

CONFIDENTIAL

Copy No. _____

Martial Funds Ltd.
A Bermuda Exempted Mutual Fund Company

Private Offering of Class A and Class B Participating Shares

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

September 2008

Initial Price per Share:
Class A, the US Equity Fund: USD \$10.00
Class B, the Canadian Equity Fund: CAD \$10.00
Thereafter: Based on the Net Asset Value as discussed herein

Minimum Initial Subscription: USD\$100,000 or equivalent in
Canadian dollars or combination thereof

Investment Manager: Martial Capital Ltd.

Administrator: Harbour Financial Services Limited

THE SHARES ISSUED BY MARTIAL FUNDS LTD. ARE NOT FOR SALE TO U.S. PERSONS. NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN AS CONTAINED IN THIS INFORMATION MEMORANDUM. PLEASE DIRECT ANY INQUIRIES TO MARTIAL CAPITAL LTD.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN FILED WITH OR APPROVED OR DISAPPROVED BY ANY REGULATORY AUTHORITY OF ANY COUNTRY OR OTHER JURISDICTION, NOR HAS ANY SUCH REGULATORY AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE

IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, LAWYER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR. NEITHER MARTIAL FUNDS LTD. (THE "FUND") NOR THE SHARES OF THE FUND DESCRIBED IN THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (THE "MEMORANDUM") HAVE BEEN OR WILL BE REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF THE UNITED STATES ("U.S.") OR ANY OTHER JURISDICTION. THIS MEMORANDUM SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF SHARES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE IS NOT AUTHORIZED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE DIRECT OR INDIRECT OWNERSHIP OF SHARES BY "RESTRICTED PERSONS" AS DEFINED IN THIS MEMORANDUM IS PROHIBITED EXCEPT IN ACCORDANCE HEREWITH. NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS CONCERNING THE FUND OR THE SHARES WHICH ARE INCONSISTENT WITH THOSE CONTAINED IN THIS MEMORANDUM, AND ANY SUCH REPRESENTATIONS SHOULD ACCORDINGLY BE TREATED AS UNAUTHORIZED AND MAY NOT BE RELIED UPON BY THE RECIPIENT.

THE FUND HAS AN AUTHORIZED SHARE CAPITAL OF 100 ORDINARY, VOTING, NON-REDEEMABLE SHARES OF PAR VALUE U.S. \$0.01 EACH ("ORDINARY SHARES"); 10,000,000 NON-VOTING, REDEEMABLE PARTICIPATING SHARES ("PARTICIPATING SHARES") OF PAR VALUE U.S.\$0.0001 DESIGNATED AS THE CLASS A PARTICIPATING SHARES (THE "CLASS A SHARES") AND 10,000,000 NON-VOTING, REDEEMABLE PARTICIPATING SHARES OF PAR VALUE CAD \$0.0001 DESIGNATED AS THE CLASS B PARTICIPATING SHARES ("CLASS B SHARES", AND TOGETHER WITH THE CLASS A SHARES, THE "SHARES"). ADDITIONAL PARTICIPATING SHARES WILL BE DESIGNATED BY CLASS AND ISSUED AS CIRCUMSTANCES DICTATE. THE MEMORANDUM OF ASSOCIATION AND BYELAWS OF THE FUND EMPOWER THE DIRECTORS TO CREATE DIFFERENT CLASSES OF SHARES.

PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, TAX OR FINANCIAL ADVICE. ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISORS AS TO THE LEGAL, TAX, FINANCIAL OR OTHER MATTERS RELEVANT TO THE SUITABILITY OF AN INVESTMENT IN THE SHARES FOR SUCH INVESTOR.

THE PURCHASE OF SHARES IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. THERE IS NO ASSURANCE THAT THE FUND WILL BE PROFITABLE. SEE THE SECTION ENTITLED "CERTAIN RISK FACTORS" WITHIN THIS MEMORANDUM FOR A DESCRIPTION OF CERTAIN RISKS INVOLVED IN THE PURCHASE OF SHARES.

NO LISTING OR OTHER DEALING FACILITY IS AT PRESENT BEING SOUGHT FOR ANY PART OF THE FUND'S SHARES, ALTHOUGH THE DIRECTORS MAY SEEK A LISTING IN THE FUTURE.

THIS MEMORANDUM IS INTENDED SOLELY FOR THE USE OF THE PERSON TO WHOM IT HAS BEEN DELIVERED BY THE FUND FOR THE PURPOSE OF EVALUATING A POSSIBLE INVESTMENT BY THE RECIPIENT IN THE SHARES DESCRIBED HEREIN, AND IT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSONS (OTHER THAN PROFESSIONAL ADVISORS OF THE PROSPECTIVE INVESTOR RECEIVING THIS MEMORANDUM FROM THE FUND).

PERMISSION UNDER THE EXCHANGE CONTROL ACT OF 1972 OF BERMUDA (AND REGULATIONS MADE THEREUNDER) HAS BEEN OBTAINED FROM THE BERMUDA MONETARY AUTHORITY FOR THE ISSUE OF UP TO 20,000,000 PARTICIPATING SHARES IN THE FUND. IN ADDITION, A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE REGISTRAR OF COMPANIES IN BERMUDA FOR FILING PURSUANT TO THE COMPANIES ACT, 1981 OF BERMUDA, AS AMENDED. IN ACCEPTING THIS DOCUMENT FOR FILING, THE REGISTRAR OF COMPANIES ACCEPTS NO RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF ANY PROPOSAL OR THE CORRECTNESS OF ANY OPINIONS OR STATEMENTS EXPRESSED WITH REGARD TO THEM. APPROVALS RECEIVED FROM THE BERMUDA MONETARY AUTHORITY DO NOT CONSTITUTE A GUARANTEE BY THE AUTHORITY AS TO THE PERFORMANCE OF THE FUND OR ITS CREDITWORTHINESS. FURTHERMORE, IN GIVING SUCH APPROVALS, THE AUTHORITY SHALL NOT BE LIABLE FOR THE PERFORMANCE OR DEFAULT OF THE FUND OR FOR THE CORRECTNESS OF ANY OPINIONS OR STATEMENTS EXPRESSED. THE FUND DOES NOT INTEND TO BE REGISTERED OR LICENSED IN ANY JURISDICTION OR WITH ANY SUPERVISORY OR REGULATORY AUTHORITY OUTSIDE BERMUDA.

THE FUND HAS BEEN CLASSIFIED AS A BERMUDA INSTITUTIONAL FUND UNDER THE INVESTMENT FUNDS ACT 2006. AS SUCH, THE FUND IS EXEMPTED FROM THE NEED TO APPOINT A BERMUDA CUSTODIAN AND MAY NOT BE SUPERVISED TO THE SAME DEGREE AS OTHER INVESTMENT FUNDS WHICH ARE REGULATED AND SUPERVISED BY THE AUTHORITY. THEREFORE, THE FUND SHOULD BE VIEWED AS AN INVESTMENT SUITABLE ONLY FOR INVESTORS WHO CAN FULLY EVALUATE AND BEAR THE RISK INVOLVED. THE FUND DOES NOT INTEND TO BE REGISTERED OR LICENSED IN ANY JURISDICTION OR WITH ANY SUPERVISORY OR REGULATORY AUTHORITY OUTSIDE BERMUDA.

THERE ARE RESTRICTIONS ON THE OFFER AND SALE OF SECURITIES IN THE UNITED KINGDOM. ANY PERSON WHO IS ENGAGED IN ANY ACTIVITY WITH RESPECT TO SECURITIES THAT ARE IN ANY WAY ASSOCIATED WITH THE UNITED KINGDOM MUST COMPLY WITH ALL APPLICABLE PROVISIONS OF THE

UNITED KINGDOM FINANCIAL SERVICES MARKETS ACT 2000 (THE “FSMA”) AND THE PUBLIC OFFERS OF SECURITIES REGULATIONS 1995.

THIS MEMORANDUM HAS NOT BEEN ISSUED TO PERSONS IN THE UNITED KINGDOM EXCEPT TO THOSE PERSONS WHOSE ORDINARY ACTIVITIES INVOLVE THEM ACQUIRING, HOLDING, MANAGING OR DISPOSING OF INVESTMENTS (AS PRINCIPAL OR AGENT) FOR THE PURPOSES OF THEIR BUSINESSES OR OTHERWISE IN CIRCUMSTANCES WITHIN THE MEANING OF THE PUBLIC OFFERS OF SECURITIES REGULATIONS 1995, NOR HAS ANY INVITATION OR INDUCEMENT IN CONNECTION WITH THE ISSUE OR SALE OF SHARES OR OTHERWISE TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FSMA) PURSUANT TO THIS MEMORANDUM BEEN COMMUNICATED OR CAUSED TO BE COMMUNICATED AND WILL ONLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED OR IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO THE FUND. THE ISSUE OF THIS MEMORANDUM HAS COMPLIED AND WILL COMPLY WITH ALL APPLICABLE PROVISIONS OF THE FSMA WITH RESPECT TO ANYTHING DONE BY IT IN RELATION TO THE SHARES IN, FROM OR OTHERWISE INVOLVING THE UNITED KINGDOM.

AS THE FUND'S NET ASSET VALUE WILL BE CALCULATED IN U.S. DOLLARS FOR CLASS A AND CANADIAN DOLLARS FOR CLASS B, EACH HOLDER OF SHARES (THE “SHAREHOLDER”), AND NOT THE FUND, WILL BEAR THE RISK OF ANY FOREIGN CURRENCY EXPOSURE RESULTING FROM DIFFERENCES, IF ANY, IN THE VALUE OF THE U.S. OR CANADIAN DOLLAR RELATIVE TO THE CURRENCY IN WHICH SUCH SHAREHOLDER MAINTAINS ITS NET WORTH.

TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS, WHO HAVE TAKEN ALL REASONABLE CARE IN REVIEWING THIS DOCUMENT, THE INFORMATION CONTAINED IN THIS DOCUMENT IS ACCURATE AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION.

ALL MONETARY AMOUNTS SET FORTH
HEREIN ARE EXPRESSED IN U.S. DOLLARS FOR CLASS A SHARES AND
CANADIAN DOLLARS FOR CLASS B SHARES.

MARTIAL FUNDS LTD.

SUMMARY

The information set out below should be read in conjunction with, and is qualified in its entirety by, the full text of this Confidential Private Placement Memorandum (the “Memorandum”), the Memorandum of Association and Bye-laws of Martial Funds Ltd. and the documents and agreements referred to herein, copies of which are available from the Administrator (as defined herein) upon request.

THE FUND

Generally. Martial Funds Ltd. (the “Fund”) is a mutual fund company of unlimited duration that was incorporated with limited liability under the Companies Act, 1981 of Bermuda, as amended, on 11 July, 2007. The Fund is offering 10,000,000 non-voting redeemable participating shares (“Participating Shares”) of par value U.S. \$0.0001 designated as the Class A Participating Shares (the “Class A Shares”) and 10,000,000 Participating Shares of par value CAD \$0.0001 designated as the Class B Participating Shares (“Class B Shares” and together with the Class A Shares, the “Shares”). The Fund may issue additional classes of Participating Shares, in the sole discretion of the Board (as defined herein) and as circumstances dictate. Shares of a class other than a class discussed herein may be subject to terms and conditions that differ from the terms and conditions applicable to the Shares discussed herein. Such other classes of Shares may be issued without the consent of or notice to the Fund’s shareholders (the “Shareholders”), where the rights attached to any existing class of shares will not be deemed to be varied by the issue of such other classes of shares ranking *pari passu* therewith. This is further provided in “ADDITIONAL INFORMATION -- General Information.” The Fund is offering Shares as of the date of filing of this Memorandum with the Registrar of Companies in Bermuda. See “SHARES OF THE FUND — The Fund’s Share Capital.”

Classes A and B. The Fund is currently offering Class A Shares and Class B Shares at a purchase price equal to \$10.00 per Share in the currency of that class. Following the end of the Initial Offering Period (as defined herein), such Shares may be purchased on each Subscription Day (as defined herein) as described in Appendix A attached hereto.

INVESTMENT OBJECTIVE

The primary investment objective of the Fund is to seek the highest possible intermediate to long-term capital gains.

INVESTMENT STRATEGY

Generally. The Investment Manager (as defined herein) will seek to achieve the Fund's objective by investing in listed securities on major exchanges across many sectors. Neither Class A Shares nor Class B Shares use leverage, options, short sales or derivatives. Class A Shares invest in listed securities on the New York Stock Exchange, American Stock Exchange, or NASDAQ. Class B Shares invest in listed securities on the Toronto Stock Exchange.

There can be no assurance that the Investment Manager will be successful in pursuing the Fund's investment objective or that the strategies set forth herein will be successful. The results of the Investment Manager or its principals are not necessarily indicative of the future performance of the Fund. See "INVESTMENT POLICY."

INITIAL OFFERING

The initial offering period in respect of the Class A Shares and Class B Shares will commence as of the date of the filing of this Memorandum with the Registrar of Companies in Bermuda and will end on such date as the Board may determine (but in no event more than one hundred and twenty (120) days after the filing of this Memorandum with the Registrar of Companies in Bermuda) (the "Initial Offering Period"). The initial offering price will be \$10.00 per Share in the currency of the class, which is payable in full on application. Payment for the Shares may be made by check, draft or wire transfer.

BOARD OF DIRECTORS

The Board of Directors of the Fund consists of 3 Directors (the "Board" or the "Directors") who exercise primary authority over the Fund.

INVESTMENT MANAGER

Martial Capital Ltd. (the "Investment Manager"), has been retained by the Fund to manage and invest the Fund's capital, pursuant to an investment management agreement (the "Investment Management Agreement"). The Investment Manager is a Bermuda exempted corporation.

ADMINISTRATOR, REGISTRAR AND TRANSFER AGENT

The Fund has entered into a contract (the "Fund Administration Agreement") with Harbour Financial Services Limited (the "Administrator") to provide administration, registrar and transfer agent services. The Administrator will perform various administrative and registrar and transfer agency services for the Fund, including

calculation of the Net Asset Value (as defined herein) of the Shares of the Fund.

AUDITOR

The Fund has entered into an agreement (the “Audit Engagement Letter”) with D&H Group LLP in Canada (the “Auditor”) to audit the financial statements of the Fund. The first audit will be as of September 30, 2008.

PRIME BROKER AND CUSTODIAN

The Fund has retained Morgan Stanley located in New York, New York, to serve as the Fund's prime broker (the “Prime Broker”). The Prime Broker provides the Fund with prime brokerage services and serves as the custodian of the Fund's assets pursuant to the separate documents and agreements for the provision of such services (collectively, the “Prime Brokerage Agreement”). From time to time the Investment Manager may place securities transactions with brokers other than the Prime Brokers, at its sole discretion. In the discretion of the Investment Manager, portfolio assets may be held for the benefit of the Fund by financial institutions other than the Prime Broker, including any brokers or dealers, banks or other institutions through which the Fund effects transactions and receives financing. The Fund may discontinue its relationship with any broker, dealer, bank or other institution without prior notice to the Shareholders. The Fund is not obligated to maintain its relationship with the Prime Broker for any minimum period of time and may discontinue such relationship and engage a new or additional prime broker(s) and brokers without further notice to the Shareholders. For information regarding the Investment Manager's bases for its selection of brokers for the Fund, see “MANAGEMENT—Brokerage and Custody.”

MINIMUM INVESTMENT

The minimum initial investment per subscriber is US\$100,000 or its equivalent in the currency of the class. The minimum additional investment for an existing Shareholder is \$10,000 in the currency of the class. The minimum initial and additional investments may be waived or reduced at the discretion of the Directors on a case by case basis.

SUBSCRIPTIONS FOR CLASS A SHARES AND CLASS B SHARES

During the Initial Offering Period, Class A Shares and Class B Shares may be purchased at a price per Share of \$10.00 in the currency of the Class. Thereafter, such Shares may be

purchased as of the close of the financial markets on every Thursday or at such other times as determined by the Directors in their sole discretion (each a “Subscription Day”) as described in Appendix A attached hereto. The Directors may modify the frequency of permitted subscriptions. Additionally, the Directors may “close” the Fund by refusing to issue any Shares, without notice to the Shareholders. Notwithstanding the foregoing, the Directors may, in their sole discretion, reopen the Fund as of any date. The monies to be paid for the Shares subscribed are payable in full upon subscription.

As of the date of this Memorandum, only Class A Shares and Class B Shares may be purchased by investors. Shares of certain additional classes may be issued by the Fund, in the sole discretion of the Board.

MARKETING CONSULTANTS AND AGENTS

The Investment Manager may retain affiliated and non-affiliated marketing consultants and agents at no additional cost to the Fund or the Shareholders.

