

The Directors of the company have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the document, whether of facts or of opinion. The Directors accept responsibility accordingly.

Confidential

EL FARO PRIVATE FUND LIMITED

A Gibraltar Private Scheme

**Private offering of up to 200,000 Participating Shares
with a nominal value of €0.01 per share**

PRIVATE PLACEMENT MEMORANDUM

31 March 2021
19 July 2021

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SECTION 1 DIRECTORY

Name:	El Faro Private Fund Limited
Registered Office:	Level 1, 1-7 Crutchetts Ramp Gibraltar
Place of Incorporation:	Gibraltar
Date of Incorporation:	26 October 2005
Registration Number:	95400
Financial Year End:	31 December
Directors:	Georg Reiter C/O Level 1, 1-7 Crutchetts Ramp PO Box 1259 Gibraltar Helmuth Vollmeier C/O Level 1, 1-7 Crutchetts Ramp PO Box 1259 Gibraltar
Investment Director	El Faro Management Limited Level 1, 1-7 Crutchetts Ramp PO Box 1259t Gibraltar
Administrator:	Juno Fund Services Limited Level 1, 1-7 Crutchetts Ramp PO Box 1259 Gibraltar
Company Secretary:	Juno Fiduciary Services Limited Level 1, 1-7 Crutchetts Ramp PO Box 1259 Gibraltar
Banker:	Gibraltar International Bank Ince's House 310 Main Street Gibraltar
Legal Advisors:	Hassans International Law Firm Madison Building Midtown Queensway Gibraltar
Prime Broker:	Interactive Brokers (UK) Limited 110 Bishopsgate London EC2N 4AY England

SECTION 2 NOTICE

This Company has been established in Gibraltar as a private limited company pursuant to the Companies Act of Gibraltar (as amended from time to time). The Company will operate as a private scheme within the meaning of section 293(4)(b) of the Financial Services Act 2019 and therefore is not authorised by its constituting instrument to have more than 50 participants and will not be listed on a stock exchange.

A private scheme is not licensed, authorised or regulated by the Gibraltar Financial Services Commission, the regulatory body for financial services in Gibraltar.

Promotion of private schemes is restricted and can only be promoted to the following restricted category of people:

- (a) where the offer is addressed to an identifiable category of persons to whom it is directly communicated by the offeror or his appointed agent;**
- (b) the members of that category are the only persons who may accept the offer and they are in possession of sufficient information to be able to make a reasonable evaluation of the offer;**
- (c) the number of persons, in Gibraltar or elsewhere, to whom the offer is communicated does not exceed 50; and**
- (d) the offer is made in respect of units in a scheme that is, or on its establishment will be, a private scheme and that will remain a private scheme for at least one year after the date that the offer is made.**

Accordingly, the Private Placement Memorandum invites selected investors, whose number is less than fifty (50) to apply for Participating Shares in the Company. The Private Placement Memorandum does not constitute a general offer or invitation to the public to subscribe for shares or securities in the Company which would require the publication of a prospectus under the laws of Gibraltar or of any other jurisdiction.

You are wholly responsible for ensuring that all aspects of this Company are acceptable to you. Investment in the Company may involve special risks that could lead to a loss of all or a substantial portion of such investment. Unless you fully understand and accept the nature of this Company and the potential risks inherent in this Company you should not invest in this Company.

ABOUT THIS PRIVATE PLACEMENT MEMORANDUM

This private placement memorandum (the “Private Placement Memorandum” or “PPM”) contains certain information about El Faro Private Fund Limited (the “Company” and/or the “Fund”). It has been approved by the controller of the Company on the advice of legal counsel. This document may not be reproduced.

Prospective investors should, however, not construe the contents of this Private Placement Memorandum as legal, tax or financial advice. Each prospective investor should consult his own professional advisers as to (a) the legal requirements within the country of his residence for the purchase, holding or disposal of Participating Shares, (b) any foreign exchange restrictions that may be relevant to him and the income and other tax consequences that may be relevant to the purchase, holding or disposal of Participating Shares in the Company.

This Private Placement Memorandum is intended solely for the person to whom it has been delivered by the Company for the purpose of evaluating a possible investment by the recipient in the Participating Shares, and it is not to be reproduced or distributed to any other persons (other than professional advisers of the prospective investor receiving this document from the Company).

No person is authorised to issue any advertisement, give any information or make any representation in connection with the offering, subscription or sale of Participating Shares if it is not contained in this document. Any advertisement so issued or information or representation not so contained must *not* be relied upon as having been authorised by or on behalf of the Company. The delivery of this document at any time and the allocation of Participating Shares do not imply that information contained in this document is correct at any time subsequent to its date.

NO ACTION HAS BEEN TAKEN TO PERMIT OR OTHERWISE REGISTER THE DISTRIBUTION OF THIS PRIVATE PLACEMENT MEMORANDUM IN ANY JURISDICTION. ACCORDINGLY THIS DOCUMENT MAY NOT BE USED FOR THE PURPOSE OF AND DOES NOT CONSTITUTE AN OFFER OR SOLICITATION BY OR TO ANYONE IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH SOLICITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

The distribution of this document and the offering of the Participating Shares in certain jurisdictions may be restricted. Persons into whose possession this Private Placement Memorandum comes are required by the Company to inform themselves about and to observe any such restrictions. This Private Placement Memorandum does not constitute, and may not be used for the purpose of, 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. Participating Shares will not be offered to the general public.

THE PARTICIPATING SHARES OF THE COMPANY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 AND THE COMPANY HAS NOT BEEN REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940. PARTICIPATING SHARES MAY NOT BE AND WILL NOT BE OFFERED FOR SALE OR SOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS, OR TO A U.S. PERSON (AS DEFINED HEREIN).

Accordingly, the Participating Shares may not be offered, sold or delivered, directly or indirectly, in the United States, or to any citizen or resident thereof (including any corporation, partnership or other entity organised or created under the laws of the United States or any political subdivision thereof) or to any estate or trust the income of which is subject to United States Federal Income Taxation, regardless of its source or to any person, corporation, partnership or other entity qualifying as a ‘US Person’ as defined under the Securities Act from time to time EXCEPT FOR any person falling within any relevant exemption under the Securities Act (each such prohibited person being a “US Person”).

For your information, the definition of US Person is contained in Rule 902 of Regulation S under the Securities Act 1933 which reads:

A. U.S. person.

1. “U.S. person” means:

- i. Any natural person resident in the United States;
- ii. Any partnership or corporation organized or incorporated under the laws of the United States;

- iii. Any estate of which any executor or administrator is a U.S. person;
- iv. Any trust of which any trustee is a U.S. person;
- v. Any agency or branch of a foreign entity located in the United States;
- vi. 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;
- vii. Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
- viii. Any partnership or corporation if:
 - A. Organised or incorporated under the laws of any foreign jurisdiction; and
 - B. Formed by a U.S. person principally for the purpose of investing in securities not registered under the Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501 (a)) who are not natural persons, estates or trusts.

PROSPECTIVE INVESTORS

Prospective investors should not construe the contents of the Private Placement Memorandum as legal, tax or financial advice. The Fund's assets and portfolio are subject to normal market fluctuations as well as the risks inherent in the investment instruments and assets described below and there can be no assurance that appreciation of the Fund's assets will occur or that losses will not be realised. Consequently, the value of Participation Shares may be subject to volatile movements and may fall as well as rise. Investment in Participation Shares should be considered speculative and suitable only for persons who can assume the risk of loss. Each prospective investor should consult his own professional advisers as to:

- (a) the legal requirements within the country of his residence for the purchase, holding or disposal of participation shares; and
- (b) any foreign exchange restrictions that may be relevant to him and the income and other tax consequences that may be relevant to the purchase, holding or disposal of participation shares in the Fund.

The Private Placement Memorandum is intended solely for the person to whom it has been delivered by the Fund for the purpose of evaluating a possible investment by the recipient in the Participation Shares, and it is not to be reproduced or distributed to any other persons (other than professional advisers of the prospective investor receiving this document from the Fund).

The value of any investment can go down as well as up and no representation is made as to any return that investors will earn on their investment in the Fund and there is a risk that investors may not realise their investment in the Fund. The Fund is not protected by any statutory compensation arrangement in the event of its failure. Investors must be able to tolerate the potential risk of loss.

SECTION 3 SUMMARY

This Summary should be read in conjunction with and is qualified in its entirety by reference to the information appearing in the main text of this Private Placement Memorandum and the documents described herein.

THE COMPANY

El Faro Private Fund Limited is a collective investment scheme that is established as a company under the Gibraltar Companies Act and incorporated on 26 October 2005 with registered number 95400. The registered office address of the Company is Level 1, 1-7 Crutchetts Ramp, Gibraltar.

The Company was established as an experienced investor fund pursuant to the Financial Services (Experienced Investor Fund) Regulations (as amended from time to time) on 1 February 2006. With effect from 31 March 2021, the Company was de-registered as an experienced investor fund and established as a private scheme within the meaning of the Financial Services Act 2019.

INVESTMENT STRATEGY

To achieve significant capital appreciation over time through the investment of the Company's assets in separate share classes:

The **Class A Shares** As of 1 January 2019, Class A closed and the Company ceased to issue Class A shares. All redemptions were settled in full. Further details are available from the Administrator.

The **Class B Shares** As of 9 December 2014, Class B closed and the Company ceased to issue Class B Shares. All redemptions were settled in full. Further details are available from the Administrator.

The **Class C Shares** are named elfaro 4season and may be referred to as the "Class C Shares" and/or "elfaro 4season" hereinafter. Share Class C invests in exchange traded products (ETPs) to gain dynamic exposure to global market opportunities across country equity indexes, fixed income, volatility, currencies and commodities to achieve above average long-term capital appreciation. It may occasionally invest in futures contracts or derivatives to achieve its investment objective.

The **Class D Shares** are named elfaro volatility.season and may be referred to as the "Class D Shares" and/or "elfaro volatility.season" hereinafter. Through the use of volatility derivatives, Share Class D seeks to produce superior risk adjusted returns while targeting a return profile that's is positively exposed to volatility trends in the volatility of equity market.

Collectively elfaro 4season and elfaro volatility.season shall be referred to as the “Share Classes” or individually as a “Share Class”.

Further information in respect of the Investment Objective and strategy of the Company is provided in Section 4.1 of this Private Placement Memorandum.

SUBSCRIPTIONS

“Dealing Day” shall mean the first day of each month.

Class A and Class B Participating Shares were available for subscription on each Dealing Day as from 7 March 2012. The Fund closed its subscription for Class B shares on 1 November 2014 and it closed its subscription for Class A shares on 1 January 2019.

elfaro 4season and elfarovolatility season shares were made available for subscription from 1 November 2014 and 1 April 2017, respectively, and continue to be available on each Dealing Day at a price equal to the Net Asset Value per Participating Share of elfaro volatility.season calculated on the last day of the month immediately preceding the relevant Dealing Day.

The minimum investment in each Share Class is €100,000.

A “Business Day” shall be any day on which banks in Gibraltar are open for business.

Subscription applications should be received at least five (5) days prior to the relevant Dealing Day, or such later time as the Directors may from time to time permit. The acceptance of subscriptions is subject to confirmation of the prior receipt of cleared funds credited to the Company’s subscription account with the Banker and all due diligence requirements by the Banker or the Administrator.

The Directors reserve the right to reject subscriptions at their absolute discretion.

The Directors reserve the right to change any of the above-mentioned subscription requirements at their absolute discretion, subject to the provisions of the Articles of Association of the Company.

FEES AND EXPENSES

Initial organisation costs have been paid by the Company and have been fully amortised.

The Company will pay Helmuth Vollmeier and Georg Reiter a directorship fee in relation to their directorship services to the Company based on the AUM of the Company. These fees are detailed in Section 7.2, ‘Directors’ Fees’.

The elfaro 4season and elfaro volatility.season **classes** will pay the Investment Director a management fee. These fees

are detailed in Section 7.3, 'Management and Performance Fees'.

The elfaro 4season and elfaro volatility.season **classes** will pay the Investment Director a performance fee. These fees are detailed in Section 7.3, 'Management and Performance Fees'.

