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If you are in any doubt about the contents of this prospectus (the "Prospectus"), you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser.

The Directors of the Company, whose names appear under the heading "Management and Administration" are the persons responsible for the information contained in this Prospectus and accept responsibility accordingly. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of the information.

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**THE WORLD MARKETS  
UMBRELLA FUND PLC**

*(An umbrella investment company with variable capital structured as an umbrella fund with segregated liability between its Funds incorporated with limited liability in Ireland under registration number 291789)*

**PROSPECTUS**

**INVESTMENT MANAGER**

**CITY OF LONDON INVESTMENT MANAGEMENT COMPANY LIMITED**

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This Prospectus replaces the Prospectus dated 27 June 2011.

The date of this Prospectus is 29 June 2012.

## THE WORLD MARKETS UMBRELLA FUND PLC

### IMPORTANT INFORMATION

This Prospectus comprises information relating to The World Markets Umbrella Fund plc (the "Company"), an open-ended umbrella investment company with variable capital and having segregated liability between its Funds incorporated under the laws of Ireland on 6 August 1998. It qualifies and is authorised in Ireland by the Central Bank of Ireland (the "Central Bank") as a UCITS for the purposes of the Regulations. The Company is structured as an umbrella fund in that the share capital of the Company may be divided into different classes of shares ("Shares") with one or more classes representing a separate Fund of the Company.

This Prospectus may only be issued with one or more supplements (each a "Supplement"), each containing information relating to a separate Fund. If there are different classes of Shares in a Fund, details relating to the separate classes may be dealt with in the same Supplement or in separate Supplements for each class. This Prospectus and the relevant Supplement should be read and constituted as one document. To the extent that there is any inconsistency between this Prospectus and the relevant Supplement, the relevant Supplement shall prevail.

Applications for Shares will only be considered on the basis of this Prospectus (and any relevant Supplement) and the latest published audited annual report and accounts and, if published after such report, a copy of the latest unaudited semi-annual report. These reports will form part of this Prospectus.

In relation to each class of Shares, issued or to be issued from the date of this Prospectus, an application may be made to The Irish Stock Exchange for those Shares to be admitted to the Official List and to trading on the Main Securities Market of The Irish Stock Exchange. This document together with the relevant Supplement, shall constitute listing particulars for the purpose of any application for listing for any such class of Shares in respect of which the relevant Supplement is issued. Neither the admission of the relevant Shares to the Official List and to trading on the Main Securities Market of The Irish Stock Exchange nor the approval of this Prospectus or any relevant Supplement pursuant to the listing requirements of The Irish Stock Exchange shall constitute a warranty or representation by The Irish Stock Exchange as to the competence of the service providers to or any party connected with the Company, the adequacy of information contained in this Prospectus or in the relevant Supplement or the suitability of the Company for investment purposes. None of the Company's Shares are listed or proposed to be listed on any stock exchange other than The Irish Stock Exchange.

**The Company is both authorised and supervised by the Central Bank. The authorisation of the Company is not an endorsement or guarantee of the Company by the Central Bank and the Central Bank is not responsible for the contents of this Prospectus. The authorisation of the Company by the Central Bank does not constitute a warranty by the Central Bank as to the performance of the Company and the Central Bank shall not be liable for the performance or default of the Company.**

Statements made in this Prospectus are, except where otherwise stated, based on the law and practice currently in force in Ireland, which may be subject to change.

No person has been authorised to give any information or to make any representation in connection with the offering or placing of Shares other than those contained in this Prospectus, any Supplement and the reports referred to above and, if given or made, such information or representation must not be relied upon as having been authorised by the Company. The delivery of this Prospectus (whether or not accompanied by the reports) or any issue of Shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date of this Prospectus or the relevant Supplement.

The distribution of this Prospectus and the offering and placing of Shares in certain jurisdictions may be restricted and, accordingly, persons into whose possession this Prospectus comes are required by the Company to inform themselves about and to observe such restrictions.

This Prospectus does not constitute an offer or solicitation to 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.

