IMPORTANT

THIS DOCUMENT MAY ONLY BE ISSUED TO PERSONS WHO MAY LAWFULLY RECEIVE IT. THIS DOCUMENT HAS BEEN DELIVERED TO YOU ON A CONFIDENTIAL BASIS AND MUST NOT BE COPIED OR DISTRIBUTED TO ANY OTHER PERSON.

ABSOLUTE INVESTMENT FUNDS SPC

Incorporated as a segregated portfolio company under the laws of the Cayman Islands

OFFERING MEMORANDUM

relating to the continuous offering of Participating Shares in the following Class:

ABSOLUTE MACRO DIVERSIFIED CLASS

Investment Advisor
ABSOLUTE ASSET MANAGEMENT LTD.

The Securities described in this confidential Offering Memorandum have not been approved for offer or sale in the public under the securities laws of any country or jurisdiction.

Not for use or distribution in the United States of America.

Dated 14 July 2005.

NOTICE TO INVESTORS

IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT YOU SHOULD CONSULT YOUR ACCOUNTANT, SOLICITOR, OR OTHER INDEPENDENT PROFESSIONAL ADVISER.

This Offering Memorandum has been prepared in connection with the offering and sale of redeemable non-voting participating shares (the "**Participating Shares**") by Absolute Investment Funds SPC (the "**Company**"). The Company has been incorporated as a segregated portfolio company and the Participating Shares will be issued in Classes. The assets attributable to each Class will be held in a separate segregated portfolio of the Company.

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information contained in this Offering Memorandum and confirm, having made reasonable enquiry, that to the best of their knowledge and belief, there are no facts the omission of which would make any statement contained in this Offering Memorandum misleading as at the date hereof. Certain information contained in this Offering Memorandum may constitute "forward-looking statements", which can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "estimate", "intend", or "believe" or the negatives thereof or other variations thereon or comparable terminology; actual events and results may differ significantly from such forward-looking statements.

Only Eligible Investors (as defined herein) may apply for the Participating Shares that are the subject of this offering.

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

During the course of this offering and prior to sale, each offeree of Participating Shares and its offeree representative(s), if any, are invited to question the Company concerning the terms and conditions of the offering and to obtain additional information, to the extent the Company has such information or can acquire it without unreasonable expense or effort, concerning this offering or to verify the accuracy of information contained in this Offering Memorandum. Any information given or representation made by any dealer, salesman or other person and not contained herein should be regarded as unauthorised and, accordingly, should not be relied upon.

RELIANCE ON OFFERING MEMORANDUM

The Participating Shares are offered solely on the basis of the information and representations contained in this Offering Memorandum and any further information given or representations made by any person, whether orally or in writing, may not be relied upon as having been authorised by the Company or the Directors. Neither the delivery of this Offering Memorandum nor the issue of Participating Shares implies that there has been no change to the facts and representations contained in it since the date hereof.

This Offering Memorandum is based on the law and practice in force in the Cayman Islands at the date hereof.

The Company has been registered as an administered mutual fund pursuant to Section 4(1)(b) of the Mutual Funds Law (2003 Revision) with the Cayman Islands Monetary Authority (the "**Authority**"). Such registration does not imply that the Authority or any other regulatory authority in the Cayman Islands has approved this Offering Memorandum or the offering of Participating Shares hereunder nor is it intended that they will.

This Offering Memorandum is not intended to provide any advice relating to legal, taxation or investment matters and prospective investors should not construe it as containing any such advice. Persons interested in acquiring Participating Shares should inform themselves as to:

(i) the legal requirements within the countries of their nationality, residence, ordinary residence or domicile for such acquisition;
(ii) any foreign exchange restrictions or exchange control requirements which they might encounter on acquisition or disposal of Participating Shares; and
(iii) the income tax and other taxation consequences which might be relevant to the acquisition, holding or disposal of Participating Shares.

RISK FACTORS

The value of Participating Shares of any Class is subject to the performance of the investments of the segregated portfolio to which such Class relates and, accordingly, may fall as well as rise. There can be no assurance that the investment objective of the Company or of any particular segregated portfolio will be achieved and past performance is not necessarily a guide to performance in the future. Investment in the Company is not intended to be a complete investment programme for any investor. Prospective investors should carefully consider whether an investment in Participating Shares is suitable for them in light of their circumstances and financial resources (see “Risk Factors”).

RESTRICTIONS ON DISTRIBUTION

The distribution of this Offering Memorandum and the offering of Participating Shares in certain jurisdictions may be restricted and, accordingly, persons into whose possession this Offering Memorandum may come must inform themselves about and observe any such restrictions. This Offering Memorandum does not constitute, and may not be used for the purposes of, an offer or solicitation by any person in any jurisdiction:-

(i) in which such offer or solicitation is not authorised; or
(ii) in which the person making such offer or solicitation is not qualified to do so; or
(iii) to any person to whom it is unlawful to make such offer or solicitation.

Applicants for Participating Shares are required to declare that they are Eligible Investors (as defined herein) and the Directors may, in their discretion, reject any application. Holders of Participating Shares who cease to be Eligible Investors will be required to dispose of such shares either through redemption or by transfer to an Eligible Investor.

The Directors are aware of the following restrictions:-

United Kingdom

The Company is not a recognised collective investment scheme for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom (the "Act"). Accordingly, this Offering Memorandum may only be distributed in the United Kingdom to persons who fall within the exemptions contained in the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 made under Section 238(6) of the Act or those contained in rule 3 annex 5 of the Conduct of Business Rules made by the Financial Services Authority under Section 238(5) of the Act and distribution of this document by or to any other person in the United Kingdom is not authorised by the Company.

United States

The Company has not been and will not be registered under the Investment Company Act of 1940 of the United States and the Participating Shares have not been and will not be registered under the Securities Act of 1933 of the United States (as amended) (“the 1933 Act”) or the securities laws of any State of the United States. The Participating Shares may not be directly or indirectly offered, sold or delivered to any person in the United States or to or for the account or benefit of any US Person (as defined herein) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable State laws. Applicants for Participating Shares will be required to declare that they are not a US Person and are not applying for Shares on behalf of any US Person.

Cayman Islands

No invitation may be made to the public in the Cayman Islands to subscribe for the Participating Shares unless the Company is listed on the Cayman Islands Stock Exchange.

14 July 2005

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DIRECTORY

PRINCIPAL OFFICE OF THE COMPANY	**Absolute Investment Funds SPC** Caledonian House PO Box 1043GT Grand Cayman Cayman Islands British West Indies
DIRECTORS	Matthew Dabbs John M.D. McCann Andrew McKay
INVESTMENT ADVISOR	**Absolute Asset Management Ltd.** Caledonian House PO Box 1043 GT Grand Cayman Cayman Islands British West Indies
ADMINISTRATOR	**Trinity Fund Administration Limited** Oyster Point, Temple Road, Blackrock, Co. Dublin Ireland
BANKER	**Royal Bank of Scotland International** PO Box 151 Royal Bank House 2 Victoria Street Douglas Isle of Man
BROKER	**Brewin Dolphin Securities Limited**, 5 Giltspur Street, London, EC1A 9BD, United Kingdom
AUDITORS	**KPMG** Chartered Accountants and Registered Auditors P.O. Box 493 GT Century Yard George Town, Cayman Islands British West Indies
LEGAL COUNSEL (as to Cayman Law)	**Charles Adams, Ritchie & Duckworth** P.O. Box 709GT Zephyr House George Town, Grand Cayman Cayman Islands, British West Indies
CAYMAN ISLANDS REGISTERED OFFICE PROVIDER	**Caledonian Fund Services Limited** P.O. Box 1043GT Grand Cayman Cayman Islands British West Indies

"**Administrator**"	Trinity Fund Administration Limited;
"**Articles**"	the Articles of Association of the Company;
"**Base Currency**"	the currency in which the Net Asset Value of each Class is expressed, and in relation to the Absolute Macro Diversified Class, means US Dollars;
"**Brokers**"	Brewin Dolphin Securities Limited and any person, firm or corporation acting as a broker to the Company on behalf of a Segregated Portfolio as appointed by the Directors from time to time;
"**Business Day**"	any day on which banks are open for business in the Cayman Islands, Ireland and the Isle of Man;;
"**Class**"	each class or sub-division of Participating Shares and "Classes" shall be construed accordingly;
"**Companies Law**"	the Companies Law (2004 Revision) of the Cayman Islands and every modification or re-enactment thereof for the time being in force;
"**Company**"	Absolute Investment Funds SPC;
"**Contract Note**"	a written confirmation by the Company of the allotment and issue of Participating Shares to a particular subscriber;
"**Dealing Day**"	the first Business Day of each month immediately following the Valuation Day on which subscriptions and redemptions in respect of the Absolute Macro Diversified Class of Participating Shares are accepted, or such other day as may be determined by the Directors from time to time.
"**Directors**"	the members of the board of directors of the Company for the time being and any duly constituted committee thereof and any successors to such members as they may be appointed from time to time;
"**Eligible Investor**"	an investor who satisfies the criteria for being eligible to subscribe for, or to hold, Participating Shares as set out herein (see "Eligible Investors");
"Performance Fee"	the performance fee payable by the Company to the Investment Advisor, as described herein (see "Fees and Expenses");
Initial Offering Period"	the period during which Participating Shares are offered for subscription at the Initial Offer Price which, in respect of the Absolute Macro Diversified Class of Participating Shares, shall commence at 10.00 a.m. (Dublin time) 18 July 2005 and will close at 4.00 p.m. (Dublin time) on 29 July 2005 (or such other dates as the Directors may determine);
"**Initial Offer Price**"	the fixed price of US$100 at which Participating Shares in the Absolute Macro Diversified Class are offered during the Initial Offering Period;

"**Investment Advisor**"	Absolute Asset Management Ltd;
"**Mutual Funds Law**"	the Mutual Funds Law (2003 Revision) of the Cayman Islands and every modification or re-enactment for the time being in force.
"**Net Asset Value**"	the net asset value of each Class as determined in accordance with the Articles;
"**Net Asset Value per Share**"	the Net Asset Value of a Class divided by the number of Participating Shares in issue or deemed to be in issue in the Class;
"**Ordinary Shares**"	Ordinary Shares in the Company of par value US$0.01 each;
"**Participating Shares**"	Participating Shares in the Company of par value US$0.01 each and being segregated portfolio shares for the purposes of Part XIV of the Companies Law;
"**Redemption Price**"	the price per Share at which Participating Shares are redeemed, calculated in the manner described under "Redemptions" herein;
"**Segregated Portfolio**"	means a segregated portfolio established and maintained in respect of the assets and liabilities attributable to each Class in accordance with the Articles and Part XIV of the Companies Law;
"**Shareholder**"	a person recorded as a holder of shares of any Class in the register of members of the Company;
"**Subscription Price**"	the price per Share at which Participating Shares are issued after the close of the Initial Offering Period, calculated in the manner described herein;
"**US Person**"	any citizen, national or resident of the United States (including any corporation, partnership or other entity organised or created under the laws of the United States or any political subdivision thereof any agency or branch of a foreign entity located in the United States) or any estate or trust the income of which is subject to United States Federal income taxation regardless of its source or any entity organised or incorporated under the laws of a jurisdiction other than the United States if formed by a US Person principally to invest in securities not registered under US securities laws (but no entity organised by a US person which has been organised as an agency or branch for a valid business purpose and is engaged in the banking or insurance business and is subject to substantive local regulation will be deemed to be a US Person).
"**United States**"	the United States of America (including the States and District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction;
"**Valuation Day**"	the last Business Day of each calendar month.

