



Britannica Capital

Comprehensive Fund Disclosure
& Compliance Guide

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1. Regulatory & Compliance Framework

Britannica Capital's funds operate under offshore and U.S. regulatory exemptions, ensuring global compliance while optimizing fund structure for institutional and accredited investors.

Each fund is subject to various reporting obligations, tax regulations, and investor eligibility criteria, which investors must understand before subscribing.

1.1 Fund Jurisdiction & Regulatory Oversight

Britannica Capital's investment funds are domiciled in offshore financial centers that provide a favorable regulatory environment for alternative investments.

- ✓ Britannica Fund (Hedge Fund): Domiciled in BVI, structured as a Approved Fund under the BVI Financial Services Commission (FSC).
- ✓ Britannica Preferred (Structured Credit Fund): Registered under offshore collective investment vehicle frameworks, with governance in BVI.
- ✓ Britannica Debt (Fixed-Yield Fund): Structured as a private credit vehicle under exempt securities offerings.

1.2 U.S. & International Investor Exemptions

Britannica Capital's funds are not registered under the U.S. Investment Company Act of 1940 and operate under Regulation D and Section 3(c)(7) exemptions.

| Regulatory Exemption | Applicability |
|---|--|
| SEC Rule 506(c) / Regulation D | U.S. accredited investors (HNWIs & institutions) |
| Section 3(c)(7) of the Investment Company Act | Exempts hedge funds from SEC registration |
| BVI / Cayman Professional Investor Rules | Offshore regulatory framework |
| MiFID II & AIFMD Compliance (EU Investors) | Applies to select investors in Europe |

Investor Eligibility:

- ✓ U.S. Investors: Must be qualified as an “Accredited Investor” (the “Investors”) as defined within Regulation D as promulgated by the U.S. Securities and Exchange Commission.
- ✓ Non-U.S. Investors: Must meet offshore fund eligibility standards under BVI FSC or Cayman CIMA regulations.

1.3 FATCA, CRS, and Tax Compliance

Britannica Capital's funds comply with global tax reporting regulations, including:

- ✓ Foreign Account Tax Compliance Act (FATCA): U.S. investors must provide IRS Form W-9 for tax withholding.
- ✓ Common Reporting Standard (CRS): Non-U.S. investors may be subject to automatic tax reporting under OECD rules.
- ✓ Withholding Tax Considerations: Certain distributions may be subject to withholding tax, depending on investor domicile.

Investors are responsible for consulting tax professionals to determine their personal tax obligations related to fund investments.

1.4 Anti-Money Laundering (AML) & Know Your Customer (KYC) Procedures

All investors must undergo AML/KYC verification before subscribing to Britannica's funds. This includes:

- ✓ Identity verification – Passport, government-issued ID, proof of residence.
- ✓ Source of funds declaration – Ensuring compliance with AML laws.
- ✓ Beneficial ownership disclosures – Required for institutional investors & trusts.

Britannica Capital follows strict anti-money laundering regulations in BVI, Cayman, and the U.S., and reserves the right to reject investors who do not meet compliance standards.

1.5 Fund Governance & Audits

- ✓ Independent Fund Administrators – Ensure transparent NAV calculations & investor reporting.
- ✓ Annual Audits by Third-Party Firms – Compliance with GAAP or IFRS accounting standards.
- ✓ Regulatory Filings – Offshore filings submitted to BVI FSC, Cayman CIMA, and other applicable authorities.

Funds are structured with robust governance controls to protect investor interests and ensure regulatory adherence.

2. Conflicts of interest

Investors should be aware that Britannica Capital, its affiliates, and fund managers may have interests that could conflict with those of investors. Britannica Capital maintains strict internal policies and compliance oversight to mitigate potential conflicts, but investors should carefully review the following considerations.

2.1 Fund Manager Compensation & Performance Incentives

- ✓ **Incentive Fees:** Britannica Fund and Britannica Preferred allocate a percentage of profits to fund managers. This may incentivize risk-taking, as managers receive higher compensation when the fund performs well.
- ✓ **High-Water Mark Protections:** Britannica Fund employs a high-water mark mechanism to ensure investors are not charged incentive fees on prior losses.
- ✓ **Performance-Linked Compensation:** Portfolio managers and investment teams are compensated based on fund performance, aligning interests with investors while still creating potential conflicts regarding risk appetite.

