

**QUALIFIED INVESTOR HEDGE FUNDS**  
**Unit Trust Application Form**  
Legal Entities and Trusts

**How To Invest**

- Before investing, please read the Terms and Conditions of this investment (attached hereto), as well as the Investment Option Summary, carefully.
- Please complete all relevant sections of this form, and send it together with the required supporting documents to Bateleur at fax number **+27 21 681 5066** or email to [funds@bateleurcapital.com](mailto:funds@bateleurcapital.com).
- The cut off times for processing instructions must be adhered to, to enable processing for the first day of the following month.
- For investing in hedge funds: hedge fund applications are processed on a monthly basis. Your application form must be submitted to Prescient before 14h00, 2 (two) business days before the preceding month end. Proof of payment must be sent by the end of the month preceding the deal in date.
- The following supporting documentation must be submitted with this application:

FICA Documentation     Proof of Deposit     Proof of Banking Details     Completed Compulsory Tax Annexure

**Details**

Close Corporation     SA Company     Foreign Company     Partnership     Trust     Other

New Investor     Existing Investor     Client Number

**Investor**

Registered Name

Trading Name

Registration Number

Income Tax Number     VAT Number

Do you have a USA income tax number/tax residency/nationality?    Yes     No

Country of residence for tax purposes

Street Address     Postal Address

c/o     Same as Street Address    Yes     No

Unit     c/o

Complex     Line 1

Street Number     Line 2

Street     Line 3

Suburb     Line 4

City	<input type="text"/>	Postal Code	<input type="text"/>
Postal Code	<input type="text"/>	Country	<input type="text"/>
Telephone (H)	<input type="text"/>	Fax	<input type="text"/>
Telephone (W)	<input type="text"/>	Cell	<input type="text"/>
Email Address	<input type="text"/>		
Specify your preferred method of receiving Correspondence*	Email <input type="checkbox"/>	Postal Address <input type="checkbox"/>	Copy to Financial Advisor <input type="checkbox"/>

\* If no selection is made, correspondence will be sent to the email address provided. If no email address is provided, correspondence will be sent to your postal address.

### Contact Person

Title	<input type="text"/>	Surname	<input type="text"/>			
First Name(s)	<input type="text"/>		Male	<input type="checkbox"/>	Female	<input type="checkbox"/>
ID or Passport Number (if Foreign National)	<input type="text"/>					
Telephone (H)	<input type="text"/>	Telephone (W)	<input type="text"/>			
Cell	<input type="text"/>	Fax	<input type="text"/>			
Email Address	<input type="text"/>					

### Authorised Signatories / Trustees (complete annexure A for all persons below)

Details of all authorised representatives, each manager, member, partner(s), persons exercising executive control, shareholders, trustees, and persons holding 25% or more of the voting rights must be inserted below and further information is required on Annexure A.

1. Full Name	<input type="text"/>				
Capacity	<input type="text"/>	Signature	<input type="text"/>		
2. Full Name	<input type="text"/>				
Capacity	<input type="text"/>	Signature	<input type="text"/>		
3. Full Name	<input type="text"/>				
Capacity	<input type="text"/>	Signature	<input type="text"/>		

### Financial Advisor Details (if applicable)

Name of Financial Advisor

Name of Financial Services Provider (FSP)  FSP License Number

Contact Tel No  Email

Prescient IFA/Broker Code:

License Category Category I  Category II  Category IIA

VAT vendor status Registered  Not Registered  VAT Number

**I, the appointed Financial Advisor for this investment application declare that:**

1. I am licensed to render services in respect of this product.
2. I have made the disclosures required in terms of the Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS) and subordinate legislation thereto, to the investor/s.
3. I have fully explained the meaning and implications of replacement (if applicable) to the investor/s and that I am fully aware of the possible detrimental consequences of replacement.
4. I have established and verified the identity of the investor/s (and persons acting on behalf of the investor) in accordance with the Financial Intelligence Centre Act 38 of 2001 (FICA) and the regulations thereto, and I will keep records of such identification and verification according to the provisions of FICA.
5. I have explained all fees that relate to this investment to the investor/s and I understand and accept that the investor/s may withdraw his / her authority for payment in writing and inform Prescient and me.
6. My personal information may be used by Prescient in the normal course of business to provide the products and services and Prescient may retain any information for purposes of investment transactions, processing and administration and to communicate directly with me. Personal information will not be given or sold to any third parties. Prescient will disclose or report personal information if and when required to do so by law or any regulatory authority, and to our employees, or agents who require such information to carry out their duties.

Signature of Financial Advisor  Date

### Dividends Tax

Where applicable, Prescient must withhold and pay dividends tax over to the South African Revenue Service on your behalf. If you are exempt from paying dividends tax or qualify for a reduced dividends tax rate, please complete the additional form *Dividends Tax: Declaration and Undertaking*.

### Interest Withholding Tax

If you are not a South African resident for tax purposes you may be required to pay Interest Withholding Tax (IWT) on the interest income earned on your investment. A default IWT rate of 15% will apply except if a reduced IWT rate is applicable in terms of any Double Taxation Agreement (DTA) in place between South Africa and your country of residence. By selecting a country of residence other than South Africa for tax purposes, you declare that you are not a South African resident and that the reduced IWT rate in the relevant DTA applies to your investment

### Source of Funds Invested

Please specify the source of funds (e.g. salary; investment proceeds; sale of assets; inheritance etc.) Prescient reserves the right to request documentary proof e.g. income statement, bank statement.

**Banking Details of Investor**

Name of Account Holder

Name of the Bank

Branch Name  Branch Code

Account Number  Account Type

Signature of Account Holder

- A cancelled cheque or bank statement must be attached as proof of banking details.
- The account holder must have a South African bank account.
- Debit orders and electronic collections will be deducted from this account.
- The onus is on the investor to inform Prescient of any changes to the bank account details.
- No payments will be made into third party bank accounts or credit cards. (i.e. payments will only be made to the bank account in the name of the registered investor).

**Method of Payment**

**Lump Sum** Please deposit your lump sum investment directly into the following bank account:

Account Name	Bateleur inflow account
Account Number	113 0442 470
Bank	Nedbank
Branch	Corporate Client Services
Branch Code	198 765
Reference Number	Investor's Name and Surname

Electronic / Internet Transfer  Electronic internet transfers may take up to two business days to appear in the bank account. Units may only be purchased upon receipt of documentation and funds into the account. Please attach proof of transfer.

**Debit Order / Electronic Collection**

I/we hereby authorise Prescient to deduct the stated amount for the investment from the bank account above. I/we agree to pay bank charges and costs incurred by this electronic collection or debit order. Any debit order amendment must be received in writing by Prescient prior to the 7th day of the month in order for it to be acted upon in the following month.

Electronic Collection  Funds are deducted from the investor's bank account on receipt of this application form and all supporting documentation. Electronic collection by Prescient is restricted to a maximum of R1 000 000.00 per debit. Where a higher amount than this is requested, multiple debits will be processed on the same day.

Regular Debit Order  Funds are deducted from the investor's bank account on the **1<sup>st</sup> working day** of each month or **as soon as possible thereafter**.

