

# MILLSFIELD

C A P I T A L

## **MILLSFIELD CAPITAL s.r.o.** **Investments Memorandum**

**Prague**  
**18.03.2022**

# MILLSFIELD

## C A P I T A L

### CONTENTS

<b>1. GENERAL INFORMATION „MILLSFIELD CAPITAL s.r.o.”</b>	<b>3</b>
<b>2.RISK FACTORS</b>	<b>4</b>
<b>3.USE OF PROCEEDS</b>	<b>7</b>
<b>4.CONFLICTS OF INTERESTS</b>	<b>7</b>
<b>5.FIDUCIARY RESPONSIBILITY OF THE MANAGER</b>	<b>8</b>
<b>6.COMPENSATION AND FEES TO MANAGER</b>	<b>8</b>
<b>7.INVESTMENT OBJECTIVES, RESTRICTIONS AND STRATEGIES</b>	<b>9</b>
<b>8.MANAGEMENT</b>	<b>10</b>
<b>9.OPERATING AGREEMENT</b>	<b>11</b>
<b>10.BROKERS AND OTHER PARTNERS</b>	<b>13</b>
<b>11.PROCESS OF PURCHASE AND SALE OF SHARES OF THE FUND</b>	<b>13</b>
<b>12.INVESTORS NOTIFICATIONS</b>	<b>14</b>

## Investment Memorandum of “MILLSFIELD CAPITAL s.r.o.”

Investment Memorandum of “MILLSFIELD CAPITAL s.r.o.” (hereinafter – the Memorandum) is a set of rules and restrictions of activities of « MILLSFIELD CAPITAL s.r.o.» (hereinafter - Fund/Issuer) and its Investors.

### 1. GENERAL INFORMATION “MILLSFIELD CAPITAL s.r.o.”

**Full name of the Fund:** “MILLSFIELD CAPITAL s.r.o.”;

**Abbreviated name of the Fund:** “MLSD”;

**Legal Entity Identifier:** 109 66 421;

**Registration Address:** Bílkova 855/19, Staré Město, 110 00 Prague, Czech Republic;

**Fund website:** <http://millsfield.com/>

**Fund Launch date:** June 21, 2021.

**Fund MILLSFIELD CAPITAL s.r.o.**, is a Corporation organised in accordance with the Law of the Czech Republic, executed by the Companies Register, administered by the Municipal Court in Prague, Section C, Insert No. on June 21, 2021, and in accordance with CZRECH NATIONAL BANK paragraph 596 par. E due to paragraph 15 of the Act No. 240/2013 CNB Licence Ref. No.: 2021/ 069104 /CNB /570 – The licence of Asset manager, investment funds and companies –**Company**.

The fund manager takes over the management of the fund's assets and the ability to invest in several strategies with different risk and return potential, including a hedging strategy. There are two types of commissions: management commission and success commission (see section 7 for more details).

Medium-term trading strategy includes elements of a reverse trading system.

Instruments: Index and Commodity futures on the Chicago Stock Exchange.

Depending on market conditions, Asset Managers of the Fund may adapt trading strategies, and buy/sell Investment Portfolios within one or more days. Asset Managers of the Fund will seek to avoid certain aspects of market risks, using a variety of risk management strategies.

Asset Managers of the Fund intend to use several Brokerage accounts to implement trading operations on financial markets.

#### **Directors and Asset Managers of the Fund**

*Director* of the Fund is an executive who has the right to sign internal documents and who makes all major business decisions.

*Asset Manager* is a person or a company, which makes decisions regarding investments and manages activities of the Fund. All trading and investment decisions regarding Investment Portfolio are made by Managers at their discretion.

#### **Shareholders of the Fund**

Shareholder of the Fund is an individual or a legal entity who owns Shares of the Fund. There are two types of shareholders – holders of common shares “A” (hereinafter – Shareholders) and holders of preferred shares “B” (hereinafter – Investors).

#### **Other Terms and Definitions**

*Investment Capital* – sum of invested funds by Shareholder or Investor into the equity of Fund

through purchase of Preferred shares of the Fund. The value of Investment Capital may vary depending on changes in NAV.

*Unit of Shares* – minimal sum of the Investment Capital for Investors, which is equal to \$50 000 (fifty thousand) US dollars. Number of shares in one Unit of Shares will vary depending on the price for 1 share, and is calculated as minimal sum of investment (\$50 000) divided by the price per share. If the number of Shares in the Unit of Shares is a fraction, then the number of Shares is rounded up.

