

**HFMX DESIGNATED ACTIVITY COMPANY**

**SERIES MEMORANDUM**

**SANTORINI PROJECT (SERIES 284) NOTES DUE 2029  
ISSUED UNDER ITS HFMX PROGRAMME**

**DATED 30 JANUARY 2019**

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## 1 GENERAL

This Series Memorandum (as used herein, this “**Series Memorandum**”) is prepared in connection with the EUR 5,000,000,000 Secured Note Programme (the “**HFMX Programme**”) of HFMX Designated Activity Company (the “**Issuer**”) and is issued in conjunction with, and incorporates by reference the contents of, the Programme Memorandum dated 15 August 2018 relating to the HFMX Programme (the “**Programme Memorandum**”).

Neither this Series Memorandum nor the Programme Memorandum constitutes a prospectus for the purposes of the Prospectus Directive.

This document should be read in conjunction with the Programme Memorandum and the Master Conditions (2018 Edition). Save where the context otherwise requires, terms defined in the Programme Memorandum have the same meaning when used in this Series Memorandum.

Subject as set out below the Issuer accepts responsibility for the information contained in this Series Memorandum other than the information in sections:

1. Information relating to the Portfolio Management Agreement;
2. Information relating to the Arranger, Charged Assets Realisation Agent and Calculation Agent;
3. Information relating to the Placing Agent;
4. Information relating to the Charged Assets; and
5. The Private Offering Memorandum.

To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), such information for which it accepts responsibility contained in this Series Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer confirms that the information in the sections referred to in 1 to 5 above has been accurately reproduced from information provided by (a) the Portfolio Manager (in respect of 1.), (b) the Arranger, Charged Assets Realisation Agent and Calculation Agent (in respect of 2.), (c) the Placing Agent (in respect of 3.) and (d) the Company (in respect of 4. and 5.), and as far as the Issuer is able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Series Memorandum does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Series Memorandum in any jurisdiction where such action is required.

No person has been authorised to give any information or to make representations other than those contained in this Series Memorandum in connection with the issue or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Arranger, the Trustee or any of them or any other person. Neither the delivery of this Series Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

The Trustee has not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking is made, whether express or implied, and no responsibility or liability is accepted by the Trustee as to the accuracy, completeness or nature of the information contained in this Series Memorandum, the Private Offering Memorandum or with respect to the legality of investment in the Notes by any prospective investor or purchaser under applicable legal investment or similar laws or regulations.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the provisions set out within this Series Memorandum and the Programme Memorandum.

For as long as the Notes remain outstanding, copies of the following documents will be available to Noteholders for inspection in physical form during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer:

1. This Series Memorandum and the Programme Memorandum;
2. The Master Documents;
3. The Constituting Instrument dated the Issue Date; and
4. The Certificate of Incorporation and the Constitution of the Issuer.

**The Notes, which are described in this Series Memorandum, have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or the securities laws of any of the States of the United States. Accordingly, the Notes are being offered and sold only in bearer form pursuant to the exemption afforded by Regulation S promulgated under the Securities Act solely outside of the United States and solely to non-US persons and in specific reliance upon the representations by each Noteholder that (1) at the time of the offer and sale of the Notes to the Noteholder, the Noteholder was not a US Person as defined in Regulation S promulgated under the Securities Act, and (2) at the time of the offer and sale of the Notes to the Noteholder and, as of the date of the execution and delivery of the purchasing or subscription agreement by the Noteholder, the Noteholder was outside of the United States. The Notes may not be offered or sold in the United States or to US Persons (as defined in Regulation S) unless the securities are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. The Notes are subject to certain United States tax law requirements.**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), an offer of Notes to the public has not and may not be made in that Relevant Member State.

The Notes are illiquid investments, the purchase of which involves substantial risks. Any investor investing in the Notes should fully consider, understand and appreciate those risks.

**Purchasers of Notes should conduct such independent investigation and analysis regarding the Issuer, the Charged Assets, the Private Offering Memorandum and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes, as the Notes described in this Series Memorandum may not be suitable for all purchasers of Notes. Purchasers of Notes should have sufficient knowledge and experience in financial, taxation, accounting, capital treatment and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the**

information contained in this Series Memorandum and the merits and risks of investing in the Notes in the context of their financial and regulatory position and circumstances. This Series Memorandum does not describe all of the risks and investment considerations applicable to an investment in the Notes. The risks and investment considerations identified in this Series Memorandum are provided as general information only and the Issuer disclaims any responsibility to advise purchasers of Notes of the risks and investment considerations associated with the purchase of the Notes as they may exist at the date hereof or as they may from time to time alter.

**PARTICULAR ATTENTION IS DRAWN TO THE SECTION OF THIS SERIES MEMORANDUM HEADED “RISK FACTORS”.**

## **2 DOCUMENTS INCORPORATED BY REFERENCE**

The Programme Memorandum is incorporated in, and shall be taken to form part of this Series Memorandum. This Series Memorandum must be read and construed in conjunction with the Programme Memorandum and shall be deemed to modify and supersede the contents of such document to the extent that a statement contained herein is inconsistent with such contents.

## **3 RISK FACTORS**

### **3.1 General**

The purchase of the Notes involves substantial risks. Each prospective purchaser of the Notes should be familiar with instruments having characteristics similar to the Notes and should fully understand the terms of the Notes and the nature and extent of its exposure to risk of loss.

Before making an investment decision prospective purchasers of the Notes should conduct such independent investigation and analysis regarding the Issuer, the Portfolio Manager, the Charged Assets, the Private Offering Memorandum, the Notes and all other relevant persons and such market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Notes. As part of such independent investigation and analysis, prospective purchasers of Notes should consider carefully all the information set forth in this Series Memorandum and in the Programme Memorandum and the considerations set out below.

Investment in the Notes is only suitable for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the information contained in this Series Memorandum and in the Programme Memorandum and the merits and risks of an investment in the Notes in the context of the investor’s own financial circumstances and investment objectives.

Investment in the Notes (or a participation therein) is only suitable for investors who:

1. are capable of bearing the economic risk of an investment in the Notes (or a participation therein) for a period up to and until the redemption of the Notes;
2. are acquiring an interest in the Notes (or a participation therein) for their own account for investment, not with a view to resale, distribution or other disposition of such interest (subject to any applicable law requiring that the disposition of the investor’s property be within its control); and

3. recognise that it may not be possible to make any transfer of the Notes (or a participation therein) for a substantial period of time, if at all.

Each of the Issuer and the Arranger may, in its discretion, disregard interest shown by a prospective investor even though that investor satisfies the foregoing suitability standards.

**Each prospective investor should ensure that it fully understands the nature of the transaction into which it is entering and the nature and extent of its exposure to the risk of loss of all or a substantial part of its investment. Attention is drawn, in particular, to the Conditions in the Master Conditions (2018 Edition) entitled 'Security' and 'Enforcement and Limited Recourse' and the sections in this Series Memorandum entitled 'Information relating to the Portfolio Management Agreement' and 'Information relating to the Charged Assets'.**

### 3.2 Risks relating to the Issuer and Transaction Parties

#### Special purpose company

The Issuer is a special purpose company and has been established for the purpose of issuing multiple Series of secured Notes under the HFMX Programme. The Issuer has issued share capital only in the amount of EUR 1 (one euro). Should any unforeseen expenses or liabilities (which have not been provided for) arise, the Issuer may be unable to meet them, leading to an Event of Default under the Notes.

There is no certainty that Noteholders will recover any amounts payable under the Notes. Due to the limited recourse nature of the Notes (see 'Limited recourse' below), claims in respect of the Notes are limited to the proceeds of enforcement of the Mortgaged Property after the deduction of any applicable expenses. In addition, if a claim is brought against the Issuer (whether under statute, common law or otherwise) which is not subject to such contractual limited recourse provisions, the only assets available to meet such claim would be the proceeds of the issuance of the Issuer's ordinary shares and any transaction fees (see 'Fees' below), to the extent any remain as at the date of such claim and are available to meet such claim. The only other assets of the Issuer will be the assets on which each Series is secured, which will be subject to the prior security interests of the relevant Noteholders, any other secured parties under that Series.

#### Limited recourse

The Notes will be limited recourse obligations of the Issuer secured on the Charged Assets and are not or will not (as the case may be) be obligations or responsibilities of, or guaranteed by, any other person or entity. **For the avoidance of doubt, none of the Trustee, the Arranger, the Portfolio Manager, any other Agent appointed by the Issuer or any other person has any obligation to any Noteholder for payment of any amount by the Issuer in respect of the Notes. There is no person that guarantees to Noteholders that they will recover any amounts payable under the Notes.**

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent on the receipt by the Issuer of moneys due to it under the Charged Assets. The Noteholders shall have no recourse to the Issuer beyond the moneys derived by or on behalf of the Issuer in respect of the Charged Assets. To the extent that investment by the Issuer in the Charged Assets held by the Issuer results in such investment being less than the obligations of the Issuer under the Notes, the Issuer will have insufficient funds available to meet its obligations in respect of the Notes. In such event, any shortfall would be borne by the Noteholders in accordance with the priorities specified in the Conditions. See 'Nature of the investment' below.

For the avoidance of doubt, Notes are not, and do not represent or convey any interest in the Charged Assets nor do they confer on the Noteholder any right (whether in respect of voting, dividend or other distribution) which a holder of any Charged Assets may have had. The Issuer is not an agent of the Noteholder for any purpose.

#### Liability for the obligations of other Series

The Issuer has undertaken not to incur any obligations with respect to any other Series of Notes unless recourse in respect of such obligations is limited to the proceeds of enforcement of the Security over the assets of the Issuer on which such obligations are secured (which assets shall exclude the Mortgaged Property securing any other Series of Notes). Nevertheless, to the extent there are any creditors with respect to a Series of Notes whose recourse is not so limited Noteholders may be exposed to risks incurred for the account of other Series.

### **3.3 Risks relating to the Notes**

#### Nature of the investment

These Notes are not principal protected and are a high-risk investment in the form of a debt instrument. The Noteholders are neither assured of repayment of the capital invested nor are they assured of payment of a stated rate of interest or of any interest at all. The Notes give Noteholders exposure to the Series Assets, see “*Information relating to the Charged Assets*” below.

Any payments to be made on the Notes depend on the value of the Charged Assets held by the Issuer, which is the value of the amounts received by the Issuer in respect of the Charged Assets. Should the Charged Assets decrease in value, Noteholders will incur a partial or total loss of their investment. Even if the Charged Assets increase in value, Noteholders may incur a partial or total loss of their investment to the extent that the appreciation of the Charged Assets is not sufficient to account for fees, costs and expenses of the Issuer.

In certain circumstances, described in the Conditions of the Notes, the Notes will be redeemed early pursuant to a Mandatory Redemption Event, or an Additional Mandatory Redemption Event or Optional Redemption and Noteholders shall be entitled to receive only such amount as is available following the sale, redemption or other means of realisation of the Charged Assets, subject to the provisions of the Notes described under ‘Limited recourse’ above.

In general, redemption payments to be made on the Notes are calculated with reference to the value of the Charged Assets. However, if and to the extent that the amount payable by the Issuer in accordance with the Notes to the Noteholders is greater than the amount received by the Issuer in respect of the redemption of the Charged Assets, the Noteholder shall be entitled to receive only its pro rata share of such amount as is received by the Issuer under the Charged Assets after deduction of any applicable costs and expenses.

#### Change of law, tax and administrative practice

The structure of the transaction and, *inter alia*, the issue of the Notes are based on law, tax and administrative practice in effect at the date hereof, and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that law, tax or administrative practice will not change after the Issue Date or that such change will not adversely impact the structure of the transaction and the treatment of the Notes.

## Fees

In addition to the fees due to the Trustee and any Agents, and any other transaction related fees incurred by the Issuer in respect of the issuance of the Notes, the amounts payable under the Notes are based on the performance of the Charged Assets after deduction of certain fees, which is further described in Special Condition 5.8 of the Notes. The fees may be applied in calculating the value of the Portfolio and therefore may result in a reduction in the value of the Notes.

In connection with the offer and sale of the Notes, the Arranger or any of its associated companies may, directly or indirectly, pay fees in varying amounts to third parties or, as the case may be, receive fees (including but not limited to distribution fees and retrocessions) in varying amounts, including, from third parties (which may include any Transaction Participants as defined below). Each Noteholder acknowledges that the Arranger or any of its associated companies may retain all or part of such fees.

## Foreign exchange risk

The Notes are denominated in USD. The Charged Assets may be denominated in US dollars, euros, or any other currencies. The Issuer will effect foreign exchange transactions to convert amounts received in respect of the Charged Assets into USD in order to meet its payment obligations under the Notes. In order to mitigate the foreign exchange risk the Portfolio Manager may on behalf of the Issuer enter into foreign exchange hedging transactions with such banks and other providers of treasury products ("**Derivatives Counterparties**") as may in the sole discretion of the Issuer or the Portfolio Manager be appropriate given the Charged Assets and the obligations of the Issuer under the Notes. Accordingly, the Issuer and the Noteholders may be exposed to credit risk of such Derivatives Counterparties providing foreign exchange hedging to the Issuer.

## Optional Redemption by the Issuer

Investors in the Notes should be aware that the Issuer has the option to, and shall if given notice by the Arranger, redeem any amount of the Notes at their Early Redemption Amount on the Optional Redemption Payment Date, subject to the notice requirements set out in the Conditions. Such notice may only be revoked by the Issuer at any time prior to the Optional Redemption Date with the consent of the Trustee in accordance with the Conditions.

## Restrictions on Transfer

The Notes are subject to restrictions on transfer, as described in the 'Subscription and Sale' section of the Programme Memorandum and 'Selling Restrictions' section of this Series Memorandum. In particular, the Notes have not been registered under the Securities Act, under any US state securities or 'Blue Sky' laws or under the securities laws of any other jurisdiction and are being issued and sold in reliance upon exemptions from registration provided by such laws. No Note may be sold, assigned, participated, pledged or transferred unless such sale, assignment, participation, pledge or transfer (a) is exempt from the registration requirements of the Securities Act (for example, the exemption provided by Rule 144A under the Securities Act or the exemption provided by Regulation S under the Securities Act and applicable state securities laws) and (b) is in compliance with the transfer restrictions and certification requirements described in the "Subscription and Sale" section of the Programme Memorandum and the "Selling Restrictions" section of this Series Memorandum.

## Arranger default



The Notes will be redeemed if the Arranger is dissolved or becomes unable to perform its obligations in relation to the Notes unless a substitute arranger (the "**Substitute Arranger**") is appointed by the Issuer within 90 days of such event.

## Payments

Payments under the Notes will only be made after receipt of the Realisable Value by the Issuer. The date of payment of the redemption amount under the Notes is therefore not fixed. Payment of redemption amounts under the Notes depends on the realisation of or the liquidation of the Charged Assets. It may take a considerable period of time to redeem the Charged Assets, in particular in the case of a redemption pursuant to an Early Redemption. Noteholders may only receive payment of the relevant redemption amount under the Notes significantly later than the specified redemption date of the Notes.

## Liquidity

No secondary market for the Notes currently exists. Prospective purchasers of the Notes should therefore recognise that they may not be able to liquidate their investment in the Notes. Investment in the Notes is therefore only suitable for investors who are capable of bearing the economic risk of an investment in the Notes for an indefinite period of time and are not acquiring the Notes with a view to a potential resale, distribution or other disposition at some future date.

Application has been made to list the Notes on the Third Market of the Vienna Stock Exchange. Listing is expected to take place on or about the Issue Date but no assurance can be given that such application will be granted. Even if the Notes are listed, there is no assurance that a secondary trading market or liquidity will develop.

## Extended Maturity Date

The term of the Notes may be extended for further periods of up to ten (10) years, provided that, at the request of the Issuer, the Calculation Agent, on behalf of the Issuer, has given a notice (the "**Extension Notice**") to the Trustee, the Principal Paying Agent and the Noteholders not less than one (1) calendar month prior to the Maturity Date or the Extended Maturity Date if applicable, stating that such extension shall take place in respect of the Notes. If no Extension Notice, or no further Extension Notices (if applicable) are delivered by the Calculation Agent, the Notes shall be redeemed on the Maturity Date or on the date stated in the final Extension Notice (such date being the "**Extended Maturity Date**").

## Market and legal risk

The Notes will constitute secured, limited recourse obligations of the Issuer, recourse in respect of which will, in effect, be limited to the proceeds of the Mortgaged Property (which principally comprises the Charged Assets) relating to the Notes and no other assets of the Issuer will be available to satisfy claims of Noteholders. The Issuer's obligations to the Noteholders are solely funded by, and primarily secured on, the Charged Assets. Therefore, to the extent that the value of the Charged Assets falls, payment under the Charged Assets is not made, the Charged Assets cannot be sold or if the relevant security arrangements would not be enforceable, a loss of principal or interest or both under the Notes will result. Noteholders therefore assume the market and legal risk of the Charged Assets.

None of the Transaction Participants (as defined below but excluding the Portfolio Manager) nor any affiliate of any of them or other person on their behalf has made any investigation of, or makes any representation or warranty, express or implied, as to the standing or suitability of the Portfolio Manager or the financial or other condition of the Charged Assets.

None of the Issuer, the Arranger, the Trustee, the Principal Paying Agent, the Administration Agent, the Charged Assets Realisation Agent, the Calculation Agent, the Placing Agent, the Portfolio Manager or any other Agent (together, the “**Transaction Participants**”) nor any affiliate of any of them (or any person on their behalf) assume any responsibility vis-à-vis the Noteholders for the economic success or lack of success of an investment in the Notes, or the performance, the value or terms of the Charged Assets. No Transaction Participant will have any responsibility or duty to make any such investigations, to keep any such matters under review, to provide the Noteholders, or prospective purchasers of the Notes, with any information in relation to such matters or to advise as to the attendant risks.

#### Independent review and advice

Each prospective purchaser of Notes must determine, based on its own independent review and such legal, financial and tax advice as it deems appropriate under the circumstances, that its acquisition of the Notes (i) is fully consistent with its financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines, authorisations and restrictions (including as to its capacity) applicable to it, (iii) has been duly approved in accordance with all applicable laws and procedures and (iv) is a fit, proper and suitable investment for it, undertaken for a proper purpose.

#### Legality of purchase

None of the Transaction Participants or any affiliate of any of them or other person on their behalf has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

#### No reliance

The Transaction Participants and all affiliates of any of them disclaim any responsibility to advise purchasers of the Notes of the risks and investment considerations associated with the purchase of the Notes as they may exist at the date hereof or from time to time hereafter.