Commencement date         Annual Escalation    %

**Please note: funds invested via electronic collection or debit order may not be redeemed until after 40 days from the date on which such funds were invested into units on your behalf.**

**Banking details for debit order deduction/electronic collection (if different from investor's bank details):**

Name of Account Holder	
Bank	
Branch Name	
Branch Code	
Account Number	
Account Type	

Signature of Account Holder

**Investment Option Details**

Please complete the table below once you have made your selection from the latest Investment Option Summary

QI Hedge Fund Portfolio	FEES		Initial Financial Advisor Fee %	Annual Financial Advisor Fee %	Investment Amount min. R1 000 000 (R)	Debit Order (R)	Re-invest distributions? If "yes" ✓
	Annual Management Fee %	Performance Fee %					
Bateleur Long Short Prescient QI Hedge Fund	2% plus Vat	20% plus Vat above CPI inflation + 4%					
Bateleur Market Neutral Prescient QI Hedge Fund	1.5% plus Vat	20% plus Vat above STeFI					
Bateleur Special Opportunities Prescient QI Hedge Fund	1% plus Vat	20% plus Vat above CPI inflation +4%					

- I hereby apply to purchase units in the selected portfolios subject to the conditions of the relevant Deed at the ruling fund prices.
- Prescient does not charge an initial fee.
- The **annual management fee** is the fee charged by Prescient for managing or administering the fund.
- The **financial advisor fees**:
  - You may negotiate an **initial financial advisor fee**, to be paid to your financial advisor before your first contribution is invested.
  - You may negotiate an **annual financial advisor fee** to be paid to your financial advisor. Units will need to be cancelled to pay your advisor this fee.

**Special Fee Instructions**

In the event that a special fee arrangement has been entered into with Prescient, please indicate such arrangement below.


**Regular Withdrawals**

Please only complete this section if you would like to receive a regular withdrawal from your lump sum investment. Your regular withdrawal payment will be processed at the end of the calendar month and will be paid within 5 business days thereafter.

Payment frequency                      Monthly                       Quarterly                       Biannually                       Annually

Hedge Fund Portfolio	Regular Withdrawal Amount	% per fund
	R	%
	R	%
	R	%
	R	%
Total per period	R	100 %

**Declaration by Qualified Investor**

A Qualified Investor, as defined by Board Notice 52 of 2015 is: any person who invests a minimum investment amount of R1 million per hedge fund and who:

- (a) has demonstrable knowledge and experience in financial and business matters which would enable the investor to assess the merits and risks of a hedge fund; or
- (b) has appointed a Financial Services Provider (FSP) who has demonstrable knowledge and experience to advise the investor regarding the merits and risks of a hedge fund investment.

**Please tick the appropriate boxes below:**

- I confirm that the minimum investment amount will be R1 000 000 or above.
- I confirm that I have the required knowledge and experience in financial and business matters to choose this investment. I further confirm that I have read and understood the nature of a Qualified Investor Hedge Fund, including risk warnings.

OR

- I hereby confirm that my knowledge is limited and that my financial advisor has been appointed to provide me with the necessary advice to take this investment. My financial advisor has been appointed to provide me with the necessary advice to take this investment. My financial advisor has explained this investment to me and I confirm that I understand the nature of a Qualified Investor Hedge Fund, including risk warnings.

Signed at                       Date

Full name of signatory  Capacity

Signature of Investor/Legal Guardian

Signature of investor's authorized representative (if applicable)

## Authorisation and Declaration

1. I have read and fully understood all the pages of this application form and agree to the Terms and Conditions of this investment into the Hedge Fund(s) selected and I understand that this application and any further documents, read with the Deed, constitutes the entire agreement between Prescient and I.
2. I warrant that the information contained herein is true and correct and that where this application is signed in a representative capacity, I have the necessary authority to do so and that this transaction is within my power.
3. I am aware of the charges and fees, the total expense ratio, investment objectives, risk factors and income distributions applicable to my investment as set out in this form and in other documentation provided to me.
4. I authorise Prescient to deduct any debit orders, electronic collections, any applicable taxes and also to pay all fees. If the additional annual advisor fees are insufficient to pay the Financial Advisor (FSP) from one portfolio, Prescient will sell units proportionately from the portfolios and pay the amounts to the advisor monthly. Permissible deductions from the portfolio include management fees, performance fees, bank charges, trustee/custodian fees, audit fees, securities transfer tax and brokerage.
5. I acknowledge that the responsibility in ensuring my instruction has been received and actioned by Prescient lie with me.
6. I acknowledge that Prescient will not be liable for any damages or loss of whatsoever nature arising out of Prescient's failure to action my instruction due to any occurrences beyond the control of Prescient, nor will Prescient be liable for any loss incurred due to incorrect information being supplied by my or by me sending completed documentation to the incorrect mailbox.
7. I acknowledge the transaction cut off times set out herein and agree to comply with such cut off times.
8. I acknowledge the inherent risk associated with the selected Hedge Fund(s) and that there are no performance guarantees. I have received, read and understand the Hedge Fund Risk Disclosure Statement appended to this application form.
9. **Withdrawal Terms: The Bateleur Special Opportunities Prescient QI Hedge Fund has a 3 month notice period.**
10. **I acknowledge that I am aware of the Withdrawal Terms of the Bateleur Special Opportunities Prescient QI Hedge Fund carries a fee of 10% (accrued to the fund) for any withdrawals prior to the expiration of 3 years from launch.**
11. I understand and agree that no part of the services provided by Prescient constitutes a solicitation, recommendation, guidance or proposal, nor does it constitute financial, tax, legal, investment or other advice. I warrant to Prescient that I am acting for my own account, I have made my own independent decisions to enter into the investment and as to whether the investment is appropriate or proper for me, based upon my own judgment and upon advice from such advisors as I may deem necessary. I warrant that I am not relying on any communication from Prescient, whether written, oral or implied as investment advice or as a recommendation to enter into the investment; it being understood that information and explanations relating to the terms and conditions of an investment shall not be considered investment advice or a recommendation to enter into the investment. I warrant that I have not received from Prescient any assurance or guarantee as to the expected results of the investment.
12. I understand that Prescient will accept instructions from my FSP only if duly appointed and authorised in writing by me. Prescient will not be held liable for any losses that may result from unauthorised instructions given to Prescient by my FSP.
13. I hereby authorise Prescient to furnish written reports to my duly appointed FSP, if applicable.
14. If I have appointed an FSP I authorise the payment of the negotiated fees to be paid to my FSP from my portfolios. This authority to pay fees may be withdrawn by written notice to Prescient.
15. I authorise Prescient to accept and act upon instructions by facsimile or e-mail and hereby waive any claim that I have against Prescient and indemnify Prescient against any loss incurred as a result of Prescient receiving and acting on such communication or instruction.
16. SARS requires Prescient to pay over dividend tax on your behalf where applicable. Prescient will deduct this tax before it pays any dividends or re-invests these into your investment account. Unless Prescient receives information from you indicating otherwise, accounts held by South African trusts, companies and partnerships will attract the default Dividend Withholding Tax (DWT) rate of 20%.
17. Any personal information may be used by Prescient in the normal course of business to provide the products and services and Prescient may retain any information for purposes of investment transactions, processing and administration and to communicate directly with me. Personal information will not be given or sold to any third parties. Prescient will disclose or report personal information if and when required to do so by law or any regulatory authority, and to Prescient's employees (if relevant), or agents who require such information to carry out their duties. I/we consent to the processing of my/our personal information/data and the disclosure of my/our personal information/data to any tax authority and/or as may be required to comply with FATCA and the Common Reporting Standard (CRS) as explained in the Terms and Conditions and the Compulsory Foreign Tax Declaration and Self-Certification attached hereto.
18. I acknowledge by investing in the funds included in this application form that my information will be shared with both Prescient, White Label Company and for any regulatory purposes to give effect to my transition.
19. I consent to Prescient making enquiries of whatsoever nature for the purpose of verifying the information disclosed in this application and I

expressly consent to Prescient obtaining any other information concerning me from any source whatsoever to enable Prescient to process this application.

