



## **WARWYCK ITS FUND ("CELL 3" OR THE "CELL")**

### **A Cell under Warwyck Phoenix PCC ("PCC" or "The Fund") (SELF MANAGED FUND)**

*(A protected cell company incorporated as a private Company with Limited Liability and converted into a public company on the 3rd May 2016; licensed by the Financial Services Commission as a collective investment scheme, authorised to operate as an expert fund under the laws of Mauritius with registration number C124895 C1/GBL)*

Date: 02 July 2019

## IMPORTANT NOTICE

**This document is strictly confidential and is supplied for the exclusive use of the recipient. Under no circumstances should it be copied or distributed to any person other than the recipient's investment, legal, tax, accounting or other advisors.**

This document (hereinafter the “**Supplemental Memorandum**”) is supplemental to the private placement memorandum dated 21 October 2016, as updated from time to time (the “**PPM**”) relating to Cell 3 and must be read in conjunction with the latter. The provisions of the PPM shall apply, unless otherwise specified herein. Distribution of this Supplemental Memorandum is not authorised in any jurisdiction unless it is accompanied by a copy of the PPM.

If you are in any doubt about the contents of this Supplemental Memorandum or if you are considering subscribing for shares in the Cell, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser.

This Supplemental Memorandum contains information in relation to Cell 3 established by Warwyck Phoenix PCC.

Save as otherwise provided in this Supplemental Memorandum, the conditions and restrictions specified in the PPM apply to the Cell. This Supplemental Memorandum should be read in conjunction with the PPM including the “**Risk Factors**” contained therein. Capitalised terms defined in the PPM shall have the same meanings in this Supplemental Memorandum except where the context otherwise requires.

The Fund is incorporated in Mauritius and holds a Category 1 Global Business Licence issued by the Mauritius Financial Services Commission (“**FSC**”). The FSC does not vouch for the financial soundness of the Fund or the correctness of any statement made in this Supplemental Memorandum with regards to the Fund.

The Fund is also organised as a collective investment scheme under the Mauritius Securities Act 2005 and authorised as an expert fund for the purposes of the Securities (Collective Investment Schemes and Closed-End Funds) Regulations 2008. Investment in an expert fund is only available to persons meeting the criteria of an Eligible Investor (as defined in the PPM).

Investors of Cell 3 are not protected by any statutory compensation arrangements in Mauritius in the event of the Fund's failure.

Prospective investors should carefully review the PPM and this Supplemental Memorandum in their entirety before investing in Cell 3. This Supplemental Memorandum makes no representations regarding the validity of the statements in the PPM. To the extent of any inconsistency between this Supplemental Memorandum and the PPM, the representations made in this Supplemental Memorandum shall be deemed to override those made in the PPM. Investors should not construe the contents hereof as advice relating to legal, taxation, investment or any other matters. Investors are advised to consult their legal, tax, financial and other professional advisors to determine possible legal, tax, financial or other considerations, before making a decision to invest in the Cell. Investors are urged to retain this Supplemental Memorandum for future reference.

The Directors whose names appear on the register of directors as at the date of this document accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Date:

