost of maintaining a listing on the CSX is currently US\$2,500 which is payable on each anniversary of the Fund's listing. The Fund will pay all costs of maintaining a listing on the CSX.

The Fund is not prohibited from making any invitation to the public in the Cayman Islands to subscribe for any of its securities as a result of its Participating Shares being listed on the CSX. The Fund's most recent monthly Net Asset Value will be published in the Caymanian Compass each Wednesday as well as on the CSX Internet website at [www.csx.com.ky](http://www.csx.com.ky) and on Bloomberg under the symbol OAMEUVA KY.

The Fund does not intend to apply for any of its securities to be listed, dealt in or traded on any

other stock exchange.

## **FURTHER INFORMATION**

Further information is contained in the following Appendices:

- A. Share Capital and Rights
- B.
  - I. Determination of Net Asset Value
  - II. Conflicts of Interest
  - III. Risk Factors
  - IV. Suspension of Determination of the Net Asset Value of the Fund
- C. Articles of Association - Directors
- D. Indemnities
- E. Amendments
- F. General Information
- G. Documents Available for inspection

An application form is enclosed with this Offering Memorandum.

## **APPENDIX A**

### **SHARE CAPITAL AND RIGHTS**

The authorised share capital of the Fund is US\$50,000 divided into 100 Management Shares of a nominal or par value US\$1.00 each ("Management Shares") and 14,990,000 Participating Shares of a nominal or par value US\$0.01 each ("Participating Shares"). All one hundred Management Shares have been issued for cash at par and are held by the Investment Advisor. The holder of each Management Share shall have the right to one vote for each such share registered in his name. The Participating Shares do not confer on the holders thereof the right to receive notice of, attend or vote at general meetings of the shareholders except if, and only in respect of, a resolution affecting the class rights of such holders, or a resolution to approve a variation or modification by the Directors of the Fund of its investment objectives, strategies and restrictions set out in the sections of the Offering Memorandum headed "Investment Objectives and Strategies" and "Investment Restrictions" is to be put to the vote, or if a resolution is put to a class meeting of holders of Participating Shares to suspend or relax the provisions of or ratify any transaction not duly authorised by reason of a contravention of Articles 107 to 113 inclusive of the Fund's Articles of Association (see Appendix C) when the holder of each Participating Share shall have the right to one vote for each such share registered in his name.

The authorised share capital of the Fund may be altered from time to time by resolution of the holders of Management Shares.

The Fund, acting by the Directors, shall have power to purchase and/or redeem any or all of its shares and to increase or reduce the said capital of the Fund and to sub-divide or consolidate the said shares or any of them subject to the provisions of the Companies Law of the Cayman Islands and the Fund's Articles of Association.

#### **Further Issues of Participating Shares**

Except when there is a suspension of the valuation of the Fund's assets, further Participating Shares may be issued on Subscription Days at the prevailing Subscription Price.

#### **Rights on Winding Up**

Each Participating Share carries the right to a return of the nominal value paid up in respect of such share in priority to the repayment of the nominal value paid up on Management Shares.

Each Participating Share shall also entitle the holder thereof to share in surplus assets of the Fund available for distribution after the return of the nominal value paid up on all shares pro rata their respective holdings. Holders of Management Shares have no right to share in any surplus.

#### **Variation of Rights**

The Fund's Articles of Association provide that the rights attached to any class of shares may, subject to the laws of the Cayman Islands and unless otherwise provided by the terms under which



the shares of that class were issued, be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of the shares of such class by a majority of three-quarters of the votes cast at that meeting. The rights attached to the Participating Shares shall not, unless otherwise expressly provided by the terms of the issue of the Participating Shares, be deemed to be varied by the creation or issue of further Participating Shares ranking pari passu therewith.

## **APPENDIX B**

### **I. DETERMINATION OF NET ASSET VALUE**

The following extract from the Articles of Association of the Fund sets out the provisions dealing with the method by which the Net Asset Value of the Fund is to be determined (in dollars):

- “26. (a) The Net Asset Value of the Company shall be determined by the Directors as at each Valuation Date and on such other occasions as the Directors may direct and shall be the value as at such date of all the assets of the Company less all the liabilities of the Company calculated on the basis of this Article 26.
- (b) The assets of the Company shall be deemed to include:-
- (i) all stocks, shares, debentures, securities and financial instruments;
  - (ii) all securities owned or contracted for by the Company;
  - (iii) all cash on hand, on deposit, or on call including any interest accrued thereon;
  - (iv) all bills, demand notes, promissory notes and accounts receivable;
  - (v) all stock and cash dividends and cash distributions to be received by the Company and not yet received by it but declared payable to shareholders of record on a date on or before the days as of which the Net Asset Value is being determined;
  - (vi) all interest accrued on any interest-bearing securities owned by the Company up to the normal settlement date for such securities except to the extent that the same is included or reflected in, the principal value of such security;
  - (vii) all other investments of the Company;
  - (viii) the preliminary expenses of the Company, insofar as the same have not been written off; and
  - (ix) all other assets of the Company of every kind and nature, including prepaid expenses as valued and defined from time to time by the Directors.
- (c) Without prejudice to paragraphs (d) and (g) below, the value of any units in any investment fund (whether in non-corporate or corporate form) shall be the latest mid-market price published by or on behalf of such fund thereof prior to, or coinciding with the date of, the relevant calculation of the Net Asset Value of the Company. The Directors of the Company shall have discretion to use the bid or

offer price of any investment fund in calculating the Net Asset Value of the Company.

