

**DATED JUNE 5 2017**

**ALPHANOTES ETP DAC**

**High Income Alternatives (Series 4) Notes due 2037  
issued under its € 5,000,000,000 Secured Note Programme**

**SERIES MEMORANDUM**

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## General

This Series Memorandum (as used herein, this "**Series Memorandum**") is prepared in connection with the €5,000,000,000 Secured Note Programme (the "**Programme**") of AlphaNotes ETP DAC (the "**Issuer**") and is issued in conjunction with, and incorporates by reference the contents of, the Programme Memorandum dated [●] 2017 relating to the Programme (the "**Programme Memorandum**").

Neither this Series Memorandum nor the Programme Memorandum constitutes a prospectus for the purposes of the Prospectus Directive.

This document should be read in conjunction with the Programme Memorandum. Save where the context otherwise requires, terms defined in the Programme Memorandum have the same meaning when used in this Series Memorandum.

The listing document, formed by the Programme Memorandum dated 10 March 2017 and Series Memorandum, includes information given in compliance with the listing rules of the Cayman Islands Stock Exchange. Subject as set out below, the Issuer accepts responsibility for the information contained in this Series Memorandum other than the information in the sections (i) Information relating to the Portfolio Management Agreement, (ii) Information relating to the Arranger, Calculation Agent, the Portfolio Manager and Sale Agent, (iii) Description of the Custody Account that relates to the Custody Account Provider, and (iv) Information relating to the Broker Dealer of Record. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), such information for which it accepts responsibility contained in this Series Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer confirms that the information in the sections referred to above has been accurately reproduced from information provided by the Portfolio Manager, the Arranger, the Calculation Agent, the Portfolio Manager and Sale Agent, and as far as the Issuer is able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Cayman Islands Stock Exchange takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of this document.

This Series Memorandum does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Series Memorandum in any jurisdiction where such action is required.

The Notes will be the secured, limited recourse obligations of the Issuer only and will not be guaranteed by, or be the responsibility of, any other person.

No person has been authorised to give any information or to make representations other than those contained in this Series Memorandum in connection with the issue or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Arranger, the Trustee or any of them. Neither the delivery of this Series Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

Intertrust Trustees Limited (the "**Trustee**") has not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking is made, whether express or implied, and no responsibility or liability is accepted by the Trustee as to the accuracy, completeness or nature of the information contained in this Series

Memorandum or with respect to the legality of investment in the Notes by any prospective investor or purchaser under applicable legal investment or similar laws or regulations.

(i)

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the provisions set out within this Series Memorandum and the Programme Memorandum.

For as long as the Notes remain outstanding, copies of the following documents will be available for inspection in physical form during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer:

- (i) this Series Memorandum and the Programme Memorandum;
- (ii) the Constituting Instrument dated the Issue Date; and
- (iii) the Certificate of Incorporation and the Constitution of the Issuer.

***The Notes, which are described in this Series Memorandum, have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any of the States of the United States. Accordingly, the Notes are being offered and sold only in global form pursuant to the exemption afforded by Regulation S promulgated under the Securities Act ("Regulation S") solely outside of the United States and solely to non-U.S. persons and in specific reliance upon the representations by each Noteholder that (1) at the time of the offer and sale of the Notes to such Noteholder, such Noteholder was not a U.S. Person as defined in Regulation S, and (2) at the time of the offer and sale of the Notes to such Noteholder and such Noteholder was outside of the United States and (3) at the time of the offer and sale of the Notes to such Noteholder and such Noteholder was an "accredited investor", as defined in Rule 501(a) of Regulation D promulgated under the Securities Act, and a "qualified purchaser", as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended, for purposes of Section 3(c)(7) thereunder. The Notes may not at any time be offered, sold or delivered in the United States to, or for the account or benefit of, U.S. persons (each as defined in Regulation S under the Securities Act). The Notes are subject to certain United States tax law requirements.***

The following legend will appear on all Temporary or Permanent Global Notes and any Receipts, Coupons or Talons in respect thereof:

***"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE U.S. INTERNAL REVENUE CODE."***

The sections of the U.S. Internal Revenue Code referred to in the foregoing legend provide that, with certain exceptions, a United States taxpayer will not be entitled to deduct any loss, and will not be entitled to capital gains treatment in respect of any gain realised, on any sale, disposition or payment of a Note, Receipt, Coupon or Talon for U.S. federal income tax purposes.

The following legend will appear on the Permanent Global Notes:

**"THE NOTES HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS AND MAY NOT AT ANY TIME BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY PERSON WHO IS A U.S. PERSON (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT).**

(ii)

**BY PURCHASING THE NOTES, EACH HOLDER OF ANY BENEFICIAL INTEREST HEREIN WILL BE DEEMED TO HAVE REPRESENTED FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO THE NOTES THAT IT IS NOT A U.S. PERSON AND IS ACQUIRING THE NOTES PURSUANT TO RULE 903 OR 904 OF REGULATIONS UNDER THE SECURITIES ACT."**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), an offer of Notes to the public has not and may not be made in that Relevant Member State.

The Notes are illiquid investments, the purchase of which involves substantial risks. Any investor investing in the Notes should fully consider, understand and appreciate those risks.

**Purchasers of Notes should conduct such independent investigation and analysis regarding the Issuer, the Portfolio Manager and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes, as the Notes described in this Series Memorandum may not be suitable for all purchasers of Notes. Purchasers of Notes should have sufficient knowledge and experience in financial, taxation, accounting, capital treatment and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in this Series Memorandum and the merits and risks of investing in the Notes in the context of their financial and regulatory position and circumstances. This Series Memorandum does not describe all of the risks and investment considerations applicable to an investment in the Notes. The risks and investment considerations identified in this Series Memorandum are provided as general information only and the Issuer disclaims any responsibility to advise purchasers of Notes of the risks and investment considerations associated with the purchase of the Notes as they may exist at the date hereof or as they may from time to time alter.**

**PARTICULAR ATTENTION IS DRAWN TO THE SECTION OF THIS SERIES MEMORANDUM HEADED "RISK FACTORS".**

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### **Documents incorporated by reference**

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The Programme Memorandum is incorporated in, and shall be taken to form part of this Series Memorandum. This Series Memorandum must be read and construed in conjunction with the Programme Memorandum and shall be deemed to modify and supersede the contents of such document to the extent that a statement contained herein is inconsistent with such contents.

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## Risk Factors

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### General

The purchase of the Notes involves substantial risks. Each prospective purchaser of the Notes should be familiar with instruments having characteristics similar to the Notes and should fully understand the terms of the Notes and the nature and extent of its exposure to risk of loss.

Before making an investment decision prospective purchasers of the Notes should conduct such independent investigation and analysis regarding the Issuer, the Portfolio Manager, the Charged Assets, the Notes and all other relevant persons and such market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Notes. As part of such independent investigation and analysis, prospective purchasers of Notes should consider carefully all the information set forth in this Series Memorandum and in the Programme Memorandum and the considerations set out below.

Investment in the Notes is only suitable for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the information contained in this Series Memorandum and in the Programme Memorandum and the merits and risks of an investment in the Notes in the context of the investor's own financial circumstances and investment objectives.

Investment in the Notes (or a participation therein) is only suitable for investors who:

- (1) are capable of bearing the economic risk of an investment in the Notes (or a participation therein) for an indefinite period of time (as realisation of Charged Assets or other circumstances may require the extension of the Maturity Date indefinitely);
- (2) are acquiring an interest in the Notes (or a participation therein) for their own account for investment, not with a view to resale, distribution or other disposition of such interest (subject to any applicable law requiring that the disposition of the investor's property be within its control); and
- (3) recognise that it may not be possible to make any transfer of the Notes (or a participation therein) for a substantial period of time, if at all.

Each of the Issuer and the Arranger may, in its discretion, disregard interest shown by a prospective investor even though that investor satisfies the foregoing suitability standards.

**Each prospective investor should ensure that it fully understands the nature of the transaction into which it is entering and the nature and extent of its exposure to the risk of loss of all or a substantial part of its investment. Attention is drawn, in particular, to the sections of the Programme Memorandum entitled "Conditions of the Notes - Security" and "Conditions of the Notes - Enforcement and Limited Recourse" and the sections in this Series Memorandum entitled "Information relating to the Charged Assets".**

## **Risks relating to the Issuer and Transaction Participants**

### *Special purpose company*

The Issuer is a special purpose company and has been established for the purpose of issuing multiple Series of secured Notes under the Programme. Should any unforeseen expenses or liabilities (which have not been provided for) arise, the Issuer may be unable to meet them, leading to an Event of Default under the Notes.

There is no certainty that Noteholders will recover any amounts payable under the Notes. Due to the limited recourse nature of the Notes (see "*Limited recourse*" below), claims in respect of the Notes are limited to the proceeds of enforcement of the Mortgaged Property after the deduction of any applicable expenses. In addition, if a claim is brought against the Issuer (whether under statute, common law or otherwise) which is not subject to such contractual limited recourse provisions, the only assets available to meet such claim would be the proceeds of the issuance of the Issuer's ordinary shares and any transaction fees (see "*Fees*" below), to the extent any remain as at the date of such claim and are available to meet such claim. The only other assets of the Issuer will be the assets on which each Series is secured, which will be subject to the prior security interests of the relevant Noteholders and any other secured parties under that Series.

### *Limited recourse*

The Notes will be limited recourse obligations of the Issuer secured on the Mortgaged Property (including the Charged Assets) and are not or will not (as the case may be) be obligations or responsibilities of, or guaranteed by, any other person or entity.

**No person other than the Issuer will be obliged to make payments on the Notes. None of the Trustee, the Arranger, the Portfolio Manager, the Administrator or any other Agent appointed by the Issuer or any other person has any obligation to any Noteholder for payment of any amount by the Issuer in respect of the Notes. There is no person that guarantees to Noteholders that they will recover any amounts payable under the Notes.**

For the avoidance of doubt, Notes are not, and do not represent or convey, any interest in the Charged Assets nor do they confer on the Noteholder any direct right (whether in respect of voting, payment or other distribution) which a holder of any Charged Assets may have. The Issuer is not an agent of any Noteholder for any purpose.

### *Liability for the Obligations of the Issuer*

Under Irish law, upon an insolvency or examinership of an Irish company such as the Issuer when applying the proceeds of assets subject to fixed or floating security which have been realised in the course of a liquidation or receivership, the claims of a limited category of preferential creditors (such as the Irish Revenue Commissioners) will take priority over the claims of creditors holding the relevant security. These preferred claims include the remuneration, costs and expenses properly incurred by any examiner of the company (which includes any borrowings made by an examiner to fund the company's requirements for the duration of his appointment) which have been approved by the Irish courts.

### *No requirement for the Issuer to be licensed or authorised by any Regulatory Authority*

The Issuer is not required to be licensed or authorised under any current securities, commodities, insurance or banking laws or regulations of its jurisdiction of incorporation. However, it is obliged to register with and report to the Central Bank of Ireland and accordingly it will provide the Central Bank of Ireland with quarterly balance sheet details and annual profit and loss account details. There is no assurance, that in the future the

Central Bank of Ireland will not require the Issuer to also be authorised and/or licensed in Ireland. There is also no assurance that the regulatory authorities in other jurisdictions would not require the Issuer to be licensed or authorised under any securities, commodities, insurance or banking laws or regulations of those jurisdictions. Any requirement to be licensed or authorised could have an adverse effect on the Issuer and on the Noteholders.

#### *Anti-money laundering*

The Issuer may be subject to anti-money laundering legislation in its jurisdiction of incorporation. If the Issuer were determined to be in violation of any such legislation, it could become subject to criminal penalties. Any such violation could materially and adversely affect payments made by the Issuer in respect of the Notes.

Each Noteholder agrees to promptly provide to the Portfolio Manager any additional information regarding the Noteholder or its beneficial owner(s) that the Portfolio Manager deems necessary or advisable in order to determine or ensure compliance with all applicable laws, regulations and administrative pronouncements concerning money laundering, criminal activities and government sanctions or to respond to requests for information concerning the identity of investors from any governmental authority, self-regulatory organization or financial institution in connection with its anti-money laundering compliance procedures.

#### *No action against the Issuer*

Noteholders will have no right to take any action or proceed directly against the Issuer in respect of any related claim or take title to, or possession of, the Mortgaged Property unless the Trustee, having become bound to do so, fails to take action against the Issuer within a reasonable time.

Further, the Trustee and the Noteholders will not be entitled at any time to petition or take any other step for the winding-up of, bankruptcy or similar proceedings of the Issuer provided that the Trustee may prove or lodge a claim in the liquidation of the Issuer initiated by another party.

#### *The Notes are obligations of the Issuer*

The Notes will not be obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by any of the Trustee, the Arranger, the Administrator, the Portfolio Manager or any Agent appointed by the Issuer, or by any person other than the Issuer.