20. I confirm that I have received, noted and understand the following information:

- the Minimum Disclosure Document
- Effective Annual Cost (EAC can be obtained from hedge@prescient.co.za)
- investment objectives
- the calculation of the NAV and dealing prices
- charges and fees
- risk factors
- distribution of income accruals
- any additional information necessary to enable the investor to make an informed decision

21. Political Exposed Person (PEP) is someone who has been entrusted with a prominent public function, or an individual who is closely related to such a person.

I consider myself to be, or to be associated with a PEP :      Yes            No     

If Yes, Please provide details:

Signed at  Date

Full name of signatory  Capacity

Signature of Investor/Legal Guardian

Signature of investor's authorized representative\* (if applicable)

\* if signing on behalf of the investor please provide proof of authority and supporting verifying documentation.



## COMPULSORY FOREIGN TAX DECLARATION AND SELF-CERTIFICATION

**Instructions for completion:**

1. This Declaration must be completed by all investors, including South African citizens.
2. We are obliged for FATCA and the Common Reporting Standard (CRS) to collect certain information about each investor's tax arrangements. Please complete the sections below as directed and provide any additional information that is requested. Please note that in certain circumstances we may be obliged to share this information with the relevant tax authorities.
3. Unless otherwise stated, all relevant terms are as defined in the Agreement between the Government of South Africa and the Government of the United States of America to Improve International Tax Compliance and to Implement FATCA (the "Agreement"), and/or the OECD Standard for Automatic Exchange of Financial Account Information in Tax Matters ("the Standard") and, specifically, the Common Reporting Standard ("CRS").
4. If any of the information below about the Investor's tax residence or FATCA/CRS classification changes in the future, please ensure that we are advised of these changes promptly.
5. If you have any questions about how to complete this form, please contact your tax advisor.

### Section 1: Investor Identification

Investor Name

**Current residential address:**

**Street Address**

**Postal Address**

c/o	<input type="text"/>	Same as Street Address	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Unit	<input type="text"/>	c/o	<input type="text"/>	
Complex	<input type="text"/>	Line 1	<input type="text"/>	
Street Number	<input type="text"/>	Line 2	<input type="text"/>	
Street	<input type="text"/>	Line 3	<input type="text"/>	
Suburb	<input type="text"/>	Line 4	<input type="text"/>	
City	<input type="text"/>	Postal Code	<input type="text"/>	
Postal Code	<input type="text"/>	Country	<input type="text"/>	

**Place of birth:**

Town or City of Birth	<input type="text"/>	Country of Birth	<input type="text"/>								
Date of Birth	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td>d</td><td>d</td><td>m</td><td>m</td><td>y</td><td>y</td><td>y</td><td>y</td> </tr> </table>			d	d	m	m	y	y	y	y
d	d	m	m	y	y	y	y				

**Section 2: Foreign Account Tax Compliance Act (FATCA)**

SA Tax Number (Issued by SARS)

Do you have a Tax Identification Number (TIN) issued by another country? Yes  No

If yes please list them:

Country of Tax Residence	Tax ID Number (TIN)

Are you considered a tax payer, or need to submit a tax return, in any other country for which you have not been issued a TIN?

Yes  No

If yes please list them:

List of Countries

**Section 3: CRS Declaration of Tax Residency**

Please indicate your/ the investor's country of tax residence (if resident in more than one country please detail all countries of tax residence and associated taxpayer identification numbers ("TIN").

Country of Tax Residence	Tax ID Number (TIN)

**NOTE:** Provision of a Tax ID number (TIN) is required unless you are tax resident in a Jurisdiction that does not issue a TIN.

**Section 4: Declarations and Undertakings**

I/We declare (as an authorised signatory if applicable) that the information provided in this form is, to the best of my/our knowledge and belief, accurate and complete.

I/We undertake to advise the recipient promptly and provide and updated Self-Certification where any change in circumstance occurs which causes any of the information contained in this form to be incorrect.

**Authorised Signature (s)**

**Capacity in which declaration is made**

**Date**

## COMPULSORY DIVIDEND WITHHOLDING TAX DECLARATION

**DIVIDENDS TAX**

**DTD (EX)**

**Notes on the completion of this form:**

1. This form is to be completed by the beneficial owner (of dividends, including dividends in specie) in order for the exemptions from dividends tax referred to in section 64F read with sections 64FA(2) or 64G(2) or 64H(2)(a) of the Income Tax Act, 1962 (Act No 58 of 1962) (the Act) to apply.
2. In order to qualify for an exemption this declaration and written undertaking should be submitted to the withholding agent (declaring company or regulated intermediary) within the period required by the latter (provided it is before payment of an affected dividend) – failure to do so will result in the full 20% dividends tax being withheld/payable.
3. Non South African residents seeking to qualify for a reduced rate should not complete this form.

**PART A: WITHHOLDING AGENT**

**(This section will be completed by Company / Regulated intermediary)**

Registered name: Prescient Management Company (RF) Limited  
 Dividends tax reference number: 9920184141  
 Contact details: Email: [pmancoadmin@prescient.co.za](mailto:pmancoadmin@prescient.co.za)  
 Web: [www.prescient.co.za](http://www.prescient.co.za)  
 Tel: +27 21 700 3600  
 Fax: +27 21 700 7333  
 Postal: Prescient House, Westlake Business Park, Otto Close, Westlake, 7945  
 PO Box 31142, Tokai, 7966

**PART B: BENEFICIAL OWNER**

Full name and surname / Registered name:

Nature of person or entity:

- |   |   |
|---|---|
| <input type="checkbox"/> Individual       | <input type="checkbox"/> RSA Government, Provincial Administration, Municipalities                              |
| <input type="checkbox"/> Listed company   | <input type="checkbox"/> Retirement Fund (Pension, Provident, Benefit, RA, Medical Schemes, etc)                |
| <input type="checkbox"/> Unlisted company | <input type="checkbox"/> Other (if selected please provide a description / explanation of nature of the entity) |
| <input type="checkbox"/> Trust (any type) |   |

Identity / Passport / Registration number:	
South African income tax reference number:	
Physical address:	
Postal address:	
Country in which resident for tax purposes:	

**PART C: EXEMPTION**

Please indicate the reason the investor is eligible for the exemption by ticking the relevant block:

- Par (a) - a company which is resident in South Africa
- Par (b) - the government, provincial government or municipality (of the Republic of South Africa)
- Par (c) - a public benefit organisation (approved by SARS into section 30(3) of the Act)
- Par (d) - a trust contemplated in section 37A of the Act (mining rehabilitation trusts)
- Par (e) - an institution, body, or board contemplated in section 10(1)(cA) of the Act
- Par (f) - a fund contemplated in section 10(1)(d)(i) or (ii) of the Act (pension fund, pension preservation fund, provident fund, provident preservation fund, retirement annuity fund, medical schemes, beneficiary fund or benefit fund)
- Par (g) - a person contemplated in section 10(1)(t) of the Act (CSIR, SANRAL etc)
- Par (h) - a shareholder in a registered micro business as defined in the Sixth Schedule to the Act to the extent that the aggregate amount of the dividends paid by that registered micro business to its shareholders during the year of assessment in which that dividend is paid does not exceed R200,000
- Par (j) - a person that is not a resident and the dividend is a dividend contemplated in paragraph (b) of the definition of "dividend" in section 64D (i.e. a dividend on a foreign company's shares listed in SA, such as dual-listed shares)

**DECLARATION in terms of sections 64FA(1)(a)(i), 64G(2)(a)(aa) or 64H(2)(a)(aa) of the Act:**

I  (full names in print please), the undersigned hereby declare that dividends paid to the beneficial owner are exempt, or would have been exempt had it not been a distribution of an asset in specie, from the dividends tax in terms of the paragraph of section 64F of the Act indicated above.