*Lock-up Period* – period of time when new Investors can not sell their Shares of the Fund. This period is equal to 1 calendar quarter from the moment of the purchase of Shares of the Fund.

*Valuation Day* – a day when NAV and the price of 1 share are calculated. NAV is calculated once a quarter, on the 2nd day of the month following the current quarter.

Offering of the Fund:

*Price of 1 Share*: Net Asset Value divided by the number of outstanding Shares.

Payment: The purchase price for Units of Shares is payable on execution of the purchase conditions of this Memorandum. The payment is made in US dollars.

*Investment Capital*: By purchasing Units of Shares Investor makes a capital investment in equity of the Fund. Each Share of the Fund represents a share in Fund's assets. This share is calculated as the Investor's Shares.

*Investor's Shares* divided by the total number of outstanding Shares.

*Offering*: The Fund is offering the purchase of at least 1 Unit of Shares to Investors. New and additional replenishments into Fund's equity are implemented once a week on Mondays (before New-York market opening) at an estimated price by previous trading session close (including cryptocurrency exchanges).

Management reserves the right to purchase any number of shares of Fund. Any such purchase should be implemented at estimated price and on the same conditions as for other Investors. Being an Investor, Managers accept the distribution of profits, losses, expenses and other Investor's rights.

Base currency: United States Dollars

**Risk Warning: INVESTMENT IN FUND SHOULD BE CONSIDERED AS A SPECULATIVE INVESTMENT. IT SHOULD NOT BE CONSIDERED AS COMPLETE INVESTMENT PROGRAM. INVESTMENT IN FUND IS INTENDED FOR INVESTORS WHO HAVE ADEQUATE KNOWLEDGE OF FINANCIAL MARKETS AND ADEQUATE FUNDS (EXCLUDING POTENTIAL PROFITS FROM FUND) TO LIVE, ALSO FOR INVESTORS WHO CAN AFFORD TO LOSE ALL OR PART OF THE INVESTED CAPITAL. THERE ARE NO GUARANTEES THAT THE FUND WILL ACHIEVE ANY OF ITS GOALS.**

All other provisions on the activities of the Fund are registered in the Section 9 of this Memorandum – Operating Agreement.

## **2. RISK FACTORS**

This Offering involves a high degree of risk. This Memorandum contains certain forward-looking statements. Actual results could be materially different from those projected in the forward-looking statements as a result of the certain considerations set forth below and in this Memorandum. The following risk factors (as well as other information contained in this Memorandum) should be considered carefully before purchasing Shares of the Fund.

**Risk of Actively Trading Securities and Financial Instruments.** Active trading of financial instruments and securities involves several Factors of Risk. One of such factors is related to the execution of orders to open positions. Non-execution or incorrect execution of orders

may occur for the following reasons: technical problems of trading systems of brokers or trade facilitators; technical problems of communication and computer systems that are used by managers; high volatility in financial markets; and other factors. In connection with these risk factors the Net Asset Value of the Fund may vary.

Risk per trade could be up to 0.5%, risk / profit 1 / 3-1 / 10. A deal is opened at a certain formation in the direction of the trend at the most optimal point based on the parameters of risk management. A trade is closed after drawing a reversal formation or, in other words, breaking a trend, after which the search for the optimal point for a trade in the opposite direction begins. Thus, the strategy allows you to minimize risks, with potentially large profits and a good risk / reward ratio, without missing out on serious movements in the markets. The strategy is based on the fundamentals of market mechanics that worked 100 years ago and continues to work to this day, while adapting well to market impermanence such as volatility, etc.

The strategy works on most instruments, but for greater efficiency, the most liquid and volatile instruments are traded, such as the S&P 500 index futures. Due to the fact that capital can flow from one instrument to another in the markets, the fund reserves the right to trade any instruments at its own discretion without notifying the investor.

The use of borrowed securities and/or financial instruments may significantly increase as well as negatively affect the profitability of the Fund. While shortsales are often used to hedge positions, they also increase the risk to lose the amount greater than the amount of 3 initial margins. Sale and purchase of futures also assumes risks of financial losses.

In order to maintain marginal accounts, the Fund shall have cash or other financial instruments as margin collateral. If there is a lack of margin collateral for margin trading, a risk of missing profitable opportunities in financial markets arises. Margin trading is also associated with the risk of getting a margin call, a situation, when while having open margin positions there is an insufficient margin collateral. In this situation open margin positions may be partially or fully closed by the broker.