#### *Trustee indemnity*

Noteholders may, in certain circumstances, be dependent on the Trustee to take actions in respect of the Notes, in particular if the security in respect of the Notes becomes enforceable. Prior to taking such action, the Trustee is entitled to require to be indemnified and/or secured and/or pre-funded to its satisfaction. If the Trustee is not indemnified and/or secured and/or pre-funded to its satisfaction, it may decide not to take such action and such inaction will not constitute a breach by it of its obligations under the Constituting Instrument. Noteholders should be prepared to bear the costs associated with any such indemnity, security or pre-funding and/or the consequences of any such inaction by the Trustee. Such inaction by the Trustee will not entitle Noteholders to take action directly against the Issuer to pursue remedies for any breach by the Issuer of the Constituting Instrument or the Notes.

## *Transaction Participants*

The Trustee and the Agents have significant roles under the agreements governing the Notes. For example, the Trustee holds the security for the Notes on trust for itself and the Noteholders and payments on the Notes are made through the Paying Agent. If the Trustee and/or the Agents fail to perform their roles as provided in the agreements governing the Notes, such failure may result in losses to holders of the Notes. The Issuer is not responsible for any such losses.

## **Risks relating to the Notes**

### *Nature of the investment*

*These Notes are not principal protected and are a high-risk investment in the form of a debt instrument. The Noteholders are neither assured of repayment of the capital invested nor are they assured of payment of a stated rate of interest. The Notes give Noteholders exposure to certain securities that the Issuer may invest in acting through the Portfolio Manager, see "Investment in Securities by the Portfolio Manager" below.*

*Any payments to be made on the Notes depend on the value of the Charged Assets held by the Issuer, which is the value of the amounts received by the Issuer in respect of the Charged Assets. Should the Charged Assets decrease in value, Noteholders will incur a partial or total loss of their investment.*

*In certain circumstances, described in the Conditions of the Notes, the Notes will be redeemed early pursuant to a Mandatory Redemption Event, an Additional Mandatory Redemption Event or a redemption event pursuant to Condition 2.3.1(A) and Noteholders shall be entitled to receive only such amount as is available following the sale or redemption of the Charged Assets, as the case may be, subject to the provisions of the Notes described under "Limited recourse" above.*

***In general, redemption payments to be made on the Notes are calculated with reference to the value of the Charged Assets. However, if and to the extent that the amount payable by the Issuer in accordance with the Notes to the Noteholders is greater than the amount received by the Issuer in respect of the redemption of the Charged Assets, the Noteholder shall be entitled to receive only its pro rata share of such amount as is received by the Issuer under the Charged Assets after deduction of any applicable costs and expenses.***

### *Change of law, tax and administrative practice*

The structure of the transaction and, inter alia, the issue of the Notes are based on law, tax and administrative practice in effect at the date hereof, and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that law, tax or administrative practice will not change after the Issue Date or that such change will not adversely impact the structure of the transaction and the treatment of the Notes.

### *Fees*

In addition to the fees due to the Trustee and any Agents (including, without limitation, the Portfolio Manager), and any other transaction related fees incurred by the Issuer in respect of the issuance of the Notes, the amounts payable under the Notes are based on the performance of the Charged Assets after deduction of certain fees, which is further described in Special Condition (XI) of the Notes. The fees will be applied in calculating the value of the Portfolio and therefore will result in a reduction in the value of the Notes.

In connection with the offer and sale of the Notes, the Arranger, the Portfolio Manager, the Administrator or any of its associated companies may, directly or indirectly, pay fees in varying amounts to third parties or, as the case may be, receive fees (including but not limited to distribution fees and retrocessions) in varying amounts, including, from third parties (which may include any Transaction Participants (as defined below)). Each Noteholder acknowledges that the Arranger, the Administrator or any of its associated companies may retain all or part of such fees.

#### *Liability for the Notes*

The Notes are secured obligations of the Issuer only and do not establish any liability or other obligation of any other person mentioned in this Series Memorandum including but not limited to the Trustee, the Agents, the directors and the shareholders of the Issuer. None of the foregoing or any other person has assumed or will assume any obligation in the event the Issuer fails to make any payment due under any of the Notes.

#### *Foreign exchange risk*

The Notes are denominated in USD. The Charged Assets may be denominated in U.S dollars, euro, or any other currencies. The Issuer will effect foreign exchange transactions to convert amounts received in respect of the Charged Assets into USD in order to meet its payment obligations under the Notes. In order to mitigate the foreign exchange risk the Portfolio Manager may on behalf of the Issuer enter into foreign exchange hedging transactions with such banks and other providers of treasury products ("**Derivatives Counterparties**") as may in the sole discretion of the Issuer or the Portfolio Manager be appropriate given the Charged Assets and the obligations of the Issuer under the Notes. Accordingly, the Issuer and the Noteholders may be exposed to credit risk of such Derivatives Counterparties providing foreign exchange hedging to the Issuer.

#### *Optional redemption by Noteholders*

Noteholders have no right to request the Issuer to redeem the Notes at any time prior to their Scheduled Maturity Date.

#### *Optional redemption by the Issuer*

Investors in the Notes should be aware that the Issuer has the option to redeem any amount of the Notes at their Optional Redemption Amount on the Optional Redemption Payment Date, by giving not less than ten (10) Business Days' prior notice to the Noteholders, the Trustee and the Principal Paying Agent. Such notice may be revoked by the Issuer at any time prior to the Optional Redemption Date.

#### *Optional redemption by the Arranger*

Investors in the Notes should further be aware that the Arranger has the option, without limitation, at any time to redeem any amount of the Notes at their Optional Redemption Amount on the Optional Redemption Payment Date. The Arranger would redeem Notes only if it is the holder of such Notes, pursuant to the Conditions of the Notes. While the Arranger may actively become involved in the secondary market in the Notes (if any), such participation would be at the Arranger's sole discretion and the Arranger shall not have any obligation to make a secondary market. See "Liquidity" below.

#### *Early Redemption*

The Notes will be redeemed early in full upon the occurrence of a Mandatory Redemption Event. In addition, the Notes may be redeemed upon the occurrence of an Event of Default with respect to the Notes.

The amount payable per Note to Noteholders in circumstances where the Charged Assets are being sold or otherwise realized will be the Realisable Value, subject to the payment of all prior ranking amounts as provided in the Notes. The Issuer will fund such payments under the Notes from payments due to it under, or on the realisation of, the Charged Assets. If the Notes are redeemed early, the Charged Assets may be sold or otherwise realised. Noteholders should be aware that they may be exposed to fluctuations in the market price of the Charged Assets. There can be no assurance as to the amount of proceeds of any sale or realisation of the Charged Assets as the market value of the Charged Assets will be affected by a number of factors including the creditworthiness and financial condition of the Charged Assets, volatility of financial markets, general economic conditions, domestic and international political events, trends in a particular industry, interest rates, yields and foreign exchange rates, the time remaining to the scheduled maturity of the Charged Assets and the liquidity of the Charged Assets.

The price at which the Charged Assets are sold or realised may therefore be at a substantial discount to the market value and/or the principal amount of the Charged Assets on the Issue Date and the proceeds of any such sale or realisation when taken together with any other assets available to the Issuer that relate to the Notes may not be sufficient, following deduction of amounts to be paid to prior ranking claimants in accordance with the Conditions, to repay the principal and interest (if applicable) on the Notes that the holders of such Notes would expect to receive in the event that the Notes were redeemed in accordance with their terms on the Scheduled Maturity Date.

If, following the realisation in full of the Charged Assets and application of available cash sums as provided in the Notes, there are any outstanding claims against the Issuer in respect of the Notes which remain unpaid, then such outstanding claim will be extinguished and no debt will be owed by the Issuer in respect thereof. In such circumstances, the investors in the Notes may not receive their investment and may receive zero.

**NOTEHOLDERS SHOULD RECOGNISE THAT NOTEHOLDERS BEAR A RISK OF A DEFAULT OF THE CHARGED ASSETS AS WELL AS ANY DECLINE IN VALUE OF THE CHARGED ASSETS. IF THE VALUE OF THE CHARGED ASSETS HAS DECLINED SINCE THE DATE OF PURCHASE OR ACQUISITION, THE NOTES MAY DECLINE IN VALUE AND NOTEHOLDERS SHOULD BE PREPARED TO SUSTAIN A TOTAL LOSS OF NOTEHOLDERS' INVESTMENT IN THE NOTES.**

#### *Restrictions on transfer*

The Notes are subject to restrictions on transfer, as described in the section entitled "Subscription and Sale" in the Programme Memorandum as modified by the section entitled "Selling Restrictions" in this Series Memorandum. In particular, the Notes have not been and will not be registered under the Securities Act, under any U.S. state securities or "Blue Sky" laws or under the securities laws of any other jurisdiction and are being issued and sold in reliance upon exemptions from registration provided by such laws and may not at any time be offered, sold or delivered in the United States or, to or for the account or benefit of, U.S. persons, as defined in Regulation S. No Note may be sold, assigned, participated, pledged or transferred unless such sale, assignment, participation, pledge or transfer (a) is exempt from the registration requirements of the Securities Act pursuant to Regulation S under the Securities Act and (b) is in compliance with the transfer restrictions and certification requirements described in the section entitled "Subscription and Sale" in the Programme Memorandum as modified by the section entitled "Selling Restrictions" in this Series Memorandum.

#### *Arranger default*

The Notes will be redeemed if the Arranger is dissolved.

## *Payments*

Payments under the Notes (whether in respect of early redemption, principal or interest (if applicable)) will only be made after receipt of the corresponding Realisable Value by the Issuer. The date of payment of the redemption amount under the Notes is therefore not fixed. Payment of redemption amounts under the Notes depends on the liquidation of the Charged Assets. It may take a considerable period of time to redeem the Charged Assets, in particular in the case of a redemption pursuant to Early Redemption. Noteholders may only receive payment of the relevant redemption amount under the Notes significantly later than the specified redemption date of the Notes.

## *Liquidity*

No secondary market for the Notes currently exists. Prospective purchasers or acquirors of the Notes should therefore recognise that they may not be able to liquidate their investment in the Notes. Investment in the Notes is therefore only suitable for investors who are capable of bearing the economic risk of an investment in the Notes for an indefinite period of time and are not acquiring the Notes with a view to a potential resale, distribution or other disposition at some future date.

Application has been made to list the Notes on the official list of the Cayman Islands Stock Exchange. Listing is expected to take place on or about the Issue Date but no assurance can be given that such application will be granted. Even if the Notes are listed, there is no assurance that a secondary trading market or liquidity in the Notes will develop.

Notwithstanding the foregoing, the Arranger may provide a secondary market with a monthly dealing frequency and monthly purchases and sales by investors. The Arranger will not provide a secondary market in circumstances where the Calculation Agent is unable to calculate the Net Asset Value of the Portfolio due to the illiquidity or suspension of trading of any of the Securities comprising the Portfolio. The Arranger does not have and will not assume any liability, whether legal or otherwise, *vis-à-vis* the Noteholders to provide a market for the Notes or with regard to the level of the applicable prices nor how they are determined. To the extent that the Arranger purchases Notes in a secondary market provided by the Arranger, the Arranger will impose a EUR 500 fee in respect of its administration expenses.

## *Extended Maturity Date*

The term of the Notes may be extended for multiple periods as determined by the Portfolio Manager in its sole and absolute discretion up to an aggregate extension term of ten (10) years, provided that, at the request of the Issuer, the Calculation Agent, on behalf of the Issuer, has given a notice (the "**Extension Notice**") to the Trustee, the Principal Paying Agent and the Noteholders three (3) calendar months prior to the Scheduled Maturity Date or the anniversary thereof in each subsequent year, if applicable, which may be waived by the Noteholders, stating that such extension shall take place in respect of the Notes. If no Extension Notice, or no further Extension Notices (if applicable) are delivered by the Calculation Agent, the Notes shall be redeemed on the Scheduled Maturity Date or on the date stated in the final Extension Notice (such date being the "**Extended Maturity Date**").

## *Market and legal risk*

The Notes will constitute secured, limited recourse obligations of the Issuer, recourse in respect of which will, in effect, be limited to the proceeds of the Mortgaged Property (which principally comprises the Charged Assets) relating to the Notes and no other assets of the Issuer will be available to satisfy claims of Noteholders. The Issuer's obligations to the Noteholders are solely funded by, and primarily secured on, the Charged Assets. Therefore, to the extent that the value of the Charged Assets falls, payment under the

Charged Assets is not made, the Charged Assets cannot be realised or if the relevant security arrangements are not enforceable, a loss of principal under the Notes will result. Noteholders therefore assume the market and legal risk of the Charged Assets.

Prospective purchasers or acquirors of the Notes should be aware that not all market participants would determine prices in respect of the Notes in the same manner, and the variation between such prices may be substantial. Accordingly, the price that a subsequent acquiror of the Notes may pay may not be representative of prices that may be provided by other market participants. For this reason, any price accepted by a subsequent acquiror of the Notes should not be viewed or relied upon by prospective purchasers or acquirors as establishing a mark-to-market value of the Notes. The price paid by a subsequent acquiror may be determined by reference to such factors as it sees fit.

None of the Transaction Participants (as defined below) nor any affiliate of any of them or other person has made any investigation of, or makes any representation or warranty, express or implied, as to the financial or other condition of, the Charged Assets.

