



**PIM**  
CAPITAL

**PIM Capital Specialist PCC**

**Xhaos Special Opportunities Fund**

**PIM Capital Specialist PCC**  
**("the Company")**

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**Fund Name: Xhaos Special Opportunities Fund**

This Supplement to the Private Placement Memorandum ("PPM") is distributed on a confidential basis in connection with a private offering of shares (the "Cell Shares") in the Xhaos Special Opportunities Fund (the "Fund"), none of which will be issued to any person other than a person to whom a copy of this Supplement is delivered and is intended solely for the use of the person to whom it has been delivered. It shall not be deemed to be a prospectus or any other document that might be deemed to be an offer of shares to the public.

**The contents of this Supplement to the PPM are not to be construed as a recommendation or an advice to any person or investor in relation to the subscription, purchase, holding or disposition of any Cell Share. Prospective Investors should consult their professional, tax, legal, financial and other advisors on the possible consequences of subscribing to, purchasing, holding or disposing of the Cell Shares under the Applicable Law of the jurisdiction to which they are subject. The contents of this Supplement are for information purpose only.**

**Any information given or representation made by any dealer, salesman or other person and (in each case) not contained herein should be regarded as unauthorised and, accordingly, should not be relied upon. The delivery of this Supplement shall not under any circumstances, constitute a representation that the information contained or representations made in this Supplement are correct as of any time subsequent to the date hereof.**

**Cell Shares are only available to Expert Investors.** An Expert Investor is defined as:

- (i) an investor who makes an initial investment, for his own account, of no less than US\$100,000; or
- (ii) persons meeting the criteria of sophisticated investors as defined in the Mauritius Securities Act 2005 or any similarly defined investor in any other securities legislation. The minimum initial investment of an investor to the fund for its own account will be US\$ 100,000.

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

***The Mauritius Financial Services Commission does not vouch for the financial soundness of the Fund or for the correctness of any statements made or opinions expressed with regard to it.***

## IMPORTANT NOTICE

THIS DOCUMENT IS A SUPPLEMENT TO THE PPM ISSUED BY THE COMPANY. THIS SUPPLEMENT CONTAINS ONLY THE PARTICULARS OF THE CELL SHARES BEING OFFERED HEREIN AND MUST BE READ IN CONJUNCTION WITH THE PPM.

The offering contemplated in this Supplemental is not and shall not under any circumstances be construed as a public offering of the Cell Shares described herein.

The Company is a protected cell company incorporated in Mauritius and holds a Global Business Licence issued by the Financial Services Commission (“FSC”) of Mauritius. A protected cell company provides for the establishment of cells, each representing a portfolio of investments with its own specific strategy, investment policy and objective. Investors are issued shares in each cell, which is referred to hereafter as the Fund. This Supplement has been filed with the FSC in order to obtain an authorisation pursuant to the Mauritius Securities Act 2005 (the “**Securities Act 2005**”) and Securities (Collective investment schemes and closed-end funds) Regulations 2008 to operate as a collective investment scheme and an “Expert Fund” , but may not be filed with or approved or disapproved by any other regulatory authority of any other country or any other jurisdiction, nor has any such regulatory authority, including the FSC, passed upon or endorsed the merits of this offering.

This Supplement is confidential and intended solely for the use of the person to whom it has been delivered and solely and exclusively for the purpose of evaluating a possible investment in the Cell Shares described herein and is not to be reproduced or distributed to any other persons (other than professional advisers of the prospective investor receiving this document) or used, in whole or in part, without the consent of the Directors. By accepting delivery of this Supplement, you agree to the foregoing, and agree to return this Supplement (and any accompanying documentation) to the Fund if you do not purchase the Cell Shares in the Fund.

The value of the investments of the Fund, which may be designated in any currency, may rise or fall due to global market conditions and exchange rate fluctuations of individual currencies. Prospective investors should be aware that the price of Cell Shares and the income from them can go down as well as up and they may not realise their initial investment. Your attention is drawn to **Part IV** of the PPM titled “**RISK FACTORS**”.