2.2 Proprietary Trading & Personal Investments

- ✓ **Fund Managers May Invest in Britannica's Funds:** Employees and affiliates of Britannica Capital may invest their own capital in the funds, creating alignment of interests but also potential conflicts in trade allocations.
- ✓ **Proprietary Trading Accounts:** Britannica Capital and its affiliated entities may engage in proprietary trading strategies that could overlap with the fund's positions, leading to execution priority conflicts.

Mitigation Measures:

- **Pre-Trade Compliance Review:** Proprietary trades undergo internal review to ensure no preferential treatment over fund investments.

2.3 Allocation of Investment Opportunities

✓ **Fund Allocation Across Multiple Clients:** Britannica Capital manages investments across multiple funds and separately managed accounts (SMAs). This may lead to preferential allocations to certain funds or clients.

✓ **Trading Execution Priority:** When executing trades, Britannica Capital may allocate limited investment opportunities among multiple funds, which could result in one fund receiving a better entry or exit price.

Mitigation Measures:

- **Fair Allocation Policy:** Investments are proportionally allocated across funds based on predefined criteria.
- **Best Execution Standards:** Trades are executed under strict pricing and fairness policies.

2.4 Related Party Transactions & Service Providers

✓ **Use of Affiliated Service Providers:** Britannica Capital may engage related parties or affiliated companies for services such as custody, legal structuring, and fund administration.

✓ **Broker-Dealer Arrangements:** Funds may execute trades through affiliated brokerage firms, which could generate additional fees for Britannica Capital.

✓ **Third-Party Marketing & Distribution Fees:** Britannica may compensate third-party advisors, consultants, or placement agents for introducing investors to its funds.

Mitigation Measures:

- **Fee Transparency:** All related-party transactions and brokerage fees are disclosed in offering documents.
- **Independent Fund Administration:** Britannica Capital uses third-party administrators and auditors to ensure accurate reporting and compliance.

2.5 Cross-Trading & Affiliate Transactions

✓ Funds May Trade with Each Other: Britannica-managed funds may engage in cross-trades, where one fund sells assets to another Britannica-affiliated entity. This may create valuation and fair pricing concerns.

✓ Affiliate Transactions: Certain Britannica-affiliated funds or entities may invest in the same assets, leading to potential conflicts in trade execution, voting rights, or exit strategy timing.

Mitigation Measures:

- Independent Pricing & Fair Market Valuation: Cross-trades must be executed at prevailing market prices or independently verified valuations.
- Restricted Affiliate Investments: Britannica limits inter-fund transactions to ensure independence of investment decisions.

2.6 Fund Manager Discretion in Valuation of Illiquid Assets

✓ Hard-to-Value Securities: Some assets, such as private credit investments, distressed debt, and structured credit, do not have transparent market prices.

✓ Valuation Subjectivity: Fund managers may have discretion in assigning valuations to illiquid holdings, which could affect NAV calculations and investor redemptions.

Mitigation Measures:

- Third-Party Valuation Agents: Illiquid assets undergo independent valuation reviews.
- Audit Oversight: External auditors validate fair value assessments annually.

3. Governance & Fund Administration

Britannica Capital maintains a robust governance framework to ensure investor protection, operational transparency, and regulatory compliance. The fund's governance structure is designed to mitigate risk, oversee investment decisions, and maintain best practices in fund administration.

3.1 Fund Management Structure

Britannica Capital's funds are managed by Britannica Capital Management LLC, which is responsible for:

- ✓ Investment strategy & portfolio allocation – Directing capital allocation across asset classes.
- ✓ Risk management & compliance oversight – Ensuring the fund operates within risk limits and regulatory guidelines.
- ✓ Investor relations & reporting – Providing timely updates, audited financials, and performance reporting.

The fund's investment team consists of experienced portfolio managers, research analysts, and risk officers, who collectively execute the fund's strategic objectives.

3.2 Third-Party Fund Administrators & Custodians

Britannica Capital employs third-party fund administrators and custodians to ensure independent valuation, reporting, and regulatory compliance.

✓ **Fund Administration Services:**

- NAV Calculation & Reporting: Ensures transparent and accurate fund valuation.
- Investor Subscription & Redemption Processing: Manages capital inflows and withdrawals.
- Regulatory Filings: Prepares and submits financial reports to relevant regulatory bodies.