None of the Issuer, the Arranger, the Portfolio Manager, the Administrator, the Trustee, the Principal Paying Agent, the Calculation Agent, the Sale Agent or any other Agent (together, the "**Transaction Participants**") nor any affiliate of any of them (or any person on their behalf) assume any responsibility *vis-à-vis* the Noteholders for the value or terms of the Charged Assets, except (save with respect to the Principal Paying Agent) to the extent that they do not comply with their obligations under the transaction documents to which they are party. The Transaction Participants will not have any responsibility or duty to make any such investigations, to keep any such matters under review, to provide the Noteholders, or prospective purchasers or acquirors of the Notes, with any information in relation to such matters or to advise as to the attendant risks.

#### *Sophistication*

Prospective purchasers or acquirors of the Notes should be sophisticated investors with the capacity to protect their own interests and should have such knowledge, experience and expertise in financial and business matters that they are capable of evaluating, and have evaluated, the merits of, the risks inherent in and the suitability of purchasing the Notes.

#### *Independent review and advice*

Each prospective purchaser or acquiror of Notes must determine, based on its own independent review and such legal, financial and tax advice as it deems appropriate under the circumstances, that its acquisition of the Notes (i) is fully consistent with its financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines, authorisations and restrictions (including as to its capacity) applicable to it, (iii) has been duly approved in accordance with all applicable laws and procedures and (iv) is a fit, proper and suitable investment for it, undertaken for a proper purpose.

#### *Legality of purchase*

None of the Transaction Participants or any affiliate of any of them or other person on their behalf has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser or acquiror of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser or acquiror with any law, regulation or regulatory policy applicable to it.

### *No reliance*

Prospective purchasers or acquirors of the Notes acknowledge that (a) none of the Issuer or the other Transaction Participants or any other person, or any subsidiary, holding or associated company of any of them (including any directors, officers or employees thereof), is acting as a fiduciary or financial or portfolio manager for any prospective purchaser or acquiror and each of them disclaims any responsibility to advise prospective purchasers or acquirors of the Notes of the risks and investment considerations associated with the purchase or acquisition of the Notes as they may exist at the date hereof or from time to time hereafter; (b) for purposes of making any investment decision or otherwise, prospective purchasers or acquirors are not relying upon any advice, counsel or representations (whether written or oral) of the Issuer or the other Transaction Participants or any other person or any subsidiary or affiliate of any of them (including any directors, officers or employees thereof); (c) none of the Issuer or the other Transaction Participants or any other person, or any subsidiary or affiliate of any of them (including any directors, officers or employees thereof), has given to the prospective purchasers or acquirors (directly or indirectly through any other person) any assurance, guarantee, representation or warranty whatsoever (express or implied, written or oral) as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) as to their investment in, or acquisition of, the Notes and (d) prospective purchasers or acquirors should consult their own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent they deem necessary, and make their own investment decisions based upon their own judgment and upon any advice from such advisers as they deem necessary and not upon any view expressed by the Issuer or the other Transaction Participants or any other person, or any subsidiary or any subsidiary or affiliate of any of them (including any directors, officers or employees thereof).

### *Distribution of Notes*

Only the Issuer and the Arranger will have any involvement in the initial sale or placement of Notes. Prospective purchasers or acquirors of the Notes will negotiate the purchase of Notes directly with the Issuer and shall have no recourse to the other Transaction Participants or any other person.

### *No restrictions on activities*

Any of the Transaction Participants and any affiliate of any of them or other person may have existing or future business relationships (including depository, lending, advisory or any other kind of commercial or investment banking activities or other business) with any of the other Transaction Participants and any affiliate of any of them or other person on their behalf and may purchase, sell or otherwise deal in any assets or obligations of, or relating to, any such party. Any of the Transaction Participants and any affiliate of any of them or other person may act with respect to any such business, assets or obligations without regard to any possible consequences for the Issuer, the Notes or any Noteholder (or the impact of any such dealing on the interests of any Noteholder) or otherwise.

### *Provision of information*

Any of the Transaction Participants or any affiliate of any of them or any other person acting on their behalf may at the date hereof or at any time hereafter be in possession of information in relation to the other Transaction Participants or any affiliate of any of them or any other person acting on their behalf or on behalf of the Charged Assets (which may or may not be publicly available or confidential). Noteholders will receive certain information on a periodic basis in relation to the Charged Assets. Any additional information specifically requested by a Noteholder will only be provided if such information is requested in order to comply with applicable regulatory requirements. None of such

persons shall be under any obligation to make any such information available to Noteholders or any other party other than as provided in the Conditions of the Notes.

#### *Taxation*

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Notes. In the event that any withholding tax or deduction for tax is imposed on payments on the Notes, the Noteholders will not be entitled to receive grossed-up amounts to compensate for such withholding tax nor be reimbursed for the amount of any shortfall and no Event of Default under the Notes or early redemption shall occur as a result of any such withholding or deduction.

#### *Legal opinions*

No legal opinions will be obtained with respect to any applicable laws, including the laws applicable to the Issuer, the Portfolio Manager, the laws governing the Charged Assets or as to the validity, enforceability or binding nature of the Charged Assets save as provided for in the Master Trust Terms.

#### *Conflict of interests*

Any of the Transaction Participants or any affiliate of any of them or any other person acting on their behalf may from time to time, as principal or agent, have positions in, or may buy or sell, or make a market in any securities (including shares in a Transaction Participant), currencies, financial instruments or other assets owned by a Transaction Participant. An affiliate of the Arranger is a registered broker dealer in the United States which may be active in trading the Notes in the secondary market. Any trading and / or hedging activities of Transaction Participants or any affiliate of any of them or any other person acting on their behalf related to this transaction may have an impact on the price of the underlying assets. It should also be noted that Alpha Financial Products LTD. acts as both the Arranger of the issue of the Notes and as Calculation Agent for the Notes.

#### *Clearing systems*

The Notes will be represented by one or more Temporary Global Notes and Permanent Global Notes. Such Global Notes will be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

### *Limitations of the ability to grant security over Notes while in global form*

Because transactions in the Notes will be effected only through Euroclear or Clearstream, Luxembourg, direct or indirect participants in their respective book-entry-systems and certain banks, the ability of a Noteholder to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise to take actions in respect of such interests, may be limited due to the lack of physical security representing such interest.

### **Risks relating to the Charged Assets**

#### *Investment in Series Assets*

The Issuer intends to use the proceeds of the issuance of the Notes to invest, within 30 days following the Issue Date, in Class A shares of High Income Alternatives LLC, a Limited Liability Company incorporated on 14 March 2017 in the State of Delaware, and having its registered office with the Corporation Service Company at 2711 Centerville Road, Suite 400, Wilmington DE 19808

Income Capital Partners LLC, a company incorporated in the State of Delaware on March 14, 2017, shall serve as the Investment Manager of High Income Alternatives as well as the Portfolio Manager for the Notes.

#### *Investment in Securities by the Portfolio Manager*

The Portfolio Manager may invest in Securities that meet the Management Criteria. The Management Criteria are very wide and allow the Portfolio Manager a wide discretion in selecting the Securities that it wishes to invest in.

Potential investors should be aware that an investment in Series Assets involves a high degree of risk. Typically, the success of any investment in Series Assets depends on the ability of the Portfolio Manager to choose, develop and realise appropriate investments, and there will be no guarantee that the Portfolio Manager will be able to choose, make and realise investments in any particular company or portfolio of companies.

An investor in the Notes should ensure that they have considered the operational history of the Portfolio Manager and whether the Portfolio Manager has a proven track record, to the satisfaction of the investor in the Notes. Subject to the Management Criteria, the Portfolio Manager may invest in less established companies with lower capitalisations, fewer resources and little or no performance record. As the investments in Series Assets are likely to be minority interests, it cannot be certain that investors' interests will be effectively protected. There can be no assurance that the investments in the Series Assets will produce gains. Some or all of the investment in any Series Assets may be lost which could have a negative impact on the value of the Notes.

The Portfolio Manager's investments may be exposed, directly or indirectly, to the performance of companies which may be highly leveraged and therefore may be more sensitive to adverse business or financial developments or economic factors. Such companies may face intense competition, changing business or economic conditions or other developments that may adversely affect their performance.

The activity of identifying, completing and realising attractive investments is highly competitive, and involves a significant degree of uncertainty. Other investors such as funds and vehicles with similar investment objectives to the Issuer may be formed in the future by other unrelated parties and further consolidation may occur. There is no assurance that the Portfolio Manager will be able to locate, complete and exit investments that satisfy the

Investment Objectives, or realise the value of such investments, or that it will be able to invest fully the amount committed.

Investments may not be liquidated for a number of years after the initial investment and may require a substantial length of time to liquidate. As a result, there is a risk that the Portfolio Manager may be unable to realise the Investment Objectives by sale or other disposition at attractive prices or will otherwise be unable to complete any exit strategy.

#### *Emerging Markets*

Investing in emerging market assets involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include (i) the risk of nationalization or expropriation of assets or confiscatory taxation; (ii) social, economic and political uncertainty including war; (iii) dependence on exports and the corresponding importance of international trade; (iv) price fluctuations, less liquidity and smaller capitalization of securities markets; (v) currency exchange rate fluctuations; (vi) rates of inflation (including hyperinflation); (vii) controls on foreign investment and limitations on repatriation of invested capital and on the Issuer's ability to exchange local currencies for U.S. dollars; (viii) governmental involvement in and control over the economies; (ix) governmental decisions to discontinue support of economic reform programs generally and to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the securities markets; (xii) longer settlement periods for securities transactions in emerging markets; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; (xiv) certain considerations regarding the maintenance of portfolio securities and cash with non-U.S. subcustodians and securities depositories; and (xv) overall greater volatility.

#### *Lack of diversification*

To the extent that all of the proceeds arising from the issue of the Notes are invested in Class A shares of High Income Alternatives LLC, such assets or classes of assets may be more susceptible to a single adverse economic or regulatory occurrence, and lead to greater fluctuations in the value of Notes than may have been the case when investing in a diversified pool of assets.

**Prospective purchasers or acquirors of the Notes should conduct their own independent investigation and analysis regarding the Issuer, the Portfolio Manager, and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes.**

#### *Security for the Notes*

The Issuer will grant security interests over the Mortgaged Property pursuant to the Trust Deed. See "Description in relation to the Security Arrangements in respect of the Notes" below.

#### *Redemption and Transfer of the Charged Assets*

Realisation or transfer of the Charged Assets may in certain circumstances be deferred in accordance with their relevant terms. The period of deferral may be significant. Therefore in certain circumstances, including where the Security for the Notes becomes enforceable, there may be a significant delay in payments under the Notes and/or it may be impossible to transfer the Charged Assets, whether as a means of realising their value or otherwise.

*Security may be declared invalid*

The Issuer will grant security interests in favour of the Trustee for the benefit of the Noteholders in the Mortgaged Property pursuant to the Trust Deed and will obtain a legal opinion from Irish counsel as to the validity and perfection of such security interests. Nevertheless, if the security interests of the Trustee in the Mortgaged Property were determined to be invalid or unperfected, Noteholders would be unsecured creditors and would rank on a *pari passu* basis with other unsecured creditors (if any) of the Issuer. Each of the foregoing factors may delay or reduce investors' return on their Notes and investors may suffer a loss (including a total loss) on their investment.

*Not a bank deposit*

Any investment in the Notes does not have the status of a bank deposit in Ireland and is not within the scope of the deposit protection scheme operated by the Central Bank of Ireland. The Issuer is not regulated by the Central Bank of Ireland by virtue of the issue of the Notes. However, it is obliged to register with the Central Bank of Ireland and to provide it with a quarterly balance sheet and annual profit and loss account (subject to certain exceptions) under the financial vehicle corporation (FVC) rules and non-FVC reporting.