ELIGIBLE INVESTORS

The Shares may be purchased only by “Eligible Investors,” as described herein, except in a limited number of cases and then only after supplementary offering materials have been distributed to such potential investors (such as, without limitation, U.S. tax-exempt investors). Persons interested in purchasing Shares should inform themselves as to the legal requirements within their own countries for the purchase of Shares and any foreign exchange restrictions with which they must comply. The Fund reserves the right to reject, either in whole or in part, subscriptions for Shares, in its absolute discretion. See “SHARES OF THE FUND-Eligible Investors.”

NET ASSET VALUE

Generally. The net asset value of the Fund (the “Net Asset Value”) is equal to the Fund’s assets less the Fund’s liabilities, each valued pursuant to accounting principles generally accepted in Bermuda and Canada. Each class of Shares will have its respective Net Asset Value determined as provided by the Bye-laws of the Fund and in accordance with the foregoing and based upon the assets and liabilities attributable to the particular class. Expenses, fees and other liabilities will be generally determined using accounting principles generally accepted in Bermuda and Canada. The Net Asset Values will be calculated as of the close of business in Bermuda every Thursday or on such other date

when such computation is necessary or appropriate (each a “Valuation Date”). See “Appendix A – NAV Calculation.”

REDEMPTIONS

Generally. Except as provided herein, a Shareholder may request redemption of all or some of its Shares as of any Friday that is not a public holiday in Bermuda or at such other time as determined by the Directors in their sole discretion (each a “Redemption Date”). Shareholders wishing to redeem Shares as of the particular Redemption Date must provide the Administrator with seven (7) days’ prior written notice of their intention to redeem such Shares. A redemption request, once made, will be irrevocable and may not be withdrawn without the consent of the Directors.

The redemption price is equal to the relevant Net Asset Value per Share on the corresponding Redemption Date. Each redeeming Shareholder will receive its redemption proceeds within ten (10) days after the Redemption Date.

In circumstances where the Fund is unable to liquidate securities positions in an orderly manner in order to fund redemptions, or where the value of the assets and liabilities of the Fund cannot reasonably be determined, the Fund may take longer than the time periods mentioned above to effect settlements of redemptions or may effectuate only a portion of a requested redemption. In the discretion of the Directors, the Fund may settle redemptions, in whole or in part, in kind and may extend the duration of the redemption notice period if the Directors deem such an extension as being in the best interest of the Fund and the non-redeeming Shareholders. Furthermore, in limited circumstances, the Fund may suspend redemptions. See “SHARES OF THE FUND – Temporary Suspension of Dealings and Determination of Net Asset Value.”

The Fund may withhold a portion of any proceeds of redemption if necessary to comply with applicable legal or regulatory requirements. Moreover, the Directors have the right to require a compulsory redemption of all or some of the Shares held by a Shareholder at the redemption price per Share equal to the then prevailing Net Asset Value per Share of the relevant class without assigning any reason therefor.

When Shares are redeemed, Incentive Fees (as defined herein) that have been accrued as of the relevant

Redemption Date will be calculated and deducted from the redemption proceeds as described in “FEES AND EXPENSES.”

TRANSFERS

No transfer of Shares may be made other than with the consent of the Directors, which consent may be withheld at the discretion of the Directors without the need for assigning any reason therefore.

DISTRIBUTIONS

It is the present intention of the Directors not to distribute net income by way of dividends. Accordingly, net income effectively will be represented in the value of the Shares. The Directors reserve the right to change such policy.

FEES AND EXPENSES

Management Fee. The Investment Manager receives an annual management fee (the “Management Fee”) that is equal to approximately two percent (2.00%) of the Net Asset Value attributable to the Shares (as defined herein) of each Shareholder during the relevant calendar year. The Management Fee will be calculated and paid weekly, in arrears, in an amount equal to 0.038462% of the Net Asset Value attributable to the Shares of each class every Thursday. The Investment Manager may, in its discretion, effectively waive all or part of the Management Fee with respect to any Shareholder by rebate or otherwise.

Incentive Fee. The Investment Manager is also entitled to receive a performance-based fee from the Fund in an amount equal to twenty percent (20%) of the appreciation of each class' Net Asset Value (the “Incentive Fee”). The Incentive Fee, if any, is calculated and payable every Thursday. See “FEES AND EXPENSES - Fees of the Investment Manager - *Incentive Fee*” and “Appendix A – NAV Calculation”

All fees and expenses (except the Incentive Fee) that have been accrued or paid (but not previously accrued) for a given period are deducted prior to calculating the Incentive Fees for such period, including, without limitation, the Management Fee. Appropriate adjustments are to be made to account for subscriptions and redemptions. The Investment Manager, in its sole discretion, may effectively waive all or part of the Incentive Fee otherwise due with respect to any Shareholder's investment by rebate or otherwise.

High Water Mark. The Incentive Fee with respect to a Class is calculated on a cumulative basis and is not payable until all prior net losses with respect to such series (excluding the Incentive Fee from the calculation of net losses) are recouped. See “FEES AND EXPENSES - Fees of the Investment Manager - *High Water Mark*” and “Appendix A - NAV Calculation”

Administrator’s Fees. For its administrative, registrar and transfer agent duties, the Fund pays the Administrator an administration fee which is in accordance with its customary fees

Audit Fees. For its duties, the Fund pays the Auditor a fee which is in accordance with its customary fees.

Directors’ Fees. Each Director who is not an officer or employee of the Investment Manager receives a flat annual fee for serving in such capacity. The fee will be in accordance with reasonable and customary directors' fees. The Directors shall be entitled for reimbursement from the Fund for reasonable out-of-pocket expenses incurred by them on behalf of the Fund.

Other Expenses. The Fund will pay or reimburse the Investment Manager for all costs and expenses associated with the Fund’s operations and with regard to its establishment, organizational and offering expenses. See “FEES AND EXPENSES” herein. The Fund will be responsible for all of the necessary expenses of its operation, including, without limitation, the cost of maintaining the Fund's registered office in Bermuda, the Fund's annual government registration fee, brokerage commissions, research expenses, legal and auditing expenses, accounting, fund administration, investment related consultants and other service provider expenses, investment related travel costs, expenses incurred with respect to the preparation, duplication and distribution to Shareholders and prospective Shareholders of Fund offering documents, annual reports and other financial information and similar ongoing operational expenses. The Administrator, the Investment Manager and any affiliate retained by the Investment Manager will be reimbursed for all out-of-pocket expenses incurred on behalf of the Fund. Fees and expenses that are identifiable with a particular class will be charged against that class in computing its Net Asset Value. Other fees and

expenses will be charged to the Fund as a whole or otherwise in the discretion of the Board.

RISK FACTORS

The Fund is a newly formed company and has no prior operating history. Investment in the Fund is speculative and involves a high degree of risk. Past performance of the Investment Manager or any of its principals is no guarantee of future performance. There is no assurance that the Fund will be profitable. The risks of an investment in the Fund include, but are not limited to, the speculative nature of the Fund's strategies and the substantial charges that the Fund will incur regardless of whether any profits are earned. See "CERTAIN RISK FACTORS." The Fund is also subject to certain conflicts of interest. See "POTENTIAL CONFLICTS OF INTEREST." The Investment Manager may directly or indirectly manage the assets of other funds that in some respects compete with the Fund for certain investments.

REGULATORY MATTERS

The Fund is not registered with the Securities and Exchange Commission as an investment company and therefore is not required to adhere to certain investment policies under the U.S. Investment Company Act of 1940, as amended. The Fund has been classified as a Bermuda Institutional Fund under the Investment Fund Act 2006. As such, the Fund is exempted from the need to appoint a Bermuda custodian and may not be supervised to the same degree as other investment funds which are regulated and supervised by the Bermuda Monetary Authority. Therefore, the Fund should be viewed as an investment suitable only for investors who can fully evaluate and bear the risk involved. The Fund does not intend to be registered or licensed in any jurisdiction or with any supervisory or regulatory authority outside Bermuda.

LISTING

Although currently not contemplated, the Fund may list its Shares on a securities exchange, at the sole discretion of the Board without the consent of the Shareholders.

REPORTING

Shareholders will receive from the Fund annual audited financial statements within a reasonable time after the Fund's fiscal year-end. In addition, Shareholders will receive from the Administrator periodic reports relating to the Fund's performance.

FISCAL YEAR

The Fund's fiscal year-end is September 30.

TAX STATUS

Under current law, the Fund should not be subject to any U.S. income taxation (other than U.S. withholding taxes on dividends and certain interest derived from U.S. sources). Certain dividend income, interest income (if any), and certain capital gains income realized by the Fund may be subject to income or withholding taxes in the jurisdiction of the source of such income. Based on advice from Bermuda legal advisers, at the date of this Memorandum there is no Bermuda income, corporation or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Fund or its Shareholders other than Shareholders ordinarily resident in Bermuda. The Fund is subject to a Bermuda annual government fee. The Fund has received an undertaking from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act, 1966, as amended, that, in the event that there is enacted in Bermuda any legislation imposing (i) tax computed on profits or income, (ii) tax computed on any capital assets, gain or appreciation or (iii) any tax in the nature of estate duty or inheritance tax, such tax shall not until March 28, 2016 be applicable to the Fund or to any of its operations, Shares, debentures or other obligations except insofar as such tax applies to persons ordinarily resident in Bermuda and holding such Shares, debentures or other obligations of the Fund or any land leased or let to the Fund.

Investors should obtain their own legal or tax advice on the tax and other consequences of purchasing, holding, transferring and selling the Shares.

FUNCTIONAL CURRENCY

The Fund's functional currency, *i.e.*, the currency in which it maintains its books and records and its financial statements, is, for Class A Shares the U.S. Dollar, and for Class B Shares, the Canadian Dollar.

DIRECTORY

Fund's Registered Office	Martial Funds, Ltd. Canon's Court, 22 Victoria Street Hamilton HM 12, Bermuda	Telephone: (441) 295-2244 Facsimile: (441) 292-8666
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Administrator, Registrar and Transfer Agent	Harbour Financial Services Limited Chancery Hall, 52 Reid Street Hamilton HM12, Bermuda	Telephone: (441) 294 4676 Facsimile: (441) 294-8860
Corporate Secretary	Appleby Services (Bermuda) Ltd. Canon's Court, 22 Victoria Street Hamilton HM 12, Bermuda	Telephone: (441) 295 2244 Facsimile: (441) 292 8666

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Martial Funds Ltd.

THE FUND

Generally Martial Funds Ltd. (the “Fund”) was incorporated in Bermuda on 11 July, 2007 as a mutual fund company of unlimited duration with limited liability under the Companies Act, 1981 of Bermuda, as amended. The Fund has an authorized share capital of 100 ordinary, voting, non-redeemable shares (the “Ordinary Shares”) of U.S. \$0.01 par value each, 10,000,000 non-voting redeemable participating shares (“Participating Shares”) of par value U.S.\$0.0001 designated as the Class A Participating Shares (the “Class A Shares”) and 10,000,000 non-voting, redeemable Participating Shares of par value CAD \$0.0001 designated as the Class B Participating Shares (“Class B Shares” together with the Class A Shares, the “Shares”). The Ordinary Shares of the Fund are owned by the Investment Manager. The Fund may issue additional classes of Participating Shares, in the Board’s sole discretion and as circumstances dictate, without the consent of or notice to the Fund’s Shareholders (the “Shareholders”), where the rights attached to any class of shares will not be deemed to be varied by the issue of such other classes of shares ranking *pari passu* therewith as further provided in “ADDITIONAL INFORMATION – General Information”. Participating Shares of a class other than a class discussed herein may be subject to terms and conditions that differ from the terms and conditions applicable to the Participating Shares discussed herein.

Classes A Shares and Class B Shares. The Fund is offering Class A Shares and Class B Shares. During the Initial Offering Period (as defined herein), the initial purchase price of such Shares is for Class A Shares USD\$10.00 and for Class B Shares CAD\$10.00. Thereafter, such Shares may be purchased as described in Appendix A attached hereto.

The Investment Manager is covering the entire cost of start-up of the Fund, including this prospectus. It will be repaid by the fund in equal installments over 156 weeks without interest.

If the amount raised from the issue of Shares during the Initial Offering Period is less than US\$750,000 or the equivalent in Canadian dollars, all subscription monies will be returned with interest to applicants.

The assets, liabilities, income and expenditures attributable to each class of Shares with respect to investments in initial public offerings will be applied to an account (or book entry) maintained for each class of Shares subject as provided herein and to applicable law. The assets so held in respect of each class of Shares will be applied solely in respect of that class of Shares except to the extent that expenses of the Fund are allocated among the classes of Shares at the discretion of the Directors (as defined herein). The Net Asset Value of each class will be calculated separately and Shares of a particular class will be redeemed at the Net Asset Value of that class at the relevant time. For limitations of such a corporate structure as regards the liabilities of the Fund, see “CERTAIN RISK FACTORS” herein.

The information in this Confidential Private Placement Memorandum (the “Memorandum”) is qualified in its entirety by the agreements and documents referred to herein and by the

Memorandum of Association and Bye-laws of the Fund, copies of which are available from the Administrator (as defined herein) upon request.

INVESTMENT POLICY

Investment Objective and Strategy

The primary investment objective of the Fund is to seek the highest possible intermediate to long-term capital gains.

The Investment Manager (as defined herein) will seek to achieve the Fund's objective by investing in listed securities on major exchanges across many sectors. The Fund does not use leverage, options, short sales or derivatives. Class A Shares invest in listed securities on the New York Stock Exchange, American Stock Exchange, or NASDAQ. Class B Shares invest in listed securities on the Toronto Stock Exchange.

There can be no assurance that the Fund will achieve its investment objective. The Funds' investment policies and strategies are speculative and entail significant risk. See "CERTAIN RISK FACTORS."

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The foregoing description is general and is not intended to be exhaustive. Investors must recognize that there are inherent limitations on all descriptions of investment processes due to the complexity, confidentiality and subjectivity of such processes. In addition, the description of virtually every strategy must be qualified by the fact that investment approaches are continually changing, as are the markets invested in by the Fund. Finally, the Fund may pursue additional strategies, in its sole discretion, in its pursuit of the Fund's investment objective.

Borrowings

Borrowings. The Fund is authorized to bridge the receipt of monies to and from brokers and to borrow to fund redemption requests so as to facilitate an orderly liquidation of positions. Loans may be obtained from securities brokers and dealers or from other financial institutions; such loans will be secured by securities or other capital of the Fund pledged to such brokers or financial institutions. Such loans shall not exceed ten percent (10%) of the value of the Fund.

Distributions and Reinvestment

The Fund does not expect to make any distributions to Shareholders out of the Fund's current earnings and profits. Rather, the Fund will reinvest such income. Potential investors should keep this limitation in mind when determining whether or not an investment in the Fund is suitable for their particular purposes. The Fund reserves the right to change such policy.

Plan of Distribution and Use of Proceeds; Cash Equivalents

The net proceeds of the offering contemplated herein will be invested in accordance with the policies set forth under “INVESTMENT POLICY”. The Fund, without limitation, may hold cash or invest in cash equivalents for short-term investments. Among the cash equivalents in which the Fund may invest are: obligations of Governments, their agencies or instrumentalities; commercial paper; auction rate preferreds; and repurchase agreements, money market mutual funds, certificates of deposit and bankers’ acceptances issued by major money centre banks. In the event the Investment Manager determines that there is not sufficiently good value in any securities suitable for investment of the Fund’s capital, all such capital may be held in cash and cash equivalents.

In making investment decisions, the Fund will rely on the advice of the Investment Manager rather than any specific objective criteria.

MANAGEMENT

The Board of Directors

The Fund has three directors (the “Board” or the “Directors”), and each of whom serves in accordance with the laws of Bermuda and in accordance with the Fund’s Bye-laws. The Directors’ primary function is to supervise the general conduct of the affairs of the Fund. The Directors have appointed the Investment Manager (as defined herein) to perform and/or delegate certain management and administrative tasks on behalf of the Fund. A brief biographical description of each of the Directors follows:

Edmund Goodhue, Chairman and CEO, Martial Capital Ltd. Mr. Goodhue graduated from Harvard College with a BA *Magna Cum Laude* in Economics, University of California Irvine with a BS *Summa Cum Laude, Phi Beta Kappa* in Computer Science, Harvard Business School with an MBA in finance *High Distinction, first year Baker Scholar*. He attended the PhD program in Artificial Intelligence at Massachusetts Institute of Technology (MIT). Mr. Goodhue has been on the faculty of University of California, Harvard Business School, INSEAD, and Babson College teaching computer science, finance, international finance and related topics. He has served at senior management levels in finance and international finance at both NYSE listed companies as well as entrepreneurial start-ups and has filed patents on various statistical approaches to managing financial risks.