#### No restrictions on activities

Any of the Transaction Participants and any affiliate of any of them or other person on their behalf may have existing or future business relationships (including depository, lending, advisory or any other kind of commercial or investment banking activities or other business) with any of the other Transaction Participants and any affiliate of any of them or other person on their behalf and may purchase, sell or otherwise deal in any assets or obligations of, or relating to, any such party. Any of the Transaction Participants and any affiliate of any of them or other person on their behalf may act with respect to any such business, assets or obligations without regard to any possible consequences for the Issuer, the Notes or any Noteholder (or the impact of any such dealing on the interests of any Noteholder) or otherwise.

#### Provision of information

Any of the Transaction Participants or any affiliate of any of them or any other person acting on their behalf may at the date hereof or at any time hereafter be in possession of information in relation to the other Transaction Participants or any affiliate of any of them or any other person acting on their behalf or on behalf of the Charged Assets (which may or may not be publicly available or confidential). None of such persons shall be under any

obligation to make any such information available to Noteholders or any other party other than as provided in the Conditions of the Notes.

#### Taxation

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Notes. Neither the Issuer nor any other person will pay any additional amounts to the Noteholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the Issuer or by the Principal Paying Agent (or any other Paying Agent).

#### Legal opinions

No legal opinions will be obtained with respect to any applicable laws, including the laws applicable to the Portfolio Manager, the laws governing the Charged Assets or as to the validity, enforceability or binding nature of the Charged Assets.

#### Conflict of interests

Any of the Transaction Participants or any affiliate of any of them or any other person acting on their behalf may from time to time, as principal or agent, have positions in, or may buy or sell, or make a market in any securities (including shares in a Transaction Participant), currencies, financial instruments or other assets owned by a Transaction Participant. Any trading and / or hedging activities of Transaction Participants or any affiliate of any of them or any other person acting on their behalf related to this transaction may have an impact on the price of the underlying assets.

#### Clearing systems

The Notes will be represented by one or more Temporary Global Notes and Permanent Global Notes. Such Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the limited circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments through the Principal Paying Agent to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

#### Limitations of the ability to grant security over Notes while in global form

Because transactions in the Notes will be effected only through Euroclear or Clearstream, Luxembourg, direct or indirect participants in their respective book-entry-systems and certain banks, the ability of a Noteholder to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise to take actions in respect of such interests, may be limited due to the lack of physical security representing such interest.

### 3.4 Risks relating to the Charged Assets

#### 3.4.1 Investment in the Series Assets

The Issuer intends to use the proceeds of the issuance of the Notes to invest, on or as soon as practicable following the Issue Date, in non-voting participating shares (the “**Shares**”) of Insigneo Private Ventures LTD (the “**Company**”), a Cayman Islands exempted company incorporated on 26 April 2018 with registered office at the offices of Campbells Corporate Services Limited, Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands.

The Noteholders are reliant on the Issuer and the Arranger to take all necessary steps to ensure that the Supplemental Cayman Islands Security is perfected and enforceable. If (i) one or more steps necessary to effect perfection of the Supplemental Cayman Islands Security are not taken (ii) there are any issues with Issuer’s title to the assets the subject of the Supplemental Cayman Islands Security or (iii) there is any restriction on the ability to charge the assets the subject of the Supplemental Cayman Islands Security, the Supplemental Cayman Islands Security may not be enforceable in whole or in part. Noteholders should be aware that the Trustee has not investigated any of the above matters and is solely reliant on the Issuer, the Arranger and the Company to take all necessary steps to ensure that the Supplemental Cayman Islands Security is valid and enforceable in the manner envisaged over the relevant assets.

**Potential investors should refer to the Private Offering Memorandum, appended to this Series Memorandum hereto, for more detail on the Shares of the Company to be acquired by the Issuer.**

Potential investors should note that investing in the Notes does not provide any assurance as to the nature of the Company or the Shares. For example, no assurance is provided as to (i) the constitutional documentation of the Company, (ii) any shareholders agreement or subscription agreement in place as of the Issue Date or thereafter, (iii) any ability of the Company to issue further shares (in either the same or a different class to that of the Shares), (iv) the transferability of the Shares, (v) any right to refuse registration of the Shares or (vii) any pre-emption rights in respect of the Shares. Such issues may affect the ability of the Trustee to enforce the Security and realise the Series Assets and Related Rights. Potential investors should carry out their own due diligence in this regard.

**Prospective purchasers of the Notes should conduct their own independent investigation and analysis regarding the Issuer, the Company, the Portfolio Manager and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes.**

#### 3.4.2 No Operating History of the Company

The Company has limited performance history. Noteholders may not have sufficient historical information to serve as a basis for making a more informed investment decision.

#### 3.4.3 Redemption and Transfer of the Charged Assets

Realisation or transfer of the Charged Assets may in certain circumstances be deferred in accordance with their relevant terms. The period of deferral may be significant. Therefore in certain circumstances, including where the Security for the

Notes becomes enforceable, there may be a significant delay in payments under the Notes and/or it may be impossible to transfer the Charged Assets, whether as a means of realising their value or otherwise.

Potential investors should note that the Company's directors' consent may be required to register a transfer of the Shares. Such consent requirements may affect the ability of the Trustee to enforce the Security and realise the Series Assets and Related Rights. Potential investors should carry out their own due diligence in this regard.

#### 3.4.4 Security may be declared invalid

The Issuer will grant security interests in favour of the Trustee for itself and for the benefit of the Noteholders in the Mortgaged Property pursuant to the Trust Deed and the Charging Instrument (as defined below). However, if the security interest of the Trustee in the Mortgaged Property was determined to be invalid or unperfected, Noteholders would be unsecured creditors and would rank on a pari passu basis with other unsecured creditors (if any) of the Issuer. Each of the foregoing factors may delay or reduce investors' return on their Notes and investors may suffer a loss (including a total loss) on their investment.

#### 3.4.5 Not a bank deposit

Any investment in the Notes does not have the status of a bank deposit in Ireland and is not within the scope of the deposit protection scheme operated by the Central Bank of Ireland. The Issuer is not regulated by the Central Bank of Ireland by virtue of the issue of the Notes.

#### 3.4.6 Lack of diversification

The Issuer may only invest in one asset, being the Shares.. To the extent all the assets relating to the Notes are represented by one type or class of asset, such asset or class of asset may be more susceptible to a single adverse economic or regulatory occurrence, and lead to greater fluctuations in the value of Notes than may have been the case when investing in a diversified pool of assets.

#### 3.4.7 Partial Interest in the Company

Please note that the Series Assets do not comprise 100% of the issued share capital of the Company nor is the Company prohibited from issuing further shares.

#### 3.4.8 Security for the Notes

The Issuer has granted security over the Account Bank Agreement, Unwind Account Custody Agreement and any accounts held pursuant thereto in favour of the Trustee, as security for itself and the Secured Parties, pursuant to the Programme Accounts Security Agreement in respect of the Issuer's obligations to the Trustee in respect of all Series under the HFMX Programme. Pursuant to a deed of confirmation, the Issuer will confirm to the Trustee that the Programme Accounts Security Agreement charges the Account Bank Agreement, Unwind Account Custody Agreement and any accounts held pursuant thereto in favour of the Trustee in respect of the Issuer's obligations under Series 284 Santorini Project.

Monies may be held by The Bank of New York Mellon, London Branch, pursuant to the Account Bank Agreement or Unwind Account Custody Agreement to facilitate the transfer of the proceeds of the issuance of Notes to the Company for the purchase of Shares and / or payment of any Interest Amount or Redemption Amount to Noteholders. It is intended that such transfers will happen promptly however this may not always be possible and there may be a delay in respect of such transfers. Such monies may be temporarily commingled with monies attributable to other Series. While the Issuer has granted security over such monies pursuant to both the Constituting Instrument and the Programme Accounts Security Agreement in favour of the Trustee (for itself and the other Secured

Parties), Noteholders should note that the commingling of such monies may have a negative effect on the Trustee's ability to enforce security over such monies.

Certain of the charges, including the security granted pursuant to the Supplemental Cayman Islands Security, in respect of the Notes are stated to be fixed charges in nature. The essence of a fixed charge is that the person creating the charge does not have liberty to deal with the assets which are the subject matter of the security in the sense of disposing of such assets or expending or appropriating the moneys or claims constituting such assets and accordingly, if and to the extent that such liberty is given to the Issuer or any other party (for example the Portfolio Manager) any such charge may operate as a floating, rather than a fixed, charge.

It should be noted that the Noteholders are reliant on the Issuer and the Arranger to take all necessary steps to ensure that the Charging Instrument is perfected and enforceable. If (i) one or more steps necessary to effect perfection of Charging Instrument are not taken, (ii) there are any issues with Issuer's title to the assets the subject of the Charging Instrument, or (iii) there is any restriction on the ability to charge the assets the subject of the Charging Instrument, then the Charging Instrument may not be enforceable in whole or in part. Noteholders should be aware that the Trustee has not investigated any of the above matters and is solely reliant on the Issuer and the Arranger to take all necessary steps to ensure that the Charging Instrument is valid and enforceable in the manner envisaged over the relevant assets.

#### 3.4.9 Risks Related to the Company and its operations

The performance and realisation of the Series Assets, and thereby, of the Notes, is dependent on the overall performance, operations and financial condition of the Company.

NEITHER THE ISSUER, THE TRUSTEE NOR ANY OF THE AGENTS HAVE REVIEWED THE OVERALL PERFORMANCE, OPERATIONS AND FINANCIAL CONDITION OF THE COMPANY OR ANY OTHER CONDITIONS OF THE COMPANY AT THE TIME OF THE ISSUE DATE AND DO NOT GUARANTEE OR MAKE ANY RECOMMENDATIONS OR WARRANTIES, IN ANY FORM, AS TO THE SUITABILITY OF ANY INVESTMENT, INCLUDING THROUGH PURCHASE OF THE NOTES, THE PERFORMANCE OF WHICH IS DEPENDENT ON THE COMPANY OR ANY OF ITS OPERATIONS.

Any adverse effect on the Company may, through the performance of the Shares, affect the performance of the Notes and the Issuer's ability to meet its obligations in respect of the Notes. Therefore, any adverse effect on the Company's financial results, performance, and / or growth prospects may subsequently, through the Shares, adversely affect the performance of the Notes and the ability by the Issuer to meet its obligations in respect of the Notes, which will be dependent on the receipt by the Issuer of moneys due to it under the Mortgaged Property (Including the Series Assets).

### 3.5 Summary of Principal Underlying Investment Risks

As with any investment, you could lose all or part of your investment in the Notes, and the Notes' performance could trail that of other investments. The Notes are subject to one or more of the principal risks noted below (either directly or through its investments in Series



Assets), any of which may adversely affect the Notes' Net Asset Value, trading price, yield, total return and ability to meet its investment objective.

### 3.5.1 Counterparty Risk

The Issuer bears the risk that the Company may default on its obligations (if any) or otherwise fail to honour its obligations to holders of Shares or under the Private Offering Memorandum. In such case the Issuer will lose money and the value of an investment in the Notes may decrease.

### 3.5.2 Credit Risk

The financial condition of an issuer of securities may cause it to default or become unable to pay interest or principal due or otherwise fail to perform. The Issuer cannot collect interest and principal payments on securities if the issuer defaults. While the Issuer attempts to limit credit exposure in a manner consistent with its investment objective, the value of an investment in the Notes may change quickly and without warning in response to issuer defaults and changes in the credit ratings of the Issuer's portfolio investments.

### 3.5.3 Emerging Markets Risk

Investing in emerging market assets involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include (i) the risk of nationalization or expropriation of assets or confiscatory taxation; (ii) social, economic and political uncertainty including war; (iii) dependence on exports and the corresponding importance of international trade; (iv) price fluctuations, less liquidity and smaller capitalization of securities markets; (v) currency exchange rate fluctuations; (vi) rates of inflation (including hyperinflation); (vii) controls on foreign investment and limitations on repatriation of invested capital and on the Issuer's ability to exchange local currencies for U.S. dollars; (viii) governmental involvement in and control over the economies; (ix) governmental decisions to discontinue support of economic reform programs generally and to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the securities markets; (xii) longer settlement periods for securities transactions in emerging markets; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; (xiv) certain considerations regarding the maintenance of portfolio securities and cash with non-U.S. subcustodians and securities depositories; and (xv) overall greater volatility. See also 9.1.1 below.

### 3.5.4 Investment Risk

As with all investments, an investment in the Notes is subject to investment risk. Noteholders could lose money, including the possible loss of the entire principal amount of an investment, over short or long periods of time.

### 3.5.5 Liquidity Risk

The Shares are an illiquid investment. In the event that the Issuer defaults or the Notes are subject to redemption there is no assurance that the Shares can be sold such that value can be realised for investors.

### 3.5.6 871(m)

The Notes will not be treated as subject to 871(m) of the US Internal Revenue Code of 1986 as amended.

### 3.5.7 Management Risk

The Portfolio is actively managed by the Portfolio Manager using proprietary investment strategies and processes. There can be no guarantee that these strategies and processes will be successful or that the Portfolio Manager will achieve its investment objective.

### 3.5.8 Market Trading Risk

The Issuer faces numerous market trading risks, including the potential lack of an active market for the Notes, losses from trading in secondary markets and periods of high volatility. ANY OF THESE FACTORS, AMONG OTHERS, MAY LEAD TO THE NOTES TRADING AT A PREMIUM OR DISCOUNT TO NET ASSET VALUE.

**AS WITH ANY INVESTMENT YOU COULD LOSE ALL OR PART OF YOUR INVESTMENT IN THE NOTES AND THE NOTES' PERFORMANCE COULD TRAIL THAT OF OTHER INVESTMENTS. YOUR ATTENTION IS DRAWN TO THE PRIVATE OFFERING MEMORANDUM AS DEFINED BELOW AND ATTACHED AS APPENDIX OR APPENDIXES TO THIS SERIES MEMORANDUM. IN PARTICULAR PROSPECTIVE INVESTORS SHOULD NOTE THE SECTION OF THE PRIVATE OFFERING MEMORANDUM ENTITLED "RISK FACTORS". PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE NOTES WITHOUT TAKING INDEPENDENT ADVICE ON THE RISKS SET OUT THEREIN.**

**THE CONSIDERATIONS SET OUT ABOVE ARE NOT, AND ARE NOT INTENDED TO BE, A COMPREHENSIVE LIST OF ALL CONSIDERATIONS RELEVANT TO A DECISION TO PURCHASE OR HOLD ANY NOTES. THE ATTENTION OF INVESTORS IS ALSO DRAWN TO THE SECTIONS HEADED 'RISK FACTORS' IN THE PROGRAMME MEMORANDUM.**

#### 4 CONDITIONS OF THE NOTES

The Noteholders should note that words and expressions not otherwise defined below shall have the meanings respectively ascribed to them by Special Condition 5.1 (Definitions). The Master Definitions (2018 Edition) will apply for the purposes of interpretation of these terms and conditions and the Conditions except as expressly provided therein or the context otherwise requires.

The Notes shall have the following terms and conditions which shall complete, modify and amend the Master Conditions (2018 Edition), which shall apply to the Notes as so completed, modified and amended. References to “**Conditions**” or “**Condition**” shall mean references to the Conditions of the Notes as modified herein.

The Issuer intends that any Further Notes (as defined herein) shall (save in respect of the relevant issue date) have the same Conditions as, and form a single Series with, the Notes of Series 284 Santorini Project.

<b>Programme:</b>	HFMX Programme
<b>Series:</b>	Santorini Project (Series 284) Notes due 2029
<b>Series Number:</b>	284
<b>Tranche Number:</b>	1
<b>ISIN Code:</b>	XS1943618071
<b>Common Code:</b>	194361807
<b>Delivery:</b>	Issue Agent shall deliver notes to the Issuer in free of payment form prior to the subscription by Noteholders.

<b>Issue Date:</b>	30 January 2019
<b>Maturity Date:</b>	29 January 2029
<b>Extended Maturity Date:</b>	See Special Condition 5.10 (Extended Maturity Date)
<b>Principal Amount:</b>	USD 1,000,000
<b>Currency:</b>	USD
<b>Authorised Denomination:</b>	USD 1,000
<b>Initial Subscription Price:</b>	100%
<b>Subscription Price:</b>	Notes will be subscribed for by investors at 107.90% of the NAV per Note (the “ <b>Subscription Amount</b> ”). An amount equal to the excess of the Subscription Price over the NAV per Note shall be paid by the Issuer to the Portfolio Manager within five Business Days of receipt of the relevant Subscription Amount by the Issuer.

