

Dear Investor,

Welcome Aboard!

Thank you for your confidence in us.

Before beginning, NAV Consulting, our Fund administrator, will ask you questions and documents in compliance with rules and regulations. We apologize for any inconvenience caused during the process.

To create a win-win situation, we request you to review the following items:

1. Accredited investor:

- a. Recently, the SEC expanded the definition of accredited investors. Please review the information and decide whether you qualify as an accredited investor.
 - i. [Accredited Investor | Pavaki Capital](#)
- b. Please ask your Certified Public Accountant (CPA) / Licensed Attorney / Registered Broker-Dealer / SEC-Registered Investment Advisor to fill out the form for Accredited Investor. We recommend you to check out the definition of Accredited Investor:
 - i. [Electronic Code of Federal Regulations \(eCFR\)](#)
 - ii. [SEC.gov | Frequently asked questions about exempt offerings](#)
- c. You can also ask one of the third-party vendors to qualify you as an Accredited Investor (as per the template provided to you by Pavaki Capital).
- d. Please provide a signed declaration of Accredited investor (template provided by Pavaki Capital).

For your convenience we have attached the documents; we cannot vouch for the accuracy of the documents.

2. Suitability: You and your family members, your advisors, and others need to decide whether a hedge fund is suitable and meets your financial needs. According to our opinion, we are suggesting some general comments which shall not be considered as legal or financial advice, not a comprehensive list;

- a. If you are looking for income, then in our opinion a hedge fund may not work for you.
- b. If you are looking to invest for the short term, a hedge fund may not work for you. In other words, please do not invest your money if you need them in the next 3 years.
- c. Again, we are not a Federal Deposit Insurance Corporation (FDIC) insured bank.
- d. Many investors allocate their portfolios in different classes such as equities, bonds, real estate, commodities, and alternative investments such as hedge funds. We agree that investors shall not put all eggs in one basket.

3. **Risk-Return Tradeoff:** According to [Risk-Return Tradeoff Definition \(investopedia.com\)](https://www.investopedia.com/terms/r/risk-return-tradeoff-definition.asp), “the potential return rises with an increase in risk. Using this principle, individuals associate low levels of uncertainty with low potential returns, and high levels of uncertainty or risk with high potential returns. According to the risk-return tradeoff, invested money can render higher profits only if the investor will [accept a higher possibility of losses](#).”

The appropriate risk-return tradeoff depends on a variety of factors including an investor’s risk tolerance, the investor’s years to retirement, and the potential to replace lost funds. Time also plays an essential role in determining a portfolio with the appropriate levels of risk and reward. For example, if an investor has the ability to invest in equities over the long term, that provides the investor with the potential to recover from the risks of bear markets and participate in bull markets, while if an investor can only invest in a short time frame, the same equities have a higher risk proposition.”

Please check other sources for more information:

- [Risk-Return Tradeoff | The dynamics of Risk-Return Tradeoff \(efinancemanagement.com\)](https://www.efinancemanagement.com/risk-return-tradeoff)
- [Risk and Return - Econlib](https://www.econlib.org/dictionary/risk-and-return/)

Kindly note that investment in hedge funds may result in loss of capital.

4. **Returns:** Pavaki Capital has performed well in the past. But as you know past returns do not guarantee future performance. We have invested our own capital in the hedge fund. Again, we do not guarantee any returns; you may lose your capital. For more info, you can refer [to Past Performance Is No Guarantee of Future Results \(thebalance.com\)](https://www.thebalance.com/pavaki-capital-past-performance-1234567).
5. **No Money laundering:** We welcome you. But we turn away money launderers. Please read the attached information and hyperlink on money laundering:
 - a. [Anti Money Laundering \(AML\) Definition \(investopedia.com\)](https://www.investopedia.com/terms/a/anti-money-laundering-aml-definition.asp)
 - b. [SEC.gov | Anti-Money Laundering \(AML\) Source Tool for Broker-Dealers](https://www.sec.gov/aml-source-tool-for-broker-dealers)
6. **Bad Actor:** We welcome you as a good actor, Hollywood or Bollywood types, making quick bucks and kicking the butts, of course on the screen. Remember, the SEC frowns upon bad actors. We cannot accept investment from bad actors: [SEC.gov | Disqualification of Felons and Other "Bad Actors" from Rule 506 Offerings and Related Disclosure Requirements](https://www.sec.gov/aml-source-tool-for-broker-dealers)

Welcome to Pavaki Capital family!