MERIDIAN
PRIVATE CREDIT & OPPORTUNITIES

# RISK FACTORS

## Private Credit & Opportunities Note

12-Month Note (annual interest) · 24-Month Note (quarterly interest) · 10% p.a.

| FIXED RATE | TERMS | CURRENCIES | MINIMUM |
|---|---|---|---|
| 10.00% p.a. | 12 or 24 months | GBP · EUR · USD | 25,000 |

**CAPITAL AT RISK: The value of investments can go down as well as up. You may not get back the amount you invest. The Notes are illiquid, have no fixed maturity date and no secondary market. Past performance is not a reliable indicator of future results.**

## A. INTRODUCTION & SCOPE

This document sets out the material risks of investing in the Meridian Private Credit & Opportunities Note, issued in two series (the 12-Month Note and the 24-Month Note, each a "Note") by Compass Wealth International Ltd (the "Issuer"). It applies to both Notes unless stated otherwise, and should be read in full alongside the Term Sheet and, when available, the Loan Note Instrument.

The list is not exhaustive. Each risk, alone or combined with others, could materially affect the Issuer's ability to meet its obligations and the return an investor receives. Prospective investors should seek independent legal, financial and tax advice before subscribing. By submitting an application, investors confirm they have read and understood these Risk Factors.

## B. STRUCTURAL & INSTRUMENT RISKS

### 01 Automatic Rollover

Each Note runs for a fixed term: 12 months (12-Month Note) or 24 months (24-Month Note). If no Redemption Notice is received by the notice deadline, the Note automatically rolls over for a further term of the same length. Capital is not returned automatically. Action is required before the notice deadline in each term.

### 02 Redemption Notice Deadline

To exit at the end of a term, a Redemption Notice must be received no later than three months before the term ends: by the end of month 9 (12-Month Note) or month 21 (24-Month Note). A notice received after the deadline takes effect only at the end of the following full term. Investors with near-term liquidity needs should not subscribe.

### 03 No Partial Redemption

Investors cannot redeem part of their holding. Redemption must be for the full principal outstanding in the relevant Note.

### 04 Periodic Interest Payments

Interest is paid annually (12-Month Note) or quarterly (24-Month Note). Each payment depends on the Issuer having sufficient cash on the payment date. Quarterly payments on the 24-Month Note create a more frequent and continuous cash demand on the Issuer than annual payments. A missed payment may indicate wider financial difficulty.

### 05 Issuer Early Redemption Right

The Issuer may redeem either Note in whole or in part at any time on 30 days' written notice. While all accrued interest is paid to the redemption date, early redemption may disrupt an investor's investment horizon and reinvestment plans.

## C. REPAYMENT & CREDIT RISKS

**06** **Issuer Credit Risk**

The Issuer's obligation to pay interest and repay principal is only as strong as its financial position when payments fall due. If the Issuer becomes insolvent, enters administration or ceases business, its ability to pay will be materially impaired. The Issuer is not rated by any credit rating agency.

**07** **Structural Repayment Gap: Sleeve B**

Around 40% of capital is allocated to Sleeve B, which carries no contractual return and may produce no recoverable proceeds within any payment or redemption window. Interest and principal therefore cannot be fully funded from the Notes' own investments unless Sleeve A significantly outperforms. Any shortfall must be met from the Issuer's own balance sheet.

**08** **Security: Currently Senior Unsecured**

The Notes are expected to rank as senior unsecured unless a fixed or floating charge over identifiable Issuer assets is executed before closing. Senior unsecured creditors rank behind secured creditors in any insolvency.

**09** **Redemption Concentration**

If several noteholders redeem at the same time, the Issuer may face large simultaneous repayment demands. There is no formal redemption queue or gate mechanism.

## D. INVESTMENT & PORTFOLIO RISKS

**10** **Manager Discretion**

The Manager exercises full discretion over all investment decisions within each sleeve. Noteholders cannot direct, veto or influence individual investments. Poor judgment, conflicts of interest or adverse market conditions could materially impair the portfolio and the Issuer's ability to pay.

**11** **Sleeve A Concentration**

Sleeve A is not broadly diversified. Poor performance of a single position could directly impair the primary source of interest and repayment.

**12** **Sleeve B Capital at Risk**

Sleeve B is deployed into dislocated assets, opportunistic co-investments, private equity positions and working capital. There is no contractual return and no defined recovery timeframe.

**13** **Sleeve A Target Return Not Guaranteed**

Sleeve A targets 20% p.a. This is a target, not a contractual obligation. Private credit and structured debt may underperform, default or become illiquid.

**14** **Illiquidity of Underlying Investments**

Assets in both sleeves may be illiquid and not realisable when interest or redemption payments fall due. The Issuer's balance sheet must fund any gap.

## E. CURRENCY RISKS

**15** **Investor Currency Risk**

Each Note is denominated and paid in its currency of subscription (GBP, EUR, USD or another currency agreed with the Issuer). If this differs from your home currency, exchange-rate movements will affect the value of your interest and principal in your home currency. The Notes do not hedge this risk for investors.

**16** **Issuer Multi-Currency Risk**

The Issuer must pay interest and principal in several currencies. If its assets and income are in different currencies, exchange-rate movements and conversion costs could reduce its ability to meet payments in full.

## F. REGULATORY & LEGAL RISKS

**17** **Limited Regulatory Protection**

The Issuer is licensed by the Financial Services Commission of Mauritius. The Notes are not approved by any regulator in the investor's home jurisdiction unless separately confirmed. Investors will not have access to investor compensation or ombudsman schemes that may apply to regulated investments in their own country.

**18** **Not Available to UK Residents**

The Notes are not offered to residents of the United Kingdom. Applications from UK residents will be rejected.

**19** **Cross-Border Distribution**

The Notes are directed only at sophisticated, high net worth, institutional and professional investors in jurisdictions where distribution is lawful. Investors are solely responsible for ensuring their subscription complies with local laws.

**20** **Governing Law and Jurisdiction**

The Notes are governed by the laws of Mauritius, and disputes are subject to the non-exclusive jurisdiction of the Mauritius courts. Investors outside Mauritius may find it difficult or expensive to enforce their rights.

**21** **Legal Documentation Not Yet Executed**

The Loan Note Instrument and Subscription Agreement have not yet been executed. This document is indicative only. The final documents may include terms that differ from, or add to, what is described here.

## G. OPERATIONAL RISKS

**22** **Manager Replacement**

Replacing the Manager without simple majority noteholder consent is an Event of Default. The Issuer's ability to fund an immediate full repayment in those circumstances cannot be guaranteed.

**23** **Information Rights Limitation**

Noteholders receive annual management accounts, semi-annual portfolio updates and notice of material events. The Manager is not obliged to provide more frequent or position-level reporting.

## H. MARKET & MACRO RISKS

**24** **Interest Rate and Credit Market Risk**

A fixed 10% p.a. rate may underperform other opportunities if market rates rise materially. Rising rates may also impair the value of fixed-income instruments held in Sleeve A.

**25** **Macroeconomic and Geopolitical Risk**

Recession, inflation, credit tightening and geopolitical disruption may adversely affect the portfolio and the Issuer's financial position.

**IMPORTANT NOTICE**

These Risk Factors are indicative only. They do not constitute investment advice, a binding offer or a complete description of all risks. Prospective investors must read the Term Sheet and Loan Note Instrument before subscribing. Capital is at risk and returns are not guaranteed. Neither the Issuer nor the Manager is liable for investment losses arising from the risks described.