In this Offering Memorandum, references to “**US dollars**”, “**cents**”, “**US$**” and “**¢**” are references to the lawful currency of the United States of America.

SUMMARY

The information set forth below should be read in conjunction with, and is qualified in its entirety by, the full text of this Offering Memorandum, the Articles and the other documents referred to herein.

The Company

Absolute Investment Funds SPC is an open-ended investment company designed to permit investors to participate in professionally managed portfolios. The Company was incorporated under the laws of the Cayman Islands as a segregated portfolio company on 17 July 2003.

Class of Shares

This Offering Memorandum relates to the issue of redeemable Participating Shares issued in the following Class:

Absolute Macro Diversified Class

Segregated Portfolios

Segregated portfolios will be created by the Company to segregate the assets and liabilities attributable to each Class from the assets and liabilities attributable to any other Class and from the general assets and liabilities of the Company. The Segregated Portfolio created in relation to the Class of Participating Shares to which this Offering Memorandum relates is the **Absolute Macro Diversified Segregated Portfolio.**

Investment Objective

The investment objective of the Absolute Macro Diversified Segregated Portfolio is to achieve long term capital appreciation through the medium term.

Offering of Shares

During the Initial Offering Period relating to the Absolute Macro Diversified Class which will be from the date of this Offering Memorandum until 29 July 2005 (or such other date as the Directors may determine) the Company will offer the Participating Shares of the Absolute Macro Diversified Class at an Initial Offering Price of US$100 per Share. Thereafter Participating Shares will be offered on each Dealing Day at the Subscription Price based on the applicable Net Asset Value per Share.

Minimum Subscription

The minimum initial subscription is US$25,000 for Participating Shares of the Absolute Macro Diversified Class and the minimum additional subscription by the same subscriber is US$5,000. The Directors may waive or reduce the minimum subscription amounts in general or in a particular case.

Redemptions

Participating Shares are redeemable at the option of the Shareholder on each Dealing Day upon at least 15 calendar days' prior written notice to the Administrator, at the relevant Redemption Price. A request for the redemption of part of a holding of Participating Shares may be refused, or the holding redeemed in its entirety, if, as a result of such partial redemption, the Net Asset Value of the Participating Shares of any Class retained by the holder would be less than US$25,000.

Eligible Investors	Subscribers for Participating Shares must be, and continue to be, Eligible Investors (see “Eligible Investors” herein) and the Directors may reject applications at their discretion.
Investment Advisor	Absolute Asset Management Ltd. has been appointed as Investment Advisor with responsibility to develop and implement the investment strategy of the Absolute Macro Diversified Segregated Portfolio.
Fees and Expenses	The Investment Advisor will receive an annual management fee of 1.5% of the Net Asset Value of the Absolute Macro Diversified Class in addition to a Performance Fee of 10% of any increase in the Net Asset Value of the Absolute Macro Diversified Class during each calendar year, accrued and paid monthly (see Fees and Expenses"). The Segregated Portfolio will also pay its operating expenses including the administration and custodial fees, government registration fees and audit fees.
Administrator	Trinity Fund Administration Limited has been appointed as Administrator with responsibility for the day-to-day administration of the affairs of the Company on behalf of the Absolute Macro Diversified Segregated Portfolio including the processing of subscriptions and redemptions and the calculation of the Net Asset Value of the corresponding Class thereof.
Auditors	KPMG, Cayman Islands, have been appointed auditors of the Company.
Financial Reports	Shareholders will receive annual audited financial statements of the Class as soon as they are completed after the financial year end of the Company commencing with the period from the date of creation of the Segregated Portfolio until 31 December 2006, or such other date as the Directors shall determine from time to time having given due notice to all Shareholders.

THE COMPANY AND THE SEGREGATED PORTFOLIOS

INCORPORATION

The Company was incorporated in the Cayman Islands as a segregated portfolio company pursuant to Part XIV of the Companies Law (2004 Revision) on 17 July 2003 with registered number CR-127434.

As a segregated portfolio company, the Company is permitted to create segregated portfolios in order to segregate the assets and liabilities that are held within or on behalf of a particular portfolio from the assets and liabilities of any other portfolio and from its general assets and liabilities. Segregated portfolio assets are only available and may only be used to meet liabilities to creditors in respect of a particular portfolio and are not available to meet liabilities to creditors in respect of other segregated portfolios or to general creditors of the Company. The Directors will create a segregated portfolio in respect of each Class of Participating Shares.

The proceeds of issue of each Class of Participating Shares will be included in the assets of the Segregated Portfolio in respect of which such Participating Shares are issued. The following Segregated Portfolios have been created at the date hereof:

Absolute Aus$ Fund Segregated Portfolio corresponding to the **Absolute Aus$ Class** of Participating Shares

Absolute Macro Diversified Segregated Portfolio corresponding to the **Absolute Macro Diversified Class** of Participating Shares.

Absolute Trading 1 Segregated Portfolio corresponding to the **Absolute Trading 1 Class** of Participating Shares

Absolute Trading 2 Segregated Portfolio corresponding to the **Absolute Trading 2 Class** of Participating Shares

The Company may issue additional Classes of Participating Shares in the future and will create Segregated Portfolios corresponding to each such Class. A separate offering memorandum will be published in respect of each additional Class of Participating Shares.

INVESTMENT OBJECTIVE AND STRATEGY

Investment Objective

The Company will seek to achieve capital appreciation through the medium term.

Investment Strategy

The Company will aim to achieve its objective in respect of the Absolute Macro Diversified Segregated Portfolio by investing in a portfolio of equities, bonds and other investments that may cover most, or all, of the major global economic regions although it is anticipated that US assets will form the core of the portfolio. The Company on behalf of the Segregated Portfolio will invest in units or shares in collective investment schemes and investment trusts including any other Segregated Portfolios created, or that may be created, by the Company, and direct equities listed on the recognised Stock Exchanges around the world. Cash reserves may be held to meet future investment opportunities.

The application of the Investment Advisor's investment process leads to an overall asset allocation based on the key macro economic drivers. Individual funds/managers that match this asset allocation are selected on the basis of qualitative and quantitative measures. The Company on behalf of the Absolute Macro Diversified Segregated Portfolio monitors the key macro economic drivers, and the individual manager performance and will make changes to the asset allocation/manager mix in line those assessments.

The combination of a divergent mix of underlying funds and management styles leads to the potential for strong positive returns but with substantially reduced risk and downside exposure during periods of negative equity market performance.

No change will be made to the Investment Strategy without first giving 30 days notice to Shareholders.

RISK FACTORS

Investors are warned that the nature of the proposed investment policy of each Class of Participating Shares involves considerable risk which may result in investors suffering significant losses. The operation and management of the Company presents certain actual or potential conflicts of interest that a prospective investor must consider before making a decision to invest in the Company and its Classes. See “Conflicts of Interests” herein.

Prospective investors should consider, amongst others, the following factors before subscribing for Participating Shares.

General Considerations. An investment in any Class involves a high degree of risk and may not be suitable for all investors. There is no guarantee that any Class will achieve its investment objective and investors should recognise that investing in a Class involves special considerations not typically associated with investing in other securities. Investing in a Class should not be considered a complete investment programme by any investor. Prospective investors should seek professional advice prior to making any investment.

Absence of Regulation. The Company is not registered with, or regulated by, any securities or other governmental authority in the United States of America or any other jurisdiction (other than the Cayman Islands Monetary Authority pursuant to the Mutual Funds Law). Thus, the benefits of such registration or regulation are not, and will not be, available to Shareholders.

Amortisation of Organisational Costs. The financial statements of the Company and of each Segregated Portfolio will be prepared in accordance with International Financial Reporting Standards which do not permit the amortisation of organisational costs. However, the organisational costs in respect of the Absolute Macro Diversified Segregated Portfolio are being amortised over a period of three years (see 'Fees and Expenses' herein for further details), in order not to prejudice early investors and, in consequence, the audit report on the financial statements may be qualified as a result.

Concentration of Investments. Although it will be the policy of the Company to diversify the investment portfolio of each Segregated Portfolio, at certain times a Segregated Portfolio may hold relatively few positions. A Segregated Portfolio could suffer significant losses if it holds a large position in a particular investment that declines in value.

Conflict of Interest. Instances may arise where the interests of the Investment Advisor or its affiliates conflict with interests of the Company and its Shareholders. Such conflicts include, but are not limited to, the fact that the Investment Advisor may be engaged in other substantial activities apart from the activities described in this Offering Memorandum and may therefore devote to the Segregated Portfolio only as much time as is reasonably necessary, in its judgement, to discharge its respective duties. Furthermore, conflicts may arise where key personnel of the Investment Advisor are also Directors of the Company since in some circumstances the Directors may determine asset pricing. Prospective investors should also understand that the Investment Advisory Agreement has not been negotiated at arm’s length and that it is unlikely that the Investment Advisor will be replaced.

The Directors and the service providers may have conflicts of interest in relation to their duties to the Company. However, each shall, at all times, pay regard to its obligation to act in the best interests of the Company and the Directors will ensure that all such potential conflicts of interest are resolved fairly and in the interests of shareholders. When allocating investment opportunities, the Investment Advisor will ensure that all such investments will be allocated in a fair and equitable manner.

Counterparty Risk. If a broker or other counterparty defaults or becomes insolvent, assets of the relevant Segregated Portfolio may be at risk.

Credit Risk. The Company contemplates two forms of credit risks:

(i) Counterparty default: The assets of a Segregated Portfolio may be exposed to the effects of a default by a counterparty. The Investment Advisor will as far as reasonably practicable make sure that a Segregated Portfolio's counterparties are financially sound and regulated by the relevant authorities in their respective jurisdictions.

(ii) Default by the issuer of securities: The Company cannot guarantee the financial security of the issuers of the securities in which it invests. A Segregated Portfolio is, therefore, exposed to loss in circumstances where the issuer of a security defaults on its obligations in respect of that security.

Currency Risk. The Net Asset Value of each Class will be calculated in the Base Currency specified in its respective Offering Memorandum for all purposes, including redemptions. Consequently, investors are subject to the risk of exchange rate fluctuations between the value of the Base Currency and their original currency of investment.

Derivatives. In general, the value of a derivative instrument depends upon price movements in the underlying asset. Thus, many of the risks applicable to trading the underlying asset applies equally to the derivative instrument applicable to such asset. Derivatives are also exposed to leverage and liquidity risks (see below) and the credit risk of the counterparties with which the Company deals on behalf of a Segregated Portfolio. Non-performance by counterparties for financial or other reasons could expose a Segregated Portfolio to losses, regardless of whether or not the transaction was profitable.

Economic Conditions. The success of any investment activity is affected by general economic conditions which may affect the level and volatility of interest rates and the extent and timing of investor participation in the equity markets. Unexpected volatility or illiquidity in the markets in which a Segregated Portfolio holds positions could impair its ability to carry out its investment programme or cause it to incur losses.

Effect of Redemptions on Diversification. Although the Company plans to seek diversification in the investment of a Segregated Portfolio's assets, to the extent a significant number of Shareholders elect to redeem their Participating Shares at any one time, the Company may not be able to satisfy such redemption requests from a variety of its assets and be required to make disproportionate redemptions from select assets, resulting in a temporary imbalance to its diversification strategy.