Signature  Date   
(Duly authorized to do so)

Capacity of Signatory (if not the beneficial owner):

**UNDERTAKING in terms of sections 64FA(1)(a)(i), 64G(2)(a)(bb) or 64H(2)(a)(bb) of the Act:**

I  (full names in print please), the undersigned hereby declare that dividends paid to the beneficial owner are exempt, or would have been exempt had it not been a distribution of an asset in specie, from the dividends tax in terms of the paragraph of section 64F of the Act indicated above.

Signature  Date   
(Duly authorized to do so)

Capacity of Signatory (if not the beneficial owner):

**Additional Compulsory Information (if applicable)**

**AUTHORISED SIGNATORIES / TRUSTEES:**

Details of all authorised representatives, each manager, member, partner(s), persons exercising executive control, shareholders, trustees, and persons holding 25% or more of the voting rights must be inserted below. (Please make extra copies where needed).

Please tick the correct category of individual for which additional information is herewith submitted.

- |  |  |  |
|--|--|--|
| <input type="checkbox"/> Managing Member (CC)      | <input type="checkbox"/> Additional member (CC)    | <input type="checkbox"/> Foreign signatory (Company or CC) |
| <input type="checkbox"/> Partner                   | <input type="checkbox"/> Shareholder (Company)     | <input type="checkbox"/> 25% of the voting rights          |
| <input type="checkbox"/> <b>Founder (Trust)</b>    | <input type="checkbox"/> Authorised person (Trust) | <input type="checkbox"/> Beneficiary (Trust)               |
| <input type="checkbox"/> Authorised Representative |  |  |

Title  Surname

First Name(s)  Male  Female

Date of Birth  Nationality

ID or Passport Number (if Foreign National)

Income Tax Number

**Street Address**  **Postal Address**

c/o  Same as Street Address Yes  No

Unit  c/o

Complex  Line 1

Street Number  Line 2

Street  Line 3

Suburb  Line 4

City  Postal Code

Postal Code  Country

Telephone (H)  Fax

Telephone (W)  Cell

Email Address

## TERMS AND CONDITIONS

## TO BE RETAINED BY INVESTOR

### General

1. This application together with the Main Deed and the relevant Supplemental Deeds, will govern the legal relationship between the investor, the asset manager and Prescient Management Company (RF) Limited ("Prescient"). Prescient may in its sole discretion accept or reject the investor's application form.
2. Any references to the singular shall include the plural.
3. Please note that all documents, notifications of deposit, investment, redemption and switch applications must be received by Prescient timeously in order to transact at the applicable net asset value price. Where all required documentation is not received before the stated cut off time Prescient shall not be obliged to transact at the net asset value price.
4. No interest will accrue to monies awaiting allocation.
5. All redemptions must be submitted in writing and will be processed following receipt and acceptance of the instruction and in accordance with Prescient's repurchase policy. Prescient may suspend the repurchase of units in exceptional circumstances and where it is in the interests of all investors to do so. Funds invested via electronic collection or debit order may not be redeemed until after 40 days from the date on which such funds were invested into units on your behalf.
6. In certain circumstances (such as large redemptions), Prescient may employ ring-fencing, which is the separation of underlying assets in a portfolio and the delayed sale/repurchase of corresponding units. This is done to avoid prejudicing other investors through the sale of assets at weaker prices.
7. The net asset value price is calculated using the forward pricing methodology. The net asset value can be defined as the total market value of all assets in the portfolio including any income accruals and less any permissible deductions from the portfolio, divided by the number of units in issue.
8. Units will be bought and sold at the net asset value price in accordance with the requirements of the Collective Investment Schemes Control Act and the relevant Deed.
9. Prescient may, at its discretion, close portfolios to new investors and existing unit holders including the cessation of debit orders, if applicable.
10. Prescient reserves the right to terminate this contract by giving one calendar months' notice to the investor. Units shall be repurchased on the first business day following the last day of such calendar month at the ruling price on that day. Any proceeds from the termination shall be paid to the Investor's bank account given in this application form.
11. All material facts must be accurately and properly disclosed, and the accuracy and completeness of all answers, statements or other information provided by or on behalf of the investor, are the investor's own responsibility.
12. No indulgence granted by Prescient shall affect or prejudice the rights of Prescient, nor shall it be regarded as a waiver of Prescient's rights.
13. The Trustee's details are: Nedbank Ltd Investor Services, 2nd Floor, 16 Constantia Boulevard, Constantia Kloof, Roodepoort, 1709, South Africa. P.O. Box 1144, Johannesburg, 2000, South Africa.

### Transaction cut off times

1. The responsibility of ensuring that the instruction has been received and actioned by Prescient will lie with you. (Investor or financial adviser).
2. Prescient will not be liable for any damages or loss of whatsoever nature arising out of Prescient's failure to action your instruction due to any occurrences beyond the control of Prescient, nor will Prescient be liable for any loss incurred due to incorrect information being supplied by you or completed documentation sent to the incorrect mailbox.
3. Cut off times are as follows:

FUND OF HEDGE FUNDS	
For Investing and Redemptions	before 14h00 on 5 <sup>th</sup> business day before month end
ALL OTHER HEDGE FUNDS	
For Investing	before 14h00 on 2 <sup>nd</sup> business day before month end
For Redemptions	before 14h00 , 1 business day before month end

### Applicable if appointing a Financial Advisor/FSP

1. Prescient will only accept applications, submitted on behalf of investors, from FSP's who have been granted a licence by the Financial Services Board.
2. Prescient cannot be held responsible or liable for loss or damage suffered by the investor as a result of the FSP acting outside his / her licence parameters or because of delays in the processing or rejection of this application form, caused by the fact that the investor's FSP is not authorised as a Financial Services Provider or is not approved by Prescient.
3. The FSP is responsible for ensuring that the investor receives and understands all appropriate advice, product and fee information including changes in the working practices and procedures of Prescient.

### Instructions

4. Only signed written instructions (faxed copies included) from the unit holder or the FSP will be acted upon.
5. Prescient will not proceed with any transaction if there is any doubt as to the validity of any signatures/information or if it deems the application to be incomplete in any way and Prescient cannot be held liable for any resultant losses as a result thereof.

### Reporting

Unit Holder statements will be issued quarterly. Transaction notes are sent on a transaction basis. Additional investor statements are available on request from Prescient.

### Fees

6. The fees that apply to this investment are set out in the latest Investment Option Brochure.
7. Prescient does not charge an initial management fee.
8. You may negotiate an initial advisor fee, subject to the relevant maximums, to be paid to your FSP before your first contribution is invested.
9. The annual management fee is the fee you pay to Prescient for managing the portfolios.
10. Prescient may pay an annual advisor service fee to your FSP out of the annual management fee of Prescient. This is set and taken into account when the price of the portfolio is calculated (i.e. part of the standard expense of the portfolio). You cannot negotiate this fee percentage.
11. You may negotiate an additional annual advisor fee to be paid to your FSP. Units will need to be cancelled to pay your advisor this fee.
12. All fees may be amended by Prescient from time to time, and in such event, a notification will be sent to the investor.
13. All fees are exclusive of VAT.