<b>Issuer:</b>	HFMX Designated Activity Company
<b>Arranger:</b>	FlexFunds LTD
<b>Placing Agents:</b>	GWM Group, Inc. and GWM LTD

<b>Trustee:</b>	Intertrust Trustees Limited
<b>Portfolio Manager:</b>	Northeast Financial Services S.A.
<b>Calculation Agent:</b>	FlexFunds ETP, LLC
<b>Charged Assets Realisation Agent:</b>	FlexFunds LTD
<b>Issue Agent:</b>	The Bank of New York Mellon, London Branch
<b>Principal Paying Agent:</b>	The Bank of New York Mellon, London Branch

<b>Status of the Notes:</b>	Secured and limited recourse obligations of the Issuer ranking pari passu without any preferences amongst themselves secured as set out under "Security" below and subject to the priority set out under "Priority" below.
<b>Priority:</b>	Counterparty Priority applies.
<b>Type of Note:</b>	Variable Coupon Note
<b>Interest Period:</b>	As regards the first interest period, the period from and including the Issue Date to and excluding the first Interest Determination Date and as regards all subsequent interest periods the period from and including an Interest Determination Date to and excluding the next Interest Determination Date or to and including, as applicable, the Maturity Date, the Extended Maturity Date or any Early Redemption Date, as applicable.
<b>Interest Determination Date:</b>	Any Business Day at the discretion of the Calculation Agent following receipt of a dividend, distribution or similar payment in respect of the Series Assets.
<b>Interest Rate:</b>	The Notes shall receive a total return based on the performance of the Portfolio during the Interest Period.
<b>Interest Amount:</b>	The amount determined by the Calculation Agent being: <ol style="list-style-type: none"> <li>1. the Distribution Proceeds; less</li> <li>2. any costs, expenses, taxes and duties incurred in connection with the receipt of such revenue; and</li> <li>3. subject to deduction of any outstanding fees pursuant to Special Condition 5.8 (Fees).</li> </ol>
<b>Interest Payment Dates:</b>	Any Business Day not less than 5 but no later than 10 Business Days following an Interest Determination Date. At least 2 Business Days prior to such Interest Payment Date, the Calculation Agent shall provide to the Principal Paying Agent a notice setting out the Interest Payment Date and Interest Amount payable. For the avoidance of doubt the "Interest Payment Date" shall be deemed to be the date on which the Interest Amount is wired by the Issuer to the Principal Paying Agent.
<b>Listing:</b>	An application has been made for admission of the Notes to

	the official list of the Third Market of the Vienna Stock Exchange. Such listing is expected to take place on or about the Issue Date however no assurance is given that approval of such application will be granted.
<b>Selling Restrictions:</b>	The Notes will not be offered to the public in any jurisdiction. See ' <i>Selling Restrictions</i> ' below and in the Programme Memorandum.
<b>Form of Notes:</b>	Bearer Notes
<b>The Notes will initially be represented by:</b>	Temporary Global Note.
<b>Applicable TEFRA exemption:</b>	D Rules
<b>Exchange of Temporary Global Note or Permanent Global Note:</b>	<p>The Temporary Global Note or, as the case may be, Permanent Global Note will be exchangeable, in whole but not in part, for a definitive Bearer Note if:</p> <ol style="list-style-type: none"> <li>1. Euroclear or Clearstream, Luxembourg or any other clearing system in which the Permanent Global Note or, as the case may be, Temporary Global Note is for the time being deposited terminates its business and no alternative clearing system, satisfactory to the Trustee and the Principal Paying Agent is available; or</li> <li>2. the Notes become due and payable in accordance with Condition 4 (Events of Default) and payment is not made on due presentation of the Temporary Global Note or, as the case may be, Permanent Global Note for payment.</li> </ol>
<b>Business Day Convention:</b>	Following Business Day Convention applies.
<b>Redemption Amount:</b>	<p>Unless previously redeemed the Notes will be redeemed by a payment in respect of each Note on the Final Maturity Payment Date of an amount in USD equal to the Redemption Amount.</p> <p>The Final Maturity Payment Date may be significantly later than the Maturity Date or Extended Maturity Date.</p> <p>See Special Condition 5.3 (Redemption Amount)</p>
<b>Early Redemption Amount:</b>	See Special Condition 5.4 (Early Redemption Amount)
<b>Optional Redemption and Purchase:</b>	See Special Condition 5.5 (Optional Redemption and Purchase)
<b>Mandatory Redemption:</b>	See Special Condition 5.6 (Mandatory Redemption)
<b>Reports, calculations, determinations and notifications:</b>	The Arranger will publish a summary of the NAV Report received from the Calculation Agent on Bloomberg and will disseminate the NAV to SIX Financial Information USA Inc. and to the Vienna Stock Exchange.

	See Special Condition 5.7 (Reports, calculations, determinations and notifications)
<b>Fees:</b>	<p>The amounts payable under the Notes are based on the performance of the Charged Assets after deduction of fees due to the Portfolio Manager. Such fees are in addition to the fees due to the Trustee, the Arranger and any Agents, and any other transaction related fees incurred by the Issuer in respect of the issuance of the Notes.</p> <p>All fees are payable prior to any amounts being payable in respect of the Notes to any Noteholders. The fees will be applied in calculating the value of the Portfolio and therefore will result in a reduction in the value of the Notes (unless otherwise satisfied).</p> <p>See Special Condition 5.8 (Fees)</p>
<b>Further Issues:</b>	See Special Condition 5.9 (Further Issues)
<b>Governing Law:</b>	The Notes and any dispute or claim arising out of or in connection with them (including non-contractual obligations, disputes or claims) shall be governed by and construed in accordance with Irish law. The courts of Ireland shall have non-exclusive jurisdiction in respect of any dispute. The Supplemental Cayman Islands Security is governed by Cayman Islands law and the Cayman Islands Courts may have jurisdiction over any dispute or enforcement proceedings relating thereto.

<b>Portfolio Management</b>	
<b>Portfolio Manager:</b>	Northeast Financial Services S.A.
<b>Portfolio Management Agreement:</b>	<p>The terms and conditions of the appointment of the Portfolio Manager are set out in the Portfolio Management Agreement.</p> <p><i>See "Information relating to the Portfolio Management Agreement" below.</i></p>
<b>Investment Objective:</b>	The Portfolio Manager, in accordance with the terms of the Portfolio Management Agreement, shall be obliged to use all reasonable endeavours, in the course of carrying out such obligations, to pursue any investment strategy that it deems fit to maximise the total returns achieved by the Portfolio.
<b>Management Criteria:</b>	The Portfolio Manager will seek to achieve the Investment Objective through the Investment Strategy and Management Criteria as set out in the Portfolio Management Agreement.

<b>Series Assets:</b>	
<b>Series Assets:</b>	(i) The Shares and (ii) any and all investments, agreements, contracts, shareholder and/or partnership interests acquired by the Issuer in relation to the Notes and any and all related

	<p>investments, monies, credit balances, assets or related contracts, trading positions, any sums standing to the credit of a deposit account (if any) or beneficial interests in any assets, to the extent any of the foregoing is:</p> <p>(i) held, carried and / or maintained by the Issuer, the Trustee and / or any of the Agents, in relation to the Notes,</p> <p>(ii) established, agreed or obtained by the Issuer in relation to the Notes; or</p> <p>(iii) established, agreed, obtained by or in possession or control of the Portfolio Manager in relation to the Notes, pursuant to the Portfolio Management Agreement, for any purpose, including for safekeeping.</p>
<b>Shares:</b>	The non-voting participating shares of Insigneo Private Ventures LTD (the " <b>Company</b> "), a Cayman Islands exempted company, invested in by the Issuer with the proceeds of the issuance of the Notes.

<b>Security</b>	
<b>Charged Assets:</b>	The Charged Assets shall be (i) the Series Assets and (ii) the Related Rights.
<b>Related Rights:</b>	All rights of the Issuer derived from or connected to the Series Assets including, without limitation, any rights to receive additional shares or other securities, assets or rights or any offers in respect thereof (whether by way of bonus issue, option rights, exchange, substitution, conversion or otherwise) or to receive monies (whether by way of redemption, return of capital, interest, dividend, distribution, income or otherwise) in respect of the Series Assets.
<b>Charging Instrument:</b>	Pursuant to an equitable share mortgage in respect of the Series Assets entered into between the Issuer and the Trustee dated on or about the date of the purchase of the relevant Charged Assets the Issuer will grant in favour of the Trustee, as security for itself, and the Secured Parties, a security interest governed under the laws of the Cayman Islands over the Issuer's interest in the Charged Assets from time to time (such security, the " <b>Supplemental Cayman Islands Security</b> " or the " <b>Charging Instrument</b> ").

## 5 SPECIAL CONDITIONS OF THE NOTES

### 5.1 Definitions

Words set out in italics in these Conditions do not form part of the definitions for the purpose of the Constituting Instrument and the documents constituted thereby. In the event of a conflict between the Conditions and the Special Conditions, the Special Conditions shall prevail.

"**Account Bank Agreement**" means the account bank agreement dated 15 August 2018 between the Issuer, the Trustee and The Bank of New York Mellon, London Branch as the same may be amended, restated, amended and restated,

novated, varied, supplemented, substituted, assigned, extended or otherwise replaced or redesignated from time to time;

**“Arranger Default”** means if any of the following events occur (in the sole discretion of the Issuer) in respect of the Arranger and a substitute arranger is not appointed (such appointment to be approved in writing by the Trustee provided that the approval shall not be unreasonably withheld or delayed) is not made within 90 days of the occurrence of the relevant event. If the Arranger:

1. is dissolved (other than pursuant to a consolidation, amalgamation or merger);
2. becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
3. makes a general assignment, arrangement or composition with or for the benefit of its creditors;
4. (A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (I) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (II) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof;
5. has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
6. seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
7. has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter;
8. causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) to (vii) above (inclusive);
9. takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or



10. becomes unable to, or fails to within 10 days of receiving notice from the Trustee or the Issuer, perform its duties under the Notes;

**"Company"** means Insigneo Private Ventures LTD;

**"Distribution Proceeds"** means the proceeds of a dividend, interest payment or other distribution in respect of the Charged Assets or the proceeds from a winding up, redemption, buy-back or liquidation of less than all of the Shares provided that, for the avoidance of doubt any amount realised from liquidation of the Charged Assets pursuant to an optional redemption shall not form part of the Distribution Proceeds;

**"Early Redemption Date"** means, as applicable, the Optional Redemption Date or the date specified in the notice given pursuant to a Mandatory Redemption Event, Additional Mandatory Redemption Event or Event of Default;

**"Early Redemption Payment Date"** means five (5) Business Days following the day that the Issuer receives the aggregate Realisable Value pursuant to Special Condition 5.4 (Early Redemption Amount). The Early Redemption Payment Date may be significantly later than the Early Redemption Date. See *"Risk Factors – Payments"*.

**"Final Maturity Payment Date"** means five (5) Business Days following the day that the Issuer receives the aggregate Realisable Value pursuant to Special Condition 5.3 (Redemption Amount). The Final Maturity Payment Date may be significantly later than the Maturity Date or the Extended Maturity Date, as applicable. See *'Risk Factors – Payments'*;

**"HFMX Programme"** means the EUR 5,000,000,000 Secured Note Programme of the Issuer;

**"NAV per Note"** means the aggregate Net Asset Value of the Portfolio divided by the total number of Notes subscribed for;

**"NAV Report"** means a report provided to the Issuer and the Arranger by the Calculation Agent setting out the calculation of the Net Asset Value of the Portfolio (net of any fees as described under Special Condition 5.8 (Fees));

**"NAV Calculation Date"** means the last Business Day of each calendar month;

**"NAV Report Date"** means two Business Days after each NAV Calculation Date;

**"Net Asset Value"** means, in respect of the Notes, the value for each component of the Series Assets (net of any fees as described under Special Condition 5.8 (Fees)), as provided by the Calculation Agent to the Issuer and the Arranger, as the case may be, on or before the NAV Report Date;

**"Net Proceeds"** means an amount determined by the Calculation Agent being the pro rata share of the Realisable Value of the Charged Assets in respect of one Note; less the pro rata share in respect of one Note of any redemption and settlement costs and expenses in respect of the Charged Assets; less the pro rata share in respect of one Note of any fees, costs or expenses owing to the Trustee and the Agents in connection with the Notes; and less the pro rata share in respect of one Note of any fees payable to, the Portfolio Manager, and the Arranger

pursuant to the Conditions of the Notes and any other outstanding fees costs or expenses pursuant to the Conditions of the Notes;

**“Optional Redemption”** means a redemption of the Notes pursuant to Condition 2.5 as amended by Special Condition 5.5;

**“Portfolio”** means the Series Assets;

**“Private Offering Memorandum”** means the private offering memorandum of Insigneo Private Ventures LTD, dated May 2018, appended to this Series Memorandum;

**“Programme Accounts Security Agreement”** means the security assignment of contractual rights and charge over bank accounts dated 15 August 2018 between the Issuer and the Trustee as the same may be amended, restated, amended and restated, novated, varied, supplemented, substituted, assigned, extended or otherwise replaced or redesignated from time to time;

**“Realisable Value”** means an amount determined by the Calculation Agent being the proceeds of sale or other means of realisation of the Charged Assets less any costs, expenses, taxes and duties incurred in connection with the disposal or transfer of the Charged Assets by the Charged Assets Realisation Agent;

**“Redemption Amount”** means an amount equal to the greater of (i) zero and (ii) the Net Proceeds;

**“Security”** means (i) the security constituted by the Trust Deed entered into by the execution of the Constituting Instrument, (ii) the Charging Instrument and (iii) the Programme Accounts Security Agreement;

**“Secured Obligations”** means a fixed charge and an assignment by way of fixed security of, or other security interest over, the Charged Assets and all rights and sums derived therefrom in favour of the Trustee for itself as trustee for the Secured Parties provided under Series 284 Santorini Project;

**“Series 284 Santorini Project”** means the Series constituted pursuant to the Constituting Instrument;

**“Supplemental Cayman Islands Security”** means the share pledge between the Issuer and the Trustee in respect of the non-voting participating shares of the Company; and

**“Unwind Account Custody Agreement”** means the unwind account custody agreement dated 15 August 2018 between the Issuer, the Trustee and The Bank of New York Mellon, London Branch as the same may be amended, restated, novated, varied, supplemented, substituted, assigned, extended or otherwise replaced or redesignated from time to time.

## 5.2 Interest

5.2.1 Condition 1 (Interest) shall apply to the Notes read with this Special Condition 5.2 (Interest).

5.2.2 The Calculation Agent will, on or as soon as practical after each Interest Determination Date, determine the Interest Rate and calculate the

Interest Amount for the relevant Interest Period. The Calculation Agent shall inform the Trustee, the Issuer, the Portfolio Manager, the Principal Paying Agent and each of the Paying Agents of the amount payable and interest shall be paid in accordance with the Conditions and the Agency Agreement.

### 5.3 Redemption Amount

- 5.3.1 The Redemption Amount of the Notes shall be determined in accordance with Condition 2.4 (Redemption Amount of Notes) read with this Special Condition 5.3 (Redemption Amount).
- 5.3.2 Unless previously redeemed or purchased, each Note will be redeemed by a payment in respect of each Note of the Redemption Amount on the Final Maturity Payment Date save where Notes are redeemed pursuant to Condition 2.4.6.
- 5.3.3 No interest or other amount shall accrue or be payable in respect of the Notes in respect of the period from and including the Maturity Date or, as applicable, the Extended Maturity Date, to and including the Final Maturity Payment Date.

### 5.4 Early Redemption Amount

- 5.4.1 The Early Redemption Amount of the Notes shall be determined in accordance with Condition 2.4 (Redemption Amount of Notes) read with this Special Condition 5.4 (Early Redemption Amount).
- 5.4.2 In the event of:
  - (A) the Notes becoming due and payable pursuant to Condition 2.2 (Mandatory Redemption) the Charged Assets Realisation Agent shall, on behalf of the Issuer sell or procure the sale or other means of realisation of the Charged Assets and the applicable amount payable in respect of each Note will be the pro rata share of the Net Proceeds of such sale or other means of realisation; or
  - (B) any Notes becoming due and payable pursuant to an Optional Redemption, the Charged Assets Realisation Agent shall, on behalf of the Issuer sell or procure the sale or other means of realisation of the applicable amount of Charged Assets and the applicable amount payable in respect of each Note will be the pro rata share of the Net Proceeds of such sale or other means of realisation; or
  - (C) redemption of the Notes pursuant to Condition 4 (Events of Default) the applicable amount payable in respect of each Note shall be the amount available by applying the portion available to the Noteholders pursuant to Condition 3.3 (Application) of the Net Proceeds of enforcement of the security in accordance with Condition 3 (Security) *pari passu* and rateably between the Notes,

(such amount being the “**Early Redemption Amount**” and the term “**Redemption Amount**” includes the Early Redemption Amount).

- 5.4.3 Redemption of the Notes at their Early Redemption Amount shall not constitute an Event of Default.
- 5.4.4 The Early Redemption Amount will be paid on the Early Redemption Payment Date.
- 5.4.5 No interest or other amount shall accrue or be payable in respect of the Notes in respect of the period from and including the Early Redemption Date to and including the Early Redemption Payment Date.

## 5.5 **Optional Redemption and Purchase**

### 5.5.1 **Optional Redemption by the Issuer**

Condition 2.5.2 (Optional Redemption by the Issuer) shall apply to the Notes read with this Special Condition 5.5.1 (Optional Redemption by the Issuer). The Issuer subject to compliance with all relevant laws, regulations and directives:

- (A) may, on giving not more than 60 nor less than 15 Business Days' notice to the Trustee and the Noteholders in accordance with Condition 7; or
- (B) shall, at any time after receipt of a notice from the Arranger,

(such notice an "**Optional Redemption Notice**") redeem any amount of the Notes at their Early Redemption Amount on the date specified in such notice (the "**Optional Redemption Date**") provided that the Early Redemption Amount shall be payable on the Optional Redemption Payment Date.

Notice given by the Issuer to redeem Note(s) pursuant to this Special Condition may not be withdrawn (save with the prior written consent of the Trustee) and the Issuer shall be bound to redeem the Note(s) in accordance with the notice, this Special Condition and the Constituting Instrument.

In the case of a partial redemption of Notes, when the Notes are represented by a Global Note, if a partial redemption is to be effected by selection of whole Notes, the Notes to be redeemed will be selected in accordance with the rules of the Clearing System or in accordance with the rules and procedures established from time-to-time by such person or, if a partial redemption of Notes is to be effected by pro rata payment a portion of each Note shall be redeemed in an amount equal to the amount of funds or value of Charged Assets for redemption, as applicable, then available divided by the number of Notes then outstanding which are represented by such Global Note.

### 5.5.2 **Optional Redemption by the Noteholder**

Condition 2.5.1 (Optional Redemption by the Noteholder) shall not apply to the Notes.

### 5.5.3 **Optional Purchase**

Condition 2.5.4 (Optional Purchase) shall apply to the Notes read with this Special Condition 5.5.3 (Optional Purchase). The Issuer at any time after receipt of a notice from the Arranger specifying the number of Notes to be purchased and details of the Noteholder(s) from whom the relevant Notes are to be purchased (such notice an “**Optional Purchase Notice**”), subject to compliance with all relevant laws, regulations and directives shall purchase such Notes in accordance with Condition 2.6 (Purchase).

In determining what proportion of Charged Assets corresponds to the proportion of Notes to be purchased, the Issuer shall be entitled to rely on advice given to it by the Calculation Agent. The Issuer has absolute discretion to designate which Series Assets to select in order to fulfil its obligations pursuant to Condition 2.5.4 (Optional Purchase) as hereby amended.

## 5.6 **Mandatory Redemption**

5.6.1 Condition 2.2 (Mandatory Redemption) shall apply to the Notes read with this Special Condition 5.6 (Mandatory Redemption). Each of the following shall be Additional Mandatory Redemption Events for the purposes of Condition 2.2.2:

- (A) the Issuer (in its sole discretion) determines that an Arranger Default has occurred; or
- (B) (i) a compulsory redemption (howsoever described) of the Charged Assets; or (ii) a distribution or return of capital and / or assets to holders of the Charged Assets following the winding up, redemption, buy-back or liquidation of all of the Shares; or
- (C) the Company or the Portfolio Manager fail to comply in any material respect with the Private Offering Memorandum, including but not limited to the failure to provide when due any financial statement, impairment assessment report or independent audit confirmation.

## 5.7 **Reports, calculations, determinations and notifications**

5.7.1 Following receipt by the Arranger and the Issuer of the NAV Report from the Calculation Agent on the NAV Report Date, the Arranger will publish a summary of the NAV Report on Bloomberg and will disseminate the NAV to SIX Financial Information USA Inc. and to the Vienna Stock Exchange.

