Valisa
Capital Markets

Capitalise Your Future

Valisa Capital FX Fund SP
Algorithm based investment trading

Contents

Cayman Islands Jurisdiction Advantages

The Cayman Islands has developed over the last 25 years into a pre-eminent Investment Fund jurisdiction, and is currently home to around 13,000 regulated open ended funds and 16,000 regulated closed ended funds. Cayman Islands Investment Funds are generally regulated by the Cayman Islands Monetary Authority (CIMA) under the Mutual Funds Act if they are open ended funds, or the Private Fund Act if they are closed ended funds.

Tax Neutrality

The Cayman Islands has no double taxation treaties and so withholding tax is not charged by the fund on investment returns.

Absence of Exchange Controls

There are no exchange control restrictions or regulations in the Cayman Islands. Funds can be freely transferred in and out of the Islands in unlimited amounts.

Reliable Legal System

Cayman Islands Law derives from English Common Law, supplemented by local legislation. With a well developed court system, major cases are heard in the Grand Court with appeals being heard by the Cayman Islands Court of Appeal with ultimate referral being made to the Privy Council in London.

Availability of Ancillary Services

The Cayman Islands is home to 40 of the World's Top 50 banks, with equally strong representation from the large accountancy firms and a range of service providers such as attorneys, fund administrators and trustees.

Political and Economic Stability

The Cayman Islands is a British Overseas Territory and has a history of stable government. The British Government retains responsibility for internal security, defence and external affairs. The Islands received a sovereign risk rating of Aa3 due to the strong financial sector and prudent economic policies.

Anti Money Laundering

Cayman Islands Fund are obliged to comply with the Anti Money Laundering Regulations, countering the financing of terrorism and countering proliferation regime detailed in the following:

- Proceeds of Crime Act
- Misuse of Drugs Act
- Terrorism Act
- Proliferation Financing (Prohibition) Act
- Anti Money Laundering Regulations as issued by CIMA

FATCA/CRS

Most Cayman Islands Investment Funds will generally qualify as financial institutions and therefore be required to comply with the legislation implementing the Foreign Account Tax Compliance Act (FATCA) and the OECDs equivalent scheme, the Common Reporting Standard (CRS). These regimes are intended to facilitate onshore tax compliance by requiring the automatic exchange of information for tax purposes (AEOI).

40

Of the world's Top 50 Banks

16,000

Regulated Closed Ended Funds

13,000

Regulated Open Ended Funds

Valisa Capital FX Fund SP Highlights

The Valisa Capital FX Fund SP, is managed by Valisa Capital Markets within the regulatory framework of the Cayman Islands. With a diverse range of fund currencies including GBP, USD, and EUR, this fund operates under the guidance of Valisa Capital Markets as the Fund Manager and Grassi Fund Services as the Fund Administrator.

Fund Information

Fund Company	Valisa Capital Markets SPC (352265)
Fund Name	Valisa Capital FX Fund SP
Fund Domicile	Cayman Islands
Fund Currencies	GBP, USD & EUR
Fund Manager	Valisa Capital Markets
Fund Administrator	Grassi Fund Services
Bank	AfrAsia Bank
Broker	Multi Bank Group - Dubai - Hong Kong
Cayman Counsel to the Fund	McGrath Tonner
GIIN	V5K492.99999.SL.136
LEI Number	984500J1AD48519DVB45

Share Classes and Terms

Share Class	Valisa Capital Markets SPC (352265)
Class A ISIN USD	KYG71E1373
Class B ISIN GBP	KYG71E1456
Class C ISIN EUR	KYG71E1522
Class A CUSIP USD	G9471E 137
Class B CUSIP GBP	G9471E 145
Class C CUSIP EUR	G9471E 152
Management Fees	2% per annum
Subscription Fees	None
Performance Fees	20% (subject to High Water Mark)
Redemptions	Monthly - 0% redemption fee
Minimal Initial Investment	100,000
Minimum Subsequent Investments	1,000

The Fund

Accessible to US and EU clients, designed for institutional investors, this regulated fund focuses on capital growth through diverse algorithmic trading strategies. Continuously monitored by the Investment Manager, these strategies aim for a balanced positive return, emphasizing cash spot forex pairs, CFDs on indices, and commodities. Additionally, it provides a segregated Sharia-compliant portfolio, aligning with Islamic principles and expanding its product range through collaborations.

Fund Highlights

- Excellent Returns and Liquidity Profile
- Returns Uncorrelated with Bond & Equity Markets
- The fund can accept US Clients
- The fund can accept EU Clients
- Aimed at Institutional, Sophisticated and HNWI clients
- Investment available in USD, EUR & GBP

Fund Regulation and Compliance

The Fund Company, Valisa Capital Markets SPC (segregated portfolio company), falls within the definition of a "mutual fund" under the Mutual Funds Act of the Cayman Islands (the "Mutual Funds Act") and, accordingly, will be regulated under that law by the Cayman Islands Monetary Authority (the "Monetary Authority"). The Company is registered as a mutual fund with the Monetary Authority in accordance with section 4(3) of the Mutual Funds Act and will not be required to be licensed or employ a licensed mutual fund administrator provided the minimum aggregate investment purchasable by a prospective investor in the Company is equal to or exceeds US$100,000 or its equivalent in any other currency. The Company will be required to file registration particulars in the prescribed form and any changes or supplements to it, with the Monetary Authority, and to file audited financial statements and other prescribed reports with, and pay fees to, Monetary Authority on an annual basis.

Objective: Capital Growth Through Strategy Diversity

The Valisa Capital FX Fund is a segregated portfolio of the Valisa Capital Markets Segregated Portfolio Company.