James Keyes, Partner, Appleby. James Keyes is a partner in the Fund and Investment Services Team of Appleby, a Bermuda-based international law firm practicing in the area of company and commercial law, particularly mutual funds, corporate finance and securities. Mr Keyes is a country correspondent of the Journal of International Financial Markets and the Journal of International Banking Law and a member of the Bermuda International Business Association’s committee on collective investment schemes. Mr Keyes has been with Appleby since 1993 and

from 1989 to 1992 worked with Freshfields law firm in London and graduated (M.A. with honors) as a Rhodes Scholar from Oxford University in England.

Jeffery T. Wiebe, Managing Director, Martial Capital Ltd. Mr. Wiebe has worked in the offshore investment arena for 11 years. His most recent position was Vice President of Business Development and Marketing for a Bermuda based asset management firm with a primary focus on the captive insurance market. From 1997 to 2005, he worked for a publically traded, full-service financial services company where he held several positions including institutional sales, trading, financial advisement and project management. His experiences have been in relationship management, product development, venture capital structures and asset raising. He completed the Canadian Securities Institute licensing requirements and is a finance graduate from Langara College (Vancouver, Canada).

The Investment Manager

Generally. The Fund has engaged Martial Capital Ltd. a Bermuda corporation, as the investment manager (the “Investment Manager”) of the Fund's capital under agreement (the “Investment Management Agreement”). The Investment Manager will manage and invest the Fund's assets.

The principals of the Investment Manager are with respect to the Fund Mr. Edmund Goodhue and Mr. Jeffery Wiebe. Mr. Goodhue and Mr. Wiebe's biographies are set out above under “MANAGEMENT – The Board of Directors.”

The Investment Management Agreement. Pursuant to the terms of the Investment Management Agreement, the Investment Manager has agreed, *inter alia*, to manage all aspects of the Fund's investment operations in accordance with all investment parameters adopted by the Fund. The Investment Manager may delegate any or all of its duties pursuant to the Investment Management Agreement.

The Investment Management Agreement provides that the Investment Manager shall not be liable to the Fund or its Shareholders for any error of judgment or for any loss suffered by the Fund or its Shareholders in connection with its services in the absence of gross negligence, willful default, or fraud in the performance or non-performance of its obligations or duties. The Investment Management Agreement contains provisions for the indemnification of the Investment Manager by the Fund against liabilities to third parties arising in connection with the performance of its services, except under certain circumstances specified as per the Investment Management Agreement. Notwithstanding any of the foregoing to the contrary, the liability provisions of the Investment Management Agreement shall not be construed so as to relieve (or attempt to relieve) the Investment Manager of any liability to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law (including liability under U.S. securities laws which, under certain circumstances, impose liability even on persons acting in good faith), but shall be construed so as to effectuate the provisions of the liability provisions to the fullest extent permitted by law.

The Investment Management Agreement has an initial term expiring on September 1, 2017 and is automatically renewed thereafter for successive one-year periods, subject to termination (i) by either party in the event of the other party's willful default or fraudulent conduct in connection

with the performance of such Agreement or (ii) by either party at anytime upon not less than ninety (90) days' prior written notice to the Fund.

The Investment Manager will devote as much time to the investment activities of the Fund as it shall determine to be necessary for the efficient operation of the Fund.

The Investment Manager and its affiliates, principals and employees may engage or participate in other activities or ventures, whether or not of the same nature as the Fund. No Shareholder shall be entitled to any profits that the Investment Manager, Fund, any of its affiliates, principals or employees shall derive from any activities or ventures other than those derived from the Fund, whether or not such businesses or ventures are of the same nature as, and/or compete with the Fund. The Investment Manager, its affiliates, principals and employees shall not be prohibited from buying or selling securities for their own account, including securities that are the same as those held by the Fund. As a result of its other activities, the Investment Manager may have conflicts of interest in allocating time, services and functions among the Fund and other business ventures. See "CERTAIN RISK FACTORS."

See "FEES AND EXPENSES" herein for a general description of the fees payable to the Investment Manager.

Independent Client Representative

The Board may resolve to appoint a person (the "Independent Client Representative") unaffiliated with the Investment Manager or any of its affiliates to act as the agent of the Fund to give or withhold any consent of the Fund required under applicable law to a transaction in which the Investment Manager causes the Fund to purchase securities or other instruments from, or sell securities or other instruments to, the Investment Manager or its affiliates or to engage in brokerage transactions in which any of the Investment Manager's affiliates acts as broker for another person on the side of the transaction opposite that of the Fund. If appointed, the Independent Client Representative may be paid by the Fund and will receive an indemnity from the Fund for claims arising out of activity in such capacity.

The Administrator, Registrar and Transfer Agent

Harbour Financial Services Limited has been appointed as Administrator and Registrar and Transfer Agent to the Fund. The Administrator is an affiliate of Wakefield Quin, legal counsel of the Fund in Bermuda. The Administrator is responsible for, among other things: (i) maintaining the register of Shareholders of the Fund and generally performing all actions related to the issuance and transfer of Shares and the safe-keeping of certificates therefore, if any, (ii) reviewing and, subject to approval by the Directors, accepting subscriptions for the Shares and accepting payment therefore, (iii) on a weekly basis, computing and disseminating the Net Asset Value of the Fund and the Net Asset Value of the Shares in accordance with the Memorandum of Association and Bye-Laws of the Fund, (iv) performing all acts related to redemption of the Shares, (v) keeping the accounts of the Fund and such financial books and records as are required by law or otherwise for the proper conduct of the financial affairs of the Fund and preparing or procuring the preparation of annual financial statements of the Fund and providing Shareholders with such statements as well as monthly performance reports regarding the Fund's and the Shares' performance, (vi) performing all other accounting and clerical services necessary in connection

with the administration of the Fund and (vii) disbursing payments of legal fees, accounting fees and officers' and directors' salaries (if any) and dividends (if any). The Administrator is also responsible for disbursing other routine operational expenses.

The Fund will indemnify the Administrator, its affiliates and any of their respective officers, agents and employees, from and against any and all liabilities, costs, claims, demands, proceedings, charges, actions, suits or expenses (including, without limitation, attorneys' fees) of whatsoever kind or character that may be incurred or suffered howsoever arising (other than by reason of fraud, wilful neglect or wilful default on the part of such indemnified person) in connection with the performance of its duties and obligations under the Administration Agreement.

The Administration Agreement between the Fund and the Administrator provides, inter alia, that the agreement may be terminated at any time by either party upon not less than 30 days prior written notice.

Brokerage and Custody

The Fund has retained Morgan Stanley, located in New York, New York, to serve as the Fund's prime broker (the "Prime Broker"). The Prime Broker also serves as custodian of the Fund's assets pursuant to separate documents and agreements for the provision of such services (collectively, the "Prime Brokerage Agreements"). The Prime Broker will generally act as custodian of the Fund's securities. From time to time, the Investment Manager may place securities transactions with brokers other than the Prime Broker, at its sole discretion. In the discretion of the Investment Manager, portfolio assets may be held for the benefit of the Fund by financial institutions other than the Prime Broker, including any broker or dealers, banks or other institutions through which the Fund effects transactions. The Fund is not obligated to maintain its relationship with the Prime Broker for any minimum period of time and may discontinue such relationship and engage a new or additional prime broker(s) and brokers without further notice to the Shareholders.

Portfolio transactions for the Fund are allocated to brokers by the Investment Manager. The Investment Manager utilizes various brokers to execute, settle and clear securities transactions for the Fund. In selecting brokers to effect portfolio transactions, the Investment Manager considers such factors as price, the ability of the brokers to effect the transactions, the brokers' facilities, reliability and financial responsibility, and any research or investment management related services and equipment provided by such brokers. Accordingly, if the Investment Manager determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and research or investment management related services and equipment provided by such broker, the Fund may pay commissions to such broker in an amount greater than the amount another broker might charge.

Research or investment management related services and equipment provided by brokers through which portfolio transactions for the Fund are executed, settled and cleared may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, on-line quotations, news and research services, and other services (e.g., computer and telecommunications equipment) providing lawful and appropriate assistance to the

Investment Manager in the performance of its investment decision-making responsibilities on behalf of the Fund (collectively, “soft dollar items”).

Soft dollar items may be provided directly by brokers, by third parties at the direction of brokers or purchased by the Fund with credits or rebates provided by brokers. Soft dollar items may arise from over-the-counter principal or agency transactions, as well as exchange traded agency transactions. Brokers sometimes suggest a level of business that they would like to receive in return for the various services that they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions because total brokerage is allocated on the basis of all the considerations described above. A broker will not be excluded from executing transactions for the Fund because it has not been identified as providing soft dollar items.

Section 28(e) of the U. S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), permits the use of soft dollar items in certain circumstances, provided that the Fund does not pay a rate of commissions in excess of what is competitively available from comparable brokerage firms for comparable services, taking into account various factors, including commission rates, financial responsibility and strength and ability of the broker to efficiently execute transactions. Non-research products and “soft dollars” which are not generated through agency transactions in securities are outside the parameters of Section 28(e)’s “safe harbor,” as are transactions effected in futures, currencies or certain derivatives.

The Investment Manager currently intends to use soft dollars for (i) items which are within the Section 28(e) “safe harbor,” (ii) expenses outside of the Section 28(e) “safe harbor” otherwise payable by the Fund such as, without limitation, fund administration, accounting, auditing and legal expenses and other services, and (iii) certain soft dollar items which are outside the “safe harbor” under Section 28(e) which may include computer hardware (including replacement parts) and software, telecommunications equipment (including replacement parts) and related infrastructure and wiring as well as fees and expenses associated with consultants and the maintenance of such equipment.

Soft dollar items, whether provided directly or indirectly, may be utilized for the benefit of the Investment Manager's and its affiliates' other accounts. The Investment Manager expects to use soft dollars to acquire soft dollar items that the Investment Manager or its affiliates would otherwise be obligated to provide to, or acquire at their own expense for, the Fund. Nonetheless, the Investment Manager believes that such soft dollar items may provide the Fund with benefits by supplementing the research and services otherwise available to the Fund.

Certain brokers utilized by the Investment Manager or its affiliates may refer investors to the Fund or other investment vehicles managed by the Investment Manager or its affiliates. Unless a broker is retained specifically for such purpose (in which case it will not be compensated for such purpose using commissions of the Fund account), brokers will not be compensated for the referral of investors to the Fund or any other investment vehicle managed by the Investment Manager or its affiliates and the ability to make such referrals will in no way be a consideration in the Investment Manger’s selection of brokers or decision to maintain relationships with brokers for the Fund.

Lastly, the Investment Manager may enter into directed brokerage arrangements in its discretion.

Pursuant to resolutions of the Directors, the Directors have delegated to the Investment Manager signing authority regarding transfers and withdrawals from all of the Fund's brokerage accounts, including deliveries of securities free of payment.

Corporate Secretary

Appleby Services (Bermuda) Ltd. has been appointed as corporate secretary of the Fund to provide corporate secretarial services to the Fund, including the provision of the Fund's registered office and the services of an individual to serve as secretary of the Fund.

Master Fund

It is within the power of the Investment Manager to direct that part or all of the net assets and liabilities of the Fund be invested in a master fund. Such an investment would be managed by the Investment Manager at that level, but at all times in accordance with the investment objective of the Fund as set forth in this Memorandum. To the extent the Fund's capital is invested in a master fund, any or all of the fees and expenses payable by the Fund, including, without limitation, the Management Fee and the Incentive Fee, will be paid by the Fund or the master fund, but will not be duplicated (other than fees and expenses incurred by both the Fund and the master fund such as, without limitation, administration fees). If the Fund elects to invest in a master fund, the master fund will be an entity that will be, or will elect to be, treated as a partnership for U.S. federal income tax purposes.

Marketing Consultants and Agents

The Investment Manager may retain affiliated and non-affiliated marketing consultants and agents at no additional cost to the Fund or the Shareholders.

FEES AND EXPENSES

Organizational, Ongoing and Other Costs

The Investment Manager has paid for certain organizational costs of the Fund. The Fund will reimburse the Investment Manager for such costs in 156 weekly payments. The Fund will treat its organizational costs and expenses in accordance with accounting principles generally accepted in Bermuda and Canada. The Fund will be responsible for all of the necessary expenses of its operation including, without limitation, the cost of maintaining the Fund's registered office in Bermuda, the Fund's annual Bermuda government registration fee, brokerage commissions, research expenses, legal and auditing expenses, accounting, fund administration, investment related consultants and other service provider expenses, investment related travel costs, expenses incurred with respect to the preparation, duplication and distribution to the Shareholders and prospective Shareholders of Fund offering documents, annual reports and other financial information, and similar ongoing operational expenses. Fees and expenses that are identifiable with a particular class will be charged against that class in computing its Net Asset Value. Other

fees and expenses will be charged to the Fund as a whole or otherwise in the discretion of the Board. The Investment Manager is responsible for providing all office personnel, space and facilities required for the performance of its services.

Fees of the Investment Manager

Management Fee. Pursuant to the Investment Management Agreement, the Investment Manager receives an annual fee (the “Management Fee”) that is equal to two percent (2.00%) of the Net Asset Value (as defined herein) attributable to the Shares (as defined herein) of each Shareholder during the relevant calendar year. The Management Fee will be calculated and paid weekly (unless a fee deferral election is made), in arrears, in an amount equal to 0.038462% of the Net Asset Value attributable to the Shares of each class every Thursday. The Investment Manager may, in its discretion, effectively waive all or part of the Management Fee with respect to any Shareholder by rebate or otherwise.

Incentive Fee. The Investment Manager is also entitled to receive a performance-based fee from the Fund, calculated on a Class by Class basis, in an amount equal to twenty percent (20%) of the appreciation of each class’ Net Asset Value (the “Incentive Fee”). The Incentive Fee, if any, is calculated and payable (subject to any fee deferral election) as of each Thursday. All fees and expenses (except the Incentive Fee) that have been accrued or paid (but not previously accrued) for a given period are deducted prior to calculating the Incentive Fees for such period, including, without limitation, the Management Fee. Appropriate adjustments are to be made to account for subscriptions and redemptions. The Investment Manager, in its sole discretion, may effectively waive all or part of its Incentive Fee otherwise due with respect to any Shareholder’s investment, by rebate or otherwise. The Investment Manager may, in its sole discretion, rebate or otherwise pay all or part of its Incentive Fee to placement agents or individual Shareholders.

High Water Mark. The Incentive Fee with respect to a Shareholder is calculated on a cumulative basis and is not payable until all prior net losses with respect to such Shareholder (excluding Incentive Fees from the calculation of such net losses) are recouped. Appropriate adjustments are to be made to account for subscriptions and redemptions. See “Appendix A – NAV Calculation” for more information.

Deferral. Notwithstanding the foregoing, the Investment Manager may elect, prior to the commencement of the Fund’s trading activities with respect to its first calendar year of trading and prior to the commencement of each calendar year thereafter, to defer for a period of up to ten (10) years payment of all or any portion of its Management Fees and Incentive Fees earned with respect to that subsequent period. In such case, the deferred amount will appreciate or depreciate based, at the election of the Investment Manager, on either (i) the subsequent performance of the Fund (before Management and Incentive Fees), or (ii) the performance of any other investment chosen by the Investment Manager prior to the commencement of the deferral period. An accounting of any such deferred fees and their investment performance shall be made at the end of each calendar year by the Fund. Notwithstanding anything contained herein to the contrary, the Fund may enter into other deferred compensation arrangements with regard to the deferred Management and/or Incentive Fees including, without limitation, arrangements popularly referred to as “rabbi trusts.” Any deferred fees will not be charged a Management Fee or Incentive Fee. The deferred fees will be reflected on the books of the Fund as a liability and will

reduce the Fund's Net Asset Value, but will not be treated as "leverage" for purposes of any leverage limitations imposed on the Fund. On the date of expiration of the deferral period, dissolution of the Fund or termination of the Investment Management Agreement by the Fund, all applicable deferred fees, if any, held by the Fund on behalf of the Investment Manager will be paid to the Investment Manager. Upon termination of the Investment Management Agreement by the Investment Manager, fees elected to be deferred by it will remain in the Fund until the earlier of the end of the deferral period or the dissolution of the Fund.

Payment of Management Fee and Incentive Fee. Both the Management Fee and the Incentive Fee are payable by the Fund to the Investment Manager when each becomes due. Payment of the Management Fee and Incentive Fee, however, will be subject to adjustment upon completion of the audit of the Fund's financial statements for the fiscal year in which such fees accrue. If the Incentive Fee paid for a fiscal year was higher or lower than the Incentive Fee that actually was due, an appropriate adjustment will be made and payment will be made within a reasonable time after completion of the audit. See "Appendix A – NAV Calculation" for more information.