**AS WITH ANY INVESTMENT YOU COULD LOSE ALL OR PART OF YOUR INVESTMENT IN THE NOTES AND THE NOTES' PERFORMANCE COULD TRAIL THAT OF OTHER INVESTMENTS. YOUR ATTENTION IS DRAWN TO THE HIGH INCOME ALTERNATIVES LLC PRIVATE OFFERING MEMORANDUM AND / OR THE MEMORANDUM AND ARTICLES OF ASSOCIATION AS DEFINED BELOW AND ATTACHED AS APPENDIX OR APPENDIXES TO THIS SERIES MEMORANDUM. IN PARTICULAR PROSPECTIVE INVESTORS SHOULD NOTE THE SECTION OF THE HIGH INCOME ALTERNATIVES LLC PRIVATE OFFERING MEMORANDUM ENTITLED "CERTAIN RISK FACTORS AND CONFLICTS OF INTEREST". PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE NOTES WITHOUT TAKING INDEPENDENT ADVICE ON THE RISKS SET OUT THEREIN.**

**THE CONSIDERATIONS SET OUT ABOVE ARE NOT, AND ARE NOT INTENDED TO BE, A COMPREHENSIVE LIST OF ALL CONSIDERATIONS RELEVANT TO A DECISION TO PURCHASE OR HOLD ANY NOTES. THE ATTENTION OF INVESTORS IS ALSO DRAWN TO THE SECTIONS HEADED "RISK FACTORS" IN THE PROGRAMME MEMORANDUM.**

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## Summary of the Transaction

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The following summary of the transaction does not purport to be complete and is qualified in its entirety by the more detailed information contained elsewhere in this Series Memorandum including, without limitation, the Conditions of the Notes. Words and expressions used but not expressly defined in this summary of the transaction shall have the meanings given to them in the Conditions.

|                                 |   |
|---------------------------------|---|
| <b>Issuer:</b>                  | AlphaNotes ETP DAC, a special purpose company incorporated for the sole purpose of carrying out the activities described in the Programme Memorandum. See " <i>Information relating to the Issuer</i> " below.  |
| <b>Programme:</b>               | The Notes are issued pursuant to the Issuer's €5,000,000,000 Secured Note Programme.  |
| <b>Arranger:</b>                | Alpha Financial Products LTD.   |
| <b>Calculation Agent:</b>       | Alpha Financial Products LTD.   |
| <b>Administrator:</b>           | FalconPeak Capital LLC.   |
| <b>Portfolio Manager:</b>       | Income Capital Partners LLC, the Portfolio Manager is appointed by the Issuer pursuant to the Portfolio Management Agreement. The role of the Portfolio Manager is to use all reasonable endeavours to maximise the total returns achieved by the Portfolio by investing in Class A shares of High Income Alternatives LLC, at the discretion of the Portfolio Manager and pursuant to the Portfolio Manager Agreement. |
| <b>Issue Agent:</b>             | Bank of New York Mellon, London Branch  |
| <b>Principal Paying Agent:</b>  | Bank of New York Mellon, London Branch  |
| <b>Trustee:</b>                 | Intertrust Trustees Limited.  |
| <b>Principal Amount:</b>        | USD \$40,000,000 (subject to the provisions of Further Notes and Redemptions below).  |
| <b>Currency:</b>                | USD   |
| <b>Authorised Denomination:</b> | USD 1,000   |
| <b>Issue Price:</b>             | 100% of the Principal Amount.   |
| <b>Interest:</b>                | Interest shall be applied at a rate of 6%, which such Interest shall accrue daily from the date of issuance on the unpaid principal balance computed on the basis of the actual number of days elapsed and a year of 365 days.  |
| <b>Interest Payment Date:</b>   | Variable, accruing daily. If not previously paid, accrued interest shall be paid on the Final Maturity Payment Date.  |

|   |   |
|---|---|
| <b>Issue Date:</b>                            | 9 June 2017   |
| <b>Charged Assets:</b>                        | The Series Assets and the Related Rights. See " <i>Information relating to the Charged Assets</i> " below.  |
| <b>Fees:</b>                                  | <p>The amounts payable under the Notes are based on the performance of the Charged Assets after deduction of fees due to the Arranger and the Portfolio Manager. Such fees are in addition to the fees, expenses, liabilities and indemnities due to the Trustee and any Agents, and any other transaction related fees incurred by the Issuer in respect of the issuance of the Notes.</p> <p>All fees, expenses and liabilities are payable prior to any amounts being payable in respect of the Notes to any Noteholders. The fees will be applied in calculating the value of the Portfolio and therefore will result in a reduction in the value of the Notes.</p> |
| <b>Scheduled Maturity Date:</b>               | 8 June 2037   |
| <b>Reports:</b>                               | The Arranger will publish a summary of the NAV Report received from the Calculation Agent on Bloomberg and will disseminate the NAV to SIX Financial Information USA Inc. and to the Cayman Islands Stock Exchange.   |
| <b>Redemption Amount:</b>                     | <p>Unless previously redeemed the Notes will be redeemed by a payment in respect of each Note on the Final Maturity Payment Date of an amount in USD (the "<b>Redemption Amount</b>") equal to the Net Proceeds.</p> <p>See "<i>Limited recourse</i>" below.</p> <p>The Final Maturity Payment Date may be significantly later than the Scheduled Maturity Date. See "<i>Risk Factors – Payments</i>" above.</p>  |
| <b>Optional Redemption by the Noteholder:</b> | Noteholders have no right to request the Issuer to redeem the Notes at any time prior to their Scheduled Maturity Date.   |
| <b>Optional Redemption by the Issuer:</b>     | <p>The Issuer may, on giving not less than ten (10) Business Days' prior notice to Noteholders, redeem any amount of the Notes by a payment to the holders of the Notes that are so redeemed on the Optional Redemption Payment Date of an amount equal to the Early Redemption Amount.</p> <p>The Arranger may at any time instruct the Issuer to redeem any amount of the Notes by a payment to the holders of the Notes that are so redeemed on the Optional Redemption Payment Date of an amount equal to the Early Redemption Amount.</p>  |
| <b>Early Redemption:</b>                      | (a) If the Notes become due and repayable in accordance with Condition 2.2.1, the Notes will be redeemed by a payment in respect of each Note on the Early Redemption Payment Date  |

of an amount in USD equal to the Net Proceeds of the Charged Assets.

(b) If the Notes become due and repayable in accordance with Condition 2.2.2 or Condition 2.2.3 (as the case may be), the Notes will be redeemed by a payment in respect of each Note on the Early Redemption Payment Date of an amount in USD equal to the applicable Early Redemption Amount.

**Early Redemption Amount:**

Subject to the provisions of Special Condition (IV) below, the Early Redemption Amount shall be determined as an amount equal to the Redemption Amount as if the Early Redemption Date was the Final Maturity Payment Date.

**Net Proceeds:**

An amount determined by the Calculation Agent being the *pro rata* share of the Sale Proceeds of the Charged Assets in respect of one Note; *less the pro rata share of any redemption and settlement costs and expenses in respect of the Charged Assets; less the pro rata share of any fees, costs, indemnities or expenses owing to the Trustee and the Agents in connection with the Notes; and less the pro rata share of any fees payable to the Portfolio Manager, the Arranger and the Administrator pursuant to the Conditions of the Notes, less the pro rata share of USD 1,000 per annum to be retained by the Issuer.*

**Sale Proceeds:**

An amount determined by the Calculation Agent being the *pro rata* share in respect of one Note of: (a) the proceeds of sale or other means of realisation of the Charged Assets; *less* (b) any costs, expenses, taxes and duties incurred in connection with the disposal or transfer of the Charged Assets by the Sale Agent or any agent of the Issuer.

**Payment:**

Payments in respect of redemption of the Notes will be made on each Optional Redemption Payment Date and on the Final Maturity Payment Date or the Early Redemption Payment Date, as the case may be, in accordance with the Conditions.

**Limited recourse:**

Amounts due under the Notes will be payable only to the extent that funds are available from the Mortgaged Property and the proceeds thereof. If the Mortgaged Property is insufficient to pay any amounts due in respect of the Notes, the Issuer will have no other assets available to meet such insufficiency. In the event that Charged Assets are sold or realised or the Security is enforced and after payment of all other claims with a senior priority in the relevant order of priority the remaining proceeds of such sale, realisation or enforcement are insufficient to pay in full all amounts whatsoever due in respect of the Notes, then the Noteholders' claims against the Issuer in respect of the Notes shall be limited to their respective shares of such remaining proceeds and, after payment to each Noteholder of its respective share of such remaining proceeds, the obligations of the Issuer to such Noteholder shall cease to be due and shall be extinguished.

**Security:**

The Security for the Notes will be constituted by the Constituting Instrument, a Trust Deed entered into by the execution of the Constituting Instrument dated the Issue Date

between the Issuer and the Trustee, amongst others (the "**Trust Deed**") and the Charging Instrument as described in the Conditions of the Notes. See "*Description of the Security Arrangements in respect of the Notes*" below.

**Priority on Enforcement of Security:**

On enforcement of Security in respect of the Notes the Trustee will apply the enforcement proceeds in the following order of priority:

1. payment of the fees, costs, charges, expenses (including legal fees), liabilities, indemnity payments and all other amounts payable to the Trustee or incurred by the Trustee or by any receiver, custodian or other person appointed by it in connection with the performance of its duties and obligations;
2. *pro rata* and *pari passu* according to the respective amounts thereof payment of the fees, costs, charges, expenses (including legal fees), liabilities, indemnity payments and all other amounts payable to the respective Agents in connection with the performance of their respective duties and obligations;
3. payment of any unpaid taxes or other governmental duties or charges owing by the Issuer in respect of its function as issuer of the Notes other than the Issuer's franchise, corporate or income taxes;
4. in meeting the claims of the Portfolio Manager under the Portfolio Management Agreement;
5. in meeting the amounts due to Noteholders *pari passu* and rateably; and
6. in payment of the balance (if any) to the Issuer.

**Events of Default:**

The Security in respect of the Notes will become enforceable in the circumstances described in Condition 4 relating to Events of Default. The Events of Default include, without limitation, unremedied defaults by the Issuer relating to the payment of amounts due on the Notes and the insolvency of the Issuer. Upon the occurrence of an Event of Default under the Notes, the Trustee may at its discretion (or, in certain cases, shall) deliver a notice to the Issuer and others declaring the Notes to be immediately due and payable and the amount payable in respect of each Note is set out in Condition 2.5.2. See "*Conditions of the Notes*" below, see also Conditions 4 and 5.

**Form:**

The Notes will be represented by beneficial interests in a Permanent global note (the "**Permanent Global Note**").

**Status:**

The Notes are limited recourse obligations of the Issuer secured in the manner described herein.

**Use of Proceeds:**

The Issuer intends to use the consideration received by it for the issue of the Notes to purchase the Charged Assets.

**Further Notes:** Further Notes may be issued which will be consolidated and form a single series with the Notes.

**Listing:** Application has been made to list the Notes on the official list of the Cayman Islands Stock Exchange. Listing is expected to take place on or about the Issue Date but no assurance can be given that such application will be granted.

**Rating:** The Notes will not be rated.

**Business Days:** New York, London and Dublin.

**Governing Law:** The Notes and all non-contractual obligations and any other matters arising from them will be governed by, and construed in accordance with, the laws of Ireland. The courts of Ireland shall have non-exclusive jurisdiction in respect of any dispute. The Supplemental Cayman Security is governed by the laws of the Cayman Islands and the Cayman Islands Courts may have jurisdiction over any dispute or enforcement proceedings relating thereto.

To the extent that any of the Series Assets acquired by the Issuer may require the establishment of further Security governed by other jurisdictions, the Issuer shall ensure the constitution of the required security interest. Such Security shall be governed by the Law of the applicable jurisdiction.

**Risk Factors:** The Notes are not principal protected and involve significant risks. The attention of prospective Noteholders is drawn to the section "*Risk Factors*" in the Programme Memorandum and in this Series Memorandum, the section "*Information relating to the Charged Assets*" of this Series Memorandum.

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## Conditions of the Notes

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### High Income Alternatives (Series 4) Notes due 2037

The Noteholders should note that words and expressions not otherwise defined below shall have the meanings respectively ascribed to them by Special Condition (I) below.

The Notes designated as above (the "**Notes**") shall have the following terms and conditions which shall complete, modify and amend the Master Conditions (2016 Edition), which shall apply to the Notes as so completed, modified and amended. References to "**Conditions**" or "**Condition**" shall mean references to the Conditions of the Notes as modified herein.

The Issuer intends that any Further Notes which are issued pursuant to Condition 16 as amended by Special Condition (VI) (as defined herein) shall (save in respect of the relevant issue date) have the same Conditions as, and form a single Series with, the Notes of this Series.