The Subscription Charge is up to 2% of the amount of each subscription. The directors may waive this charge at their discretion.

The Company will pay The Administrator fees as detailed in Section 7.4, 'Fees of The Administrator'.

The Company will pay The Company Secretary fees as detailed in Section 7.5, 'Fees of The Company Secretary'.

The Company will pay The Banker fees as detailed in Section 7.6, 'Fees of The Banker'.

The Company will pay The Prime Broker fees as detailed in section 7.7, Fees of 'The Prime Broker'.

DIRECTORS

The Directors of the Company are: Georg Reiter, Helmuth Vollmeier and El Faro Management Limited. Helmuth Vollmeier has entered into a Directorship Agreement with the Company dated 1 April 2017, as amended by Addendum dated 9 April 2021 with effect from 31 March 2021. El Faro Management Limited has entered into a Directorship Agreement with the Company dated 5 August 2019, as amended by Addendum dated 9 April 2021 with effect from 31 March 2021. Georg Reiter entered into a Directorship Agreement with the Company dated 31 October 2019 as amended by Addendum dated 9 April 2021 with effect from 31 March 2021.

INVESTMENT DIRECTOR

El Faro Management Limited is the Investment Director of the Company. It is a private company limited by shares, incorporated in Gibraltar on 11 July 2019 with company number 118862. Its registered office address is Level 1, 1-7 Crutchetts Ramp, Gibraltar. El Faro Management Limited is appointed to act as the Investment Director of the Company pursuant to a Directorship Agreement entered into by the Company and the Investment Director.

ADMINISTRATOR

Juno Fund Services Limited (the "Administrator") has been appointed as administrator for the Company under the terms of an Administration Agreement dated 7 March 2012, as amended by Addendum dated 9 April 2021 with effect from 31 March 2021.

COMPANY SECRETARY

Juno Fiduciary Services Limited has been appointed the Company Secretary of the Company under the terms of a Company Management Agreement dated 7 March 2012.

BANKER

The Company has appointed Gibraltar International Bank to act as the Banker pursuant to an agreement between Gibraltar International Bank and the Company (the “Banking Agreement”).

PRIME BROKER

Interactive Brokers (UK) Limited act as Prime Brokers pursuant to an Interactive Brokers U.K. Customer Agreement dated 8 December 2005.

ELIGIBLE INVESTORS

Shares may be subscribed to only by Investors who are not US Persons (as defined in this Private Placement Memorandum).

REDEMPTIONS

Participating Shares may be redeemed on any Dealing Day after giving written notice of redemption to the Company, such notice to be received at the office of the Administrator fifteen (15) days prior to the relevant Dealing Day (“the Redemption Date”). The Company may, at its absolute discretion, redeem Participating Shares within less than the fifteen (15) days notice period.

Redemption of Participating Shares resulting in a remaining balance with a Net Asset Value of less than €100,000 in a Share Class will give the Directors the right to require the compulsory redemption of all the Participating Shares of the relevant Share Class held by the relevant shareholder. The Directors further have the right to require compulsory redemption of all Participating Shares held directly or indirectly by a Shareholder who is not an Eligible Investor, or at their sole discretion. Any such compulsory redemptions will be made based on the Net Asset Value per Participating Share of the relevant Share Class on the Valuation Day prior to the Compulsory Redemption Date next following the issuance of a notice of redemption to the Shareholder, provided that thirty (30) days notice has been given.

The redemption proceeds normally will be remitted within thirty (30) calendar days after the Redemption Date on which shares are redeemed, without interest for the period from this date to the payment date. Redemption payments will be made in Euros and will be remitted to the shareholder by wire transfer to an account as specified by the shareholder in his written redemption notice.

DIVIDENDS

The Company does not expect to pay dividends to Shareholders. However, the Company reserves the right to change this policy.

**CHANGES TO THE
PRIVATE PLACEMENT
MEMORANDUM**

The Private Placement Memorandum may be amended to take into account any material changes from time to time, for example, when there are material changes to the relationship of persons performing any function in relation to the

Company or when there are significant changes to the investment objectives/strategy/parameters of the Company. Neither the delivery of this document, nor the offer, issue or sale of Shares in the Company shall under any circumstances constitute a representation that the affairs of the Company have not changed since the date hereof.

TAXATION

The Company has been exempted by the Commissioner of Income Tax (the “Commissioner”) from the payment of income tax on its investment income pursuant to Rule 3 (17) of the Income Tax (Allowances, Deductions and Exemptions) Rules 1992.

SUBSCRIBERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THEIR OWN TAX POSITION.

SECTION 4

INVESTMENT OBJECTIVE, STRATEGY AND POLICY, INVESTMENT GUIDELINES AND RESTRICTIONS

El Faro Private Fund Limited was incorporated on 26 October 2005 with registration number 95400 under the laws of Gibraltar as a collective investment scheme and has its registered office at Level 1, 1-7 Crutchetts Ramp, Gibraltar.

The Company was established as an experienced investor fund pursuant to the Financial Services (Experienced Investor Fund) Regulations (as amended from time to time) on 1 February 2006. With effect from 31 March 2021, the Company was de-registered as an experienced investor fund and established as a private scheme within the meaning of the Financial Services Act 2019.

4.1 INVESTMENT OBJECTIVE STRATEGY AND POLICY

Class A

As of 1 January 2019, Class A closed and the Company ceased to issue Class A Shares.

Class B

As of 9 December 2014, Class B closed and the Company ceased to issue Class B Shares.

Class C - elfaro 4season

The investment objective and policy of the Company is to achieve its stated investment objective - namely long-term average capital appreciation above 10% while maximising diversification and minimising risk by;

- (a) utilising various instruments including, but not limited to, futures and derivative products, bonds, equities, options, selected collective investments and exchange-traded products (ETPs).
- (b) developing sub-strategies using proprietary quantitative innovations to rank and systematically select global assets with strong and persistent trend and momentum.
- (c) using different sub-strategies depending on their risk figures to combine multiple uncorrelated trading ideas to ensure optimal diversification benefits while controlling the risk of the overall portfolio.

The assets of elfaro 4season can be invested at any time in cash and derivative instruments including (without limitation) futures and/or forwards on any security, commodity, interest rate, currency, stock or indices or on any non-ferrous and precious metals, options on futures or options on options, contracts for differences, including index contracts and exchange-traded products (ETPs).

Class D – elfaro volatility.season

The investment objective and policy of the Company is to achieve its stated investment objective - namely long-term average capital appreciation above 10% while maximising diversification and minimising risk by;

- (a) trying to achieve its investment objective by primarily seeking exposure to equity markets through the use of volatility derivatives, such as volatility futures, volatility options, index futures, index options and/or exchange-traded products.

- (b) employing mathematical models to quantify information derived from the volatility term structure.
- (c) seeking to generate above average returns by trying to exploit the trend behaviour and pricing inefficiencies of the term structure. The net volatility exposure of the portfolio may be long, short or neutral, according to market conditions.
- (d) employing different volatility related sub-strategies depending on their risk figures to combine multiple uncorrelated trading ideas to ensure optimal diversification benefits while controlling the risk of the overall portfolio.

The assets of elfaro volatility.season can be invested at any time in cash and derivative instruments including (without limitation) futures and/or forwards on any security, commodity, interest rate, currency, stock or indices or on any non-ferrous and precious metals, options on futures or options on options, contracts for differences, including index contracts and exchange-traded products (ETPs).

4.2 INVESTMENT GUIDELINES AND RESTRICTIONS

The Company is not restricted to maintaining any proportion of its investments in any particular equity or debt instrument. Although the objective of the Investment Director is to construct a diversified investment portfolio for each share class, the Investment Director does not believe in diversification for diversification's sake. As such, this may lead to periods of low capital allocation and varying concentration levels as the opportunities that the Investment Director seeks may not be continuous and confidence in the asset return is the Investment Director's main driver of capital allocation. Notwithstanding the above, the general policy of the Company is to maintain a diversified portfolio in order to control overall risk and the Company will not:

- a) invest directly in land, real property and physical commodities; and
- b) take or seek to take legal or management control of the issuer of any of its underlying investments.

The Investment Director may use leverage in connection with its investment strategies. Leverage may take the form of trading on margin, derivative instruments that are inherently leveraged, by selling options and on the forms of direct and indirect borrowings. The Company may be exposed to investments in stocks, bonds, futures and options, mutual funds, security loans and exchange-traded products (ETPs).

The Investment Director is responsible for monitoring and managing all above mentioned positions and the Administrator shall bear no responsibility in this regard.

SECTION 5 RISK FACTORS

An investment in the Company involves risk due in part to the nature of the strategies utilised by the investment managers of the selected investment vehicles, managed accounts and mutual funds which may be leveraged. Furthermore, the assets of the Company may be in equities or investment vehicles which are not regulated and controlled by a single manager and which are not free of payment delivery risk or which might be illiquid and in any case do not give any assurance that they will achieve their objectives and the targeted returns or avoid substantial losses. As a result investors must be able to tolerate the potential risk of loss of their entire investment in the Company.

It should be appreciated that the Share Classes issued by the Company will not be separate legal entities. While the Company and the Prime Broker or Banker may, in its books and records, take steps to segregate the assets and liabilities of the Company attributable to each class of shares, any third-party creditor will be a creditor of the Company generally, and accordingly if the Company defaults under any liability owed to one or more third parties where the relevant liability is attributable to a particular class of shares, such third party or third parties could ultimately have recourse to other assets of the Company generally, including those assets which are attributable to other classes of shares. There may be a change in government regulation or policies which materially adversely affects the Company's activities.

Prospective investors are recommended to review this Private Placement Memorandum in its entirety before deciding whether to invest in Participating Shares and should specifically consider the following:

5.1 NO LEGAL SEGREGATION OF ASSETS

The Company operates with different strategies for each Share Class. Assets are acquired for each Share Class and the Net Asset Value is calculated for each Share Class. As the Company is a private company limited by shares, there is no legal segregation of the Company's assets. Assets attributable to a certain share class of the Company will be available to all creditors of the Company. Liabilities incurred in respect of a certain strategy of the Company shall be covered by all of the assets of the Fund, whether acquired in respect of that strategy or otherwise.

5.2 EXCHANGE RATE

The Company accepts subscriptions, pays redemptions and computes its Net Asset Values in Euros. However, many or all of the Company's investments may be in instruments denominated in currencies other than the Euro. Accordingly, currency exchange rates are expected to play an important role in the Company's return to investors. A change in the value of currencies against the Euro will result in a corresponding change in the Euro value of the Company's assets denominated in these currencies.

5.3 REGULATORY SUPERVISION

The Company operates as a private scheme within the meaning of section 293(4)(b) of the Financial Services Act 2019 and as such the Company's investments will not be monitored or supervised by any regulatory body and the Company is not subject to the authority of any regulatory authority.

5.4 RELIANCE UPON THE INVESTMENT DIRECTOR

The success of the Company will be dependent to a large extent upon the efforts and skills of the Investment Director who will make all investment decisions. Furthermore, the Participation Shareholders may not vote in relation to electing a replacement Investment Director.

5.5 MANAGEMENT RESPONSIBILITY OF THE INVESTMENT DIRECTOR

Under the Directorship Agreement between the Company and the Investment Director, the latter is not liable to the Company or the Participating Shareholders for any act or omission performed or omitted by it unless it is shown that the action or omission constitutes gross negligence or wilful misconduct. Additionally, the Investment Director is required to devote only such time and efforts to the business of the Company as may be necessary for the proper performance of its duties. The Investment Director is indemnified by the Company against liabilities related to the activities of the Company, except those liabilities involving gross negligence or wilful misconduct.

5.6 NO ASSURANCE OF ANY RETURN TO PARTICIPATING SHAREHOLDERS

There can be no assurance of any return or benefits to Participating Shareholders with respect to their investment in the Company. Any return to Participating Shareholders is dependent upon economic factors and conditions beyond the control of the Investment Director and the Company. The level of return to Participating Shareholders will depend upon the ability of the Investment Director to successfully manage the assets of Share Classes C and D separately.