The Fund will also buy securities and/or financial instruments for future resale. When Managers hold a security (as a “long” position), they anticipate that the sale price of the security will go up in comparison to the Fund’s purchase price for the security. In this case, the risk is that the securities do not increase in value or the securities increase in value less than expected. As a result, the Fund would lose money or would not make as much money as anticipated. Another risk is that the securities do increase in value while the Fund is holding the stock, but by the time the Fund sells the stock, the price of the stock decreases and the Fund makes no profit. Lastly, the stock price could fall below the price at which the Fund had purchased the stock and the Fund will either have to take a loss or hold the stock until the price increases, if ever.

**Market Risks.** As the securities, Futures, investments, etc. in which the Fund investments are traded on exchange or over-the-counter, the value of such investments and the risks associated with vary in response to events that affect such markets which are beyond the control of the Fund. Market disruptions such as those that occurred in 2007-2008 could result in substantial losses to the Fund.

There is no guarantee that securities and Futures exchanges and markets can at all times provide continuously liquid markets in which the Fund can close out its positions. The Fund could experience delays and may be unable to purchase or sell securities or Futures, or exercise Futures purchased through a broker or clearing member that has become insolvent. In that event positions could also be closed out fully or partially without the Fund’s consent.

Managers may purchase a security that is or becomes illiquid for a variety of reasons (i.e., limited trading in the stock or limited number of securities holders). If a security becomes

illiquid, an Investor can not easily convert his securities holdings into cash or purchase securities holdings with cash. Accordingly, if the Fund is in a position in an illiquid security, it may not be able to sell that security at the price Managers have intended. Conversely, if a security is illiquid and Managers want to purchase the security, the Fund may not be able to purchase the security that Managers want or at a favorable price and risks losing the opportunity to profit. Managers consider liquidity to be one of the characteristics of a good investment.

**Risks Relating to Foreign Securities.** Managers intend to trade foreign securities as part of the Fund's Investment Portfolio. As foreign securities are generally denominated and traded in foreign currencies, the value of the Fund's investments in such securities will be affected by currency exchange rates and exchange control regulations. In addition, in countries with weaker reporting standards and regulations, public information about securities and issuers may be distorted and unreliable.

There are risks of nationalization or expropriation of assets; introduction of exchange rates controls; additional taxes; political or financial instability; diplomatic developments that could affect the value of Investment Portfolios with foreign assets and securities. Available legal options may be limited for investors in foreign securities. In case of default of the foreign issuer, the legal possibilities of Managers may be limited. The laws of some countries may restrict investment in certain securities.

The Fund's investments in securities of developing countries also bear serious risks, especially in cases where the financial markets regulation and legal structures of these countries are in the stage of development.

**Lack of Diversification, Investment Concentration.** The size of the Fund may make it unlikely that the Fund will be able to commit its funds to the acquisition of securities of a large number of companies or that the Fund will be able to achieve the same level of diversification as larger entities engaged in similar investment activities. From time to time, the Fund's investments may be concentrated in a particular industry, group of industries or individual issues. In such times, the Investment Portfolio will be associated with a higher level of risk, when Investment Portfolio is diversified among different companies, sectors and types of securities. Concentration of Investment Portfolio in small amount of companies, sectors or instruments is associated with higher level of risks because performance of such portfolio depends on small amount of instruments. If the analysis of Managers with respect to these companies, sectors or instruments is incorrect, there is a greater risk than with the fairly diversified Investment Portfolio.

**Reliance on Fund Managers.** Investors fully rely on active and continued participation of Abdeluakheb Melbus in managing funds of the Fund. As a result, the Fund's potential for success is expected to be completely dependent on Manager's abilities to manage the Fund's investments, and the Fund would be severely and adversely affected and would probably be liquidated in the event the Fund lost Manager's services for any reason. All decisions regarding Managers. Investors do not have the right to participate in the decision making process regarding the Investment Portfolio. Thus, any Investor should not buy Shares of the Fund, if one is not ready to entrust his capital (in the amount of the purchased interest) to Managers.