### Protection of personal information

Your personal information may be collected, processed, transferred and disclosed by Prescient in the normal course of business to effectively process your transaction instructions. Prescient will disclose or report personal information if and when required to do so by law or any regulatory authority, and to our employees, or agents who require such information to carry out their duties in fulfilling your transaction. Prescient may retain any information for purposes of investment transactions, processing and administration and to communicate directly with you. The type of information we collect will depend on the purpose for which it is collected and used. We will only collect information that we need for that purpose.

Prescient may share information with companies within in Prescient Group of companies and service providers with whom we have a business agreement to process such information on our behalf or to those who render services to us.

Prescient Group is an international business and located in different geographical locations. As a result, Prescient may transfer or process your personal information outside of South Africa to such countries that may not offer the same level of data protection as South Africa

You understand that failure to provide or consent to the processing of necessary information may result in the delay or failure to process any instruction or application.

You may access the personal information we have on record for you and you may request that we correct any errors or delete your information.

To view our full privacy notice and to exercise your preferences, please visit our website on [www.prescient.co.za](http://www.prescient.co.za)

## Risk Warning & Disclosures

Collective Investment Schemes (CIS) should be considered as medium to long-term investments. The value of your investment may go up as well as down and past performance is not necessarily a guide to future performance. CIS's are traded at the ruling price and can engage in scrip lending and borrowing. A schedule of fees, charges and maximum commissions is available on request from the Manager. There is no guarantee in respect of capital or returns in a portfolio. A CIS may be closed to new investors in order for it to be managed more efficiently in accordance with its mandate. CIS prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (brokerage, STT, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio divided by the number of participatory interests (units) in issue. Forward pricing is used. The Fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's. During the phase in period TER's do not include information gathered over a full year.

Excessive withdrawals from the portfolio may place the portfolio under liquidity pressures and a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed.

A Fund of Funds is a portfolio that invests in portfolios of collective investment schemes, which levy their own charges, which could result in a higher fee structure for these portfolios.

The Manager retains full legal responsibility for any portfolio hosted on its CIS platform.

Where foreign securities are included in a portfolio there may be potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, foreign exchange risks, tax risks, settlement risks; and potential limitations on the availability of market information.

The investor acknowledges the inherent risk associated with the selected investments and that there are no guarantees.

Prescient is a member of the Association for Savings and Investments SA.

## FICA Requirements

In terms of the Financial Intelligence Centre Act, 2001 ("FICA") Prescient requires a copy of each of the following documents:

**An "ID document" means a document containing a photo, full names, date of birth and ID number or a valid driver's licence.**

**"Proof of address/business address" means a document less than 3 months old containing residential address that is a utility bill, bank statement, rates account or tax invoice.**

### 1. South African Citizens and Residents or Foreign Nationals (Natural Person)

- ID document, drivers licence or a passport.
- Proof of residential address. (e.g. utility bill or telephone account less than three months old)
- Proof of banking details (e.g. bank statement or cancelled cheque less than three months old)
- Proof of income tax number (e.g. any SARS issued document bearing name and tax number)
- Proof of bank statement

### 2. Third Party Representing another Individual/Power of Attorney (Natural Person)

- ID document in respect of both parties.
- Proof of residential address. (e.g. utility bill or telephone account less than three months old)
- Proof of authority to act e.g. power of attorney, mandate, resolution or court order.
- Proof of bank statement

### 3. South African Companies

- Certificate of Incorporation (CM1) and Notice of Registered Office and Postal Address (CM22).
- Proof of business address.
- Proof of income tax number.
- Proof of authority to act for the company e.g. a directors' resolution.
- ID documents in respect of all authorised representatives and also all individuals, or legal entities holding 25% or more of the voting rights.
- Proof of bank statement



**4. South African Close Corporations**

- Founding Statement and Certificate of Incorporation (CK1) and Amended Founding Statement (CK2).
- Proof of business address.
- Proof of income tax number.
- Proof of authority to act for the close corporation e.g. a members' resolution.
- ID documents in respect of all authorised representatives and also all individuals, or legal entities holding 25% or more of the voting rights.
- Proof of bank statement

**5. Foreign Companies**

- Official document from foreign regulator witnessing incorporation, bearing the name, number and address.
- Proof of address.
- Proof of income tax number.
- Proof of authority to act for the company e.g. a directors' resolution.
- ID documents/passports in respect of the all authorised representatives and also all individuals, or legal entities holding 25% or more of the voting rights.
- Proof of bank statement

**6. Other Legal Persons (Retirement Funds, Medical Schemes, Club, Association, Body Corporate,)**

- The constitution or other founding document/ Regulatory approval in terms of which legal entity is created.
- Proof of address.
- Proof of income tax number.
- Proof of authority to act for the entity e.g. trustees' resolution.
- ID documents in respect of the all authorised representatives.  
Proof of bank statement

**7. Partnerships**

- Partnership agreement
- Proof of income tax number.
- Proof of address.
- Proof of authority to act for the partnership e.g. resolution.
- ID documents in respect of the all partners and authorised representatives.
- Proof of bank statement

**8. Trusts**

- Letters of authority from the Master (SA trust) or foreign regulator (foreign trusts).
- Trust Deed
- Proof of income tax number.
- Proof of authority to act for the trust e.g. resolution.
- ID documents in respect of the all authorised representatives and also all beneficiaries mentioned by name in the trust deed.
- Proof of bank statement

## Customer Information Notice – Common Reporting Standard (CRS)

Prescient Management Manager (“the Manager”) intends to take such steps as may be required to satisfy any obligations imposed by the OECD Standard for Automatic Exchange of Financial Account Information in Tax Matters (“the Standard”) and, specifically, the Common Reporting Standard (“CRS”) therein.

The Manager is obliged under the Tax Administration 2011 (as amended) and regulations made pursuant to that section to collect certain information about each Investor’s tax arrangements.

Please note that in certain circumstances the Manager may be legally obliged to share this information and other financial information with respect to the Investor with the South African Revenue Service (SARS). In turn, and to the extent the account has been identified as a Reportable Account, SARS will exchange this information with the country of residence of the Reportable Person(s) in respect of that Reportable Account.

In particular, the following information will be reported by the Manager to SARS in respect of each Reportable Account maintained by the Manager:

- The name, address, jurisdiction of residence, tax identification number and date and place of birth, in the case of an individual, of each Reportable Person that is an Account Holder of the account and, in the case of any Entity that is an Account Holder and that, after application of the due diligence procedures consistent with CRS is identified as having one or more Controlling Persons that is a Reportable Person, the name, address, jurisdiction of residence and tax identification number of the Entity and the name, address, jurisdiction of residence, TIN and date and place of birth of each such Reportable Person.
- The account number (or functional equivalent in the absence of an account number);
- The account balance or value as of the end of the relevant calendar year or other appropriate reporting period or, if the account was closed during such year or period, the closure of the account;
- The total gross amount paid or credited to the Account Holder with respect to the account during the calendar year or other appropriate reporting period with respect to which the Reporting Financial Institution is the obligor or debtor, including the aggregate amount of any redemption payments made to the Account Holder during the calendar year or other appropriate reporting period.