- (d) Without prejudice to paragraph (g) below, the value of any securities listed on an exchange or traded through market makers may be their last reported mid-market, closing or bid prices as determined from time to time by the Directors using such reporting services as they may deem fit.
- (e) The value of any cash on hand, on deposit, pre-paid expenses, cash dividends and interest declared or accrued and not yet received shall be deemed to be the full amount thereof unless in any case the Directors are of the opinion that the same is unlikely to be paid or received in full in which case the value thereof shall be subject to such adjustment as the Directors may consider appropriate in such circumstances to reflect the true value thereof.
- (f)
  - (i) The value of any demand notes, promissory notes and accounts receivable shall be deemed to be the face value or full amount thereof after making such adjustment as the Directors may consider appropriate to reflect the true current value thereof.
  - (ii) Certificates of Deposit, Treasury Bills, Bank Acceptances and Trade Bills shall be valued (on the basis of a notification to the Directors by a person approved by the Directors for the purposes of this paragraph whose business includes dealing in or effecting transactions in the relevant investment) according to the normal dealing practice therein and at the price of the relevant investment at the close of business on the Valuation Date.
- (g) Notwithstanding paragraphs (c) and (d) above, the Directors may make separate calculations of Net Asset Value for subscription and redemption purposes and base the calculation for subscription purposes on offer prices and, for redemption purposes, on bid prices (adjusted for deemed disposal costs as the directors deem fair and equitable).
- (h) Any investment or asset held by the Company for which no particular method of valuation is provided in this Article, or if in any case under this Article a particular investment or asset is not or cannot be valued as above provided, the method of valuation of the relevant investment or asset shall be determined by the Directors in consultation with the Auditors.
- (i) Notwithstanding the foregoing provisions of this Article, where at the time of any valuation, any asset of the Company has been realised or contracted to be realised, there shall be included in the calculation of the Net Asset Value in place of such assets the net amount received or receivable by the Company in respect thereof PROVIDED THAT if the net amount receivable is not payable until some future date the Directors shall make such adjustment as they consider appropriate to reflect the true current value thereof.

- (j) Any valuation made pursuant to these Articles shall be binding on all persons.
- (k) The liabilities of the Company shall be deemed to include:-
  - (i) all bills, notes and accounts payable;
  - (ii) all administrative expenses payable and/or accrued including (but not limited to):-
    - expenses of drafting and publishing reports and accounts;
    - expenses of publishing quotations for the Participating Shares;
    - accrued fees of the Investment Adviser; and
    - auditor's fees and expenses.
  - (iii) all known liabilities present and future for which provisions would be required to be made in the Company's accounts in accordance with International Accounting Standards, including: the amount of any unpaid dividends declared upon the shares in the Company; contractual obligations for the acquisition of investments or other property; or any outstanding payments due on any Participating Shares previously redeemed;
  - (iv) the paid up capital on the Management Shares in issue;
  - (v) all other liabilities of the Company of whatsoever kind and nature for which provision would be required to be made in the Company's accounts in accordance with International Accounting Standards.

In determining the amount of such liabilities the Directors may calculate administrative and other expenses of a regular or recurring nature on an estimated figure for yearly or other periods in advance, and accrue the same in equal proportions over any such period.

- (l) For the purposes of this Article:-
  - (i) the proceeds of issue of Participating Shares in the Company for which applications have been made shall be deemed to be an asset of the Company as of the time at which such Participating Shares are first deemed to be in issue;
  - (ii) the amount due to Shareholders in respect of Participating Shares to be redeemed shall, from the close of business on the day on which they are actually redeemed until such price is paid, be deemed to be a liability of the

Company;

- (iii) investments, cash balances and other assets of the Company be valued and liabilities of the Fund shall be calculated in dollars."

## II. CONFLICTS OF INTEREST

### Investment Advisor

The Investment Advisor devotes a substantial amount of its time to other business activities, including portfolio management of other individual and institutional accounts. See "Investment Advisor". These other advisory activities create conflicts of interest with the Fund over the time devoted to managing the Fund and the allocation of securities selected for purchase among the Investment Advisor's various portfolios. Further, the Investment Advisor's judgement may be affected by additional conflicts of interest such as, for example, the following:

- (i) Because the Investment Advisor has and will have duties to the Fund and its other portfolios, the interests of the Fund and these other portfolios in the selection, negotiation and administration of investments may conflict. The Investment Advisor will attempt to resolve all such conflicts in a manner that is fair to all such interests.
- (ii) The Investment Advisor, on behalf of the Fund and in other capacities with other entities, has discretion in determining which investments will be made by the Fund, sold to others, or made by the Investment Advisor or by its affiliates, with or without the participation of such other entities. In that the Investment Advisor or its affiliates may be able to obtain more favorable compensation, cost reimbursement or risk sharing arrangements in connection with some investments if the Fund does not participate, the Investment Advisor may be influenced to refrain from causing the Fund to make such investments even though participation might benefit the Fund. The Investment Advisory Agreement also permits the Investment Advisor or its affiliates to make any investment, whether or not in competition with the Fund or in a manner that would limit or eliminate the Fund's opportunity to make the investment, without any accountability to the Fund.

To mitigate potential conflicts, the Investment Advisor will take appropriate measures to ensure that neither it nor any of its affiliates unfairly profits from any transaction between any of them and the Fund. The Investment Advisor will use its best efforts to apportion or allocate business opportunities among persons or entities with which it and its affiliates have fiduciary duties and other relationships on a basis that is fair and equitable to the maximum possible extent to each of such persons or entities, including the Fund.

### Directors

Subject to certain limited exceptions as herein described, only the Management Shares owned by the Investment Advisor have voting rights. Only the Investment Advisor therefore can appoint and remove the Directors. The Directors of the Fund are also the directors of the Investment Advisor and the fiduciary duties of the Directors may compete with or be different from the interests of the Investment Advisor. Three of the Directors are also shareholders of the Investment Advisor. Only the Directors may terminate the services of the Investment Advisor or other agents of the Fund.

## **Legal Counsel**

Carey Olsen acts as Cayman Islands legal counsel and listing agent to the Fund. In connection with the Fund's offering of Participating Shares and subsequent advice to the Fund, Carey Olsen will not be representing shareholders. No independent legal counsel has been retained to represent the shareholders. Carey Olsen's representation of the Fund is limited to specific matters as to which it has been consulted by the Fund. There may exist other matters that could have a bearing on the Fund as to which Carey Olsen has not been consulted. In addition, Carey Olsen does not undertake to monitor compliance by the Investment Advisor and its affiliates with the investment program, valuation procedures and other guidelines set forth herein, nor does Carey Olsen monitor ongoing compliance with applicable laws. In connection with the preparation of this Memorandum, Carey Olsen's responsibility is limited to matters of Cayman Islands law and it does not accept responsibility in relation to any other matters referred to or disclosed in this Memorandum. In the course of advising the Fund, there are times when the interests of shareholders may differ from those of the Fund. Carey Olsen does not represent the shareholders' interests in resolving these issues. In reviewing this Memorandum, Carey Olsen has relied upon information furnished to it by the Fund and has not investigated or verified the accuracy and completeness of information set forth herein concerning the Fund.