Potential investors should inform themselves as to:

- (a) the legal requirements within the countries of their nationality, citizenship, residence, ordinary residence or domicile for the acquisition of Shares;
- (b) any foreign exchange restrictions or exchange control requirements which they might encounter on the acquisition or sale of Shares; and
- (c) the income tax and other taxation consequences which might be relevant to the acquisition, holding, redemption, conversion or disposal of Shares.

Shares may not be purchased or held by or on behalf of Irish Residents or Irish Ordinary Residents (other than certain Irish investors who, with the consent of the Directors, are permitted to invest in the Company without giving rise to a charge to tax in the Company or jeopardising tax exemptions associated with the Company) (for further details see heading "Irish Taxation" below).

The Company has the status of a recognised scheme under Section 264 of the Financial Services and Markets Act 2000 of the United Kingdom (the "FSMA"). The Company provides the facilities required by the regulations governing such schemes at the offices of the Investment Manager (see "Definitions") in the United Kingdom.

Potential investors in the United Kingdom should be aware that many of the protections afforded by the United Kingdom's regulatory regime will not apply to an investment in the Company, including access to the United Kingdom Financial Ombudsman Service, and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.

The Shares have not been, and will not be, registered under the 1933 Act or the securities laws of any of the states of the United States and the Shares may not be offered or sold directly or indirectly in the United States or to or for the account or benefit of any US Person, except pursuant to an exemption from, or in a transaction not subject to the regulatory requirements of, the 1933 Act and any applicable state securities laws. Any re-offer or resale of any of the Shares in the United States or to US Persons may constitute a violation of US law. In the absence of such exemption or transaction, each applicant for Shares will be required to certify that it is not a US Person.

It is intended that application will be made in other jurisdictions to enable the Shares of the Company to be marketed in these jurisdictions.

This Prospectus and any Supplement may also be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Prospectus/Supplement. To the extent that there is any inconsistency between the English language Prospectus/Supplement and the Prospectus/Supplement in another language, the English language Prospectus/Supplement will prevail, except to the extent (and only to the extent) required by law of any jurisdiction (including the regulations or requirements of the financial regulator of such jurisdiction) where the Shares are sold, that in an action based upon disclosure in a prospectus/supplement in a language other than English, the language of the prospectus/supplement on which such action is based shall prevail.

All disputes as to the terms of this Prospectus and any Supplement, regardless of the language in which they are translated, shall be governed by and construed in accordance with the laws of Ireland.

Investors should read and consider the risk discussion under "Risk Factors" and the "Risk Factors" section in the relevant Supplement before investing in the Company.

**Where set out in the relevant supplement, the Directors may charge a fee on the redemption of Shares in any class or classes of a Fund of up to 1.5% of the Net Asset Value of the Shares.**

**The fee shall be payable to the Investment Manager (or as it may direct) but will only be charged if a Shareholder redeems his Shares within the first year of issue of the particular Shares or within the first year of acquiring Shares (by subscription or transfer).**

**The value of Investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in a Fund. The difference, if any, at any one time between subscription and redemption prices for Shares means that any investment should be viewed as medium to long term.**

Investment in the Company should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

The Company may make application to register and distribute its Shares in jurisdictions outside Ireland. In the event that such registrations take place, the Company may appoint or be required to appoint representatives, distributors or other agents in the relevant jurisdictions. The fees and expenses in connection with the registration and distribution of shares in such jurisdictions, which will be at normal commercial rates, may be borne by the Company and/or the Funds.

This Prospectus, the applicable Supplement(s) and any relevant KIID(s) should be read in their entirety before making an application for Shares.

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## DEFINITIONS

"Acts", the Companies Acts, 1963 to 2009 as same may be amended from time to time.

"Administration Agreement", the administration agreement dated 28 August 2002 as amended by a supplemental administration agreement dated 5 September 2006, as amended and novated by a novation agreement dated 31 July 2008 as same may be amended from time to time.

"Administrator", BNY Mellon Fund Services (Ireland) Limited, and/or such other person as may be appointed, in accordance with the requirements of the Central Bank, to provide administration services to the Funds, or any of them.