5.7 PARTICIPATING SHARE PRICE FLUCTUATIONS

The Net Asset Value of the Share Classes will fluctuate, reflecting fluctuations in the market value of its portfolio positions. The value of the securities held by the Company generally will fluctuate, to varying degrees, based on, among other things, (1) interest rate movements, (2) changes in the actual and perceived creditworthiness of the issuers of such securities, (3) changes in any applicable foreign currency rates, (4) social, economic or political factors, (5) factors affecting the industry in which the issuer operates and (6) factors affecting the issuer directly.

5.8 TAX RISKS AND GOVERNMENT REGULATION

There may be a change in government regulation or policies which materially adversely affects the Company's activities. Gibraltar, other offshore jurisdictions and the European Union member states have been under some pressure from international organisations such as the OECD and the European Union to remove state aid, harmful tax regimes and to harmonise taxation. There can be no assurance that the Company will maintain its tax status. In the event that this is revoked the directors will use their best endeavours to relocate the residence of the Company to preserve its tax status.

Each potential investor should carefully consider the tax effects of his own investment in the Company since the tax consequences of an investment in the Company are complex and certain of them would not be the same for all taxpayers. In view of the complexity of the tax aspects of investing in the Company, and particularly in view of the fact that the tax situation of each investor will differ, **ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS** with specific reference to their own tax situation prior to making an investment in the Company.

5.9 HEDGING TRANSACTIONS

The Company may utilize financial instruments such as derivatives for investment purposes and to seek to hedge against fluctuations in the relative values of the Company portfolio positions as a result of changes in exchange rates, interest rates, equity prices and levels of other interest rates and prices of other securities. Such hedging transactions may not always achieve the intended effect and can also limit potential gains. While the Company may enter into such transactions to seek to reduce currency, exchange rate and interest rate risks, unanticipated changes in currency, interest rates and equity markets may result in a poorer overall performance of the Company. For a variety of reasons, the Company may not obtain a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the intended hedge or expose the Company to risk of loss.

5.10 BROKERAGE COMMISSIONS AND TRANSACTION COSTS

In selecting brokers or counterparties to effect portfolio transactions, the Investment Director will consider such factors as price, the ability to effect the transaction, the reliability and financial responsibility and any research products or services provided. Accordingly, if the Investment Director determines in good faith that the amount of commissions or transaction fees charged by the entity is reasonable in relation to the value provided, the Company may pay an amount greater than that charged by another entity.

5.11 REDEMPTION RISKS OF COMPANY INVESTMENTS

Although the Company believes its redemption notice policies are sufficient to allow the Company itself to provide adequate notice to exercise its own rights to withdraw from investments, it is possible that the Company may not be able to redeem all of its assets in a timely manner.

5.12 LEVERAGE AND SHORTING

When deemed appropriate by the Investment Director, and subject to applicable regulations, the Company may use leverage in its investment program. The Investment Director intends to use leverage capital at risk in orderly market conditions and will increase such leverage on term basis in the event of opportunistic price movements in the currency pairs traded. Stop loss and other risk management techniques are designed to protect capital in times of adverse trading conditions.

5.13 LIQUIDITY AND MARKET CHARACTERISTICS

In some circumstances the markets in which the Company trades can be illiquid thereby making it difficult to acquire or dispose of investments at prices quoted on the relevant markets. In addition, changes in market conditions in a particular investment could make it impossible for positions to be realised and could thereby expose the Company to losses.

5.14 NO CONTROL OVER THE OPERATIONS OF THE COMPANY

Shareholders will have no control over the management of the business activities or affairs of the Company. Consequently, an investor should not become a shareholder in the Company unless it is willing to entrust management of the Company to the Directors.

5.15 FORWARD LOOKING STATEMENTS

Certain statements in this Private Placement Memorandum constitute “forward-looking statements”. When used in this Private Placement Memorandum or in any marketing material, the words “project”, “anticipate”, “believe”, “estimate”, “expect”, and similar expressions are generally intended to identify forward-looking statements. Such forward-looking statements, including the intended actions and performance objectives for the Company, involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. All forward-looking statements in this Private Placement Memorandum or in any marketing material speak only as of the date hereof. The Company and the Directors expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectation with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

5.16 COUNTERPARTY AND PRIME BROKER CREDIT RISK

Certain assets of the Company will be exposed to the credit risk of the counterparties with which, or the dealers, brokers and exchanges through which, the Company deal, whether they engage in exchange-traded or over-the-counter transactions. The Company may be subject to risk of loss of its assets on deposit with a broker in the event of the broker’s bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of the Company, or the bankruptcy of an exchange clearing house. In the case of any such bankruptcy, the Company might recover, even in respect of property specifically traceable to the Company, only a pro rata share of all property available for distribution to all of the broker’s customers. Such an amount may be less than the amounts owed to the Company. Such events would have an adverse effect on the Net Asset Value per Participating Share of the Company.

When the Company trades in futures, securities, option contracts, derivatives and other principal transactions, it will be subject to the risk that the principals with whom it trades, will be unable or refuse to perform any such transactions. Any such failure or refusal, whether due to insolvency, bankruptcy or other causes, could subject the Company to substantial losses. The Company will seek to mitigate these risks by reviewing the creditworthiness of all counterparties and only entering into transactions with those counterparties that the Company believe to be creditworthy.

The Company may have credit exposure to one or more counterparties by virtue of its investment positions. To the extent that a counterparty defaults on its obligation and the Company is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Such risks will increase where the Company uses only a limited number of counterparties. The Company may, in certain circumstances, be fully subject to the default of a counterparty.

5.17 CONCENTRATION OF INVESTMENTS

The Company may at times hold relatively few instruments. The Company could be subject to significant losses if it holds a large position in a particular investment that decreases in value.

5.18 CHANGES TO APPLICABLE LAW AND REGULATIONS AND THE FINANCIAL SERVICES (ALTERNATIVE INVESTMENT FUND MANAGERS) REGULATIONS

The Company must comply with various legal and regulatory requirements, including requirements imposed by the laws of Gibraltar, such as the Financial Services Act 2019 and the Financial Services (Alternative Investment Funds Managers) Regulations 2020 (“AIFM Regulations”) and guidelines imposed by the GFSC who is the regulatory body in Gibraltar on financial services. Should any relevant laws or regulations change over the life of the Company, the legal requirements to which Company and/or the Participating Shareholders may be subject could differ materially from current requirements. No assurance can be given that future legislation, administrative rulings or court decisions will not adversely affect the capital value of the Company’s investments.

There are several exemptions to the scope of the AIFM Regulations, the main of which being the *de minimus* test of an AIFM with aggregate total assets of (a) less than €100 million (including leverage); or (b) less than €500 million (unleveraged) and that does not have redemption rights during a period of 5 years following the date of initial investment in the AIF. Such AIFMs are referred to as being a ‘Small AIFM’.

As of the date of this Private Placement Memorandum the Company qualifies, via the *de minimus* test, as a Small AIFM on the basis that the aggregate total assets under management of the Company is less than €100 million (including leverage). Accordingly, only regulations 18 and 69 of the AIFM Regulations apply to the Company, and no other rights or obligations under the AIFM Regulations apply. However, should the Company move within scope of AIFM Regulations, it will need to comply with all the imposed requirements and obligations thereby increasing the cost of compliance and possibly having an adverse effect on the performance of the Company.

The Company is registered with the GFSC as a Small self-managed AIFM for the purposes of the AIFM Regulations. It is the Board of Directors’ current intention that as long as the Company continues to be within the *de minimus* thresholds of a Small AIFM within the meaning of the AIFM Regulations, the Company will not need to seek authorisation from the GFSC under the AIFM Regulations.

5.19 US FATCA (US Foreign Account Tax Compliance Act Withholding Tax)

The Foreign Account Tax Compliance Act (“US FATCA”) provisions of the US Hiring Incentives to Restore Employment Act impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to a non-US financial institution (a “foreign financial institution” or “FFI”) that does not become a “Participating FFI” and is not otherwise exempt or deemed compliant. The Company is an FFI for US FATCA purposes. In general, an FFI becomes a Participating FFI by entering into an agreement with the US Internal Revenue Service (“IRS”) to provide certain information about its investors or account holders. Alternatively, certain FFIs may be deemed compliant with US FATCA. The new withholding regime was phased during 2014. No assurance can be provided that the Company will enter into an agreement with the IRS or otherwise be deemed compliant with US FATCA. If the Company does not enter into such an agreement and is not deemed compliant with US FATCA, the Company may be subject to a 30% withholding tax on all, or a portion of all, payments received, directly or indirectly, from US sources or in respect of US assets including the gross proceeds on the sale or disposition of certain US assets. Any such withholding imposed on the Company may reduce the amounts available to the Company to make payments to its investors. In the alternative, if the Company does become a Participating FFI, investors may be required to provide certain information to the Company or otherwise comply with (or be exempt from) US FATCA to avoid withholding on certain amounts paid by the Company. Payments made

after 31 December 2016 from non-US sources may also be subject to withholding to the extent that payments are attributable to US source income and assets. If an amount in respect of US FATCA withholding tax is deducted or withheld, the Company will not pay additional amounts as a result of the deduction or withholding. As a result, investors may receive a smaller net investment return from the Company than expected.

5.20 THE COMMON REPORTING STANDARD

On 1 January 2016 the International Co-Operation (Improvement of International Tax Compliance) Regulations 2015 ('Gibraltar CRS Regulations') came into force in Gibraltar. The Common Reporting Standard ('CRS') is an information standard for the automatic exchange of information developed in response to the G20 request and approved by the OECD Council on 15 July 2014. The CRS requires jurisdictions to obtain information from their financial institutions and automatically exchange that information with other jurisdictions on an annual basis. The CRS sets out the financial account information to be exchanged, the financial institutions required to report, the different types of accounts and taxpayers covered, as well as common due diligence procedures to be followed by financial institutions. The Directors understand that the Gibraltar CRS Regulations have similar rules and requirements to US FATCA albeit the beneficiary in respect of reporting in relation to the Gibraltar CRS Regulations will be to the multiple tax authorities (as opposed to the IRS). The Company will act in accordance with the Gibraltar CRS Regulations and perform the required assessment of due diligence on financial accounts and report any reportable accounts (as and when applicable to do so).

5.21 FATCA AND CRS – DATA PROTECTION

The Company may have to disclose or make available to the IRS, the UK taxation authorities or other relevant tax authorities certain information which would otherwise be subject to the data protection provisions under Gibraltar's Data Protection Act 2004. By subscribing for Participating Shares all Shareholders should note that they are agreeing to any transfer of data carried out for any of the reasons given above, or for any reason that the Directors or Administrator deem necessary to comply with legislation in force at the time.

5.22 GIBRALTAR INVESTOR COMPENSATION SCHEME

Investors in Gibraltar Private Schemes are not protected under the provisions of the Financial Services (Investor Compensation Scheme) Act 2002 and are therefore not entitled to recover losses.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN THIS OFFERING. PROSPECTIVE INVESTORS SHOULD READ THIS ENTIRE PRIVATE PLACEMENT MEMORANDUM AND CONSULT WITH THEIR PROFESSIONAL ADVISERS BEFORE DETERMINING WHETHER TO INVEST IN THE COMPANY.

SECTION 6 MANAGEMENT AND SERVICE PROVIDERS

6.1 THE DIRECTORS

The Fund is self-managed by its Board of Directors. The Directors have overall authority over, and responsibility for, the operations and management of the Company, pursuant to the terms of Directors Service Agreements between the Directors and the Company. The Directors are required to ensure compliance by the Company with all laws and regulations that are applicable to it. El Faro Management Limited is the Investment Director of the Fund.

The function of the directors is to control and manage the Company, to conduct the Company's business operations and review and be responsible for the activities of the Company.

The first Directors were appointed in writing by the Subscribers to the Memorandum of Association. They shall hold office until they resign or are disqualified in accordance with Article 81 of the Company's Articles of Association. Subject to the provisions of Article 83 the Directors shall have power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following Annual General Meeting and shall then be eligible for re-election. The holders of the majority in nominal value of the management shares for the time being in issue shall have the right by notice in writing to the Company to appoint additional Directors or to remove any Director from office.