The Manager may send this data to SARS who will determine whether the country of origin is a Participating Jurisdiction for CRS purposes and, if so, exchange your data with them.

Applicants and Investors can obtain more information on the Manager’s tax reporting obligations on the SARS website:  
<http://www.sars.gov.za/ClientSegments/Businesses/Mod3rdParty/Pages/Automatic-Exchange-of-Information.aspx>

(All capitalised terms above, unless otherwise defined above, shall have the same meaning as they have in the Standard.)

## Contact

### Prescient Management Company (RF) Ltd

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Postal Address	P.O. Box 31142 Tokai 7966
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Email	<a href="mailto:hedge@prescient.co.za">hedge@prescient.co.za</a>
Website	<a href="http://www.prescient.co.za">www.prescient.co.za</a>

### Bateleur Capital (Pty) Ltd

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Website	<a href="http://www.bateleurcapital.com">www.bateleurcapital.com</a>

## Compliance Department

Compliance Officer	Christine Pretorius
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Telephone	+27 21 700 3607
Fax	+27 21 700 5331
Email	<a href="mailto:compliance@prescient.co.za">compliance@prescient.co.za</a>
Website	<a href="http://www.prescient.co.za">www.prescient.co.za</a>

## Complaints

Please do not hesitate to contact us if you are not satisfied with this investment or the services received from Prescient. A complaint must be submitted to the Compliance Officer. Prescient will acknowledge the complaint in writing and will inform the investor of the contact details of the persons involved in the resolution thereof. Should you wish to lodge a complaint regarding the services being provided, an email can be sent to [complaints@prescient.co.za](mailto:complaints@prescient.co.za) or alternatively you can obtain our complaints policy, conflict of investment management policy from the compliance department (address above).

If an investor is not satisfied with the response from Prescient or if an investor has a complaint about the advice given by the Financial Advisor, he/she has the right to address his/her complaint in writing to the Ombud for Financial Services Providers at the address below. The Ombud is legally empowered to investigate and adjudicate complaints in a procedurally fair, economical and expeditious manner.

Postal Address	P.O. Box 74571 Lynnwood Ridge 0040
Telephone	+27 12 470 9080
Fax	+27 12 348 3447
Email	<a href="mailto:info@faisombud.co.za">info@faisombud.co.za</a>

## HEDGE FUND RISK DISCLOSURE

This annexure forms part of and should be read together with the application form to which it is attached. This disclosure should not be seen as exhaustive and investors are encouraged to take independent advice before investing in any hedge fund ("Fund").

### General

The risks described herein should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in a Fund. Potential investors should be aware that an investment in an underlying portfolio may be exposed to other risks of an exceptional nature from time to time. Investment carries with it a degree of risk. Different risks may apply to different Funds and/or Classes. Details of specific risks attaching to a particular Fund or Class which are additional to those described in this section will be disclosed in the relevant Supplemental Deed. Prospective investors are advised that the value of shares and the income from them may go down as well as up and, accordingly, an investor may not get back the full amount invested and an investment should only be made by persons who can sustain a loss on their investment. Past performance of the Fund should not be relied upon as an indicator of future performance. The difference at any one time between the sale price (to which may be added a sales charge or commission) and the redemption price of shares (from which may be deducted a redemption fee) means an investment should be viewed as medium to long term. The attention of potential investors is drawn to the taxation risks associated with the investment. The securities and instruments in which the Funds invest are subject to normal market fluctuations and other risks inherent in investing in such investments and there can be no assurance that any appreciation in value will occur.

Potential investors should consider the following risk factors before investing in a Fund:

- Prospective investors should be aware that the investments of the Fund are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in value of investments will occur. There is no assurance that the investment objectives of any Fund will actually be achieved. Given the possible differences between the offer and redemption prices, an investor who realises his units in a Fund after a short period may, in addition to the above, not realise the amount originally invested. Therefore, investment in any Fund should be viewed as a medium to long term investment.
- The Net Asset Value of a Fund may vary in value within a short period of time because of variations in value of the underlying assets of such Fund and the income derived therefrom. Investors may not recoup the original amount invested in any Fund.
- Depending on an investor's currency of reference, currency fluctuations may adversely affect the value of an investment in one or more of the Funds.

### Common Stocks

Common stock represents an ownership interest in a company. The value of a company's stock may fall as a result of factors relating directly to that company, such as decisions made by its management or lower demand for the company's products or services. A stock's value may also fall because of factors affecting not just the company, but companies in the same industry or in a number of different industries, such as increases in production costs. From time to time, a Fund may invest a significant portion of its assets in companies in one or more related industries or sectors, which would make the Fund more vulnerable to adverse developments affecting those industries or sectors. The value of a company's stock may also be affected by changes in financial markets that are relatively unrelated to the company or its industry, such as changes in interest rates or currency exchange rates. In addition, a company's stock generally pays dividends only after the company makes required payments to holders of its bonds and other debt. For this reason, the value of the stock will usually react more strongly than bonds and other debt to actual or perceived changes in the company's financial condition or prospects. Stocks of smaller companies may be more vulnerable to adverse developments than those of larger companies.

Funds may borrow securities in order to sell them short, in the hope that the price of the underlying instrument will fall. Where the price of the underlying instrument rises, the investor can be exposed to significant losses, given that the manager is forced to buy securities (to deliver to the purchaser under the short sale) at high prices.

### Value Stocks

These are stocks of companies that are not expected to experience significant earnings growth, but whose stock is undervalued by the market in the opinion of the investment manager. These companies may have experienced adverse business developments or may be subject to special risks that have caused their stocks to be out of favour. If the investment manager's assessment of a company's prospects is wrong, or if other investors do not come to recognise the value of the company, then the price of the company's stock may fall or may not approach the value anticipated for it.

### **Growth Stocks**

Certain Funds may invest in stocks of companies that the investment manager believes are likely to have earnings that will grow faster than other companies. These growth stocks typically trade at higher multiples of current earnings than other stocks. Therefore, the values of growth stocks may be more sensitive to changes in current or expected earnings than the values of other stocks. If the investment manager's assessment of the prospects for the company's earnings growth is wrong, or if its judgement of how other investors will value the company's earnings growth is wrong, then the price of the company's stock may fall or not approach the value anticipated for it. Seeking earnings growth may result in significant investments in certain sectors, such as the technology sector, which may be subject to greater volatility than other sectors of the economy.

### **Leverage Risk**

Funds may use leverage. This means that the Fund borrows additional funds, or trades on margin, in order to amplify his investment decisions. This means that the volatility of the hedge fund portfolio can be many times that of the underlying investments. The degree to which leverage may be employed in any given hedge fund portfolio will be limited by the mandate the client has with the Fund.

### **Market Capitalisation Risk**

The securities of small-to-medium-sized (by market capitalisation) companies, or financial instruments related to such securities, may have a more limited market than the securities of larger companies and may involve greater risks and volatility than investments in larger companies. Accordingly, it may be more difficult to effect sales of such securities at an advantageous time or without a substantial drop in price than securities of a company with a large market capitalisation and broad trading market. In addition, securities of small-to-medium-sized companies may have greater price volatility as they are generally more vulnerable to adverse market factors such as unfavourable economic reports.