**Investors in the Fund are not protected by any statutory compensation arrangements in Mauritius in the event of the Fund’s failure.**

**An investment in the Fund is only suitable for Expert Investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to bear any loss which might result from such investment. Prospective investors should not treat the contents of this Supplement as advice relating to the investment or legal or taxation matters. It is recommended that, prospective investors consult their stockbroker, bank manager, legal advisors and other professional advisors to understand the contents of this Supplement.**

No unauthorised person may issue any advertisement or give any information, or make any representations in connection with any offering, subscription or sale of Cell Shares, other than those contained in this Supplement and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Company. Neither the circulation and / or delivery of this document nor the allotment or issue of Cell Shares shall under any circumstances create any implication that there has been no change in the financial position or affairs of the Fund since the date hereof.

Statements made in this Supplement are based on the law and regulations of Mauritius as currently in force and are subject to changes in such law and regulations. This Supplement does not constitute an offer to sell or a solicitation of an offer to buy the Cell Shares in the Fund in any state or other jurisdiction where, or to any person or entity to whom, it is unlawful to make such offer or solicitation or where the registration or other legal requirements of that state or jurisdiction have not been complied with.

The Directors of the Company accept responsibility for the information contained in this Supplement. 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 Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. Unless otherwise indicated herein, the opinions expressed in this document are those of the Directors. No unauthorised person may give any information or make any representation concerning the Fund other than the information contained in this document, and, if given or made, such information or representation must not be relied upon as having been authorised by the Fund.

The statements and information contained in this Supplement have been compiled as of **01 October 2022** unless otherwise stated herein, from sources believed to be reliable. Neither the delivery of this Supplement nor any offer, allotment or issue of any Cell Shares shall under any circumstances create any implication or constitute a representation that the information given in this Supplement is correct as of any time subsequent to the date hereof.

The information in this Supplement is qualified in its entirety by the agreements and documents referred to herein and by the Constitution. Copies of the Supplement, PPM and the Constitution of the Company together with a copy of the global business license issued by the FSC are available for inspection at the registered office of the Company.

## 1. DEFINITIONS

In this document, unless the context otherwise requires, the following expressions shall bear the following meanings respectively:

“Broker”	: Any person duly authorised in the territory that they operate to sell investment product to an investor
“Business Day”	: Any business day when banks are open for business in South Africa and Mauritius
“Cell Shares”	: Redeemable non-voting shares issued by each Fund of the Company and carrying the rights attached to such shares pursuant to the terms of issue thereof
“Company”	: PIM Capital Specialist PCC
“Company Secretary”	: The Company Secretary appointed by the Company as defined in the PPM
“Constitution”	: The constitution of the Company dated 27 July 2017 and as may be amended from time to time
“Core Shares”	: Non-redeemable voting shares of the Company which are not classified as Cell Shares and carrying the rights attached thereto pursuant to the Constitution
“Custodian”	: Peresec International Limited
“Dealing Day”	: The Business Day or Business Days on which participating shares are issued, transferred, switched and/or redeemed and/or such other Dealings Days as the Directors shall determine and notify to Shareholders in advance provided that such Dealing Days occur at regular intervals.
“Distributor”	: Any person duly authorised in the territory that they operate to sell investment product to an investor
“Dollar” or “US\$” or “USD”	: United States Dollar
“Fund”	: Xhaos Special Opportunities Fund
“Manager”	: The Manager appointed from time to time as further detailed in the PPM
“Net Asset Value” or “NAV”	: The market value of a Fund

“Net Asset Value Per Cell Share”	: The Net Asset Value divided by the number of Cell Shares in issue with respect to a particular Fund (commonly referred to as the unit price or share price or share price)
“Settlement Date”	: Two (2) Business Days after the relevant Dealing Day for subscriptions and five (5) Business Days after the relevant Dealing Day for redemptions as further detailed in section 4 below.
“Shareholder”	: Holder of Core Shares or of Cell Shares, as the case may be
“Supplement”	: This supplement as the same may be amended from time to time
“Valuation Day”	: Any Business Day

## 2. INVESTMENT OBJECTIVE AND STRATEGY

### 2.1 Objective

The primary objective is to achieve sustainable capital growth consistently over time utilising trading strategies in highly liquid instruments across multiple currencies and asset classes.

### 2.2 Investment Strategy

The Fund will be constructed by investing both in funds managed by external managers and in individual securities with the objective of investing across asset classes and investment styles. These asset classes include but are not limited to hedge funds, listed and unlisted equities, bond instruments, derivatives, both exchange-traded and over the counter or any other instrument as selected by the Investment Manager without any particular focus on industry or geographic region. The Fund will invest in any strategy or asset class capable of delivering, in the opinion of the Investment Manager, a superior risk return profile. The Fund's asset allocation model will mean that from time to time, some of the aforementioned asset classes may not exist in the portfolio. The multi-manager concept is utilised to create a simple but effective means of structuring a diversified portfolio to match the broad risk profiles of investors whilst optimising returns.