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Director

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Director

## DEFINITIONS

<b>“Assets Under Management” and/or “AUM”</b>	<b>Asset under management is the total market value of all financial assets and non-financial assets for which an asset manager provides continuous and regular supervisory and management services on behalf of investors.</b>
<b>“Class A Participating Shares”</b>	Class A redeemable participating shares of the Fund issued in consideration for subscription in Cell 3.
<b>“Class B Participating Shares”</b>	Class B Participating Shares of the Fund issued in consideration for subscription in Cell 3. The Class B Participating Shares will not be charged any management fee, or any investment advisory fees. Class B Participating Shares of the Fund may invest up to 150% of its Net Asset Value.
<b>“Dealing Day”</b>	The first business day following the Valuation Day or such other day as the Directors may determine as being a day on which participating shares may be issued and on which Investors shall be entitled to have their participating shares redeemed.
<b>“Professional Advisor”</b>	a person who is authorised or entitled in the European Economic Area, or in such other jurisdiction that is in the opinion of the Authority regulated under and in accordance with a legislative and regulatory regime that provides at least equivalent protection to that of the legislative and regulatory regime in Mauritius, to provide investment advice by way of business in respect of collective investment schemes.
<b>“Redemption”</b>	the redemption of Shares in accordance with the terms of redemption.
<b>“Redemption Fee”</b>	a fee of up to 1.00% charged to Investors when they redeem Shares in Cell 3.
<b>“Investor”</b>	any person who subscribes to Shares in the Cell 3.
<b>“Shares”</b>	Class A Participating Shares and/or Class B Participating Shares
<b>“Subscription Agreement”</b>	the agreement which sets out the terms by which an Investor subscribes to Shares in Cell 3 and is applicable to only new Investors.

**“Subscription Amount”**

the Subscription Price, Subscription Fee and any other amount payable by an Investor on subscription in Cell 3, in accordance with the PPM.

**“Subscription Fee”**

a fee up to 1.00% charged to Investors when they subscribe to Shares in Cell 3.

**“Valuation Day”**

The point in time at which the Net Asset Valuation of the Cell will be calculated, and in relation to Cell 3, the last Business Day of each month or such other date as the Board or this Cell Supplement may provide as of which the Net Asset Value per share is calculated.

## **II INVESTMENT OBJECTIVE**

The investment objective of the Cell is to generate returns mainly through investments in selected companies with high growth potential in the Intelligent Transportation Systems (“ITS”) sector. The selected companies will include, but will not be limited to, companies with small and medium market capitalisations.

The PCC’s Board of Directors has the flexibility to shift the Cell’s portfolio allocation from time to time across asset classes and markets around the world, including emerging markets.

## **II INVESTMENT STRATEGY AND DIVERSIFICATION**

The objective of the Cell will be achieved through the acquisition of significant stakes in companies of the ITS sector over a medium term investment horizon.

This may be achieved through, but not limited to, the following investment strategy:

- Up to 150% of investments in the global equity markets;
- Use of derivative instruments;
- Investments in both equity and forex structured products; .
- Borrowing of up to 50% of its assets for investment purposes.

The Cell may invest up to 100% of its assets in securities from a single issuer. The Cell shall equally invest in any other asset class depending on any investment opportunities which may arise from time to time.

## **SSPECIFIC RISK FACTORS**

In addition to the risk factors set forth in the private placement memorandum, the following additional specific risk factors exist in connection with the Cell's investment policy in securities.

**Management Risk:** The success of the Cell’s investments is subject to the ability of the Board of Directors to achieve the Portfolio Fund’s investment objectives.

**Non-Diversification Risk:** If the Cell’s investment in securities represents a relatively significant percentage of the Cell’s portfolio, the value of the portfolio will be more impacted by a loss on that vehicle than if the portfolio were more diversified.

**Interest Rate Risk:** Interest rate risk is the risk that the value of fixed-income vehicles will fall if interest rates increase. These securities typically fall in value when interest rates rise and rise in value when interest rates fall. Fixed income securities with longer periods before maturity are often more sensitive to interest rate changes. Hence when interest rates rise, fixed-income vehicles prices fall and conversely when interest rates fall, fixed-income vehicles prices rise. The longer the time to a bond maturity, the greater the interest rate risks.

**Natural Disasters:** The financial markets are often severely affected by natural disasters such as earthquakes, hurricanes and tsunamis. In the event of a natural disaster in a region of high economic output, financial markets normally sell-off, resulting in a severe decline in market value of all securities. Natural disaster therefore could be detrimental to the Net Asset Value of the Cell.

**Economic Climate:** The reporting of weak economic data such as unemployment figures, house buying, consumer confidence, gross domestic product, inflation etc. can have a direct or indirect impact on the value of a chosen stock.