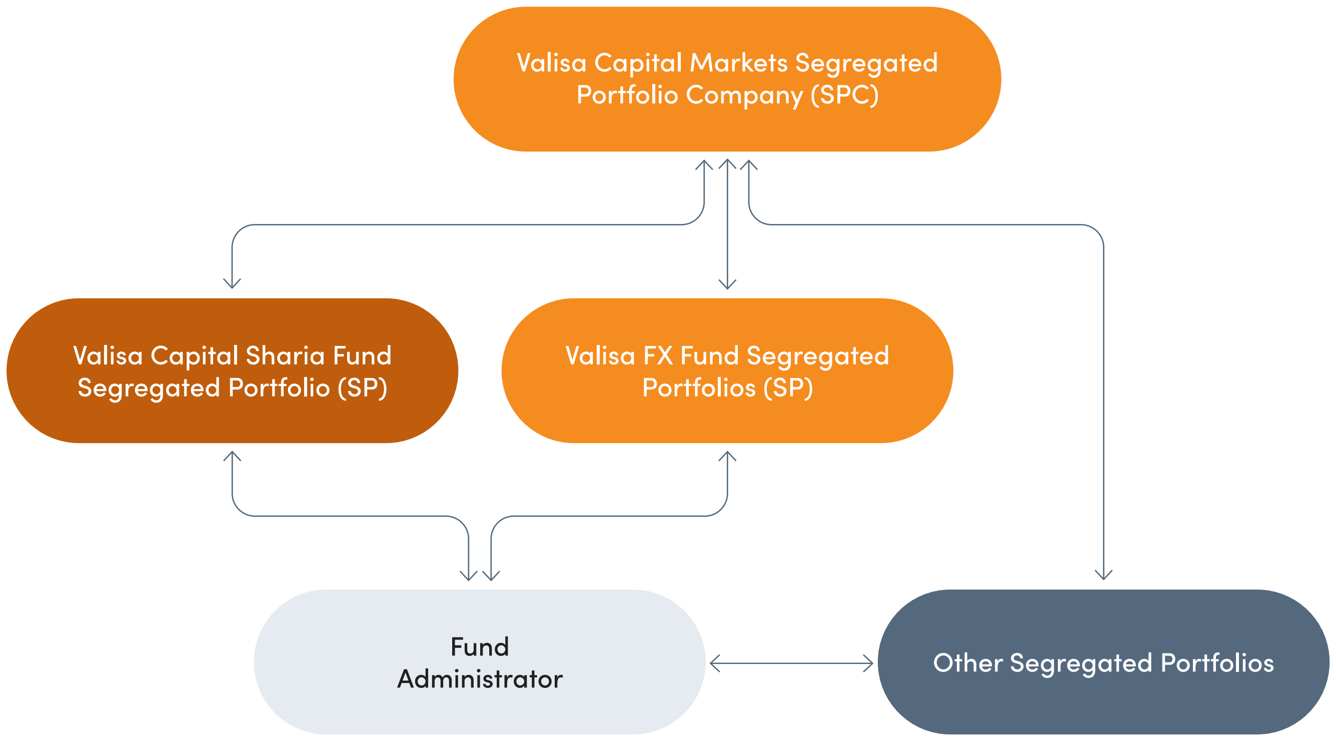
The principal objective of the Fund is to deliver capital growth. In simple terms, the investment strategy of the Fund is to operate a range of algorithm trading strategies at any given time, each having its own unique trading system, time frame, and risk profile. By combining these strategies, the Fund aims to provide a balanced and positive return for its Investors. The Investment Manager will continually monitor, amend, add and remove strategies depending on the market situations.

Investment Authority and Strategy Focus

The Investment Manager has broad and flexible investment authority to identify opportunities in positions in cash spot forex pairs, and CFD's (contracts for difference) on broad market indices and commodity spot prices. In general, the Fund expects to be fully invested, subject to maintaining appropriate cash or cash equivalent balances.

The Fund Structure

Valisa Capital Markets SPC is a Segregated Portfolio Company (SPC), registered as a mutual fund with the Cayman Islands Monetary Authority. This overarching fund company provides the ability to create Segregated Portfolios (SPs) that are in effect sub-funds of the main SPC. As the name implies, each segregated portfolio has its assets segregated from the other portfolios, in order that there are no claims made on the assets of one segregated portfolio by another. Similarly, each segregated portfolio has its own investment strategy, separate banking arrangements and an independent fund administrator who has oversight of the bank accounts, calculates the net asset value statements and handles subscriptions and redemptions.



Background and Performance History

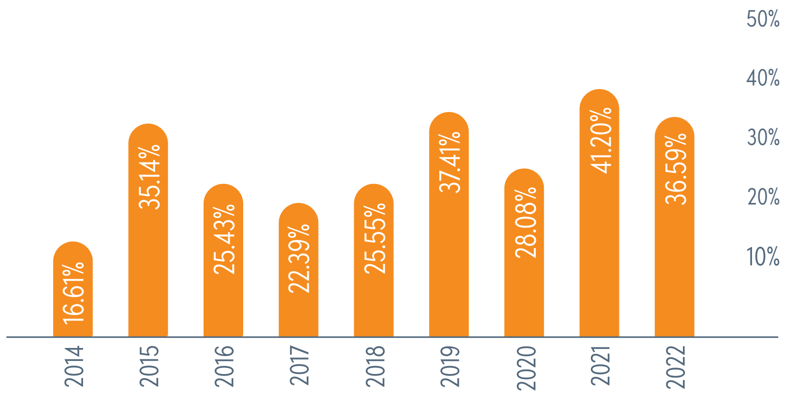
Our innovative fund, merges established trading strategies into a versatile financial instrument. This fund aims for larger investments, wider geographic reach, and reduced regulatory risk while employing four diverse core strategies across Spot FX, CFDs (Indices), and Precious Metals versus the US Dollar. These strategies ensure balanced returns and constant optimization for investors. Explore our accumulator share class designed for capital growth in three base currencies, ideal for pension funds, model portfolios, and diversified growth seekers.