- |    |                                  |  |
|----|----------------------------------|--|
| 1. | (i) Issuer:                      | AlphaNotes ETP DAC.  |
|    | (ii) Arranger:                   | Alpha Financial Products LTD.  |
| 2. | (i) Series Number:               | 4  |
|    | (ii) Tranche Number:             | 1  |
| 3. | Principal Amount:                | USD \$40,000,000.  |
|    |                                  | The Principal Amount of the Notes may be increased, at the discretion of the Issuer, by the issue of Further Notes from time to time (without requiring the consent of Noteholders) which shall be consolidated and form a single Series with the Notes of this Series, subject as provided in Special Condition (VI). |
| 4. | Issue Price:                     | 100% of the Principal Amount.  |
| 5. | Authorised Denomination:         | USD 1,000  |
|    | (i) Issue Date:                  | 9 June 2017.   |
|    | (ii) Interest Commencement Date: | 9 June 2017.   |
| 6. | Maturity Date:                   | 8 June 2037.   |
| 7. | Extended Maturity Date:          | The Date to which the term of the Notes may be extended under Special Condition (XII).   |
| 8. | Interest Basis:                  | Variable, accruing daily.  |
| 9. | Status of the Notes:             |  |

|     |  |   |
|-----|--|---|
|     | (i) Status of the Notes:               | Secured and limited recourse obligations of the Issuer ranking <i>pari passu</i> without any preferences amongst themselves secured as set out under Security below and subject to the priority set out under Priority below.   |
|     | (ii) Priority:                         | Noteholder-only Security applies.   |
| 10. | Listing:                               | An application has been made for admission of the Notes to the official list of the Cayman Islands Stock Exchange. Such listing is expected to take place on or about the Issue Date. However, no assurance is given that approval of such application will be granted.   |
| 11. | Fixed Rate Note Provisions:            | Not applicable.   |
| 12. | Floating Rate Note Provisions:         | Not applicable.   |
| 13. | Zero Coupon Note provisions:           | Not applicable.   |
| 14. | Dual Currency Note Provisions:         | Not applicable.   |
| 15. | Variable Coupon Amount Note Provision: | Not applicable.   |
|     | (i) Interest Period:                   | Accruing Daily.   |
|     | (ii) Interest Determination Date:      | 9 June 2017.  |
|     | (iii) Interest Rate:                   | 6%.   |
|     | (iv) Interest Payment Dates:           | Variable, accruing daily. If not previously paid, accrued interest shall be paid on the Final Maturity Payment Date.  |
|     | (v) Business Day Convention:           | Following Business Day Convention.  |
| 16. | Optional Redemption:                   | The Issuer may redeem the Notes, in whole or in part, at any time after not less than five Business Days' notice to the Noteholders, by payment in respect of each Note on the Optional Redemption Payment Date of an amount in USD equal to such Note's <i>pro rata</i> share of the Optional Redemption Amount. All such redemptions shall be applied in the inverse order of the maturity of the instalments of principal due on each respective Payment Date. |
| 17. | Optional Redemption Amount             | Special Condition (XI) applies.   |
| 18. | Redemption Amount:                     | Special Condition (II) applies.   |
| 19. | Early Redemption Amount:               | Special Condition (IV) applies.   |

20. Redemption Amount on redemption for taxation: Condition 2.3.1(A) shall not apply.
21. Form of Notes: Global Notes.
- (i) The Notes will initially be represented by: Global Note.
- (ii) Applicable TEFRA exemption: D Rules.
- (iii) Registered Notes: Not applicable.
22. Additional Financial Centre(s) or other special provisions relating to Payment Dates: Not applicable.
23. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): No.
24. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: Not applicable.
25. Redenomination applicable: Not applicable.
26. Portfolio Management:
- (i) Portfolio Manager: Income Capital Partners LLC.
- (ii) Portfolio Management Agreement: The terms and conditions of the appointment of the Portfolio Manager are set out in the Portfolio Management Agreement. See "*Information relating to the Portfolio Management Agreement*" below.
- (iii) Investment Objective: The Portfolio Manager shall be obliged to perform its obligations under the Portfolio Management Agreement in accordance with the terms of the Portfolio Management Agreement and shall be obliged to use all reasonable endeavours, in the course of carrying out such obligations, to pursue any investment strategy that it deems fit to maximise the total returns achieved by the Portfolio by investing in Class A shares of High Income Alternatives LLC, at the discretion of the Portfolio Manager and pursuant to the Portfolio Manager Agreement.
- (iv) Management Criteria: The Portfolio Manager will seek to achieve the Investment Objective through the Investment Strategy and Management

Criteria as more particularly set out in the Portfolio Management Agreement.

(v) Portfolio: The portfolio of Series Assets held by the Issuer as further described in the Portfolio Management Agreement.

(vii) Series Assets: The Class A shares of High Income Alternatives LLC acquired by the Issuer and any and all investments, agreements, contracts, shareholder and/or partnership interests acquired by the Issuer in relation to the Notes and any and all related investments (including any investment company securities and securities accounts), monies, credit balances, assets or related contracts and deposit accounts, trading positions or beneficial interests in any assets, to the extent any of the foregoing is:

(i) held, carried and / or maintained by the Issuer and / or any of its Affiliates;

(ii) established, agreed or obtained by the Issuer; or

(iii) established, agreed, obtained by or in possession or control of the Portfolio Manager, pursuant to the Portfolio Manager Agreement, for any purpose, including for safekeeping.

27. Security:

(i) Charged Assets: The Charged Assets shall be the Series Assets and the Related Rights.

On the Issue Date, or as soon as practicable thereafter, the Issuer shall invest in the Series Assets (by request of the Portfolio Manager)<sup>1</sup> set out in the section *"Information relating to Charged Assets"* below, (such Series Assets, together with the Related Rights applicable thereto, the **"Original Charged Assets"**).

If the Issuer issues Further Notes pursuant to Condition 16 as amended by Special Condition (VI) with the intention that such Further Notes be consolidated and form a single Series with the Notes issued on the Issue Date (and all other Further Notes issued from time to time), the Issuer shall, in connection with each such issue of

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<sup>1</sup> Does this property describe the relationship?

Further Notes, invest in further assets which shall be combined with the Series Assets (such further assets, together with the Related Rights applicable thereto, referred to as the "**Further Charged Assets**") with the issue proceeds of the relevant Further Notes such that the Notes and the Further Notes from time to time so issued shall be secured collectively on the Original Charged Assets and all of the Further Charged Assets. All references to "*Charged Assets*" shall be to the Original Charged Assets and the Further Charged Assets from time to time so purchased by the Issuer.

The assets comprising the Portfolio will be registered in the name of the Issuer and certificates in respect of the Charged Assets will be held by the Issuer subject to the security constituted by the Constituting Instrument and the Charging Instrument.

(ii) Charging Instrument

Pursuant to a security deed in respect of the Class A shares of High Income Alternatives LLC entered into between the Issuer and the Trustee dated on or about the Issue Date (the "**Charging Instrument**") the Issuer has granted in favour of the Trustee, as security for itself, and the Secured Parties, a security interest governed under the laws of the Cayman Islands over the Issuer's interest in the Charged Assets from time to time (such security the "**Supplemental Cayman Security**").

Furthermore, the Issuer will grant, in favour of the Trustee, as security for itself, and the Secured Parties, a security interest over the Issuer's interest in any Series Assets acquired by the Issuer, from time to time.

|     |                                 |  |
|-----|---------------------------------|--|
|     | (iii) Depository Account:       | Not applicable.                                      |
|     | (iv) Charged Agreement:         | Not applicable.                                      |
|     | (v) Swap Counterparty:          | Not applicable.                                      |
| 28. | Securities Lending Agreement:   | Not applicable.                                      |
| 29. | Portfolio Administrator:        | Not applicable.                                      |
| 30. | Fees:                           | Special Condition (XI) applies.                      |
| 31. | Additional selling restrictions | As set out in " <i>Selling Restrictions</i> " below. |
| 32. | ISIN Code:                      | XS1609300121   |

33. Common Code: 160930012
34. Alternative Clearing System: Not applicable.
35. Delivery: Against Payment.
36. Principal Paying Agent: The Bank of New York Mellon, London Branch
37. Sub-Custody: Not applicable.
38. Calculation Agent: Alpha Financial Products LTD.

The Calculation Agent shall provide the NAV Report to the Arranger on each NAV Report Date.

The Arranger will publish a summary of the NAV Report received from the Calculation Agent on Bloomberg and will disseminate the NAV to SIX Financial Information USA Inc. and to the Cayman Islands Stock Exchange.

All determinations made by the Calculation Agent hereunder shall, in the absence of manifest error, wilful default or bad faith, be final and conclusive. The Calculation Agent shall have no liability to the Issuer, the Noteholders or any third party in relation to such determinations. However, the Calculation Agent shall be liable to the Issuer in order to fully compensate the Series Assets to the extent that any miscalculation or error on its part results in a loss to the Series Assets, and to fully indemnify the Issuer for any consequential losses or costs reasonably associated with any such miscalculation or error.

39. Administrator: FalconPeak Capital LLC
40. Governing law: The Notes and all non-contractual obligations and any other matters arising from it will be governed by, and construed in accordance with, the laws of England. The courts of England and Wales shall have non-exclusive jurisdiction in respect of any dispute. The Supplemental Cayman Security is governed by the laws of the Cayman Islands and the Cayman Islands Courts may have jurisdiction over any dispute or enforcement proceedings relating thereto.

To the extent that any of the Series Assets acquired by the Issuer may require the establishment of further Security governed

by other jurisdictions, the Issuer shall ensure the constitution of the required security interest. Such Security shall be governed by the Law of the applicable jurisdiction.

**Admission to trading, public offer and listing**

Application has been made to list the Notes on the official list of the Cayman Islands Stock Exchange.

The Notes will not be offered to the public in any jurisdiction. See "Selling Restrictions" below and in the Programme Memorandum.

Alpha Financial Products LTD., in its capacity as the Arranger, will be solely responsible for arranging the issuance of the Notes.

## Special Conditions:

### (I) Definitions

Words set out in italics in these Conditions do not form part of the definitions for the purpose of the Constituting Instrument and the documents constituted thereby. In the event of a conflict between the Conditions and the Special Conditions, the Special Conditions shall prevail.

**"Additional Mandatory Redemption Event"** means, for the purpose of Condition 2.2.2 (as amended), that the Issuer determines that its obligations under the Notes at any time become illegal.

**"Affiliate"** means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

**"Agents"** means the Principal Paying Agent, the Issue Agent, the Sale Agent, the Placing Agent and the Calculation Agent.

**"Arranger Default"** means if any of the follow events occur (in the sole discretion of the Issuer) in respect of the Arranger. If the Arranger:

- (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (iv) (A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (I) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (II) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof;
- (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied,

enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter;

(viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) to (vii) above (inclusive);

(ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(x) becomes unable to, or fails to within 10 days of receiving notice from the Trustee or the Issuer, perform its duties under the Notes.

**"Business Day"** means a day on which banks are generally open for business in New York, Dublin and London.

**"Calculation Agent"** means Alpha Financial Products LTD.

**"Collateral Default"** means either (i) a compulsory redemption (howsoever described) of the Charged Assets; or (ii) a distribution or return of capital and / or assets to holders of the Charged Assets following the winding up or liquidation of the Class A shares of High Income Alternatives LLC.

**"Control"** means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. For purposes of this definition, "Controlled by" and "under common Control with" have correlative meanings.

**"Early Redemption Date"** means in relation to Special Condition (IV), the date specified in the notice given by or on behalf of the Issuer to the Noteholders in accordance with the Conditions.

**"Early Redemption Payment Date"** means five (5) Business Days following the day that the Issuer receives the aggregate Realisable Value pursuant to Special Condition (IV). The Early Redemption Payment Date may be significantly later than the Early Redemption Date. See *"Risk Factors – Payments"*.

**"Extended Maturity Date"** means the date to which the term of the Notes may be extended under Special Condition (XII).

**"Final Maturity Payment Date"** means, subject as provided in Special Condition (VII), five (5) Business Days following the day that the Issuer receives the aggregate Sale Proceeds pursuant to Special Condition (II). The Final Maturity Payment Date may be significantly later than the Scheduled Maturity Date or the Extended Maturity Date, as applicable. See *"Risk Factors – Payments"*.

**"Governmental Authority"** means any federal, state or local court or governmental agency, ministry, authority, instrumentality or regulatory body of any jurisdiction or territory.

**"High Income Alternatives LLC Private Offering Memorandum and / or the Memorandum and Articles of Association"** means the Private Offering Memorandum, dated [ ] April 2017 and the Memorandum and Articles of Association of High Income Alternatives LLC, incorporated on 14 March 2017.

**"Mandatory Redemption Event"** means any of the events described in Conditions 2.2.1, 2.2.2 or 2.2.3.

**"Monthly NAV High"** means a Net Asset Value calculated per Note (by dividing the Net Asset Value by the number of Notes outstanding) as at a NAV Report Date which is higher than the previous highest Net Asset Value calculated per Note as at a NAV Report Date, provided that the first Monthly NAV High shall be the Net Asset Value calculated per Note as at the Issue Date.

**"NAV Report"** means a report provided to the Issuer by the Calculation Agent setting out the calculation of the Net Asset Value of the Portfolio (net of any fees as described under Special Condition (XI) below).

**"NAV Report Date"** means the last Business Day of each calendar month.

**"Net Asset Value"** means the value for each component of Series Assets (net of any fees as described under Special Condition (XI) below), as provided by the Calculation Agent to the Issuer, as the case may be, on or before the NAV Report Date, and **"Net Asset Value of the Portfolio"** means the aggregate of the Net Asset Value of each component (net of any fees as described under Special Condition (XI) below) comprised in the Portfolio.

**"Net Proceeds"** means an amount determined by the Calculation Agent in respect of a Note being such Note's *pro rata* share of the Sale Proceeds of the Charged Assets in respect of such Note less any redemption and settlement costs and expenses in respect of the Charged Assets and less any fees, costs, indemnities or expenses owing to the Trustee and the Agents in connection with the Notes, and less any fees payable to the Portfolio Manager and the Arranger pursuant to the Conditions of the Notes, less USD 1,000 per annum, to be retained by the Issuer.

**"New York Business Day"** means a day on which banks are generally open for business in New York.

**"Optional Redemption Date"** means the date specified in an Optional Redemption Notice given by the Issuer or the Arranger pursuant to Condition 2.6.2, as amended by Special Condition (III) (*Optional Redemption by the Issuer*).