Foreign Jurisdictions and Recognition of Segregated Portfolios. The Company is established as a segregated portfolio company under Cayman Islands law. As a matter of Cayman Islands law, the assets of one fund will not be available to meet the liabilities of another. However, the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation and in such circumstances the assets of one fund may be exposed to the liabilities of another. At the date hereof, the directors are not aware of any such jurisdictions or any such existing contingent or actual liabilities.

Hedging. There can be no assurance that hedging transactions, if any, will achieve their objective. In addition, the Company may concentrate its hedging activities with one counterparty in respect of a Segregated Portfolio and the Company is subject to the risk that a counterparty may fail to fulfil its obligations under a contract. To the extent that a counterparty fails to fulfil its obligations, the Segregated Portfolio's performance could be negatively impacted.

Lack of Control and Reliance on the Investment Advisor. Investors will have no right to participate in the management of the Company or in the control of its business. Accordingly, no person should purchase any Participating Shares unless he is willing to entrust all aspects of management of the Company to the Directors and the Investment Advisor. The Directors of the Company will give complete discretion to the Investment Advisor and will not monitor its activities in respect of any Segregated Portfolio. The death, disability or withdrawal of the Investment Advisor's principals, or financial or operational difficulties of the Investment Advisor could adversely affect a Segregated Portfolio.

Leverage/Gearing. The use of leverage by the Company on behalf of a Segregated Portfolio can substantially improve performance when employed in a winning trade but can equally cause losses to be magnified on losing trades.

Limited Diversification. No minimum level of capital is required to be maintained by the Company. As a result of subsequent losses or redemptions, a Segregated Portfolio may not have sufficient funds to diversify its investments to the extent desired or currently contemplated by the Investment Advisor. More generally, the Investment Advisor may not diversify a Segregated Portfolio's investment portfolio over various asset classes. No standards have been established to limit the concentration of a Segregated Portfolio's investment portfolio except for circumstances described in "Investment Restrictions". The degree of the market risk to which a Segregated Portfolio is exposed will be inversely proportional to the degree to which a Segregated Portfolio's investment portfolio is diversified.

Liquidity and Market Characteristics. In some circumstances the markets in which a Segregated Portfolio trades can be illiquid thereby making it difficult to acquire or dispose of investments at prices quoted on the relevant exchanges. In addition, the suspension by an exchange of trading in a particular security could make it impossible for positions to be realised and could thereby expose a Segregated Portfolio to losses.

No Control Over Portfolio Issuers. The Company may from time to time acquire substantial positions in the securities of particular companies. Nevertheless, the Company is not likely to obtain representation on the board of directors and will not take any control over the management of any company in which the Company may invest and the success of each investment will depend on the ability and success of the management of the issuers in addition to economic and market factors.

Performance Fee Risk. Any performance fees payable by the Company to the Investment Advisor in respect of a the Class of Participating Shares referred to in the Offering Memorandum will be based on net realised and net unrealised gains and losses as at the end of each month (as defined below). As a result, performance fees may be paid on unrealised gains which may subsequently never be realised. In addition the payment of performance fees to the Investment Advisor may create an incentive for the Investment Advisor to cause the Company to make investments on behalf of the Segregated Portfolio that are riskier and more speculative than would be the case if such fees were not payable.

The Company does not have in place internal accounting procedures such as are commonly referred to as either series accounting or equalisation. Accordingly, performance related incentive fees may be incurred by a Shareholder which are not precisely based on appreciation in Net Asset Value of their particular Participating Shares. By consequence, some Shareholders will receive a benefit whilst others will incur an effective loss of value, due to the absence of series accounting or equalisation procedures.

Political and/or Regulatory Risks. Net Asset Values may be affected by uncertainties such as international political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries in which the assets of a Segregated Portfolio are invested.

Possible Limitations on Redemptions. Under certain circumstances the Directors may find it necessary to limit the right of Shareholders to have their Participating Shares redeemed (see "Redemptions" and "Suspension of Valuations" respectively).

Redemption Risk of Assets. The Company's redemption policies may allow for the redemption of Participating Shares in a substantially shorter period than the payment terms of underlying assets allow. Accordingly, a redeeming Shareholder may be subject to risk until such time that the Segregated Portfolio has actually received its assets. Furthermore, the terms and conditions applicable to certain investments may permit the underlying entity to distribute assets in kind rather than pay redemptions in cash. In addition, as a result of the difference between redemption policies of the Segregated Portfolio assets, the Investment Advisor may be required to select assets for liquidation on the basis of the redemption policies rather than other investment considerations, which may result in the remaining portfolio of assets being less diverse in terms of investment strategies, number of investment advisors or assets, liquidity or other investment considerations than would otherwise be the case. In addition, a redemption could also involve expense to the Segregated Portfolio under the terms of the investment.

Reporting Standards. Certain issuers may be subject to accounting, auditing and financial standards that differ significantly from those applicable to OECD issuers.

Secondary Market. Although, subject to certain restrictions and to the approval of the Directors, the Participating Shares are transferable, there is no recognised secondary market for the Participating Shares and any investment in Participating Shares will have limited liquidity. Investors should be fully aware of the long-term nature of their investment in any Class of Participating Shares and should have other financial reserves so that they are able to bear the economic risk of the loss of their entire investments.

Valuation of certain investments. The financial statements of the company will be prepared in accordance with International Financial Reporting Standards. IAS 39 requires the use of bid prices for long positions and ask prices for short positions. The standard does not permit the valuation of assets traded on an active market as the last traded market price. However, the Directors intend to use the last traded market price as it is considered by them to be a more equitable reflection of the fair market value of a trade and in consequence, the audit report on the financial statements may be qualified.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OF THE RISKS INVOLVED IN AN INVESTMENT IN ANY CLASS OF PARTICIPATING SHARES. PROSPECTIVE INVESTORS SHOULD READ THIS OFFERING MEMORANDUM IN ITS ENTIRETY AND CONSULT WITH THEIR OWN ADVISERS BEFORE DECIDING TO SUBSCRIBE FOR PARTICIPATING SHARES.

MANAGEMENT OF THE COMPANY

BOARD OF DIRECTORS

The Directors are responsible under the Articles for managing the business of the Company and have a statutory duty to establish and maintain procedures to segregate, and keep segregated, portfolio assets of each Segregated Portfolio separate and separately identifiable from segregated portfolio assets of any other Segregated Portfolio and from the general assets of the Company. In connection therewith the Directors must ensure that all contracts or other arrangements which are to be binding on or to take effect for the benefit of a Segregated Portfolio must be executed by the Company for and on behalf of the relevant segregated portfolio which must be identified or specified in the relevant contractual or other documents.

The Directors determine the overall investment objectives and policies of each Segregated Portfolio and will supervise and review the activities of the Investment Advisor. The Directors also determine whether to establish a particular Class of Participating Shares and the characteristics of each such Class.

The Directors may appoint additional Directors from time to time and any Director may be removed by a resolution of the Shareholders entitled to vote at general meetings. There are no service contracts between the Company and its Directors. As provided for in the Articles, the Directors have delegated the management and administration of the Company to the Investment Advisor and the Administrator, subject to the overall supervision of the Directors.

The following persons are Directors of the Company as at the date of this Offering Memorandum:

Andrew McKay, CEO/CIO Absolute Asset Management- After completing a commerce degree at The University of Melbourne, Andrew's experience in the financial markets began as a cash and securities dealer for the Bank of New York in Sydney. After a few years Andrew moved to London and accepted a position as foreign exchange dealer for a Shearson Lehman Hutton subsidiary. Andrew progressed rapidly to the position of Senior Dealer, Futures and Options, with responsibility for implementing the hedging strategy of the treasury department, and trading futures, FX and options. On his return to Australia in 1990 Andrew launched an asset management company to apply his extensive knowledge of markets, developed during his banking days to proprietary trading and the broader asset/fund management world. Andrew is responsible for the trading system design and management of the Company and its Segregated Portfolios. Andrew is a resident of Australia & holds an Australian Financial Services License with the Australian Securities & Investment Commission (Licence No. 229918).

Matthew Dabbs, Operations Director Absolute Asset Management- After completing a Psychology degree at the University of Texas, Matthew returned to the UK to start his IFA career with BankHall Group. Upon completion of the Financial Planning Certificate, Matthew worked for 3 years as a full time consultant for Langmore James in their high net worth client division. Matthew moved to Pacific Financial Services (Jakarta) in 1997, to take up the position of Senior Consultant and Corporate Development Manager. His extensive experience and knowledge of the offshore IFA market is invaluable in his role as Operations Director for Absolute Asset Management.

John M.D. McCann, of Trinity Fund Administration Limited, Ireland was born in Winnipeg, Manitoba, in 1963. He graduated with a B.A. in Economics and Sociology from the University of Manitoba, Canada, in 1984 and is an associate member of the Chartered Institute of Bankers, in Canterbury, England. Mr. McCann is a member of the Marketing Committee of the Dublin Funds Industry Association (D.F.I.A.), and the Institute of Directors in Ireland. In 2000 he was selected for inclusion in the International WHO'S WHO of Professionals. He is a past member of the International Relations Committee of the Managed Funds Association and a past Director and Secretary of the Ireland Canada Business Association. Mr. McCann was appointed as Managing Director of Trinity Fund Administration Limited in March 1994, with a mandate to create a new specialist third party fund administration company, within Dublin's International Financial Services

Centre. Mr. McCann concluded a management buy-out of Trinity Fund Administration Limited in October 1999.

INVESTMENT ADVISOR

The Company has appointed Absolute Asset Management Limited, a company incorporated under the laws of the Cayman Islands on 29 May 2003, as its Investment Advisor on behalf of the Segregated Portfolios. Absolute Asset Management Limited was incorporated in the Cayman Islands on 29 May 2003 and has been duly registered as an Excluded Person under section 5(2) of the Securities Investment Business Law, 2003 of the Cayman Islands ("SIBL"). Pursuant to such registration Absolute Asset Management Limited is exempted from the licensing requirements of the SIBL and in consequence will not be regulated by the Cayman Islands Monetary Authority.

The Investment Advisor will take full responsibility for the investment portfolio of the Company. The duties of the Investment Advisor include (a) recommending to the Company the manner in which any monies of the Company might be invested on behalf of the Segregated Portfolio; (b) carrying out any reviews of the investments of the Segregated Portfolio whenever the Investment Advisor shall deem necessary or the Company shall reasonably require; (c) obtaining for the Company from time to time valuations of such investments of the Segregated Portfolio as the Company may reasonably require; (d) recommending to the Company the manner in which monies required for the purposes of the Company on behalf of the Segregated Portfolio should be realised; (e) advising the Company concerning all actions which it appears to the Investment Advisor the Company should consider taking on behalf of the Segregated Portfolio to carry into effect such investments; (f) preparing material other than accounts for inclusion in annual or other reports of the Company whenever the Company may reasonably require in respect of the Segregated Portfolio; (g) executing and carrying out the investment strategy as agreed from time to time by the Directors and notified to the Investment Advisor; (h) having sole authority and responsibility for causing the investment and reinvestment of the investments placed or held in any account of the Segregated Portfolio at the any Broker of which the Investment Advisor has a properly executed power of attorney and authority; and (i) to do all or any other acts as are required of the Investment Advisor or as are necessary or desirable in the reasonable opinion of the Investment Advisor in furtherance of the foregoing powers and consistent with the terms of this Agreement, including assisting the Administrator in connection with the periodic Net Asset Value calculation and promptly review and approve or disapprove the periodic Net Asset Value calculation and the engagement of employees, independent agents, lawyers and accountants and other advisers and consultants as it may deem necessary or advisable.