"Articles", the Articles of Association of the Company, as may be adopted or amended from time to time.

"Auditors", KPMG, Chartered Accountants, Dublin or such other entity as may be appointed auditor of the Company from time to time.

"Business Day", in relation to a Fund, such day or days as the Directors may from time to time determine (see relevant Supplement).

"Central Bank", the Central Bank of Ireland or any successor thereto.

"Company", The World Markets Umbrella Fund plc.

"Custodian", BNY Mellon Trust Company (Ireland) Limited, a limited liability company incorporated in Ireland or such other person(s) as may be appointed, in accordance with the requirements of the Central Bank, to act as custodian to the Company.

"Custodian Agreement", the custodian agreement dated 28 August 2002 as amended by a supplemental custodian agreement dated 5 September 2006, as amended and novated by a novation agreement dated 31 July 2008 as same may be amended from time to time.

"Dealing Day", such Business Day as the Directors may from time to time determine for dealings in a Fund, provided always that there shall be at least one Dealing Day in every fortnight (see relevant Supplement).

"Directors", the directors of the Company or any duly authorised committee thereof.

"Duties and Charges", in relation to any Fund, all stamp and other duties, taxes, governmental charges, brokerage, bank charges, transfer fees, registration fees and other duties and charges whether in connection with the original acquisition or increase of the assets of the relevant Fund or the creation, issue, sale, conversion or repurchase of Shares or the sale or purchase of Investments or in respect of certificates or otherwise which may have become or may be payable in respect of or prior to or in connection with or arising out of or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable but shall not include any commission payable to agents on sales and purchases of Shares or any commission, taxes, charges or costs which may have been taken into account in ascertaining the Net Asset Value of Shares in the relevant Fund.

"EU", the European Union.

"Euro" and "€", the single European currency unit referred to in Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the Euro.

"FDI", financial derivative instrument(s).

*"Financial Intermediary"*, any broker-dealer, financial institution or other industry professional appointed in writing by the Company and/or the Investment Manager to distribute Shares and/or to provide certain ongoing services to their clients and customers in respect of Shares.

*"Fund"*, a fund of assets established (with the prior approval of the Central Bank) for one or more classes of Shares which is invested in accordance with the investment objectives applicable to such fund.

*"Investment"*, any investment authorised by the Memorandum of Association of the Company and which is permitted by the Regulations and the Articles.

*"Investment Manager"*, City of London Investment Management Company Limited, and/or such other person as may be appointed, in accordance with the requirements of the Central Bank, to provide investment management services to the Funds, or any of them.

*"Investment Management Agreement"*, the investment management agreement dated 20 August 1998 as amended by a supplemental investment management agreement dated 5 September 2006 as amended by a second supplemental investment management agreement dated 16 September 2009 as same may be amended from time to time.

*"KIID(s)"*, Key Investor Information Document(s).

*"Member State"*, a member state of the European Union.

*"Minimum Holding"*, a holding of Shares of any share class having an aggregate value of such minimum amount as set out in the relevant Supplement or as may be determined from time to time by the Investment Manager.

*"Minimum Redemption"*, a minimum redemption (whether initial or subsequent) for Shares of any class as set out in the relevant Supplement, or as may be determined from time to time by the Investment Manager.

*"Minimum Subscription"*, a minimum subscription (whether initial or subsequent) for Shares of any class as set out in the relevant Supplement, or as may be determined from time to time by the Investment Manager.

*"Net Asset Value"*, the net asset value of a Fund, or where applicable, of a class of Shares, determined in accordance with the Articles.

*"Net Asset Value per Share"*, the Net Asset Value divided by the number of Shares of the relevant Fund subject to such adjustment, if any, as may be required where there is more than one class of Shares in the Fund.

*"Notices"*, the notices issued by the Central Bank in exercise of its powers under the Regulations.

*"Price"*, the price at which Shares will be issued and redeemed on each Dealing Day (excluding any preliminary charge or redemption fee which may be applied) as set out in the relevant Supplement.