The Directors are indemnified by the Company in the performance of their duties as set out in the Articles of Association of the Company.

The Directors of the Company are currently:

Helmuth Vollmeier

After graduating from University (BA) Helmuth Vollmeier began his professional career as a trainee, in the Financial Planning Department for Rank Xerox Austria. In 1982 Helmuth joined the U.S. securities firm E.F. Hutton as the options coordinator for Germany. From 1985 to 1989 he was self-employed at PRM Portfolio and Risk Management, a Munich based asset management firm. In 1989 he worked for Chase Manhattan Bank in private banking. He was managing director of Chase Manhattan Investment Company (Austria) and was responsible for fund management and derivatives trading. From 1993 he continued to work for PRM Portfolio and Risk Management, but this time in Vienna. In 1995 he set up MOC Asset Management in Vienna where he was general partner. From 1997 to 2001 he was a managing director and head of market research and trading of MOC Limited in Gibraltar. From 2001 to 2002 he was a director of Xanthos Asset Management in Gibraltar, and continued to use the program developed at MOC Limited while running a CTA for the Rath Group. In January 2003 he joined Hasenbichler Advisory Services in Bahamas as director of research, and was instrumental in bringing the MOC fund into the Hasenbichler family of funds. In 2006 he co-founded El Mago Asset Management Limited, which is an asset management company offering its services to institutional clients.

Helmuth Vollmeier is appointed to act as director of the Company pursuant to the terms and conditions of a Directorship Agreement dated 1 April 2017, as amended by Addendum dated 9 April 2021 with effect from 31 March 2021.

Georg Reiter

Georg Reiter is an Austrian citizen born in 1969. He studied Economics and Business Administration at University of Vienna (1989-1994). He earned his first working experience in a Portfolio Management Bank (Effect Invest Bank) in Vienna. Mr. Reiter has been working for a worldwide leading alternative investment manager, for more than 10 years and was responsible for the development of trading programs, administration and brokerage. In 1999 he moved to Gibraltar in order to setup the Trading Center of Hasenbichler Asset Management where he was General Manager for 3 years. During this time he worked as a consultant in a Trading Software company in London where he was responsible for designing, implementing and testing trading ideas (DRC Developments Ltd). In 2002 he became General Director of AM Management (Gibraltar) Limited. Furthermore Georg Reiter set up Sharpe Investments Limited in 2002 in order to offer professional investment advisory services to various entities. In 2005 he co-founded El Mago Asset Management Limited which was an asset management company offering its services to institutional clients.

Georg Reiter is appointed to act as director of the Company pursuant to the terms and conditions of a Directorship Agreement dated 31 October 2019, as amended by Addendum dated 9 April 2021 with effect from 31 March 2021.

El Faro Management Limited (the “Investment Director”)

El Faro Management Limited is the Investment Director of the Company. It is a private company limited by shares, incorporated in Gibraltar on 11 July 2019, with company number 118862. Its registered address is Level 1, 1-7 Crutchetts Ramp, Gibraltar.

El Faro Management Limited is appointed to act as the Investment Director of the Company pursuant to the terms and conditions of a Directorship Agreement dated 5 August 2019, as amended by Addendum dated 9 April 2021 with effect from 31 March 2021.

The sole director of El Faro Management Limited is Georg Reiter.

6.2 ADMINISTRATOR

The Company has appointed Juno Fund Services Limited (formerly ‘Grant Thornton Fund Administration Limited’) (the “Administrator”) as the Company’s Administrator pursuant to an Administration Agreement between the Company and the Administrator dated 7 March 2012, as amended by Addendum dated 9 April 2021 with effect from 31 March 2021. Grant Thornton Fund Administration Limited changed its name to Juno Fund Services Limited on 30 November 2017. The Administrator is a Gibraltar company registered under number 96888. The Administrator was incorporated on 11 August 2006. Its registered office is Level 1, 1-7 Crutchetts Ramp, Gibraltar.

The Administrator was established in Gibraltar for the purpose of providing administration services exclusively to collective investment schemes. The Administrator is licensed by the Financial Services Commission of Gibraltar as a Collective Investment Scheme Administrator to provide such services under permission number 6754.

In accordance with the terms of the Administration Agreement the Administrator will be responsible, among other things, for the following matters, under the general supervision of the Board of Directors:

- Communicating with shareholders;
- Maintaining the Company's share register;
- Processing subscriptions and redemptions;
- Maintaining the Company's financial and accounting records;
- Preparing financial statements;
- Dealing with the Company's auditor; and Arranging for the provision of accounting, clerical and administrative services.

6.3 THE BANKER

The Company has appointed Gibraltar International Bank to act as the Company's Banker. Gibraltar International Bank is authorised by Gibraltar's Financial Services Commission under the Financial Services (Banking) Act.

As the Banker, Gibraltar International Bank will provide a full range of banking services including the safekeeping of all cash assets of the Company deposited with them. The Banker will not provide any other services or perform any functions except that of a regular commercial bank and the usual administrative matters relating to the safe keeping of assets within its account, and will have no other duties or responsibilities relating to the Company, for example the Banker will not provide advisory services or asset management services nor will they monitor investment management activities or investment strategies of the Company.

The Banker has not warranted the contents of this Private Placement Memorandum nor will they be involved in the management, administration or Net Asset Value calculation of the Company.

The Banker will not act as sponsor or promoter of the Company. Investors should not rely upon the Banker in deciding whether or not to invest in the Company.

The Company may terminate the Banker's services in accordance with the terms of the Banking Agreement.

6.4 PRIME BROKER

Interactive Brokers (UK) Limited (the "Prime Broker") has been appointed as Prime Broker for the Company. As Prime Broker they will be responsible for the safekeeping of all the investments and other assets of the Company delivered to it (the "Custody Assets"). The Prime Broker will identify, record and hold the Custody Assets in such a manner that the identity and location thereof can be identified at any time and so that the Custody Assets shall be readily identifiable as property belonging to, and held for the benefit of, the Company and as separate from any of the Prime Broker's own property. The Prime Broker in the performance of its duties may employ sub-custodians. The terms of the agreement between the Company and the Prime Broker are set out in the Interactive Brokers UK Customer Agreement (herein after referred to for ease of reference only as the Prime Brokerage Agreement). The Prime Brokerage Agreement can be terminated by written notice from the Company. The Prime Broker is authorised by the Financial Conduct Authority in the UK to act as prime broker.

6.5 AUDITOR

The Gibraltar Companies Act allows for small sized companies that do not have income that is liable to assessment for tax under the Gibraltar Income Tax Act and that do not trade or transact business in Gibraltar in such a way as is likely to generate such income in the future to be exempt from the requirement to have its financial statements audited.

The Company may make use of such exemption and if it qualifies for exemption from the requirement to have its financial statements audited, the Company may not appoint an auditor or auditors to hold office and may not have the Company's financial statements audited. The Company shall at each Annual General Meeting confirm its position with regard to the requirement to have its financial statements audited.

The Directors may from time to time decide to appoint an auditor or auditors to hold office and audit the financial statements of the Company. If the Directors decide to act as such they will arrange for the appointment of the auditor or auditors and such auditor or auditors so appointed shall hold office until the conclusion of that meeting until the next Annual General Meeting.

The Directors may fill any casual vacancy in the office of auditor but while any such vacancy continues the surviving or continuing auditor if any may act.

6.6 COMPANY SECRETARY

Juno Fiduciary Services Limited (formerly 'GT Fiduciary Services Limited') (the 'Company Secretary') has been appointed the Company Secretary of the Company under the terms of a Company Management Agreement dated 7 March 2012. GT Fiduciary Services Limited changed its name to Juno Fiduciary Services Limited on 30 November 2017. The Company Secretary may be removed in accordance with the terms of the Company Management Agreement. The Company Secretary is licensed to provide secretarial and company management services by the Gibraltar Financial Services Commission.

SECTION 7 FEES AND EXPENSES

7.1 ORGANISATION COSTS

Costs and expenses associated with the initial organisation of the Company have been fully amortised.

7.2 DIRECTORS' FEE

The Company will pay Helmuth Vollmeier and Georg Reiter a directors' fee in relation to their directorship services to the Company based on the AUM of the Company, as set out below:

Directors' Fee	AUM
£4,000 per annum (maximum)	Up to £4 million
£6,000 per annum (maximum)	£4 million to £6 million
£8,000 per annum (maximum)	£6 million to £10 million

El Faro Management Limited has agreed to waive its directorship fees in relation to the directorship services provided to the Company. Irrespective of the directorship fees being waived, the Directors are also entitled to have their reasonable expenses incurred in carrying out their duties refunded to them by the Company.

7.3 MANAGEMENT AND PERFORMANCE FEES

The elfaro 4season and elfaro volatility.season **share classes** will pay the Investment Director a Management Fee of up to 2.00% per annum of the month-end Net Asset Value of the elfaro 4season and elfaro volatility.season **share classes** (as applicable) calculated on an accruals basis and paid in arrears.

The elfaro 4season and elfaro volatility.season **share classes** will pay the Investment Director a Performance Fee of up to 30% of the Net New Profits of the elfaro 4season and elfaro volatility.season **share classes** (as applicable) at each month-end, calculated on an accruals basis and payable in arrears. The definition of net new profits shall be the difference between the Net Asset Value of the relevant Share Class on a relevant valuation day after the deduction of management fees and other expenses, and the Net Asset Value of the relevant Share Class as of the previous Valuation Day.

7.4 FEES OF THE ADMINISTRATOR

The Administrator will receive from the Company an administration fee of 15 basis points (0.15%) per annum of the month-end NAV of the relevant Share Class of the Company calculated on an accruals basis and paid in arrears (the "Administration Fee"). The administration fee is subject to a minimum fee that is to be agreed between the Administrator and the Company from time to time.

7.5 FEES OF THE COMPANY SECRETARY

The Company Secretary will receive from the Company a fee of £1000 per annum for the provision of registered offices and company secretary. All other company secretarial fees will be provided on a time spent basis at standard terms and conditions.

7.6 FEES OF THE BANKER

The Company will pay banking charges at its normal commercial rates to its Banker.

7.7 FEES OF THE PRIME BROKER

The prime brokerage fees will be paid an annual fee based on their standard fee schedule as agreed with the Prime Broker, plus out-of-pocket expenses.

7.8 TRANSACTIONAL COSTS

For its futures and options trading, the Company will use the services of one or more brokerage firms to execute and clear its transactions and to carry its accounts. The Directors will select the brokers for the Company and will negotiate fees and commissions. The Company will pay all expenses incurred in connection with its trading and investment activities, including but not limited to all execution, other transaction costs and expenses, Banker/Prime Broker expenses and all other related expenses and costs.

7.9 OTHER OPERATING EXPENSES

The Administrator will be responsible for providing all office personnel, office space and office facilities required for the performance of their services.

The Company will bear all other expenses incidental to its operations and business, including:

- Fees and expenses of the Company's legal advisors and the auditor;
- Any income tax, withholding taxes, transfer taxes and other governmental charges and duties occurring for the Company;
- The costs of printing and distributing any prospectuses and reports as well as notices to the shareholders; and
- Any other reasonable costs approved by the directors.

SECTION 8 SHARES OF THE COMPANY

8.1 SHARE CAPITAL

The Company has an authorised capital of €2,002 divided into:

- a) 200,000 participating shares, having a nominal value of €0.01 per share.

Participating Shares shall have no voting rights (except on a resolution to wind up the Company or to change its Articles of Association) but shall participate equally on a pro rata basis in the equity of the Company.

- b) 2 ordinary management shares having a nominal value of €1.00 per share which shall have voting rights but shall not participate in any profit or distribution of the Company (except the repayment of the amount paid up on ordinary management shares). All ordinary management shares are held by the Investment Director.

All shares are, when issued, fully paid and non-assessable, and shareholders have no personal liability for the debts of the Company. The shares have no pre-emptive, conversion, exchange or other rights or privileges save as set out in the Memorandum and Articles of Association of the Company.