By combining asset classes and investment styles, the portfolio will be better able to reduce an investor's exposure to the risk of any one asset class or investment style. Each asset class may be diversified across various specialist managers. We will, however, restrict the number of managers in the Fund.

The Investment Manager will undertake both tactical and strategic asset allocation within the Fund. Over time, strategic long-term target allocations are the most important determinant of total return for a broadly diversified portfolio.

Tactical asset allocation is a dynamic strategy that actively adjusts a portfolio's strategic asset allocation based on short-term market forecasts. Its objective is to exploit inefficiencies or temporary imbalances in the market by making adjust in the shorter term to both take advantage of these movements and reduce the overall volatility of the Fund.

We believe in the use of both active and passive managers within the construction of the portfolio in order to extract the best of both these investment strategies. The funds will make use of active managers which we believe will be able to add value in the longer term through the use of their stock picking skills. We will only invest in high conviction managers and will attempt to limit the numbers of managers.

A combination of both large well-established investment houses and smaller boutique managers will be used in order to maximise the potential alpha that can be extracted from the active manager allocation.

The selection of such funds will be achieved by a systematic selection process that is primarily driven by combining quantitative and qualitative evaluation criteria. The allocation of assets between underlying funds and assets can change over time. A multi-strategy, multi asset class approach, as the name suggests, involves allocating investments across the full range of traditional or alternative investment strategies depending on where the best opportunities can be found. The Fund may also invest in underlying funds that the Investment Manager has a vested interest by virtue of being appointed Investment Manager or in a capacity for which a fee may be earned.

The term "alternative investment strategies" relates to strategies which are primarily based on the particular skill or trading method of the person taking the investment decisions rather than on the simple consistency of return inherent in debt instrument investing or the participation in economic growth cycles provided by long positions in equities. Alternative investment strategies aim to be profitable even during periods when the values of traditional asset classes may be generally declining, and to produce returns that have a low correlation (but not necessarily negative) to those markets.

The following sets out some examples of the types of strategies that could be used by the investment managers of underlying funds to which the Fund could be exposed:

- (a) **Convertible Arbitrage** involves purchasing a portfolio of convertible securities, generally convertible bonds, and hedging a portion of the equity risk by selling short the underlying common stock.
- (b) **Distressed Securities** strategies invest in, and may sell short, the securities of companies where the security's price has been, or is expected to be, affected by a distressed situation. This may involve reorganisations, bankruptcies, distressed sales and other corporate restructurings. Investments may be made in bank debt, corporate debt, trade claims, common stock, preferred stock and warrants. Strategies may be sub-categorised as "high-yield" or "orphan equities".

- (c) **Equity Hedge** typically consists of a core holding of long equities hedged with short sales of stocks or stock index options.
- (d) **Event-Driven** involves investing in opportunities created by significant transactional events, such as spin-offs, mergers and acquisitions, bankruptcy reorganisations, recapitalisations and share buybacks.
- (e) **Fixed Income Arbitrage** seeks to exploit pricing inefficiencies between related fixed income securities while neutralising exposure to interest rate risk. Fixed Income Arbitrage is a generic description of a variety of strategies involving investment in fixed income instruments and weighted in an attempt to eliminate or reduce exposure to changes in the yield curve. Fixed Income Arbitrage attempts to exploit relative mispricing between related sets of fixed income securities. The generic types of fixed income hedging trades include yield-curve arbitrage, corporate versus Treasury yield spreads, municipal bond versus Treasury yield spreads and cash versus futures.
- (f) **High yield** seeks maximum current income and price appreciation by investing in bonds that are rated below investment grade. These bonds have a higher risk of defaulting but have typically a substantially higher yield coupon than bonds with investment grade status.
- (g) **Long/Short Equity** style includes investment strategies that trade long and short without any necessary restriction on the degree of net long or short exposure they adopt. They aim to profit from identifying stocks deemed to be under-valued or over-valued on an outright basis: an approach commonly known as "stock-picking". The aim of portfolio construction in this area is to achieve exposure to investment expertise in complementary areas, across geographical and/or sector users.
- (h) **Mezzanine** seeks to enhance return potential by investing in hybrid financial instruments such as unsecured and subordinated high-yield debt, preferred stock and minority common equity capital.
- (i) **Real Estate** involves investments in immovable property such as land plus anything permanently fixed to it such as apartment buildings, rental houses, malls, industrial parks, gas stations, convenience stores and office towers.
- (j) **Relative Value Arbitrage** attempts to take advantage of relative pricing discrepancies between related instruments including equities, debt, options and futures. Such strategy involves the use of mathematical, fundamental, or technical analysis to determine misvaluations. Instruments may be mis-priced relative to the underlying instrument, related instruments, groups of instruments, or the overall market. Arbitrage strategies include convertible arbitrage, merger arbitrage, dividend arbitrage, pairs trading, options arbitrage and yield-curve trading.