**"Optional Redemption Payment Date"** means the date as set forth in the notice provided by the Issuer to Noteholders notifying Noteholders of the Issuer's intent to redeem, in whole or in part, the Notes, with such Optional Redemption Payment Date being no less than five Business Days after receipt of such notice by the Noteholders, and which date shall be three Business Days following the date of receipt of funds by the Issuer (the **"Credit Prepayment Date"**).

**"Person"** means an individual, partnership, limited partnership corporation, company, limited liability company, unincorporated organisation, trust or joint venture, or a Governmental Authority or political subdivision thereof.

**"Placing Agent"** means PanAmerica Capital Group, Inc.

**"Portfolio"** means the Series Assets, as managed by the Portfolio Manager subject to the Management Criteria, as further described in the Portfolio Management Agreement in relation to the Notes.

**"Realisable Value"** means an amount determined by the Calculation Agent in respect of a Note being such Note's *pro rata* share of the Final Price determined pursuant to the Loan Liquidation Method or other sale, disposition, transfer or

delivery of the Charged Assets or any proportion thereof as determined by the Calculation Agent, in respect of such Note less any costs, expenses, taxes and duties incurred in connection with the disposal or transfer of the Charged Assets by the Sale Agent or any Agent of the Issuer.

**"Related Rights"** means all rights of the Issuer derived from or connected to the Series Assets and the Charged Assets including, without limitation, any rights to receive additional shares or other securities, assets or rights or any offers in respect thereof (whether by way of bonus issue, option rights, exchange, substitution, conversion or otherwise) or to receive monies (whether by way of redemption, return of capital, interest dividend, distribution, income or otherwise) in respect of the Series Assets and the Charged Assets.

**"Sale Proceeds"** means an amount determined by the Calculation Agent being the *pro rata* share of the proceeds of sale or other means of realisation of the Charged Assets in respect of one Note less any costs, expenses, taxes and duties incurred in connection with the disposal or transfer of the Charged Assets by the Sale Agent.

**"Security"** means the security constituted by the Trust Deed entered into by the execution of the Constituting Instrument dated the Issue Date between the Issuer and the Trustee, amongst others.

**"Series Assets"** means the Class A shares of High Income Alternatives LLC acquired by the Issuer, any and all related investments (including any investment company securities and securities accounts), monies, credit balances, assets or related contracts and deposit accounts, trading positions or beneficial interests in any assets to the extent any of the foregoing is:

- (i) held, carried and / or maintained by the Issuer, the Trustee and / or any of the Agents, in relation to the Notes,
- (ii) established, agreed or obtained by the Issuer in relation to the Notes, or
- (iii) established, agreed, obtained by or in possession or control of the Portfolio Manager in relation to the Notes, pursuant to the Portfolio Manager Agreement, for any purpose, including for safekeeping.

(II) **Redemption Amount**

Unless previously redeemed the Notes will be redeemed by a payment in respect of the Principal Amount of each Note plus interest (if unpaid) on the Final Maturity Payment Date of an amount in USD (the **"Redemption Amount"**) equal to Net Proceeds.

No interest or other amount shall accrue or be payable in respect of the Notes in respect of the period from and including the Scheduled Maturity Date to and including the Final Maturity Payment Date.

(III) **Optional Redemption**

*Optional Redemption by the Issuer*

Condition 2.6.2 shall apply to the Notes.

The Issuer:

- (A) may, on giving not less than ten (10) Business Days' prior notice to the Trustee and the Noteholders (in accordance with Condition 7);
- (B) shall, at any time after receipt of a Notice pursuant to this Special Condition (III) from the Arranger,

(such notice an "**Optional Redemption Notice**") redeem any amount of the Notes at their Optional Redemption Amount on the Optional Redemption Payment Date. The provisions of Condition 2.6.2 is hereby amended accordingly.

The amount (the "**Optional Redemption Amount**") payable in respect of any Notes that are so redeemed will be an amount in USD determined by the Calculation Agent equal to the Early Redemption Amount.

*Optional Redemption by the Arranger*

The Issuer shall, subject to compliance with all relevant laws, regulations and directives, at the option of the Arranger, where the Arranger is the holder of any Note, redeem such Note on the Optional Redemption Date.

The amount (the "**Optional Redemption Amount**") payable in respect of any Notes that are so redeemed will be an amount in USD determined by the Calculation Agent equal to the Early Redemption Amount.

To exercise such option the Arranger must deposit the relevant Note with any Paying Agent or the Registrar or any Transfer Agent (in the case of Registered Notes) at their respective specified offices, together with a duly completed notice of redemption ("**Redemption Notice**") in the form obtainable from any Paying Agent or from the Registrar or any Transfer Agent (in the case of Registered Notes) not more than 30 nor less than 2 Business Days prior to the relevant date for redemption and provided that, in the case of any Note represented by a Global Note or a Global Registered Certificate registered in the name of a nominee for Euroclear or Clearstream, Luxembourg or an Alternative Clearing System, the Arranger must deliver such Redemption Notice together with an authority to Euroclear or Clearstream, Luxembourg or the relevant Alternative Clearing System (in each case, as appropriate) to debit such Arranger's account accordingly and provided that, in the case of any Note represented by a Global Registered Certificate registered in the name of any other person, the Arranger must deliver such Redemption Notice together with an instruction to such person to amend its records accordingly. No Note (or authority) so deposited may be withdrawn (except as provided in the Constituting Instrument) without the prior written consent of the Issuer.

(IV) **Early Redemption Amount**

Condition 2.3.2 shall apply to the Notes.

- (A) The Early Redemption Amount of the Notes (in respect of principal and interest (if applicable)) shall be determined in accordance with Condition 2.5.3 read with this Special Condition (IV) as follows:
  - (i) In the event the Notes become due and payable pursuant to Condition 2.2.1, the Sale Agent shall, on behalf of the Issuer sell or procure the sale or other means of realisation of the Charged Assets in accordance with the Master Charged Assets Sale Terms. The applicable Early Redemption Amount payable in respect of each Note pursuant to Condition 2.2.1 will be the *pro rata* share of the Net Proceeds; or

- (ii) If the Notes become due and repayable in accordance with Conditions 2.2.2 or 2.2.3,

then the applicable Early Redemption Amount shall be determined as an amount equal to the Redemption Amount had the Early Redemption Date been the Final Maturity Payment Date.

The Early Redemption Amount shall be payable on the Early Redemption Payment Date and shall not exceed the Net Proceeds of the Charged Assets. In the event that such Early Redemption Amount is less than the Net Proceeds of the Charged Assets, Noteholders shall receive such lesser amount.

- (B) Subject as provided in Special Condition (VII), the Early Redemption Amount will be paid on the Early Redemption Payment Date. No interest or other amount shall accrue or be payable in respect of the Notes in respect of the period from and including the Early Redemption Date to and including the Early Redemption Payment Date.
- (C) The Early Redemption Payment Date may be significantly later than the Early Redemption Date, see "*Risk Factors – Payments*".
- (D) For the avoidance of doubt, reference in Condition 4 and Condition 2.5 to the Early Redemption Amount payable pursuant to an Event of Default shall mean the amount payable on redemption of each Note upon its becoming due and payable as provided in Condition 4 being the lesser of (i) the outstanding principal amount of such Note and (ii) the amount available by applying the portion available to the Noteholders pursuant to Condition 3.4 of the Net Proceeds of the enforcement of the Security in accordance with Condition 3 *pari passu* and rateably between the Notes.

(V) **Calculations, determinations and notifications**

Following receipt by the Arranger of the NAV Report from the Calculation Agent on the NAV Report Date, the Arranger will publish a summary of the NAV Report on Bloomberg and will disseminate the NAV to SIX Financial Information USA Inc. and to the Cayman Islands Stock Exchange.

The NAV Report and the summary thereof will be an estimated valuation of the Series Assets, and shall not be interpreted as an indication of expected redemption values of the Notes. The NAV Report and the summary thereof shall take account of any fees, expenses or charges that applies to the Notes, and is subject to amendments and / or corrections at any time without giving notice to any person.

Whenever any matter falls to be determined, considered or otherwise decided upon by the Calculation Agent or any other person (including where a matter is to be decided by reference to the Calculation Agent's or such other person's opinion), unless otherwise stated, that matter shall be determined, considered or otherwise decided upon by the Calculation Agent or such other person, as the case may be, in its sole and absolute discretion. The Calculation Agent has agreed in the Constituting Instrument to comply with its obligations set out in the Conditions and these Special Conditions.

Each of the Issuer, the Portfolio Manager, the Principal Paying Agent and the Trustee shall be entitled to rely on any certification, notification, calculation or determination of the Calculation Agent given or copied to it as being true and accurate for all purposes and none of them shall be obliged to make any investigation or enquiry

into any such certification, notification, calculation or determination or into the basis on which such certification, notification, calculation or determination was prepared, given or made.

The Calculation Agent is entitled to rely on any certification, notification, calculation, determination or announcement made by or on behalf of Income Capital Partners LLC and / or any Agent of High Income Alternatives LLC in connection with the High Income Alternatives LLC Private Offering Memorandum and / or the Memorandum and Articles of Association and shall not be obliged to make any investigation or enquiry into, and shall incur no liability to any person for relying on, any such certification, notification, calculation, determination or announcement reasonably believed by it to be genuine and made by or on behalf of Income Capital Partners LLC and / or any Agent of High Income Alternatives LLC.

The Calculation Agent shall consider the value of Series Assets which do not have a valuation provided to remain at cost and shall not be required to modify the recorded value of such Series Assets until provided with supported valuation by Income Capital Partners LLC and / or any Agent of High Income Alternatives LLC or the Portfolio Manager. The Calculation Agent is entitled to rely on any certification, notification, calculation, determination or announcement made by or on behalf of Income Capital Partners LLC and / or any Agent of High Income Alternatives LLC or the Portfolio Manager in connection with the Series Assets and shall not be obliged to make any investigation or enquiry into, and shall incur no liability to any person for relying on, any such certification, notification, calculation, determination or announcement reasonably believed by it to be genuine and made by or on behalf of the Portfolio Manager.

(VI) **Further Notes**

Pursuant to Condition 16 as amended and supplemented by this Special Condition (VI), the Issuer shall be at liberty to issue Further Notes with the express intention that such Further Notes be consolidated and form a single series with the Notes (and with any subsequent Further Notes so issued) provided that:

- (A) the net proceeds of issue of such Further Notes shall be used to acquire further assets as requested by the Portfolio Manager (such further assets and the Related Rights applicable thereto being the Further Charged Assets);
- (B) each of the Further Notes that the Issuer may issue from time to time, together with the Notes, are secured collectively on the Issuer's right, title and interest in and to the Original Charged Assets and each of the Further Charged Assets such that the Security for the Notes and any Further Notes shall be the identical and all references to "*Charged Assets*" shall be to the Original Charged Assets and the Further Charged Assets from time to time;
- (C) the Conditions of each of the Further Notes are identical to the Conditions of the Notes (save in respect of their date of issue);
- (D) each issue of Further Notes will be constituted and secured by a supplement to the Constituting Instrument in the form substantially set out in the Constituting Instrument (or in such other form as is legally effective to constitute and secure the Further Notes) (the "**Further Constituting Instrument**") and so that upon the execution by the Issuer of the Further Constituting Instrument, all references to the Constituting Instrument shall be construed as being to such document as supplemented from time to time; and

- (E) the security interests granted by the Issuer in such Further Constituting Instrument are granted to the Trustee for all the Noteholders of the consolidated Series on a *pari passu* basis, and the Issuer shall not grant a security interest in the Charged Assets or the Further Charged Assets to the Trustee for the benefit of any other series of Noteholders.

**(VII) Collateral Default and Arranger Default**

- (A) If the Calculation Agent determines in its sole discretion that a Collateral Default or a Charged Assets Default has occurred then it shall give notice as soon as practicable thereafter to the Issuer, the Trustee, the Portfolio Manager, the Principal Paying Agent and the Noteholders (in accordance with Condition 7) of the occurrence of such event. The Issuer shall redeem the Notes in full by payment to each Noteholder of a *pro rata* amount of the Net Proceeds of the Charged Assets five (5) Business Days following the day on which the Issuer receives the Sale Proceeds.
- (B) If the Issuer (in its sole discretion) determines that an Arranger Default has occurred then it shall give notice as soon as practicable thereafter to the Trustee, the Portfolio Manager, the Principal Paying Agent and the Noteholders (in accordance with Condition 7) of the occurrence of such event. The Issuer shall redeem the Notes in full by payment to each Noteholder of a *pro rata* amount of the Net Proceeds of the Charged Assets five (5) Business Days following the day on which the Issuer receives the Sale Proceeds.

**(VIII) Purchase**

Condition 2.7 shall apply subject as amended by this Special Condition (VIII). In determining what proportion of Charged Assets corresponds to the proportion of Notes to be purchased, the Issuer shall be entitled to rely on advice given to it by the Calculation Agent. The Issuer has absolute discretion to designate which part of the Series Assets to select in order to fulfil its obligations pursuant to Condition 2.7 as hereby amended.