**Past Performance:** Past performance is no indication of future performance, although investment decisions may contribute some weight to a stocks past performance when deciding to invest in the stock.

**Taxation Risks:** Taxation risk involves the taxation laws of the jurisdiction in which a corporation is domiciled. Local tax laws may impose withholding taxes or other taxes on the payment of dividends on a stock or the payment of interest on a fixed-income security.

**Political Risk:** The value of a specific stock may be affected by uncertainties such as political or diplomatic developments, social and religious instability, changes in government policies, taxation and interest rates, acts of god, war or acts of terror and other political and economic developments in law or regulations and, in particular, the risk of, and change in, legislation relating to the level of foreign ownership of a project.

**Counterparty Risk:** Any monies or assets held by counterparties on behalf of the Fund may be at risk and be unrecoverable if the counterparty defaults.

**Default Risk:** Default risk is the risk that the issuer of the fixed income vehicle defaults with any payment in relation to the fixed income vehicle issued. Lenders and Investors are exposed to default risk in virtually all forms of credit extensions. The global economy is currently experiencing a “sovereign debt crisis” whereby certain member states of the European Union are on the verge of technically defaulting on their sovereign debt.

**Emerging/Developing Country Risks:** The relevant Cell may invest in certain emerging market countries which are more speculative in nature, are subject to greater market fluctuations and risk of loss than normally associated with investments in more developed and more politically and economically stable jurisdictions with more sophisticated capital markets and regulatory regimes, such as the United States and Western Europe.

**Currency Exchange Risk:** Investments may be made which are denominated in currencies other than the base currency of the Cell. Due to currency exchange, there is a risk that any gains in investment value will be off-set against a change in exchange rate.

**The Foreign Account Tax Compliance Act (FATCA):** FATCA is U.S legislation relating to combating tax evasion and the recouping of tax revenues. FATCA requires that non-U.S foreign financial institutions identify and disclose their U.S members or be subject to a 30.00% withholding tax on any U.S sourced income paid on or after the 1st January 2014. Further detail regarding the implementation of this legislation is pending; however, Investors should be aware that certain information on Investor required on subscription of participating shares to the Fund could be disclosed to U.S authorities.

**THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN THIS OFFERING. PROSPECTIVE INVESTORS SHOULD READ THIS ENTIRE MEMORANDUM AND THE PRIVATE**

**PLACEMENT MEMORANDUM AND CONSULT WITH THEIR PROFESSIONAL ADVISERS BEFORE DETERMINING WHETHER TO INVEST IN THE FUND.**

**SUBSCRIPTIONS**

Applications must be made on the form approved for such purpose by the Fund and sent to the PCC, not later than one (1) Business day prior to the Dealing Day (the “**Subscription Notice Period**”).

Subscriptions will be accepted on each Dealing Day after an executed copy of the Fund Transaction Form, Subscription Agreement and the applicable Subscription Amount due in respect of the Shares have been received by the PCC at least one (1) Business Day prior to the relevant Dealing Day.

The acceptance of subscriptions is subject to confirmation of the prior receipt of cleared funds credited to the Cell's account with Warwyck Private Bank Ltd. The Board of Directors reserves the right to reject any application/subscription in its absolute discretion. If an application is rejected, any subscription money received will be refunded at the cost and risk of the applicant without interest. Any interest earned by Cell 3 on subscription monies will be for the benefit of the Cell and the Investor shall have no right to receive interest or other sums from the Cell in respect of such sums.

Shares are being offered for subscription at a net price per share equal to the Net Asset Value per Share of Cell 3 on each Dealing Day.

The minimum initial investment per Investor is EUR 100,000/- or its equivalent in any other currency, excluding any subscription fee. Additional subscriptions are permitted, subject to a minimum net amount of EUR 100,000/- per transaction or its equivalent in any other currency.

The Board reserves the right to alter the above-mentioned subscription requirements at its absolute discretion. The Board, furthermore, reserves the right to receive tradable securities in lieu of or in addition to cash for payment of subscription monies. The Board shall determine the cash value of any such *in specie* subscription.