Innovative Strategy Integration
Whilst the fund itself is a new creation, the trading strategies used are not. In essence this fund has rolled up the trading strategies of a discretionary trading facility and team into a more flexible financial instrument – aimed at allowing larger inward investment into the fund, greater geographical distribution and mitigation of regulatory risk, all based in a stable fund jurisdiction.

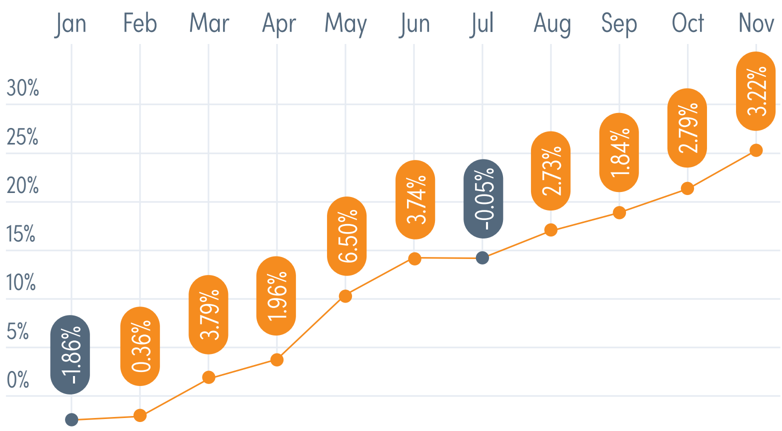
Dynamic Core Strategies
The system employs 4 core strategies, each with it's own unique trading system, time frame and risk profile. The combination of these 4 strategies provide a balanced and positive return for all client types and needs. The strategies are continually monitored and amended to ensure that this combined approach continues to deliver above average returns for investors. The instruments traded are Spot FX, CFD's (Indices) and Precious Metals v's the US Dollar.

Tailored Accumulator Share Class
There is currently an accumulator share class available for capital growth, in 3 base currencies. This has been constructed with pension funds and model portfolios in mind, or investors who are looking for uncorrelated and diversified capital growth opportunities.

Sharpe Ratio: 1.80 | Sortino Ratio: 8.92
Annualised Return: 34.23%



Year to Date 2023: 25.01%



*For more detailed information visit our Website **www.valisacapitalmarkets.ky** or request our Performance History Report via **email**.*

Our Team

A dedicated group of financial professionals committed to navigating the complexities of the investment landscape. Comprised of seasoned experts in various financial domains, this team brings together diverse expertise and extensive industry experience. With a shared dedication to delivering top-tier financial solutions, the Valisa Capital Markets Team operates with a focus on precision, innovation, and client-centric strategies to optimize investment opportunities and achieve superior results.

Jonathan Blythe
Jonathan Blythe has double Masters Degrees in Finance and Investment, an MA from International University Uninettuno, Rome, and an MSc from Geneva Business school. He was previously an Investment Director in the UK and was registered on the Senior Management Regime with the UK's Financial Conduct Authority. He also ensures connectivity to the market through a wide reaching network of fellow investment professionals. Jonathan also brings a strong brand of corporate governance to the fund, being well versed to operating in regulated markets. He has been working with Mr. Roettges since 2015 developing trading algorithms.

Rainer Roettges
Rainer Roettges has 25 years experience in trading and dealing in Derivatives, Commodities and FX, and is highly proficient at designing Algorithm led trading strategies. He helped develop Trademonster FX and delivered to the market the first world wide platform that had a fixed 2 pip spread across all major currency pairs. After this he created a Forex dealing platform with ACT Forex for the FXOne group in Switzerland. In the trading world Rainer has seasoned relationships with a number of major players such as Deutsche Bank, Lehman Brothers, Saxo Bank, UBS, Société Générale and Dresdner Kleinwort.

Stefan Szynaka
Stefan Szynaka, is a seasoned IT and Telecommunications professional with over 30 years of experience. Stefan has held various technical and executive roles in leading telecommunications companies in the UK and the USA, specialising in network infrastructure development and service quality assurance systems. In 2003, Stefan capitalised on his extensive knowledge to establish his own consulting firm. This firm is dedicated to helping mainly financial sector companies, including brokerages and investment firms, implement highly available IT infrastructures and high-frequency trading systems. Since 2020, Stefan has been collaborating with Mr. Roettges and Mr. Blythe, utilising his expertise to develop IT, risk management, and reporting systems for their trading algorithms.

Algorithm History – The Core Algos

Algo 1

Overview:
The EA (Electronic Adviser) operates using over 120 indicators to initiate trades, achieving high success rates (up to 96% in certain currency pairs).

Emphasis on security protocols within the code ensures consistent and profitable trading, minimising the impact of market movements.

Trading Protocols:
- The initial approach involves multiple small trades that mutually support each other, minimising negative equity risks. If one trade faces losses, a subsequent trade is initiated at a lower level to support it.
- Trades are then structured into a grid, a key aspect of the EA's innovation. This grid strategy involves simultaneous opening of buy and sell trades, both against and with the market, significantly boosting trade profitability to nearly 99%.