**Risks Associated with Strategies and Methodologies.** Generally, every fund manager has its own strategies and methodologies for trading securities and conducting trades. If Manager's strategies and methodologies are flawed or become flawed or outdated, there is an increased risk that the use of such strategies and/or methodologies will result in a loss to the Fund. Managers, based on their strategies and methodologies, may misjudge the entry point into the market of a certain security. In such event, Managers may choose to initiate the position in a particular security by inaccurately assessing the entry point, which is critical to ensure that

there is price movement between purchase and sale. If Managers do not effectively use stop loss placement, which triggers the highest or lowest price at which the Fund will buy or sell the securities in question, then this poses a risk of loss to the Fund. There is a further risk of loss to the Fund if Managers do not optimally manage profitable securities transactions by failing to invest enough of the Fund assets in those types of successful transactions, or poorly invest the proceeds from profitable trades.

**Lack of Opportunity for Investors to Evaluate Investments.** The proceeds from this Offering and any reinvested Fund assets will be invested in securities and investments that have not yet been selected by Managers. Therefore, prospective Investors will not have an opportunity to evaluate for themselves the relevant economic, financial, and other factors regarding investments and will have to rely completely on the ability of Managers with respect to the selection of investments.

**Effects of Larger Positions in any Investment.** As far as the Fund takes larger positions in the securities of particular companies, it may experience difficulty in making and liquidating its investment without adversely affecting the prices at which it buys and sells the securities.

**Fund Withdrawals and Potential Lack of Liquidity.** Investors cannot withdrawal Investment Capital during the current quarter after the purchase of Shares of the Fund. Also, there is a liquidity risk, when the Fund may not be able to timely satisfy Investor's order to withdraw funds because of the lack of liquidity at that time.

**Effects of Funds Withdrawals.** Investor's funds withdrawals may require the liquidation of some or all Investment Portfolios of the Fund that could adversely affect the profitability of the Fund.

**Fund's Expenses.** Managers intend to use aggressive trading strategies with high asset turnover rates, which will generate high brokerage fees compared to more moderate trading strategies.

**No Assurance of Profits.** Fund Managers and Directors do not guarantee to generate any profits. Managers and Directors are not liable to Investors and other parties for any losses generated by the Fund.

### **3. USE OF PROCEEDS**

Funds received from the sale of Shares of the Fund will be used to purchase Investment Portfolios and to pay expenses related to the functioning of the Fund, facilitating trading and other activities.

### **4. CONFLICTS OF INTERESTS**

The structure and proposed method of operation of the Fund will create certain inherent conflicts of interest between Managers of the Fund and Investors. Such conflicts include, but are not limited to, the following:

**Conflicts Related to Investment opportunities.**

Managers may be directors, officers or financial advisors in other financial institutions with similar objectives and investment rules. Such institutions may compete with the Fund for investment opportunities. The Fund may invest in Investment Portfolios, which are considered suitable by Managers. If Managers participate in other investment institutions, such Investment Portfolios may be distributed between the Fund and other institutions.

**Other Activities.**

The Fund's Asset Managers, with the consent of the Director, may hold positions in other institutions; therefore, they have certain amount of time to manage funds of the Fund. This may result in possible conflict of time. Managers will resolve this conflict by effective time

management and allocation of sufficient time for effective management of assets of the Fund. Compensation and Reimbursement of Expenses, Regardless of the Distribution of Funds. Managers will receive compensation from the assets of the Fund for services, regardless of the distributions of any sums to Investors.

## 5. FIDUCIARY RESPONSIBILITY OF THE MANAGERS

Managers should exercise good faith and integrity in performing its duties as Asset Managers of the Fund. Managers shall perform asset management of the Fund in accordance with the Memorandum of the Fund in the economic interests of Investors. Managers are required to carry out the valuation, accounting for movements and composition of assets of the Fund, as well as the periodic calculation of the value of the Shares of the Fund. Once a quarter Managers are required to inform investors about the composition of assets and the Net Asset Value of the Fund and estimated value of the Shares of the Fund, in accordance with the memorandum of the Fund. Managers continue to manage assets of the Fund until the termination of the Fund's activities or other related changes are entered into force by the amendments in the Memorandum.

## 6. COMPENSATION AND FEES TO MANAGERS

Managers will receive compensation and fees for management and the services provided in the following way:

*Management Fee.* In accordance with memorandum, Managers will receive Management Fee, which is calculated and payable each quarter for the asset management services, regardless of the performance of the Fund. The amount of the Management Fee is equal to 0.5 % per quarter of the Net Asset Value as of the end of the billing quarter. Calculation is performed every day using the formula: 0.5 % divided by the number of days in current quarter. The Management Fee is charged at the end of the quarter. The Management Fee is payable in three (3) business days after the end of billing quarter.