8.2 MEETINGS OF SUBSCRIBERS

The Company shall in each year hold a general meeting as its Annual General Meeting in addition to any other meeting in that year. Annual General Meetings shall be held at such time and place as may be determined by the Directors.

Notices of every general meeting shall be given in any manner herein authorised to every Member and to:

- (a) each Director and Alternate Director of the Company;
- (b) the Auditor(s);
- (c) the Investment Director holding the ordinary shares; and
- (d) such other person(s) as the Director shall at any time and from time to time determine.

Any Member present either personally or by proxy at any meeting of the Company shall for all purposes be deemed to have received due notice of such meetings and where requisite of the purposes for which such meeting was convened.

All general meetings (other than Annual General Meetings) shall be called Extraordinary General Meetings, and may be convened whenever the Directors think fit and such meetings must be held in Gibraltar.

The number of Members entitled to requisition a meeting, the number forming a quorum and the number entitled to demand a poll shall be as stated in the Companies Act provided that in the case of any class meeting the numbers therein referred to shall be calculated by reference to the issued Shares of the class in question and not by reference to the issued Shares of the Company.

8.3 SUBSCRIPTIONS

“Dealing Day” shall mean the first day of each month.

Class A and Class B Participating Shares were available for subscription on each Dealing Day as from 7 March 2012. The Fund closed its subscription for Class B shares on 1 November 2014 and it closed its subscription for Class A shares on 1 January 2019.

elfaro 4season and elfarovolatility season shares were made available for subscription from 1 November 2014 and 1 April 2017, respectively, and continue to be available on each Dealing Day at a price equal to the Net Asset Value per Participating Share of elfaro volatility.season calculated on the last day of the month immediately preceding the relevant Dealing Day.

The minimum investment in each Share Class is €100,000.

A “Business Day” shall be any day on which banks in Gibraltar are open for business.

Subscription applications should be received at least five (5) days prior to the relevant Dealing Day, or such later time as the Directors may from time to time permit. The acceptance of subscriptions is subject to confirmation of the prior receipt of cleared funds credited to the Company’s subscription account with the Banker and all due diligence requirements by the Banker or the Administrator.

The Directors reserve the right to reject subscriptions at their absolute discretion.

The Directors reserve the right to change any of the above-mentioned subscription requirements at their absolute discretion, subject to the provisions of the Articles of Association of the Company.

8.4 REDEMPTIONS

No redemption fee will be payable.

Participating Shares may be redeemed on any Dealing Day after giving written notice of redemption to the Company, such notice to be received at the office of the Administrator fifteen (15) days prior to the relevant Dealing Day. The Company may, at its absolute discretion, redeem Participating Shares with less than the fifteen (15) days notice period (the “Redemption Date”).

The redemption proceeds normally will be remitted within thirty (30) calendar days after the Redemption Date on which shares are redeemed, without interest for the period from this date to the payment date. Redemption payments will be made in Euros and will be remitted to the shareholder by wire transfer to an account as specified by the shareholder in his written redemption notice.

Redemption of Participating Shares resulting in a remaining balance with a Net Asset Value of less than €100,000 in the relevant Share Class will give the Directors the right to require the compulsory redemption of all the Participating Shares of the Share Class held by the relevant Shareholder.

The Directors further have the right to require the compulsory redemption of all Participating Shares held directly or indirectly by a Shareholder who is not an Eligible Investor, or at their sole discretion. Any such compulsory redemptions will be made at the Net Asset Value per Participating Share of the relevant Share Class calculated on the Valuation Day prior to the

Dealing Day next following the issuance of a notice of redemption to the Shareholder, provided that thirty (30) days' notice has been given (the "Compulsory Redemption Date").

The Company, its directors and agents may rely upon any Redemption Request believed by them in good faith to be genuine.

The price at which any Participating Share shall be redeemed pursuant to a Redemption Request shall be the Net Asset Value per Participating Share of the relevant Share Class on the Valuation Day immediately preceding the relevant Redemption Date or Compulsory Redemption Date.

On any redemption:

The nominal value of Participating Shares shall be redeemed either out of the proceeds arising from the issue of an equal number of Participating Shares that shall be designated as "N Shares" which shall have no voting rights nor any right to participate in any profit or distribution of the Company (except the repayment of the amount paid up on the respective shares) or out of profits available for dividend in respect of the Participating Shares requested to be redeemed. The premium (if any) shall be paid either from the Share Premium Account or out of profits available for dividend in respect of the Participating Shares requested to be redeemed.

All costs incurred in a compulsory redemption of Participating Shares shall be for the account of the Member thereof and may be withheld from the proceeds of the redemption.

The procedure for determining which Participating Shares will be compulsorily redeemed in any particular case is subject to change at the discretion of the Directors. In exercising discretion and in making determinations as to whether to compulsorily redeem Participating Shares, and in determining which Members shall be subject to compulsory redemption, the Directors may act upon the basis of such information as may be known to them, without any obligation to make special enquiries, and may rely upon the advice of counsel. In no event shall the Company or the Directors be liable to any Member.

A Member shall cease for all purposes to be a Member of the Company on the applicable Redemption Date or Compulsory Redemption Date.

8.5 SUSPENSION OF VALUATIONS

The Directors may suspend the calculation of the Net Asset Value of the Participating Shares for any of the following events. If the determination of the NAV per Participating Share is suspended beyond the day on which it would normally occur, the right of a member to have his Participating Shares redeemed shall be similarly suspended and during the period of suspension he may withdraw his Redemption Request. No Participating Shares may be issued during any period when the determination of the NAV per Participating Share is suspended.

- a) During any period when any stock exchange or over-the-counter market on which any of the assets of the Company or particular class are quoted, traded or dealt in is closed, other than for ordinary holidays and weekends, or during periods in which dealings are restricted or suspended;
- b) When as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Company, disposal of the assets of the Company is not reasonably practicable or would be seriously prejudicial to the shareholders' interests;

- c) During any breakdown in the means of communication normally employed in determining the price or value of any of the assets or liabilities of the Company or particular class, or of current prices in any stock market as aforesaid, or when for any other reason the prices or values of the assets or liabilities of the Company or particular class cannot reasonably be promptly and accurately ascertained; or
- d) During any period when the transfer of funds involved in the realization or acquisition of any investments cannot, in the opinion of the Directors, be effected at normal rates of exchange.

Any such suspension shall take effect at such time as the Directors shall declare but not later than the close of business on the Business Day next following the declaration and until the Directors shall declare the suspension to be at an end except that the suspension shall terminate in any event on the first Business Day on which:

- a) the condition giving rise to the suspension shall have ceased to exist; and
- ii) no other condition under which suspension is authorized under the Articles of Association of the Company shall exist.

Each declaration by the Directors suspending determination of the Net Asset Value per Participating Share in relation to any particular class shall be consistent with such official rules and regulations (if any) relating to the subject matter thereof as shall have been promulgated by any authority having jurisdiction over the Company as shall be in effect at the time. To the extent not inconsistent with such official rules and regulations, the determination of the Directors shall be conclusive.

Whenever the Directors shall declare a suspension of the determination of the Net Asset Value per Participating Share in relation to any Participating Share, the Directors shall publish that suspension in such manner as the Directors deem appropriate to any Member likely to be affected thereby.

8.6 NET ASSET VALUATIONS

Net Asset Values may be determined by or at the direction of the Administrator on each Valuation Day; it is the intention to prepare a Net Asset Value on the last calendar day of each month (the "Valuation Day"). The Directors may determine any other date as being the Valuation Day.

Net Asset Value ("NAV") calculations are determined in the following manner:

NAV calculations will be prepared in accordance with International Financial Reporting Standards.

In relation to any particular class of Participating Shares, the NAV per Participating Share on a particular date means the NAV of the Participating Shares on that date divided by the number of Participating Shares in issue on that date.

On any particular date the NAV of a class of Participating Shares shall be equal to the value on that date of the assets of the class in respect of which those Participating Shares have been issued less all liabilities.

In determining the value of the assets and liabilities of the Company:

- (i) Each investment (including spot, forward or derivative contracts) which is traded on a Recognised Exchange (other than an investment which, in the opinion of the Directors or the Administrator as their delegate, falls to be valued under (iii) below) will be valued on the Recognised Exchange or, if traded on more than one Recognised Exchange, on the Recognised Exchange which the Directors, or the Administrator as their delegate, determine provides the fairest criterion of value for such investment, by reference to the last traded price on the relevant Recognised Exchange as at the Valuation Day or, if no such last traded price is available, or is unrepresentative in the opinion of the Directors or the Administrator as their delegate, such investment shall be valued at the middle market quotation or if the last middle market quotation is unavailable, or is unrepresentative in the opinion of the Directors or the Administrator as their delegate, such investment shall be valued at the probable realisation value as certified by a competent person approved for that purpose by the Administrator; or at such other value as the Directors or the Administrator as their delegate, with the approval of the Administrator consider in the circumstances to be fair.
- (ii) The value of any investment which is not traded on a Recognised Exchange (other than an investment which, in the opinion of the Directors or the Administrator as their delegate, falls to be valued under (iii) below) shall be the probable realisation value of the investment determined in good faith by the Directors and the Administrator.
- (iii) The prices of over-the-counter spot contracts, forwards and option contracts shall be valued as follows:
 - (a) spot contracts shall be valued at the mid-exchange rate determined by the Administrator as of the relevant Valuation Day;
 - (b) forward contracts shall be valued in the same manner as spot contracts referred to in paragraph (a) above as adjusted for the mid-price premium or discounts as determined by the Administrator in consultation with the Directors or on the basis of the latest available quotation provided by the relevant counterparty to the Administrator as of the relevant Valuation Day; and
 - (c) other over-the-counter contracts will be valued by the Administrator on the basis of the latest available quotation provided by the relevant counterparty to the Administrator as of the relevant Valuation Day.
- (iv) Cash deposits and similar liquid investments will be valued at their nominal value together with all accrued interest thereon to the relevant Valuation Day.
- (v) Treasury bills and bills of exchange shall be valued with reference to prices ruling in the appropriate markets for such instruments of like maturity, amount and credit risk as of the relevant Valuation Day.

The Directors, in consultation with the Administrator, shall be entitled to adopt an alternative method of valuation in relation to any particular asset or liability if the Directors consider, on the advice of the Administrator, that the method of valuation otherwise provided for in the Articles of Association does not provide a fair valuation of that asset.

In determining the liabilities of any shares:

- (a) in the event any net amount payable in respect of any such liability is not payable until some future time after the relevant Valuation Day, the Directors (which may consult with and rely on the advice of the Administrator) shall make such allowance as is considered appropriate to reflect the true current value of that liability;

- (b) the Directors may calculate administrative and other expenses of a regular or recurring nature as well as accrued assets on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any such period.

Foreign exchange rates:

The Company's accounts are maintained in Euros. Assets and liabilities denominated in other currencies are translated at the rate of exchange in effect at the relevant Valuation Day and translation adjustments are reflected in the results of operations. Portfolio transactions and income and expenses are translated at the rates of exchange in effect at the time of each transaction.

8.7 REGISTRATION AND TRANSFER OF SHARES

Share certificates representing Shares will not be issued unless specifically requested by the Shareholder.

The Company maintains a current list of the registered names and addresses of the Company's Shareholders at the registered office of the Company in Gibraltar.

Transfers of Participating Shares can only take effect by serving upon the Company in the manner prescribed by law, an instrument of transfer signed by or on behalf of the transferor and the transferee. In the event that any share certificates have been issued in respect of Participating Shares that are transferred those share certificates must be endorsed by the Shareholder and returned to the Company.

The Company has designated the Company Secretary to perform the above-mentioned duties in connection with the registration and transfer of Shares.

Any transferee will be required to provide the same information, which would be required in connection with a direct subscription in order for a transfer application to be considered by the Administrator. Violation of applicable ownership and transfer restrictions may at the discretion of the Directors result in compulsory redemption of the relevant Participating Shares.

No transfer of Shares in the Company shall be made or registered without the previous sanction of the Directors who may at their absolute discretion and without assigning any reason therefore, decline to register the transfer of Shares whether or not it is a fully paid Share.

The Participating Shares of the Company are not listed nor proposed to be listed on any securities exchange. As of this date, it is not anticipated that there will be any secondary market for trading in the Participating Shares.