### **Market Risk**

The value of a Fund may be affected by the decline of an entire market of an asset class, thus affecting the prices and values of the assets in the Fund. In an equity fund, for instance, this is the risk that the equity market in question will go down and, in a bond fund, the risk that the bond market in question will fall. The higher the volatility of the market in which the Fund invests, the greater the risk. Such markets are subject to greater fluctuations in return. Some of the recognised exchanges in which a Fund may invest may be less well-regulated than those in developed markets and may prove to be illiquid, insufficiently liquid or highly volatile from time to time. This may affect the price at which a Fund may liquidate positions to meet redemption requests or other funding requirements.

### **Settlement Risk**

It is possible that settlement via a payment system will not take place as expected because payment or delivery by a counterparty fails to take place or is not in accordance with the initial conditions. This risk exists to the extent that the Fund invests in regions where the financial markets are not yet well developed and includes stock exchanges or markets on which the Fund may trade derivatives which may not be the same as those in more developed markets. This risk is limited, but still present, in regions where the financial markets are well developed.

### **Custodian Risk**

It is possible that the assets of a Fund that are held in custody may be lost as a result of insolvency, negligence or fraud on the part of the custodian or any sub-custodian.

### **Concentration Risk**

Certain Funds may invest a large proportion of total assets in specific assets or in specific markets. This means that the performance of those assets or markets will have a substantial impact on the value of the Fund's portfolio. The greater the diversification of the Fund's portfolio, the smaller the concentration risk. Concentration risk will also be higher in more specialised markets (e.g., a specific region, sector or theme) than in widely diversified markets (e.g., a worldwide allocation).

### **Performance Risk**

The risk of lower returns in a Fund may vary depending on the choices made by the manager or any investment manager, as well as the existence or non-existence of, or restrictions upon, any third-party security. The risk depends in part on the market risk and on how active the manager is in the management of the Fund.

### **Capital Risk**

The capital value of units of a Fund may be affected by various risks to capital, including the potential risk of erosion due to the redemption of units and the distribution of profit in excess of the investment return. This risk can be limited by loss-mitigation, capital-protection or capital-guarantee techniques.

### **Repatriation Risk**

It may not be possible for Funds to repatriate capital, dividends, interest and other income from certain countries, or it may require government consents to do so. Funds could be adversely affected by the introduction of, or delays in, or refusal to grant any such consent for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Economic or political conditions could lead to the revocation or variation of consent granted prior to investment being made in any particular country or to the imposition of new restrictions. Repatriation risk is higher in the case of Funds or underlying investments subject to restrictive laws or regulations.

### **Inflation Risk**

Some Funds may invest in securities whose value can be adversely affected by changes in inflation, for example, bonds with a long term to maturity and a fixed coupon. Although many companies in which a Fund may hold shares may have operated profitably in the past in an inflationary environment, past performance is no assurance of future performance. Inflation may adversely affect any economy and the value of companies' shares.

### **Interest Rate Risk**

The values of bonds and other debt securities usually rise and fall in response to changes in interest rates. Declining interest rates generally raise the value of existing debt instruments, and rising interest rates generally lower the value of existing debt instruments. Changes in a debt instrument's value usually will not affect the amount of income the Fund receives from it, but will affect the value of the Fund's units. Interest rate risk is generally greater for investments with longer maturities.

Some investments give the issuer the option to "call" or redeem, these investments before their maturity date. If an issuer "calls" its investment during a time of declining interest rates, the investment manager might have to reinvest the proceeds in an investment offering a lower yield, and therefore might not benefit from any increase in value as a result of declining interest rates.

"Premium" investments offer interest rates higher than prevailing market rates. However, they involve a greater risk of loss, because their values tend to decline over time.

### **Liquidity Risk**

Not all securities or instruments (including derivatives and sub-investment grade bonds) invested in by the Funds will be listed or rated and consequently liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. The Funds may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity.

### **Redemption Risk**

Large redemptions of units in a Fund might result in the Fund being forced to sell assets at a time and price at which it would normally prefer not to dispose of those assets.

## Investing in Fixed Income Securities

Investment in fixed income securities is subject to interest rate, sector, security and credit risks. Lower-rated securities will usually offer higher yields than higher-rated securities to compensate for the reduced creditworthiness and increased risk of default that these securities carry. Lower-rated securities generally tend to reflect short-term corporate and market developments to a greater extent than higher-rated securities which respond primarily to fluctuations in the general level of interest rates. There are fewer investors in lower-rated securities and it may be harder to buy and sell such securities at an optimum time.

The volume of transactions affected in certain international bond markets may be appreciably below that of the world's largest markets, such as the United States. Accordingly, a Fund's investment in such markets may be less liquid and their prices may be more volatile than comparable investments in securities trading in markets with larger trading volumes. Moreover, the settlement periods in certain markets may be longer than in others which may affect portfolio liquidity.

## Currency Risk

Assets of a Fund may be denominated in a currency other than the base currency of the Fund and changes in the exchange rate between the base currency and the currency of the asset may lead to a depreciation of the value of the Fund's assets as expressed in the base currency. It may not be possible or practical to hedge against such exchange rate risk. The Fund's investment manager may, but is not obliged to, mitigate this risk by using financial instruments.

Funds may from time to time enter into currency exchange transactions either on a spot basis or by buying currency exchange forward contracts. Funds will not enter into forward contracts for speculative purposes. Neither spot transactions nor forward currency exchange contracts eliminate fluctuations in the prices of a Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline.

A Fund may enter into currency exchange transactions and/or use techniques and instruments to seek to protect against fluctuation in the relative value of its portfolio positions as a result of changes in currency exchange rates or interest rates between the trade and settlement dates of specific securities transactions or anticipated securities transactions. Although these transactions are intended to minimise the risk of loss due to a decline in the value of hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. The successful execution of a hedging strategy which matches exactly the profile of the investments of any Fund cannot be assured. It may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the assets from the anticipated decline in value of the portfolio positions as a result of such fluctuations.

Performance of a Fund may be strongly influenced by movements in foreign exchange rates because currency performance positions held by the Fund may not correspond to the securities position held.

## Derivatives and Techniques and Instruments Risk

### General

The prices of derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and national and international political and economic events, changes in local laws and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The use of techniques and instruments also involves certain special risks, including (1) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, (2) imperfect correlation between the hedging instruments and the securities or market sectors being hedged, (3) the fact that skills needed to use these instruments are different from those needed to select the Fund's securities and (4) the possible absence of a liquid market for any particular instrument at any particular time, and (5) possible impediments to effective portfolio management or the ability to meet redemption.

### Credit Risk

There can be no assurance that issuers of the securities or other instruments in which a Fund invests will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or instruments or payments due on such securities or instruments. Funds will also be exposed to a credit risk in relation to the counterparties with whom they transact or place margin or collateral in respect of transactions in financial derivative instruments and may bear the risk of counterparty default.



#### **Correlation Risk**

The prices of financial derivative instruments may be imperfectly correlated to the prices of the underlying securities, for example, because of transaction costs and interest rate movements. The prices of exchange traded financial derivative instruments may also be subject to changes in price due to supply and demand factors.

#### **Legal Risk**

The use of OTC derivatives, such as forward contracts and swap agreements will expose the Fund to the risk that the legal documentation of the contract may not accurately reflect the intention of the parties.

#### **Liquidity of Futures Contracts**

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits”. Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a Fund from liquidating unfavourable positions.

#### **Forward Trading**

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Market illiquidity or disruption could result in major losses to a Fund.