*High Water Mark or HWM* - The higher of (a) the Initial Offering Price, and (b) the highest NAV per Share on which a performance fee was paid.

*Performance Fee.* In accordance with the Memorandum, Managers will receive a Performance Fee: 20% of the net return in excess of the High Watermark in case the net return does not exceed or is equal to 10%, or 50% of the net return in excess of the High Watermark in case the net return is higher than 10%.

Performance Fee will be calculated as follows:

The HWM is the higher of (a) the Initial Offering Price, and (b) the highest NAV per share on which a performance fee was paid.

At the end of the period for which Performance Fee is to be calculated, the Performance Fee for each Share will be equal to 20% of the appreciation of the Gross Asset Value per Share above the set HWM in case the net return does not exceed or is equal to 10%, or 50% of the net return in excess of the High Watermark in case the net return is higher than 10%. Each "Calculation Period" shall be a quarterly period ending.

The Performance Fee will be accrued on every Valuation Day and is payable quarterly in arrears normally within 14 calendar days of the end of each Calculation Period.

The initial Offering price represents the first High Watermark. If, at the end of the first financial period (determined separately for each Share Class), the Net Asset Value per Share of the Share Class exceeds

its respective High Watermark (i.e. its initial Offering price) and its set Hurdle, a

Performance Fee is due. Otherwise, no Performance Fee is due for the first financial period. The directors may decide that performance fee is calculated and payable monthly/ once in a half year/ once a year, by approving resolution in writing.

Certain administrative and overhead expenses related to functioning of the Fund will be paid as they occur. All expenses (including Management Fee and Performance Fee) are paid at the expense of the Fund's assets.

Custody Fee is being paid according to fee schedule established..

Certain administrative and overhead expenses related to functioning of the Fund will be paid as they occur. All expenses (including Management Fee and Performance Fee) are paid at the expense of the Fund's assets.

Custody Fee is being paid according to fee schedule established.

## **7. INVESTMENT OBJECTIVES, RESTRICTIONS AND STRATEGIES**

The aim of the Fund is to manage the money of investors and increase the cost of capital by increasing the Net Asset Value through active trading in stocks, fixed income securities, futures contracts, bonds and other financial instruments. Managers intend to use various trading and investment strategies (including, but not limited to): long-term and short-term trading strategies in different market sectors; hedging; short-sales of financial instruments. There can be no guarantees that the Fund will achieve all or several of its objectives. After selling any of the Investment Portfolios, Managers at their sole discretion can and intend to reinvest any profits into other Investment Portfolios rather than distribute profits among Investors.

*Investment Objectives.*

The Investment Objective of the Fund is to endeavour to maximize return on investment in distressed assets (up to 100% of maximal leveraged exposure), and realization of derivative strategies, including, but not limited by:

Analyzing global macro trends and asset trends including market indexes and index funds.

Identifying moments of local overbought or oversold conditions on an asset using an established set of metrics.

Any type of security of any risk/return profile may be held by the Fund. The net proceeds from the Investors will be invested in accordance with the investment objectives and policies.

*Investment Restrictions*

The Fund shall not enter into CFD contracts.

The Fund shall not enter into OTC derivatives contracts.

The maximum leverage exposure calculated by Commitment Method shall be 1:10

*Fund's Investment Strategies*

All investment decisions will be made by Managers. In order to fulfill investment objectives Managers will employ various investment strategies and methodologies. Actual combination of the Investment Portfolio at any given moment of time will depend on current market conditions and relative characteristics of risk/reward ratio of particular investment. Main investment strategy will be based on several methodologies. Managers will use fundamental, technical and behavioral analysis of securities and their derivatives in order to form forecasts about future price movements of these instruments. Based on the combination of these methodologies and analyses, Managers will make decisions regarding the purchase and/or sale of the instrument and the position entry point.

Managers may use recommendations of financial analysts and advisors when making investment decisions. Such analysts and advisors use fundamental, technical and/or behavioral analysis as the basis for recommendations. Fundamental analysis generally includes

comparisons of price-to earnings ratios versus anticipated growth rates, current capitalizations versus book values, and insider buying and selling trends. Technical analysis generally involves the monitoring of moving averages, trend lines, support and resistance areas, and break-out points. The Fund Manager intends to combine any market advisory assistance together with its own computer assisted revenue and earnings analyses of the overall market, industry sectors and individual securities to determine short-term and intermediate-term growth potential and trends.