5.7.2 The NAV Report and the summary thereof will be an estimated valuation of the Series Assets and shall not be interpreted as an indication of expected redemption values of the Notes. The NAV Report and the summary thereof shall take account of any fees, expenses or charges that apply to the Notes, and is subject to amendments and / or corrections at any time without giving notice to any person.

- 5.7.3 Whenever any matter falls to be determined, considered or otherwise decided upon by the Calculation Agent or any other person (including where a matter is to be decided by reference to the Calculation Agent's or such other person's opinion), unless otherwise stated, that matter shall be determined, considered or otherwise decided upon by the Calculation Agent or such other person, as the case may be, in its sole and absolute discretion. The Calculation Agent has agreed in the Constituting Instrument to comply with its obligations set out in these Conditions.
- 5.7.4 Each Transaction Participant (other than the Calculation Agent) shall be entitled to rely on any certification, notification, calculation or determination of the Calculation Agent given or copied to it as being true and accurate for all purposes and none of them shall be obliged to make any investigation or enquiry into any such certification, notification, calculation or determination or into the basis on which such certification, notification, calculation or determination was prepared, given or made.
- 5.7.5 The Calculation Agent shall consider the value of Series Assets which do not have a valuation provided to remain either (i) at cost or (ii) at zero, in its sole discretion and shall not be required to modify the recorded value of such Series Assets until provided with supported valuation by Portfolio Manager and / or any agent of the Company or the Portfolio Manager. The Calculation Agent is entitled to rely on any certification, notification, calculation, determination or announcement made by or on behalf of the Portfolio Manager and / or any agent of the Company or the Portfolio Manager in connection with the Series Assets and shall not be obliged to make any investigation or enquiry into, and shall incur no liability to any person for relying on, any such certification, notification, calculation, determination or announcement reasonably believed by it to be genuine and made by or on behalf of the Portfolio Manager, the Company and/or any agent of the Company.

## 5.8 Fees

In addition to the fees due to the Trustee and any Agents, and any other transaction related fees incurred by the Issuer in respect of the issuance of the Notes, as determined by the Calculation Agent, the Issuer has agreed to pay certain fees to the Arranger. In the event that the Company or the Portfolio Manager fails to make such payments the fees will be deducted from the Portfolio when determining the Redemption Amount and may also be deducted from any Interest payments made to Noteholders (if any). This may result in a decrease of (i) the Interest Amount and/or (ii) the Net Asset Value of the Portfolio.

The following fees shall be determined by the Calculation Agent as at the NAV Calculation Date and as at the date expected to be two Business Days immediately prior to the following: (i) the Final Maturity Payment Date, (ii) any Optional Redemption Payment Date or Early Redemption Payment Date or (iii) any other date on which Notes are to be redeemed (any such date, a "**Fees Determination Date**"):

- (a) fees payable to the Arranger in the amount of 0.45% per annum of the of the Net Asset Value of the Portfolio, as at the most recent NAV Report Date, payable within ten Business Days of the end of each calendar quarter (the "**Arranger Fee**");

The Arranger Fee is subject to a minimum payment of EUR 2,000 per month, provided that the minimum Arranger Fee shall be waived for the first two months from the Issue Date.

Notes will be subscribed for by investors at 107.90% of the NAV per Note (the “**Subscription Amount**”). An amount equal to 65.0381% of the excess of the Subscription Price over the NAV per Note shall be paid by the Issuer to the Portfolio Manager within five Business Days of receipt of the relevant Subscription Amount by the Issuer. An amount equal to 34.9619% of the excess of the Subscription Price over the NAV per Note shall be paid by the Issuer to the Arranger within five Business Days of receipt of the relevant Subscription Amount by the Issuer.

The Issuer will incur fees in relation to the issuance of the Notes, which shall be met by the Portfolio Manager or the Company. In the event that the Portfolio Manager or the Company fails to make such payments the fees will be deducted from the Portfolio when determining the Redemption Amount. Such fees will include, but shall not be limited to:

(A) any fees, costs and expenses payable by the Issuer which are directly attributable to the Notes, including:

(aa) costs incurred in connection with the issuance, listing, clearing of the Notes and / or the performance of obligations in relation thereto;

(bb) any commissions, fees, costs and expenses payable by the Issuer pursuant to the Constituting Instrument and the Series Documents as defined therein;

(cc) any fees, costs and expenses of the administrator of the Issuer payable by the Issuer or the Arranger in respect of the Notes; and

(dd) any legal fees and disbursements payable by the Issuer, the Arranger or the Trustee to Mason Hayes and Curran, A&L Goodbody or any other legal advisers to the Issuer, the Arranger or the Trustee in respect of the issuance of the Notes; and

(B) a total of EUR 1,000 per annum shall be retained by the Issuer (the “**Annual Retained Amount**”) in respect of all Series in issuance. A portion of the Annual Retained Amount will be attributed to this Series of Notes in an amount to be determined by the Calculation Agent acting in its sole and absolute discretion; and

(C) in relation to any realisation of the Charged Assets, all commissions, fees, charges and expenses (including, without limitation, any stamp duty, documentary or transfer or other taxes or duties payable in respect of the sale or other realisation of any such Charged Assets) incurred or payable by the Sale Agent in respect of such sale or other realisation, as certified by the Sale Agent to the Issuer and the Trustee.

Any amounts payable under the Notes are based on the performance of the Charged Assets net of the fees described above. The fees will be applied in calculating the value of the Portfolio and therefore will result in a reduction in value of the Notes.

Estimated fees include a set-up fee of €20,000 (euro).

(b) Fees payable in respect of the underlying investment

Investors in the Notes should take note of the fees payable to Portfolio Manager (or its designee) and any other fees payable in respect of the underlying investment. Details of the fees payable to the Portfolio Manager are set out in the Private Offering Memorandum (a copy (or copies) of which is appended to the Series Memorandum hereto).

On the Interest Determination Date, the Calculation Agent shall calculate the amount of Interest owing on the Notes and shall inform the Trustee, Principal Paying Agent and Issuer of the amount payable and interest shall be paid in accordance with the Conditions and the Agency Agreement.

## **5.9 Further Issues**

Pursuant to Master Condition 15 (Further Issues) as amended and supplemented by this Special Condition 5.9 (Further Issues), the Issuer shall be at liberty to issue Further Notes with the express intention that such Further Notes be consolidated and form a single series with the Notes (and with any subsequent Further Notes so issued) provided that the net proceeds of issue of such Further Notes shall be invested in the Shares as the Portfolio Manager may in its sole discretion determine, and such proceeds shall form part of the Portfolio the subject of management by the Portfolio Manager on or about the same date as the date on which the Further Notes are issued.

## **5.10 Extended Maturity Date**

The term of the Notes may be extended for further periods of up to ten (10) years, provided that, at the request of the Issuer, the Calculation Agent, on behalf of the Issuer, has given a notice (the “**Extension Notice**”) to the Trustee, the Principal Paying Agent and the Noteholders one (1) calendar month prior to the Maturity Date or any Extended Maturity Date, if applicable, stating that such extension shall take place in respect of the Notes. If no Extension Notice, or no further Extension Notices (if applicable) are delivered by the Calculation Agent, the Notes shall be redeemed on the Maturity Date or on the date stated in the final Extension Notice (such date being the “**Extended Maturity Date**”).

## **5.11 Events of Default**

An Event of Default under Condition 4.1.1 shall occur if (i) the Early Redemption Payment Date does not occur within 90 days of the relevant Early Redemption Date or (ii) the Final Maturity Payment Date does not occur within 90 days of the Maturity Date or Extended Maturity Date, as applicable.

## **5.12 Noteholder Direction**

The Arranger may, in its absolute discretion, request direction to the Issuer and Trustee from the Noteholders by way of Noteholder Direction.

## **6 USE OF PROCEEDS**

The entire net proceeds from the issue of the Notes and any Further Notes, will be invested by the Issuer in the Shares, subject to the management of the Portfolio



Manager on or as soon as practical following the date on which Notes or Further Notes are subscribed for.

## **7 INFORMATION RELATING TO THE CHARGED ASSETS**

### **7.1.1 General**

The Issuer intends to use the proceeds of the issuance of the Notes to invest, on or as soon as practicable following the Issue Date, in non-voting participating shares (the “**Shares**”) of Insigneo Private Ventures LTD (the “**Company**”), a Cayman Islands exempted company incorporated on 26 April 2018 with registered office at the offices of Campbells Corporate Services Limited, Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands.

On the Issue Date, the Original Charged Assets will consist of the interests of the Series Assets, and the Related Rights.

The Issuer may invest in new Shares from time to time from the proceeds of the Notes.

### **7.1.2 The Series Assets**

For a detailed description of the Series Assets see the Private Offering Memorandum.

## **8 DESCRIPTION OF THE SECURITY ARRANGEMENTS IN RESPECT OF THE NOTES**

### **8.1.1 Introduction**

The Notes will be secured, limited recourse obligations of the Issuer. The purpose of this section is to provide further information in respect of these important features of the Notes, which are included in the Conditions. However, the following description is a summary only of certain aspects of the security arrangements and is subject in all respects to the terms of the Trust Deed and the Conditions of the Notes, of which Noteholders are deemed to have notice and by which they are bound.

The Issuer will, pursuant to the provisions of the Trust Deed, grant the security described below to the Trustee as continuing security for the payment of all sums due under the Trust Deed and the Notes. The Trustee shall hold such Security on behalf of itself, the Agents and the Noteholders.

### **8.1.2 Security arrangements**

The Notes will be secured by a charge over the Series Assets and the Related Rights obtained with the entire net proceeds of the issue of the Notes in favour of the Trustee for itself and as trustee for the Secured Parties (which includes the Noteholders).

Under the Trust Deed, as amended by the terms of the Constituting Instrument, the Issuer, in favour of the Trustee for itself and as trustee for the Secured Parties, and as continuing Security, will:

- (A) charge by way of fixed charge in favour of the Trustee for itself and as trustee for the Secured Parties the Charged Assets, and in respect of the Charged Assets all debts represented thereby, all rights and thereof and the right to payment of all interest and other moneys in respect thereof and all rights to the delivery thereof or to an equal number or nominal amount thereof as against any clearing system or its operator or any depository thereof;
- (B) assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer's rights, title, benefit and interest in, to and under the Charged Assets;
- (C) assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer's rights, title, benefit and interest in, to and under the Account Bank Agreement and the Unwind Account Custody Agreement, any accounts held pursuant thereto and all sums derived therefrom to the extent that the same relate to the Notes (and no other Series);
- (D) charge by way of fixed charge and assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all funds and any other assets now or hereafter standing to the credit of the account of the Principal Paying Agent in respect of the Notes and the debts represented by such moneys;
- (E) assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer's rights, title, benefit and interest in, to and under the Agency Agreement, the Placing Agreement and the Arrangement Agreement and all sums derived therefrom;
- (F) assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties (other than the Portfolio Manager, if any) all of the Issuer's rights, title, benefit and interest in, to and under the Portfolio Management Agreement and all sums derived therefrom; and

in each case on terms that the Trustee shall hold the proceeds of such security for itself and on trust for the Secured Parties.

As continuing security for the due payment, performance and discharge of the Notes the Issuer as legal and beneficial owner will charge by way of floating charge in favour of the Trustee for itself and on trust for the Secured Parties all of the Mortgaged Property which are not effectually charged or assigned as described above.

### 8.1.3 **Charging Instrument and Programme Accounts Security Agreement**

Pursuant to an equitable share mortgage in respect of the Series Assets entered into between the Issuer and the Trustee dated on or about the

date of the purchase of the relevant Charged Assets, the Issuer will grant in favour of the Trustee, as security for itself, and the Secured Parties, a security interest governed under the law of Cayman Islands over the Issuer's interest in the Series Assets (such security, the "**Supplemental Cayman Islands Security**" or "**Charging Instrument**").

Pursuant to the Charging Instrument, Insigneo Private Ventures LTD represents, amongst other things that:

1. the Shares charged pursuant to the Charging Instrument are, or will be when mortgaged and charged, duly authorised, validly issued, fully paid, non-assessable, and constitute shares in the capital of a Cayman Islands exempted company. To the extent they are in existence there are no moneys or liabilities outstanding or payable in respect of any such shares nor will there be any and they have not been redeemed nor cancelled in any way nor will they be;
2. no person has or is entitled to any conditional or unconditional option, warrant or other right to subscribe for, purchase or otherwise acquire any issued or unissued shares, or any interest in shares, in the capital of Insigneo Private Ventures LTD;
3. there are no other restrictions on the transferability of the Shares, save the prior written consent of the board of directors, which is thereby irrevocably waived by Insigneo Private Ventures LTD, provided that such transfer of the Shares by the Trustee or its nominee to any other person is made pursuant to the exercise of the Trustee's rights under the Charging Instrument;
4. there are no covenants, agreements, conditions, interest, rights or other matters whatsoever which adversely affect the Shares; and
5. it has not received any notice of an adverse claim by any person in respect of the ownership of the Shares or any interest in the Shares.

Potential investors should note that neither the Issuer nor the Trustee makes any representation as to the accuracy of the statements at (1) to (5) above.

The Issuer has granted security over the Account Bank Agreement, Unwind Account Custody Agreement and any accounts held pursuant thereto in favour of the Trustee, as security for itself and the Secured Parties, pursuant to the Programme Accounts Security Agreement in respect of the Issuer's obligations to the Trustee in respect of all Series under the HFMX Programme. Pursuant to a deed of confirmation, the Issuer will confirm to the Trustee that the Programme Accounts Security Agreement charges the Account Bank Agreement, Unwind Account Custody Agreement and any accounts held pursuant thereto in favour of the Trustee in respect of the Issuer's obligations under Series 284 Santorini Project.

#### 8.1.4 **Enforcement**

The Mortgaged Property may become enforceable if the Notes or any of them have become due and repayable (for example, due to acceleration following the occurrence of an Event of Default) and have not been repaid.

In such circumstances the Trustee at its discretion may, and if so directed by the relevant parties shall, upon being indemnified, secured and / or prefunded to its satisfaction, realise the Charged Assets. In realising the Charged Assets the Trustee may, but shall not be obliged to, procure the sale of the Charged Assets or may request the redemption of the Charged Assets if the Charged Assets allow for such request.

#### 8.1.5 **Priority of claims and potential for insufficient security on sale of Charged Assets and / or on enforcement**

In the event that any Charged Assets are required to be sold pursuant to the Conditions or the security constituted by the Trust Deed, the Constituting Instrument and / or the Charging Instrument becomes enforceable in accordance with the Conditions, the net sums realised could be insufficient to pay all the amounts due to the Noteholders under the Notes. The sums realised from any such sale of the Charged Assets will be subject to deduction of the costs and expenses associated with such sale. In addition, all costs and expenses incurred by the Trustee in enforcing the Security (including any costs of a receiver or similar official) and amounts due to the Agents, the Arranger and any fees and expenses will be deducted from the proceeds of such enforcement before such proceeds are paid to the Noteholders. After taking action to enforce the security as provided in the Conditions, the Trustee shall not be entitled to take any further steps against the Issuer to recover any sum still unpaid and no debt shall be owed by the Issuer in respect of such sum. In particular, no Agent, Noteholder or other Transaction Participant may petition or take any other step for the winding-up of the Issuer nor shall any of them have any claim in respect of any sum over or in respect of any assets of the Issuer which are security for any other liability of the Issuer.

#### 8.1.6 **Limited recourse provisions**

The Trustee, the Agents and the Noteholders (in each case to the extent that their claims are secured) shall have recourse only to the Charged Assets. If, the Trustee having realised the Charged Assets, the proceeds thereof are insufficient for the Issuer to make all payments then due to all such parties, the obligations of the Issuer will be limited to such proceeds of realisation of the Charged Assets and no other assets of the Issuer will be available to meet such shortfall; the Trustee, the Agents, the Arranger, the Noteholders or anyone acting on behalf of any of them shall not be entitled to take any further steps against the Issuer to recover any further sum and no debt shall be owed to any such persons by the Issuer. The Trustee (including any costs of a receiver or similar official), the Arranger and the Agents shall rank prior to the Noteholders in the application of all moneys received in connection with the realisation or enforcement of the security. In particular, none of the

Trustee, the Arranger and the Agents or any holder of the Notes may petition or take any other step for the winding-up of the Issuer, and none of them shall have any claim in respect of any sum arising in respect of the Charged Assets for any other Series.

## **9 INFORMATION RELATING TO THE PORTFOLIO MANAGEMENT AGREEMENT**

*The below summary is qualified in its entirety by the terms of the Portfolio Management Agreement, which will be available during business hours on any day (Saturdays, Sundays and public holidays excepted) for inspection at, and collection of copies from, the registered office of the Issuer for as long as the Notes are outstanding.*

### **9.1.1 Portfolio Management Agreement**

The Portfolio Management Agreement sets out the terms and conditions of the appointment of the Portfolio Manager.

The Portfolio Manager shall be obliged to perform its obligations under the Portfolio Management Agreement in accordance with the terms of the Portfolio Management Agreement and shall be obliged to use all reasonable endeavours, in the course of carrying out such obligations, to pursue any strategy that it deems fit to maximise the total returns achieved by the Portfolio.

The Portfolio Manager shall be obliged to manage the buying and / or selling of assets comprising the Portfolio pursuant to the Portfolio Management Agreement.

### **9.1.2 Portfolio Manager**

The Issuer has appointed Northeast Financial Services S.A. as the Portfolio Manager in respect of the Notes pursuant to the Portfolio Management Agreement. The role of the Portfolio Manager is to actively manage the Portfolio by the buying and / or selling of the Series Assets pursuant to the Portfolio Management Agreement.

Northeast Financial Services S.A is an investment firm providing highly specialized active investment strategies and support for institutional and high net worth investors. Their investment strategies focus on the fundamental principles of investment and are derived using a rigorous top-down investment approach that undertakes a comprehensive analysis of markets utilizing a combination of the three pillars of investing: Macroeconomics, Market Action and Market Psychology.

The holder of the Notes will have claims against the Issuer only, and shall not have any rights directly against the Portfolio Manager.

### **9.1.3 Fees**

The fees payable to the Arranger are described in Special Condition 5.8 (Fees) of the Notes. Details of the fees payable to the Portfolio Manager are set out in the Private Offering Memorandum (a copy (or copies) of which is appended to the Series Memorandum hereto).