**(IX) The Trustee**

The Trustee shall not be responsible for, or be obliged to monitor or verify or investigate:

- (A) the performance, operation or calculation of the Portfolio or other element of calculation thereof but shall be entitled to rely absolutely on any calculation thereof by the Calculation Agent;
- (B) the performance, operations or financial condition of the Borrower or the terms of the Charged Assets or the calculation of amounts payable in respect thereof;
- (C) the performance by the Portfolio Manager or Issuer of their respective obligations under the Portfolio Management Agreement or any other of any agreement relating to, or in connection with, the Portfolio and shall be entitled to assume that the Issuer is in compliance with the terms thereof unless and until expressly notified to the contrary in writing by the Issuer or the Calculation Agent;
- (D) whether or not any Mandatory Redemption Event or other event referred to in Special Condition (IV), or any Event of Default under the Notes, has

occurred and shall be entitled to assume that no such event has occurred unless and until expressly notified to the contrary in writing by the Issuer or the Calculation Agent,

- (E) save to the extent caused by its own negligence or wilful default the Trustee shall not be responsible or liable for any failure to sell, realise or redeem the Charged Assets and the Mortgaged Property or any delay in doing so nor for any loss suffered or incurred by any person as a result of the Net Proceeds, the Realisable Value or any other proceeds of sale, realisation or redemption of the Charged Assets or the Mortgaged Property being insufficient to discharge any Redemption Amount or Early Redemption Amount in full.

(X) **Sale Agent**

The Sale Agent shall, on behalf of the Issuer, sell or procure the sale or other means of realisation of the Charged Assets and shall be entitled to deduct any costs, expenses, taxes and duties incurred in connection with any disposal, realisation or transfer of such Charged Assets.

In the event of the occurrence of a Mandatory Redemption Event or an Event of Default under the Notes, at the discretion of the Issuer and the Arranger and after the operation of Special Condition (III), but in conformity with the Loan Liquidation Method, the Sale Agent may enter into agreements with third parties for the purpose of liquidation, realisation, disposal or transfer of Charged Assets, and shall be entitled to deduct any costs, expenses, taxes, duties and / or interest due and incurred in connection with such liquidation, realisation, disposal or transfer.

The Sale Agent must sell or procure the sale or other means of realisation of the Charged Assets in accordance with the Loan Liquidation Method and otherwise in such manner and to and / or involving such person as it thinks fit and shall be entitled to sell and procure the sale or other means of realisation of the Charged Assets at such price in its sole discretion. The Sale Agent shall not be responsible or liable for any failure to sell or realise the Charged Assets or any delay in doing so nor for any loss suffered or incurred by any person as a result of their sale or other means of realisation other than for its failure to follow the Loan Liquidation Method.

(XI) **Fees**

In addition to the fees, expenses, liabilities and indemnities due to the Trustee and any Agents, and any other transaction related fees incurred by the Issuer in respect of the issuance of the Notes, as determined by the Calculation Agent, the Issuer has agreed to pay certain fees to the Arranger and the Administrator, which shall be paid by the Portfolio Manager. In the event that the Portfolio Manager fails to make such payments the fees will be deducted from the Portfolio when determining the Redemption Amount.

The following fees shall be determined by the Calculation Agent as at the date expected to be two Business Days immediately prior to the following: (i) each NAV Report Date, (ii) the Final Maturity Payment Date, and (iii) any Optional Redemption Payment Date or Early Redemption Payment Date (any such date, a "**Fees Determination Date**"):

- (a) The fees payable to the Portfolio Manager pursuant to the Portfolio Management Agreement equal to:

- (i) 1.25% per annum of the Net Asset Value of the Portfolio as at the most recent NAV Report Date (the "**Management Fee**"); and
- (ii) 10% of the Performance Increase, if any, (the "**Performance Fee**"). The Performance Fee will only be applied in case the Net Asset Value is higher than the highest watermark. *For the purposes of the Performance Fee, the increase in performance of the Portfolio shall be the difference between the net balance amount of the Portfolio as calculated on the NAV Report Date and the net balance amount of the Portfolio on the highest preceding NAV Report Date, after the deduction of any applicable fees, expenses and costs (the "**Performance Increase**").*

The Portfolio Manager is authorised to utilise the Management Fee in discharge of payments to third parties for services provided by such third parties to the Portfolio Manager from time to time with respect to matters identified in a fee schedule provided by the Portfolio Manager to the Calculation Agent.

- (b) the fees payable to the Arranger, 0.30 % per annum of the Net Asset Value of the Portfolio as of the most recent NAV Report Date (the "**Arranger Fee**").
- (c) the fees payable to the Placement Agent, 0.05 % per annum of the Net Asset Value of the Portfolio as of the most recent NAV Report Date (the "**Placement Fee**").

The sum of the Arranger Fee and Placement Fee is subject to an aggregate minimum payment of USD 1,500 per month.

The Issuer will incur fees in relation to the issuance of the Notes, which shall be met by Income Capital Partners LLC or High Income Alternatives LLC. In the event that Income Capital Partners LLC or High Income Alternatives LLC fails to make such payments the fees will be deducted from the Portfolio when determining the Redemption Amount. Such fees will include, but shall not be limited to:

- (A) any fees, costs and expenses payable by the Issuer which are directly attributable to the Notes, including:
  - (a) costs incurred in connection with the issuance, listing, clearing of the Notes and / or the performance of obligations in relation thereto;
  - (b) any commissions, fees, costs, indemnities and expenses payable by the Issuer pursuant to the Constituting Instrument and the Series Documents as defined therein;
  - (c) any fees, costs and expenses of the administrator of the Issuer payable by the Issuer or the Arranger in respect of the Notes; and
  - (d) any legal fees and disbursements payable by the Issuer or the Arranger to Eversheds Sutherland or any other legal advisers to the Issuer or the Arranger in respect of the issuance of the Notes; and
- (B) in relation to any realisation of the Charged Assets, all commissions, fees, charges and expenses (including, without limitation, any stamp duty, documentary or transfer or other taxes or duties payable in respect of the sale or other realisation of any such Charged Assets) incurred or payable by

the Sale Agent in respect of such sale or other realisation, as certified by the Sale Agent to the Issuer and the Trustee.

Any amounts payable under the Notes are based on the performance of the Charged Assets net of the fees described above. The fees will be applied in calculating the value of the Portfolio and therefore will result in a reduction in value of the Notes.

Estimated fees include a Set-up fee of EUR 19,500 paid one time for legal work and Trustee review. Other administration fees estimated at EUR 9,800 per year.

(XII) **Extended Maturity Date**

The term of the Notes may be extended for further periods of up to ten (10) years, provided that, at the request of the Issuer, the Calculation Agent, on behalf of the Issuer, has given a notice (the "**Extension Notice**") to the Trustee, the Principal Paying Agent and the Noteholders three (3) calendar months prior to the Scheduled Maturity Date or the anniversary thereof in each subsequent year, if applicable, which may be waived by the Noteholders, stating that such extension shall take place in respect of the Notes. If no Extension Notice, or no further Extension Notices (if applicable) are delivered by the Calculation Agent, the Notes shall be redeemed on the Final Maturity Payment Date or on the date stated in the final Extension Notice (such date being the "**Extended Maturity Date**").

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### **Use of proceeds**

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The entire net proceeds from the issue of the Notes and any Further Notes, will be invested by the Issuer (at the request of the Portfolio Manager) in the Charged Assets, subject to the management of the Portfolio Manager, to obtain the Original Charged Assets (in the case of the Notes issued on the Issue Date) and the relevant Further Charged Assets (in the case of any Further Notes) in each case on or as soon as practical following the Issue Date or, as applicable, the relevant date of issue in respect of any Further Notes.

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## Information relating to the Charged Assets

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### General

The Issuer will use the proceeds of the Notes to invest, within 30 days following the Issue Date, in Class A shares of High Income Alternatives LLC, an Exempted Limited Liability Company incorporated on 14 March 2017 in the State of Delaware, and having its registered office with the Corporation Service Company at 2711 Centerville Road, Suite 400, Wilmington DE 19808.

Income Capital Partners LLC, a company incorporated in the State of Delaware on March 14, 2017, shall serve as the Investment Manager of High Income Alternatives LLC as well as the Portfolio Manager for the Notes.

On the Issue Date, the Original Charged Assets will consist of the Series Assets, and the Related Rights.

### The Series Assets

For a detailed description of the Series Assets see the **HIGH INCOME ALTERNATIVES LLC PRIVATE OFFERING MEMORANDUM AND / OR THE MEMORANDUM AND ARTICLES OF ASSOCIATION**, a copy (or copies) of which is appended to this Series Memorandum.

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## Description of the Security Arrangements in Respect of the Notes

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### Introduction

The Notes will be secured, limited recourse obligations of the Issuer. The purpose of this section is to provide further information in respect of these important features of the Notes, which are included in the Conditions. However, the following description is a summary only of certain aspects of the security arrangements and is subject in all respects to the terms of the Trust Deed and the Conditions of the Notes, of which Noteholders are deemed to have notice and by which they are bound.

The Issuer will, pursuant to the provisions of the Trust Deed, grant the Security described below to the Trustee as continuing security for the payment of all sums due under the Trust Deed and the Notes. The Trustee shall hold such Security on behalf of itself, the Agents and the Noteholders.

### Security arrangements

The Notes will be secured by a charge over the Series Assets from time-to-time and the Related Rights obtained with the entire net proceeds of the issue of the Notes and all rights and sums derived therefrom in favour of the Trustee for itself and as trustee for the Secured Parties (which includes the Noteholders).

Under the Trust Deed and the Constituting Instrument, the Issuer, in favour of the Trustee for itself and as trustee for the Secured Parties, and as continuing Security, will:

(A) charge by way of fixed charge and assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer's rights with respect to (a) the Series Assets and (b) any moneys and/or assets received in respect of such Series Assets (including, for the avoidance of doubt, any sums standing to the credit of the Deposit Account, pursuant to sub-clause 7.6 of the Trust Deed);

(B) assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer's rights, title, benefit and interest in, to and under the Agency Agreement and the Placing Agreement and all sums and any other assets, rights, title or benefit derived therefrom;

(C) charge by way of fixed charge and assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer's rights, title, benefit and interest in and to all funds and any other assets now or thereafter standing to the credit of the account of the Principal Paying Agent in respect of the Notes, the Further Notes and the debts represented by such moneys; and

(D) charge by way of fixed charge and assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all funds and any other assets now or thereafter standing to the credit of the account of the Principal Paying Agent in respect of the Notes, the Receipts and the Coupons (if any) and the debts represented by such moneys;

in each case on terms that the Trustee shall hold the proceeds of such Security for itself and on trust for itself, the Agents and the Noteholders (and the holders of any Further Notes in accordance with the terms of the Trust Deed).

### Charging Instrument

Pursuant to the Charging Instrument the Issuer will grant a security interest governed by the laws of the Cayman Islands over the Charged Assets obtained with the net proceeds of the issue of the Notes and all rights of the Issuer derived from or connected to the Charged Assets as security in favour of the Trustee for itself and as trustee for the Secured Parties.

### **Enforcement of the Mortgaged Property**

The Mortgaged Property may become enforceable if the Notes or any of them have become due and repayable (for example, due to acceleration following the occurrence of a Mandatory Redemption Event or an Event of Default under the Notes) and have not been repaid.

In such circumstances the Trustee may at its discretion, and upon being indemnified, secured and/or prefunded to its satisfaction and shall if so requested or directed by the relevant parties (as more fully described in Condition 7), realise the Charged Assets. In realising the Charged Assets the Trustee may, but shall not be obliged to, procure the sale of the Charged Assets or may request the redemption of the Charged Assets.

### **Priority of claims and potential for insufficient security on sale of Charged Assets and / or on enforcement**

In the event that any Charged Assets are required to be sold pursuant to the Conditions or the Security constituted by the Trust Deed or the Constituting Instrument becomes enforceable in accordance with the Conditions, the net sums realised could be insufficient to pay all the amounts due to the Noteholders under the Notes. The sums realised from any such sale of the Charged Assets will be subject to deduction of the costs and expenses associated with such sale. In addition, all costs and expenses incurred by the Trustee in enforcing the Security (including any costs of a receiver or similar official) and amounts due to the Agents will be deducted from the proceeds of such enforcement before such proceeds are paid to the Noteholders. After taking action to enforce the Security as provided in the Conditions, the Trustee shall not be entitled to take any further steps against the Issuer to recover any sum still unpaid and no debt shall be owed by the Issuer in respect of such sum. In particular, no Agent or Noteholder may petition or take any other step for the winding-up of the Issuer nor shall any of them have any claim in respect of any sum over or in respect of any assets of the Issuer which are security for any other liability of the Issuer.

### **Limited recourse provisions**

The Trustee, the Agents and the Noteholders (in each case to the extent that their claims are secured) shall have recourse only to the Mortgaged Property. If, the Trustee having realised the Mortgaged Property, the proceeds thereof are insufficient for the Issuer to make all payments then due to all such parties, the obligations of the Issuer will be limited to such proceeds of realisation of the Mortgaged Property and no other assets of the Issuer will be available to meet such shortfall; the Trustee, the Agents, the Noteholders or anyone acting on behalf of any of them shall not be entitled to take any further steps against the Issuer to recover any further sum and no debt shall be owed to any such persons by the Issuer. The Trustee (including any costs of a receiver or similar official) and the Agents shall rank prior to the Noteholders in the application of all moneys received in connection with the realisation or enforcement of the Security. In particular, none of the Trustee and the Agents or any holder of the Notes may petition or take any other step for the winding-up of the Issuer, and none of them shall have any claim in respect of any sum arising in respect of the Mortgaged Property for any other Series.