The Investment Advisory Agreement provides that the Investment Advisor will not be liable to the Company or its shareholders for any act or remission in the performance of its duties except for wilful default, fraud, or negligence.

The Investment Advisory Agreement also contains provisions for the indemnification of the Investment Advisor against any claim, liability, cost or expense arising out of any claim, demand or proceeding in connection with the performance of its duties except to the extent that such claim, demand or proceeding has arisen out of the wilful default, fraud or negligence of the Investment Advisor.

The key personnel of the Investment Advisor are Andrew McKay and Matthew Dabbs whose biographical details are provided above under "Board of Directors".

ADMINISTRATOR

Trinity Fund Administration Limited has been appointed to act as Administrator and Registrar of the Company pursuant to the Administration Agreement. Under the terms of that Agreement, and subject to the overall supervision of the Directors, the Administrator will maintain the Absolute Macro Diversified Segregated Portfolio's accounting records, calculate the Net Asset Value per Participating Share and maintain the statutory register of Shareholders in respect of holders of the

Absolute Macro Diversified Class of Participating Shares (the statutory register in respect of holders of Ordinary Shares is maintained at the registered office of the Company).

Trinity Fund Administration Limited was incorporated in 1993 and commenced operations in June 1994.

The Administrator provides management and administrative services to numerous funds, managed accounts and investment companies. The Administrator is an investment business firm (as defined in Section 2 of the Investment Intermediaries Act, 1995), and as such, is regulated by the Irish Financial Services Regulatory Authority. In addition, it is a participating member of the Dublin Funds Industry Association (D.F.I.A.).

The Administrator (which includes all directors, officers and employees of the Administrator and any agent, sub-contractor or delegate appointed by the Administrator) shall not be liable for any loss or damage suffered by the Company or any Shareholder, arising directly or indirectly out of any act or omission, or any error of judgement or oversight or mistake of law on the part of the Administrator, made or committed in good faith in the performance of their duties hereunder, in the absence of fraud, gross negligence or wilful default and the Company and its Shareholders shall indemnify and hold harmless the Administrator against all claims and demands (including costs and expenses arising therefrom or incidental thereto) which may be made against the Administrator in respect of any loss or damage sustained or suffered by any third party, otherwise than by reason of the fraud, gross negligence or wilful default of the Administrator or any delegate of the Administrator as aforesaid.

The Administrator will not have any responsibility or authority to make investment decisions, nor to render investment advice. The Administrator neither acts in any supervisory capacity with respect to the Investment Advisor or the Company. Therefore, potential investors should not rely upon the Administrator in deciding whether or not to invest in the Company or its Participating Shares.

Furthermore, the Administrator is a service provider to the Company and, as such, bears no responsibility for the content of this Offering Memorandum.

BROKER

The Company has appointed Brewin Dolphin Securities Limited (“Brewin Dolphin”) as its Broker on behalf of the Absolute Macro Diversified Segregated Portfolio.

Brewin Dolphin trades as Brewin Dolphin in England, Wales and the Channel Islands; Bell Lawrie in Scotland and Northern Ireland; Hill Osborne in the East Midlands and Wise Speke in the North of England. Stocktrade is the Brewin Dolphin Securities Execution-Only Division. Brewin Dolphin is the largest independent private client portfolio manager and stockbroker in the UK and manages over £15 billion of funds on behalf of more than 100,000 clients, and of this £6 billion is on a discretionary basis and £9.2 billion is on an advisory basis. Brewin Dolphin is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority. The parent company, Brewin Dolphin Holdings plc is listed on the London Stock Exchange. Brewin Dolphin’s services include Discretionary & Advisory Services, Personal Equity Plans, Corporate Finance, Financial Planning Services and Collective Investment Management Services

The Directors may from time to time appoint additional persons, firms or corporations to act as broker to the Company on behalf of the Segregated Portfolio.

AUDITORS

Under the Mutual Funds Law all mutual funds are required to appoint an independent auditor resident in the Cayman Islands. The Company has appointed KPMG, Grand Cayman, as its auditor.

CAYMAN ISLANDS PRINCIPAL OFFICE

The Company has appointed Caledonian Fund Services Limited of Caledonian House, PO Box 1043GT, Grand Cayman, Cayman Islands, British West Indies to provide its principal office, and to maintain the statutory registers of the Company including the register of holders of Ordinary Shares.

POWERS OF DELEGATION

The Investment Advisor and the Administrator each have the power to delegate at their own respective expense or as agreed with the Company the whole or any part of its respective functions, powers, discretion, privileges and duties (or any of them) to any person, firm or company (and any such delegation may be on such terms and conditions (including the ability to sub-delegate) as each of the Investment Advisor and Administrator (as the case may be), with the prior written consent of the Directors, thinks fit.

INDEMNIFICATION

The terms of appointment of the Investment Advisor and the Administrator provide that such appointees shall be indemnified against all claims, liabilities, expenses and like matters, except in for matters arising as a result of their own fraud, gross negligence or wilful default.

The Directors and Officers of the Company have the benefit of corresponding provisions in the Articles of the Company.

FEES AND EXPENSES

INITIAL FEE

The Company reserves the right to charge, at the discretion of the Directors, an initial fee of up to five per cent (5%) of the total subscription monies received. Such fees will be used by the Investment Advisor to compensate intermediaries and other selling agents.

The Initial Fee will be calculated on the total subscription monies, but will not be payable by the Shareholder upon application for Participating Shares. Instead, the Company will remit the total Initial Fee to the Investment Advisor, and the amount paid by the Company will be immediately amortised and allocated over a period of five (5) years from the date of investment on a straight line basis, so that on each Valuation Day after the relevant Dealing Day, one sixtieth (1/60) of the total Initial Fee relating to each Shareholder will be charged.

If within the five year period from the date of investment the Shareholder wishes to redeem his holding in its entirety, any remaining Initial Fees attributable to that Shareholder will immediately become payable and will be deducted from the total redemption proceeds payable to such Shareholder.

In the event that a Shareholder wishes to redeem part of his holdings, a prorated portion of the remaining Initial Fees attributable to that Shareholder will immediately become payable, and will be deducted from the total redemption proceeds payable to such Shareholder. Such portion will be calculated by taking the ratio of the Participating Shares being redeemed to the remaining Participating Shares held by that Shareholder.

FEES OF THE INVESTMENT ADVISOR

The Investment Advisor is entitled to receive in respect of the Absolute Macro Diversified Segregated Portfolio (i) a Management Fee, payable monthly in arrears, at an annual rate of one point five per cent (1.5%) of the Net Asset Value of the Absolute Macro Diversified Class, and (ii) a Performance Fee, accrued and payable monthly, of ten per cent (10%) of Net New Profits (as defined below), if any, of the Segregated Portfolio.

The Performance Fee is based on the profitability of the Segregated Portfolio. The Performance Fee is accrued and payable monthly in respect of each performance period ending on the last Valuation Day of each month. The Performance Fee in respect of each month shall equal 10% of “Net New Profits” (if any) for such month or, as the case may be, for the period since the month in respect of which a Performance Fee was last payable (the “Base Period”). For these purposes, "Net New Profits" in relation to a Segregated Portfolio means the increase of the Net Asset Value of the corresponding Class prior to the Performance Fee during the Base Period over and above the post Performance Fee Net Asset Value on the date when the Performance Fee was last payable, adjusted for Subscriptions and Redemptions during such Base Period. Losses are carried forward from the previous month or months and no Performance Fee is payable until the previous "high watermark" has been reached.

No change will be made to the fees payable to the Investment Advisor without giving Shareholders at least 30 days prior notice in the form of a modification, supplement or restatement of this Offering Memorandum.

REMUNERATION OF DIRECTORS

The Articles provide that the remuneration of the Directors in respect of services provided to the Company shall be determined by a resolution of the Directors. Mr. McCann is currently entitled to a fee of US$5,000 per annum and to the reimbursement of expenses incurred in carrying out his duties. Messrs. Matthew Dabbs and Andrew McKay do not currently charge a fee for the provision of their director services at this time, but are entitled to the reimbursement of expenses incurred in carrying out their duties. The fees of the Directors are accrued on a monthly basis and will be allocated equally amongst the Segregated Portfolios in operation on each Valuation Day.

FEES OF THE ADMINISTRATOR

The Administrator is entitled to an annual administration fee in respect of the Absolute Macro Diversified Segregated Portfolio, pursuant to the terms of the Administration Agreement, calculated as follows: -

(i) A basis points charge of 0.20% per annum of the Net Asset Value (N.A.V.) of the Class (plus value added tax, if applicable) of assets up to US$25,000,000.00;
(ii) A basis points charge of 0.15% per annum of the N.A.V. of the Class of assets in the band between US$25,000,000.00 and US$50,000,000.00;
(iii) A basis points charge of 0.10% per annum of the N.A.V. of the Class of assets in the band between US$50,000,000.00 and US$100,000,000.00; and
(iv) A basis points charge of 0.08% per annum of the N.A.V. of the Class of assets in excess of US$100,000,000.00.

- with all fees subject to a minimum fee of US$25,000 per annum in respect of the Absolute Macro Diversified Segregated Portfolio, calculated monthly and payable on the last Valuation Day of each month and on the termination date. The Administrator will also be reimbursed for properly incurred and approved out-of-pocket expenses. In addition to the foregoing fees, where there are in excess of 50 shareholders holding shares in the Class (each such Shareholder being an "Additional Shareholder"), the Administrator shall be entitled to a fee of US$12.50 per Additional Shareholder per month.

The Administration fees may be amended by the Administrator giving to the Company not less than 90 days notice in writing specifying the new rates which will apply at the expiry of such notice.

FEES OF THE CORPORATE SECRETARY

Trinity Fund Administration Limited (“Trinity”) is currently entitled to a corporate secretarial fee in the amount of US$6,000 per annum (which includes the first three segregated portfolios launched) plus an additional US$1,500 per annum in respect of any further segregated portfolio which may be launched (which for these purposes shall include the Absolute Macro Diversified Segregated Portfolio) in connection with the provision of corporate secretarial services thereto.

The US$6,000 shall be pro-rated to each of the first three segregated portfolios launched, which are the Absolute Trading 1 Segregated Portfolio, the Absolute Trading 2 Segregated Portfolio and the Absolute AUS$ Fund Segregated Portfolio, in accordance with the Net Asset Value of their respective classes as at each Valuation Day. Should any of these segregated portfolios close the US$6,000 shall be borne by the remaining Segregated Portfolio(s) in accordance with the Net Asset Values of their respective classes.

The per segregated portfolio fee of US$1,500 per annum shall be payable by the Absolute Macro Diversified Segregated Portfolio and an additional US$1,500 per annum fee will apply to each subsequent segregated portfolio launched.

Trinity is also entitled to US$500 per Board Meeting as well as all reasonable and vouched out-of-pocket expenses incurred in relation to the preparation and attendance at Board Meetings and in respect of the fulfillment of all compliance duties of the Company. The corporate secretarial fees may be amended by Trinity giving to the Company not less than 90 days notice in writing specifying the new rates which will apply at the expires of such notice.

FEES OF THE BROKER

The Broker performs a variety of brokerage services for the Company on behalf of the Absolute Macro Diversified Segregated Portfolio for which transaction and brokerage fees are charged at normal commercial rates and expenses are to be reimbursed.