### **III. RISK FACTORS**

Discussed below are some of the major risk factors that potential investors should consider carefully before investing in the Fund:

#### **Investment Risks**

Investment in the Fund carries a high degree of risk including, but not limited to, the risks referred to below. No assurance can be given that Shareholders will realise a profit on their investment. Moreover, Shareholders may lose some or all of their investment. The risks referred to below do not purport to be exhaustive and potential investors should review this Offering Memorandum carefully in its entirety before making an application for Participating Shares.

#### **Business Risks**

The Fund will invest substantially all of its available capital (other than capital the Investment Advisor determines to retain in cash or cash equivalents) in securities and other intangible investment instruments. While most of these instruments are traded in public markets, markets for such instruments in general are subject to fluctuations and the market value of any particular investment may be subject to substantial variation. In addition, such securities may be issued by unseasoned companies and may be highly speculative. No assurance can be given that the Fund's investment portfolio will generate any income or will appreciate in value.

#### **Lack of Liquidity**

Because the minimum investment per investor in the Fund may be less than the minimum investment which the Fund must make in its underlying investments, in order to realise sufficient funds to meet redemption requests, it may be necessary for the Fund to liquidate investments of a value greater than that required to meet such redemption requests. Such action may prejudice non-redeeming shareholders. In such circumstances, the Directors may nevertheless effect such liquidation or, if the Directors consider that such liquidation would be unduly burdensome, such redemption requests will be deferred.

#### **Sophisticated Investors**

The Participating Shares are a suitable investment only for sophisticated investors for whom an investment in the Fund does not constitute a complete investment program and who fully understand and who are willing to assume and have the financial resources necessary to withstand the risks involved in the Fund's specialized investment program.

#### **FATCA and Common Reporting Standards**

The introduction of FATCA by the United States, the UK ITC IGA and the introduction of Common Reporting Standards have created some compliance costs and risks for the Fund.

#### **Investment Objectives, Policies and Selection**



The nature of the Fund's investment in European equities will involve a degree of volatility in returns that is customarily associated with investment in equities in established stock markets in the developed world. Accordingly, the Fund is intended for long-term investors who understand and can accept the risks entailed in seeking long-term growth of capital through investing in equities. The Fund is not meant to provide a vehicle for those who wish to play short-term swings in the stock market.

### **Variance from the Fund's Benchmark**

The Investment Advisor will pursue an investment policy of seeking to invest in what it believes are the most undervalued European securities, regardless of how the overall portfolio construction compares to its benchmark. As a result, the sector and country weightings within the Fund are likely to vary substantially from its benchmark. This is likely to lead to wide variations, sometimes for prolonged periods, between the Fund and its benchmark.

### **Economic Conditions**

Changes in economic conditions, including, for example, interest rates, inflation rates, industry conditions, competition, technological developments, political and diplomatic events and trends, tax laws and innumerable other factors, can affect substantially and adversely the business and prospects of the Fund. None of these conditions are within the control of the Investment Advisor, and no assurances can be given that the Investment Advisor will anticipate these developments.

### **Currency Risk**

Movements of currencies, including, in particular, the Euro against the US Dollar cannot be predicted with any degree of certainty. In the case of the Euro, its performance could be negatively affected by the failure of number of major EU jurisdictions to maintain Government borrowings within the confines of the Eurozone "Stability Pact". Historically, currency exposure has enhanced the Fund's investment performance. This may change in the future. The Fund's exposure to the Euro and other European currencies may be mitigated by hedging arrangements as described on page 9 above. It will be noted that the costs of such hedging may impair the Fund's performance.

### **European Union Regulation**

It may be anticipated that regulatory burdens on industry and commerce within the European Union will continue to increase with a potentially negative impact on profitability.

### **No Control over Portfolio Issuers**

The Fund may from time to time acquire substantial positions in the securities of particular companies. Nevertheless, the Fund is not likely to obtain representation on the board of directors and will not take any control over the management of any company in which the Fund may invest and the success of each investment will depend on the ability and success of the management of

the issuers in addition to economic and market factors. This risk is particularly acute in the case of European family-controlled holding companies where there have been several instances of minority shareholders being treated unfairly by the controlling family.

### **Limited Diversification**

No minimum level of capital is required to be maintained by the Fund. As a result of subsequent losses or redemptions, the Fund may not have sufficient funds to diversify its investments to the extent desired or currently contemplated by the Investment Advisor. More generally, the Investment Advisor does not intend or expect to diversify the Fund's portfolio over various asset classes. The degree of the market risk to which the Fund is exposed will be inversely proportional to the degree to which the Fund's portfolio is diversified.

### **Restrictions on Transfers and Redemptions; Impact of Substantial Redemptions**

An investment in the Fund provides limited liquidity since an active secondary market is not expected to develop in the Participating Shares.

Participating Shares are freely transferable between Qualifying Investors. However, the Fund may refuse to register the transfer of Participating Shares under certain circumstances described under "Transfer of Participating Shares".

The shareholders may be able to dispose of their Participating Shares only by means of monthly redemptions. The risk of any decline in the Net Asset Value of the Fund during the period of at least fourteen (14) days from the date of notice of redemption until the Redemption Day will be borne by the shareholder(s) requesting redemption. The Directors have the power both to suspend and to compel redemptions.

There is no minimum holding period before any redemption of Participating Shares will be permitted. The ability of Shareholders to redeem their Participating Shares may be suspended upon the occurrence of certain events as noted above under the heading "Subscription, Redemption and Valuation Days". The Directors may also, in their discretion defer redemptions as set out in Appendix B, Part IV under the heading "Suspension of Determination of the Net Asset Value of the Fund".

Substantial redemptions of Participating Shares within a limited period of time could require the liquidation of securities positions more rapidly than would otherwise be desirable, which could adversely affect the value of both Participating Shares being redeemed and the remaining outstanding Participating Shares of the Fund. In addition, regardless of the period of time over which redemptions occur, the resulting reduction in the Fund's assets could make it more difficult for the Fund to generate profits or recover losses.

## **Market Risk**

The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment in equity securities and similar instruments and there can be no assurances that appreciation will occur. Further, illiquidity in some markets could impair the Investment Advisor's ability to trade successfully or cause it to incur losses. The price of Participating Shares can go down as well as up and investors may not realise their initial investment.

The investments of the Fund are subject to general macro-economic conditions and may be affected by a worsening of general economic conditions globally or in certain individual markets. In the event of extreme market events, a combination of the risks set out in this Offering Memorandum may result in systemic risk to the Fund and to the Company.