## **10 INFORMATION RELATING TO THE ARRANGER, CHARGED ASSETS REALISATION AGENT AND CALCULATION AGENT**

FlexFunds Ltd is the Arranger in respect of the Notes, and as such is responsible for certain management and administrative functions in relation to the Notes.

FlexFunds ETP, LLC is the Calculation Agent in respect of the Notes, and as such is responsible for certain management and administrative functions in relation to the Notes.

As Charged Assets Realisation Agent, FlexFunds Ltd is responsible to the Issuer for taking any steps in order to realise the Charged Assets as required for the purposes of the Notes. The Charged Assets Realisation Agent shall, on behalf of the Issuer, sell or procure the sale or other means of realisation of the Charged Assets and shall be entitled to deduct any costs, expenses, taxes and duties incurred in connection with any disposal, realisation or transfer of such Charged Assets.

The Charged Assets Realisation Agent may sell or procure the sale or other means of realisation of the Charged Assets in such manner and to and / or involving such person as it thinks fit and shall be entitled to sell and procure the sale or other means of realisation of the Charged Assets at such price in its sole discretion. The Charged Assets Realisation Agent shall not be responsible or liable for any failure to sell or realise the Charged Assets or any delay in doing so nor for any loss suffered or incurred by any person as a result of their sale or other means of realisation.

FlexFunds Ltd is an exempted company incorporated in the Cayman Islands with limited liability. The company administers the HFMX Programme with all participants and prepares the notes for issuance. FlexFunds Ltd. has a presence in the Cayman Islands.

FlexFunds ETP LLC is a Miami based investment services company, coordinating the relations and activities between the HFMX Programme participants and managers of the Charged Assets. FlexFunds ETP LLC has a presence in Miami.

The Calculation Agent may at any time resign and the Issuer may at any time terminate its appointment, subject to giving 60 days' prior written notice subject to and in accordance with the terms of the Agency Agreement. In such case the Issuer would, with the prior written consent of the Trustee, appoint a successor.

The holder of the Notes will have claims against the Issuer only, and shall not have any rights directly against the Arranger or any Agent of the Issuer.

The fees payable to FlexFunds Ltd. as the Arranger are described in Special Condition 5.8 (Fees) of the Notes.

## **11 INFORMATION RELATING TO THE PLACING AGENT**

GWM Group, Inc. and GWM LTD have been appointed as Placing Agent, and as such are responsible for certain management and administrative functions in relation to the Notes. GWM Group, Inc. and GWM LTD as Placing Agent have an administrative role and their main function is to coordinate the subscription and redemption trades between the Issuer and purchasers of the Notes.

GWM Group, Inc. and GWM LTD will not be able to confirm any buys or sales on behalf of the Issuer if the Calculation Agent cannot provide them with a Net Asset Value.

GWM Group, Inc. and GWM LTD as Placing Agent have no control over the Net Asset Value calculations and do not verify the Net Asset Value calculations received from the Calculation Agent.

GWM Group, Inc. and GWM LTD have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking is made, whether express or implied, and no responsibility or liability is accepted by GWM Group, Inc. or GWM LTD as to the accuracy, completeness or nature of the information contained in this Series Memorandum, the Private Offering Memorandum, any other document in relation to the HFMX Programme, or with respect to the legality of investment in the Notes by any prospective investor or purchaser under applicable laws or regulations.

GWM Group, Inc. and GWM LTD shall not, under any circumstances, be responsible for, or obliged to monitor or verify or investigate the performance or operation of the Portfolio Manager or any party appointed in relation to the HFMX Programme.

GWM Group, Inc. and GWM LTD as Placing Agent will not be allowed to confirm any transactions on behalf of the Issuer without the Issuer's approval.

GWM Group, Inc. and GWM LTD as Placing Agent shall not, under any circumstances, be responsible for, or obliged to monitor or verify the performance or operation of the Issuer. Furthermore, GWM Group, Inc. and GWM LTD as Placing Agent shall not be liable (whether directly or indirectly, in contract, in tort or otherwise) to the Issuer, any Noteholder or any other party to the HFMX Programme or any person for any loss incurred by such person that arises out of or in connection with the performance by GWM Group, Inc. and GWM LTD, as Placing Agent, provided that nothing shall relieve GWM Group, Inc. and GWM LTD, as Placing Agent from any loss arising by reason of acts or omissions constituting bad faith, fraud or gross negligence of the Placing Agent.

GWM Group, Inc. and GWM LTD's role with respect to the HFMX Programme is limited to its function as Placing Agent only with respect to the Notes. GWM Group, Inc. and GWM LTD, as Placing Agent is not, under any circumstances whatsoever, obliged to make a market for the Notes or to provide liquidity in the secondary market with respect to the Notes.

GWM Group, Inc. and GWM LTD as Placing Agent have the right to refuse to process orders for any counterparty at its own discretion.

GWM Group, Inc. and GWM LTD as Placing Agent will limit their interaction to regulated financial institutions. GWM Group, Inc. and GWM LTD cannot interact with retail clients.

GWM Group, Inc. and GWM LTD as Placing Agent do not provide investment or tax advice.

GWM Group, Inc. is a full service broker dealer based in Greenwich, and a member of the Financial Industry Regulatory Authority and the Securities Investor

Protection Corporation. Its clients' accounts are introduced on a fully disclosed basis to Interactive Brokers LLC and Apex Clearing Corporation.

GWM Group, Inc. offers execution services to clients ranging from retail clients to institutional investment firms, and services ranging from wealth management services to custody and clearing services. The company also offers investment solutions, such as fee-based programs, retirement products and programs, asset management accounts, margin borrowing, mutual fund solutions, and wealth management.

GWM Group, Inc. has a presence in Connecticut.

GWM LTD was incorporated in Bermuda in December 2014 and is licensed to conduct investment business by the Bermuda Monetary Authority.

The Bermuda Monetary Authority granted approval to GWM LTD for a license under section 16 of the Investment Business Act 2003. As Placing Agent, GWM Group, Inc. and GWM LTD have agreed to comply with all duties and responsibilities set out in the Conditions of the Notes, and to strictly adhere to the Selling Restrictions. As Placing Agent, GWM Group, Inc. and GWM LTD have not verified any of the series documentation content.

As Placing Agent, GWM Group, Inc. and GWM LTD have agreed to comply with all duties and responsibilities set out in the Conditions of the Notes, and to strictly adhere to the Selling Restrictions.

The holder of the Notes will have claims against the Issuer only, and shall not have any rights directly against the Placing Agent.

## 12 INFORMATION RELATING TO THE ISSUER

### 12.1.1 General

The Issuer was incorporated in Ireland as a designated activity company on 10 July 2018, with registration number 630060 under the name HFMX Designated Activity Company, under the Companies Acts 2014 as amended.

The registered office of the Issuer is at 1-2 Victoria Buildings, Haddington Road, Dublin 4. The e-mail address of the Issuer is [crm-ie@intertrustgroup.com](mailto:crm-ie@intertrustgroup.com) / [Ireland.Directors@intertrustgroup.com](mailto:Ireland.Directors@intertrustgroup.com). The authorised share capital of the Issuer is EUR 1,000 divided into 1,000 Ordinary Shares of EUR 1 (the "**Shares**"). The Issuer has issued 1 Share, which is fully paid. The issued Share is held by Intertrust Corporate Services 2 (Ireland) Limited (the "**Share Trustee**"). The Share Trustee owns the Issued Share under the terms of a declaration of trust (the "**Declaration of Trust**") dated 10 July 2018, under which the Share Trustee holds the issued Share respectively of the Issuer on trust for charitable purposes.

The Issuer has been established as a special purpose vehicle. The principal objects of the Issuer are to raise finance through the issuance of debt securities or loan facilities and use the proceeds to enter into financial transactions including, without limitation, acquiring, holdings, selling and disposing of personal property and all related activities.



The Issuer is not, and will not be, regulated by the Central Bank of Ireland (the “**Central Bank**”) by virtue of the issue of the Notes. Any investment in the Notes does not have the status of a bank deposit and is not subject to the deposit protection scheme operated by the Central Bank.

The Issuer has not underwritten and will not underwrite the issue of, place, offer, or otherwise act in respect of the Notes, otherwise than in conformity with the provisions of all laws applicable in the jurisdiction in which the Notes are offered.

#### 12.1.2 **Directors and company secretary**

The Directors of the Issuer are as follows:

- Gustavo Nicolosi
- Robert Browne

The Company Secretary is Intertrust Finance Management (Ireland) Limited .

Intertrust Finance Management (Ireland) Limited is the administrator of the Issuer. Its duties include the provision of certain administrative, accounting and related services. The appointment of the administrator may be terminated forthwith if the administrator commits any material breach of the corporate service agreement between the Issuer and the administrator, or if the administrator is unable to pay its debts as they fall due or if the administrator becomes subject to insolvency or other related proceedings. The administrator may retire upon 90 days’ written notice subject to the appointment of an alternative administrator on similar terms to the existing administrator. The business address of the administrator is 1-2 Victoria Buildings, Haddington Road, Dublin 4.

Auditors of the Issuer, being chartered accountants qualified to practice in Ireland, shall be appointed prior to the Issuer’s financial year end.

#### 12.1.3 **Financial statements**

At the date of this Series Memorandum, the Issuer has not published any financial statements. The Issuer’s financial year-end is June 30th. Annual financial statements of the Issuer will be prepared within 28 days of the annual return date of the Issuer and will be filed with the Irish Companies Registration Office.

#### 12.1.4 **Authorisation**

The issue of the Notes was authorised by a resolution of the board of directors of the Issuer passed prior to the Issue Date.

#### 12.1.5 **Litigation**

There are no legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the

Issuer is aware) which may have or have had a significant effect on the Issuer's financial position.

### 13 INFORMATION RELATING TO THE TRUSTEE

The Trustee shall not be responsible for, or be obliged to monitor or verify or investigate:

- (A) the performance, operation or calculation of the Portfolio or other element of the calculation thereof but shall be entitled to rely absolutely on any calculation thereof by the Calculation Agent;
- (B) the performance, operations or financial condition of the Portfolio or the terms of the Charged Assets or the calculation of amounts payable in respect thereof;
- (C) the performance by the Issuer of any agreement relating to, or in connection with, the Portfolio and shall be entitled to assume that each of them is in compliance with the terms thereof unless and until expressly notified to the contrary in writing by the Issuer or the Calculation Agent;
- (D) whether or not any Additional Mandatory Redemption Event or any Event of Default has occurred and shall be entitled to assume that no such event has occurred unless and until expressly notified to the contrary in writing by the Issuer or the Calculation Agent; or
- (E) save to the extent caused by its own gross negligence or wilful default the Trustee shall not be responsible or liable for any failure to sell, realise or redeem the Charged Assets or any delay in doing so nor for any loss suffered or incurred by any person as a result of the Net Proceeds, the Realisable Value or any other proceeds of sale, realisation or redemption of the Charged Assets being insufficient to discharge any Redemption Amount or Early Redemption Amount in full.

### 14 SELLING RESTRICTIONS

In addition to the Selling Restrictions set out in the Programme Memorandum the restrictions set out below shall apply.

The Notes have not been and will not be registered under the U.S Securities Act of 1933, as amended, and may not be directly or indirectly offered or sold in the United States or to or for the benefit of any U.S person (as defined in Regulation S) unless the securities are registered under the Securities Act of 1933, or an exemption from the registration requirements of the Securities Act of 1933 is available.

Where:

**“U.S person”** means a *“US person”*, as the term is defined in Regulation S under the Securities Act of 1933 (as amended from time to time) and more particularly are references to: (i) any natural person that resides in the U.S; (ii) any entity organised or incorporated under the laws of the U.S; (iii) any entity organised or incorporated outside the U.S that was formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act of 1933, unless it is organised or incorporated, and owned, by accredited investors (as defined in Section 501 of Regulation D promulgated under the Securities Act of 1933) who are not natural persons, estates or trusts; (iv) any estate of which any executor or administrator is a US person ; (v) any trust of which any trustee is a U.S person; (vi) any agency or branch of a foreign entity located in the U.S; or (vii) any non-

discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person; and (viii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or resident in the U.S.. For the purposes hereof, the term **“U.S person”** shall not include any discretionary or non-discretionary account (other than an estate or trust) held for the benefit or account of a non-U.S person by a dealer or other professional fiduciary organised or incorporated in the US. The term **“U.S person”** includes entities that are subject to the U.S Employee Retirement Income Securities Act of 1974, as amended, or other tax-exempt investors or entities in which substantially all of the ownership is held by U.S persons.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **“Relevant Member State”**), an offer of Notes to the public has not and may not be made in that Relevant Member State.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Programme Memorandum, this Series Memorandum or any part thereof or any other offering material, in any country or jurisdiction where action for that purpose is required.

NO OFFER, SALE OR DELIVERY OF THE NOTES, OR DISTRIBUTION OR PUBLICATION OF ANY OFFERING MATERIAL RELATING TO THE NOTES, MAY BE MADE IN OR FROM ANY JURISDICTION EXCEPT IN CIRCUMSTANCES WHICH WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. ANY OFFER OR SALE OF THE NOTES SHALL COMPLY WITH THE SELLING RESTRICTIONS AS SET OUT IN THE ISSUER’S OFFERING DOCUMENTS AND ALL APPLICABLE LAWS AND REGULATIONS.

## **15 GENERAL INFORMATION**

For so long as the Notes remain outstanding, the following documents will be available in physical form from the date hereof during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for inspection at the registered office of the issuer and the specified office of the Principal Paying Agent in London:

- (a) the Master Documents which are incorporated by reference by the Constituting Instrument so as to constitute the Trust Deed, Agency Agreement, Arrangement Agreement, Placing Agreement and the Portfolio Management Agreement with respect to the Notes (to the extent not otherwise amended, modified and / or supplemented by the Constituting Instrument);
- (b) any deed or agreement supplemental to the Master Documents;
- (c) the Programme Memorandum;
- (d) the Supplemental Cayman Islands Security;
- (e) the Certificate of Incorporation and the Memorandum and Articles of Association of the Issuer; and
- (f) the Constituting Instrument.

**APPENDIX 1**  
**PRIVATE OFFERING MEMORANDUM**

**IMPORTANT**

**If you are in any doubt about the contents of this document, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.**

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**Offer By**

**Insigneo Private Ventures Ltd**

(An exempted company established under the laws of the Cayman Islands)

relating to an offering of Participating Shares in the Company

May 2018

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This document serial is issued for your subscription of Participating Shares. You must not circulate this document to any other person and must immediately return this document to the Investment Manager if you do not wish to apply for any Participating Shares.

This Offering Memorandum is distributed on a confidential basis in connection with a private offering of Shares of Insigneo Private Ventures Ltd., none of which will be issued to any person other than a person to whom a copy of this Offering Memorandum is sent. No person receiving a copy of this Offering Memorandum in any territory may treat the same as constituting an offer to him, unless in the relevant territory such an offer could lawfully be made to him without compliance with any registration or other legal requirements.

The contents of this Offering Memorandum are not to be construed as a recommendation or advice to any prospective investor in relation to the subscription, purchase, holding or disposition of Shares. Prospective investors should consult their professional advisers accordingly.

This Offering Memorandum may be updated from time to time. Prospective investors should ask the Directors if any supplements to this Offering Memorandum or any later Offering Memorandum have been issued.

**Potential investors should note that the Company is established as a closed-end investment Company and redemption of Shares in the Company will not be permitted. There is no public market for the Shares and the Shares will not be listed on any stock exchange.**

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This document contains certain particulars of the Company for the purpose of giving information to the recipients hereof. The Participating Shares are offered on the basis of the information and representations contained in this Offering Memorandum. Any other information given or representations made by any person must be regarded as unauthorised. Any distribution or reproduction of all or any part of this Offering Memorandum, or the divulgence of its contents other than as specifically set forth herein, is unauthorised.

The Directors of the Company, collectively and individually, accept full responsibility for the accuracy of the information contained in this Offering Memorandum and confirm having made reasonable enquiry, that to the best of their knowledge and belief there are no facts the omission of which would make any statement within this Offering Memorandum misleading.

### **Significant Information**

Capitalised terms not otherwise defined herein have the meanings ascribed to them in the Memorandum and Articles of Association, copies of which will be made available to each prospective investor upon request. This Offering Memorandum does not purport to be, and should not be construed as, a complete description of the Memorandum and Articles of Association. The Memorandum and Articles of Association should be reviewed for complete information concerning the rights, privileges and obligations of the Shareholders.

The Shares being offered hereby have not been approved by the United States Securities and Exchange Commission ("**SEC**"), the Cayman Islands Monetary Authority (the "**Monetary Authority**") or any other governmental authority and neither the SEC, the Monetary Authority nor any such other authority has passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

The Memorandum and Articles of Association of the Company give powers to the Company to compulsorily redeem Shares held by any person at the Company's option, at any time and in the complete and unfettered discretion of the Company. Without limiting the generality of the foregoing, the Directors may require the redemption or transfer of Shares held by any person in breach of any law or requirement of any country or governmental authority or by any person or persons in circumstances which, in the opinion of the Directors, might result in the Company, the Investment Manager or any other service provider to the Company or any Shareholder of the Company (or any person connected with any of them) breaching any law or requirement of any country or governmental authority, incurring any liability to taxation or suffering any other pecuniary disadvantage which the Company, the Investment Manager or any other service provider to the Company or any Shareholder of the Company (or any person connected with any of them) might not otherwise have incurred or suffered or which might result in the Company, the Investment Manager or any other service provider to the Company or any Shareholder of the Company (or any person connected with any of them) becoming subject to additional regulation in any country or being required to comply with any registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply.

Investment in the Shares is speculative and involves significant risk. Investors should understand such risks and have the financial ability and willingness to accept them for an extended period of time. An investment should form only a part of a complete investment program and an investor must be able to bear the loss of its entire investment. See "Investment Considerations and Risks Factors"

Certain information contained in this Offering Memorandum constitutes "forward-looking statements", which can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "intend", "continue", "target" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, including those described in "Investment Considerations and Risks Factors", actual events or results or the actual performance of the Company may differ materially from those reflected or contemplated in such forward-looking statements.

Potential subscribers of Shares should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence, incorporation or domicile and which might be relevant to the subscription, holding or disposal of Shares. In making a decision whether to invest in Shares of the Company, investors must rely on their own examination of the person or entity creating the securities and the terms of the offering, including the merits and risks involved. No information or advice herein contained shall constitute advice to a prospective shareholder in respect of his personal position.