Secondary EA:
- A complementary secondary EA operates in tandem with the primary one, featuring an advanced Zone Recovery System specifically tailored for the primary EA's use. This secondary EA is adaptable to various scenarios and offers configurable advanced Zone Recovery triggers.
- It substantially reduces equity drawdowns during trading cycles and proves beneficial, especially with lower leverage specifications.

Functionality and Adaptability:
- The Advanced Zone Recovery System is engineered to handle unforeseen Black Swan events and market fluctuations, ensuring resilience in diverse trading conditions.
- It is equipped to address temporary technical issues like MT4 bridges, broker or Liquidity Provider glitches, and can identify and rectify rogue trades based on severity.

Algo 2

Overview:
Utilises market sentiment, gauging client positioning among top retail commodity and currency trading liquidity providers.

Targets long-term trends in heavily traded c urrency pairs within the commodity and currency trading market.

Strategy Execution:
- Observes a distinct pattern in the positioning of retail commodity and currency trading liquidity provider clients as they transition from long to short positions.
- Capitalises on these changes in positioning to execute trades, leveraging shifts in market sentiment.

Trade Dynamics:
- Embraces a longer-term trading approach, with average holding periods ranging from several days to weeks, aligning with the extended trending nature of currency markets.

Market Focus:
- Primarily focuses on trading the Major Currency Trading Pairs, optimising strategy execution within these markets for greater effectiveness.

Algo 3

Overview:
60% based on the GANN STRATEGY, focusing on historical support/resistance levels and 50% retracement levels for trade opportunities.

Incorporates an automated scalping strategy, targeting 5-25 PIP moves in the market.

Strategy Components:
- Identifies historical support and resistance levels to gauge potential trade entry and exit points.
- Emphasises 50% retracement levels as part of its trade initiation strategy.

Trade Dynamics:
- Executes trades aiming for smaller movements, typically ranging between 5 to 25 PIPs.
- Implements hedging once 5% of the total balance is floating in the market, managing risk during trading activities.

Algo 4

Overview:
Algo 4 methodically chooses currency-specific algorithms to uphold a 25% volatility rate and cap drawdown at 12.5%, functioning as a systematic screening tool for precise performance goals in currency trading.

Primary Goal:
- Algo 4, or VOL25 focuses on sustaining a volatility level of 25% while imposing a stringent drawdown cap of 12.5%. Its primary objective revolves around the careful selection and deployment of currency-based algorithms capable of consistently meeting and maintaining these specific performance benchmarks.

Performance Objectives:
- Algo 4 prioritises selecting currency-specific algorithms meeting strict performance criteria of 25% volatility and 12.5% drawdown, chosen for their ability to reliably achieve these metrics.

Strategy Selection:
- Algo 4 meticulously screens and selects currency-centric algorithms based on historical performance, adaptability, and resilience across diverse market conditions.
- Prioritising robustness and flexibility, the programme ensures chosen algorithms consistently meet set performance objectives while navigating the dynamic currency trading landscape.

Fees & Charges

The fund's performance fee is calculated quarterly, ensuring transparency and accountability through a calculated formula. Understanding the nuances of this fee calculation, which crystallizes based on the net asset value and high water mark, aids in comprehending the conditions for fee payment. Additionally, the fund's exceptional liquidity distinguishes it from typical investment products, offering investors bi-monthly opportunities for subscriptions or redemptions.

Performance Fee

The performance fee period is calculated quarterly using the following formula:

PF = (***X*** – ***Y***) × ***Z***

Where:

(A) **P**F is the amount of the Performance Fee crystallized with respect to a Series of Shares;
(B) ***X*** is the Net Asset Value of such Series of Shares at the Valuation Point of the Performance Calculation Day;

(C) ***Y*** is the high water mark; and
(D) ***Z*** is equal to 20%

For the avoidance of any doubt:

(E) the Performance Fee in respect of a Series of Shares is payable only if the difference of ***X*** and ***Y*** above is positive; and
(F) in order to ensure that the Performance Fee is properly charged only to those Shares that have appreciated in value above the High Water Mark thereof, Shares will be issued in Series and the Series of Shares are subject to consolidation in accordance with the provisions of section 9.4 of the Supplement.

Management Fees **2% per annum**

Subscription Fees **None**

Performance Fees **20% subject to High Water Mark**

Redemptions **Monthly - 0% Redemption Fee**

Minimum Initial Investment **100,000**

Liquidity Profile

Unlike many other investment products currently on the market, Valisa Capital FX Fund is a fully liquid trading fund. The fund has two (2) net asset value calculation dates per month, which means that investors have the opportunity to either subscribe or redeem every two (2) weeks.

As such, and also given the underlying nature of the traded instruments, the fund is a genuinely liquid instrument. In most jurisdictions, this would class the instrument as a standard investment asset.

Subscription Process

Within our subscription guidelines, we've detailed essential procedures and deadlines for prospective investors looking to participate in the fund's offerings. These directives cover submission deadlines, payment protocols, waiver possibilities, and responsibilities regarding submissions, emphasizing both the initial and subsequent subscription periods. Understanding and adhering to these guidelines ensures a smooth engagement process for investors seeking to align with our investment opportunities effectively.

Initial Offer Period Subscriptions

Deadline for Submission:

- Subscribers must submit their completed Subscription Agreement and supporting documents to the Administrator.

Deadline:

- Close of Business on the Business Day three (3) days before the last Business Day of the Initial Offer Period.

Payment Submission:

- Subscription monies must be transferred electronically and received in the Fund's bank account by the close of business on the last Business Day of the Initial Offer Period.