## **Absence of Secondary Market**

There is currently no public market for Participating Shares and the Directors do not anticipate that an active secondary market will develop. Participating Shares are not being registered to permit a public offering under the US Securities Act of 1933, as amended, or the securities laws of any jurisdiction inside or outside the United States.

## **Potential Illiquidity**

It may not always be possible for the Fund to execute a buy or sell order on exchanges or markets at the desired price or to liquidate an open position either due to market conditions or due to the operation of daily price fluctuation limits. If trading on an exchange is suspended or restricted, the Fund may not be able to execute trades or close out positions on terms which the Investment Advisor believes are desirable. Additionally, in some circumstances, the volume of trading on the relevant exchange or market may result in such investments being relatively illiquid making it difficult to acquire or dispose of them at the prices quoted on various exchanges or markets. Accordingly, the Fund may experience adverse price movements upon liquidation of such investments and the settlement of transactions may be subject to delay and administrative uncertainties.

It is possible that the Fund may invest in illiquid securities but it is not considered that they will form a substantial part of the portfolio. "Illiquid" investments include any securities or instruments that are not actively traded on any major securities market or for which no established secondary market or redemption arrangements exist. Reduced liquidity resulting from the lack of an established secondary market may have an adverse effect on market price and the Fund's ability to dispose of particular securities or instruments when necessary to meet its liquidity requirements or in response to specific economic events such as deterioration in the operating fundamentals or the creditworthiness of the issuer.

Reduced secondary market liquidity for certain securities or instruments may also make it more difficult for the Fund to obtain accurate market quotations for the purposes of valuing its portfolio and calculating the Fund's Net Asset Value. Market quotations on many securities or instruments may only be available from a limited number of dealers and may not necessarily represent firm

bids of those dealers or prices for actual sales.

### **Dependence on Management**

Although the overall supervision of the Fund is vested in the Board of Directors of the Fund, the Fund's investment performance could be materially affected if Mr. Kinch were to die, become ill or disabled or otherwise cease to be involved in the active management of the Fund. Robert Tate, a Chartered Financial Analyst and Chartered Accountant, joined the Investment Adviser in July 2013 and shares responsibility for analyzing the Fund's investments with Mr. Kinch. Camilla Anderson joined the Investment Advisor in February 2010 and has passed all three examination levels of the Chartered Financial Analyst programme. Camilla Anderson also shares responsibility for the Fund's investments with Mr. Kinch.

### **Dividends and Distributions**

The Fund does not intend to pay dividends or other distributions, but intends instead to reinvest substantially all of the Fund's income and gain. Accordingly, an investment in the Fund may not be suitable for investors seeking current returns for financial or tax planning purposes.

### **Past Performance**

As at the date of the Offering Memorandum, the Fund's operating history is thirteen years. There can be no assurance that the Fund will continue to achieve its investment objective. The past performance of the Fund is not necessarily a guide to future performance. The Net Asset Value per Participating Share of the Fund increased by 260.9% between 31<sup>st</sup> December, 2002 and 31<sup>st</sup> December 2015 (10.4% per annum) and the MSCI Europe (US\$) Index gained 72.6% (4.3%) per annum over the same period. This performance data is based on audited financial statements of the Fund up to 31<sup>st</sup> December 2014 and the unaudited Net Asset Value per Participating Share of the Fund on 31<sup>st</sup> December 2015. In the period from 31<sup>st</sup> October, 2007 to 28<sup>th</sup> February, 2009, the MSCI Europe (US\$) Index lost 61.6% and the Fund's NAV per Participating Share declined by 58.2% during the same period.

### **Custodian/Sub-Custodian Risk**

The Fund is at risk of the Custodian entering into an insolvency procedure. During such a procedure (which may last many years) the use by the Fund of assets held by or on behalf of the Custodian may be restricted and accordingly (a) the ability of the Fund to fulfil the investment objective may be severely constrained, (b) the Fund may be required to suspend the calculation of the Net Asset Value and as a result subscriptions for and redemptions of Participating Shares and/or (c) the Net Asset Value may be otherwise affected. During such procedure, the Fund could be an unsecured creditor in relation to certain of its assets and accordingly the Fund may be unable to recover such assets from the insolvent estate of the Custodian in full, or at all.

Where the Custodian delegates the safe custody of the Fund's securities held by it pursuant to the custodian agreement to a sub-custodian located in another jurisdiction, the settlement, legal and regulatory requirements in such other jurisdiction may be different from those in the jurisdiction

of the Custodian and there may be different practices for the separate identification of the Fund's securities. Where such are registered or recorded in the name of an agent or sub-custodian, they may not be segregated and hence may not be as well protected as if they were registered or recorded in the name of the Fund or the Custodian, as the case may be. However, the Fund has obtained a letter of comfort from the Custodian to the effect that the sub-custodians currently engaged to hold the Fund's securities are required to segregate the securities held on behalf of the Custodian for the Fund and other clients from the general assets of such sub-custodians.

### **Credit Risk**

The Fund holds non-invested subscription proceeds, interest and dividend income, and the proceeds from the sale of securities in bank accounts at RBC Royal Bank (Cayman) Limited, George Town, Grand Cayman and the Custodian. RBC Royal Bank (Cayman) Limited, is a wholly owned subsidiary of Royal Bank of Canada. Therefore, the Fund's cash balances held at RBC Royal Bank (Cayman) Limited, George Town, Grand Cayman are exposed to the credit risk of that Company. The Fund has obtained a letter from the Custodian stating that all cash deposits held at the Custodian are placed within the Deutsche Bank group in accordance with the group's internal policies, ensuring client funds are readily available as and when called upon. The letter from the Custodian also states that it will maintain a capital reserve in line with local regulatory requirements and the Deutsche Bank group's equity capital would be made available in the event of a liquidity crisis at the Custodian level.

#### **IV. SUSPENSION OF DETERMINATION OF THE NET ASSET VALUE OF THE FUND**

The Directors may suspend the determination of Net Asset Value. The following extract from the Articles of Association of the Fund sets out the provisions relating to the circumstances in which the Directors may temporarily suspend the determination of Net Asset Value:

24. The Directors may declare a suspension of the determination of the Net Asset Value for the whole or any part of a period during which:
  - (1) by reason of the closure of, the suspension of trading on, or the restriction of dealings on, any Exchange or any other market or if for any other reason circumstances exist as a result of which, in the sole opinion of the Directors, it is not reasonably practicable for the Company to dispose of investments or fairly to determine the Net Asset Value; or
  - (2) a breakdown occurs in any of the means normally employed by the Directors in ascertaining the value of the investments or when for any other reason in the Directors' sole opinion the value of the investments or other assets of the Company cannot reasonably be ascertained; or
  - (3) in the Directors' sole opinion the disposal or realisation of investments cannot be effected for any reason in the usual or normal manner or without prejudicing the Shareholders of the Company or the realisation of the assets or the transfer of funds cannot be effected at normal prices or rates of exchange respectively.
  