Managers reserve the right to alter any Fund investment policy or strategy as it deems appropriate from time to time in its discretion without requiring Investor's approval.

**Margin Accounts.** The Fund will maintain one or more margin accounts through its clearing broker, which would allow the Fund to borrow money on marginable securities in the Fund's account using credit extended by the clearing broker. Margin is the amount the Fund pays when using the clearing broker's credit to purchase a security. The Fund intends to make use of margin borrowing to leverage the Fund's holdings at such times and in such amounts as Managers determine appropriate, although Managers will likely not use 100% of its available margin borrowing capacity in order to avoid forced asset liquidation and to maintain investment power in case of a general rise or fall in the market. Moreover, an Investor will not be required to make additional contributions to capital, will not be personally liable for the Fund debts and will not be subject to margin calls.

**Profit Potential in Declining Markets.** The Fund has the potential to make profits during periods when stock and other financial instruments prices are generally falling. Such potential is available due to the Fund's ability to sell securities "short".

**Cash Positions.** The Fund's assets (other than those required for immediate operating expenses) may be invested fully in securities and other investment instruments, may be held fully in cash or cash equivalents, may be partially invested and partially held in cash, or may be fully or partly committed to short positions in securities and similar positions in other investment instruments, according to Manager's opinion on the requirements of the circumstances.

**Moderate Diversification and Concentration.** Managers expect moderate diversification of the Fund's securities positions, although Managers may determine not to strive for moderate diversification from time to time. Managers may also determine at times to concentrate Fund investments in securities relating to companies engaged in the same industry or group of industries.

**Trading on any Exchange.** Except as set forth in this Memorandum, Managers, in their sole and independent discretion, may trade in any securities and investments it chooses and which are traded on any exchange including, but not limited to, the NYSE, any of the NASDAQ markets (i.e., National Market, Small-Cap Market, Electronic Bulletin Board, "Pink Sheets", etc.), the American Stock Exchange, the Chicago Mercantile Exchange — CME, the New York Mercantile Exchange — NYMEX, Intercontinental Exchange (ICE), London International Financial Futures and Options Exchange — LIFFE and other. Managers will use the Fund's assets to purchase and sell securities through various trading accounts. The Fund may also trade stock that has not been listed on a market through an initial public offering.

## **8. MANAGEMENT**

Directors of the Fund are Abdeluakheb Melbus.

Director may be an authorized person and/or officer in other organizations.

Asset Manager of the Fund is Abdeluakheb Melbus. Manager may be an authorized person

and/or officers in other organizations.

## 9. OPERATING AGREEMENT

The following section contains general provisions of the agreement on activities between the Fund and Investors.

**Limited Voting Rights of Investors.** There are two types of shareholders – holders of common shares (Shareholders) and holders of preferred shares (Investors). Shareholders have the voting rights in the process of decision making about the activities of the Fund. Shareholders are the last beneficiaries in case of the liquidation of the Fund's assets. Any person who can afford the purchase of the minimum volume of Shares of the Fund may be an Investor of the Fund. Investors do not have the voting rights in any decisions by the Fund. Investors are second beneficiaries after the debt holders in case of liquidation of the Fund assets.

**Assignability of the Status of the Investor.** Status of the Investor of the Fund can be assigned by the purchase of Shares of the Fund.

**Manager's Other Activities.** This agreement admits that Managers may invest on their own (using personal brokerage accounts), may be associated with other investment organizations, may be managers in other funds, and may engage in other activities. Managers are not prohibited to engage, partake, and spend time and attention to manage other companies and organizations with similar or different activities. Such activities may provide opportunities to profit for Managers and organizations in which they are engaged. The use of such opportunities may not be extended to the Fund, and Managers do not bear any liability to Investors for not using such opportunities. Managers may also use such opportunities for the Fund.

**Limited Liability of the Investors.** Investors do not bear any responsibility for any debts and liabilities of the Fund for the amount greater than the value of Invested Capital.

**Liabilities of Managers and Indemnification.** Managers do not bear any liability for any damages to the Fund or Investors due to any actions or inactions within rights and authorities set forth by this Memorandum including results of any investments made by the Fund.