FEES OF THE PRINCIPAL OFFICE PROVIDER

Caledonian Fund Services Limited is currently entitled to a fee of US$1,500 per annum in respect of the provision of the principal office facility and the maintenance of the statutory registers, to include the register of the holders of the Ordinary Shares. Such fees will be accrued on a monthly basis and will be allocated equally amongst the Segregated Portfolios in operation on each Valuation Day.

OTHER OPERATING EXPENSES

In addition to the fees referred to above, each Segregated Portfolio will bear all other expenses incidental to its operations and business, including but not limited to: (i) banking charges; (ii) brokerage commissions and related fees; (iii) fees of legal advisers and independent auditors; (iv) any income tax, withholding taxes, transfer taxes and other governmental charges and duties incurred in respect of a Segregated Portfolio. In addition the Directors have complete discretion under the Articles to allocate amongst the Segregated Portfolio expenditure and liabilities not directly attributable to a particular Segregated Portfolios, including but not limited to (a) audit, legal and other professional fees, (b) the costs of preparing, printing and distributing any offering documents, reports and notices to the Shareholders; and (c) licensing, registration and other fees payable to the Cayman Islands government.

The costs associated with the launch of the Absolute Macro Diversified Class are estimated to be in the region of US$50,000. These expenses will be charged only to the Absolute Macro Diversified Segregated Portfolio, and are being amortised over a three year period which will commence with the date of commencement of business of the Absolute Macro Diversified Segregated Portfolio (or such shorter period as the Directors, in their discretion, may determine).

Should further Segregated Portfolios be launched, each Segregated Portfolio will bear the costs associated with its launch.

SHARES OF THE COMPANY

SHARE CAPITAL

The authorised share capital of the Company is US$50,000 divided into 4,999,900 Participating Shares of par value US$0.01 each and 100 Ordinary Shares of par value US$0.01 each. The Directors will determine the number of Participating Shares to be issued in each Class. The rights attached to Participating Shares and Ordinary Shares pursuant to the Articles and are summarised below. At the date hereof all of the Ordinary Shares have been issued fully paid at par value.

<u>Participating Shares</u>

Participating Shares are presently being offered for sale to prospective investors at the Initial Offering Price in the Class corresponding to the Segregated Portfolio described in this Offering Memorandum.

The Participating Shares do not entitle the holder to receive notice of, attend or vote at meetings of Shareholders. The Participating Shares have the right to participate equally in any dividends declared by the Company in respect of the Segregated Portfolio to which such Shares relate and are redeemable at the option of the holder. In the event of a winding-up of the Company, each holder of a Participating Share is entitled to return of the paid-up par value and a pro-rata share in surplus assets of the relevant Segregated Portfolio.

<u>Ordinary Shares</u>

Ordinary Shares may be issued at par value to such persons as the Directors may determine. Ordinary Shares are not redeemable. The Ordinary Shares carry the right to participate in dividends declared out of the general profits of the Company but not dividends declared in respect of any Segregated Portfolios. Ordinary Shares entitle the holder to receive notice of, attend and vote at general meetings of the Company. In the event of a winding-up of the Company, the holder of an Ordinary Share is entitled to a pro-rata share of the surplus general assets of the Company but not of the surplus assets of any Segregated Portfolio. All of the Ordinary Shares have been issued fully paid to the Investment Advisor.

<u>Variation of Class Rights</u>

If at any time the authorised share capital is divided into classes of shares, the rights attached to any existing class (unless otherwise provided by the terms of issue of that class) may, whether or not the Company is being wound up, be varied only with the consent in writing of the holders of not less than three-fourths of the issued shares of any such class of shares which may be affected by such variation or by a special resolution passed at a separate class meeting of the holders of the shares of such class. The creation or issue of further shares ranking pari passu with any particular class of shares shall not be deemed to be a variation of the rights attaching to such class.

ELIGIBLE INVESTORS

Only persons who satisfy the requirements of this Offering Memorandum including this section (referred to herein as "Eligible Investors") may subscribe for or hold Participating Shares in the Company. The Directors have the right to request the compulsory redemption of all Participating Shares held by a Shareholder who is not an Eligible Investor (see "Compulsory Redemptions").

For these purposes an Eligible Investor is a person to whom the issue, holding or transfer of Participating Shares would <u>not</u> constitute a breach of the laws of any jurisdiction or contrary to the regulations of any government authority or would <u>not</u> give rise to circumstances (whether taken alone or in conjunction with other persons or any other circumstances appearing to the Directors to be relevant) which, in the opinion of the Directors, might result in the Company and/or its Shareholders as a whole incurring any liability to taxation or suffering any other regulatory, pecuniary, legal or material administrative disadvantage that the Company might not otherwise have suffered or incurred. For the avoidance of doubt, a US person is not an Eligible Investor unless expressly approved by the Directors.

The Company reserves, and shall exercise, the right, in its sole and unfettered discretion to reject any subscription, or to compulsorily redeem any Participating Shares previously issued, in the event that the sale or continued ownership as the case may be of such Participating Shares may result in any legal, regulatory, taxation or pecuniary consequence which, in the opinion of the Directors, is not in the best interests of Company or its Shareholders as a whole, or where such a sale or continued ownership of Participating Shares may, or, in the opinion of the Directors, give rise to a material administrative disadvantage or burden to the Company or to any given Segregated Portfolio or Segregate Portfolios.

The Company, the Directors, the Investment Advisor and the Administrator shall not under any circumstances be liable in any manner whatsoever for any loss, costs, damage or harm suffered by any person or entity as a consequence of the failure of any Shareholder or prospective Shareholder to satisfy any compliance standards imposed by the Directors in accordance as described above, any reasonable requirements stipulated to apply from time to time by the Directors in respect of the administration of the Company and the offer and sale of Participating Shares, or any other provisions of this Memorandum and the Articles of Association of the Company. Further, no liability shall be accepted by the Company, the Directors, the Investment Advisor or the Administrator for any loss, costs, damage or harm suffered by any Shareholder as a consequence of any exercise of any rights, entitlement or discretion by the Company, the Investment Advisor, the Administrator or the Directors conferred by this Memorandum, the Articles of Association of the Company or otherwise by any relevant or applicable law.

SUBSCRIPTIONS

Initial Offer

Participating Shares in respect of the Absolute Macro Diversified Class will be offered during the Initial Offering Period at an Initial Offer Price of US$100 per Participating Share**.** The Directors may extend or shorten the Initial Offering Period at their discretion.

Subsequent Subscriptions

Following the close of the Initial Offering Period, Participating Shares of the Absolute Macro Diversified Class will be available for subscription at the discretion of the Directors on each Dealing Day at the Subscription Price calculated at the close of business on each Valuation Day.

The Subscription Price will equal the Net Asset Value per Participating Share on the relevant Dealing Day on which the application is effective and will be calculated to two decimal places rounded after the second decimal place. The Net Asset Value per Participating Share is determined as of the close of business on each Valuation Day in accordance with the provisions set out under "Net Asset Valuation" in this Offering Memorandum. Subscriptions will not be accepted during periods in which the valuation of Shares is suspended (see "Suspension of Valuation").

Participating Shares of the Absolute Macro Diversified Class will be issued to two decimal places rounded after the second decimal place and excess subscription monies arising from such roundings will be retained for the benefit of the relevant Segregated Portfolio.

Minimum subscription

The minimum initial aggregate investment in the Absolute Macro Diversified Class of Participating Shares is US$25,000. Subscriptions for additional Participating Shares are subject to a minimum of US$5,000 or currency equivalent in any one or more Classes or such other amounts as may be prescribed from time to time by the Directors either generally or in relation to a particular case.

Procedure

Applications for Participating Shares in the Absolute Macro Diversified Class during the Initial Offering Period must be made using the Subscription Agreement attached as Appendix A which must be received by the Administrator by facsimile together with the relevant identification documents as detailed under 'Anti-Money Laundering Procedures' herein (with the original to follow by mail) no later than 4.00 p.m. (Dublin time) on the last day of the Initial Offering Period. After the Initial Offering Period, applicants for Participating Shares must complete and return the Subscription Agreement to the Administrator so that it is received by facsimile together with the relevant identification documents as detailed under 'Anti-Money Laundering Procedures' herein (with the original to follow by mail) no later than 4.00 p.m. (Dublin time) on the Business Day falling 5 Business Days before the relevant Dealing Day, or such lesser period as the Directors might in any particular case determine.

The acceptance of subscriptions is subject to confirmation of the prior receipt of cleared funds credited to the subscription account of the Absolute Macro Diversified Segregated Portfolio (details of which are set out in the Subscription Agreement) and receipt of the relevant identification documents as detailed under 'Anti-Money Laundering Procedures' herein. Subscription monies must be transferred from an account in the name of the Shareholder and not a third party. Any delay in receipt of a Subscription Agreement, identification documents, or of cleared funds may result in the relevant application being deferred until the first Dealing Day following their receipt, without interest, and, in such event, the Participating Shares will be issued at the Subscription Price prevailing at that Dealing Day. The Directors reserve the right to reject applications for Participating Shares in their absolute discretion, without assigning any reason therefor. Subscriptions will not be accepted during periods in which the valuation of Participating Shares is suspended (see "Suspension of Valuations").

The Directors reserve the right to require at any time satisfactory evidence of the status of any subscriber as an Eligible Investor, i.e. as being entitled to acquire a holding in a Class of Participating Shares. The right is reserved to reject any application for Participating Shares in whole or part. If an application is rejected, the subscription monies will be returned without interest, at the risk of the applicant normally within three Business Days of rejection, by cheque or, at the cost of the applicant, by bank telex transfer to the applicant's bank named on either the Subscription Agreement or any subsequent notification.

Registration

Participating Shares are issued in registered form only and no certificates will be issued. The Company will issue a Contract Note, which will act as confirmation and evidence of purchase. The advantage of a Contract Note over a certificate is that Shares may be redeemed or transferred without the necessity of surrendering the certificate.

REDEMPTIONS, TRANSFERS AND CONVERSIONS

Procedure

Participating Shares of the Absolute Macro Diversified Class may be redeemed at the option of the Shareholder on each Dealing Day (except in the circumstances described under Redemption Restrictions below). Shareholders wishing to redeem all or part of their holding of Participating Shares should send a completed Redemption Request (see Appendix B) to the Administrator by fax (with original to follow by mail) to be received no later than 5.00 p.m on the Business Day falling 15 calendar days prior to the relevant Dealing Day in order for the Participating Shares to be redeemed on that Dealing Day. Except at the discretion of the Directors, any delay in receipt of the Redemption Request will result in the request being deferred until the following next Dealing Day and, in such event; the Participating Shares will be redeemed at the Redemption Price prevailing on that Dealing Day without interest.

A request for the redemption of part of a holding of Participating Shares may be refused, or the holding redeemed in its entirety, if, as a result of such partial redemption, the Net Asset Value of the Participating Shares of any Class retained by the holder would be less US$25,000 or its equivalent in other currencies.

Redemption Price

The Redemption Price for each Participating Share is equal to the Net Asset Value per Participating Share on the Dealing Day (less any remaining Initial Fee as detailed above). The Net Asset Value per Participating Share is determined as of the close of business on each Valuation Day in accordance with the provisions set out under "Net Asset Valuation" in this Offering Memorandum.