A Subscription Fee of up to 1% will be charged to the Investor on the subscription of Shares of the Cell and shall be paid to the PCC. The Subscription Fee shall be deducted from the Subscription Amount, and only the net amount shall be invested in the Cell.

A contract note shall be sent by post or email to the applicant on acceptance of the application fifteen (15) Business Days after the relevant Dealing Day, providing details of the transaction and the Investor name/number, which should be quoted in any correspondence by the Investor with the Board.

All Shares will be issued in registered form and the register will be conclusive evidence of ownership. Certificates will not be issued.

Any changes to an Investor's personal details must be notified immediately to the Board in writing. The Board reserves the right to require an indemnity or verification countersigned by a bank, stockbroker or other party acceptable to it before it can accept instructions to alter the register.

A statement of holdings will be sent by post or email to Investors within fifteen (15) business days of the Net Asset Value having been approved by the Board of Directors of the Fund and upon request to the Fund.

## **SHARE CAPITAL**

Cell 3 shall have a share capital which shall be made up of both Class A Participating Shares and Class B Participating Shares issued initially at a price of EUR 1,000 and in accordance with the terms of this Supplemental Memorandum.

## **RREDEMPTIONS**

An Investor wishing to redeem all or part of its Shares shall serve to the PCC, a duly completed and signed Fund Transaction Form by facsimile, email or by post specifying Cell 3, the number or value of Shares to be redeemed and quoting the relevant Investor name or number. The Board will be deemed to be authorised to make such redemption if instructed to do so by any person purporting to be the Investor.

Redemption will take place on the applicable Dealing Day if the Fund Transaction Form is received on or before the 5<sup>th</sup> day of the month and the calculation of the Redemption Price will be based on the Net Asset Value of the Shares of the redeeming Investor applicable for the current month. Where the Fund Transaction Form is received after the 5<sup>th</sup> of the month, the calculation of the Redemption Price will be based on the Net Asset Value of the Shares of the redeeming Investor applicable for the following month.

Redemption of part of a holding of Shares may be refused if, as a result of such redemption, an Investor would then hold Shares with a value of less than EUR 100,000.

The Directors may, in their absolute discretion, refuse to redeem any Participating Shares if in their opinion Cell 3 does not have sufficient cash resources to complete the redemption and/or in the event the Directors believe that such an action will be materially detrimental to the remaining Investors. The Directors will notify the Investor of such refusal. The Directors shall not be required to sell any assets or borrow any monies to obtain the resources to redeem any Participating Shares. If the Cell does not complete the redemption on the Dealing Day requested then the redemption request shall be processed on such Dealing Day where sufficient cash resources are available unless advised otherwise by the Investor .

A partial redemption request for an amount of less than EUR 15,000/- will not be accepted. The Board has the right to require the compulsory redemption of all Participating Shares held by an Investor at its sole discretion. Any such compulsory redemption will be made at the Net Asset Value per share on the next Valuation Day following the issuance of a notice of redemption to the Investor.

Shares will be redeemed on the Dealing Day at a redemption price which is equal to the Net Asset Value per share of the Participating Shares at the relevant Valuation Day and payment of the redemption proceeds will be made fifteen (15) Business days after the respective Dealing Day.

Redemption Fee of up to 1% will be charged to the Investor on the redemption of the Shares and shall be paid to the PCC. The Redemption Fee is based on the redemption proceeds, in which case, the net redemption amount shall be paid to the redeeming Investor.

Settlement will be effected by telegraphic transfer in accordance with the redeeming Investor's instructions. All redemption monies will be paid in Euro. In all cases, payment will be effected at the risk of the redeeming Investor and bank charges will be borne by the Investor . In addition, it should be noted that payments will only be made to the relevant Investor, and not to any third party whatsoever.

The Board reserves the right to vary any of the redemption requirements of Cell 3.