25. The Company may withhold payment to any person whose Participating Shares have been tendered for redemption until after any suspension has been lifted. Notice of any suspension will be given to any Shareholder who has tendered Participating Shares for redemption and to whom full payment of the Redemption Price has not yet been remitted. If a Redemption Request is not withdrawn by a Shareholder following notification of a suspension, the redemption will be completed as of the Redemption Date next following the lifting of such suspension on the basis of the Net Asset Value per Participating Share at that time.

Notice of any suspension of the determination of Net Asset Value will be notified to the CSX and to the Shareholders.

## APPENDIX C

### TRANSACTIONS WITH DIRECTORS

The Articles of Association of the Fund provide that:-

107. A Director may hold any office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director on such terms as to tenure of office, and otherwise as the Directors may determine.
108. No Director or intending Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established, but the nature of his interest must be declared by him at the meeting of the Directors at which the question of entering into contract or arrangement is first taken into consideration, or if the Director was not at the date of that meeting interested in the proposed contract or arrangement, then at the next meeting of the Directors held after he becomes so interested, and in a case where the Director becomes interested in a contract or arrangement after it is made then at the first meeting of the Directors held after he becomes so interested.
109. A general notice in writing given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract which may thereafter be made with that company or firm, shall (if such Director shall give the same at a meeting of the Directors or shall take reasonable steps to secure that the same is brought up and read at the next meeting of the Directors after it is given) be deemed a sufficient declaration of interest in relation to any contract so made.
110. Save as otherwise provided, a Director shall not vote or count in the quorum in respect of any contract arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company or any of its associates or by virtue of his employment by, or of his holding of any office of, the Company or any of its associates.
111. A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:-
  - (a) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;

- (b) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
  - (c) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof; and
  - (d) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer, employee or shareholder or otherwise howsoever PROVIDED THAT he is not the holder of or beneficially interested in two (2) per cent or more of the issued shares of any class of such company (or of any third company through which his interest is derived) or of any of the voting rights available to members of the relevant company (any such interest being deemed for the purposes of this Article to be a material interest in all circumstances).
112. Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employment with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately and in such cases each of the Directors concerned (if not otherwise debarred from voting under the Articles) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
113. If any question shall arise at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the Chairman of the meeting and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned has not been fairly disclosed.
114. The Company may by ordinary resolution passed at a class meeting of the holders of the Participating Shares suspend or relax these provisions or ratify any transaction not duly authorised by reason of a contravention of Articles 107 to 113 inclusive.



## **APPENDIX D**

### **INDEMNITIES**

The Articles of Association of the Fund include a provision that:-

"The Directors, Auditors and Officers of the Company for the time being acting in relation to any of the affairs of the Company and their heirs, executors, administrators and personal representatives respectively shall be indemnified out of the assets of the Company from and against all actions, proceedings, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done or omitted in or about the execution of their duty in their respective offices or trusts, except such (if any) as they shall incur or sustain by or through his own actual wilful neglect or default respectively and no such Director, Auditor or Officer shall be answerable for the acts, receipts, neglects or defaults of any other Director, Auditor or Officer or for joining in any receipt for the sake of conformity or for the solvency or honesty of any banker or other persons with whom any monies or effects belonging to the Company may be lodged or deposited for safe custody or for any insufficiency of any security upon which any monies of the Company may be invested or for any other loss or damage due to any such cause as aforesaid or which may happen in or about the execution of his office or trust unless the same shall happen through the actual wilful neglect or default of such Director, Auditor or Officer."

The agreement pursuant to which the Investment Advisor is appointed also includes indemnity provisions in favour of the Investment Advisor as described under "Management, Administration and Custody".

The Custodian is entitled to certain indemnities under its agreement as described under "Management, Administration and Custody".

## **APPENDIX E**

### **AMENDMENTS**

The Directors reserve the right, from time to time, if they deem it appropriate, to amend established arrangements, subject to applicable contractual provisions, from time to time as they deem fit with regard to management and administration of the Fund's affairs, the taking of investment and other advice and the custodianship of its assets PROVIDED THAT in the event that the terms of engagement of the Investment Advisor are to be amended, at least ninety (90) days prior notice shall be given to the holders of affected Participating Shares of such amendment provided that no such notice shall be required should:-

- (a) the terms of any variation or any new agreement entered into on the appointment of a new Investment Advisor not, in the opinion of the Directors, materially differ from the agreement of contract then effective; or
- (b) the Directors and the Investment Advisor, certify that such variation is required only to enable the affairs of the Fund to be more conveniently or economically managed or otherwise to the benefit of the shareholders as such and that it does not prejudice the interest of such holders or any of them and does not alter the fundamental provisions or objects of the Investment Advisory Agreement, or release the Investment Advisor from any responsibility of the Fund.

It is not the intention of the Directors that the Investment Restrictions set forth above will be amended in respect of the Fund except with the consent by ordinary resolution of the holders of the Participating Shares.

The Investment Advisor, as the holder of the Management Shares has effective control over the constitution of the Board of Directors and, in addition, may, from time to time, amend the Fund's Memorandum and Articles of Association in accordance with Cayman Islands law provided that in the event that any such amendment would affect the class rights of the holders of Participating Shares, then the consent of such holders would be required in writing or at a class meeting convened and held in accordance with the Fund's Articles of Association.

**APPENDIX F**  
**GENERAL INFORMATION**

**Constitution**

The constitution of the Fund is defined in its Memorandum and Articles of Association.

**Authorisation**

On 4 October 2013, the Directors passed a resolution to increase the number of Participating Shares available for listing from 5,988,000 to 14,990,000. An application has been made to the CSX for the additional Participating Shares to be admitted to the official list.

**Expenses**

The preliminary expenses incurred in the formation of the Fund have been amortised. The annual expenses of the Fund, are currently estimated to be 0.08% per annum of the Net Asset Value of the Fund.

**Borrowings**

As at 31<sup>st</sup> January 2016, the Fund has no borrowings or other indebtedness.