No action has been taken to permit the distribution of this Offering Memorandum or the offering of Shares in any jurisdiction where action would be required for such purpose. The distribution of this Offering Memorandum and the offering of Participating Shares may be wholly or partly restricted in certain jurisdictions. It is the responsibility of any persons in possession of this Offering Memorandum and any persons wishing to make application for Participating Shares on the basis of or pursuant to this Offering Memorandum to inform themselves of and to observe fully the applicable laws and regulations of any relevant jurisdiction.

This Offering Memorandum does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation or is unlawful without compliance with additional registration or filing requirements. Ownership of Shares by any such person may cause the Company to redeem compulsorily any Shares held.

The Directors accept no responsibility for, and are not obliged to ascertain whether or not any person owning any Participating Shares would result in breach of any such law or requirement or bring about any such disadvantage.

Statements made in this Offering Memorandum are based on the law and practice in force at the date hereof and are subject to changes therein. During the course of this offering and prior to sale, each offeree of Shares and its offeree representative(s), if any, are invited to question the Company concerning the terms and conditions of the offering and to obtain additional information, to the extent the Company has such information or can acquire it without unreasonable expense or effort, concerning this offering or to verify the accuracy of information contained in this Offering Memorandum. Any information given or representation made by any dealer, salesman or other person and not contained herein should be regarded as unauthorised and, accordingly, should not be relied upon. Neither the delivery of this Offering Memorandum nor the offer, issue or sale of Shares shall, under any circumstances, constitute a representation that the information contained in this Offering Memorandum is correct as of any time subsequent to the date hereof.

This Offering Memorandum is strictly confidential and intended to be read only by the person to whom

it has been delivered to enable that person to evaluate an investment in the Company. It is not to be reproduced or distributed to any other persons except that a potential investor may provide a copy to its professional advisors.

Except as outlined in any data protection policy included in the Subscription Agreement, any information forwarded to the Company by a potential investor will be treated on a confidential basis. If required to do so by law or regulation, or if, in consultation with the Investment Manager, the Company deems it necessary to protect or preserve the assets of the Company, the Company may pass on that information to a relevant third party. In addition, the Company may disclose information relating to the Shareholders as is necessary to allow any potential service provider to the Company to complete such service provider's pre-appointment due diligence or other procedures. By subscribing for Participating Shares, each subscriber is deemed to have consented to such release of confidential information pursuant to Section 3(2)(b)(i) (or any amendment of that provision) of the Confidential Relationships (Preservation) Law (Revised) of the Cayman Islands.

There will not be any public market for the Shares, and there is no obligation on the part of any person to register the Shares under any securities laws. The Memorandum and Articles of Association provide for restrictions on dealing with Shares.

The Company may be subject to anti-money laundering and other regulations in multiple jurisdictions. Under such regulations, the Company may be required to implement an internal anti-money laundering compliance program; any information obtained as part of the Company's anti-money laundering or other compliance procedures (including records of the Company) may be required to be disclosed to anti-money laundering or taxation authorities in such jurisdictions.

It is the responsibility of any person in possession of this Offering Memorandum and any person wishing to apply for the Shares pursuant to this Offering Memorandum to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.



## **Restrictions on Sales in Selected Jurisdictions**

### **Cayman Islands**

The Company may not make an invitation to the public in the Cayman Islands to subscribe for the Participating Shares unless the Company is listed on the Cayman Islands Stock Exchange. "Public" for these purposes shall have the same meaning as "public in the Islands", as defined in the Mutual Funds Law (Revised). However, Participating Shares may be beneficially owned by persons resident, domiciled, established, incorporated or registered pursuant to the laws of the Cayman Islands. The Company will not undertake business with any person in the Cayman Islands except in the furtherance of the business of the Company carried on exterior to the Islands.

### **Europe**

Neither the Company nor the Investment Manager has complied with, nor currently intends to comply with the requirements of the Alternative Investment Fund Managers Directive ("**AIFMD**") of the European Union, if offered into Europe. Accordingly, no direct or indirect offering or placement by or on behalf of the Company or the Investment Manager (including by any intermediary, distribution agent, placement agent or other person) of Shares may be made to or with investors in member states of the European Union in breach of either the applicable requirements under the AIFMD or the applicable requirements under the private placement regime in each relevant member state. The Company and the Investment Manager will only accept subscriptions for Participating Shares from investors domiciled or with a registered office in the member states of the European Union in accordance with the applicable laws and regulations of the European Union and the relevant member states. Notwithstanding the foregoing, the Company and the Investment Manager reserve the right to take such steps, including making such amendments to this Offering Memorandum, as they reasonably deem to be appropriate in their sole discretion, in order to comply with any applicable requirements under the AIFMD or under the private placement regime in the relevant member state.

### **OTHER JURISDICTIONS**

The absence of a discussion in this Offering Memorandum regarding sales restrictions of the Participating Shares in any particular jurisdiction does not imply that the Participating Shares may or may not be purchased in such jurisdiction by prospective investors. Jurisdictions not addressed herein may or may not permit the purchase of the Participating Shares by prospective investors who are subject to the laws and regulations of such jurisdictions. Prospective investors should consult their own professional advisors with respect to the purchase of the Participating Shares.

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## **Corporate Directory**

### **Registered Office**

c/o Campbells Corporate Services Limited  
Floor 4, Willow House, Cricket Square  
Grand Cayman KY1-9010  
Cayman Islands

### **Investment Manager**

Insigneo Capital, S.A.  
Edificio D'Corá 2do Nivel  
Blvd. Orden de Malta y Calle El Boqueron  
Urbanizacion Santa Elena  
Antiguo Cuscatlan, La Libertad  
El Salvador

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

Campbells  
Floor 4, Willow House, Cricket Square  
Grand Cayman KY1-9010  
Cayman Islands

### **The Directors of the Company**

Raul Henriquez  
Francisco Ernesto Nuñez Lavanigno  
Eduardo Alfonso Arce Nieto

### **Registrar and Transfer Agent**

Campbells Corporate Services Limited  
Floor 4, Willow House, Cricket Square  
Grand Cayman KY1-9010  
Cayman Islands

## Definitions

For the purposes of this Offering Memorandum, the following expressions have the following meanings:

"Business Day"	a day on which banks and securities houses are open for business in the United States and such other places as the Directors may from time to time determine.
"Commitment"	the aggregate number of Shares which a Shareholder has committed to purchase.
"Companies Law"	the Companies Law (as amended) of the Cayman Islands as consolidated, amended and revised from time to time.
"Company"	Insigneo Private Ventures Ltd, a Cayman Islands exempted company.
"Contribution"	the aggregate purchase price for the issued Shares acquired by a Shareholder.
"Directors"	the persons named as the directors of the Company in this Offering Memorandum or any duly appointed committee thereof and any successors.
"First Closing"	such date as the Directors may determine.
"Fiscal Year"	a calendar year ending 31 December or such other date nominated by the Directors.
"gross negligence"	a standard of conduct beyond negligence whereby that person acts with reckless disregard for the consequences of a breach of a duty of care owed to another.
"Investments"	investment or equity interest in or bridge financing provided by the Company. The Investments is intended to be an interest in the Target.
"Investment Management Agreement"	the agreement by which the Company has appointed the Investment Manager to manage the Company's investments and affairs.
"Investment Manager"	Insigneo Capital, S.A, in its capacity as investment manager of the Company's assets and investments, or such other successor entity appointed.
"Investment Proceeds"	means in relation to an Investment, all cash proceeds received by the Company from any sale or disposition of

	such an Investment and all dividends, interest or other income received by the Company in connection with such an Investment, net of all expenses incurred by or taxes imposed on the Company in connection with such an Investment.
<b>"Master Vehicle"</b>	an intermediate vehicle to which the Company contributes cash for the undertaking of the acquisition of the Target.
<b>"Memorandum and Articles of Association"</b>	the memorandum of association and articles of association of the Company.
<b>"Monetary Authority"</b>	the Cayman Islands Monetary Authority.
<b>"Offering Memorandum"</b>	this offering memorandum as supplemented or amended from time to time.
<b>"Registrar Agreement"</b>	the agreement by which the Company has appointed the Registrar to provide administrative services to the Company.
<b>"Registrar"</b>	Campbells Corporate Services Limited, in its capacity as registrar of the Company, or such other successor entity appointed.
<b>"Shareholder"</b>	a person who is registered on the Register of Shareholders of the Company as the holder of a Share.
<b>"Shares" or "Participating Shares"</b>	the non-voting participating shares in the Company offered pursuant to this Offering Memorandum.
<b>"Subscription Agreement"</b>	with respect to each Shareholder, the executed Subscription Agreement entered into between such Shareholder and the Company with respect to the purchase of Shares.
<b>"Subsequent Closing(s)"</b>	such dates as the Directors may determine.
<b>"Target"</b>	Caribbean Financial Group Holdings, L.P., being the undertaking that the Company will acquire a beneficial interest in.
<b>"United States" or "US"</b>	the United States of America, each state thereof, its territories and possessions and all areas subject to its jurisdiction.
<b>"US Dollar(s)" and "US\$"</b>	the lawful currency of the United States of America.

**"US Person"**

a person who is so defined by Regulation S under the United States Securities Act of 1933.

## Summary of Offering Memorandum

The following is a summary only and is qualified in its entirety by the more detailed information appearing elsewhere in this Offering Memorandum and in the Company's Memorandum and Articles of Association, a copy of which is available upon request.

### The Company

The Company was incorporated as a Cayman Islands exempted company and has established a class of shares called Participating Shares for investors to subscribe for. The Shares shall participate on a pro rata basis in the Company's portfolio. The structure of the Company and the Shares being offered is described further herein.

The Company has issued one class of voting non-participating shares (the "**Management Shares**"), to be held by the Investment Manager. Pursuant to this Offering Memorandum, the Company is offering Shares of the Company in a private placement to certain "qualified" investors. The Company may establish multiple classes of Shares, which may have terms that differ from those governing the Shares, without obtaining the consent of Shareholders. Although the Shares of the Company will not be separate and distinct with respect to their assets and liabilities, the Company may, in the future, create new classes of Shares which may be a separate class with separate and distinct liabilities from the Shares described in this Offering Memorandum.

The Company intends to offer Commitments. Target size is US\$40,000,000 which may be increased or reduced at the discretion of the Directors. Subscription will be in the form of a Commitment where subscribers shall pay 10% - 15% of the Commitment on subscription. The balance of the Commitment will be payable through a series of calls that will be made as Companies are required for investments. The minimum Commitment in the Company is US\$500,000 (which may be waived or changed by the Directors for individual investors). Shares will be issued at a price of US\$1,000.00 per Share, as the Contribution is funded.

### Summary of Investment Objectives

The investment objective of the Company is to acquire an interest in the Master Vehicle whose sole purpose will be to undertake the acquisition of Caribbean Financial Group Holdings, L.P. (the "**Target**").

### Subscriptions

Applications should be made on the Subscription Agreement for a Commitment. Subscription Agreements, duly completed, should be sent to the Company at the address set out in the Subscription Agreement.

Notification in writing will be dispatched to applicants of the acceptance or rejection of such application for a Commitment. If the application is successful, Shareholders will be notified of the number of the Commitment approved to them. No Share Certificate will be issued.

At the time of making a Contribution, an investor will make an initial Contribution in cash of an amount equal to 10% - 15% of its intended Commitment; provided that all or a portion of such Contribution shall



be returned without interest to that investor if all or part of the Commitment intended to be subscribed by that investor has been declined by the Company.

On each subsequent draw down, a Shareholder will make a Contribution in cash and on a *pro rata* basis, at such time and from time to time as will be determined by the Company on an as needed basis, and with not less than ten (10) days prior written notice to the Shareholder. Interest will be charged on the late payment of any Contribution, and in addition to all legal remedies available to the Company, the Shareholder in default may be required to compulsorily redeem its Shares from the Company.

In connection with the subscriptions of certain investors, the Company may engage placement agents or other intermediaries; provided that the fees and expenses of such intermediaries shall not be borne by the Company.

Any late payment of any Contribution by a Shareholder ("**Default Shareholder**") will bear interest from the due date for each day until paid at a rate determined by the Directors and incur other consequences.

US PERSONS (EXCEPT FOR THOSE EXPRESSLY PERMITTED BY THE COMPANY) MAY NOT SUBSCRIBE EITHER DIRECTLY OR INDIRECTLY FOR SHARES.

### **Subsequent Closings**

After the First Closing, the Investment Manager will have a right, in its discretion to accept at Subsequent Closings further Commitments from prospective investors.

Subsequent investors who wish to make Commitments to the Company at Subsequent Closing(s) will participate in investments already made by the Company. Therefore, in order to place a Subsequent Investor in the same pro rata economic position as existing Shareholders participating at previous closings, the Subsequent Investor will, upon its admission to the Company, pay to the Company on the date designated in the Subscription Agreement, the amount obtained by the same percentage drawn down for the existing Shareholders with respect to the existing Shareholders' Contributions as of the relevant Subsequent Closing Date multiplied by the Subsequent Investor's Commitment.

### **Final Closing**

The final closing of the Company will be no later than the date when the acquisition of the Target is completed.

### **Minimum Investment**

The minimum initial subscription amount per investor is US\$500,000 (subject to the discretion of the Directors to accept a lesser amount in any such case).

### **Redemptions**

INVESTORS HAVE NO ABILITY TO DEMAND A REDEMPTION.

## **Duration**

The Company has a limited duration and will be liquidated on or before the seven (7) anniversary of the Closing Date, subject to the Directors' having the discretionary right to extend the duration up to three (3) additional one-year periods to permit an orderly disposal of the Investments and liquidation of the Company.

## **Distribution of Investment Proceeds**

The entire Investment Proceeds from the disposal of any Investment (with appropriate allowances being made for expenses payable) will be distributed to the Shareholders in proportion to their Contributions and in accordance with the applicable laws and regulations.

None of the Investment Proceeds will be reinvested by the Company, but retentions may be implemented for future expenses.

## **Fees and Expenses**

The Company will be responsible to pay the costs associated with its investment activities in connection with the execution and clearance of transactions on behalf of the Company, along with a pro-rata share of the expenses of the Master Vehicle. Entities and individuals associated with the Investment Manager may be paid fees by the Master Vehicle or other entities, which are indirectly borne by Shareholders.

The Company will also bear the costs associated with its ongoing administrative, financial services and operational expenses, as well as any legal and extraordinary expenses. These expenses are anticipated to be incurred by the Company at prevailing market rates.

The Company will pay fees in accordance with their prevailing rates.

## **Suitability**

An investor must not be considered a "US Person", except for such US Persons expressly permitted by the Company.

The circulation and distribution of this Offering Memorandum and offering of Shares in certain countries is restricted by law. Persons into whose possession this Offering Memorandum may come are required to inform themselves of and to observe any restrictions and/or any additional requirements as to suitability or investor qualification.

## **Dividend Policy**

The Company expects to pay dividends as Investment Proceeds become available.

## **Transfer of Shares**

With the prior written consent of the Manager, Shares are freely transferable upon submission to the Company of an instrument of transfer in any usual or common form together with the relevant share certificate(s) (if in issue) or such other evidence as the Directors may reasonably require to show the right

of the transferee to transfer the Shares, except where to do so would be a breach of applicable securities law. There is not a public market (primary or secondary) for the sale or transfer of Shares and it is not anticipated that any such market will develop in the future.

### **Listing of the Company**

The Company and its Shares may, in the future, become listed on a stock exchange. Shareholder consent would not be required to the Company implementing a listing and arranging for all documents and matters to be attended to.

### **Master Vehicle**

The Company may facilitate the investment in the Target by contributing cash to the Master Vehicle which will undertake the investment in the Target. The Company will bear its share of the expenses of the Master Vehicle.

### **Reports to Shareholders**

Shareholders may receive annual audited financial statements of the Company.

### **The Registrar**

Campbells Corporate Services Limited is acting as Registrar of the Company.

### **Risk Factors**

Investment in the Company involves significant risks. Each Shareholder should understand that all investments have a risk factor. Therefore, there can be no guarantee against loss resulting from an investment in the Company and there can be no assurance that the Company's investment policy will be successful or that its investment objective will be attained. These risks are outlined in the section headed "Investment Considerations and Risk Factors" and Shareholders are urged to read this section carefully prior to investing

## Investment Objectives

The Company's investment objective is to acquire an interest in the Master Vehicle whose sole purpose will be to undertake the acquisition of Caribbean Financial Group Holdings, L.P. (the "Target").

The Target provides unsecured personal loans and credit insurance products for qualifying customers out of its 72 storefront locations in seven countries (Panama, Trinidad & Tobago, Dutch Caribbean (4) and Puerto Rico). In-person loan origination has allowed the Target to build strong brand recognition and loyalty. With over 135,000 active accounts and an average loan size of approximately \$3,200, the Target offers fully amortizing loans with fixed interest rates, ranging from 20% to 50%, and maturities up to 72 months. The average monthly payment on its loans is approximately \$150. Roughly two-thirds of the Target's customers make payments through payroll deductions or standing orders; the others make in-store payments. The Target conducts its business under a centralized credit underwriting and collection model.

In the past five years, the Target has averaged a 35% yield on its loan portfolio and between 3% and 5% in net charge-offs. In this period, the Target has also grown significantly. From 2011 to 2017, it grew its gross loan receivables from \$260 million to \$380 million and its revenues from \$96 million to \$152 million. The Target's consistent performance has resulted in earnings growth since 2012 at a compounded annual growth rate of 11% without detriment to the credit quality of its loan receivables pool or lowering its yields.

The Target's credit standards were successfully tested during the 2008-09 financial crisis with net charge-offs increasing by less than two percentage points and staying below 6%. The Target generates significant recurring and predictable cash flows with \$74 million in adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) for December 31, 2017.

The Target's management team has extensive experience in consumer lending and is motivated to successfully implement the Target's strategic vision. The team has an average of 17 years of industry experience and the majority of the team has worked together for the past 15 years. The board of directors is sophisticated and includes two former chief executives of large financial services companies. Together with management, the board has approved a strategic plan that aims to continue positioning the Target as a leading Pan-American consumer finance franchise.

By virtue of its more than three-decade operating history, disciplined business model developed during the Wells Fargo ownership period, deep understanding of its customer base, ability to provide a needed financial solution to its clients and strong ties to the communities it serves, the Target is positioned to deliver a:

- Predictable and steady cash flow stream
- Platform to drive sustainable growth

The Company does not expect to borrow monies, but the Target or any intermediate entities owned by the Company may undertake borrowings to undertake the acquisition of the Target.

NO ASSURANCE CAN BE GIVEN THAT THE COMPANY WILL ACHIEVE ITS INVESTMENT OBJECTIVE.

NO ASSURANCE CAN BE GIVEN THAT ANY OF THESE DISCIPLINES WILL BE PROFITABLE OR THAT ANY COMPANY INVESTMENT SELECTED BY THE INVESTMENT MANAGER WILL ACHIEVE ITS INVESTMENT OBJECTIVES.