Payment of Redemption Proceeds

The redemption proceeds, net of any applicable unamortized Initial Fee (see "Initial Fee" above), normally will be remitted within 15 Business Days after the completion of the Net Asset Valuation calculation, if practicable, without interest for the period from that date to the payment date. Redemption payments will be made in US Dollars and will be remitted to the Shareholder by wire transfer (at the expense and risk of the Shareholder) to an account in the name of the Shareholder (and not a third party) as specified by the Shareholder in his Redemption Request (see Appendix B). No redemption proceeds will be paid to a Shareholder unless the original subscription agreement has been received by the Administrator and all of the necessary Anti-Money Laundering checks have been completed. The payment of redemption proceeds may be withheld if the Directors determine it be necessary or appropriate in order to comply with any law directly or indirectly applicable to the Company in any jurisdiction.

Transfer

Participating Shares of any Class may be freely transferred to Eligible Investors (see "Eligible Investors") provided the transfer does not result in the holding of Participating Shares by the transferee or the transferor being less than the minimum stipulated in this Offering Memorandum or the Directors do not exercise their general discretion to decline to register a transfer. Upon any transfer of Participating Shares, the transferee will be required to complete and deliver to the Administrator a Subscription Agreement (see Appendix A) together with such other supporting documents as the Administrator may require to include the relevant documents detailed under "Anti-Money Laundering Procedures" herein. Failure to do so may result in the Participating Shares in question being compulsorily redeemed.

The Company may decline to register a transfer of any Participating Share:

(a) unless a fully completed instrument of transfer is deposited with the Administrator together with any other evidence necessary to show the transferor's right to transfer, or

(b) if the transferee and any person upon whose behalf the transferee would hold it are not Eligible Investors (see "Eligible Investors"), or

(c) unless, following registration, the holdings of the transferee (and the transferor if such be the case) do not result in their being liable to be compulsorily redeemed (see "Compulsory Redemption").

Conversion

Holders of Participating Shares of any Class may convert such Participating Shares to Participating Shares of any other Class that may be issued by the Company. Conversions will take place on the last Business Day of each Calendar Month, and must be notified to the Administrator later than 5.00 p.m. on the Business Day falling 15 days prior to the last Business Day of the Calendar Month on which the conversion is to take place. Administration charges or sales fees may be charged on such conversions, details of which may be obtained from the Administrator.

NET ASSET VALUATIONS

The Net Asset Value of each Class will be determined by the Administrator, under the overall supervision of the Directors. The Net Asset Value of the Absolute Macro Diversified Class will be expressed in its base currency and calculated at the close of business on each Valuation Day by ascertaining the value of the assets of its corresponding Segregated Portfolio and deducting from such amount the liabilities of such Segregated Portfolio.

The Net Asset Value per Participating Share of each Class will be calculated on each Valuation Day by dividing the Net Asset Value of the relevant Class by the number of Participating Shares in issue in the Class on the relevant Valuation Day. The Net Asset Value per Participating Share of the relevant Segregated Portfolio is the resulting sum rounded to the nearest cent.

The value of the assets and liabilities of each Segregated Portfolio shall be determined as hereinafter provided by reference to the latest prices and values available, and the Directors may rely upon any reputable system for the determination of prices, exchange rates or values for the purpose thereof.

The assets of each Segregated Portfolio shall be deemed to include all investments and other assets of every kind and nature (including prepaid expenses as valued and defined from time to time by the Directors) transferred or allocated to the Segregated Portfolio.

Subject to the approval of the Auditors, any expense or liability for any Segregated Portfolio may be amortised over such period as the Directors may determine (and the Directors may at any time and from time to time determine to lengthen or shorten any such period), and the unamortised amount thereof in respect of any Segregated Portfolio at any time shall also be deemed to be an asset of that Segregated Portfolio.

Assets listed, traded or dealt in on a regulated active market or over-the-counter for which market quotations are readily available shall be valued using the last traded price for such assets unless the Directors determine that some other basis of valuation would be more equitable.

In the case of any asset for which no price quotations are available as above provided, the fair value thereof shall be determined from time to time in such equitable manner as the Directors shall from time to time determine.

If any asset is realised or contracted to be realised at a known value the net proceeds of such realisation shall be taken into account in lieu of any other method of determining the value of the investments concerned.

Currencies or values in currencies other the base currency of the Segregated Portfolio shall be translated at prevailing exchange rates as determined by the Directors.

For the purpose of valuing the assets and liabilities of each Segregated Portfolio the Directors may rely upon the opinions of any persons who appear to them to be competent by reason of any appropriate professional qualification or of experience of any relevant market. The Directors may include estimated figures for liabilities being incurred, or to be incurred, in respect of each Segregated Portfolio on a yearly or other periodical basis and accrue the same over any such period.

In certain circumstances the Directors may suspend valuations in respect of any Segregated Portfolio (see “Suspension of Valuations”) and, during any such period of suspension, no Participating Shares of that Segregated Portfolio may be redeemed or new subscriptions accepted.

In the event of it being impossible or incorrect to carry out a valuation of a specific investment in accordance with the valuation method set out in the paragraphs above, or if such valuation is not representative of the security's fair market value, the Directors are entitled to rely upon the opinions of any persons who appear to them to be competent by reason of any appropriate professional qualification or of experience of any relevant market.

SUSPENSION OF VALUATIONS

Suspension of Valuations

The determination of Net Asset Value of any Class may be suspended by the Directors for the whole or part of a period during which:

(a) by reason of the closure or suspension of trading on any money market or stock exchange or over the counter market or for any other reason, the Directors consider it not reasonably practicable for the investments of any Segregated Portfolio to be realised or disposed of or for the Net Asset Value of all or any Class of Participating Shares to be fairly determined;

(b) as a result of an emergency state of affairs, the reasonable disposal of securities of any Segregated Portfolio becomes impracticable or there exist circumstances which the Directors deem will cause material harm or serious prejudice to the relevant Shareholders;

(c) there is a breakdown in the means normally employed by the Directors in ascertaining the value of investments or for any other reason such Directors consider that they cannot ascertain the value of such investments or other assets of the Segregated Portfolios at the valuation point on the day appointed for settlement of the transaction in question;

(d) the Directors deem it impracticable to transfer moneys of or for any Segregated Portfolio at normal exchange rates at any time; or

(e) any other circumstances in which, in the opinion of the Directors, the interests of the Holders of all or any Class of Participating Shares would be materially prejudiced.

Any such suspension shall be publicised by the Company in such manner as the Directors may think fit and shall take effect at such time as the Directors shall declare but not later than the close of business in the Cayman Islands on the Business Day next following such declaration. Thereafter there shall be no determination of the Net Asset Value of such Class until the Investment Advisor shall declare the suspension at an end except that the suspension shall terminate, in any event, on the first Business Day on which:-

(i) The condition giving rise to the suspension shall have ceased to exist; and

(ii) No other condition under which suspension is authorised shall exist.

During any suspension of valuation, the subscription, redemption, transfers and conversions of Participating Shares of the relevant Class will also be suspended; and any unprocessed redemption requests may be withdrawn during the period of suspension.

COMPULSORY REDEMPTION

Compulsory Redemption

The Directors may compulsorily redeem all of the Participating Shares of any Class held by a Shareholder in their complete discretion including situations where a redemption request will result in the value of Participating Shares of such Class held by a Shareholder being reduced to less than US$25,000 or currency equivalent or where it comes to the Directors attention that such Participating Shares are held by, or on behalf of, a person who is in breach of applicable anti-money laundering regulations or is otherwise not an Eligible investor.

The Directors may compulsorily redeem all the Participating Shares in issue of a particular Class if:

(a) the Net Asset Value of the Class is less than US$1 million or currency equivalent on four consecutive Valuation Days; or

(b) the Investment Advisor notifies the Company that the investment objective of the Segregated Portfolio corresponding to such Class is no longer reasonably achievable in accordance with the investment policies and restrictions set out in this Offering Memorandum; or

(c) any law is passed which renders it illegal or impracticable for the Company to continue its operations.

In any event the Participating Shares will be compulsorily redeemed at the Redemption Price prevailing on the Dealing Day next following the issuance of a notice of compulsory redemption to the relevant Shareholder.

REGISTRATION

Participating Shares of the Class will be issued in registered form and Share certificates will normally not be issued unless specifically requested by a Shareholder at the time of application. The Company maintains a register of the names and addresses of the holders of Participating Shares in the Absolute Macro Diversified Class at the offices of the Administrator and an entry in such register is conclusive evidence of ownership.

DIVIDEND POLICY

The Company does not anticipate that any dividends will be paid to Shareholders of any Class of Participating Shares out of the distributable profits of the relevant Segregated Portfolio and it is the present intention of the Directors that the earnings of each Segregated Portfolio will be reinvested.

Holders of Ordinary Shares are entitled to participate in dividends declared out of the general profits of the Company only and have no right to participate in the profits relating to any Segregated Portfolio.

TAXATION

COMPANY

Cayman Islands Tax Considerations. Under current legislation in the Cayman Islands, no taxes will be imposed upon the Company or its Shareholders by the Cayman Islands Government and, there are no exchange control laws or regulations in effect. The Company has been incorporated under the laws of the Cayman Islands as an exempted company and, as such, has obtained an undertaking from the Governor-in-Council of the Cayman Islands that, for a period of 20 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or interests or gains or appreciation shall apply to the Company or its operations and that no such tax or any tax in the nature of estate duty or inheritance tax shall be payable on the Participating Shares, debentures or other obligations of the Company. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. The annual filing fee payable by the Company to the Government of the Cayman Islands under the Companies Law is currently approximately US$3,012 plus US$365.95 for each segregated portfolio (subject to a maximum of US$1,829.27) and the annual mutual fund registration fee payable to the Cayman Islands Monetary Authority is currently US$2,439.

SHAREHOLDERS

Potential investors and holders of Participating Shares in the Absolute Macro Diversified Class should inform themselves as to any tax consequences particular to their circumstances arising in the jurisdiction in which they are resident or domiciled for tax purposes in connection with the acquisition, ownership, redemption or disposition of the said Participating Shares.

ADDITIONAL INFORMATION

REPORTING

The Company produces annual reports containing the audited financial statements of each Class which will normally be sent to Shareholders of the Class as soon as practicable after each financial year-end. All financial reports of the Company will be prepared in accordance with International Financial Reporting Standards.

All notices and reports will be sent by the Administrator to the Shareholders whose names are recorded in the register of Shareholders on the Business Day immediately preceding the date the notices are sent out and will be sent to the address provided in the Subscription Agreement (see Appendix A) or such other address as a Shareholder may notify to the Administrator in writing from time to time. In addition, such reports will be available at the registered office of the Company.

At the discretion of the Directors, the monthly Net Asset Value of each Class of Participating Share may be published in The Financial Times.

REGULATION

The Company is a "mutual fund" for the purposes of the Mutual Funds Law (2003 Revision) ("the MFL") and will be regulated in accordance with the provisions of that law. The obligations of the Company under the MFL are (a) to register with the Cayman Islands Monetary Authority ("CIMA") in the prescribed manner, (b) to file with CIMA prescribed details of this Memorandum and any changes to it, (c) to file annually with CIMA accounts audited by an approved auditor and (d) to pay a prescribed annual registration fee.

As an administered mutual fund, the Company will be subject to the supervision of CIMA which may at any time instruct the Company to have its accounts audited and to submit them to CIMA within such time as CIMA specifies. In addition, CIMA may ask the Directors of the Company to give CIMA such information or such explanation in respect to the Company and its subsidiaries, if any, as CIMA may reasonably require to carry out its duties under the MFL. The Directors on request must also give CIMA access to or provide at any reasonable time all records relating to the Company and CIMA may copy or take an extract of a record it is given access to or is provided. Failure to comply with any of these requests by CIMA may result in substantial fines being imposed on the Company and may result in CIMA applying to the court to have the Company wound up.