**Net Asset Value**

The Net Asset Value per Participating Share of the Fund was US\$36.09 calculated as at 31<sup>st</sup> December 2015. The Net Asset Value per Participating Share is unaudited.

**Material Changes to Financial Position**

There has been no material change to the financial trading position of the Fund subsequent to its most recent audited financial statements for the period to 31<sup>st</sup> December 2014.

**Financial Prospects**

The Board does not have any further material information to disclose in respect of the financial prospects of the Fund.

**Dividends**

There is no time limit beyond which dividends may not be claimed other than as may be allowed by law, in which case such dividends will be retained for the benefit of the Fund.

## **Director Share Qualification**

There is currently no share qualification for Directors.

## **Other Directorships and Service Contracts**

Each of the Directors of the Fund is also a director of the Investment Advisor.

Each of the Directors has entered into an Engagement Agreement with the Company. Pursuant to such Agreement, which may be terminated upon 90 days written notice by one party to the other, each Director shall initially be entitled to an annual fee of currently US\$5,000 per annum, together with such amounts for additional special services as may, from time to time, be agreed between the Company and the Director concerned. The Company shall, by way of reimbursement, pay or procure to be paid to each Director all reasonable travelling, hotel and other expenses wholly, exclusively and necessarily incurred by him in going to, attending and returning from meetings of the Board or any Committee of the Directors, or general meetings of the Company or otherwise about the performance of his duties to the Company. The Agreements also provide that each Director shall be entitled to be indemnified by the Company in accordance with the terms of the Articles of Association of the Company. The Directors are not required to devote the whole of their time and attention to the business of the Company and may engage in any other business and be concerned or interested in any other company.

## **Retirement of Directors**

There is no age limit beyond which a person may not be a Director.

## **Subsidiaries**

The Fund does not have any subsidiaries.

## **Litigation**

Neither the Fund nor the Investment Advisor are engaged in any litigation nor do any of them have any claim of material importance pending or threatened by or against them.

## **Benefit and Special Terms**

Save as disclosed herein:-

- (a) save insofar as they are shareholders of the Investment Advisor, no amount or benefit has been paid or given to any promoters by the Fund since its incorporation and none is intended to be paid or given;
- (b) no commissions, discounts, brokerages or other special terms have been granted in relation to shares, debentures or other capital issued or to be issued by the Fund;

- (c) save as herein mentioned, no shares, debentures or other capital of the Fund have been issued or agreed to be issued, fully or partly paid up, in cash or otherwise than in cash, nor is any such capital under option, or agreed conditionally or unconditionally to be put under option;
- (d) no Director has had any interest, direct or indirect, in any property or assets acquired or disposed of by or leased to the Fund or proposed to be acquired, disposed of by or leased to the Fund;
- (e) save as herein mentioned no Director has had a material interest in any contract or arrangement entered into by the Fund which is significant in relation to the business of the Fund;
- (f) save as herein mentioned no Director has had any interest in any share capital of the Fund;
- (g) no shares, debentures or other capital of the Fund are proposed to be issued partly paid or otherwise than fully paid in cash.

No side letters or other special arrangements have been made between the Fund and any holder of Participating Shares. The Directors do not propose to engage in any such arrangements save that, to the extent reasonably practicable, the Directors may assist shareholders with administrative matters arising in respect of their investments in the Fund.

As at the date of this Offering Memorandum, the Investment Advisor, the Directors, and their wives and children, either directly or indirectly through holding companies or trusts, owned beneficially 637,939 Participating Shares of the Fund representing 10.8% of the Participating Shares outstanding as at the date of this Offering Memorandum.

In addition, two mutual funds managed by one of the Directors holds 292,633 Participating Shares of the Fund representing 5% of the Participating Shares outstanding as at the date of this Offering Memorandum.

Further, a company and a pension plan of which two of the directors are trustees holds 54,805 Participating Shares of the Fund representing less than 1% of the Participating Shares outstanding as at the date of this Offering Memorandum.

## **APPENDIX G**

### **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours on any business day (public holidays excepted) at the registered office of the Fund without charge:-

- (a) the Memorandum and Articles of Association of the Fund;
- (b) the Investment Advisory Agreement;
- (c) the Custodian Agreement;
- (d) the Engagement Agreement in respect of each Director;
- (e) the most recent audited financial statements of the Fund;
- (f) this Offering Memorandum any updates thereof; and
- (g) circulars to holders of the Participating Shares issued by the Fund.

## OAM EUROPEAN VALUE FUND

### APPLICATION FOR THE PURCHASE OF PARTICIPATING SHARES

OAM European Value Fund  
The Pavilion  
Cricket Square  
P.O. Box 597  
Grand Cayman KY1-1107  
("the Fund")

Overseas Asset Management (Cayman) Ltd.  
The Pavilion  
Cricket Square  
P.O. Box 597  
Grand Cayman KY1-1107  
("OAM")

Gentlemen,

I/We hereby subscribe for the allotment of such number of Non-Voting Participating Redeemable Preference Shares of a nominal or par value of US\$0.01 each ("Participating Shares") in the capital of the Fund as may be purchased with US\$\_\_\_\_\_ subject to the Fund's Memorandum and Articles of Association and upon the terms of the Offering Memorandum dated 29<sup>th</sup> February 2016 by the Fund ("Offering Memorandum"), both documents having been made available for my/our inspection prior to the making of this application.

By execution and delivery of this Subscription Agreement I/we hereby represent and undertake as follows:-

1. If this application for the purchase of Participating Shares is accepted, by copy of this Application Form to Overseas Asset Management (Cayman) Ltd., I/we hereby authorize Overseas Asset Management (Cayman) Ltd. to transfer an amount equal to the subscription price of the Participating Shares subscribed for hereunder from my/our investment management account with Overseas Asset Management (Cayman) Ltd. to the Fund's bank account at the Royal Bank of Canada, George Town, Grand Cayman branch or its custody account at Deutsche Bank International Limited.
2. I/We have received, read and understood the Offering Memorandum and have been given the opportunity to receive and review the documents expressed to be available for inspection in the Offering Memorandum including the Memorandum and Articles of Association of the Fund.
3. I am/We are not U.S. Person(s), as that term is defined below, nor person(s) of any other jurisdiction to whom the offering of the Participating Shares is prohibited ("ineligible investor") and I am/We are not applying for Participating Shares of the Fund as nominee(s) of or on behalf of such person(s).
4. I/We shall notify the Investment Advisor immediately in the event that I/we become aware that I/we or the person(s) for whom I/we hold the Participating Shares has/have become U.S. Person(s) or an ineligible investor.