### **Investment Manager**

Insigneo Capital, S.A. serves as the Company's Investment Manager and is responsible for investment management decisions.

The Investment Manager will be responsible for all investment activities with respect to the Company. This process shall include identifying, evaluating, and monitoring existing investments and potential investments. See "Potential Conflicts of Interest" regarding certain potential conflicts of interest involved in management of the Company.

## **Investment Considerations and Risk Factors**

All investments risk the loss of capital. No guarantee or representation is made that the Company will achieve its investment objective. An investment in the Company should form only a part of a complete investment program and an investor must be able to bear the loss of its entire investment. In addition, prospective investors should consult their own tax advisors regarding the potential tax consequences of the Company's activities and investments.

### **Investment Practices and Portfolio Risks**

#### **Investment Risks in General**

There is no guarantee that in any time period, particularly in the short term, the Company's portfolio will achieve appreciation in terms of capital growth. Investors should be aware that the value of Participating Shares may fall as well as rise.

Investment in the Company involves significant risks. Whilst it is the intention of the Investment Manager to implement strategies which are designed to minimise potential losses, there can be no assurance that these strategies will be successful. It is possible that an investor may lose a substantial proportion or all of its investment in the Company. As a result, each investor should carefully consider whether it can afford to bear the risks of investing in the Company.

#### **Business Risks**

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

#### **Economic Conditions**

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

#### **Limited Diversification**

The Company will not diversify its investments.

#### **Risk of Private Equity Investments**

While private equity investments offer the opportunity for significant gains, such investments also involve

a high degree of business and financial risk, and can result in substantial losses. Among these risks are the general risks associated with investing in companies at an early to mid-stage of development with little or no operating history. The Company may rely upon its own or a portfolio company's projections concerning the portfolio company's future performance in making investment decisions. Such projections are inherently subject to uncertainty and to certain factors beyond the control of the portfolio company and the Company.

### **Exit Strategies**

A number of factors may complicate exit strategies pursued by the Investment Manager. Factors such as trading volumes, market sentiment, market volatility and other prevailing economic conditions may affect the success of an exit strategy.

### **Non-Controlling Investments**

The Company hold non-controlling interests and, therefore, may have a limited ability to protect its investment in, or control the investment policies of such portfolio companies although as a condition of investment, the Company may seek appropriate shareholder and supervisory rights to protect the Company's interests.

### **Illiquid Investments**

Investment in the Company requires a long-term commitment. The Company may make investments which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, of such investments tend to be more volatile and the Company may not be able to sell them when they desire to do so or to realise what they perceive to be their fair value in the event of a sale. Moreover, securities in which the Company may invest include those that are not listed on a stock exchange or traded in an over-the-counter market. As a result of the absence of a public trading market for these securities, they may be less liquid than publicly traded securities. The Company may encounter substantial delays in attempting to sell non-publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realised from these sales could be less than those originally paid by the Company. Further, companies whose securities are not publicly traded are not subject to the disclosure and other investor protection requirements which would be applicable if their securities were publicly traded.

### **Management Risks**

#### **No Operating History and Dependence on Management**

The Company has no operating history. There can be no assurance that the Company will achieve its investment objective. The past performance of the Investment Manager may not be indicative of the future performance of the Company. Although the overall supervision of the Company is vested in the Board of Directors of the Company, the Company's investment performance could be materially affected if certain key people were to die, become ill or disabled or otherwise cease to be involved in the active management of the Company.



### **Reliance on Key Individuals**

The success of the Company is dependent on the expertise of the Investment Manager. The loss of one or more individuals could have a material adverse effect on the performance of the Company.

### **Performance-Based Profit Fees**

The fees paid include performance-based fees, if any, subject to a high water mark. These fees may create an incentive for to make Company investments that are riskier or more speculative than would be the case in the absence of such performance-based arrangements.

### **Reliance on the Investment Manager**

If the Investment Manager is removed, resigns or otherwise no longer serves as the Investment Manager of the Company, or if the Investment Manager is no longer serving in such capacity, certain Investments may be terminated or otherwise no longer available to the Company, which may have an adverse impact on the Company's investment performance.

### **Company Risks**

#### **Dividends and Distributions**

An investment in the Company may not be suitable for investors seeking current returns for financial or tax planning purposes.

#### **Lack of Transferability of Company Shares**

The Shares offered hereby have not been registered under securities laws and are subject to restrictions on transfer contained in such laws. There will not be any market for the Shares.

#### **Risk of Investing in Investments**

Investments could be the subject of lawsuits or legal proceedings, and the expenses or liabilities which arise from any such suits or proceedings, will be borne by the Investment, and indirectly by the Company as an investor in the Investment.

#### **Sophisticated Investors**

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

#### **No separate counsel; No independent verification.**

Campbells acts as legal counsel to the Company as to matters of Cayman Islands laws. Campbells does not represent investors in the Company, and no independent counsel has been retained to act on behalf of the Shareholders or any Directors. Campbells is not responsible for any acts or omissions of the

Company or the Investment Manager (including their compliance with any guidelines, policies, restrictions or applicable law, or the selection, suitability or advisability of their investment activities) or any administrator, accountant, custodian/prime broker or other service provider to the Segregated Portfolios. This Offering Memorandum is based on information furnished by the Directors, Campbells has not independently verified that information.

### **Cybersecurity Risk**

With the increased use of technologies such as the Internet to conduct business, the Company is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting the Company’s service providers (including, but not limited to, the Company’s manager, accountants, custodians, transfer agents and financial intermediaries) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with the Company’s ability to calculate its Net Asset Value, impediments to trading, the inability of the Company’s Shareholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which the Company invests, counterparties with which the Company engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for the Company’s Shareholders) and other parties. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While the Company’s service providers have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, the Company cannot control the cyber security plans and systems put in place by its service providers or any other third parties whose operations may affect the Company or its shareholders. The Company and its Shareholders could be negatively impacted as a result.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE ALL THE RISKS INVOLVED IN THIS OFFERING.  
POTENTIAL INVESTORS SHOULD READ THIS DOCUMENT IN ITS ENTIRETY AND SEEK INDEPENDENT ADVICE  
BEFORE DETERMINING WHETHER TO INVEST

## Issue and Redemption of Shares

### Subscription

Potential investors may subscribe for the Shares, provided that a duly completed Subscription Agreement, accompanied by all relevant supporting documents and payment of the initial Contribution in cleared funds, is received on or before the Closing Date. Receipt of any Subscription Agreement or Contribution shall not constitute a deemed acceptance of the subscription. Any Subscription Agreement received or completed, and any amount of Contribution that is cleared after the Closing Date but on or before the Closing Date shall be dealt with at the discretion of the Directors.

A Subscription Agreement, once submitted, can be modified or withdrawn only at the discretion of the Directors. A person accepted as a Shareholder will receive, in consideration for the initial Contribution and subsequent Contributions, fully paid Shares.

No person will be accepted as a Shareholder unless and until (a) the duly completed and executed Subscription Agreement, and (b) the initial Contribution in cleared funds and net of fiscal and bank charges, have been received by or on behalf of the Company.

Shares will be in registered form and certificates representing Shares will not be issued. A confirmation notice will be sent as soon as practicable to successful applicants on acceptance of their application (including provision of all information needed to verify the applicant's identity) and receipt in cleared funds of their application monies.

The Directors reserve the right to reject any subscription for Shares in whole or in part. Acceptance of the Subscription Agreement is subject to the Company receiving such evidence of identification, source of funds and other matters as the Company deems necessary in order to fully comply with all relevant anti-money laundering and other regulations in force from time to time. If any subscription for Shares is not accepted in whole or in part, any initial Contribution paid or (where an application is accepted in part only) the balance thereof will be returned (without interest) in US Dollars to the account from which payment was originally made.

At the time of making a Contribution, an investor will make an initial Contribution in cash of an amount equal to 10% - 15% of its intended Commitment; provided that all or a portion of such Contribution shall be returned without interest to that investor if all or part of the Commitment intended to be subscribed by that investor has been declined by the Company. Shares will be issued at a price of US\$1,000.00 per Share, as the Contribution is funded.

Each prospective investor, by executing the Subscription Agreement, has a legal obligation to pay the Commitment as stated in its Subscription Agreement, once that Subscription Agreement is accepted by the Investment Manager. Company

On each subsequent draw down, a Shareholder will make a Contribution in cash and on a *pro rata* basis, at such time and from time to time as will be determined by the Company on an as needed basis, and with not less than ten (10) days prior written notice to the Shareholder. Interest will be charged on the late payment of any Contribution, and in addition to all legal remedies available to the Company, the Shareholder in default may be required to compulsorily withdraw from the Company.

In connection with the subscriptions of certain investors, the Company may engage placement agents or other intermediaries; provided that the fees and expenses of such intermediaries shall not be borne by the Company.

In addition, the Company may at any time at its discretion temporarily discontinue, cease definitively or limit the issue of Shares to persons or corporate bodies resident or established in certain countries or territories. The Company may also prohibit certain persons or corporate bodies from acquiring Shares if such a measure is necessary or desirable for the protection of the Shareholders.

The aggregate Contributions made by each Shareholder will not exceed its Commitment.

US PERSONS MAY NOT SUBSCRIBE EITHER DIRECTLY OR INDIRECTLY FOR SHARES.

The minimum initial subscription amount per investor is US\$500,000 (subject to the discretion of the Directors to accept a lesser amount in any such case).

All instructions received by email from investors or Shareholders in respect of the subscription and transfer of Shares (whether or not the original written applications or requests, as the case may be, are also required by the Investment Manager to follow such instructions sent by email) will generally be acted upon by the Investment Manager and the Registrar subject to the Investment Manager's absolute discretion not to, and instructing the Registrar not to do so until the original written instructions are received. The Investment Manager and Registrar may take any appropriate action to carry out such instructions upon receipt thereof notwithstanding any error, misunderstanding or lack of clarity in the instructions. None of the Investment Manager or the Registrar is obliged to verify the identity of the person sending the instructions.

None of the Investment Manager or the Registrar will be liable for any loss which the relevant investor or Shareholder may suffer arising from (a) their acting on any instructions sent by email which purport to be (and which they believe in good faith to be) from the relevant investor or Shareholder; or (b) the Investment Manager exercising its absolute discretion not to act, and instructing the Registrar not to act on such instructions sent by email; or (c) any instructions sent by email which are not received by the Investment Manager or the Registrar due to failed transmission thereof. The relevant investor or Shareholder will keep the Company, the Investment Manager and the Registrar fully indemnified on demand against all actions, losses and expenses brought against, or incurred by, the Investment Manager, or the Registrar resulting from any of them acting, or failing to act, on such instructions or from the non-receipt of instructions sent by email due to failed transmission thereof.

Contributions must be paid in US Dollars.

### **Default**

Any late payment of any Contribution by a Shareholder ("**Default Shareholder**") will bear interest from the due date for each day until paid.

A Shareholder commits an event of default in the following circumstances:

- 1 it fails to satisfy any call for a drawdown when due; or

- 2 it breaches any of the terms of its Subscription Agreement (including the restriction on the transfer of Shares and the representations and warranties therein).

A Shareholder who commits any event of default as described above shall be a "**Defaulting Shareholder**". In such event various remedies are available to the Investment Manager. Without prejudice to the right to take action for specific performance against the Defaulting Shareholder and/or to seek damages, the Investment Manager may by way of a written notice ("**Withdrawal Notice**") require the Defaulting Shareholder to withdraw from the Company and such withdrawal may be effected by way of either:

- 1 forfeiture of the Shares of the Defaulting Shareholder for no consideration; or
- 2 by any other means deemed appropriate by the Investment Manager.

Any amounts which may be payable to the Defaulting Shareholder for the purchase of its Shares will only be paid on liquidation of the Company.

Concurrently with the above remedies, a Defaulting Shareholder may be subject to any of the following at the option of the Investment Manager:

- 1 where applicable, shall not be entitled to participate in any subsequent consents or decisions to be made by the Company or any committee; and/or
- 2 shall not have any right to receive any distributions from the Company.

## **Redemption**

### **Investors have no ability to demand redemption**

In addition, the Directors has the right, power and authority, in its sole discretion but after consultation with legal counsel for the Company, to compulsorily require the immediate redemption from the Company of any Shareholder, if the holding of the Shares by a Shareholder; (a) might be in breach of any law or requirement of any country or governmental authority, (b) in the opinion of the Directors, might result in the Company or the associates or agents of the Company incurring any liability to taxation or suffering any other pecuniary disadvantage which the Company might not otherwise have incurred or suffered, (c) might result in the Company being required to comply with any registration or filing requirement in any jurisdiction to which it would not otherwise be required to comply, or (d) might become harmful or prejudicial to the business or reputation of the Company or any of its service providers

Redemption proceeds will be paid in US Dollars and will be paid, net of fiscal and bank charges by telegraphic transfer at the cost and risk of the withdrawing Shareholder to the bank account specified by that withdrawing Shareholder.

## **Transfer of Shares**

With the prior written consent of the Manager, Shares are freely transferable upon submission to the Company of an instrument of transfer in any usual or common form together with the relevant share certificate(s) (if in issue) or such other evidence as the Directors may reasonably require to show the right of the transferee to transfer the Shares, except where to do so would be a breach of applicable securities

law. There is not a public market (primary or secondary) for the sale or transfer of Shares and it is not anticipated that any such market will develop in the future.

## Regulatory and Reporting Matters

### US FATCA and the OECD Common Reporting Standard

The Cayman Islands has signed inter-governmental agreements to improve international tax compliance and the exchange of information with the United States. A Model 1(b) (non-reciprocal) inter-governmental agreement was signed with the United States (the "**US IGA**"), which gives effect to the automatic tax information exchange requirements of the US Foreign Account Tax Compliance Act ("**US FATCA**").

The Cayman Islands has also committed, along with over 100 other countries, to the implementation of the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (the "**CRS**").

Cayman Islands regulations were introduced to implement US FATCA and CRS in the Cayman Islands which require "reporting financial institutions" to identify and report information in respect of shareholders in the United States and each CRS "participating jurisdiction" (as identified in a list published by the Cayman Islands Tax Information Authority (the "**Cayman TIA**")).

The Company (or its agent or service provider) is required to (i) register with the US Internal Revenue Service ("**IRS**") to obtain a Global Intermediary Identification Number for US FATCA, (ii) register with the Cayman TIA for US FATCA and CRS, (iii) conduct due diligence on its investors to identify whether accounts are held directly or indirectly by "Specified US Persons" and corresponding determinations for the CRS, and (iv) report information on such Specified US Persons and corresponding determinations for the CRS to the Cayman TIA. The Cayman TIA will exchange the information reported to it with the fiscal authorities of CRS "participating jurisdictions" ("**Foreign Fiscal Authorities**") annually on an automatic basis.

### Cayman Islands Anti-Money Laundering Regulations

In order to comply with regulations aimed at the prevention of money laundering, the Company will require verification of identity from all prospective investors (unless in any case the Company is satisfied that an exemption under the Anti-Money Laundering Regulations (as revised) of the Cayman Islands (the "**Regulations**") applies).

If any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to his attention in the course of his trade, profession, business or employment he is required to report such belief or suspicion to the relevant authorities pursuant to The Proceeds of Crime Law (as revised) of the Cayman Islands, and such report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

### Cayman Islands Ultimate Beneficial Ownership Requirements

The Cayman Islands introduced a requirement for reporting of the ultimate beneficial owner of interests in Cayman Islands entities, consistent with global initiatives to increase transparency. Cayman Islands entities are obtaining information from their investors on the beneficial owners which is reported by

secure portal to the Cayman Islands authorities.

### **Anti-Money Laundering Regulations of Other Jurisdictions**

The Company and its affiliates may need to comply with the US Patriot Act and other applicable US and non-US anti-money laundering laws. In addition, many jurisdictions are in the process of changing or creating anti-money laundering, embargo and trade sanctions, or similar laws, regulations, requirements (whether or not with force of law) or regulatory policies and many financial intermediaries are in the process of changing or creating responsive disclosure and compliance policies (collectively, the "**Requirements**") and the Company could be requested or required to obtain certain assurances from investors subscribing for Shares, disclose information pertaining to them to governmental, regulatory or other authorities or to financial intermediaries or engage in due diligence or take other related actions in the future. It is the Company's policy to comply with the Requirements to which they are or may become subject and to interpret them broadly in favour of disclosure.

To achieve this objective, each investor will be expected to represent its compliance with the applicable anti-money laundering laws. Each investor will be required to agree in the Subscription Agreement, and will be deemed to have agreed by reason of owning any Shares in the Company, that it will provide additional information or take such other actions as may be necessary or advisable for the Company (in the discretion of the Directors) to comply with any Requirements, related legal process or appropriate requests (whether formal or informal) or otherwise. Each investor by executing the Subscription Agreement consents, and by owning Shares is deemed to have consented, to disclosure by the Company and its agent to relevant third parties of information pertaining to it in respect of the Requirements or information requests related thereto. Failure to honour any such request may result, in the discretion of the Investment Manager, in redemption by the Company or a forced sale to another investor of such investor's Shares.

### **Obligations on Shareholders and prospective investors**

In this section, US FATCA, CRS, the information required under the Regulations and supplemental guidance notes and (if the Company is in scope) the ultimate beneficial owner regime and any other reporting required of the Company or its agents are collectively referred to as "**Reporting Requirements**".

The Company's ability to comply with the Reporting Requirements will depend on each Shareholder providing the Company with information that the Company requests concerning the Shareholder or its direct and indirect owners. If a Shareholder fails to provide the Company with any information the Company requests, and, in the opinion of the Directors or the Investment Manager, as the case may be, holding of Participating Shares by such person (whether directly or beneficially) will result in the Company incurring any liability to taxation or suffering a pecuniary disadvantage which the Company might not otherwise have incurred or suffered, or the Company being exposed to any liability, penalty or regulatory action, then the Directors, may exercise its right to request a transfer of Participating Shares to another person or to compulsorily redeem the Participating Shares held by such Shareholder. Any such transfer or compulsory redemption will be done in accordance with applicable laws and regulations, and the discretion to do so will be exercised by the Investment Manager acting in good faith and on reasonable grounds.