Shares may not be transferred to any US Person.

8.8 DIVIDEND POLICY

The Company does not expect to pay any dividends to Shareholders; however, the Company reserves the right to change this policy.

8.9 GIBRALTAR LEGAL REQUIREMENTS & ANTI MONEY LAUNDERING

As part of the Company's responsibility for the prevention of money laundering and protection of the investor, the Company shall require detailed verification of an Investor's identity and

origin of the funds for investment in, including details of the investor's source of wealth and income.

As a minimum requirement in the case of an individual applicant, the applicant shall be required to produce a copy of a passport or identification card and proof of residential address and, if required, such further proof of either residential address or identity that is required by the Company in order to satisfy its AML obligations, all certified as a true copy by a notary public, lawyer, accountant, banker or other accepted professional in accordance with the Company's certification requirements. The certified copy of the passport must state: "This is a true copy of the original and the photograph is a true likeness of the applicant". The Company may require that such documents be certified by a notary public and apostilled.

As a minimum requirement in the case of a corporate applicant, the applicant shall be required to produce, a copy of its Certificate of Incorporation (and any certificate of change of name, if relevant), a copy of the Memorandum and Articles of Association or equivalent constituting documentation, confirmation of its registered office, a copy of its register of directors (together with a copy of the passport or identification card and a proof of residential address, plus, if required, such further proof of either residential address or identity that is required by the Company in order to satisfy its AML obligations, for each of the directors), a copy of a board minute authorising the subscription, an authorised signatories list (in original or a certified copy), a copy of its register of members and, for all directors and beneficial owners, a copy of their passport or identification card and a proof of residential address, plus, if required, such further proof of either residential address or identity that is required by the Fund in order to satisfy its AML obligations,, together with verifiable confirmation of the source of funds used to make the subscription and verifiable confirmation of each beneficial owner's source of wealth and income. All copies must be certified as a true copy by a notary public, lawyer, accountant or banker and certified copies of passports and other personal identification must state: "This is a true copy of the original and the photograph is a true likeness of the applicant". The Fund may require that documents be certified by a notary public and apostilled.

Each applicant for Participation Shares is also required to produce verifiable information on the source of wealth and income together with detail of the origin of the funds for the investment.

Each applicant for Participation Shares acknowledges that the Administrator shall be held harmless against any loss arising as a result of a failure to process any application for Participation Shares if such information and documentation as has been requested by the Administrator has not been provided by the applicant.

Each applicant will be required to complete and sign the Company's Subscription Agreement (Appendix B) and the Subscription Information Form (Appendix C) and a Tax-Self Certification Form (which shall be provided by the Administrator to the applicant upon receipt of the subscription application documents). Investors' documentation will be filed with the Administrator in Gibraltar.

The Company and the Administrator reserve the right to request such further or different information as is necessary to verify the identity of an applicant, origin of funds and appropriateness of the investment.

In the event of delay or failure by the applicant to produce any information required for verification and protection of investor purposes, the Fund or the Administrator may refuse to accept the application and the subscription monies relating thereto or may defer the application until such information is produced.

Any information and documentation supplied to the Company or the Administrator will, subject to any legal restrictions, be made available by the Company to parties that have regulatory or legal right to such information and documentation.

8.10 DATA PROTECTION

As part of the application process all Investors are required to submit various documents to the Administrator. These are required to enable completion of the application process and to comply with all relevant legislation. Any information received will be kept by the Administrator in accordance with any applicable data protection legislation and, in the normal course of business, will not be made available to anyone other than government authorities (as required by applicable legislation), the Administrator, the Auditor, the bank(s), the custodian(s) and the Fund.

However, it may become necessary to transfer data at any time to comply with legislation in force either now or at any time in the future (see the “Anti-Money Laundering” section above for further details). Further, should the administrative functions, in whole or in part, be transferred to another entity, data will be transferred to the extent necessary for such new entity to carry out its functions effectively.

By subscribing to the Company all Investors should note the above, and also note that, by completion of the application form, they are agreeing to any transfer of data carried out for any of the reasons given above, or for any reason that the Administrator deems necessary to comply with legislation in force at the time.

Further, the Investors, the Company and its service providers consent that any and all data required by the Administrator (in its capacity as such or in its capacity as Registrar or Company Secretary) in exercise of its duties on behalf of the Company may be transferred to and/or from the Administrator (in its capacity as such or in its capacity as Registrar or Company Secretary) in accordance with any applicable data protection legislation.

8.11 PRIVACY NOTICE

In the normal course of business, the Fund will collect, possess, and disclose certain non-public information pertaining to Investors, including, but not limited to, names, addresses, social security or other government identification numbers, and financial information. Such information will be disclosed only as necessary, and in accordance with applicable law, to parties including, but not limited to Gibraltar and non-Gibraltar authorities, accountants, lawyers, escrow agents, and other service providers engaged by the Fund. Service providers will be authorised to use non-public information pertaining to the Investors only to the extent necessary to fulfil the service provider’s obligations under its agreement with the Fund, and otherwise as required by applicable law.

SECTION 9 TAXATION

The following is a summary of certain material tax consequences to purchasers of Participation Shares. This summary does not discuss all the aspects of tax law that may be relevant to a particular Investor in light of his or her personal investment circumstances or to some types of Investors. To the extent that the discussion is based on new tax legislation that has not been subject to judicial or administrative interpretation, we cannot assure you that the tax authorities will accept the views expressed in the discussion in question. The discussion is not intended, and should not be taken, as legal or professional tax advice and is not exhaustive of all possible tax considerations.

9.1 THE COMPANY

The Company has been granted an exemption from income tax on its investment income by the Commissioner of Income Tax under Rule 3 (17) of the Income Tax (Allowances, Deductions and Exemptions) Rules 1992.

Notwithstanding the exemption certificate, the affairs of the Company will be managed so as to minimise the possibility of any tax liability arising in Gibraltar. There can be no assurance that all potential tax liability will be fully eliminated.

Although the Company is managed and controlled in Gibraltar, it will not be liable for Gibraltar income tax on profits arising from the activities of the Company because Gibraltar resident companies do not suffer tax in Gibraltar on:

- dividends received from any source;
- assets situated outside of Gibraltar or profits which are generated from sources of income the activities of which take place outside Gibraltar; or
- capital gains.

However, interest income, dividends or capital gains (if relevant) may be subject to withholding taxes, in the countries in which the issuers of investments are located. No stamp duty is currently levied in Gibraltar on the issue or transfer of shares in the Company, other than a nominal capital duty of £10 payable on the initial authorisation of capital or any subsequent increase thereto.

There is no withholding tax on dividends (whether fixed or variable) distributed by the Company. Accordingly, payments made on the issuance of dividends may be paid without deduction of any withholding taxes to shareholders.

No death duties, gift, inheritance or capital transfer taxes are presently levied in Gibraltar. Investors that are not fiscally resident in Gibraltar are not liable to Gibraltar tax on dividends or capital gains received as a result of their ownership of the Participation Shares.

Net interest received or receivable arising from inter-company loans or advances is taxed in Gibraltar at 10%. Where the net interest received or receivable is less than £100,000 per annum, the interest is exempt from any charge to taxation. Other interest received or receivable is not taxable in Gibraltar, including investment income, such as interest from bank deposits or from bonds listed on a stock exchange.

There is no taxation payable in Gibraltar on the payment of dividends and interest by the Company to a recipient that is not resident in Gibraltar.

9.2 THE SHAREHOLDERS

Prospective investors should familiarise themselves with and, where appropriate, take advice from their professional advisor/s on the laws and regulations (such as those relating to taxation and exchange controls) applicable to the subscription for, and the holding and realisation of, Participation Shares in the places of their citizenship, residence and domicile. The tax consequences for each prospective investor in the Fund of acquiring, holding, redeeming or disposing of Participation Shares will depend upon the relevant laws of any jurisdiction to which the prospective investor in the Fund is subject. Investors and prospective investors in the Fund should seek their own professional advice from their Professional Advisor/s as to this, as well as to any relevant exchange control or other laws and regulations.

9.3 US FATCA

Each Investor should note the applicability of U.S. FATCA to the Fund including the fact that the Fund may be subject to a 30% withholding tax on all, or a portion of all, payments received, directly or indirectly, from U.S. sources or in respect of U.S. assets including the gross proceeds on the sale or disposition of certain U.S. assets. For further information on U.S. FATCA, refer to the “Risk Factors” section.

As a Registered Deemed Compliant (Reporting Model 1) FFI the Fund will disclose to the relevant Gibraltar authorities the information relating to U.S. persons and entities covered by U.S. FATCA.

In instances where Investors are unable to provide the Fund with the necessary information required to meet its U.S. FATCA obligations, the Fund will be obliged to disclose details of these Investors to the relevant U.S. authorities as per the procedures outlined in the relevant regulations.

9.4 COMMON REPORTING STANDARDS

On 1 January 2016, the International Co-Operation (Improvement of International Tax Compliance) Regulations 2015 (“Gibraltar CRS Regulations”) covering the agreements between the EU member states came into force in Gibraltar. The Common Reporting Standard is an information standard for the automatic exchange of information developed in response to the G20 request and approved by the OECD Council on 15 July 2014. The CRS requires jurisdictions to obtain information from their financial institutions and automatically exchange that information with other participating jurisdictions on an annual basis. The CRS sets out the financial account information to be exchanged, the financial institutions required to report, the different types of accounts and taxpayers covered, as well as common due diligence procedures to be followed by financial institutions. The Directors understand that current CRS regulations cover the agreements between the EU member states only, and the full CRS regulations covering the agreements between all participating countries are yet to be enacted. The Fund will be classified as a “Reporting Financial Institution” under CRS and will act in accordance with the relevant Gibraltar CRS Regulations and perform the required assessment of due diligence on financial accounts and report any reportable accounts (as and when applicable to do so).

9.5 REGISTER OF ULTIMATE BENEFICIAL OWNERS

In accordance with the Ultimate Beneficial Owners Regulations 2017 and EU law, Gibraltar companies and other legal entities are required to disclose beneficial ownership details to a privately held central register. The disclosure covers beneficial owners holding over 25% ownership, voting rights or control, whether directly or indirectly. The register is stored within the Finance Centre Department of the Gibraltar Ministry of Financial Services and is disclosed by request to national authorities, licensed financial institutions and persons with a legitimate interest. The Fund is required to comply with these regulations.

BEFORE INVESTING, INVESTORS SHOULD CONSULT THEIR TAX ADVISERS AS TO THEIR OWN TAX POSITION.

SECTION 10 ADDITIONAL INFORMATION

10.1 REPORTING

The Company will prepare an abridged balance sheet within (6) six months of the end of each Accounting Reference Date of the Company. The Accounting Reference Date occurs annually on 31 December.

While the Directors of the Company will endeavour to provide financial statements within the time deadlines stated, the Directors and/the Company shall not be held liable for any delays in providing the relevant reports and/or publishing the relevant information which result from unexpected contingencies, such as delays in receiving necessary information from which to prepare such reports or information; equipment failure; fire or other physical damage to office or equipment; power failures or acts of God.

A copy of the Company's latest financial statements can be obtained by the Company's shareholders free of charge at the offices of the Administrator at Level 1, 1-7 Crutchetts Ramp, PO Box 1259, Gibraltar.

The Company's Net Asset Value is computed as at each Valuation Day and reported to shareholders once the Net Asset Value has been approved by the Directors.

All notices to the shareholders will be sent by the Administrator to the registered shareholders of the Company.

10.2 RELEVANT DOCUMENTATION

This Private Placement Memorandum is not intended to provide a complete description of the Company's Memorandum and Articles of Association or Material Contracts. Copies of all such documents are available for inspection by Shareholders during normal business hours at the registered office of the Company or may be provided to Shareholders upon request. Shareholders may inspect copies of the register of shareholders of the Company and the offices of the Administrator.