5. The Participating Shares are being acquired for investment purposes and neither the Participating Shares nor any interest therein will be transferred to a U.S. Person or be transferred within the United States or its territories, possessions or areas subject to its jurisdiction or to any ineligible investor;
6. For the purposes of the following provisions, "FATCA" means:
  - (i) sections 1471 to 1474 of the US Internal Revenue Code of 1986 and any associated legislation, regulations or guidance, or similar legislation, regulations or guidance;
  - (ii) any intergovernmental agreement, treaty, regulation, guidance or any other agreement between the Cayman Islands (or any Cayman Islands government body) and the US, UK or any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement, implement or give effect to: (a) the legislation, regulations or guidance described in paragraph (i); or (b) any similar regime, including any automatic exchange of information regime arising from or in connection with the OECD Common Reporting Standard; and
  - (iii) any legislation, regulations or guidance in the Cayman Islands that give effect to the matters outlined in the preceding paragraphs including, without prejudice to the foregoing, regulations made under the Tax Information Authority Law (as revised) including the Tax Information Authority (International Tax Compliance) (United States of America) Regulations, 2014, the Tax Information Authority (International Tax Compliance) (United Kingdom) Regulations 2014, the Tax Information Authority (International Tax Compliance) (Common Reporting Standard) Regulations, 2015, as amended from time to time and any other applicable regulations implementing any other similar obligations applicable from time to time.

I/We acknowledge and agree that:-

- (a) The Fund is required to comply with the provisions of FATCA;
- (b) I/We will provide, in a timely manner, such information regarding ourselves and our beneficial owners or other Controlling Persons, where applicable, and such forms or documentation as may be requested from time to time by the Fund (whether by its operators or the Fund's other agents) to enable the Fund to comply with the requirements and obligations imposed on it pursuant to FATCA, specifically, but not limited to, forms and documentation which the Fund may require to determine whether or not the relevant investment is a "Reportable Account" and to comply with the relevant due diligence procedures in making such determination;
- (c) any such forms or documentation requested by the Fund or its agents, pursuant to



paragraph (b), or any financial or account information with respect to our investment in the Fund, may be disclosed to the Cayman Islands Tax Information Authority (or any other Cayman Islands governmental body which collects information in accordance with FATCA) ("**Cayman TIA**"), to the Internal Revenue Service ("**IRS**"), HM Revenue & Customs ("**HMRC**") or any tax authority in any other jurisdiction with which the Cayman Islands has entered into any intergovernmental agreement, treaty, regulation, guidance or other agreement in order to comply with, facilitate, supplement, implement or give effect to: (a) sections 1471 to 1474 of the US Internal Revenue Code of 1986 and any associated legislation, regulations or guidance; or (b) any similar regime, including any automatic exchange of information regime arising from or in connection with to the OECD Common Reporting Standard ("**Foreign Fiscal Authority**"), and to any withholding agent where the provision of that information is required by such agent to avoid the application of any withholding tax on any payments to the Fund;

- (d) I/We waive, and/or shall cooperate with the Fund or its agents to obtain a waiver of, the provisions of any law which:
  - (i) prohibit the disclosure by the Fund, or by any of its agents, of the information or documentation requested from us pursuant to paragraph (b); or
  - (ii) prohibit the reporting of financial or account information by the Fund or its agents required pursuant to FATCA; or
  - (iii) otherwise prevent compliance by the Fund with its obligations under FATCA;
  
- (e) if I/We provide information and documentation that is in any way misleading, or it fails to provide the Fund or its agents with the requested information and documentation necessary in either case to satisfy the Fund's obligations under FATCA in a timely manner, the Fund reserves the right (whether or not such action or inaction leads to compliance failures by the Fund, or a risk of the Fund or its investors being subject to withholding tax or other penalties under FATCA):
  - (i) to take any action and/or pursue all remedies at my/our disposal including, without limitation, compulsory redemption or withdrawal; and
  - (ii) to hold back from any redemption proceeds, or to deduct from our applicable NAV, any liabilities, costs, expenses or taxes caused (directly or indirectly) by our action or inaction;
  
- (f) if I/We have not provided the Fund or its agents with sufficient or accurate information to enable the Fund to comply with its FATCA obligations, the Fund and/or its agents may be required to redeem our Participating Shares and/or to

withhold an amount from dividends, payments or redemption proceeds otherwise due to us; and

- (g) I/We shall have no claim against the Fund, or its agents, for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Fund in order to comply with FATCA and we hereby agree to indemnify the Fund, the Directors and the Investment Manager, and each of their respective principals, members, managers, officers, directors, stockholders, employees and agents and hold them harmless from and against any FATCA related liability, action, proceeding, claim, demand, costs, damages, expenses (including legal expenses) penalties or taxes whatsoever which the Fund and/or Investment Advisor may incur as a result of any action or inaction (directly or indirectly) of us (or any related person) described in paragraphs (a) to (f) above. This indemnification shall survive our death or disposition of our Participating Shares in the Fund.
7. I/We hereby agree that the Fund or any other delegate on behalf of the Fund, shall be entitled to, and shall, supply all and any information regarding the Fund and our investment in the Fund to each other, their delegates and affiliates, the Investment Advisor, other service providers appointed by the Fund or any underlying fund into which the Fund may invest or such fund's agents. Further, we acknowledge and accept that the Fund (and its delegates) and the Investment Advisor may be required to and shall be entitled to reveal any information regarding the Fund and our investment in the Fund, including details of the our identity, to their regulators and/or any other governmental agency within their jurisdiction, which the Fund (and its delegates) or the Investment Advisor shall, in their sole discretion, consider appropriate. Such disclosure may include, to the extent required by applicable laws or regulations, making information available to the Cayman TIA, the IRS, HMRC or any Foreign Fiscal Authority or any other governmental agency in relation to FATCA.
8. In order for the Fund and/or its delegates to be compliant with 8. their obligations under applicable law relating to FATCA, or any similar arrangements adopted by other jurisdictions, we agree to provide evidence self-certifying our tax status. Such self-certification shall be on such forms as the Fund or its delegates may specify in accordance with applicable FATCA Regulations.
9. I/We acknowledge that the Participating Shares are a speculative investment which might involve a significant degree of risk of loss, that I am/we are not dependent upon current cash return with respect to any investment in the Participating Shares, that dividends or distributions are not expected to be made, and that redemption, which is likely to be the only means by which I/we can withdraw from the Fund, is subject to limitations and restrictions described in the Offering Memorandum.
10. I/We acknowledge that payments in respect of subscription and redemption will be made in United States dollars.