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

- (i) the Company (or its agent or service provider) may be required to disclose for the Reporting Requirements certain confidential information in relation to the investor, including but not limited to the investor's name, address, tax identification number (if any), tax residence(s), social security number (if any) and certain information relating to the investor's investment;
- (ii) the Cayman TIA may be required to automatically exchange and report information as outlined above;
- (iii) the Company may require the investor to provide additional information and/or documentation for the Reporting Requirements;
- (iv) in the event an investor does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Company, or a risk of the Company or its investors being subject to tax or penalties under the relevant legislative or inter-governmental regime, the Company reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation the deduction or withholding of certain amounts from the Shareholder's applicable Net Asset Value from any redemption or dividend payment, compulsory redemption or withdrawal of the investor concerned, the adjustment of the Net Asset Value per Share held by the investor concerned, and the conversion of the relevant Shares into Shares of another class;
- (v) no investor affected by any such action or remedy shall have any claim against the Company (or its agent or service provider) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Company in order to comply with the Reporting Requirements; and
- (vi) the Company (or its agent or service provider) will endeavour to satisfy the requirements imposed by the Reporting Requirements. In the event that the Company (or its agent or service provider) is not able to comply with the requirements imposed by the Reporting Requirements and the Company does suffer withholding tax on its investments as a result of non-compliance, the Net Asset Value of the Company may be adversely affected and the Company may suffer significant loss as a result.

Each prospective investor should consult with its own advisors as to the potential impact of the Reporting Requirements.

The Company reserves the right to request such information as is necessary for the Reporting Requirements. In the event of delay or failure by the prospective Shareholder to produce any information required for verification purposes, the Company may refuse to accept the subscription for Shares and, if so, any funds received will be returned without interest to the account from which the monies were originally debited.

## Management and Administration

### The Directors

The Directors are Raul Henriquez, Francisco Ernesto Nuñez Lavanigno and Eduardo Alfonso Arce Nieto. Their biographies are as follows:-

#### *Raul Henriquez*

Mr. Raul Henriquez is the President and CEO of INSIGNEO Financial Group, LC. In addition to managing the direction and strategy of INSIGNEO Financial Group, Mr. Henríquez has extensive experience in Private Equity Investments and is a member of the Advisory Committee of SunCapital, Pine Tree and Alpha Capital. Likewise, he maintains a close relationship with the top management team of Bain Capital and Pershing.

Born in El Salvador, he lives in Miami since 1979. He collaborated with the Investment Board of Ransom Everglades School and the Salvadorian Health Foundation (Fundación Salvadoreña de la Salud). Throughout his professional career, Mr. Henríquez has served on several board of directors, including the Salvadorian Stock Exchange, the Salvadorian Foundation for Economic and Social Development (Fundación Salvadoreña para el Desarrollo Económico y Social - FUSADES), and the Central American Investment Fund (Fondo de Inversiones de Centroamérica - CAIF).

He holds an MBA from Wharton Business School (Philadelphia, PA), and a bachelor's degree in finance from the University of Florida.

#### *Francisco Nunez*

Francisco leads the Asset Management division and is a Managing Director for Insigneo Financial Group, whose main focus is in the origination, structuring and distribution of private credit and equity products. He also heads Insigneo Financial Advisors, an advisory services initiative for high net worth and affluent clients in Central America. With over 22 years of experience in the financial industry of which 15 were with Citibank, N.A., Francisco's experience ranges from various roles in Citibank El Salvador as Director and Head of the Corporate & Investment Banking, Commercial Banking and Consumer Banking. He also supervised the Corporate Finance business for Citibank Honduras, Nicaragua and Costa Rica.

Throughout his investment banking career, Francisco specialized in bank and capital markets, special situations, structured finance and M&A transactions with total deal volume in excess of US\$4 billion. In the consumer banking division, Francisco was responsible for the Sales & Distribution unit for Citibank El Salvador in charge of managing a 2,000+ sales force, 100+ distribution points and 400,000+ clients focusing on asset and liability product penetration, improved cross selling, customer segmentation and service and risk management.

Francisco served in the Board of Directors for Banco Citibank El Salvador and Seguros e Inversiones, S.A. (SISA) and currently serves in the Board of Directors of the Children's Museum of El Salvador (Museo Tin Marin) and is a founding member of the Salvadoran Foundation for Economic and Social Development (FUSADES). Francisco graduated with honors in Economics and Business Management from the University of Dallas, TX, USA in 1994.

### *Eduardo Arce*

Eduardo is Vice President of the Asset Management division and the Insigneo Financial Group focusing on private credit and equity offerings. With over 15 years of banking experience concentrated primarily in the investment banking area, Eduardo worked in the Corporate Finance team in Citibank El Salvador where he executed financings in the bank and capital markets as well as in various mergers & acquisitions, project finance, special situations and structured finance transactions. Eduardo also worked in the investment banking unit for Citigroup Global Markets in New York specializing in M&A and capital markets and also in the Corporate Finance Miami regional office overseeing Central America and the Caribbean.

Eduardo later transitioned into Citibank's Consumer Banking division in El Salvador where he was responsible for more than 100+ distribution points throughout the country and more than 400,000+ clients.

Eduardo graduated from North Carolina State University and has a M. ENG from Cornell University.

The Directors are responsible for the overall management of the Company and the Shares, including as part of the ordinary course of the Company's business, the realisation and distribution of the assets to Shareholders in a wind down of the Company's operations, but they have delegated certain functions as described herein. The Directors are entitled to receive fees out of the assets of the Company, as described below under the section headed "Charges and Expenses". All actions referred to herein as being taken by the Company are performed by the Directors or their delegates, including the Investment Manager, the Registrar and any broker or custodian, as or on behalf of the Company only.

Under the terms of the Memorandum and Articles of Association, the Directors shall be entitled, for the purpose of indemnity against actions, costs, claims, damages, expenses or demands to which they may be put as Directors in connection with the Company (in the proper performance of its powers and duties under the Memorandum and Articles of Association), to have recourse to the assets of the Company save in respect of any action, cost, claim, damage, expense or demand which results from any act or omission occasioned by the fraud, wilful default, dishonesty or gross negligence of the Directors.

Except in respect of loss or damage caused by the Directors' fraud, wilful default, dishonesty or gross negligence recourse against the Directors for loss or damage caused by their acts or omissions shall be limited to the assets of the Company.

### **Investment Manager**

The Investment Manager is Insigneo Capital, S.A..

By the Investment Management Agreement, the Company has appointed the Investment Manager with responsibility for the selection of Company assets. The Investment Manager will also supervise the day-to-day management of the Company. The Investment Manager will make all investment decisions on behalf of the Company in accordance with the investment objectives and policies stated in this Offering Memorandum, and will be generally responsible for the selection, purchase, monitoring and disposal of Company assets on behalf of the Company.

The Investment Manager has no obligation to deal with any broker or brokers in the execution of transactions in portfolio securities.

The Investment Manager may, in its discretion, delegate the performance of any of its duties under the Investment Management Agreement to third parties from time to time.

The Investment Management Agreement is terminable either by the Investment Manager or by the Company.

The Investment Manager is entitled to receive fees out of assets of the Company, as described below under the section headed "Charges and Expenses".

The Investment Management Agreement provides that in the absence of certain circumstances, neither the Investment Manager nor its affiliates shall be liable for any loss or damage which the Company may sustain or suffer as a result or in the course of discharge by the Investment Manager of its duties hereunder, and shall be indemnified by the Company for all losses, liabilities, expenses, obligations, damages, penalties, actions, judgments, suits, costs or disbursements incurred by it in performing its obligations.

### **Registrar**

The Registrar is Campbells Corporate Services Limited, a licensed trust company in the Cayman Islands.

### **Distribution of Investment Proceeds**

The entire Investment Proceeds received by the Company with respect to an Investment will be distributed, on a *pro rata* basis, among the Shareholders by reference to their aggregate Contributions, after the Company has set aside an appropriate amount in allowance for ongoing general expenses and fees (including a pro-rata share of the Master Vehicle expenses) to be incurred by the Company and in accordance with the applicable laws and regulations.

## **Dissolution**

The Company will be liquidated upon the earlier of:

- 1 the seven (7) anniversary of the Closing Date, subject to the Directors having the right in its discretion to extend the duration for up to three (3) additional one-year periods to permit an orderly disposal of the Investments and liquidation of the Company;
- 2 the determination of the Investment Manager at any time; or
- 3 the compulsory redemption of all or a substantial portion of the outstanding Shares at the relevant time.

## **Charges and Expenses**

### **Investment Manager's Management Fee**

The Investment Manager shall charge no fee to the Company, but entities and individuals associated with the Investment Manager may be paid fees by the Master Vehicle or other entities, which are indirectly borne by Shareholders.

In the future, the Investment Manager may charge a commercially reasonable fee.

### **Service Provider Fees**

The fees of other service providers shall be their customary fees together with any out-of-pocket expenses and disbursements.

### **Initial Expenses**

The Company shall pay for all of the initial and organisational expenses relating to the Shares. The organisational and initial offering expenses of the Company may, at the Directors' option, be amortised over a period of 60 months, notwithstanding their treatment under generally accepted accounting principles, and as a result, the Company may not receive an unqualified opinion from its independent auditors.

### **General Expenses**

Other than the organisational expenses set forth above, only expenses incurred, paid or accrued by the Company in its ordinary and usual course of business and other direct expenses of the Company's operation will be charged to the Company. Such expenses may include, but are not limited to, administrative costs (including but not limited to the cost of printing and distributing periodic reports and statements), interest on borrowed funds, auditing expenses, legal expenses, insurance, licensing, accounting, brokerage and other commissions, margin, premium and interest expenses, fees and disbursements of transfer agents, registrars, custodians, sub-custodians and escrow agents, any expense or professional fees incurred in connection with structuring the acquisition or disposition of Company assets, fees payable in the Cayman Islands on increases in the share capital of the Company, the annual registration fee payable in the Cayman Islands, and all other investment related expenses. The Company also shall pay all extraordinary expenses relating to the operation of the Company including, without limitation, litigation or extraordinary regulatory expenses.

## **Potential Conflicts of Interest**

Potential conflicts of interest exist in the structure and operation of the Company's business. In particular, the directors of the Company are also the directors of the Investment Manager.

### **Other Business Activities**

The Investment Manager, its affiliates and their respective members, Shareholders, officers and employees and their respective affiliates spend substantial time and attention on other business activities including investment management and advisory services for other clients and management of other investment vehicles. Further, they intend to engage in such business activities from time to time and may sponsor, manage or advise other pooled investment funds or separate accounts (collectively, "**Other Clients**") with overlapping investment objectives with those of the Company. The Directors may be subject to similar conflicts of interest in its provision of services to the Company.

### **Allocation of Investment Opportunities**

The Investment Manager and its affiliates will seek to allocate investment opportunities and dispositions fairly over time among the Company and Other Clients, taking into consideration diversification, investment objectives, existing investments, liquidity, contractual commitments or regulatory obligations and other considerations. Investments are generally offered in private offerings and it is not uncommon for Investments to become closed to new investments due to size constraints or other considerations. Also, the Company or Other Clients may not be eligible investors in all potential Investments. Therefore, it is likely that the Company's portfolio and those of Other Clients will have differences in the specific Investments held in their portfolios even when their investment objectives are the same or similar. These distinctions will result in differences in portfolio performance.

### **Allocation of Expenses**

The Investment Manager and its affiliates may from time to time incur expenses on behalf of the Company and one or more existing or subsequent entities for which the Investment Manager or its affiliates act as investment manager, Directors, managing member or in a similar capacity. Although the Investment Manager and its affiliates will attempt to allocate such expenses on a basis that they consider equitable, there can be no assurance that such expenses will in all cases be allocated appropriately.

### **Transactions between the Company and Other Clients**

The Investment Manager may cause the Company to purchase securities from or sell securities to Other Clients when the Investment Manager believes such transactions are appropriate based on each party's investment objectives.

### **Other Business Relationships**

The Investment Manager or its affiliates may have, and in the future may develop, business relationships that are independent of the investment management services provided to the Company by the Investment Manager. These may include, but are not limited to, lending, depository, brokerage, risk management, investment advisory, security distribution or banking relationships with counterparties to



transactions with the Company or third parties that also provide investment management or other services to the Company. Any such relationships may involve potentially material conflicts of interest. In addition, managers of funds included in the Company's portfolios, their employees or affiliates may be clients of the Investment Manager or its affiliates or investors in funds they manage.

### **Prospective Consent of Shareholders**

Pursuant to the terms of the Subscription Agreement of each Shareholder, each Shareholder will be deemed to have consented prospectively to any and all of the activities of the type or nature described in this Offering Memorandum, including, but not limited to, the activities described in "Potential Conflicts of Interest" whether or not such activities have or could have an effect on the Company's affairs and no such activity will in and of itself constitute a breach of any duty owed by any person to the Company or any Shareholder.

## **Taxation**

This summary of the principal tax consequences applicable to the Company and its Shareholders is based upon advice received from the Company's Cayman Islands legal and tax advisors. Moreover, while this summary is considered to be a correct interpretation of existing laws in force on the date of this Memorandum, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with such interpretation or that changes in such laws will not occur. Accordingly, each prospective investor in the Company should consult with its own tax advisor in order to understand the potential tax issues affecting the Company and each investor. Further all laws, including laws relating to taxation in the Cayman Islands and other jurisdictions are subject to change without notice.

### **The Company and Cayman Islands Taxation**

On the basis of present legislation, the Company is not subject to taxation in the Cayman Islands. There are currently no Cayman Islands corporation, income, capital gains, profits or other taxes.

The Company has applied for and expects to receive from the Governor-in-Council of the Cayman Islands an undertaking under section 6 of the Tax Concessions Law (as revised) that for a period of 20 years from the date of the undertaking: (a) no law that is thereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation will apply to the Company or its operations and (b) no such tax in the nature of an estate duty or inheritance tax will be payable on the Shares, debentures or other obligations of the Company or by way of withholding in whole or in part of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (as revised).

### **Shareholders of the Company**

Shareholders who are not otherwise subject to Cayman Islands taxes by reason of their residence, domicile or other particular circumstances should not become subject to any such taxes by reason solely of the ownership, transfer or redemption of the Shares.

Persons interested in purchasing the Company's Shares should inform themselves as to any tax consequences particular to their circumstances arising in the jurisdiction in which they are resident or domiciled for tax purposes in connection with the acquisition, ownership, redemption or disposition of the Company's Shares.

The foregoing summary does not address tax considerations, which may be applicable to certain Shareholders under the laws of jurisdictions other than the Cayman Islands. The Company has no present plans to apply for any certifications or registrations, or to take any other actions under the laws of any jurisdictions, which would afford relief to local investors therein from the normal tax regime otherwise applicable to an investment in the Shares. The value of the Company's investments may also be affected by repatriation and exchange control regulations. Tax may be withheld at source in certain countries in respect of dividends paid by the Company's investments.

### **Other jurisdictions**

It is possible that certain dividends, interest and other income received by the Company from sources within certain countries may be subject to withholding taxes imposed by such countries. The Company

may also be subject to capital gains taxes or other taxes in some of the countries where it purchases and sells securities or otherwise conducts business. It is impossible to predict in advance the rate of tax that will be paid since the amount of the assets of the Company to be invested in various countries is uncertain.

## **Share Capital and Rights**

The authorised share capital of the Company is US\$50,000 divided into 100 management voting shares of a nominal or par value US\$0.01 each ("**Management Shares**") and 4,999,900 participating non-voting shares of a nominal or par value US\$0.01 each ("**Participating Shares**"). All one hundred Management Shares have been issued for cash at par and are held by the Investment Manager or its affiliates.

The holder of each Management Share shall have the right to one vote for each such share registered in his name. The Participating Shares do not confer on the holders thereof the right to receive notice of, attend or vote at general meetings of the shareholders except if, and only in respect of, a resolution affecting the class rights of such holders.

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

### **Rights on Winding Up**

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

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

### **Alteration of the Memorandum of Association and the Articles of Association**

The Memorandum of Association and the Articles of Association of the Company shall not be rescinded, altered or amended unless the same is passed by a special resolution of the holders of the Management Shares being entitled so to vote in person or by proxy at a meeting of the Company of which notice specifying the intention to propose such resolution has been duly given or by the written consent of the holders of the Management Shares.

### **Indemnification**

The Articles of Association of the Company contain provisions indemnifying and exempting the Directors and other officers and servants of the Company from liability in the discharge of their duties except in certain circumstances. The Articles of Association also provide that the amount for which such indemnity is given shall immediately attach as a lien and charge on the property of the Company and shall have priority over all other claims.

### **Variation of Rights**

The Company's Articles of Association provide that the rights attached to any class of shares may, subject to the laws of the Cayman Islands and unless otherwise provided by the terms under which the shares of that class were issued, be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of the shares of such class by a majority of three-quarters of the votes cast at that meeting. The

rights attached to the Participating Shares shall not, unless otherwise expressly provided by the terms of the issue of the Participating Shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith. If the Company provides reasonable notice to holders of the Participating Shares of a proposed variation or abrogation in respect of the rights attached to any Class before a Redemption Date, then any member holding Participating Shares after the said Redemption Date is deemed to have irrevocably consented in writing to the proposed variation or abrogation and no meeting is required to be held.

### **Variation of offering terms**

Subject to applicable law, the Company may amend this Offering Memorandum without the approval of Shareholders, to vary the offering terms applicable to any Participating Shares (as distinct from the modification of the rights attaching to a Class, as discussed above) in any of the following ways:

- (a) by making any change that, in the opinion of the Directors, will not adversely affect the Shareholders in any material respect; or
- (b) by making a change that is necessary or desirable to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, statute, ruling or regulation of any relevant regulator, court of competent jurisdiction, government or government entity, including any tax authority, provided that such change is made in a manner that minimises, to the extent practicable, any adverse effect on the Shareholders; or
- (c) by making any change that the Directors consider may or is likely to adversely affect the Shareholders in a material respect (including amendments to the trading program, fees charged to the Company by the Investment Manager and the liquidity terms of the Participating Shares), provided that any such amendment does not become effective until after the affected Shareholders have been given written notice of the change and have had the opportunity to redeem any Participating Shares so affected.

### **Further Information**

#### **Documents Available for Inspection**

Copies of the following documents are available for inspection by Shareholders during normal business hours on any Business Day at the office of the Registrar without charge:

- 1 the Memorandum and Articles of Association of the Company;
- 2 the Investment Management Agreement;
- 3 this Offering Memorandum and any updates thereof; and
- 4 circulars to holders of the Shares issued by the Company.

**Litigation**

The Company is not engaged in any litigation or arbitration and no litigation or claim is known to the Directors to be pending or threatened by or against the Company.

**Disclosure of Interests**

Save as may be disclosed in this Offering Memorandum, no amount or benefit has been paid or given or is intended to be paid or given to any promoter of the Company.

**ISSUER**

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REALISATION AGENT**

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