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## Information relating to the Portfolio Management Agreement

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### **Portfolio Management Agreement dated [ ] 2017 between AlphaNotes ETP DAC, Intertrust Trustees Limited and Income Capital Partners, LLC (the "Portfolio Management Agreement")**

The Portfolio Management Agreement sets out the terms and condition of the appointment of the Portfolio Manager.

The Portfolio Manager, in accordance with the terms of the Portfolio Management Agreement, shall be obliged to use all reasonable endeavours, in the course of carrying out such obligations, to pursue any strategy that it deems fit to maximise the total risk-adjusted returns achieved by the Portfolio by investing in Class A shares of the High Income Alternatives LLC.

The Portfolio Manager will be obliged to seek to achieve the Investment Objective and to enhance the performance of the Portfolio through investments in any assets that meet the Investment Objective, using no leverage.

The Portfolio Manager shall be obliged to manage the buying and / or selling of Series Assets pursuant to the Portfolio Management Agreement, by requesting the Issuer to make Substitutions of Charged Assets. A Substitution may only be made if:

- (i) such Substitution and any Substitute Assets do not:
  - (aa) render the Issuer liable to taxation outside its jurisdiction of incorporation;
  - (bb) result in the contravention by the Issuer of any applicable law or regulation;
  - (cc) require the Issuer to make any filing or declaration under any applicable law or regulation; and
  - (dd) give rise (save as provided for in Condition 3.6.2) to any obligation or liability on the Issuer's part to take any action, or to make any payment, other than with the Issuer's express agreement,unless, in the case of (aa) or (dd) only, the Issuer shall have first been indemnified and / or secured to its satisfaction against such liability; and
- (ii) any Substitute Assets are expressed to be delivered, transferred or (as the case may be) assigned to the Issuer on the same terms, *mutatis mutandis*, as the Charged Assets the subject of a Substitution or otherwise as the Trustee and the Portfolio Manager may approve.

### **Portfolio Manager**

The Issuer has appointed Income Capital Partners LLC as the Portfolio Manager in respect of the Notes pursuant to the Portfolio Management Agreement. The role of the Portfolio Manager is to actively manage the Portfolio by requesting the Issuer to buy and / or sell Series Assets pursuant to the Portfolio Management Agreement.

Income Capital Partners LLC, a company incorporated in the State of Delaware on March 14, 2017, shall serve as the Investment Manager of High Income Alternatives LLC as well as the Portfolio Manager for the Notes.

The holder of the Notes will have claims against the Issuer only, and shall not have any rights directly against the Portfolio Manager.

### **Fees**

The fees payable to the Portfolio Manager are described in Special Condition (XI) of the Notes.

*The above summary is qualified in its entirety by the terms of the Portfolio Management Agreement, which will be available during business hours on any day (Saturdays, Sundays and public holidays excepted) for inspection at, and collection of copies from, the registered office of the Issuer for as long as the Notes are outstanding.*

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**Information relating to the Arranger, Calculation Agent, and Sale Agent**

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Alpha Financial Products LTD is the Arranger in respect of the Notes and has been appointed as Calculation Agent and as such is responsible for certain management functions in relation to the Notes.

Alpha Financial Products LTD is an exempted company incorporated in the British Virgin Islands with Limited Liability. The company administers the Note program with all participants and prepares the notes for issuance and calculation of NAV.

Alpha Financial Products LTD has a presence in the British Virgin Islands.

The Calculation Agent may at any time resign and the Issuer may at any time terminate its appointment, subject to giving 60 days' prior written notice. In such case the Issuer would, with the prior written consent of the Trustee, appoint a successor.

As Calculation Agent, Alpha Financial Products LTD is responsible for determining the Interest Payment Date (if applicable) and any Extended Maturity Date in addition to calculating interest payment on the Notes (if applicable).

The holder of the Notes will have claims against the Issuer only, and shall not have any rights directly against the Arranger or any Agent of the Issuer.

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### **Information relating to the Administrator**

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The holder of the Notes will have claims against the Issuer only, and shall not have any rights directly against the Arranger or any Agent of the Issuer.

FalconPeak Capital LLC is the Administrator in respect of the Notes and as such is responsible for certain management and administrative functions, not otherwise carried out by the Arranger, in relation to the Notes.

FalconPeak Capital LLC is a New York-based financial services company, coordinating the relations and activities between the Programme participants and prospective and existing Portfolio Managers and managers of Series Charged Assets. FalconPeak Capital has a presence in New York.

The holder of the Notes will have claims against the Issuer only, and shall not have any rights directly against the Arranger or any Agent of the Issuer.

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## Information relating to the Issuer

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### General

The Issuer was incorporated in Ireland as a designated activity company on 3 February 2017, with registration number 597543 under the name AlphaNotes ETP DAC, under the Companies Acts 2014 as amended.

The registered office of the Issuer is at 1<sup>st</sup> Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland. The telephone number of the Issuer is +353 1 697 5350. The authorised share capital of the Issuer is €100,000 divided into 100,000 Ordinary Shares of €1.00 each (the "**Shares**"). The Issuer has issued 2 Shares both of which are fully paid. The issued Shares are held directly by Intertrust Corporate Services 2 (Ireland) Limited (the "**Share Trustee**"). The Share Trustee owns the Shares under the terms of a declaration of trust dated 10 March 2017 on trust for charitable purposes (the "**Declaration of Trust**").

### Business

The objects of the Issuer include:

- (a) To acquire, manage, hold, sell, dispose of, finance and trade in all forms of financial assets and to carry on the business of a qualifying company within the meaning of Section 110 of the Taxes Consolidation Act 1997 (as amended); and
- (b) To carry on the business of financing and re-financing whether asset backed or not (including, without limitation, financing and re-financing of financial assets), with or without security in whatever currency including, without limitation, financing or re-financing by way of loan, acceptance credits, bonds, commercial paper, euro medium term notes, eurobonds, credit and derivative-linked securities, securitisation, synthetic securitisation, collateralised debt obligations, limited recourse secured note issuance, bank placements, leasing, hire purchase, credit sale, conditional sale, factoring, discounting, note issue facilities and programmes (including credit and derivative-linked), project financing, bond issuances, participation and syndications, assignment, novation, sub-participation or other appropriate methods of finance and to discount mortgage receivables, loan receivables, and lease rentals for persons wherever situated in any currency whatsoever, and to acquire or enter into by purchase, lease, hire or otherwise and to sell or hire or otherwise deal in financial assets or instruments (including, without limitation, debentures, debenture stock, bonds, notes, eurobonds, credit default, interest rate, currency or any other type of swaps and hedges (including, without limitation, credit, equity, currency, commodity and interest rate derivatives)) and to do all of the foregoing as principal, agent or broker.

The Issuer is a special purpose vehicle.

So long as any of the Notes or Alternative Investments remain outstanding, the Issuer will be subject to the restrictions set out in Condition 8 of the Conditions and each Constituting Instrument.

The Issuer has, and will have, no assets other than the sum of €2.00 representing the issued and paid-up share capital, such fees (as agreed) per issue payable to it in connection with the issue of Notes or Alternative Investments or the purchase, sale or incurring of other obligations and any Mortgaged Property and any other assets on which the Notes or Alternative Investments are secured. Save in respect of the fees generated in connection with each issue of Notes or Alternative Investments, any related profits and the proceeds

of any deposits and investments made from such fees or from amounts representing the Issuer's issued and paid-up share capital, the Issuer will not accumulate any surpluses.

The Notes and Alternative Investments are obligations of the Issuer alone and not of, or guaranteed in any way by, the Share Trustee or the Trustee. Furthermore, they are not obligations of, or guaranteed in any way by, Alpha Financial Products LTD, or any Swap Counterparty or Agent.

### **Directors and Company Secretary of the Issuer**

The Directors of the Issuer are as follows:

- Brid McNamara; and
- Ian Garvan.

The Company Secretary is Intertrust Finance Management (Ireland) Limited.

Intertrust Finance Management (Ireland) Limited is the corporate service provider of the Issuer. Its duties include the provision of certain administrative, accounting and related services. The appointment of the corporate service provider may be terminated forthwith if the corporate service provider commits any material breach of the corporate administration agreement between the Issuer and the corporate service provider, is unable to pay its debts as they fall due or becomes subject to insolvency or other related proceedings. The corporate service provider may retire upon 90 days' written notice. The registered office of the corporate service provider is 1st Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland.

The auditors of the Issuer are PricewaterhouseCoopers who are chartered accountants qualified to practice in Ireland.

### **Financial Statements**

At the date of this Programme Memorandum, the Issuer has not published any financial statements. The Issuer's financial year-end is 31 December. Annual financial statements of the Issuer will be prepared within 28 days of the annual return date of the Issuer and will be filed with the Irish Companies Registration Office.

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## Selling restrictions

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In addition to the Selling Restrictions set out in the Programme Memorandum the restrictions set out below shall apply.

The Issuer has not underwritten and will not underwrite the issue of, place, offer, or otherwise act in respect of the Notes, otherwise than in conformity with the provisions of all laws applicable in the jurisdiction in which the Notes are offered.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (as amended from time to time) (the "**Securities Act**") and may not at any time, directly or indirectly, be offered, sold or delivered, within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). Terms used above have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not at any time be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each purchaser has agreed that it will not, at any time offer, sell or deliver the Notes within the United States or to, or for the account or benefit of, any person who is a U.S. persons, and it will have sent to each purchaser to which it sells Notes during the distribution.

Where:

"**U.S person**" means a "*US person*", as the term is defined in Regulation S under the Securities Act of 1933 (as amended from time to time) and more particularly are references to: (i) any natural person that resides in the U.S; (ii) any entity organised or incorporated under the laws of the U.S; (iii) any entity organised or incorporated outside the U.S that was formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act of 1933, unless it is organised or incorporated, and owned, by accredited investors (as defined in Section 501 of Regulation D promulgated under the Securities Act of 1933) who are not natural persons, estates or trusts; (iv) any estate of which any executor or administrator is a US person ; (v) any trust of which any trustee is a U.S person; (vi) any agency or branch of a foreign entity located in the U.S; or (vii) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person; and (viii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or resident in the U.S.. For the purposes hereof, the term "**U.S person**" shall not include any discretionary or non-discretionary account (other than an estate or trust) held for the benefit or account of a non-U.S person by a dealer or other professional fiduciary organised or incorporated in the US. The term "**U.S person**" includes entities that are subject to the U.S Employee Retirement Income Securities Act of 1974, as amended, or other tax-exempt investors or entities in which substantially all of the ownership is held by U.S persons.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), an offer of Notes to the public has not and may not be made in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Arranger, nominated by the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes above shall require the Issuer or the Arranger to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of the preceding paragraphs, the expression “**an offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in each Relevant Member State.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Programme Memorandum, this Series Memorandum or any part thereof or any other offering material, in any country or jurisdiction where action for that purpose is required.

NO OFFER, SALE OR DELIVERY OF THE NOTES, OR DISTRIBUTION OR PUBLICATION OF ANY OFFERING MATERIAL RELATING TO THE NOTES, MAY BE MADE IN OR FROM ANY JURISDICTION EXCEPT IN CIRCUMSTANCES WHICH WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. ANY OFFER OR SALE OF THE NOTES SHALL COMPLY WITH THE SELLING RESTRICTIONS AS SET OUT IN THE ISSUER’S OFFERING DOCUMENTS AND ALL APPLICABLE LAWS AND REGULATIONS.

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## General information

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For so long as the Notes remain outstanding, the following documents will be available in physical form from the date hereof during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for inspection at the registered office of the Issuer and the specified office of the Principal Paying Agent in London:

- (a) the Master Documents which are incorporated by reference by the Constituting Instrument so as to constitute the Trust Deed, Agency Agreement and the Charged Assets Sale Agreement and the Portfolio Management Agreement with respect to the Notes (to the extent not otherwise amended, modified and / or supplemented by the Constituting Instrument);
- (b) any deed or agreement supplemental to the Master Documents;
- (c) the Programme Memorandum;
- (d) the Certificate of Incorporation and the Constitution of the Issuer; and
- (e) the Constituting Instrument;

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**APPENDIX 1 – HIGH INCOME ALTERNATIVES LLC PRIVATE OFFERING MEMORANDUM AND /  
OR THE MEMORANDUM AND ARTICLES OF ASSOCIATION**

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**REGISTERED OFFICE OF THE ISSUER**

**AlphaNotes ETP DAC**

1<sup>st</sup> Floor  
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Dublin 4  
Ireland

**ARRANGER AND CALCULATION AGENT**

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United States

**TRUSTEE**

**Intertrust Trustees Limited**

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England  
EC3A 6AP

**ISSUE AGENT**

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**PRINCIPAL PAYING AGENT**

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