11. I/We acknowledge that the directors of the Fund have reserved the right to reject this application, in whole or in part, and need not give a reason for such rejection.
12. I/We represent that I/we have such knowledge and experience in financial, investment and business matters that I/we are capable of evaluating the merits and risks associated with an investment in Participating Shares of the Fund.
13. I/We acknowledge and confirm that no representations, warranties or covenants have been made to me/us by the Fund or any representative or agent of the Fund other than those contained in the Offering Memorandum.
14. I/We acknowledge that certificates representing my/our Participating Shares in the Fund shall not be issued but shall be represented only by an entry in the Register of Members maintained by the Fund.
15. I/We agree to accept the number of Participating Shares (including fractional Participating Shares) which shall be allotted by the directors of the Fund for the subscription amount which I/we have tendered, in accordance with the terms of the Offering Memorandum and subject to the Memorandum and Articles of Association of the Fund and to have such Participating Shares registered exactly as provided below.
16. I/We agree to assume responsibility for any subscription wrongly made due to inappropriate fulfillment of this form or to fax transmission errors.
17. I/We agree that the redemption proceeds in respect of any Participating Shares shall be forwarded to the account detailed below and I/we agree to promptly notify you and provide full details of any change thereto.
18. Any assets I/we may transfer either now or in the future to the Fund do not and will not represent the proceeds of or derive from any criminal or illegal activities or result from or involve a breach of law including tax fraud or evasion and are not intended for purposes of assisting, directly or indirectly, the financing of terrorism.
19. I/we hereby agree that OAM may supply to the Fund on demand all information held on file in respect of me/us which may be necessary for the Fund to comply with the Cayman Islands Money Laundering Regulations, as amended from time to time.
20. I/we have, wherever necessary, taken or obtained advice as to all relevant tax matters and confirm that I/we are complying with and are not in breach of all relevant tax laws applicable to me/us.
21. I/we will notify the Fund forthwith if any of the above statements becomes or is likely to become false or inaccurate in any way.

This Subscription Agreement is governed and construed in accordance with the laws of the Cayman Islands and the parties hereto agree to submit to the exclusive jurisdiction of the Courts of the Cayman Islands on all matters relating to the Subscription Agreement, the Fund and its

Participating Shares.

Please register the Participating Shares as follows (PLEASE PRINT CLEARLY):

APPLICANT: \_\_\_\_\_  
(first) (middle name or initial) (last)

JOINT OWNER, if applicable:

\_\_\_\_\_

COMPANY NAME: \_\_\_\_\_

MAILING ADDRESS: \_\_\_\_\_  
(street or post office box no.)

\_\_\_\_\_  
(City) (State) (Zip)

\_\_\_\_\_  
(Country)

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Date

Details of account to which any redemption proceeds are to be paid:

Bank:

Address of bank

Account name:

Account number:

You may mail this form, when completed, to Overseas Asset Management (Cayman) Ltd., The Pavilion, Cricket Square, P.O. Box 597, Grand Cayman KY1-1107, Cayman Islands.

PLEASE NOTE:

- U.S. Person as defined in the Fund's Articles means: (a) a natural person who is a citizen or resident of the United States; (b) a partnership, limited liability company or corporation organized or incorporated under the laws of the United States, its territories or possessions, any U.S. state, or the District of Columbia; (c) a trust of which any trustee is a U.S. Person, unless no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. Person, the trustee who is a U.S. Person is a professional fiduciary and a trustee who is not a U.S. Person has sole or shared investment discretion with respect to the trust assets; (d) an estate of which any executor or administrator is a U.S. Person, unless such estate is governed by non-U.S. law, the U.S. Person who serves as an executor or administrator of such estate is a professional fiduciary and an executor or administrator of the estate who is not a U.S. Person has sole or shared investment discretion with respect to the estate's assets; (e) a non discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person; (f) a discretionary or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; (g) an agency or branch of a foreign entity located in the United States; or (h) a partnership, limited liability company or corporation that is (i) organized or incorporated under the laws of a jurisdiction other than the United States and (ii) formed by a U.S. Person principally for the purpose of investing in securities not registered under the U.S. Securities Act of 1933 as amended, unless it is organized or incorporated and owned by accredited investors (as defined in Rule 501(a) under the U.S. Securities Act of 1933 as amended) who are not natural persons, estates or trusts. Notwithstanding the foregoing, an employee benefit plan established and administered in accordance with the law of a country other than the United States and with customary practices and documentation of such country does not constitute a U.S. Person.
- For all new investors who are not already clients of Overseas Asset Management (Cayman) Ltd., a signed Investment Management Agreement between the subscriber and Overseas Asset Management (Cayman) Ltd. must accompany this application.
- All corporate subscriptions must be accompanied by a certified copy of a corporate resolution authorising the investment and providing names, titles and specimen signatures of all those authorised to transact on this account, all in accordance with the application procedures of Overseas Asset Management (Cayman) Ltd. The Fund must be notified immediately of any changes to the authority of the persons entitled to sign on behalf of any corporate shareholder in the Fund and shall not be responsible for relying on the instructions of any authorised signatory until advised in writing of any changes thereof.
- In order to comply with regulations aimed at the prevention of money laundering, the Fund will require verification of identity from all prospective investors (unless, in exceptional circumstances, the Fund is satisfied that an exemption under the Money Laundering Regulations (as Revised) of the Cayman Islands (the "Regulations") applies).
- The Fund reserves the right to request such information as is necessary to verify the identity of a prospective investor. In the event of delay or failure by the prospective investor to produce

any information required for verification purposes, the Fund may refuse to accept the application and, if so, any funds received will be returned without interest to the account from which the monies were originally debited.

- The Fund also reserves the right to refuse to make any redemption payment to a shareholder if the Directors suspect or are advised that the payment of redemption proceeds to such shareholder might result in a breach of applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or if such refusal is considered necessary or appropriate to ensure the compliance by the Fund with any such laws or regulations in any applicable jurisdiction.
- If any person who is resident in the Cayman Islands has a suspicion obtained in the course of business that any other person is engaged in money laundering that person is required to report such suspicion pursuant to the Proceeds of Crime Law, 2008, as amended and the Regulations made thereunder of the Cayman Islands and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by any enactment or otherwise.