Subscriptions After Initial Offer Period

For Additional Participating Shares:

- Subscribers for Participating Shares of any Class or Participating Shareholders seeking more shares of the Class they hold must follow specific submission guidelines.
- Deadline: Close of Business on the Business Day three (3) days before the applicable Subscription Day.

Payment Deadline:

- Clear funds via electronic transfer should reach the Fund's bank account by the close of business on the Business Day before the applicable Subscription Day.

Waiver and Application Time-frames

Waiver Possibility:

- The Investment Manager holds the authority to waive specific requirements.
- Applications should generally be received by the last Business Day of the Initial Subscription Period or the Business Day preceding the applicable Subscription Day.

Late Application Handling:

- In case of late submission, applications may be deferred to the subsequent Subscription Day after receipt of pending documentation or funds.
- Shares will then be issued at the relevant Subscription Price on that Subscription Day.

Submission Guidelines and Responsibilities

Submission Channels:

- Submission of Subscription Agreements and documents should be directed to the Administrator using stipulated addresses, fax, email, or secured electronic means.
- Original documents sent via fax, email, or electronic means must be promptly followed by sending the physical originals to the Administrator.

Cautionary Notes:

- Applicants should be cautious when sending faxed applications, acknowledging potential risks.
- The Administrator assumes no responsibility for losses due to non-receipt of faxes.

Irrevocability and Rejection of Applications

Irrevocable Submissions:

- Once received by the Administrator, completed Subscription Agreements are considered irrevocable unless directed otherwise by the Investment Manager.

Application Rejection:

- The Fund retains the right to reject any application without providing a reason.
- Rejected subscription monies will be returned without interest, with any incurred costs borne by the subscriber.

Valisa Capital FX Fund SP

Risk Factors

An investment in the Company involves a high degree of risk and there is no guarantee against loss of an investor's entire investment. Potential investors should review the risk factors at set out below and the section titled "Additional Risk Factor relating to the Segregated Portfolio" in the applicable Supplement, which, however, are not intended to be an exhaustive listing of all the risks involved in an investment in the Participating Shares of a Segregated Portfolio and does not purport to be an explanation of all the risks associated with an investment in the Participating Shares of a Segregated Portfolio but should be considered carefully by investors.

Potential investors should review this entire Memorandum and the accompanying Supplements and should consult with their own counsel and advisors before deciding to invest in the Participating Shares of a Segregated Portfolio. The details of risks set out below apply to investments in the Company as well as to investments made by the Company, on behalf of and for the account of the Segregated Portfolio.

General Considerations

A Segregated Portfolio's investment programme is speculative and an investment in a Segregated Portfolio therefore involves an above average degree of risk. There is no guarantee that the investment objectives of a Segregated Portfolio, or its risk monitoring and diversification goals, will be achieved and results may vary substantially over time. Investors should recognise that investing in a Segregated Portfolio involves special considerations not typically associated with investing in other securities and that the asset allocation is not structured as a complete investment programme. A Segregated Portfolio's investment policies carry considerable risks. Consequently, an investment in a Segregated Portfolio may not be suitable for all investors.

The value of the investments in which a Segregated Portfolio invests (and therefore the value of a Segregated Portfolio itself) is unlikely to follow the value of other investments and may itself fall in rising market conditions.

Economic and Political Risks

Changing market and economic conditions and other factors, such as changes in tax laws, securities laws, bankruptcy laws or accounting standards, may make the investments of the Company and the Segregated Portfolios less profitable or unprofitable.

Also, the economies of individual countries in which the Segregated Portfolios may invest may differ favourably or unfavourably from the economies of more developed countries in such respects as rate of inflation, currency depreciation and reinvestment. With respect to any emerging country, there is the possibility of nationalisation, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments and war which could affect adversely the economies of such countries or the value of a Segregated Portfolio's investments in such countries. In addition, it may be difficult to obtain and enforce a judgment in a court in an emerging country.

Absence of Operating History

The Company is a recently organized entity and does not have an operating history upon which investors may base an evaluation of its likely performance. The Segregated Portfolio's results will depend upon the availability of suitable investment opportunities for the Segregated Portfolio and the performance of the Segregated Portfolio's investments. There can be no assurance that the Segregated Portfolio will achieve its investment objective and program or that the Investment Manager will be able to succeed in achieving the Segregated Portfolio's investment objective and program. There exists a possibility that an investor could suffer a substantial loss as a result of an investment in the Segregated Portfolio.

Currency Exchange Risk

A Segregated Portfolio will have exposure to fluctuations in currency exchange rates where the Segregated Portfolio invests directly or indirectly in securities denominated in currencies other than the Base Currency of the Segregated Portfolio or the Class Currency of the relevant Class of Shares. Any devaluation of the currencies of such securities could adversely affect the value of investment of the applicable Segregated Portfolio.

The Segregated Portfolio may, in part, seek to offset the risks associated with such exposure through foreign exchange transactions. However, investors should be aware that the above mentioned hedging transactions may not necessarily succeed in protecting investors against exchange rate risks that the Segregated Portfolio is exposed to. Further, the markets in which foreign exchange transactions are effected are highly volatile, highly specialized and highly technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment, or particular transactions in foreign currency.

In addition, foreign exchange control in any country may cause difficulties in the repatriation of funds from such countries.