- (k) **Short Bias** investing is where the manager attempts to maintain a net short portfolio exposure. Short biased managers invest mostly in short positions in equities and equity derivatives.

The investment strategies listed above do not comprise an exhaustive list. The Investment Manager may employ other investment techniques and strategies for the Fund to achieve its investment objectives.

The Fund will make use of Exchange Traded Funds (“**ETF's**”). ETF's are quoted securities, made up of a basket of stocks or underlying assets that mimic a benchmark. They provide instant exposure to an entire index through a single security. Unlike a tracker, however, they are bought and sold on an exchange like any other share, rather than directly from a fund management company. ETF's provide a cost-effective means to access global assets while providing greater liquidity than typical mutual funds.

The Fund has the policy of allocating capital between strategies and asset classes, it may maintain a high portion of cash, if deemed appropriate.

There can be no assurance that the Fund will achieve its investment objectives or avoid substantial losses. Potential investors or shareholders are urged to consult with their professional advisors in connection with any investments in the Fund.

### **2.3 Base Currency**

The base currency of the Fund is US Dollars. The Fund may consist of various classes in various currencies.

### **2.4 Borrowings**

The Fund may borrow any monies other for the payment of redemption proceeds to investors who wish to sell their Cell Shares. Such borrowings may not exceed 5% of the Fund’s net asset value.

### **2.5 Hedging**

The Fund may enter into hedging transactions.

### **2.6 Dividend Policy**

Pursuant to the PPM, the Company may issue distributing and accumulating share classes. The Company will not declare dividends and distributions will not be made in respect of accumulating share classes; and income and other profits will be accumulated and reinvested. Dividends declared on distributing share classes will be paid out of the total income of the applicable share class net of any relevant expenses. Dividends will normally be declared on the shares of distributing share classes with a view to being paid on either monthly, quarterly or semi-annual frequencies. The details regarding the distribution frequencies of various share classes shall be disclosed to investors and prospective investors.

### **3. INVESTMENT MANAGEMENT**

#### **3.1 Investment Advisor**

The Manager may appoint an Investment Advisor, subject to oversight and overall control being exerted by the Manager at all times.

#### **3.2 Sub-Investment Manager**

The Manager may appoint a Sub-Investment Manager, subject to oversight and overall control being exerted by the Manager at all times.

### **4. SUBSCRIPTION AND REDEMPTION OF SHARES**

#### **4.1 Subscription**

The minimum initial investment of an investor to the Fund for its own account will be US\$ 100,000.

The application form to subscribe must be completed and received by the Manager in accordance with the procedures set out in the PPM by no later than 16:00 (Mauritius Time) on the relevant Dealing Day, with cleared funds received by the Settlement Date. However, the Directors may, at their discretion, allow investors to make payment for subscriptions after these periods.

If payment in full has not been received by the Settlement Date, or in the event of non-clearance of funds, any allotment of participating shares made in respect of such application may, at the discretion of the Directors, be cancelled. Alternatively, the Directors may treat the application as an application for such number of participating shares as may be purchased with such payment on the next Dealing Day following receipt of payment in full or of cleared funds.

If cleared funds are not received on the Settlement Date, any interest costs and/or directly related charges will be reimbursed by the subscriber unless otherwise agreed by the Directors at their absolute discretion. In addition, the Directors will have the right to sell all or part of the investor's holding of participating shares in the cell or any other cell in order to meet those costs.

#### **4.2 Redemptions**

Written notice to redeem must be received by the Manager by no later than 16:00 (Mauritius Time) on the relevant Dealing Day, subject to any liquidity constraints applicable to the cell's investments, payment of the redemption proceeds will be affected by the Settlement Date and might be subject to clearing and various other delays.