CIMA is prohibited by the MFL from disclosing any information relating to the affairs of a mutual fund it has acquired in the course of its duties or in the exercise of its functions other than disclosure required for the effective regulation of a mutual fund or when required or permitted to do so by a court or under any other Law.

CIMA may take certain actions if it believes that a mutual fund is or is likely to become unable to meet its obligations as they fall due or is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of CIMA include, inter alia, the power to require the substitution of any Director of the Company, to appoint a person to advise the Company on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Company. There are also other remedies available to CIMA including the ability to apply to the Grand Court of the Cayman Islands for an order to take such other action as it considers necessary to protect the interests of investors in, and creditors of, the Company and, subsequently, to take any other action provided for under the MFL.

Pursuant to the provisions of the Monetary Authority Law (2004 Revision) ("the MAL") CIMA may require the Company or a connected person (including a director of the Company) or a person reasonably believed to have information relevant to an enquiry by CIMA to provide or produce such specified information or documents as CIMA may reasonably require in connection with the exercise of its statutory functions or in response to a request by an overseas regulatory authority.

Subject to certain safeguards contained in the MAL, CIMA may disclose to an overseas regulatory authority information necessary to enable that authority to exercise its regulatory functions.

ANTI-MONEY LAUNDERING PROCEDURES

As part of its responsibility for the prevention of money laundering, the Company (or any person acting on its behalf, including the Administrator) will require verification of the identity and address of any applicant for Participating Shares in the Absolute Macro Diversified Class and of the source of payment.

Depending on the circumstances of each applicant, a detailed verification may not be required where: -

(a) the applicant makes payment from an account held in the applicant's name at a recognised financial institution; or

(b) the application is made through a recognised intermediary,

but the above exceptions will only apply if the financial institution or intermediary is operating in an approved country (as listed below) recognised as having sufficient anti-money laundering legislation and, in the case of (a) above, if any redemption proceeds or other distributions by the Company are paid back to the applicant and not to third parties. It should also be noted that, in order for option (a) to be effective, an advice letter must be received by the Administrator from the relevant financial institution at the same time the subscription monies are wired. This letter should take the form of the sample set forth in Appendix C and should be accompanied by an original utility bill (or certified copy thereof) no more than three months old, to evidence the Shareholder's residential address.

The Company reserves the right to request such information as is necessary to verify the identity, address and source of funds of an applicant. In the event of delay or failure by the applicant to produce any information required for such purposes, the Company may refuse to accept the application and the related subscription.

An individual will be required to produce a copy of a passport or identification card duly certified by a notary public together with a current utility bill or bank statement to verify their residential address. Corporate applicants will be required to produce certified copies of (i) their certificate of incorporation and any change of name (or other document evidencing the existence of the legal entity), (ii) their Memorandum and Articles of Association or equivalent, (iii) their register of directors or an excerpt from the trade register held at the relevant chamber of commerce and the signatory card verifying the authority of officers to sign on behalf of the corporate entity and (iv) details of the shareholders holding 10% or more of the issued share capital in addition to details of the ultimate beneficial owners. Trusts, partnerships (or entities which are not a separate legal body) which subscribe for Participating Shares must demonstrate organisational documents that verify both their existence and the authority of one or more signatories to sign subscriptions on their behalf, in a form satisfactory to the Directors.

No redemption payment may be made to any Shareholder unless the original subscription agreement has been received by the Administrator and all of the necessary anti-money laundering checks have been completed.

If any person who is resident in the Cayman Islands (including the Company) has a suspicion that a payment to the Company (by way of subscription or otherwise) contains the proceeds of criminal conduct, that person is required to report such suspicion pursuant to the Proceeds of Criminal Conduct Law (2004 Revision), and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by any enactment or otherwise.

Approved countries (which may be subject to change from time to time under relevant Cayman Islands laws): *Argentina, Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Greece, Guernsey, Hong Kong, Iceland, Ireland, Isle of Man, Italy, Japan, Jersey,* *Liechtenstein, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States of America.*

Anti-Money Laundering Regulations of Other Jurisdictions

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

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

TRANSACTIONS WITH DIRECTORS

The Articles provide, *inter alia*, that:

(a) A Director may hold any other executive or non-executive office in the Company (other than the office of auditor) on such terms as to tenure, remuneration, indemnity and otherwise as the Directors may determine;

(b) A Director may act by himself or his firm in a professional capacity for the Company and shall be entitled to the same remuneration, indemnity and other privileges as if he were not a Director;

(c) A Director may be a member or director or hold any other executive or non-executive office in any company or association promoted by the Company or in which the Company may be interested or associated, and may exercise and enjoy the rights, privileges and benefits of any such position without being accountable in any way to the Company;

(d) No person is disqualified from the office of Director by, or prevented by such office from, contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract be liable to be avoided, nor shall any such Director being so interested be liable to account to the Company for any profit realised by such contract or arrangement;

(e) A Director may vote in respect of any contract, arrangement or other matter which may be proposed, notwithstanding he has an interest in it, provided that the nature of the interest shall have been disclosed to the Directors prior to the Directors' resolution.

MATERIAL CONTRACTS

The contracts described below which are or may be material have been entered into by the Company or by the Company on behalf of the Absolute Macro Diversified Segregated Portfolio otherwise than in the ordinary course of business. In each case the Company, or the Company on behalf of the Absolute Macro Diversified Fund Segregated Portfolio, has agreed to indemnify the service provider against all claims and demands which may be made against it in the performance of its duties otherwise than by reason of its own negligence or wilful default.

(a) Investment Advisory Agreement, under which the Investment Advisor is appointed to promote and distribute the Participating Shares of the Absolute Macro Diversified Class and to perform such other services on behalf of the Segregated Portfolio as specified therein for which it is paid a fee detailed under ‘Fees and Charges’. The Investment Advisory Agreement may be terminated by either party giving to the other not less than 90 days’ written notice.

(b) Administration Agreement, under which the Administrator is appointed by the Company on behalf of the Absolute Macro Diversified Segregated Portfolio to provide administrative, registration and transfer agency functions are provided by the Administrator, for which it is paid a fee detailed under “Fees and Charges”. The Agreement may be terminated by either party giving to the other not less than 90 days’ written notice.

(c) Corporate Secretarial Services Agreement, whereby corporate secretarial functions are provided by Trinity Fund Administration Limited, for which it is paid a fee detailed under “Fees and Charges”. The Agreement may be terminated by either party giving to the other not less than 90 days’ written notice.

(d) Administrative Services Agreement whereby services are provided by the Cayman Islands Registered Office Provider for principal office the maintenance of the statutory register of the holders of the Ordinary Shares, for which the Cayman Islands Registered Office Provider is paid a fee detailed under “Fees and Charges”. The Agreement may be terminated by either party on 90 days’ written notice.

(e) Brokerage Documentation comprising Account Opening Form for Charities, Companies, Pension Funds and Trusts whereby services are provided by the Broker to the Company on behalf of the Absolute Macro Diversified Segregated Portfolio, for which the Broker is paid a fee detailed under “Fees and Charges”.

DOCUMENTS AVAILABLE FOR INSPECTION

This Offering Memorandum is not intended to provide a complete description of the Memorandum and Articles of Association of the Company or of the material contracts with service providers. Copies of all such documents, together with copies of the Companies Law (2004 Revision) and the Mutual Funds Law (2003 Revision), are available for inspection by Shareholders during normal business hours at the office of the Administrator.

INQUIRIES

Inquiries concerning the Company and its Participating Shares should be directed to the Administrator at:

Trinity Fund Administration Limited
Oyster Point, Temple Road
Blackrock, Co. Dublin
Ireland

E-Mail: trinity@trinityfundadmin.ie
Tel.: +353-1-279 9660 - Fax: +353-1-279 9650

Attention: Shareholder Services Department

SUBSCRIPTION AGREEMENT

For Participating Shares of Absolute Investment Funds SPC
in respect of the Absolute Macro Diversified Class
c/o **Trinity Fund Administration Limited**
Oyster Point, Temple Road
Blackrock, Co. Dublin, Ireland

Tel.: +353-1-279 9660 - Fax: +353-1-279 9650

REGISTRATION REQUIREMENTS:

Specify the type of legal ownership by ticking the appropriate box and complete the name(s) and address(es) of the Applicant(s) :

☐ **Single** **Name of Subscriber(s):** ______________________________

☐ **Tenants in Common** ______________________________

☐ **Joint Tenants** **Registered Address(es):** ______________________________

☐ **Corporation** ______________________________

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I/We hereby apply to invest the sum(s) stated below in the following Classes of Participating Shares of Absolute Investment Funds SPC (the "Company") on the terms and conditions set out in the Offering Memorandum dated 14 July 2005 and subject to its Memorandum and Articles of Association:

Absolute Macro Diversified Class US$ _________________

I/We declare that the Participating Shares are not being acquired directly or indirectly in violation of any application law, nor by or on behalf of a US person, and that I am /we are Eligible Investor(s) as defined in the Offering Memorandum.

I/We hereby declare that I/we have carefully and fully read the Offering Memorandum and that I/we fully understand its contents and the risks described therein and that the minimum investment in the Shares of the Company is US$25,000.

I/We agree that as an individual subscriber I/we will produce a certified copy or copies of the relevant passport or passports together with a certified copy of my/our current utility bill(s) and any other documentation of identity providing detailed verification of the Subscriber's identity as requested by the Company or the Administrator in order that they might comply with legislation for the prevention of money laundering from time to time in force. The Subscriber acknowledges that the Company reserves the right to request any further information which it considers to be in any way necessary to the process of verification.

We agree that as a Corporation, we will produce certified copies of the certificate of incorporation and any subsequent change of name (or other document evidencing the existence of a legal entity), Memorandum and Articles of Association, the register of directors or an excerpt from the trade register held at the relevant chamber of commerce and the signatory card verifying the authority of officers to sign on their behalf of the corporate entity with certified copy passports and utility bills for at least two directors, together with certified details of all shareholders holding 10% or more of the issued share capital of the corporate entity and verification of the ultimate beneficial owners, and any other relevant documentation as requested by the Company. Where the subscriber is a trust or partnership it agrees to produce certified copies of such relevant documentation as the Directors may require.

I/We acknowledge that no redemption payment may be made unless the original subscription agreement has been received by the Administrator and all of the necessary anti-money laundering checks have been completed.

I/We acknowledge that there may be an Initial Fee of up to 5% payable in the manner described in the Offering Memorandum.

I/We hereby declare, represent and warrant that:

(a) the Participating Shares are to be purchased with funds that are from legitimate sources in connection with our regular business activities and which do not constitute the proceeds of criminal conduct within the meaning given in the Proceeds of Criminal Conduct Law (2004 Revision) of the Cayman Islands and the Regulations or Guidance Notes issued pursuant thereto;

(b) the amounts being or to be contributed by me/us to the Company were not and are not directly or indirectly derived from activities that may contravene federal, state or international laws and regulations, including anti-money laundering laws and regulations;

(c) I/we understand and agree that the Company prohibits the investment of funds by any persons or entities that are or are acting, directly or indirectly:

    (i) on behalf of terrorists or terrorist organisations, including those persons or entities that are included on the List of Specially Designated Nationals and Blocked Persons maintained by the US Treasury Department's Office of Foreign Assets Control ("OFAC"), as such list may be amended from time to time, or any Executive Order administered by OFAC;
    (ii) for a Senior Foreign Political Figure, any member of a Senior Foreign Political Figure's immediate family or any close associate of a Senior Foreign Political Figure, unless the Company or its delegates, after being specifically notified by us in writing that we are such persons, conducts further due diligence, and determines that such investment shall be permitted; or
    (iii) for a Foreign Shell Bank.