*Admission of New Investors and Additional Capital Contributions.* The Fund may admit new Investors and additional capital of existing Investors once a week on Mondays. The condition of admission of new Investors and additional Investment Capital of existing Investors is the payment of the sum equal to the value of purchase share and all related commissions.

**Storage Accounts for the Shares of the Fund.** Shares of the Fund are stored on personal accounts of Investors at the European licensed broker – EXT LTD (Exante) or other trading systems. Purchase and sale of Shares of the Fund is executed through trading systems of EXT LTD (Exante) or other trading systems.

*Administratort or maintaining the register of shareholders.* Maintaining the register of shareholders and dealing with the accounting of the share of all investors. The accounting of shares and all received or withdrawn investments is kept by the Licensed Administrator of the fund - ESTM LTD. ESTM LTD Administrator keeps records of the shares of all received or withdrawn investments (NAV) and is responsible for maintaining the register of the fund's shareholders.

*Shareholder's and Investor's Register.* Director Abdeluakheb Melbus will keep the register of Shareholders of the Fund by itself.

*Manager's Compensation.* Managers will receive compensation and commission in the form of Management Fee and Performance Fee as described in the Section 6 of this Memorandum "Compensation and Fees to Managers".

**Expenses.** Managers are authorized to bear costs associated with the management and

operation of the Fund at the expense of assets of the Fund.

Calculation of Net Asset Value. Net Asset Value is calculated at the Valuation Days as follows: Adding the following to the total value of aggregate investments: uninvited cash; prepayments of expenses which will be amortized in the future; and other assets.

Subtracting from the assets above the aggregate sum of all liabilities according to accounting principles.

The resulting sum is considered to be the Net Asset Value (NAV) of the Fund at the Valuation Day. Net Loss or Net Profit for any given period of time is the difference between the NAV at the beginning of the period and the NAV at the end of the period. Any increase in NAV (except for new and/or additional contributions) is a Net Profit, and any decrease in NAV (except for withdrawals of funds by Investors and Shareholders) is a Net Loss.

Valuation of Assets of the Fund. Assets of the Fund are valued as follows:

If there are quotes from the nominal holder of assets, assets are valued according to the provided quotes:

Securities for which market quotations are available are valued at their closing sale price on the primary market on the Valuation Day (or, if on such date securities markets were closed, then the last preceding business day on which they were open).

Securities traded in the over-the-counter market for which no sales quotations are generally available are valued at the closing bid price if held long or closing ask price if sold short on the Valuation Day (or last preceding business day, if securities markets were closed).

Securities generally traded on an established securities market but for which there is no recorded sales information or quotations of bid and asked prices on the Valuation Day (or, if applicable, last preceding business day) are valued by Managers in good faith with reference to (i) the most recently reported sales or bid and asked prices, (ii) bid and asked price information as of the Valuation Day not generally reported but secured from a reputable broker or investment banker, and (iii) such other information that Managers consider relevant in good faith.

Securities not listed or traded on any exchange or in the over the counter market are considered as having no ascertainable market value and are valued at cost or at fair value based on information available to Managers regarding the value of such securities.

An investment purchased and pending receipt against payment, is included for valuation purposes as an asset held, and cash accounts are adjusted by the deduction of the purchase price, including broker's commissions or other expenses of the purchase. An investment sold but not delivered pending receipt of proceeds shall be valued at the net sales price. For the purpose of valuation of an investment, excluding investment sold but not delivered, no deduction is made from the value determined above for broker commissions or other expenses that would be incurred when sold.

Calculation of the Price of One Share. Calculation of the Price of 1 Share of the Fund is performed on Valuation Days. The Price is calculated by dividing NAV available at current Valuation Day by the Number of Outstanding Preferred Shares.

Distribution of Profits and Losses. Profits and losses are distributed directly through the value of the Investor's share. The value of the Investor's share will fluctuate every day proportionally to changes in Net Asset Value of the Fund taking into account profits and losses from daily trading activity and arising operating costs.

Funds Withdrawals and Purchase of Additional Shares. This Memorandum allows Investors to withdrawal all or part of the Investment Capital; however, Investors cannot withdrawal Investment Capital during the first calendar quarter from the moment of the initial purchase. Because prices of financial instruments in Investment Portfolio always fluctuate, it is possible that the order to withdrawal funds will be executed at the calculated NAV that is different

from the NAV at the time of the order placement.