## **TRANSFER OF SHARES**

An existing Investor wishing to transfer any of its Shares to another party shall notify the Fund in writing. The transfer will be accepted after an executed copy of the Share Transfer Form has been received by the Fund, specifying Cell 3, the number and value of Shares to be transferred and quoting the name of both the transferor and transferee. The transfer of shares should be equivalent to an amount of at least EUR 100,000/-

## **DIVIDEND POLICY**

The Directors do not anticipate that any dividends shall be paid to Investors out of the Cell's earnings and profits, but rather such income will be reinvested. The Directors reserve the right to change this policy.

## **FEES AND EXPENSES**

### **1. INITIAL ORGANISATION COSTS**

Cell 3 shall pay to the Fund a proportional part of the costs and expenses associated with the initial organisation of the Cell of USD 5,000 as disclosed in the private placement memorandum. These costs include professional fees and expenses in connection with the preparation of the Fund's information documents, and the preparation of its corporate documents and contracts and the relevant Supplemental Memorandum. These costs and expenses shall become due at the end of the first financial year.

### **2. MARKET RESEARCH FEES**

Cell 3 shall pay an annual fee of up to 1% (one per cent) based on the AUM of Class A Participating Shares, for the provision of services related to research and financial analysis .

Fees are calculated and accrued as at the Cell's Valuation Day. Such fees are payable quarterly in arrears, within 15 (fifteen) business days of the Valuation day. .

### **3. CUSTODIAN FEES**

Cell 3 shall pay a custodian fee to Warwyck Private Bank Ltd for the provision of Custodial services. A yearly flat fee of EUR 28,000 (twenty eight thousand euros) will be charged to the Cell and will be payable on a monthly basis.. The custodian fee charged will be subject to a yearly review

Fees are calculated and accrued as at the Cell's Valuation Day.

### **4. FEES OF PRIME BROKER**

Should a Prime Broker be enlisted to provide prime brokerage services to the Cell, the Prime Broker and custodial services shall be charged and expenses reimbursed on commercial terms from the Cell for which fees are charged at prevailing commercial rates. Fees payable to the Prime Broker will be subject to review from time to time.

### **5. MANAGEMENT FEES**

The Fund shall receive management fees of up to 0.2%, calculated on the AUM of the Cell together with a fixed fee of EUR 10,000 per annum, with respect to Class A only. Both fees to be payable quarterly in arrears, within 20 (twenty) days of the Valuation day.

Fees are calculated and accrued as at the Cell's Valuation Day.



## **6. PERFORMANCE FEES**

The Fund shall be paid by Cell 3, a monthly performance fee which shall be calculated as follows:

- The PCC is entitled to earn a performance fee (the "Performance Fee") as compensation for outperforming the High Water Mark ("HWM"); the HWM is the greater of the currency amount per Share at the launch of the Cell or the Net Asset Value per Share at which the last performance fee was paid, subject to a hurdle equivalent to any unrealized gains generated such that Performance Fee is payable on realized gains only.
- The Performance fee will be calculated in respect of each performance period which is on the valuation day of each month ("Performance Period"). The initial Performance Period for each Share is set on the launch of that Share class and runs to the end of the current month.
- The Crystallization Day is the valuation day on which the Performance Fee will crystallise and become payable.
- The Performance Fee, with respect to Class A Participating Shares, is 20% (twenty per cent) of the currency amount.
- The Performance Fee, with respect to Class B Participating Shares, is 30% (thirty per cent) of the currency amount.
- The Performance Fee, if any, shall be paid in arrears after the end of each Performance Period within 15 (fifteen) Business Days.
- If an Investor subscribes for Shares at a time other than a Crystallisation Day, adjustments with respect to the shareholding of the individual investor may be made to reduce inequities that could otherwise result to the investor or to the PCC. Such adjustments shall not have any impact on the portfolio value of the particular investor.

If an Investor redeems all or part of his Shares before the end of the Performance Period, any accrued performance fee with respect to such redeemed Shares will be crystallised on that Dealing Day and will then become payable to the PCC.