#### **4.3 Redemption Notice Period**

A redemption notice period of 30 days for a full withdrawal is required.

The total liquidity period for redemptions will be 90 days.

#### **4.4 Redemption Price**

Cell Shares will be redeemed in the currency denomination of the relevant class at the redemption price (calculated in respect of the Dealing Day at which the redemption is sought).

### **5. FEES, CHARGES AND EXPENSES**

The fees mentioned in this section are subject to review by the Company and may be amended from time to time by agreement in writing between the parties. Fees exclude any VAT that may be applicable.

#### **5.1 Directors' remuneration**

Each Director receives a fixed annual fee for serving in such capacity. The fee will be in accordance with reasonable and customary directors' fees.

Directors' fees are not paid out of the Fund but are paid for out of the fees levied by the Manager and the Company.

#### **5.2 Establishment Costs**

The costs and expenses associated with the organisation and the initial offering of participating shares of the Fund have been paid by the Manager. An agreed amount is to be levied and recovered from the Fund over an agreed timeframe not exceeding the first 5 years of the Fund's operation.

#### **5.3 General Administration Fees**

For performing and supervising the performance of corporate and administrative services necessary for the operation and administration of the Company, a General Administration fee will be levied to cover the fees of the Company Secretary and other miscellaneous operating costs of the Company. This fee will be paid monthly in arrears at such rate as may be agreed between the Manager and the Fund.

The Company Secretary will also be reimbursed for all reasonable out-of-pocket expenses agreed to in advance with the Fund.

This fee will be agreed from time to time and levied and accrued at each Valuation Day. It may be subject to a fixed minimum or levied as a percentage of assets, or a combination of a fixed fee and a percentage of assets-based fee.

#### **5.4 Management Fees**

For providing investment management services to the Company, the Manager will receive a fee of up to 2% of AUM, subject to a fixed annual minimum fee or a monthly fixed fee as agreed from time to time. The fund may pay the Sub-Investment Manager, if applicable, such fees out of the assets of the fund.

This fee is an annual fee and will be paid monthly in arrears and may be reduced by agreement in writing between the Manager and the Company from time to time. The Manager may in the future establish different share classes, with each class attracting different management fees.

#### **5.5 Fees of the Investment Advisor**

For providing investment advisory services to the Manager and the Company, the Investment Advisor will receive a fee of up to 1% of AUM, subject to a fixed annual minimum fee or a monthly fixed fee as agreed from time to time.

This fee is an annual fee and will be paid monthly in arrears and may be reduced by agreement in writing between the Manager and the Company from time to time. The Manager may in the future establish different share classes, with each class attracting different advisory fees.

#### **5.6 Administration Fees**

The Manager will receive a fee for the administration of the Fund.

This fee will be agreed from time to time and levied and accrued at each Valuation Day. It may be subject to a fixed minimum or levied as a percentage of assets, or a combination of a fixed fee and a percentage of assets-based fee.

#### **5.7 Investment Distribution Fees**

For providing investment distribution services to the Company the Distributor will receive an annual fee of up to 2% of AUM. This fee will be paid monthly in arrears and may be reduced by agreement between the Manager and the Company from time to time.

#### **5.8 Fees of the Custodian**

For providing the services as a custodian to the Company, the Custodian will receive a fee in respect of Cell Shares, where applicable.

#### **5.9 Performance Fees**

The Company may charge performance fees to the Investor based on the Net Asset Value per share.

The details regarding the performance fees shall be disclosed to investors and prospective investors.

#### **5.10 Audit and Accounting Fees**

A fee will be recovered from the Fund by the Company to cover the accounting fees as well as the fees of the auditor (to the Fund and the Company).

### **5.11 Other Fees and Operating Expenses**

An annual fee payable to the Financial Services Commission of Mauritius will be recovered from the Fund.

Any direct Fund related costs, such as taxes, other governmental charges and duties and trading costs will be recovered from the Fund on an as and when basis.

The Company bears all other non-direct expenses.

## **6. RISK FACTORS**

An investment in the Fund is speculative and involves a substantial degree of risk. Investment in the Fund should be made only after consulting with independent, qualified sources of investment, legal, taxation, accounting and other advice. Please refer to the Risk Factors set out in Part IV of the PPM.