✓ **Custodian Services:**

- Secure Asset Safekeeping: All securities and assets are held with regulated custodians.
- Transaction Settlements: Custodians handle all trade clearances and cash transfers.
- Compliance with Global Custody Standards: Adheres to financial industry best practices for asset protection.

Britannica Capital works with tier-one custodians, fund administrators, and accounting firms to ensure operational integrity.

3.3 Independent Auditors & Annual Financial Reporting

- ✓ Annual Audits: Britannica's funds undergo independent third-party audits to verify financial performance, valuations, and internal controls.
- ✓ Compliance with GAAP or IFRS Standards: Financial statements adhere to Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS), depending on jurisdiction.
- ✓ Investor Access to Audited Financials: Annual reports and audited statements are made available to investors.

Independent audits ensure transparency, financial accuracy, and adherence to international accounting regulations.

3.4 Regulatory Compliance & Internal Controls

Britannica Capital maintains strict internal compliance policies to ensure regulatory alignment and investor protection. The fund adheres to:

- ✓ AML & KYC Regulations – Anti-Money Laundering (AML) and Know Your Customer (KYC) protocols apply to all investors.
- ✓ Data Privacy & Cybersecurity Measures – Safeguards investor information from unauthorized access or cyber threats.
- ✓ Best Execution & Trade Oversight – Ensures fund transactions are executed at market-best pricing and fairness.
- ✓ Regular Compliance Reviews & Risk Assessments – Internal and external compliance audits are conducted to maintain regulatory alignment.

Fund governance is structured to ensure that investment decisions, risk controls, and financial operations remain transparent, secure, and in compliance with applicable laws.

4. Disclosures & Forward-Looking Statements

This section provides critical disclaimers and legal disclosures to ensure investors understand the limitations, risks, and non-guaranteed nature of investment performance.

4.1 No Guarantee of Returns

✓ Past performance is not indicative of future results. Any historical returns, projected performance, or probability estimates provided in fund materials may not reflect actual future results.

✓ All investments carry risk, including the potential loss of capital. Britannica Capital does not guarantee returns or capital preservation.

Investors should be prepared for market fluctuations, losses, and unforeseen risks that may impact fund performance.

4.2 Forward-Looking Statements & Market Assumptions

✓ This document contains forward-looking statements based on proprietary models, market assumptions, and economic forecasts.

✓ Actual performance may deviate materially from expectations due to market volatility, credit events, regulatory changes, or portfolio management decisions. Forward-looking statements should not be relied upon as factual predictions and are subject to revision based on evolving market conditions.

4.3 Investment Eligibility & Suitability

✓ These funds are only available to accredited and qualified investors who meet legal and regulatory requirements.

✓ Investments may not be suitable for all individuals. Investors should conduct independent research and consult financial, tax, and legal advisors before investing.

By subscribing to any Britannica Capital fund, investors acknowledge that they understand and accept the risks associated with alternative investments.

4.4 Confidentiality & Non-Distribution

✓ This document is strictly confidential and may not be copied, distributed, or shared without Britannica Capital's written consent.

✓ Unauthorized distribution of fund materials may result in legal action. All fund terms, investment strategies, and proprietary research are protected by non-disclosure agreements (NDAs) and investor confidentiality clauses.

4.5 Legal & Regulatory Acknowledgment

✓ This document does not constitute an offer to sell or a solicitation to buy securities.

✓ All investments are subject to the terms of the Private Placement Memorandum (PPM), Subscription Agreement, and other governing documents.

✓ Investors must review and accept all fund terms before making an investment.

By proceeding with an investment, investors acknowledge they have read and understood all disclosures, risk factors, and fund terms outlined in this document.

Final Note & Investor Certification

This risk disclosure serves as a comprehensive overview of Britannica Capital's investment funds, governance, and potential risks. Investors should review all supporting fund materials, legal agreements, and compliance requirements before making investment decisions.

- ✓ For complete legal terms, refer to the Private Placement Memorandum (PPM).
- ✓ For tax considerations, consult a licensed tax professional.
- ✓ For regulatory questions, contact Britannica Capital's compliance team.

Investors must sign an acknowledgment form confirming their understanding of this document before subscribing to a Britannica Capital fund.