## **7. SUBSCRIPTION FEES**

A subscription fee of up to 1% (one per cent) shall be charged to Investors upon subscription of Shares in respect of Cell 3 and shall be paid to the PCC.

## **8. REDEMPTION FEES**

A redemption fee of up to 1% (one per cent) shall be charged to Investors upon redemption of Shares in respect of Cell 3 and shall be paid to the Fund.

## **9. SWITCHING FEES**

A switching fee of 0.15% (zero point fifteen per cent) will apply, instead of redemption and subscription fees, in the event that an investor redeems his/her investments in the Cell and subscribes to another cell of the PCC.

## **10. ADDITIONAL EXPENSES**

Additional fees may be charged to Cell 3, in the event that the Cell incurs additional costs and/or unforeseen expenses in the performance of its activities.

**THE CURRENT APPLICABLE TARIFF FOR THE FEES MENTIONED ABOVE ARE SET**

**OUT IN SCHEDULE 1 OF THIS SUPPLEMENTAL MEMORANDUM.**

## **NET ASSET VALUATION AND ANNUAL ACCOUNTS**

The Directors of the Fund in relation to Cell 3 agree to compute and provide the following reports to Investors, each in a form acceptable to the Directors and prepared in accordance with International Accounting Standards.

### **NET ASSET VALUE**

The Net Asset Value per Share of the Cell on each Valuation Day will be computed by the Fund and reported to the Investors within 15 business days .

### **ANNUAL AUDITED FINANCIAL STATEMENTS**

Annual audited financial statements shall be reported in Euro and will be provided to Investors, by email, within ninety (90) business days after each financial year-end. The annual audited financial statements will also be available on the website of the Company.

Whilst the Cell will endeavour to provide the aforementioned by the time deadlines stated, the Cell shall not be held liable for any delays in providing the relevant reports and/or publishing the relevant information which result from unexpected contingencies, such as delays in receiving necessary information from which to prepare such reports or information; equipment failure; fire or other physical damage to office or equipment or power failures.

The audited financial statements shall be kept at the registered office of the Board and filed with the FSC within 3 months of the financial statement period end, or any such other time as determined by the FSC.

## SCHEDULE 1 Warwyck ITS Fund

### 1. Subscription Fees

Nominal amount	Applicable rate
<b>Up to 1,000,000</b>	1.00%
<b>From 1,000,001 to 5,000,000</b>	0.60%
<b>From 5,000,001 to 10,000,000</b>	0.40%
<b>From 10,000,001 to 50,000,000</b>	0.30%
<b>From 50,000,001 to 100,000,000</b>	0.20%
<b>above 100,000,001</b>	0.05%

### 2. Redemption Fees

A redemption fee of 1% will be applicable if investor redeems within 3 months following his investment irrespective if the holding value is below the nominal value.

A redemption fee will be applicable as a % of the nominal amount if Investor redeems after 3 month following his investment.

The applicable rate for the redemption fee will depend on the redemption amount as per below:

Redemption amount	Applicable rate
<b>Up to 1,000,000</b>	1.00%
<b>From 1,000,001 to 5,000,000</b>	0.80%
<b>From 5,000,001 to 10,000,000</b>	0.60%
<b>From 10,000,001 to 50,000,000</b>	0.40%
<b>From 50,000,001 to 100,000,000</b>	0.20%
<b>above 100,000,001</b>	0.10%

No redemption fee shall be applicable if client holding is below nominal value.

No redemption fee shall be applicable if holding amount after redemption fee is less than nominal.

### 3. Additional Fees

Fees	
<b>Performance fee (Class A)</b>	20.00%
<b>Performance fee (Class B)</b>	30.00%
<b>Switching fee</b>	0.15%
<b>Custodian fee</b>	EUR 28,000
<b>Market Research fees (Class A)</b>	0.8%
<b>Variable Management Fee (Class A)</b>	0.20%
<b>Fixed Management Fee(Class A)</b>	EUR 10,000