Side Letters

The Company may on behalf of a Segregated Portfolio and/ or the Investment Manager or its associates may enter into side letter arrangements with investors granting an investor preferred economic and other terms as compared to other Participating Shareholders. In certain instances, the exercise of the rights and benefits provided in any Side Letter may adversely impact the ability of existing Shareholders to exercise their own rights. For example, should the Company experience a decline in performance over a period of time, a Participating Shareholder who is party to a Side Letter that permits less notice and/or different redemption times may be able to redeem Shares prior to other Participating Shareholders.

Amortization of Organizational Costs

The Company's and Segregated Portfolio' financial statements will be prepared in accordance with IFRS. IFRS does not permit the amortisation of organisational costs. Notwithstanding this, the Company may, in the discretion of the Directors, amortise their organisational costs over a period of time and this may result in the Directors making adjustments in the annual financial statements in order for the financial statements to be in compliance with IFRS or a qualification in the auditors report.

Cybersecurity

The Company and/or one or more of its service providers, including the Investment Manager may be prone to operational, information security and related risks resulting from failures of or breaches in cybersecurity.

Cyber Incidents

A failure of or breach in cybersecurity ("cyber incidents") refers to both international and unintentional events that may cause the relevant party to lose proprietary information, suffer data corruption, or lose operational capacity. In general, cyber incidents can result from deliberate attacks ("cyber attacks") or unintentional events. Cyber attacks include, but are limited to, gaining unauthorised access to digital systems (e.g. through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e. efforts to make network services unavailable to intended users). The issuers of securities and/or counter-parties to other financial instruments in which any Segregated Portfolio may invest may also be prone to cyber incidents.

Cyber incidents may cause disruption and impact business operations, potentially resulting in financial losses, interference with the applicable Segregated Portfolio's ability to calculate its Net Asset Value, impediments to trading, the inability of Shareholders to subscribe for, exchange or redeem Shares, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future which may adversely impact the Company and the Segregated Portfolios.

While the Investment Manager and its affiliates have established business continuity plans in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cyber incidents, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks have not been identified. Furthermore, none of the Company, the Investment Manager and their respective affiliates can control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers to the Company and/or any Segregated Portfolio and/ or the issuers in which a Segregated Portfolio invests.

Conflicts of Interest

The Investment Manager and its associates may act as the adviser, broker or investment manager to other clients (including funds) now or in the future. They may additionally serve as consultants to partners or shareholders or directors in other investment funds, companies and investment firms. Investors in the Segregated Portfolios should understand that certain investments may be appropriate for the Segregated Portfolios and also for other clients advised or managed by the Investment Manager or its affiliates. Investment decisions for the Segregated Portfolios and for such other clients are made in a manner believed by the Investment Manager to be equitable to each.

The Directors, the Investment Manager, the Investment Adviser or its associates may from time to time act as director, administrator, custodian, dealer or in other capacity in relation to, or be otherwise involved in, other investment funds, companies, investment firm or accounts. They may also make, manage and advise in relation to its own proprietary and/or third-party investments which may give rise to actual or potential conflicts of interest between the Company and such entities that the Investment Manager or its associates uses to facilitate proprietary and/or third party investments. The Directors, the Investment Manager and their respective associates may also own Shares and hold, dispose or otherwise deal with such Shares as well as hold or deal in any investments notwithstanding that similar investments may be held by or for the account of a Segregated Portfolio. In dealing with any matter involving an actual or potential conflict of interest, the Directors and/or the Investment Manager and their associates will be guided by good faith judgment and shall take such actions as are determined by the Directors and/or the Investment Manager and/or their associates to be necessary or appropriate to ameliorate such conflict of interest, but there is no certainty that any conflict of interest will be resolved fairly.

Nature of Investments

The Segregated Portfolio's business will involve a high degree of financial risk. Markets in which the Segregated Portfolio is anticipated to invest are subject to a high degree of volatility and therefore the Segregated Portfolio's performance may be volatile. There can be no assurance that the Segregated Portfolio's investment objective will be realized or that Participating Shareholders will receive any return on their investment. Subject to the restrictions set out in the Memorandum, the applicable Supplement and the Articles, there are no limitations on the types of digital assets the Segregated Portfolio may acquire. The Investment Manager in its sole discretion may employ such investment and trading strategies and methods as it determines to adopt. The Company may also invest in securities for which no active trading market exists and the value of any such securities shall be determined by the Investment Manager. As a result of these investment risks, an investor may lose all or a substantial amount of his investment in the Company.

Hedging, Options and Futures Trading

The Segregated Portfolio's investment program may include hedging transactions including trading in options and futures. Such investments can be extremely volatile and substantially increase the impact of adverse price movements on the sale of Participating Shares. Investors should be aware that certain risks cannot be hedged, such as credit risk. There can be no assurance that the strategy adopted for investing in options will be profitable or that a Participating Shareholder will not lose some or all of his investment.

Short Selling

The Company on behalf of a Segregated Portfolio may sell securities of an issuer short. If the price of the issuer's securities declines the Investment Manager may then cover the short position with securities purchased in the market. The profit realized on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale. The possible losses from selling short securities differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the various national and regional securities exchanges, which restrictions could limit the investment actives of the Investment Manager.

Leveraging

The Company on behalf of a Segregated Portfolio may leverage its investment positions because the Investment Manager believes that the use of leverage may enable the Segregated Portfolio to achieve a higher rate of return. Accordingly, the Company on behalf of a Segregated Portfolio may pledge its securities in order to borrow additional funds for investment purposes. The Company on behalf of a Segregated Portfolio may also leverage its investment return with options, short sales, swaps, forwards and other derivative instruments. The amount of borrowings which a Segregated Portfolio may

have outstanding at any time may be substantial in relation to its Net Asset Value.