10.3 ENQUIRIES

Enquiries concerning the Company and its shares (including information concerning subscription and valuation of the Shares) should be directed to the Administrator at:

Juno Fund Services Limited
Level 1, 1-7 Crutchetts Ramp
PO Box 1259
Gibraltar

Tel: 00350 20058888
E-mail: fund.services@juno.gi

10.4 MATERIAL CONTRACTS

The following contracts have been entered into by the Company (other than in the ordinary course of business) and are, or may be, material:

Directorship Agreements dated 1 April 2017, as amended by Addendum dated 9 April 2021 with effect from 31 March 2021 between the Company and Helmuth Vollmeier and dated 31

October 2019, as amended by Addendum dated 9 April 2021 with effect from 31 March 2021 between the Company and Georg Reiter specify the terms whereby the Directors agree to act as Directors of the Company. The agreements will continue in force subject to the termination provisions contained therein. Subject to pre-approval of the Board of Directors, the Directors are empowered under the agreements to delegate their functions, powers, discretions, privileges and duties, as permitted by law, as they deem appropriate. The agreements contain an indemnity to the Directors in respect of actions brought against them provided such actions are not in respect of expense, loss, liability or damage which was caused by the Directors own gross negligence or fraud.

Investment Director Service Agreement dated 5 August 2019, as amended by Addendum dated 9 April 2021 with effect from 31 March 2021 between the Company and El Faro Management Limited (the “Investment Director”) specifies the terms whereby the Investment Director agrees to act as the Investment Director of the Company. The agreement will continue in force subject to the termination provisions contained therein.

Administration Agreement dated 7 March 2012, as amended by Addendum dated 9 April 2021 with effect from 31 March 2021 between the Company and the Administrator specifies the terms whereby the Administrator agrees to act as administrator for the Company. This agreement shall continue in effect until terminated at any time by either party without the payment of any penalty, upon not less than 90 days written notice to the other party, except that this agreement may be terminated immediately by either party if the other shall commit any breach of its obligations under it subject to a 30 day remedy period, or appoint a liquidator or receiver or become insolvent and unable to pay its debts as they fall due. The agreement contains an indemnity from the Administrator to the Company in respect of all liabilities, losses, damages, actions, proceedings and claims which may be brought against, suffered or incurred by the Company to the extent that they are directly attributable to the gross negligence, fraud or wilful misconduct on the part of the Administrator in the performance of its duties.

Company Management Agreement dated 7 March 2012 between the Company and the Secretary specifies the terms whereby the Secretary agrees to act as secretary for the Company. This agreement shall continue in effect until terminated at any time by either party without the payment of any penalty, upon not less than 30 days written notice to the other party, except that this agreement may be terminated upon not less than 14 days notice to the other party of either party if the other shall commit any breach of its obligations, or appoint a liquidator or receiver or become insolvent and unable to pay its debts as they fall due. The agreement provides for a limitation of the Secretary’s liability for any losses whether in contract, tort or otherwise, for any losses whatsoever and howsoever caused arising from or in any way connected with the agreement.

Prime Brokerage Agreement dated 8 December 2005 between the Company and the Prime Broker specifies the terms whereby the latter agrees to act for the Company.

The Banking Agreement The Company has entered into an agreement with the Bank as set out in its standard terms and conditions.

10.5 CONFLICTS OF INTEREST

Save as disclosed and set out below, the Directors or their affiliates have not been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company and remains in any respect outstanding or unperformed.

The Directors may, however, engage in other substantial activities apart from the activities with respect to the Company and may devote to the Company only as much time as is reasonably necessary, in their judgment, for its management. Other than expressly set out above herein, it is possible that the Directors and the Administrator might find that their interests conflict with the Company's interests. In such a case, the Directors and the Administrator will use their best endeavours to notify the Company as soon as is reasonably practicable.

Such conflicts include, but are not limited to the following:

- a) Each Director of the Company is affiliated with one or more service providers. Accordingly, they may have conflicts in decisions taken by the Board which affect their employer(s). In addition, the Directors of the Company all have significant business activities unrelated to the Company. The Directors allocate to the business of the Company only such of their time as they deem appropriate.
- b) The Investment Director may be engaged in other substantial activities apart from the activities with respect to the Company and may devote to the Company only as much time as is reasonably necessary in its judgement.
- c) Georg Reiter, a director of the Company and a director of the Investment Director, has a beneficial interest in the issued share capital of the Company.

None of the Directors:

- (i) have any unspent convictions in relation to indictable offences; or
- (ii) have been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director; or
- (iii) have been a director of any company which, while he was a director or within 12 months after he ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors; or
- (iv) have been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
- (v) have had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
- (vi) have been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

10.6 GOVERNING LAW

The Company is governed by the laws of Gibraltar and any dispute relating to the Company shall be submitted in first instance to the competent court of Gibraltar.

10.7 VOTING OF THE COMPANY ASSETS

Any options or rights including voting rights in underlying Company assets will be exercised by the Directors in, what in their opinion is, the best interests of the Company.

10.8 BREACH OF INVESTMENT OR BORROWING RESTRICTIONS

The Directors will ensure that corrective action is taken where the Company is in breach of any of the investment or borrowing restrictions as set out in Section 4.2 of this Private Placement Memorandum. Only where the breach is considered material will the Directors notify investors (or any particular investor).

The Directors will decide whether a breach in the investment restrictions or borrowing restrictions of the Company should be considered material on a case-by-case basis. In determining this, the Directors will consider whether the breach has had a material financial impact on the Company's investors (or any particular investor). Investors (or any particular investor) that are deemed to be materially affected will be informed in writing, as soon as reasonably practical, after the Directors have determined that a material breach has occurred.

10.9 VALUATION PROCESS

The Administrator will determine the NAV of the Share Classes so established as set out in Section 8.6 of this Private Placement Memorandum using the best information available to it on the Valuation Day. The Administrator shall then send the NAV of each respective Share Class to the Investment Director for approval. Only after the NAV has been approved in this manner will this be reported to Company's investors.

It is possible that a NAV after being reported to the Company's investors may need to be amended due to a material valuation error. The Directors consider "valuation errors" to be omission from, and misstatements in, the Share Classes NAVs arising from error, failure to use, or misuse of, information that was available when the NAV was authorised for issue. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of fact, and fraud.

Any valuation error may not be considered to be material if it is less than 50 basis points (0.5%) of the current NAV. If the valuation error is more than 50 basis points (0.5%) of the current NAV the Directors will decide whether it should be considered a "material valuation error" on a case-by-case basis. Only in cases where the valuation error is considered material will investors (or a particular investor) that are materially affected by the error be notified and corrective action taken. In determining whether a valuation error should be considered material, the Directors will consider such factors as magnitude of the valuation error, whether the valuation error has had a material financial impact on the investors (or any particular investor) and also the costs and complexities involved with rectifying the valuation error.

Where the Directors consider a valuation error to be material, corrective action to rectify the situation will be taken and investors who have been affected by such material valuation error will be notified in writing as soon as reasonably practical.

10.10 MATERIAL CHANGES TO THE PRIVATE PLACEMENT MEMORANDUM

This Private Placement Memorandum may be amended from time to time to take into account any material changes, any such amendment will be notified to the Shareholders of the Company. Neither the delivery of this document, nor the offer, issue or sale of Participating Shares in the Company shall under any circumstances constitute a representation that the affairs of the Company have not changed since the date of this Private Placement Memorandum.

A Material Change is considered as being a change to any aspect of the Company which would potentially have a significant impact on Investors. This includes for example:

- Any change to material relationships the Company has with persons performing any function in relation to the Fund;
- Any significant changes to the structure of the Company;
- Any significant changes to the investment objectives, strategy, or restrictions of the Company;
- Changes that will affect how the Net Asset Value of the Company is calculated;
- Changes which are likely to affect Investors negatively.

Minor changes in fees or subscription arrangements would not be considered a Material Change. If, in the absolute discretion of the Directors, the Directors feel that a Material Change must to be made, Investors will be given 20 Business Days' notice prior to the Material Change. Where the Directors, at their absolute discretion are of the opinion that extraordinary circumstances dictate the implementation of a Material Change in a time sensitive or urgent manner, Investors will be given less than 20 Business Days' notice or no prior notice at all. Investors shall be informed of such Material Changes as soon as practicable.

SECTION 11
ALTERNATIVE INVESTMENT FUND MANAGERS REGULATIONS

11.1 SMALL SELF-MANAGED ALTERNATIVE INVESTMENT FUND MANAGER (“AIFM”)

In accordance with the obligations under the Financial Services Act 2019 and Financial Services (Alternative Investment Fund Managers) Regulations 2020 (“AIFM Regulations”), as amended from time to time, the Fund is registered as a small self-managed Alternative Investment Fund Manager (“AIFM”) in Gibraltar. The Fund is “self-managed” to the extent that an external AIFM has not been appointed to manage the Fund.

The Fund is able to register as a “small AIFM” under the exemption provided by regulation 8(1)(b) AIFM Regulations in that the assets under management of the Fund, including any assets acquired through use of leverage, in total do not exceed EUR 100 million.

For small AIFMs, such as the Fund, only regulations 18 and 69 of AIFM Regulations and no other rights or obligations under the AIFM Regulations apply.

In accordance with regulation 18(6) AIFM Regulations, the Fund, as a small AIFM, must from time to time, in accordance with guidance issued by the GFSC, report to the GFSC, in order for the GFSC to monitor systemic risk effectively, information on:

- (a) the main instruments in which it is trading, including a break-down of financial instruments and other assets, including the Fund’s investment strategies and their geographical and sectoral investment focus;
- (b) the markets of which it is a member or where it actively trades;
- (c) the diversification of the Fund’s portfolio, including, but not limited to, its principal exposures and most important concentrations.

The Fund must also establish, implement and apply procedures to monitor on an on-going basis the total value of assets under management. Monitoring shall reflect an up-to-date overview of the assets under management and shall include the observation of subscription and redemption activity or, where applicable, capital draw-downs, capital distributions and the value of the assets invested.

The Fund, as a small AIFM, will not benefit from any of the rights granted under AIFM Regulations (such as a marketing passport) unless it chooses to opt in as a full in-scope AIFM. If the Fund was to choose to opt-in, the AIFM Regulations will become applicable in their entirety. The Directors, at this point, do not have any intention of having the fund opt-in to become a full in-scope AIFM.

Investors should note that, under section 69(1) AIFM Regulations the GFSC, for the purpose of supervising or investigating compliance with the AIFM Regulations, may:

- (a) exercise any power that the GFSC has under an Act that confers supervisory responsibilities on the GFSC;
- (b) act directly or in collaboration with other competent authorities;
- (c) delegate tasks under its responsibilities; and
- (d) institute legal proceedings.

Investors should also note that as a registered small AIFM, the GFSC have additional powers pursuant to section 69(2) AIFM Regulations, which include allowing the GFSC to:

- (a) require information from any person related to the activities of the Fund, and if necessary to summon and question a person with a view to obtaining information;
- (b) carry out on-site inspections with or without prior announcements;
- (c) require existing telephone and existing data traffic records;
- (d) require the cessation of any practice that is contrary to the provisions of the Act, AIFM Regulations or the Alternative Investment Fund Manager’s Directive 2011/61/EC (“AIFMD”);
- (e) request the freezing or the sequestration of assets;
- (f) request the temporary prohibition of professional activity;
- (g) adopt any type of measure to ensure that the Fund or depositaries continue to comply with the requirements of the Act, AIFM Regulations or the AIFMD;
- (h) require the suspension of the issue, repurchase or redemption of units in the interest of the unit-holders or of the public;
- (i) appoint a liquidator or make other provision for the winding down of the Fund;
- (j) refer matters for criminal prosecution; and
- (k) request that auditors or experts carry out verifications or investigations.

11.2 EXTERNALLY MANAGED ALTERNATIVE INVESTMENT FUND MANAGER (“AIFM”)

The Board of Directors might at its sole discretion, and without being required to do so by the AIFM Regulations, decide that it may be of advantage to the Fund to either file an application in order to become an internally managed ‘in-scope’ AIFM or to appoint an external ‘in-scope’ AIFM as its manager. Such an external ‘in-scope’ AIFM shall be registered to the full extent in accordance with the AIFM Regulations and/or AIFMD, and shall already hold or be eligible to apply for a European Union Passport. Since legal obligations for the Fund to establish, implement and apply procedures for compliance and reporting in accordance with the AIFM Regulations will significantly increase in this instance, additional costs might be caused and will have to be borne by the fund for either internal or external services.