Fees of the Administrator, Registrar and Transfer Agent

For performing administrative services necessary for the operation and administration of the Fund (other than the making of investment decisions), Harbour Financial Services Limited, the Administrator, Registrar and Transfer Agent will receive its customary fees for its services. They will also be reimbursed for all out-of-pocket expenses.

Directors' Fees

Each Director who is not an officer or employee of the Investment Manager receives a flat annual fee for serving in such capacity. The fee will be in accordance with reasonable and customary directors' fees. The Directors shall be entitled to reimbursement from the Fund for all reasonable out-of-pocket expenses incurred by them on behalf of the Fund.

Other Fees and Operating Expenses

The Investment Manager is responsible for providing all personnel, office space and facilities required for the performance of its services. The Fund bears all other expenses incidental to its operations and business, including (i) fees and charges of custodians, (ii) interest and commitment fees on loans and debit balances, (iii) income taxes, withholding taxes, transfer taxes and other governmental charges and duties, (iv) fees of the Fund's Administrator, legal advisers and independent auditors, (v) Directors' fees and expenses, (vi) the cost of maintaining the Fund's registered office in Bermuda, (vii) the cost of printing and distributing this Memorandum and any subsequent information memorandum or other literature concerning the Fund, and subscription materials and any reports and notices to Shareholders, (viii) consultant and other services provider expenses deemed desirable in the sole discretion of the Directors, (ix) the costs incurred in connection with listing the Shares on a stock exchange, if such listing is deemed desirable in the sole discretion of the Directors, (x) the cost of insurance premiums (if any), including, without limitation, the cost of director and officer liability insurance policies, (xi) the Fund's annual Bermuda Government registration fee based on its "assessable capital" and (xii) all similar ongoing operational expenses. Each Director of the Fund who is not an officer or employee of the

Investment Manager or related companies may receive fees from the Fund for serving in such capacity. All Directors will receive reimbursement of travel and other reasonable costs incurred in connection with their services. Fees and expenses that are identifiable with a particular class will be charged against that class in computing its Net Asset Value. Other fees and expenses will be charged to the Fund as a whole or otherwise in the discretion of the Board.

SHARES OF THE FUND

The Fund's Share Capital

Generally. The Fund has an authorized share capital of 100 Ordinary Shares of U.S.\$0.01 par value each, 10,000,000 Participating Shares of U.S. \$0.0001 par value designated as the Class A Shares and 10,000,000 Participating Shares of CAD \$0.0001 par value designated as the Class B Shares. The Ordinary Shares of the Fund are owned by the Investment Manager, and, save as provided for in the Bye-laws of the Fund or in the Companies Act 1981 of Bermuda (as amended) are the only Shares of the Fund with voting rights. The Fund may, in its sole discretion, issue additional classes of Shares on terms determined upon their issuance without the consent of or notice to the Shareholders where the rights attached to any existing class of shares will not be deemed to be varied by the issue of such other classes of shares ranking pari passu therewith as further provided in "ADDITIONAL INFORMATION – General Information." In addition, the Fund may, insofar as it is permitted by applicable law, redeem or purchase any of the Shares and increase or reduce its authorized share capital pursuant to its Memorandum of Association and Bye-laws.

The net proceeds from the sale of Shares are invested by the Fund as described herein. The Fund will pay the expenses of offering the Shares. See "FEES AND EXPENSES." The rights and restrictions attaching to the Ordinary Shares and the Participating Shares are more particularly set forth in Section 2(A) under "ADDITIONAL INFORMATION – General Information."

Subscription and Redemption Prices

The Initial Offering Period in respect of the Class A Shares and the Class B Shares shall commence on the date of the filing of this Memorandum with the Registrar of Companies in Bermuda and will end on such date as the Directors may determine (but in no event shall end more than one hundred and twenty (120) days after the filing of this Memorandum with the Registrar of Companies in Bermuda). During the Fund's Initial Offering Period, investors may subscribe for Shares at a price per Share of \$10.00 in the currency of the class. The minimum initial investment per subscriber is US\$100,000 or its equivalent in the currency of the class which may be waived or reduced by the Directors in their discretion on a case by case basis. The minimum additional investment for an existing Shareholder is \$10,000 in the currency of the class which may be waived or reduced by the Directors in their discretion on a case by case basis.

The Fund's Bye-laws provide that the redemption price of each Share is equal to the relevant class' Net Asset Value per Share as of the close of business in Bermuda on the relevant Redemption Date rounded to the nearest whole cent or, in the case of a half cent, rounded up to

the nearest whole cent. The redemption price is subject to review by the Fund's auditors at the time of the Fund's year-end audit. The term "Business Day" refers to any day when the banks in both the United States and Bermuda are open for business other than a Saturday or Sunday.

The Fund's Bye-laws provide that the determination of a class' Net Asset Value is binding on all parties once such Net Asset Value has been determined in respect of the redemption price per Share and stated in good faith by or on behalf of the Directors.

Procedure for Applications

Applications for Class A Shares and Class B Shares will be accepted during the Initial Offering Period. After the Initial Offering Period has expired in respect of the Class A Shares and the Class B Shares, applications for such Shares may be made on every Thursday that is not a public holiday in Bermuda or at such other time determined by the Directors in their sole discretion (each a "Subscription Day").

Application for Shares should be made by completing and signing the Subscription Agreement enclosed with this Memorandum and mailing the same to the Administrator at the address listed in the directory, together with the required supporting documentation as outlined in Appendix B of this document. Alternatively, application may be made by facsimile by completing and signing the Subscription Agreement and returning the same to the Administrator at (441) 295-6759, together with the supporting documentation, stating (i) the number and class of Shares applied for or the amount to be invested, (ii) how payment has been made or is being made for the amount due if the application is accepted, (iii) acknowledgement of receipt of the Memorandum and confirmation that the application is being made on the terms thereof and subject to the Memorandum of Association and Bye-laws of the Fund and (iv) the name and address in which the Shares are to be registered. In the event that application is made by facsimile, the applicant must send the signed original application to the Administrator immediately thereafter. Payment for Shares may be made by check, draft or, to avoid any delay in the allotment of such Shares, wire transfer. Payment made by draft or check can take over one month before funds are cleared for application into the Fund. Applicants are advised whenever possible to make payment by wire transfer to avoid any delay in the allotment of Shares. The Fund has the right to accept or reject (in whole or part) any application for Shares. Applicants should be aware of the risks associated with sending faxed applications and that the Administrator accepts no responsibility for any loss caused due to the non-receipt of any fax. If paying by check or draft, please contact the Administrator to determine how far in advance the check or draft should be delivered to allow adequate time for the funds to clear. We ask that applications for the issuance of Shares on a particular Subscription Day be received by 5:00 p.m. (Bermuda time) at least five (5) Business Days immediately preceding the relevant Subscription Day to give our administrator time to process your subscription. Cleared funds must be received by the relevant Subscription Day. Unless certificates are specifically requested, Shares will be held in book entry form and in such cases, a contract note only will be sent to the applicant upon receipt of cleared funds and the properly completed application form and acceptance of such funds by the Fund. Funds received after the deadline will be held and subscribed on the next Subscription Day. Payment may also be made in cash equivalents and securities, subject to the approval of the Investment Manager.

Applicants subscribing for Shares are advised that the Shares are issued subject to the provisions of the Fund's Memorandum of Association and Bye-laws.

As part of the Administrator and the Fund's responsibility for the prevention of money laundering, they will require detailed verification of the applicant's identity and the source of payment for the Shares. A detailed verification might not be required when:

- (a) the applicant makes payment by wire transfer from an account held in the applicant's name at a recognized financial institution residing in a recognized jurisdiction, as defined under the Bermuda Proceeds of Crime Act 1997, and the applicant's details appear in the confirmation of the wire transfer; or
- (b) the application is made through a recognized intermediary.

These exceptions will apply only if the financial institution or intermediary referred to above is within a country recognized as having sufficient anti-money laundering regulations. In the case of (a) above, to avoid delays, the applicant should ensure that its remitting bank includes the applicant's full name and account number in any confirmation that it sends.

The Fund reserves the right to request such information as it considers to be necessary to verify the identity of the applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Fund may refuse to accept the application and all subscription monies relating thereto or may refuse to process a redemption request until proper information has been provided.

If any person who is resident in Bermuda, including the Fund, its Directors, the Administrator and its servants or agents, knows or has a suspicion that a payment to the Fund (by way of subscription or otherwise) contains the proceeds of criminal conduct, such person is required to report such suspicion pursuant to The Proceeds of Crime Act 1997 (as amended), The Proceeds of Crime Act - Money Laundering Regulations 1998 and The Anti-Terrorism (Financial and Other Measures) Act 2004 of Bermuda and such shall not be treated as a breach of any restriction upon disclosure of information imposed by law or otherwise.

It is further acknowledged that the Administrator, in the performance of its delegated duties, shall be held harmless by the subscriber against any loss arising as a result of a failure to process the subscription if such information as has been requested by the Administrator has not been provided by the applicant.

Eligible Investors

Unless otherwise agreed to by the Fund, each prospective investor is required to certify that the Shares are not being acquired directly or indirectly for the account or benefit of a Restricted Person. The term "Restricted Person" as used in this Memorandum means any U.S. Person as defined below, and other persons from time to time designated as such by the Fund.

For the purposes of this Memorandum, "U.S. Person" means:

- (a) any natural person resident in the United States;
- (b) any partnership or corporation organized or incorporated under the laws of the United States;
- (c) any estate of which any executor or administrator is a U.S. Person;
- (d) any trust of which any trustee is a U.S. Person;
- (e) any agency or branch of a foreign entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person;
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated or, if an individual, resident in the United States; or
- (h) any partnership or corporation if (i) organized or incorporated under the laws of any foreign jurisdiction and (ii) formed by a U.S. Person principally for the purpose of investing in securities not registered under the United States Securities Act of 1933, as amended (the "Securities Act"), unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts.

"U.S. Person" does not include:

- (a) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. Person by a dealer or other professional fiduciary organized, incorporated or, if an individual, resident in the United States;
- (b) any estate of which any professional fiduciary acting as executor or administrator is a U.S. Person if (i) an executor or administrator of the estate who is not a U.S. Person has sole or shared investment discretion with respect to the assets of the estate and (ii) the estate is governed by foreign law;
- (c) any trust of which any professional fiduciary acting as trustee is a U.S. Person if a trustee who is not a U.S. Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. Person;
- (d) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country;

- (e) any agency or branch of a U.S. Person located outside the United States if (i) the agency or branch operates for valid business reasons and (ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; or
- (f) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations and their agencies, affiliates and pension plans.

Any prospective investor acting in any fiduciary capacity is required to certify the number of beneficial owners for whom Shares are being purchased. Furthermore, it is the responsibility of each investor to verify that the purchase and payment for the Shares is in compliance with all relevant laws of the investor's jurisdiction or residence.

The Fund reserves the right to reject subscriptions for Shares, in whole or in part, in its absolute discretion for any reason or for no reason.

This Memorandum has not been issued to persons in the United Kingdom except to those persons whose ordinary activities involve them acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances within the meaning of the Public Offers of Securities Regulations 1995 nor has any invitation or inducement in connection with the issue or sale of Shares or otherwise to engage in investment activity (within the meaning of section 21 of the Financial Services Markets Act 2000 (the "FSMA") pursuant to this Memorandum been communicated or caused to be communicated and will only be communicated or caused to be communicated or in circumstances in which section 21(1) of the FSMA does not apply to the Fund. The issue of this Memorandum has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Shares or in, from otherwise involving the United Kingdom.

The Fund's Bye-laws provide that the Directors have the power to impose such restrictions as they may deem necessary for the purpose of ensuring that no Ordinary Shares or Participating Shares in the Fund are acquired or held by any person or persons in circumstances (whether directly or indirectly affecting such person or persons) which, in the opinion of the Directors, might result in the Fund incurring any tax liability or suffering any other pecuniary or commercial disadvantage that the Fund might not otherwise have incurred or suffered ("a Non-Qualified Person"). In the event that the Fund incurs any such tax liability or suffering or any other pecuniary or commercial disadvantage resulting from a Non-Qualified Person being a Shareholder, the Fund may require such Person to reimburse the Fund for such tax liability, suffering or disadvantage.

The Fund's Bye-laws provide that if it comes to the notice of the Directors that any Ordinary Shares or Participating Shares are held by any such Non-Qualified Person, the Directors may give notice to such Non-Qualified Person requiring the redemption or transfer of such Non-Qualified Person's Management Shares, or Participating Shares as the case may be, in accordance with the provisions of the Memorandum of Association and Bye-laws of the Fund. A person who becomes aware that he or she is holding Shares under circumstances that render such person a

Non-Qualified Person is required either to deliver to the Fund a written request for redemption of such Shares in accordance with the Memorandum of Association and Bye-laws of the Fund or to transfer the same to a person who would not thereby be a Non-Qualified Person.

Procedure for Redemptions

At the conclusion of the Initial Offering Period, Shares shall be redeemable at the option of the holder on the terms provided for herein.

Generally. Except as provided herein, a Shareholder may request redemption of all or some of its Shares as of any Friday that is not a public holiday in Bermuda or at such other time as determined by the Directors in their sole discretion (each a "Redemption Date"). Shareholders wishing to redeem Shares as of a particular Redemption Date must provide the Administrator with seven (7) calendar days' prior written notice of their intention to redeem such Shares as of that Redemption Date. A redemption request, once made, will be irrevocable and may not be withdrawn without the consent of the Board.

The redemption price is equal to the relevant Net Asset Value per Share on the corresponding Redemption Date. Each redeeming Shareholder will receive its redemption proceeds within ten (10) calendar days after the Redemption Date.

In circumstances where the Fund is unable to liquidate securities positions in an orderly manner in order to fund redemptions, or where the value of the assets and liabilities of the Fund cannot reasonably be determined, the Fund may take longer than the time periods mentioned above to effect settlements of redemptions, may effectuate only a portion of a requested redemption or may even suspend redemptions. In the discretion of the Directors, the Fund may settle redemptions in kind and may extend the duration of the redemption notice period if the Directors deem such an extension as being in the best interest of the Fund and the non-redeeming Shareholders.

The Fund may withhold a portion of any proceeds of redemption if necessary to comply with applicable legal or regulatory requirements. Moreover, the Directors have the right to require a compulsory redemption of all or some of the Shares held by a Shareholder at the price per Share equal to the then prevailing Net Asset Value per Share of the relevant class without assigning any reason therefor. The Directors may compulsorily redeem a Shareholder's Shares for any or for no reason, including, without limitation, if such Shareholder is either a Restricted Person that has acquired Shares otherwise than in compliance with applicable rules and regulations or is a Non-Qualified Person or if such Shareholder has requested a partial redemption which would cause the aggregate Net Asset Value of the Shares owned by such Shareholder following such redemption to decline below the minimum initial investment as the same was applicable to such Shareholder. See "Eligible Investors." Compulsory redemptions will be made at the relevant class' Net Asset Value per Share as of the next Redemption Date in which such notice of redemption is issued to the Shareholder.

Requests for redemption should be sent to the Administrator with seven (7) days' prior written notice who will redeem the Shares at the relevant class' Net Asset Value per Share on the Redemption Date less any applicable accrued Incentive Fees and other charges and expenses referred to herein. Redemption requests may initially be sent by fax, however, Shareholders

should be aware of the risks associated with sending documentation in this manner and that the Administrator will not be responsible in the event of non-receipt of any redemption request sent by fax. In any event, the original redemption request must be sent to the Administrator. Redemption payments will be made in the currency of the Class, unless made in kind, and will be remitted either by wire transfer to an account designated by the Shareholder at the bank from which the subscription price was paid or by check posted at the Shareholder's risk (as specified by the Shareholder in its written redemption notice). If Shares are held in certificated form, the redemption payment will not be remitted until certificates have been tendered to the Administrator. A request for redemption received after 5:00 p.m. (Bermuda time) will be treated as a request for redemption as of the next Redemption Date.

The Investment Manager may elect to purchase or to procure the purchase of Shares offered for redemption at a price equal to their Net Asset Value rather than requiring the Fund to redeem them.

Temporary Suspension of Dealings and Determination of Net Asset Value

The Fund's Bye-laws provide that the Directors may declare a temporary suspension of the determination of the Fund's Net Asset Value and the sale, allotment, issue or redemption of the Shares during:

- (i) any period during which, in the opinion of the Directors in consultation with the Investment Manager, disposal by the Fund of securities which constitute a substantial portion of the assets of the Fund is not practically feasible or as a result of which any such disposal would be materially prejudicial to Shareholders;
- (ii) any period when, in the opinion of the Directors in consultation with the Investment Manager, for any reason it is not possible to transfer monies involved in the acquisition or disposition or realization of securities which constitute a substantial portion of the assets of the Fund at normal rates of exchange;
- (iii) any period when, in the opinion of the Directors in consultation with the Investment Manager, for any reason the prices of any securities which constitute a substantial portion of the assets of the Fund cannot be reasonably, promptly or accurately ascertained;
- (iv) any period (other than customary holiday or weekend closings) when any recognized exchange or market on which the Fund's securities are normally dealt in or traded is closed, or during which trading thereon is restricted or suspended;
- (v) any period when proceeds of any sale or redemption of the Shares cannot be transmitted to or from the Fund's account.