While leverage presents opportunities for increasing the Segregated Portfolio's total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely effects the value of an investment by the Segregated Portfolio would be magnified to the extent the Segregated Portfolio is leveraged. The cumulative effect of the use of leverage by the Segregated Portfolio in a market that moves adversely to the Segregated Portfolio's investments could result in a substantial loss to the Segregated Portfolio which would be greater if the Segregated Portfolio were not leveraged.

Limited Diversification

Although the Investment Manager intends to seek to diversify a Segregated Portfolio's investments as it deems appropriate and consistent with the Segregated Portfolio's investment objective, the Segregated Portfolio will generally hold relatively narrow range of digital securities. If the Company's investment portfolio is concentrated in a small number of investments, the portfolio will be subject to a greater level of volatility. Also, the use of a single Investment Manager applying generally similar trading programs could mean lack of diversification and, consequently, higher risk.

Reliance on Investment Manager

The Participating Shareholders have no authority to make investment decisions or to exercise certain business discretion on behalf of the Company or a Segregated Portfolio. The authority for such decisions is generally delegated to the Investment Manager. The success of the Company or a Segregated Portfolio depends upon the ability of the Directors and the Investment Manager to develop and implement investment strategies that achieve the Segregated Portfolio's investment objectives. Subjective decisions made by the Investment Manager may cause the Segregated Portfolio to incur losses or to miss profit opportunities on which it would otherwise have profited. The investment performance of the Segregated Portfolio is substantially dependent on the services of certain key individuals of the Investment Manager. In the event of death, incapacity, departure, insolvency or withdrawal of any of these individuals, the performance of the Segregated Portfolio may be adversely affected.

Effect of Redemptions

If significant redemptions of Participating Shares are requested, it may not be possible to liquidate the Segregated Portfolio's investments at the time such withdrawals are requested or may be able to do so only at prices which the Directors believe do not reflect the true value of such investments, resulting in an adverse effect on the return to the investors. In addition, although it is expected on termination of the Segregated Portfolio to liquidate all of the Segregated Portfolio's investments and distribute only cash to the Participating Shareholders, there can be no assurance that this objective will be attained.

Performance Fee

The performance fee payable to the Investment Manager may create an incentive for the Investment Manager to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. Prospective investors should note that the management fee and performance fee payable to the Investment Manager is based in part upon unrealized gains (as well as unrealized losses), and that such unrealized gains and losses may never be realized by the Company.

Counter-party Risk (including Custodian)

The Company on behalf of and for the account of the applicable Segregated Portfolio will be subject to the risk of the inability of any counter-party (including custodian) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. The Company on behalf of and for the account of the applicable Segregated Portfolio will rank as one of the unsecured creditors of the counter-party in relation to assets which the counter-party borrows, lends or otherwise uses and, in the event of the insolvency of the counter-party, the Company on behalf of and for the account of the applicable Segregated Portfolio might not be able to recover equivalent assets in full. In addition, the Segregated Portfolio's cash held with a counter-party will not be segregated from the counter-party's own cash and will be used by the counter-party in the course of its business, and the Company on behalf of and for the account of the applicable Segregated Portfolio will therefore rank as an unsecured creditor in relation thereto.

The Company on behalf of a Segregated Portfolio may enter into transactions in over-the- counter markets, which will expose the Segregated Portfolio to the credit of its counter-parties and their ability to satisfy the terms of such contracts. For example, the Company on behalf of a Segregated Portfolio may enter into repurchase agreements, forward contracts, options and swap arrangements or other derivative techniques, each of which expose the Segregated Portfolio to the risk that the counter-party may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counter-party, the Segregated Portfolio could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to cover any losses incurred. Derivative contracts such as swap contracts entered into by the Company on behalf of a Segregated Portfolio on the advice of the Investment Manager involve credit risk that could result in a loss of the Segregated Portfolio's entire investment as the Segregated Portfolio may be fully exposed to the credit worthiness of a single approved counter-party where such an exposure will be collateralised.

Absence of Secondary Market

Currently there is no public market for the Participating Shares and it is unlikely that any active secondary market for any of the Participating Shares will develop. Participating Shares are not being registered to permit a public offering under the securities laws of any jurisdiction. The Participating Shareholders might be able to dispose of their Participating Shares only by means of redemptions on the relevant Redemption Day at the Redemption Price, or in case of Non-redeemable Participating Shares, by way of receiving distribution, in the absence of an active secondary market. The risk of any decline in the Net Asset Value during the period from the date of notice of redemption until the Redemption Day will be borne by the Participating Shareholder(s) requesting redemption. In addition, the Directors have the power to suspend and compel redemptions. There are also restrictions on transferring Participating Shares.

Operating Deficits

The expenses of operating the Segregated Portfolio (including the fees payable to the Investment Manager, the Administrator and other service providers) may exceed the Segregated Portfolios income, thereby requiring that the difference be paid out of the Segregated Portfolio's investments, reducing the value of the Segregated Portfolio's investments and potential for profitability.

Economic Conditions

Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws can affect substantially and adversely the business and prospects of the Segregated Portfolio. None of these conditions is within the control of the Investment Manager and no assurances can be given that the Investment Manager will anticipate these developments.

Calculation of Net Asset Value

There is no assurance that the determination of the Net Asset Value as described above reflects the actual sales prices of the securities, even when such sales occur very shortly after the Valuation Day. If sales of investments result in fewer proceeds than estimated, the remaining Participating Shareholders will see the Net Asset Value of the Segregated Portfolio reduced.