    Such persons or entities in (a) through (c) are collectively referred to as "Prohibited Persons";

(d) I am/we are not, nor is any person or entity controlling, controlled by or under common control with me/us, a Prohibited Person, and

(e) to the extent I am/we are acting as agent or nominee in connection with this investment, or otherwise have any beneficial owners that are not disclosed to the Company;

    (i) I/we have carried out due diligence to establish the identities of such beneficial owners;
    (ii) based on such due diligence, I/we reasonably believe that no such beneficial owners are Prohibited Persons; and
    (iii) I/we will make available such information and any additional information that the Company may reasonably request such as an Eligible Introducer/Financial Intermediary Form, if signing on behalf of an undisclosed principal.

Beneficial owners will include, but not be limited to: (i) shareholders of a corporation; (ii) partners of a partnership; (iii) members of a limited liability company; (iv) investors in a fund-of-funds; (v) the grantor and beneficiaries of an irrevocable trust; (vi) the individual who established an IRA; (vii) the participant in a self-directed pension plan; (viii) the sponsor of any other pension plan; and (ix) any person being represented by us in an agent, representative, intermediary, nominee or similar capacity. If the beneficial owner is itself an entity, the information and representations set forth herein must also be given with respect to its beneficial owners. In the case of a publicly-traded company, I/we acknowledge that I/we need not conduct due diligence as to its beneficial owners.

If any of the foregoing representations and warranties ceases to be true or if the Company no longer reasonably believes that it has satisfactory evidence as to their truth, notwithstanding any other agreement to the contrary, the Company may be obligated to freeze my/our investment, either by prohibiting additional investments, declining or suspending any withdrawal requests and/or segregating the assets constituting the investment in accordance with applicable regulations, or our investment may immediately be involuntarily withdrawn by the Company, and the Company may also be required to report such action and to disclose my/our identity to OFAC or other authority. In the event that the Company is required to take any of the foregoing actions, I/we understand and agree that I/we shall have no claim against the Company or any of its delegates and each of their respective affiliates, directors, members, partners, shareholders, officers, employees and agents for any form of damages as a result of any of the aforementioned actions.

I/We understand, acknowledge, represent and agree that many jurisdictions are in the process of changing or creating anti-money laundering, embargo and trade sanctions, or similar laws, regulations, requirements (whether or not with force of law) or regulatory policies and many financial intermediaries are in the process of changing or creating responsive disclosure and compliance policies (collectively “Requirements”) and the Company could be requested or required to obtain certain assurances from us, disclose information pertaining to us to governmental, regulatory or other authorities or to financial intermediaries or engage in due diligence or take other related actions in the future. I/We understand, acknowledge, represent and agree that it is the Company’s policy to comply with Requirements to which it is or may become subject and to interpret them broadly in favour of disclosure. I/We hereby agree, and by reason of owning any Participating Shares will be deemed to have agreed, that I/we will provide additional information or take such other actions as may be necessary or advisable for the Company (in the Company’s sole judgment) to comply with any Requirements, related legal process or appropriate requests (whether formal or informal) or otherwise. I/We hereby consent, and by reason of owning any Participating Shares will be deemed to have consented, to disclosure by the Company and its agents to relevant third parties of information pertaining to us in respect of Requirements or information requests related thereto. I/We also represent that we shall at all times comply with any Requirements.

I/we understand, acknowledge, represent and agree that the Council Directive 2003/48/EC on taxation of savings income in the form of interest payments (the “Directive”) may apply to my/our investment in the Company. The Directive imposes requirements to collect certain information from investors who have invested in certain funds. The Directive will apply to paying agents in EU Member States and other territories who make certain interest payments to individuals and certain other “residual entities” (but excluding in general terms legal persons) within another EU Member State and other territories. It is possible that the Company may be sufficiently invested in debt claims for the Directive to apply on redemptions and/or distributions.

I/we expressly consent to:

(a) the collection of certain information in respect of me/us and the provision of that information to the appropriate EU tax authority (or other party entitled pursuant to the Directive), together with details concerning the redemption/distribution; and/or

(b) the disclosure of information in relation to any distribution or redemption or other information to any person as required by the Directive.

Accordingly, in order to enable the Company to comply with its obligations under the Directive, I/we may need to provide my/our tax identification number, or in the absence of such a number, confirmation of place of birth and documentary verification (e.g. a duly certified passport or official ID if it confirms the number/place of birth or certificate of residence for tax purposes).

"Foreign Shell Bank" means a foreign bank without a physical presence in any country, but does not include a regulated affiliate. A post office box or electronic address would not be considered a physical presence. A regulated affiliate means a foreign shell bank that: (1) is an affiliate of a depository institution, credit union, or foreign bank that maintains a physical presence in the United States or a foreign country, as applicable; and (2) is subject to supervision by a banking authority in the country regulating such affiliated depository institution, credit union, or foreign bank;

"Senior Foreign Political Figures" means a senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned corporation. In addition, a senior foreign political figure includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure. The immediate family of a senior foreign political figure typically includes the political figure's parents, siblings, spouse, children and in-laws. A close associate of a senior foreign political figure is a person who is widely and publicly known internationally to maintain an unusually close relationship with the senior political figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the senior foreign political figure;

Where I/we accept the offer as nominee for another (a "Beneficial Holder"), I/we hereby acknowledge that the confirmations, representations and warranties given by me/us pursuant to this Subscription Agreement are given both on behalf of me/us and also separately on behalf of each of the Beneficial Holder(s) and consequently, where appropriate, references to me/us in this Subscription Agreement shall be read as references to each of the Beneficial Holder(s). I/we further represent and warrant that I/we have all requisite power and authority from said Beneficial Holders to execute and perform the obligations under this Subscription Agreement.

I/we agree to indemnify and hold harmless the Company, its delegates and each of their respective officers, directors, shareholders, partners, employees and agents (each an "Indemnitee"), against any loss, liability, cost or expense (including attorneys' fees, taxes and penalties) which may result, directly or indirectly, from any misrepresentation or breach of any condition, covenant or agreement set forth herein or in any other document delivered by me/us to the Company.

The rights, obligations and relationships of the parties under the Articles and the Offering Memorandum shall be governed by and construed in accordance with the laws of the Cayman Islands.

PAYMENT INSTRUCTIONS:
Payment in full for the amount subscribed for the Participating Shares of the Company (not less than US$25,000 in respect of the Absolute Macro Diversified Class) is to be made in US Dollars by bank wire transfer to the Segregated Portfolio's bank account as follows:

	Absolute Macro Diversified Segregated Portfolio
Bank:	Wachovia Bank, NA New York
Swift Code:	BNPPUS3NNYC
Account:	Royal Bank of Scotland International Limited
Account No:	2000193009149
Further Credit:	Absolute Inv Funds SPC ABS Macro Diversified SP
For Further Credit Swift Code:	RBOSIMDX

For credit a/c #.:	5880-582 57505
Reference:	“Name of Investor”

OTHER PARTICULARS:

Mailing Address for Share Registration (if different from above):

………

………

Telephone: ……………………………………Fax: ……………………..……………………………

Email Address: ………………………………………………………..……………………………..

Date of Subscription: ………………………………………………………………………….

Name and Address of Remitting Bank: ……………………………………………………………….

……….

………

SIGNATURES: ____

____

Please indicate below how you would like to receive your monthly statements:

☐	Normal mail	☐	Fax
☐	Email	☐	I do not wish to receive a monthly statement

REDEMPTION REQUEST

For Participating Shares of Absolute Investment Funds SPC
In respect of the Absolute Macro Diversified Class
c/o **Trinity Fund Administration Limited**
Oyster Point, Temple Road
Blackrock, Co. Dublin, Ireland

Tel.: +353-1-279 9660 - Fax: +353-1-279 9650

Dear Sirs:

I/We hereby request the redemption of Participating Shares in the following Class of Participating Shares of Absolute Investment Funds SPC (the "Company"):

Absolute Macro Diversified Class **Number of Shares to be redeemed** _________________

OR

I/We hereby request the redemption of:

US$________ worth of Participating Shares of Absolute Macro Diversified Class

I/We understand that, subject to the provisions of the Articles of Association of the Company, a Shareholder of the Company may redeem Participating Shares on each monthly Dealing Day after giving not less than 15 calendar days' written notice of redemption.

Please therefore accept this Redemption Request as written notice of my/our intention to redeem the Participating Shares on the Dealing Day next following the notice period.

I/We look forward to receiving your acknowledgement of receipt of this notice and payment of the net redemption proceeds in accordance with the instructions provided in the attached Redemption Information Form within 15 Business Days after the completion of the Net Asset Valuation calculation, where possible.

I/We acknowledge that no redemption payment may be made unless the original subscription agreement has been received by the Administrator and all of the necessary anti-money laundering checks have been completed.

I/We understand that the payment will be made in US Dollars to an account in my/our name.

Date of request: ___________________________________

Signature: ___________________________________

By (print name): ___________________________________

Title: ___________________________________

On behalf of (entity): ___________________________________

REDEMPTION INFORMATION

Name and Address of Registered Shareholder: ………………………………………………………………………………

………………………………………………………………………………

………………………………………………………………………………

Number of Shares to be Redeemed: ………………………………………………………………………………

Date of Redemption: ………………………………………………………………………………

Name and Address of Receiving Bank: ………………………………………………………………………………

………………………………………………………………………………

………………………………………………………………………………

Provide full wire transfer routing instructions ………………………………………………………….

…………………………………………………………………

…………………………………………………………………

Account Name: ………………………………………………………………………………

Account Number: ………………………………………………………………………………

Mailing Address: ………………………………………………………………………………

………………………………………………………………………………

………………………………………………………………………………

Telephone Number: ………………………………………………………………………………

Telefax Number: ………………………………………………………………………………

Email Address: ………………………………………………………………………………

SAMPLE LETTER FOR INVESTORS USING SOURCE OF FUNDS METHOD DESCRIBED WITHIN THE OFFERING MEMORANDUM (See _ANTI-MONEY LAUNDERING_)

Where subscription monies are being transferred from an account in the Shareholder's name with a financial institution in an Approved Country, Shareholders using this letter should give it to financial institution and have them return it to Trinity Fund Administration Limited, at the same time that the subscription monies are wired. Shareholders using this letter should also ensure that they forward their utility bill or bank statement (being no more than 3 months old) to the Trinity Fund Administration Limited with their Subscription Agreement.

[To be placed on letterhead of the Designated Body remitting payment]

Date

Via mail and facsimile

Trinity Fund Administration Limited
Oyster Point, Temple Road
Blackrock, Co. Dublin
Ireland

Dear Sirs:

Re: Absolute Investment Funds SPC - (the "Fund")
Absolute Macro Diversified Class

Name of Remitting Designated Body;
Address of Remitting Designated Body;
Investor's Drawee Branch Sorting Code;
Name of Subscriber;
Address of Subscriber;
Name of Subscriber Account Being Debited;
Account Number Being Debited;

We have credited the Fund's account for [amount] by order of [subscriber] on [date].

The above information is given in strictest confidence for your own use only and without any guarantee, responsibility or liability on the part of this institution or its officials.

Yours faithfully,

Signed: ________________________________

Full Name: ________________________________

Position: ________________________________