Registration and Transfer of Shares

Shares are issued only in registered form; the Fund does not issue bearer shares. The Administrator maintains a current register of the names and addresses of the Shareholders, and the Administrator's entry in the share register is conclusive evidence of ownership of such Shares.

Certificates representing Shares will not be issued save in exceptional circumstances and then only at the discretion of the Directors.

In accordance with Bermuda law and the Bye-laws of the Fund, Shares are only issued or registered in the names of companies, partnerships or individuals. Shares purchased for those under twenty-one (21) years of age must be registered in the name of a parent or guardian, but may be designated with the minor's initials for the purposes of identification. The Fund will take no cognizance of any trust applicable to the Shares so registered.

Transfers of Shares by instruments in writing in the usual common form are permitted only with the prior consent of the Directors, which consent may be withheld in the absolute discretion of the Directors. Any transferee of Shares is required to furnish the same information and complete the same documents that would be required in connection with a direct subscription, including without limitation being required to complete a subscription agreement, in order for a transfer application to be considered by the Directors. Violation of applicable ownership and transfer restrictions may result in a compulsory redemption.

Determination of Net Asset Value

In accordance with the provisions of the Fund's Bye-laws, as summarized herein, and under the overall supervision and direction of the Directors, in conjunction with the Investment Manager, the Administrator will calculate the Fund's Net Asset Value, each class' Net Asset Value, each class' Net Asset Value per Share every Thursday that is not a public holiday in Bermuda and as of the last Business Day of each calendar month, or on another day, in the discretion of the Directors (each a "Valuation Date"). The Net Asset Value of the Fund is equal to the Fund's assets less the Fund's liabilities, each valued pursuant to accounting principles generally accepted in Bermuda and Canada. Each class' Net Asset Value per Share will be calculated by dividing the particular class Net Asset Value by the number of that class' Shares then outstanding. For more detailed information on this calculation see "Appendix A – NAV Calculation." Such calculation will be made by the Administrator acting in good faith, after consulting with the Investment Manager. In no event shall the Directors, the Administrator or the Investment Manager incur any individual liability or responsibility for any determination made or action taken or omitted by them in the absence of willful misfeasance, bad faith or gross negligence. In general, investments are valued as follows:

1. Securities, other than options, that are listed or admitted to trading on one or more securities exchanges shall be valued at the last trade price on the exchange selected by the Directors, after consulting with the Investment Manager, acting in good faith, on the relevant Valuation Date or, if no trade took place on such Date, at the mean between the "bid" and "asked" prices at the close of trading on the exchange selected by the Investment Manager, acting in good faith, on the relevant Valuation Date. Futures and options on futures that are listed on a futures exchange are valued at their settlement prices on the Valuation Date on the largest futures exchange on which such futures are listed. Securities and futures that are not listed or admitted to trading on an exchange or that are listed on an exchange which the Directors, after consulting with the Investment Manager, in good faith believe do not accurately represent such securities' true value, shall be valued at the mean between the bid and asked prices provided by a dealer whom the Directors,

after consulting with the Investment Manager, acting in good faith, determines to be a reputable dealer.

2. Options and warrants that are listed or admitted to trading on one or more exchanges shall be valued at the last trade price on the Valuation Date. If there was no trade that date, then the mean between the “bid” and “asked” prices on the exchange selected by the Directors, after consulting with the Investment Manager, acting in good faith, on the relevant Valuation Date. Options and warrants that are not listed or admitted to trading on an exchange or that are listed on an exchange which the Directors, after consulting with the Investment Manager, in good faith believe do not accurately represent such securities' true value, shall be valued at the mean between the bid and asked prices provided by a dealer whom the Directors, after consulting with the Investment Manager, acting in good faith, determine to be a reputable dealer. The Directors, after consulting with the Investment Manager, acting in good faith, may also value options and warrants according to a valuation model or volatility formula based on volatility levels provided by dealers deemed to be reputable by the Directors, after consulting with the Investment Manager.
3. Convertible bonds and convertible preferred stocks will be valued at the mean between the “bid” and “asked” prices at the close of trading, on the Valuation Date or at their conversion value if, in the opinion of the Directors, after consulting with the Investment Manager, the conversion value represents more accurately than the foregoing the price obtainable for the security.
4. In the event the Directors, after consulting with the Investment Manager, deem any of the foregoing valuation methods to be inadequately representative of an asset's value, the Directors, after consulting with the Investment Manager, acting in good faith and a commercially reasonable manner, may assign to such asset an alternate value. Furthermore, all assets of the Fund other than those described in the preceding three (3) paragraphs shall be assigned such value as the Directors, after consulting with the Investment Manager, may reasonably determine in good faith. Independent appraisals may be conducted but are not required.
5. Liabilities shall be determined using accounting principles generally accepted in Bermuda and Canada.

In determining Net Asset Values based upon the above parameters, the following shall be subtracted: (a) Management Fees, Incentive Fees and Administration Fees that have accrued, as of the date of computation, but are not yet payable; (b) the then current amount of any Incentive Fees that have been earned in prior years and as to which the intended recipient has made an election to defer such fees; (c) an allowance for the cost of the Fund's annual audit, legal domiciliary, Director's and other fees and expenses; and (d) any contingency for which a provision is determined to be appropriate. Net Asset Valuations are expressed in the currency of the class and any items denominated in other currencies are converted at prevailing exchange rates as determined by the Directors. All debts, liabilities and Net Asset Valuations will be determined in accordance with accounting principles generally accepted in Bermuda and Canada.

If the Directors should determine, after consulting with the Investment Manager, that special circumstances exist whereby the value of any asset or liability of the Fund should be determined in a manner other than as set forth above, the value of such asset or liability shall be the value assigned by the Directors in good faith. Prospective investors should be aware that situations involving uncertainties as to the valuation of portfolio positions could have an adverse effect on the Net Asset Value determination if judgments regarding appropriate valuations should prove incorrect. Absent bad faith or manifest error, the Directors' determination of Net Asset Value is conclusive and binding on all Shareholders and prospective investors.

Fees and expenses that are identifiable with a particular class will be charged against that class in computing its Net Asset Value. Other fees and expenses will be charged to the Fund as a whole or otherwise in the discretion of the Board.

CERTAIN RISK FACTORS

Prospective investors should give careful consideration to the following risk factors in evaluating the merits and suitability of an investment in the Fund. The following does not purport to be a comprehensive summary of all of the risks associated with an investment in the Fund. Rather, the following are only certain risks to which the Fund is subject and that the Investment Manager wishes to encourage prospective investors to discuss in detail with their professional advisers.

1. *New Enterprise; Potential of Loss.* Both the Fund and the Investment Manager are enterprises with no operating history. Accordingly, an investment in the Fund entails a high degree of risk. There can be no assurance that the Fund will achieve its investment objective or that the strategies described herein will be successful. Given the factors that are described below, there exists a possibility that an investor could suffer a substantial loss as a result of an investment in the Fund.
2. *Reliance on Key Personnel.* All decisions with respect to the investment of the Fund's capital will be made by the Investment Manager, which relies on the services of Edmund Goodhue and Jeffery Wiebe. Shareholders will have no right or power to take part in the management of the Fund. As a result, the success of the Fund for the foreseeable future will depend largely upon the ability of the aforementioned individual and should he terminate his relationship with the Investment Manager, die or become otherwise incapacitated for any period of time, and should the replacement (if any) for him not equal his or her predecessor's performance, the profitability of the Fund's investments will suffer. In addition, should the Investment Manager terminate its relationship with the Fund, the profitability of the Fund's investments may suffer. There can be no assurance that the Investment Manager will be successful.
3. *Incentive Fee.* The Investment Manager's Incentive Fee 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 an incentive fee.

4. *No Current Income.* The Fund's investment policies should be considered speculative, as there can be no assurance that the Investment Manager's assessments of the short-term or long-term prospects of investments will generate a profit. In view of the fact that the Fund will not pay dividends, an investment in the Fund is not suitable for investors seeking current income for financial or tax planning purposes.
5. *Risk of Early Losses.* If the Fund begins trading under market conditions which result in substantial early losses, the risk of the Fund having to terminate its trading will be substantially increased. The Fund could experience substantial cash flow difficulties were its assets to be depleted early, particularly in view of the service charges and other expenses to which the Fund is subject. The Fund may commence trading operations at an unpropitious time resulting in significant initial losses.
6. *Trading Risks.* The Fund often invests in listed securities whose market liquidity is limited. The Fund may have difficulty buying or selling shares in a timely manner or at an advantageous price, both of which might cause losses for the Fund.
7. *Computer Models.* The Investment Manager uses proprietary computer models to make its trading decisions. These models require current data to be effective. Data-driven computer models are subject to a variety of risks, any one of which could generate substantial losses for the Fund. These risks include, but are not limited to: power failure, failure of the internet to deliver data, failure to receive data in a timely fashion, failure of the hardware or software, programming errors, errors in the operating system, viruses and other malicious agents, and a shift in market conditions that make the model less able to identify stocks whose value the Investment Manager believes is likely to increase.
8. *Competition.* The Fund competes with other firms in the securities industry, including many of the larger investment banking firms, which have substantially greater financial resources than does the Investment Manager and substantially greater research staffs and more securities traders than does the Investment Manager. In any given transaction, arbitrage activity by other firms may tend to narrow the spread between the price at which a security may be purchased by the Fund and the price it expects to receive upon consummation of the transaction.
9. *Reliance on Certain Information.* The Investment Manager may elect to invest in securities on the basis of information and data filed by the issuers of such securities with the U.S. Securities and Exchange Commission or made directly available to the Investment Manager by the issuers of the securities and other instruments or through sources other than the issuers. Although the Investment Manager evaluates all such information and data and seeks independent corroboration when it considers it appropriate and when it is reasonably available, the Investment Manager is not in a position to confirm the completeness, genuineness or accuracy of such information and data.
10. *Risk Relating to Size of Issuer.* Some small companies in which the Fund may invest may lack management depth or the ability to generate internally or obtain externally the funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialize. Further, such companies may have, or may

develop, only a regional market for products or services and may be adversely affected by purely local events. Such companies may be small factors in their industries and may face intense competition from larger companies and entail a greater risk than investment in larger companies.

11. *Concentration of Investments.* Each Class generally invests in securities listed on the major stock exchanges in a single country. Should listed securities in that country become subject to adverse financial conditions, the Fund's capital shall not be afforded the protection otherwise available through greater diversification of its investments.
12. *Exchange Rules.* Each securities exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension would render it impossible for the Fund to liquidate positions and, accordingly, could expose the Fund to losses. Similarly, the Directors have the right to suspend or limit redemptions when, in their opinion, the Fund's net assets are not sufficiently liquid to fund redemptions.
13. *Leverage.* The Fund expects to use leverage to bridge trades and to provide liquidity to fund redemptions. These loans will be in total less than 10% of the value of the fund. If these loans to the Fund are collateralized with portfolio securities that decrease in value, the Fund may be obligated to provide additional collateral to the lender in the form of cash or securities to avoid liquidation of the pledged securities. Any such liquidation could result in substantial losses. Borrowing and leverage may significantly increase the Fund's investment risk. Borrowing creates an opportunity for greater yield and total return but, at the same time, will increase the Fund's exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of leverage that are in excess of the interest costs associated therewith may cause the Net Asset Value to increase more rapidly, conversely, the Net Asset Value may decrease more rapidly than would otherwise be the case.
14. *Illiquidity of Shares.* Transfers of Shares are restricted; there is no secondary market for Shares and, accordingly, Shares may be disposed of only through the redemption procedures described elsewhere in this Memorandum. Under certain circumstances, such redemption procedures may entail a significant delay in redemptions.
15. *Distributions/Redemptions in Cash or Kind.* The Fund is not required to distribute cash or other property to the Shareholders, and the Fund does not intend to make any such distributions. Notwithstanding the foregoing, the Fund may, in its discretion, settle redemptions in kind.
16. *Notice Required.* A Shareholder must give prior written notice to the Administrator to make a partial or total redemption of its Shares. During such notice period, the Shareholder's investment remains at risk and may decrease in value from the date that notice of redemption is made to the Administrator until the effective date of redemption.
17. *Compliance.* The Fund must comply with various legal requirements, including requirements imposed by the securities laws, tax laws and pension laws in various jurisdictions. Should any of those laws change over the scheduled term of the Fund, the

legal requirements to which the Fund and the Shareholders may be subject could differ materially from current requirements.

18. *Institutional Risk and Custodial Risks.* The institutions, including brokerage firms and banks, with which the Fund (directly or indirectly) does business, or to which securities have been entrusted for custodial and prime brokerage purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the Fund. Brokers may trade with an exchange as a principal on behalf of the Fund, in a “debtor-creditor” relationship, unlike other clearing broker relationships where the broker is merely a facilitator of the transaction. Such broker could, therefore, have title to all of the assets of the Fund (for example, the transactions which the broker has entered into on behalf of the Fund as principal as well as the margin payments which the Fund provides). In the event of such broker's insolvency, the transactions which the broker has entered into as principal could default and the Fund's assets could become part of the insolvent broker's estate, to the detriment of the Fund. In this regard, Fund assets may be held in “street name” such that a default by the broker may cause Fund's rights to be limited to that of an unsecured creditor.
19. *Reserves.* Under certain circumstances, the Fund may find it necessary to establish a provision for contingent liabilities or withhold a portion of the Shareholder's settlement proceeds at the time of redemption, in which case the reserved portion would remain at the risk of the Fund's activities.
20. *Forced Liquidation.* Substantial redemptions by Shareholders within a short period of time could require the Investment Manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of the Fund's capital. The resulting reduction in the Fund's capital could make it more difficult to generate a positive rate of return or to recoup losses due to a reduced equity base. Additionally, such substantial redemptions may increase the share of the Fund's fees and expenses payable by the remaining Shareholders.
21. *Litigation and Claims.* The Fund and the Investment Manager, as independent legal entities, may be subject to lawsuits or proceedings by government entities or private parties. Except in the event of a lawsuit or proceeding arising from a Director's or the Investment Manager's gross negligence, willful default, or fraud in the performance of its duties, expenses or liabilities of the Fund arising from any suit shall be borne by the Fund.
22. *Conflicts of Interest.* The Fund and the Investment Manager are subject to various conflicts of interest as set forth in the section of this Memorandum entitled “POTENTIAL CONFLICTS OF INTEREST.”
23. *Need for Independent Advice.* The Investment Manager has consulted with counsel, accountants and other advisors regarding the formation of the Fund. Each prospective investor should consult his own legal, tax and financial advisers regarding the desirability as well as the legal and tax consequences of an investment in the Fund.

24. *Registration.* The Fund is not registered as an investment company under the U.S. Investment Company Act of 1940, as amended or any similar state laws.
25. *Allocation of Liabilities Among Classes of Shares – Cross Collateralization.* Although the Fund will maintain separate accounts or book entries with respect to each class of Shares for purposes of tracking initial public offering investments, separate classes of Shares are not separate legal entities but rather classes of Shares in the Fund. The Fund as a whole, including all such separate classes, is one legal entity. Thus, all of the assets of the Fund are available to meet all of the liabilities of the Fund, regardless of the classes of Shares to which such assets or liabilities are attributable. In practice, cross portfolio liability will usually only arise where any separate class of Shares becomes insolvent and is unable to meet all of its liabilities. In this case, all of the assets of the Fund attributable to other separate classes of Shares may be applied to cover the liabilities of the insolvent classes of Shares.

If losses or liabilities are sustained by a class of Shares in excess of the assets attributable to such class, such excess may be apportioned to the other class of Shares. THE ASSETS ATTRIBUTABLE TO ANY ONE CLASS OF SHARES WILL NOT BE ISOLATED FROM THE LIABILITIES ATTRIBUTABLE TO OTHER CLASSES OF SHARES TO THE EXTENT THAT THE ASSETS OF ONE PARTICULAR CLASS OF SHARES ARE INSUFFICIENT TO SATISFY THE LIABILITIES ATTRIBUTABLE TO SUCH CLASS OF SHARES THEN THE ASSETS OF OTHER CLASSES OF SHARES MAY BE CHARGED WITH SUCH LIABILITIES.