A Segregated Portfolio will rely on the Investment Manager for valuation of its assets and liabilities. Segregated Portfolios of the Company will primarily hold digital securities and other assets that will not have readily assessable market values. In such instances, the Investment Manager will determine the fair value of such securities and assets in its reasonable judgment based on various factors and may rely on internal pricing models. Such valuations may vary from similar valuations performed by independent third parties for similar types of securities or assets. The valuation of illiquid securities and other assets is inherently subjective and subject to increased risk that the information utilized to value such assets or to create the price models may be inaccurate or subject to other error. The value of a Segregated Portfolio's assets may also be affected by changes in accounting standards, policies, or practices. Due to a wide variety of market factors and the nature of certain securities and assets to be held by the Segregated Portfolio, there is no guarantee that any value determined by the Investment Manager will represent the value that will be realised by the Segregated

Portfolio on the eventual disposition of the investment or that would be realised upon an immediate disposition of the investment.

Clearing and Settlement Risk

A Segregated Portfolio will be exposed to the counter-party risk of parties with whom it transacts with and will also bear the risk of settlement default. Market practices in the emerging markets in relation to the settlement of transactions and custody of assets will provide increased risk. Although the emerging markets have grown rapidly over the last few years, the clearing, settlement and registration systems available to effect transactions on such markets are significantly less developed than those in more mature world markets which can result in delays and other material difficulties in settling transactions and in registering transfers of securities. Problems of clearance and settlement in these markets may affect the value and liquidity of the applicable Segregated Portfolio.

Indemnification

The Articles contain provisions that may provide a broader indemnification of the Directors against claims or lawsuits arising out of the Segregated Portfolio's activities than would apply in the absence of such provisions. In addition, under their agreements with the Company, the Investment Manager and other service providers and their respective shareholders, directors and affiliates may request for indemnification for liabilities incurred in connection with the affairs and services of the Segregated Portfolio. Such liabilities may be material and have an adverse effect on the returns to the Segregated Portfolio. The indemnification obligation of the Segregated Portfolio would be payable from the assets of the Segregated Portfolio. If the Company in respect of a Segregated Portfolio were called upon to perform under its indemnification obligations, then the portion of its assets expended in such fashion would reduce the amount otherwise available for Segregated Portfolio operations. Investors may also be required to indemnify the Company, the applicable Segregated Portfolio and the Investment Manager against any form of liability specified in the Offering Memorandum or Supplement, including in breach of confidential obligations.

Regulations

Other than registration under the Mutual Funds Act, the Company is not registered pursuant to any other applicable law, rule or regulation in the Cayman Islands or any other jurisdiction. Consequently, Participating Shareholders will not benefit from certain of the protections afforded by such other laws or regulations.

Dividends and Distributions

Except as may be specified in the applicable Supplement relating to any Segregated Portfolio, the Company intends to reinvest all of a Segregated Portfolio's income and gain and not to make dividend or other distributions to Shareholders. Accordingly, an investment in a Segregated Portfolio may not be suitable for investors seeking current returns for financial or tax planning purposes. The Directors do however reserve the right to declare and pay dividends.

Market Risk

Any investment made in a specific group of securities is exposed to the universal risks of the securities market. However, there can be no guarantee that losses equivalent to or greater than the overall market will not be incurred as a result of investing in such securities.

Exchange Fluctuations

The prices of digital securities in which a Segregated Portfolio invests may be sensitive to interest rate fluctuations. Unexpected fluctuations in interest rates could cause the corresponding prices of a Segregated Portfolio's long and short portions to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the costs of borrowing by a Segregated Portfolio in which it invests.

No Guarantee

There is no guarantee that implementation of the investment objective or strategy with respect to the assets of a Segregated Portfolio will not result in losses to holders of Participating Shares.

Cross Portfolio Liability

The Company is established as a segregated portfolio company under Cayman Islands law. As a matter of Cayman Islands law, the assets of one Segregated Portfolio will not be available to meet the liabilities of another. However, the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation and in such circumstances the assets of one Segregated Portfolio may be exposed to the liabilities of another. At the date of this document, the Directors are not aware of any such existing or contingent liability.

Transaction Costs
A Segregated Portfolio's investment approach may involve a high level of trading and turnover of the Segregated Portfolio's investments which may generate substantial transaction costs which will be borne by the Segregated Portfolio.

Regulatory Oversight
The financial services industry generally, and the activities of alternative investments funds and their managers in particular, have been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase the Company's and/or the Investment Manager's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight can also impose administrative burdens on the Investment Manager, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert the Investment Manager's time, attention and resources from portfolio management activities.

In addition, it is anticipated that, in the normal course of business, the Investment Manager's officers will have contact with governmental authorities and/or be subjected to responding to questionnaires or examinations. The Company may also be subject to regulatory inquiries concerning a Segregated Portfolio's positions and trading.

Taxation
The Company will be structured in a manner that is tax efficient. However, there can be no assurance that such structure will be tax efficient in general or for any particular investor or that any particular tax result will be achieved. In general, tax laws, treaties, rules and procedures are extremely complex and are subject to changes on a frequent basis, which in some cases may reduce existing tax benefits, and may also have a retroactive effect. Accordingly, each potential investor is urged to consult his, her or its own tax advisor regarding the applicability, effects and implications of the various tax laws with respect to such potential investor.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN AN INVESTMENT IN THE COMPANY OR ANY OF ITS SEGREGATED PORTFOLIOS. POTENTIAL INVESTORS MUST READ THE ENTIRE MEMORANDUM AND ANY APPLICABLE SUPPLEMENT AND CONSULT THEIR OWN PROFESSIONAL ADVISERS, BEFORE DECIDING TO INVEST IN THE COMPANY.

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