APPENDIX A SUBSCRIPTION CHECK LIST

All or any of following documents or such additional or other documents as the Company may require for purposes of compliance must be emailed and then sent to the Company:

For a subscription to be accepted by the Company the following documents, or such additional or other documents as the Directors may at their absolute discretion require, must be sent to the Administrator, via email (contact details as per Appendix D) bearing an original signature of the Subscriber or an authorised signatory thereof.

All investors

- completed and signed Subscription Agreement (Appendix B).
- completed and signed schedule of Subscription Information (Appendix C).
- completed and signed Tax Self-Certification Form (provided by the Administrator).
- completed Source of Wealth Form (provided by the Administrator).

Individual investors

- certified copy of a passport or identification card.
- original or certified copy of one proof of address document (no more than three months old).

Corporate investors (except for companies listed on a recognised exchange and regulated entities approved by the Company)

- certified copy of certificate of incorporation.
- certified copy of memorandum and articles of association (or equivalent).
- certified documentation showing details of directors and members.
- original or certified copy of one proof of address document (no more than three months old) for each individual as stated above.
- certified copy or original current Certificate of Goodstanding (for non-Gibraltar and non-EU corporates only).
- certified copy of latest audited accounts or financials.
- certified copy of a passport or identification card for each director, shareholder (if their shareholding is in excess of 25% + 1 share) and beneficial owners (if their shareholding is in excess of 25% + 1 share).
- original or certified copy of one proof of address document (no more than three months old) for each individual as stated above.

Trusts (except for registered charities)

- certified copy of documentation evidencing the trust (e.g. trust deed and any additional deeds of appointment/retirement of trustees, protectors, etc).

- certified copy of a passport or identification card in respect of any individual who is trustee, named beneficiary/object or settlor.
- original or certified copy of one proof of address document (no more than three months old) in respect of any individual who is trustee, named beneficiary/object or settlor.
- certified copy of latest audited accounts or financials of the Trust.
- Source of wealth of the settlor of the Trust.
- (*any company that is trustee, named beneficiary/object or settlor except for companies listed on a recognized exchange*) - documents required of a corporate investor.

The Company reserves the right to request further information on any of the above if deemed necessary, including verifiable information on the source of wealth and income together with detail of the origin of funds for the investment.

All documents should be in English or should include a certified translation (unless the Administrator agrees otherwise).

For any other type of Investor, please request the relevant KYC requirements from the Administrator via email (contact details as per Appendix D).

APPENDIX B SUBSCRIPTION AGREEMENT

The Board of Directors
El Faro Private Fund Limited
Level 1, 1-7 Crutchetts Ramp
PO Box 1259
Gibraltar

Dear Sirs

The undersigned (the “Shareholder” and/or the “Subscriber”) acknowledges having received the Private Placement Memorandum dated 19 July 2021 for the offering of redeemable preference shares (the “Participating Shares”) of El Faro Private Fund Limited (the “Company”) on the terms of the Private Placement Memorandum and subject to the provisions of the Private Placement Memorandum and Articles of Association of the Company.

The Shareholder further acknowledges that it has received and accepted the investment warning as contained within the Company’s Private Placement Memorandum.

The Subscriber represents and warrants that:

- (a) The Participating Shares are not being acquired with a view to immediate resale or active trading;
- (b) All consents required to be obtained and all legal requirements necessary to be complied with or observed in order for this Agreement or the issuance of the Participating Shares to be lawful and valid under the laws of any jurisdiction to which the Subscriber is subject have been obtained, complied with or observed;
- (c) None of the Participating Shares (nor any interest therein) are being acquired or will at any time be held, directly or indirectly, for the account or benefit of a Politically Exposed Person (“PEP”) such as a senior political figure or the spouse or associate of a senior political figure;
- (d) None of the Participating Shares (nor any interest therein) are being acquired or will at any time be held, directly or indirectly, for the account or benefit of a person on any EU, US or OECD Money Laundering or Terrorism “Watch List”;
- (e) The Subscriber has not relied on any representations or other information purported to be given on behalf of the Company except as set forth in the Private Placement Memorandum, any documents referred to therein or the published financial statements of the Company;
- (f) None of the Participating Shares (nor any interest therein) are being acquired or will at any time be held, directly or indirectly, for the account or benefit of a U.S. Person and none of the Participating Shares will be transferred to any person who has failed to supply a similar representation. “U.S. Person” means:
 - (i) Any natural person resident in the United States of America, its territories and possessions, any State of the United States, and the District of Columbia (the “United States”)
 - (ii) Any partnership or corporation organised or incorporated under the laws of the United States;
 - (iii) Any estate of which any executor or administrator is a U.S. person;

- (iv) Any trust of which any trustee is a U.S. person;
- (v) Any agency or branch of a foreign entity located in the United States;
- (vi) 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;
- (vii) Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and
- (viii) Any partnership or corporation if:
 - (a) Organised or incorporated under the laws of any foreign jurisdiction; and
 - (b) Formed by a U.S. person principally for the purpose of investing in securities not registered under the United States Securities Act of 1933, as amended, (the “Securities Act”), unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of the Securities Act) who are not natural persons, estates or trusts.

- (g) The Subscriber will promptly inform the Company of any changes to the information disclosed, or to any of the above representations;

- (h) All documents required to be provided in relation to a subscription application, as detailed in Appendix A of this Memorandum, will be provided in a reasonable and timely manner;

- (i) the Subscriber agrees:
 - (i) to provide promptly such information as the Company or its service providers may request to enable the Company to comply with US FATCA and to enter into and comply with any Foreign Financial Institution Agreement (“FFI Agreement”);
 - (ii) to provide promptly such information as the Company or its service providers may request to enable the Company to comply with CRS;
 - (iii) to provide promptly such information as the Company or its service providers may request to determine if the Investor is itself a Foreign Financial Institution (“FFI”);
 - (iv) if the Subscriber is a FFI, to provide promptly such information as may be requested to determine if the Investor has entered into its own FFI Agreement;
 - (v) if the Subscriber is not a FFI, to provide promptly such information as may be requested to determine if the Subscriber may otherwise be subject to US FATCA withholding;
 - (vi) to indemnify the Company for any liabilities, losses or expenses (including the payment of or the suffering of withholding taxes) incurred or suffered by the Company as a consequence of the Subscriber’s failure to comply with any of its obligations under this Subscription Agreement, including any withholding tax imposed under US FATCA; and

- (j) the Subscriber acknowledges and agrees that:
 - (i) the Company will make disclosures concerning the Investor to any relevant authority under obligations contained in US FATCA, CRS and any similar legislation applicable to the Company, and/or any FFI Agreement entered into by or on behalf of the Company;
 - (ii) if any investor in the Company fails to provide complete and appropriate information on a timely basis, the Fund may suffer withholding taxes under US ;
 - (iii) if the Investor fails to provide complete and appropriate information on a timely basis, the Company may be subject to withholding taxes under US FATCA, such withholding to be borne solely by such Investor;

- (iv) if the Investor fails to comply with any of its obligations set out in this Subscription Agreement, the Company may mandatorily redeem the Investor's Participating Shares.

The Subscriber agrees to indemnify and hold harmless the Company, its Directors and officers and each other person or entity, if any, who controls it, against any and all loss, liability, claim, damage, costs and expense whatsoever (including but not limited to any and all expenses whatsoever reasonably incurred in investigating preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the Subscriber to comply with the covenant or agreement made by the Subscriber herein or in any other document in connection with this transaction.

The Subscriber acknowledges that there can be no assurance that appreciation of the Company's assets will occur or that losses will not be realised and that the value of Participating Shares may be subject to volatile movements and may fall as well as rise.

This Agreement shall be governed by and interpreted in accordance with the laws of Gibraltar and the exclusive jurisdiction of the courts of Gibraltar, which the Subscriber hereby admits.

Name/For and on behalf of:

Date:

Signature:

**APPENDIX C
SUBSCRIPTION INFORMATION**

Date of Subscription:.....

Name & Address for Share Registration:

.....
.....

Postal Address (if other than address of registration):

.....
.....

Telephone:

Fax:

E-mail:

Share Class for which the Subscription pertains:

Class C elfaro 4season of El Faro Private Fund Limited

Class D elfaro volatility.season of El Faro Private Fund Limited

Amount of Subscription (Currency, Amount in Numbers and in Words):

.....

In currency:

*EUR*_____

Other than cash (full details):

.....

Details of account and Name & Address of Remitting Bank:

Bank Name & Address:

Swift Code:

Account name & number:

IBAN:

Details of Bank account for transfers and payments of Redemptions in case of redemption (if different from above):

Bank Name & Address:

Swift Code:

Account name & number:

IBAN:

Physical Share Certificate Required?

- YES (please note, if a physical share certificate is issued it will have to be returned to the Company on redemption of shareholding)*
- NO (recommended)*

Is the subscriber the exclusive beneficial owner of the assets?

- YES*
- NO (if no, please provide full details of beneficial owner)*

Is the subscriber a politically exposed person?

- YES*
- NO*

Is the subscriber a U.S. Person?

- YES*
- NO*

Source of wealth of funds deposited with the bank (please tick)

- Sale of business*
- Investment assets/profits*
- Life time earnings/salary*
- Gift/inheritance*

Sale of real estate

Other (please specify) _____

Signed:

Date:

Name:

Entity (if corporate investor):.....

Position of signatory:

Company's use only

Accepted and confirmed:

YES *Name of Company*_____

Number of shares issued _____

Issue price of shares issued _____

NO (please specify) _____

Signed:

Date:

Name:

**APPENDIX D
PAYMENT INSTRUCTIONS**

Once the subscription documents been completed please e-mail the same to the Company's Administrator. After sending the subscription documents and upon acceptance of the subscription, the subscription funds should be sent to the Company as detailed;

Bank: Gibraltar International Bank
Address: Ince's House
310 Main Street
Gibraltar

Account Name: Class C elfaro 4season
Sort Code: 60-83-14
Account Number: 20003670
IBAN: GI91GIBK000000020003670
SWIFT: GIBKGIGI
Currency: Euro

Account Name: Class D elfaro volatility.season
Sort Code: 60-83-14
Account Number: 20003671
IBAN: GI64GIBK000000020003671
SWIFT: GIBKGIGI
Currency: Euro

FOR ALL PAYMENTS:

- please remember to add the name of the Subscriber as a reference on the wiring instructions to ensure proper crediting of funds; and
- please advise the Administrator that the funds have been sent.

Please contact the Administrator if you are having difficulty sending funds.

**Juno Fund Services Limited
Level 1, 1-7 Crutchetts Ramp, PO Box 1259
Gibraltar**

**Tel: 00350 20058888
E-mail: fund.services@juno.gi**

**APPENDIX E
REDEMPTION REQUESTS**

Shareholders wishing to redeem all or any of their shareholding must serve a Redemption Request, addressed to the Administrator of the Company, via email:

**Juno Fund Services Limited
Level 1, 1-7 Crutchetts Ramp
PO Box 1259
Gibraltar**

E-mail: fund.services@juno.gi

A Redemption Request so given shall be in writing, signed by the shareholder or an authorised signatory thereof and shall include full details of the shareholding including the name(s) and address(es) of the shareholder, the number of shares held and the number of shares being redeemed.

If a redemption would otherwise result in a shareholder having a residual holding of Participating Shares valued at less than €100,000, the Directors, at their absolute discretion, may deem the Redemption Request to have been made in respect of all the Participating Shares of the Company held by that shareholder.

A Redemption Request should be sent to the Administrator of the Company in the form of a letter (including the following information);

Details of Redemption Request:

- Subscribers Name:* _____

- Name of Share Class for which the Redemption Request pertains:* _____

- Number of shares being requested to be Redeemed:* _____

- Number of shares remaining in the Company after the Redemption Request:* _____

Signed:

Date:

Name:

Entity (if corporate investor):.....

Position of signatory (if corporate investor):.....