26. *Shareholder Loss.* No Shareholder will be liable for losses or debts of the Fund beyond that Shareholder's investment nor may any Shareholder be assessed or otherwise required to invest more than its initial investment.
27. *Legal Requirements.* The Fund must comply with various legal requirements, including requirements imposed by the securities laws, tax laws and pension laws in various jurisdictions. Should any of those laws change over the scheduled term of the Fund, the legal requirements to which the Fund and the Shareholders may be subject could differ materially from current requirements.
28. *Economic and Business Conditions.* General economic and business conditions may affect the Fund's activities. Interest rates, the prices of securities and participation by other investors in the financial markets may affect the value of securities purchased by the Fund. Unexpected volatility or liquidity in the markets in which the Fund directly or indirectly holds positions could impair the Fund's ability to carry out its business and could cause it to incur losses.

POTENTIAL CONFLICTS OF INTEREST

The Investment Manager, Administrator and Prime Brokers and their respective affiliates, which shall be deemed to include, in each case, their respective officers, directors, employees and entities

owned by any of the aforementioned parties (the “Related Parties”) may face certain conflicts of interests in relation to the Fund. These conflicts include, but are not limited to, the following:

The Investment Manager and each of its directors presently and will in the future, directly or indirectly, direct, sponsor or manage other managed pools or accounts in addition to the Fund. The Investment Manager and each of its directors may have financial or other incentives to favor some such pools or accounts over the Fund. The Investment Manager will make its own decisions for the Fund, which decisions may differ from time to time from those recommended by analysts of the Investment Manager for its other advisory clients.

The Investment Manager believes that it will continue to have sufficient personnel and resources to perform all of its duties with respect to the Fund. However, because some of the officers of the Investment Manager may have duties in connection with other investment funds and other matters, such officers may have conflicts of interest in the allocation of responsibilities, services and functions among the Fund and other entities similar to the Fund.

The Fund may invest the Fund's capital in investment funds and/or with other accounts managed by the Investment Manager and/or its affiliates. As a result, the Investment Manager may receive fees based on these investments directly from the Fund and, directly or indirectly, from the other investment funds or accounts. Notwithstanding such circumstances, the Investment Manager will act in accordance with its fiduciary duties to the Shareholders.

Some or all of the Related Parties may be involved with other entities utilizing investment strategies similar to those of the Fund and with other business in general. The Investment Manager may cause the Fund to invest in securities in which some or all of the Related Parties have a financial interest, or to engage in transactions with brokers or others with whom some or all of the Related Parties have financial or other relationships. In the event the Fund intends to engage in any such transaction, the Fund may appoint an Independent Client Representative to give or withhold the consent of the Fund to such transactions. See “MANAGEMENT - Independent Client Representative.”

The Related Parties may engage for their own accounts, or for the accounts of others, in other business ventures of any nature, and the Fund has no right to participate in or benefit from the other management activities of the Investment Manager described above and the Related Parties shall not be obliged to account to the Fund for any profits or benefits made or derived therefrom, nor shall they have any obligation to disclose or refer to the Fund any of the investment or service opportunities obtained through such activities. Related Parties may own Shares in the Fund, deal as principals with the Fund in the sale or purchase of investments of the Fund or act as brokers, whether to the Fund or to third parties, in the purchase or sale of the Fund's investments and shall be entitled to retain any profits or customary commissions resulting from such dealings.

The Investment Manager and/or its affiliates and/or its employees may from time to time have an interest, direct or indirect, in a security, the purchase or sale of which by the Fund is recommended, or which in fact is purchased or sold by or otherwise traded for the Fund. Moreover, such recommendation, purchase, sale or trading may occur in connection with a transaction involving another fund or account managed by the Investment Manager. Accordingly, the Investment Manager may sell or recommend the sale of a particular security for

certain accounts, including accounts in which it has an interest, and it or others may buy or recommend the purchase of such security for other accounts, including accounts in which it has an interest, and, thus, transactions in particular accounts may not be consistent with transactions in other accounts or with the Investment Manager's investment recommendations. For example, the Investment Manager may recommend that the Fund sell a security, while not recommending such sale for other accounts in order to enable the Fund to have sufficient liquidity to honor Shareholders' redemption requests. When there is a limited supply of investments, the Investment Manager will use its reasonable efforts to allocate or rotate investment opportunities, but the Investment Manager cannot assure absolute equality among all of its accounts and clients.

The Investment Manager, each of its affiliates and the Directors may engage in other business activities and manage the accounts of clients other than the Fund including those of other collective investment vehicles. The investment strategy for such other clients may vary from that of the Fund. The Investment Manager, each of its affiliates and the Directors are not required to refrain from any other activity, nor must they disgorge any profits from any such activity, including acting as general partner, investment manager or managing agent for investment vehicles with objectives similar to those of the Fund.

Jeffery T. Wiebe, a Director of the Fund is also the Managing Director of the Investment Manager. James Keyes, also a Director of the Fund, is a partner of Appleby, the Bermuda legal advisors to the Fund.

TAXATION

Introduction

This summary of the principal tax consequences applicable to the Fund and its Shareholders is based upon advice received from the Fund's legal and tax advisers. Such advice is based upon factual representations made by the Investment Manager and Administrator concerning the proposed conduct of the activities to be carried out by them on behalf of the Fund. The conclusions summarized herein could be adversely affected if any of the material factual representations on which they are based should prove to be inaccurate. Moreover, while this summary is considered to be a correct interpretation of existing laws in force on the date of this Memorandum, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with such interpretations or that changes in such laws will not occur.

The Fund

Bermuda Taxation. At the date of this Memorandum, there is no Bermuda income, corporation, or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Fund or its Shareholders, other than Shareholders ordinarily resident in Bermuda. The Fund is not subject to stamp duty on the issue, transfer or redemption of its Shares.

The Fund has received an undertaking from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act, 1966, as amended, that, in the event that there is enacted in Bermuda any legislation imposing (i) tax computed on profits or income, (ii) tax computed on any capital assets, gain or appreciation or (iii) any tax in the nature of estate duty or inheritance tax, such tax shall not until March 28, 2016 be applicable to the Fund or to any of its operations, Shares, debentures or other obligations except insofar as such tax applies to persons ordinarily resident in Bermuda and holding such Shares, debentures or other obligations of the Fund or any land leased or let to the Fund.

As an exempted company, the Fund is liable to pay the Bermuda Government an annual registration fee which is currently BD\$1,995.

Prospective investors should consult legal advisors in the countries of their citizenship, residence and domicile to determine the possible tax or other consequences of purchasing, holding and redeeming Shares under the laws of their respective jurisdictions.

United States Federal Income Taxation. The Fund has been advised that it should not be subject to U.S. federal income taxes on any U.S. source income or gains from its trading (except in respect of any dividends received in the course of such trading which generally will be subject to a withholding tax of 30%) provided that it does not engage in a trade or business within the U.S. to which such income or gains are effectively connected. Pursuant to a safe harbor under the United States Internal Revenue Code of 1986, as amended, a non-U.S. corporation which trades stock or securities or commodities for its own account should not be treated as engaged in a trade or business within the U.S. provided that the non-U.S. corporation is not a dealer in stock or securities or commodities. The Fund intends to conduct its business in a manner so as to meet the requirements of this safe harbor. If the activities of the Fund are not covered by the foregoing safe harbor, there is a risk that the Fund (but not any investor) will be required to file a U.S. federal income tax return for such year and pay tax at full U.S. corporate income tax rates as well as an additional thirty percent (30%) branch profits tax.

The Fund should not be subject to U.S. federal income or withholding tax on U.S. source interest income (other than in the case of certain contingent interest or interest received from a borrower ten percent (10%) or more of the equity of which is owned by the Fund, neither of which the Fund anticipates receiving) provided that the Fund is not engaged in a trade or business within the U.S. to which such interest income is effectively connected, and provided that the Fund's interest-bearing securities qualify as registered obligations and that the Fund periodically supplies an Internal Revenue Service Form W-8BEN or its equivalent.

Other Jurisdictions. Capital gains and other revenues received by the Fund may be subject to withholding or similar taxes imposed on foreign corporations by the country in which such gains or other revenues originate. In jurisdictions other than the United States, non-U.S. taxes may be withheld at source on dividend and other income derived by the Fund at rates generally ranging up to thirty percent (30%). Capital gains derived by the Fund in such jurisdictions may often be exempt from non-U.S. income or withholding taxes at source, although the treatment of capital gains varies among jurisdictions.

Shareholders of the Fund

Shareholders who are not otherwise subject to Bermuda or United States taxes by reason of their residence, domicile or other particular circumstances should not become subject to any such taxes by reason of the ownership, transfer or redemption of the Shares. However, Shareholders who are or may be subject to U.S. federal income tax on their worldwide income should be aware of certain tax consequences of investing directly or indirectly in the Shares and should be certain to consult their own tax advisers in this regard.

Dividend distributions, if any, and redemption payments made by the Fund to Shareholders who are not Restricted Persons (as defined above) should not be subject to U.S. federal income tax, provided that Shares are not held in connection with a U.S. trade or business of the Shareholder in the year of receipt. Individual Shareholders who are not U.S. Persons should not be subject to any U.S. federal estate or gift taxes by reason of the ownership or transfer of the Shares. A Shareholder's change in status to a U.S. Person could result in adverse U.S. tax consequences, in addition to resulting in a compulsory redemption.

Changes In Law

All laws, including laws relating to taxation in Bermuda and the U.S. (and in other jurisdictions as well), are subject to change without notice.

* * * *

The foregoing summary does not address tax considerations that may be applicable to certain Shareholders under the laws of jurisdictions other than Bermuda and the U.S. The Fund has no present plans to apply for any certifications or registrations, or to take any other actions under the laws of any jurisdictions that would afford the relief to local investors therein from the normal tax regime otherwise applicable to an investment in the Shares. It is the responsibility of all persons interested in purchasing the Shares to inform themselves as to any income or other tax consequences arising in the jurisdictions in which they are resident or domiciled for tax purposes, as well as any foreign exchange or other fiscal or legal restrictions relevant to their particular circumstances in connection with the acquisition, holding, or disposition of the Shares. The value of the Fund's investments may also be affected by repatriation and exchange control regulations.

ANY TAX ADVICE IN THIS MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY PERSON OR ENTITY FOR THE PURPOSE OF (I) AVOIDING PENALTIES THAT MAY BE IMPOSED ON ANY TAXPAYER OR (II) PROMOTING, MARKETING OR RECOMMENDING TO ANOTHER PARTY ANY MATTERS ADDRESSED HEREIN.

ADDITIONAL INFORMATION

Material Contracts

The Fund has entered into the following contracts (not being contracts in the ordinary course of business) which may be material:

- (A) the Investment Management Agreement between the Fund and the Investment Manager pursuant to which the Investment Manager was appointed Investment Manager of the Fund;
- (B) the Prime Brokerage Agreement between the Fund and the Prime Broker, pursuant to which the Prime Broker was appointed a Prime Broker of the assets of the Fund; and
- (C) the Fund Administration Agreement between the Fund and the Administrator pursuant to which the Administrator was appointed Administrator, Registrar and Transfer Agent to the Fund.

Reports to the Shareholders

The Fund will furnish annual reports to its Shareholders containing financial statements examined by the Fund's independent auditors. Shareholders will be sent copies of the audited financial statements prior to the Fund's annual general meeting each year prepared in accordance with accounting principles generally accepted in Bermuda and Canada. In addition, Shareholders will receive from the Administrator unaudited monthly reports relating to the Fund's performance.

Available Documents

This Memorandum is not intended to provide a complete description of the Fund's Memorandum of Association and Bye-laws or the agreements with the Investment Manager, Administrator and various brokers summarized herein. Copies of the following documents are available for inspection by Shareholders and prospective investors during normal business hours at the Administrator's office:

- (A) The Companies Act, 1981 of Bermuda (as amended);
- (B) The Memorandum of Association and Bye-laws of the Fund;
- (C) The material contracts referred to above;
- (D) The report of the Auditors referred to below and any subsequent audited financial statements; and
- (E) The written consent of the Auditors referred to below.

Auditor's Consent

D&H Group LLP has given, and has not withdrawn prior to delivery of a copy of the Memorandum for filing with the Registrar of Companies in Bermuda, its written consent to the inclusion of its name and reference to itself in the form and context in which they appear.

Counsel

The law firm of Appleby serves as counsel to the Fund in connection with matters pertaining to Bermuda law. The firm may serve as counsel to other investment funds sponsored or managed by the Investment Manager and its affiliates. Should a future dispute arise between the Fund and Investment Manager, separate counsel may be retained as circumstances and professional responsibilities then dictate. Counsel to the Fund does not represent the Shareholders. See "POTENTIAL CONFLICTS OF INTEREST."

Inquiries and Communication with the Fund

All communications and correspondence with the Fund and inquiries concerning the Fund and the Shares, including information concerning subscription and redemption procedures and current Net Asset Value, should be directed to the Administrator at the address set forth in the "DIRECTORY" appearing elsewhere in this Memorandum.

Exchange Control

The Fund has been classified as non-resident of the Bermuda Exchange Control area by the Bermuda Monetary Authority, whose permission for the issue of the Shares by the Fund has been obtained. The transfer of Shares between persons regarded as resident outside of Bermuda for exchange control purposes and the issue and redemption of Shares to or by such persons may be effected without specific consent under the Exchange Control Act of 1972 of Bermuda and regulations made thereunder. Issues and transfers involving any person regarded as resident in Bermuda for exchange control purposes require specific prior authorization under that Act.

The Fund, by virtue of being non-resident of Bermuda for exchange control purposes is free to acquire, hold and sell any foreign currency and security without restriction.

General Information

1. The Fund was incorporated in Bermuda with limited liability on 11 July, 2007 under the Companies Act, 1981 of Bermuda (as amended). At the date of this Memorandum, the authorized share capital of the Fund was 100 Ordinary Shares of U.S. \$0.01 par value each, 10,000,000 Participating Shares of U.S. \$0.0001 par value designated as the Class A Shares and 10,000,000 Participating Shares of CAD \$0.0001 par value designated as the Class B Shares.

100 Ordinary Shares of the Fund have been issued to, and are beneficially owned by the Investment Manager.

2. The Memorandum of Association and the Bye-laws of the Fund comprise its constitution.

The Memorandum of Association provides various objectives of the Fund, including the carrying on of the businesses described in this Memorandum. The Bye-laws of the Fund include the provisions summarized below and elsewhere in this Memorandum:

(A) Share Rights

The authorized share capital of the Fund is divided into Ordinary Shares and Participating Shares. The holders of such shares shall have the following rights:

(i) Rights of the Ordinary Shares

The holders of Ordinary Shares are entitled to receive notice of and to vote at general meetings of the Fund. The holders of Ordinary Shares shall not be entitled to any dividend or other distribution nor to any payment in a winding up in excess of the amount paid for such Shares.

(ii) Rights of Participating Shares

In the event of a winding up or dissolution of the Fund (whether voluntary or involuntary or for the reorganization of the Fund or otherwise) or upon distribution of the Fund's capital, the holders of Participating Shares are entitled to all surplus assets of the Fund after payment of the par value of the Ordinary Shares. In addition, the holders of such Shares are entitled to such dividends as the Directors may from time to time declare. Details of the voting rights of Participating Shares are set out under "Voting Rights" below.

(B) Variations of Class Rights

- (i) Some or all of the special rights that for the time being are attached to any class of shares for the time being issued (of which there are none at present save as referred to herein) may (unless otherwise provided by the terms of issue of the shares of that class) from time to time (whether or not the Fund is being wound up) be altered or abrogated with the consent in writing of the holders of not less than three-quarters (3/4) of the issued shares of that class or with the sanction of a resolution passed with a like majority at a separate general meeting of the holders of such shares on the Register at the date on which notice of such separate general meeting was given. To any such separate general meeting, all of the provisions of the Bye-laws as to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be two members holding or representing by proxy not less than one-third of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those holders of shares of the class who are present shall be a quorum), that every holder of shares of the class shall be entitled on a poll

to one vote for every share held by him and that any holder of shares of the class present in person or by proxy may demand a poll. For such purposes, the Directors may treat all the classes of shares as forming one class if they consider that all such classes would be affected in the same way by the proposals under consideration but, in any other case, shall treat them as separate classes.

- (ii) The rights attached to each class of shares shall be deemed to be varied by the creation or issue of any shares ranking in priority to them as respects participation in the profits or assets of the Fund.
- (iii) Subject to paragraph (ii) above, the special rights attached to any class of shares having preferential or other special rights shall (unless otherwise expressly provided by the conditions of issue of such shares) not be deemed to be varied by the creation, allotment or issue of further shares ranking *pari passu* therewith.