#### **Foreign Exchange Transactions**

Where a Fund utilises derivatives which alter the currency exposure characteristics of transferable securities held by the Fund the performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with the securities positions held.

#### **OTC Markets Risk**

Unlisted derivative instruments i.e. OTC derivative instruments will be limited to unlisted forward currency, interest rate or exchange rate swap transactions and will only be permitted for the purposes of efficient portfolio management. Where any Fund acquires securities on OTC markets, there is no guarantee that the Fund will be able to realise the fair value of such securities due to their tendency to have limited liquidity and comparatively high price volatility.

#### **Counterparty Risk**

Each Fund will have credit exposure to counterparties by virtue of positions in swaps, repurchase transactions, forward exchange rate and other financial or derivative contracts held by the Fund. To the extent that a counterparty defaults on its obligation and the Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights.

The Funds will also be exposed to a credit risk on parties with whom it trades securities, and may also bear the risk of settlement default, in particular in relation to debt securities such as bonds, notes and similar debt obligations or instruments.

#### **Absence of Regulation; Counterparty Default**

In general, there is less government regulation and supervision of transactions in the OTC markets (in which currencies, spot and option contracts, certain options on currencies and swaps are generally traded) than of transactions entered into on recognised exchanges. In addition, many of the protections afforded to participants on some recognised exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with OTC transactions. OTC options are not regulated. OTC options are non-exchange traded option agreements, which are specifically tailored to the needs of an individual investor. These options enable the user to structure precisely the date, market level and amount of a given position. The counterparty for these agreements will be the specific firm involved in the transaction rather than a recognised exchange and accordingly the bankruptcy or default of a counterparty with which the Fund trades OTC options could result in substantial losses to the Fund. In addition, a counterparty may not settle a transaction in accordance with its terms and conditions because the contract is not legally enforceable or because it does not accurately reflect the intention of the parties or because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. To the extent that a counterparty defaults on its obligation and the Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Counterparty exposure will be in accordance with the Fund's investment restrictions. Regardless of the measures the Fund may implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Fund will not sustain losses on the transactions as a result.

#### **Necessity for Counterparty Trading Relationships**

Participants in the OTC currency market typically enter into transactions only with those counterparties which they believe to be sufficiently creditworthy, unless the counterparty provides margin, collateral, letters of credit or other credit enhancements. While the investment manager believes that it will be able to establish the necessary counterparty business relationships to permit a Fund to effect transactions in the OTC currency



market and other counterparty markets, including the swaps market, there can be no assurance that it will be able to do so. An inability to establish such relationships would limit a Fund's activities and could require a Fund to conduct a more substantial portion of such activities in the futures markets. Moreover, the counterparties with which a Fund expects to establish such relationships will not be obligated to maintain the credit lines extended to a Fund, and such counterparties could decide to reduce or terminate such credit lines at their discretion."

#### **Derivative Trading is Speculative and Volatile**

Substantial risks are involved in trading futures, forward and option contracts and various other instruments in which the Fund intends to trade. Certain of the instruments in which the Fund may invest are interest and foreign exchange rate sensitive, which means that their value and, consequently, the Net Asset Value, will fluctuate as interest and/or foreign exchange rates fluctuate. The Fund's performance, therefore, will depend in part on its ability to anticipate and respond to such fluctuations in market interest rates, and to utilise appropriate strategies to maximize returns to the Fund, while attempting to minimize the associated risks to its investment capital. Variance in the degree of volatility of the market from the Fund's expectations may produce significant losses to the Fund.

#### **Investment Manager Valuation Risk**

The manager may consult the investment manager with respect to the valuation of certain investments including over-the-counter derivatives. There is an inherent conflict of interest between the involvement of the investment manager in determining the valuation price of each Fund's investments and the investment manager's other duties and responsibilities in relation to the Funds.

#### **Market Crisis and Governmental Intervention**

Global financial markets may from time to time undergo pervasive and fundamental disruptions which may lead to extensive and unprecedented governmental intervention. Such intervention may in some circumstances be implemented on an "emergency" basis with little or no notice. When circumstances such as these arise, this may subsequently impair some market participants from implementing strategies or managing the risk of their outstanding positions.

#### **Market Disruptions**

The Fund may incur major losses in the event of disrupted markets and other extraordinary events which may affect markets in a way that is not consistent with historical pricing relationships. The risk of loss from a disconnect with historical prices is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available in the market from its banks, dealers and other counterparties will typically be reduced in disrupted markets. In addition, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for the Fund and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may from time to time suspend or limit trading. Such a suspension could render it difficult or impossible for the Fund to liquidate affected positions and thereby expose it to losses. There is also no assurance that off-exchange markets will remain liquid enough for the Fund to close out positions.

#### **Taxation**

A Fund may become liable to taxes in jurisdictions in which it may make investments. Many emerging markets typically have less well defined tax laws and procedures than those of major markets and such laws may permit retroactive taxation so that the Fund could in future become subject to a tax liability that had not reasonably been anticipated in the conduct of investment activities or in the valuation of the assets of the Fund. Furthermore, taxation laws of any emerging market country may change to reflect economic conditions and accordingly there is no guarantee that these will evolve in a manner considered to be favourable to the Fund. It is possible that treaties, laws, orders, rules, regulations or any other legislation currently regulating taxation in these countries may be altered, in whole or in part, or added to. Changes in any taxation regime would have the potential to adversely affect the Fund's income from its various investments as well as adversely affecting the value of equity in which the Fund has invested and also have the potential to negatively alter the value and timing of the Fund's distributions to investors.

#### **Risk Factors Not Exhaustive**

The investment risks set out in this document do not purport to be exhaustive and potential investors should be aware that an investment in the Fund may be exposed to risks of an exceptional nature from time to time. Each Fund employs a risk management process which enables it to monitor and measure at any time the risk of the positions in the underlying portfolio and their contribution to the overall risk profile of the portfolio.

## Investment Option Summary

Qualified Hedge Fund Portfolio	Classification	Investment Objective	Risk Rating	Benchmark	Reg 28	Income Distribution	Annual Management Fee
Bateleur Long Short Prescient QI Hedge Fund	Qualified Hedge	The Fund is a long/short equity hedge fund. The Fund aims to produce returns in excess of inflation over the medium to longer-term, whilst placing a high premium in protecting capital.	Moderate	CPI Inflation +4%	No	Annual	2% plus Vat
Bateleur Market Neutral Prescient QI Hedge Fund	Qualified Hedge	The Fund is a relative value equity hedge fund that is generally positioned to be market neutral. The Fund aims to produce returns in excess of the Short Term Fixed Interest Call Deposit Index, on an annual basis, at low levels of volatility, whilst placing a high premium on protecting capital.	Low	Short Term Fixed Interest Call Deposit Index, as quoted by Bloomberg (Screen code: STEFOCAD<Index> - ("STeFI")	No	Annual	1.5% plus Vat
Bateleur Special Opportunities Prescient QI Hedge Fund	Qualified Hedge Fund	The Fund is a long/short hedge fund which aims to deliver capital growth through investing in a concentrated portfolio of value opportunities which are likely to be unlocked over a 2 to 3 year period. The fund will have a directional long bias. It aims to generate compound real returns in excess of CPI +4% p.a over a 3 year period.	High	CPI inflation + 4%	No	Annual	1% plus Vat

**Notes:**

1. The **annual management fee** is the fee charged by Prescient for managing or administering the fund.
2. The **Benchmark** is an index or measure which is used to calculate the rate of return that a portfolio needs to achieve.