Existing Investor may purchase Additional shares and New Investor may purchase Shares as follows. Minimum Unit of Shares for the purchase is equal to \$50 000 USD. The number of Shares in 1 Unit of Shares will fluctuate depending on the fluctuations in NAV and, therefore, on changes in the price of 1 Share. Purchase and sale of Shares of the Fund is performed through the trading systems of EXT LTD (Exante) or other trading systems and brokers.

Liquidation of the Fund. This Memorandum allows the liquidation of the Fund according to the decision of Directors of the Fund. As reasons to liquidate the Fund may be following factors: termination of Managers's duties and inability to replace Managers; identification of adverse conditions for investing activities on financial markets; political turmoil and other force majeure situations (natural disasters, war, and other); decrease of NAV below 50%; and other factors.

During the liquidation of the Fund assets of the Fund are distributed in the following order: first of all, liabilities to creditors are repaid; then obligations to the Investors are repaid; finally, all obligations to the Shareholders are repaid.

Term of the Fund. The Fund continues its operations until the decision to terminate the Fund which is made by the Directors of the Fund.

Investors agree with terms and conditions of this Operating Agreement and Memorandum in general by purchasing Shares of the Fund. Investors exit this agreement by selling Shares of the Fund.

## **10. BROKERS AND OTHER PARTNERS**

The Fund will use services of several brokerage firms and other companies that will provide the functioning of the Fund. Therefore, the Fund will pay for the services provided by the brokers and partners at the expense of the Fund's assets.

The following is the general information about main brokers:

EXT LTD (Exante)

EXT LTD (Exante) is a licensed European broker regulated by European MiFID. Main function of the EXT LTD (Exante) is the listing of the Shares of the Fund in their trading systems. Investors may purchase Shares of the Fund if they have personal brokerage accounts at EXT LTD (Exante) or at other trading systems and brokers.

Fund may also have account and counter-party relationships with other brokers.

## **11. PROCESS OF PURCHASE AND SALE OF SHARES OF THE FUND**

Purchase and sale of the Shares of the Fund is possible through the brokerage account at EXT LTD (Exante). After the Investor opens and deposits funds to his brokerage account, he may find the Share ticker of the Fund in the trading platform of Exante. To buy (Subscribe) or sell (Redeem) Shares, Investors can fill out the Subscription/Redemption forms provided by Exante. Managers and Exante personnel start to process the orders and execute transactions on Valuation Days. Total process of Subscription/Redemption of Shares may take up to 5 business days.

Minimal amount to purchase Shares of the Fund is equal to \$50 000 USD. Minimal amount to sell Shares is equal to 1 Share. Investor must notify Managers about the intention to sell his Shares not later than 5 business days before intended transaction. Sale or purchase of shares of the fund is possible no more than once a week. When buying and selling Shares of the Fund through Exante trading systems additional commissions and charges for brokerage services

may occur.

The evidence of shareholding share are Preferred Shares of the Company, issued in accordance with Minutes Book of the Company, corresponding with Investor Shares at ratio prescribed by the Director.

The Director shall be entitled to issue fractional shares to three decimal places. The Company may issue fractional shares in accordance with the articles and regulations prescribed from time to time. Fractional shares issued by the Company shall have no voting rights.

The Directors shall exercise all the powers of the Company to allot or issue Shares in the Company.

No person shall be recognized by the Company as holding any Shares on trust and the Company shall not be bound by or recognize (even when having notice thereof any equitable, contingent, future or partial interest in any Shares or (except only as otherwise provided herein or as may be required by law) any other right in respect of any Share, except an absolute right of title thereto in the registered holder. Nothing in the foregoing shall be construed as prohibiting the Company from recognizing and/or acknowledging a pledge on its Shares.

The Directors shall not be bound to register more than four persons as joint holders of any Share or Shares. In the case of a Share or Shares held jointly by several persons, the Directors shall not be bound to issue more than one written confirmation of ownership or Share certificate (if requested) for a Share or Shares and the delivery thereof to the first named of several joint holders shall be sufficient delivery to all.

## **12. INVESTORS NOTIFICATIONS**

The Fund will send statements about quarter changes in NAV at the beginning of each quarter following the billing quarter. Statements will be sent using electronic mail services to personal e- mail addresses of Investors.

Managers reserve the right to make changes in this Investment Memorandum. The notice of such changes will be sent to Investors in a timely fashion, so that Investors could sell Shares of the Fund in case of disagreement with the changes.

Director  
Abdeluakheb Melbus

18.03.2022

---