(C) Voting Rights

- (i) Shareholders are not entitled to receive notice of, or to attend and vote at, general meetings of the Fund save for general meetings called for the purpose of altering the rights attached to the Shares, or any class thereof. In the foregoing scenario, the provisions of paragraph (iv) below shall apply to such Shareholders so entitled to receive notice of, or to attend and vote at, a general meeting of the Fund. Notwithstanding anything to the contrary, the Fund has the right to issue new classes of Shares without the consent of the Shareholders provided that such classes do not rank in priority as regards participation.
- (ii) At any general meeting, every holder of Ordinary Shares who (being an individual) is present in person or (being a corporation) by a duly authorized representative shall have one vote which shall be cast on a show of hands. On a poll, every such holder present as aforesaid or by proxy shall have one vote for each share held.
- (iii) To pass a resolution of the Fund at a general meeting, a majority of the shareholders entitled to vote and attending such meeting in person or by proxy must vote to pass such resolution.
- (iv) Save for any amendment to the Memorandum of Association or Bye-laws which alters the rights attaching to the Shares which requires the consent of the Shareholders in accordance with paragraph (B) above (Variations of Class Rights), a majority of the holders of the Ordinary Shares who are present in person or by proxy and entitled to vote is required in order to rescind, alter or amend a Bye-law or make a new Bye-law. Further, no Bye-law shall be rescinded, altered or amended and no new Bye-law shall

be made unless the same shall have been proposed and approved at a meeting of the Directors.

- (v) If a proxy sent with a notice of a meeting is not completed and returned prior to the meeting and the Shareholder receiving such proxy and notice does not appear personally at such meeting, such Shareholder's Shares will be voted in the discretion of the proxy and the attorney-in-fact designated in the Subscription Agreement executed by such Shareholder.

(D) Directors

- (i) Each Director who is not an employee of the Investment Manager or related companies receives a flat annual fee that accords with customary directors' fees for service in such capacity. The Directors may also be paid, *inter alia*, for travel, hotel and other expenses properly incurred by them in attending meetings of the Directors or in connection with the business of the Fund. Any Director who devotes special attention to the business of the Fund may be paid such extra remuneration as the Directors may determine.
- (ii) A Director may hold any other office or place of profit under the Fund (other than the office of auditor) in conjunction with his office of Director, or may act in a professional capacity for the Fund on such terms as the Directors may determine. No Director shall be disqualified by his office from contracting with the Fund in any capacity, nor shall any such contract or arrangement entered into by the Fund 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 Fund for any profit realized by any such contract or arrangement by reason of such Director holding that office if he shall declare the nature of his interest.
- (iii) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting at which he or any other Director is appointed to hold any such office or place of profit under the Fund or at which the terms of any such appointment are arranged, and he may vote on any such appointment or arrangement other than his own appointment or the arrangement of terms thereof.
- (iv) There is no provision in the Bye-laws requiring a Director to retire by reason of any age limit and there is no share qualification for Directors.

(E) Indemnities

The Bye-laws of the Fund provide that, under certain circumstances, the Investment Manager, the Administrator, every Director, Secretary and other officer or servant of the Fund shall be indemnified by the Fund against, and it shall be the duty of the Directors to pay out of the funds of the Fund, all costs, losses,

and expenses that any such officer or servant may incur or become liable for by reason of any contract entered into, or act or thing done by him as such officer or servant, or in any way in the discharge of his duties, and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Fund and have priority as between the Shareholders over all other claims.

3. Save as disclosed in this document, no commissions, discounts, brokerages or other special terms have been granted by the Fund in connection with the issue or sale of any Shares.
4. Edmund Goodhue, a Director of the Fund, has an interest in the Shares of the Fund.
5. Annual general meetings typically are held in Bermuda on such date as the Directors may determine. Notices convening each annual general meeting, together with the annual accounts and reports, are sent to Shareholders holding Ordinary Shares not later than seven days before the date fixed for the meeting.
6. There is no land or buildings purchased or acquired by the Fund or proposed to be purchased or acquired by the Fund that is to be paid for wholly or partly out of the proceeds of this offer, or the purchase or acquisition of which has not been completed at the date of this Memorandum.
7. The Fund is not engaged in any litigation or arbitration proceedings and is not aware of any litigation or claim pending or threatened by or against it.
8. No person has, or is entitled to be given, an option to subscribe for any share or loan capital of the Fund.
9. The Directors of the Fund confirm that as of the date of this Memorandum (a) the Directors have not approved any financial statements to be presented at a general meeting of the Fund, (b) the Auditors have not audited any financial statements of the Fund, (c) the Fund has not paid any dividends, and (d) the Fund has no subsidiaries.

APPENDIX A – NAV CALCULATION

In general, Shares of the Fund sold during the Initial Offering Period will be offered at an offering price of US\$10.00 or CAD\$10.00 per Share

Subsequent Subscriptions

Following the close of the Initial Offer Period, Shares will be available for subscription at the relevant Subscription Price on each Dealing Day. The Subscription Price will be equal to the Net Asset Value per Share as at the Valuation Day immediately preceding the Dealing Day on which the application is effective.

Performance Fee

The Investment Manager will also be entitled to receive a Performance Fee from the Fund calculated on a share-by-share basis so that each share of the Fund is charged a Performance Fee which equates precisely with that share's performance. This method of calculation ensures that (i) any Performance Fee paid to the Investment Manager is charged only to those shares which have appreciated in value, (ii) all holders of shares of the same Class have the same amount of capital per share at risk, and (iii) all shares of the same Class have the same Net Asset Value per Share.

The Performance Fee in respect of each share will be calculated in respect of each "Calculation Period". The first Calculation Period was the period commencing on the Business Day immediately following the closing of the Initial Offer Period and ending at the close of business on the first Valuation Day following the commencement of the first Calculation Period. Subsequent to this, the period commencing on each Dealing Day and ending at the close of business on the first subsequent Valuation Day after each Dealing Day constituted and will constitute a Calculation Period.

For each Calculation Period, the Performance Fee in respect of each Share will be equal to 20 per cent of the appreciation in the Net Asset Value per Share of that Class during that Calculation Period (after deduction of any fees payable to the Administrator and payment of the Investment Management Fee) above the Peak Net Asset Value per Share of that Class. The Peak Net Asset Value per Share is the greater of the Net Asset Value per Share of the relevant Class at the time of issue of that share and the highest Net Asset Value per Share achieved as at the end of any previous Calculation Period (if any) during which such share was in issue.

The Performance Fee is payable by the Fund to the Investment Manager within seven days of the close of business on the Valuation Day in respect of each Calculation Period.

Deficit Subscriptions

If shares of the Fund are subscribed for at a time when the Net Asset Value per Share is less than the Peak Net Asset Value per Share of the relevant class, the Fund will, in effect, be required to pay a Performance Fee with respect to any subsequent appreciation in the value of those shares. With respect to any appreciation in the value of those shares from the Net Asset Value per Share at the date of subscription up to the Peak Net Asset Value, the Performance Fee will be charged

at the end of each Calculation Period by redeeming such number of the shares of the Fund as have an aggregate Net Asset Value per Share (after accrual for any Performance Fee) equal to 20 per cent of any such appreciation (a "Performance Fee Redemption "). The aggregate Net Asset Value of the shares of the Fund so redeemed (less the aggregate par value which will be retained by the Fund) will be paid to the Investment Manager as a Performance Fee. Performance Fee Redemptions are employed to ensure that the Fund maintains a uniform Net Asset Value per Share of each Class. As regards an investors remaining shares in the Fund, any appreciation in the Net Asset Value per Share of these shares above the Peak Net Asset Value per Share will be charged a Performance Fee in the normal manner described above.

MARTIAL FUNDS LTD.

SUBSCRIPTION DOCUMENTS

Subscription Applications

Application for Class A or B Participating Shares (the “Class A Shares” and the “Class B Shares” respectively, collectively, the “Participating Shares” or the “Shares”) of Martial Funds Ltd. (the “Fund”) should be made by completing and signing the Subscription Agreement enclosed with this Memorandum and mailing the same to the Administrator. Alternatively, application may be made to the Administrator by facsimile, facsimile No. (441) 294-4676 stating (i) the number and class of Shares applied for or the amount to be invested, (ii) how payment has been made or is being made for the amount due if the application is accepted, (iii) acknowledgement of receipt of the Memorandum and confirmation that the application is being made on the terms thereof and subject to the Memorandum of Association and Bye-laws of the Fund and (iv) the name and address in which the Shares are to be registered. In the event that the application is submitted by facsimile, the signed original must be sent to the Administrator immediately thereafter at:

Martial Funds Ltd.
c/o Harbour Financial Services Limited
Chancery Hall
52 Reid Street
Hamilton, HM12
Bermuda

Tel: (441) 294-4676

Fax: (441) 294-8860

The Fund has the right to accept or reject (in whole or part) any application for Shares.

Subscription Payments

Payment for the Shares may be made by check, draft or, to avoid any delay in the allotment of such Shares, wire transfer. Wire transfer instructions are listed in the Subscription Agreement below. Please have your bank identify on the wire transfer the name of the intended subscriber.

We recommend that your bank charge its wiring fees separately so that your intended amount may be invested. Even when you do that, some intermediate banks may deduct their own fees from the wire, so that even when your change charges its fees separately, the monies received may very well differ from the monies you wired.

If the monies we receive are within plus or minus 1% of the amount you have written on your subscription agreement, we will subscribe the actual amount received, not the amount written on your subscription agreement. If the money we receive are more than plus or minus 1% of the amount written on your Subscription Agreement, we will need an amended Subscription Agreement with the correct amount listed.

If paying by check or draft, please contact the Administrator to determine how far in advance the check or draft should be delivered to allow adequate time for the funds to clear.

We ask that applications for the issue of Shares on a particular Subscription Day (as defined in the Fund's Memorandum) be received by 5:00 p.m. (Bermuda time) five (5) Business Days immediately preceding the relevant Subscription Day. Cleared funds must be received by the relevant Subscription Day. Monies received after this time will be held in our Subscription account and subscribed on the next Subscription Day. Payment can also be made in cash equivalents and securities, subject to the approval of the Investment Manager.

In order to facilitate prompt and accurate crediting of subscription payments, subscribers must notify the Administrator, prior to remitting payment, of the details of the subscription payment, indicating (i) the name of the subscriber, (ii) the amount and class of Shares subscribed for, (iii) the subscriber's address (including a facsimile number if available), (iv) the name and address of the financial institution remitting the subscription payment and (v) the approximate date as of which the payment is being wired to the Fund's account.

Confirmations

Confirmations will be sent to subscribers showing the details of each transaction. During the Initial Offering Period, the Shares will be issued in respect of accepted applications at a value equal to \$10.00 per share in the currency of the Class. Thereafter, Shares will be issued in accordance with Appendix A.

Local Rules

Persons interested in subscribing for the Shares should inform themselves as to the (1) the legal requirements within their own countries for the purchase of the Shares, (2) any foreign exchange restrictions that they might encounter and (3) the income tax or other tax consequences, if any, that might be relevant to the purchase, holding or sale of the Shares.

MARTIAL FUNDS LTD.
SUBSCRIPTION AGREEMENT

Martial Funds Ltd.
c/o Harbour Financial Services Limited
Chancery Hall,
52 Reid Street
Hamilton HM12
Bermuda

Attention: Fund Administration Services

Tel: +1 - (441) 294-4676
Fax: +1 - (441) 294-8860

Dear Sirs:

I/We the undersigned subscriber (the “Subscriber”) acknowledge having received, reviewed and understood the Confidential Private Placement Memorandum, as the same may be amended, supplemented or replaced from time to time, (the “Memorandum”) for the offering of Class A or Class B Participating Shares (the “Class A Shares” or the “Class B Shares” respectively, together the “Participating Shares” or the “Shares”) of Martial Funds Ltd. (the “Fund”) and hereby agree to invest the amount set forth below (the “Amount of Subscription”) in the Fund and subscribe for as many Shares of the class currently being offered as may be purchased on the terms of the Memorandum and subject to the provisions of the Memorandum of Association and Bye-laws of the Fund.

Subscription Information

Name and Mailing _____
Address of Subscriber _____
Telephone and Facsimile _____
Number _____

E-mail Address _____

Name and Address for _____
Share Registration _____
(if different) _____

Intended Amount of Subscription: \$ _____

Amount actually received: \$ _____ (for Administrator use only)

If the amount actually received is less than plus or minus 1% of the intended subscription, the actual amount subscribed will be the actual amount received. If the amount actually received is more than

plus or minus 1% of the noted subscription amount, then we will require a new Subscription Agreement with the correct amount.

Class of Shares subscribed for: _____

(if no designation is made, Class A Shares – the US Equity Fund – will be deemed to have been designated)

Name, Address and _____
 Account Number of _____
 Financial Institution _____
 Remitting Payment for _____
 Subscriber's Account _____

Payment Date: _____, _____

Number of beneficial owners represented by Subscriber (if Subscriber is acting in any sort of nominee or fiduciary capacity) _____

Is the Subscriber, or an affiliate of the Subscriber, a pension profit-sharing, annuity, or employee benefit plan (whether private, governmental, or charitable)?

[] Yes [] No (Initial one)

Authorized Signatories:

Set forth below are the names of persons authorized by the Subscriber to give and receive instructions between the Fund (or its Administrator) and the Subscriber, together with their respective signatures. Such persons are the only persons so authorized until further written notice to the Administrator signed by one or more of such persons.

(Please attach additional pages if needed)

Name	Signatures

Disclosure Authorization:

By executing this document the Subscriber authorizes the Administrator to provide the Investment Manager and the Fund's legal counsel with information regarding the Subscriber's account, until said authorization is revoked by the Subscriber in writing to the Administrator.

Subscriber Representations and Warranties

The Subscriber represents and agrees that none of the Shares (nor any interest therein) is being acquired or will at any time be held, directly or indirectly, for the account or benefit of any "Restricted Person" (as defined in the Memorandum), and further agrees that none of the Shares will be transferred to any person who has failed to supply a similar representation. The Subscriber represents and warrants that:

- (a) **Reliance on Memorandum.** The Subscriber acknowledges that the Fund has delivered to the Subscriber the Memorandum. The Subscriber has not relied on any representations or other information purported to be given on behalf of the Fund except as set forth in the Memorandum or the published, financial accounts of the Fund.
- (b) **No Resale.** The Shares are not being purchased with a view to resale.
- (c) **Legality and Validity of Consents.** All consents required to be obtained and all legal requirements necessary to be complied with or observed in order for this Agreement or the issuance of the Shares to be lawful and valid under the laws of any jurisdiction to which the Subscriber is subject have been obtained, complied with or observed.
- (d) **Tax Reporting.** The Subscriber hereby agrees to comply with all tax, anti-money laundering and exchange control reporting requirements imposed on the subscriber by any applicable jurisdiction in connection with their ownership of shares in the Fund.
- (e) **Subscriber Knowledge.** The Subscriber possesses requisite knowledge and experience in financial matters such that it is capable of evaluating the merits and risks of an investment in the Fund (including without limitation, the ability to suffer a complete loss of the investment and need to hold the Shares for an indefinite period of time).
- (f) **Administrator.** Subscriber acknowledges that due to anti-money laundering requirements operating in Bermuda, the Fund may require further identification from Subscriber before the application can be processed and the Fund and the Administrator shall be held harmless and indemnified against any loss arising due to the failure to process this application if such information has not been provided by Subscriber. Subscriber hereby confirms that the Fund and the Administrator are each authorized and instructed to accept and execute any instruction given by the Subscriber by facsimile in respect to the Shares to which this application relates. If instructions are given by Subscriber by facsimile, Subscriber undertakes to forward the original immediately by regular mail to the Administrator. Subscriber hereby indemnifies the Fund and the Administrator and agrees to keep each of them indemnified, against any loss of any nature whatsoever arising to each of them as a result of either of them acting on facsimile instructions. The Fund and the Administrator may rely conclusively upon, and shall incur no liability in respect of, any action taken upon any notice, consent, request, instructions, or other instrument believed,

in good faith, to be genuine or to be signed by properly authorized persons. Subscriber acknowledges and consents that any action, proceeding or claim Subscriber may bring against the Fund, the Directors, the Administrator, the Investment Manager, and/or its affiliates, shall be limited to the Shares, as the case may be, in which Subscriber hereby invests.

- (g) **No Performance Guarantees.** No guarantees have been made to the Subscriber about future performance or financial results of the Fund.
- (h) **Subscriber Net Worth.** The Subscriber's net worth exceeds U.S.\$1,500,000 or the equivalent in another currency.
- (i) **Suitability.** The Subscriber has read carefully and understands the Memorandum and has consulted its own attorney, accountant or investment adviser with respect to the investment contemplated hereby and its suitability for the Subscriber. Subscriber hereby adopts and agrees to every provision set forth in the Memorandum.
- (j) **Opportunity to Verify Information.** The Subscriber acknowledges that the representatives of the Fund, Investment Manager and Administrator have made available to the Subscriber, during the course of this transaction and prior to the purchase of any Shares, the opportunity to ask questions of and receive answers from them concerning the terms and conditions of the offering described in the Memorandum, and to obtain any additional information necessary to verify the information contained in the Memorandum or otherwise relevant to the suitability of the proposed investment and to the proposed activities of the Fund.
- (k) **No Need for Liquidity.** The Subscriber has no need for liquidity in connection with its purchase of the Shares.
- (l) **Investment Objectives.** The purchase of the Shares by the Subscriber is consistent with the general investment objectives of the Subscriber.
- (m) **No Borrowings.** The Subscriber has not borrowed any portion of its contribution to the Fund, either directly or indirectly, from the Fund, the Investment Manager, Administrator, or Prime Brokers or any affiliate of the foregoing.
- (n) **Fund Counsel Does Not Represent Investors.** The Subscriber understands and acknowledges that Appleby represents only the Fund, and not the Subscriber, in connection with the offer and sale of the Shares.
- (o) **Amendments.** Neither this Subscription Agreement nor any term hereof may be changed, waived, discharged or terminated except with the written consent of the Subscriber and Fund's Board of Directors.
- (p) **Rejection of Subscription.** The Subscriber acknowledges that the subscription for the Shares contained herein may be reduced or rejected by the Administrator in consultation with the Investment Manager.

- (q) **General.** This Agreement (a) shall be binding upon the Subscriber and the legal representatives, successors and assigns of the Subscriber, and (b) shall, if the Subscriber consists of more than one person, be the joint and several obligation of all such persons. Two or more duplicate counterparts of this Agreement may be executed by the undersigned and accepted by the Fund, each of which shall be an original, but all of which together shall constitute one and the same instrument.

Subscriber Indemnification

The Subscriber hereby indemnifies the Fund the Administrator, the Investment Manager and their respective directors, officers, employees, agents and representatives against any and all liability, costs, claims, and expenses (including without limitation, reasonable attorneys fees for the investigation of an preparation of a defense to any such liability, claims, costs and expenses) resulting from a breach of any of the foregoing representations.

Standing Proxy

Subscriber hereby designates and appoints the Fund's Administrator with the powers of substitution, as Subscriber's true and lawful Proxy for the purpose of voting any Shares issued pursuant to this Agreement (or such portion thereof from time to time owned by Subscriber) as said Proxy may determine on any and all matters arising at any annual or fiscal general meeting of the Fund upon which such Shares could be voted by Subscriber (or the person in whose name the Shares hereby subscribed are registered at Subscriber's direction) if present in person at the meeting. This proxy may be revoked by Subscriber (or his registered nominee) either personally or by presentation of a subsequently executed form of proxy at any general meeting of the Fund or by written notice to the Administrator received by the Administrator prior to any such meeting.

General Declarations:

1. I/We hereby certify that I/we am/are NOT a US or Canadian resident or entity resident in the US or Canada. I/We further confirm that I/we will notify the Administrator in the event that I/we become a US or Canadian resident or resident entity or hold the Shares on behalf of, or for the account or benefit of, a US or Canadian resident or resident entity.
2. I/We hereby declare that the Shares are not being acquired and will not be held in violation of any applicable laws.
3. All information provided in this Application Form will be treated confidentially by the Fund, the Investment Manager, the Investment Adviser, the Administrator and the Administrator. However, the Investor understands that the Fund, the Investment Manager, the Investment Adviser, the Administrator or the Administrator may present this Application Form and the information provided herein to such parties as deemed advisable if (i) called upon to establish that the offer and sale of the Shares is exempt from registration under applicable law, (ii) the information is required by any regulatory agency with jurisdiction over the Fund, the Investment Manager, the Investment Adviser, the Administrator or the Administrator or (iii) the information is relevant to an issue in any

action, suit or proceeding to which the Fund, the Investment Manager, the Investment Adviser, the Administrator, the Administrator or their affiliates is a party or by which they are or may be bound.

4. (Natural persons only) I hereby confirm that I have reached the age of majority under the laws of my country of nationality or domicile.
5. (Corporate applicants only) We hereby confirm that we have the full right and power to make this Application and invest in Shares and all necessary corporate action has been taken to authorise this application and such investment.
6. (Banks and Brokers) We are a bank or broker and are making this application on behalf of clients for investment purposes. We hereby make each of the declarations in Section B above and Section D below on behalf of such clients and further covenant that we will notify the Fund and the Administrator if we become aware that any such client has become a US Person, that we will not at any time knowingly transfer or deliver Shares or any interest therein to a US Person and that we will not make any transfer of Shares in the United States.
7. I/We warrant that (i) my/our ordinary business activity includes the buying and selling of investments, whether as principal or agent; or (ii) (if a natural person) I have an individual net worth, or my spouse and I have a combined net worth, in excess of US\$1,000,000 (“net worth” means the excess of total assets at fair value over total liabilities) or (iii) (if an institution) we are an institution with a minimum amount of assets under discretionary management of US\$5,000,000.
8. I/We warrant that (i) I/We have the knowledge and expertise in financial matters to evaluate the risks of an investment in the Fund; (ii) I/We am aware of the risks inherent in investing in the Fund and the method by which the assets of the Fund are held and invested; and (iii) I/We can bear the risk of loss of my/our entire investment.
9. I/We acknowledge and agree that in determining to invest in Shares, I/We am relying solely upon the contents of the Prospectus and upon no other document, information or statement, any and all of which is superseded in full by the contents of the Prospectus.

Anti-Money Laundering and other related Declarations:

1. I/We acknowledge that measures aimed at the prevention of money laundering may require verification of my/our identity. I/We acknowledge that Shares will not be issued until such time as the Administrator has received and is satisfied with all the information and documentation requested to verify my/our identity. I/We acknowledge that the Administrator shall be held harmless against any loss arising as a result of a failure to process my/our application for Shares if such information and documentation as has been requested by the Administrator has not been provided by me/us.
2. I/We understand and agree that the Fund prohibits the investment of funds by any persons or entities that are acting, directly or indirectly, (i) in contravention of any applicable laws

- and regulations, including anti-money laundering regulations or conventions, (ii) on behalf of terrorists or terrorist organisations, including those persons or entities that are included on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), as such list may be amended from time to time, (iii) for a senior foreign political figure, any member of a senior foreign political figure's immediate family or any close associate of a senior foreign political figure, unless the Fund, after being specifically notified by me/us in writing that I/we am/are such a person, conducts further due diligence, and determines that such investment shall be permitted, or (iv) for a foreign shell bank (such persons or entities in (i) - (iv) are collectively referred to as "Prohibited Persons").
3. I/We represent, warrant and covenant that: (i) I/we am/are not, nor is any person or entity controlling, controlled by or under common control with me/us, a Prohibited Person, and (ii) to the extent I/we have any beneficial owners, (a) I/we have carried out thorough due diligence to establish the identities of such beneficial owners, (b) based on such due diligence, I/we reasonably believe that no such beneficial owners are Prohibited Persons, (c) I/we hold the evidence of such identities and status and will maintain all such evidence for at least five years from the date of my/our complete redemption from the Fund, and (d) I/we will make available such information and any additional information that the Fund may require upon request.
 4. If any of the foregoing representations, warranties or covenants ceases to be true or if the Fund no longer reasonably believes that it has satisfactory evidence as to their truth, notwithstanding any other agreement to the contrary, the Fund may be obligated to freeze my/our investment, either by prohibiting additional investments, declining or suspending any redemption requests and/or segregating the assets constituting the investment in accordance with applicable regulations, or my/our investment may immediately be redeemed by the Fund, and the Fund may also be required to report such action and to disclose my/our identity to OFAC or other authority. In the event that the Fund is required to take any of the foregoing actions, I/we understand and agree that I/we shall have no claim against the Fund, the Investment Manager, the Investment Adviser, the Administrator and their respective affiliates, directors, members, partners, shareholders, officers, employees and agents for any form of damages as a result of any of the aforementioned actions.
 5. I/We understand and agree that any redemption proceeds paid to me/us will be paid to the same account from which my/our investment in the Fund was originally remitted, unless the Fund, in its sole discretion, agrees otherwise.
 6. I/We hereby agree to indemnify and hold harmless the Fund, the Directors, the Investment Manager, the Investment Adviser, the Administrator and the Shareholders and their respective affiliates, directors, members, partners, shareholders, officers, employees and agents from and against any loss, liability, cost or expense (including without limitation legal fees, taxes and penalties) which may result directly or indirectly, from any misrepresentation or breach of any representation, warranty, condition, covenant or agreement contained herein or in any other document delivered by the undersigned to the Fund.

- 7. I/We consent to the Administrator and their delegates, authorised agents and associated or affiliated companies using, disclosing, processing and transferring outside the European Union my/our personal data which is revealed on this form or is disclosed by me/us subsequently.
- 8. I/We understand that I/We have a right to and rectification of personal data held by the Administrator where such data is incorrect or incomplete. I/We understand that the Administrator will hold personal data in accordance with applicable law and regulation.

Additional representations required of some investors. Delete the following if not applicable and complete as appropriate:

1. (Financial Intermediaries only) I/We declare that I/we am/are licensed as (description) by the (regulatory body) under the laws of (country) and am/are thereby subject to regulations and/or guidelines which to the best of my/our knowledge and understanding are in accordance with the Financial Action Task Force Recommendations on the prevention of money-laundering and that this application is made in my/our name on behalf of my/our clients whose identity has been properly verified by me/us in accordance with the guidelines.

2. (Individuals only) I/We declare that I am a/we are private investor(s) who is/are making this application on my/our own behalf and not in any way as representative(s) of any other party.

(1) Name

Residential Address

Business Address

Occupation Date of Birth

(2) Name

Residential Address

Business Address

Occupation Date of Birth

(3) Name

Residential Address

Business Address

Occupation Date of Birth

(4) Name

Residential Address

Business Address

Occupation Date of Birth

1) _____ 2) _____ 3) _____
 (Signatures)

4) _____

_____ Dated: _____
 Name and Title
 (if signing in representative capacity)

IF SIGNED UNDER A POWER OF ATTORNEY, SUCH POWER OR A DULY CERTIFIED COPY MUST ACCOMPANY THIS FORM. ANY CORPORATE APPLICANT SHOULD SIGN UNDER THE HAND OF A DULY AUTHORIZED OFFICIAL WHO SHOULD STATE HIS REPRESENTATIVE CAPACITY. IF THE HOLDING IS TO BE REGISTERED IN JOINT NAMES, FULL DETAILS MUST BE DISCLOSED AND ALL JOINT HOLDERS MUST SIGN THE FORM.

The foregoing Subscription Agreement is hereby accepted by the undersigned as of the date set forth below:

Harbour Financial Services Limited

By: _____
 Name:
 Title:

Date of Acceptance: _____

APPENDIX B

Documents Required

Documentation Required From Subscribers on Initial Subscription:

A. INDIVIDUAL INVESTOR

- Certified copy of current passport (and the passport of all joint owners of this investment);
- Separate evidence of address such as a utility bill or Bank statement.

B. CORPORATE INVESTOR

- Memorandum of Association or Articles of Incorporation (as applicable);
- Copy of the certificate of incorporation/certificate of trade or the equivalent;
- Evidence of the Corporation's registered address;
- Bye-Laws (or equivalent documentation);
- Certificate of Incumbency;
- List of authorised signatories of the Corporation;
- Specimen signatures, together with certified copies of their passports of all authorised to execute all necessary documents in connection with the Corporation's investment in the Fund
- Latest report and accounts (if not audited, please explain why);
- Resolutions of the Board of Directors (or an appropriate committee thereof) of the Corporation duly authorising this investment;
- Passport and evidence of address from an official source of all beneficial owners and directors of the company who own 5% or more and any other principal controller of the Corporation (unless the owner or controller is a company quoted on a recognised stock exchange or is a subsidiary of such a company, in which case please insert name of the Stock Exchange here: _____). Where the owner is another corporate entity or trust, the identity of the underlying beneficial owners or settlers must be ascertained and documentation attached.

C TRUST INVESTOR

- The Agreement;
- List of names of all of the Trustees containing the current address of such Trustee;
- Specimen signatures, together with certified copies of their passport, of all Trustees authorized to execute all necessary documents in connection with the Trust’s investment in the Fund;
- A list of the settlors of the Trust, together with notarized copies of their passport and separate evidence of address from an official source;
- A list of beneficial owners of the Trust, together with true and correct copies of each of their passports.

If the investor is a trust company or corporate service provider administering the Trust, then in addition to this form, the Corporation form must be completed.

D PARTNERSHIP INVESTOR

- The Agreement;
 - List of authorised signatories of the Partnership
 - Specimen signatures, together with certified copies of their passports, of all partners authorised to execute all necessary documents in connection with the Partnership’s investment in the Fund;
 - Certified copy of passports together with separate evidence of address from an official source of all partners in the Partnership that own an interest of 5% or more in the Partnership and any other principal controller of the Partnership;
 - Evidence of the trading address of the Partnership.
-

Anti-Money laundering certification in the form of Exhibit A if subscriber is investing on behalf of third parties.

Any other documentation that may be required by the Administrator, including the Administrator’s Anti-Money Laundering Certification.

Certification must be by either a Notary Public, Justice of the Peace or a Commissioner of Oaths and must mark the copies “original seen”, sign and date the copy. In situations where a good reproduction of photographic evidence of identity cannot be achieved, the copy should be certified as providing a good likeness of the investor.

Note: Your Subscription Application and Agreement will not be deemed complete until all of the required documentation listed above is received by the Administrator. Upon approval of the Subscriber’s subscription and verification of the Subscriber’s identity, the Subscriber will receive confirmation of the number of shares purchased. If the subscription is not accepted, any payment that has been made will be returned to the prospective Subscriber.

EXHIBIT A

This letter is required from: **Investors who are regulated financial institutions, investing on behalf of their client(s)**

[COMPANY LETTERHEAD of FINANCIAL INSTITUTION]

Harbour Financial Services Limited
Chancery Hall,
52 Reid Street
Hamilton HM12
Bermuda

Attention: Fund Administration Department

[DATE]

Dear Sirs

[Name of Financial Institution] (the “Company”)

We confirm that the Company is a licensed Investments Institution within the jurisdiction of **[Regulating country]**, and is regulated by **[Regulating Authority]**.

More particularly in respect of our existing clients we confirm the following:

- we do not keep anonymous accounts or accounts in obviously fictitious names and that we identify, verify and record the identity of all our clients as required by laws in the country in which we are domiciled; and
- none of the clients, persons controlling or controlled by the clients, persons having a beneficial interest in the clients, or persons for whom a client is acting as nominee, is named on a list of prohibited countries, territories, entities and individuals maintained by the US Treasury Department’s Office of Foreign Assets Control (www.treas.gov/ofac); and
- we have verified the clients source of funds and such funds have not been derived from any illegal activities; and
- we verify that any person purporting to act on behalf of a client is so authorised and identified; and
- we maintain all necessary records on transactions, both domestic or international, for our clients for at least 5 years and that we keep records on customer identification (e.g. copies or records of official identification documents such as passports, identity cards, driving licenses or similar documents), account files and business correspondence for at least five (5) years after the account is closed; and
- these documents are available to domestic competent authorities in the context of relevant criminal prosecutions and investigations.

We will inform you immediately if we become aware of any client engaging in activities which lead us to believe that such client is involved in money laundering.

Yours faithfully,

Name:

Position:

Signature:

Date:

EXHIBIT B

Wire transfer instructions

Note: You may wire us one currency and ask that it be invested in the Class of the other currency. We will do the currency conversion at the best rates available. If you wish us to do this, please make it clear in the instructions you send us. Absent explicit instructions to the contrary, we will invest incoming US Dollars in Class A shares and incoming Canadian Dollars in Class B shares.

For Class A Shares (Invested in the US stock markets): Currency: US Dollars

Intermediary Bank: HSBC Bank USA, N.A.
452 Fifth Avenue
New York 10018
U.S.A.

Swift Code: MRMD US33

Beneficiary Bank Bank of Bermuda
Hamilton Bermuda

Swift Code: BBDA BMHM

Account No.: 010-815595-501
Beneficiary Customer Martial Funds Ltd.

Reference: *Insert name of the subscriber*

For Class B Shares (Invested in the Canadian stock markets): Currency: Canadian Dollars

Intermediary Bank: Royal Bank of Canada
180 Wellington Street West, 6th Floor
Toronto M5J 1J1
Canada

Swift Code: ROYC CAT2

Beneficiary Bank: Bank of Bermuda
Hamilton Bermuda

Swift Code: BBDA BMHM

Account No.: 010-815595-511
Beneficiary Customer Martial Funds Ltd.

Reference: *Insert name of the subscriber*