*"Prospectus"*, this document as it may be amended from time to time in accordance with the Notices and the requirements of the Central Bank together with, where the context requires or implies, any Supplement or addendum.

*"Qualified Holder"*, any person, corporation or entity other than (i) a US Person who is not a Qualified US Person; (ii) any person, corporation or entity which cannot acquire or hold Shares without violating laws or regulations applicable to it or who might expose the Company to adverse tax or regulatory consequences; or (iii) a custodian, nominee, or trustee for any person, corporation or entity described in (i) and (ii) above.

*"Qualified US Person"*, a US Person who has acquired Shares with the consent of the Directors provided that the number of Qualified US Persons shall not exceed such number as the Directors

shall determine from time to time with a view to precluding the Company from being required to register as an investment company under the 1940 Act.

"*Regulated Markets*", the stock exchanges and/or regulated markets listed in Appendix I.

"*Regulations*", the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No. 352 of 2011) as same may be amended.

"*Secretary*", Wilton Secretarial Limited and/or such other person as may be appointed to act as secretary to the Company.

"*SEC*", the United States Securities and Exchange Commission.

"*Share(s)*", a share or shares of no par value in the Company designated as a "Participating Share" or "Participating Shares" in the Articles.

"*Shareholder*", the registered holder of a Share.

"*Sterling*", and "*Stg£*", the lawful currency of the United Kingdom.

"*Subscriber Shares*", shares of US\$1 each in the capital of the Company designated as "Subscriber Shares" in the Articles and issued for the purposes of incorporating the Company.

"*Supplement*", any document issued by the Company expressed to be a supplement to this Prospectus.

"*The Irish Stock Exchange*", The Irish Stock Exchange Limited.

"*UCITS*", an Undertaking for Collective Investment in Transferable Securities, as defined in the Regulations.

"*United Kingdom*", the United Kingdom of Great Britain and Northern Ireland.

"*United States*" and "*US*", the United States of America, its territories, possessions, any State of the United States and the Federal District of Columbia.

"*US Dollars*" and "*US\$*", the lawful currency of the United States.

"*US Person*",

- (a) any US citizen or natural person resident in the United States;
- (b) any partnership or corporation organised or incorporated under the laws of the United States;
- (c) any estate of which any executor or administrator is a US Person;
- (d) any trust of which any trustee is a US Person;
- (e) any agency or branch of a foreign entity located in the United States;
- (f) 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 US Person;
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States;
- (h) any partnership or corporation if:

- (i) organised or incorporated under the laws of any non-US jurisdiction; and
  - (ii) formed by a US Person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the 1933 Act) who are not natural persons, estates or trusts; and
- (i) any other person or entity deemed by the SEC from time to time to be a "US Person" under Rule 902(a) of the 1933 Act.

*"Valuation Point"*, such time and day as the Directors may from time to time determine in relation to the valuation of the assets of a Fund (see relevant Supplement).

*"1933 Act"*, the United States Securities Act of 1933, as amended.

*"1940 Act"*, the United States Investment Company Act of 1940, as amended.

## DIRECTORY

### Directors

The Directors of the Company, whose registered office and business address is at Fitzwilton House Wilton Place Dublin 2 Ireland are as follows:

Douglas Allison  
David Shubotham  
Valerie Tannahill  
Patricia Taylor

### Promoter

City of London Investment Group plc  
77 Gracechurch Street  
London EC3V 0AS  
England

### Investment Manager

City of London Investment Management Company Limited  
77 Gracechurch Street  
London EC3V 0AS  
England

Tel: +44 20 7711 0771  
Fax: +44 20 7711 0772  
Email: info@citlon.co.uk

### Custodian

BNY Mellon Trust Company (Ireland) Limited  
The Harcourt Building  
Harcourt Street  
Dublin 2  
Ireland

### Administrator

BNY Mellon Fund Services (Ireland) Limited  
Guild House  
Guild Street  
IFSC  
Dublin 1  
Ireland

### Registrar and Transfer Agent

BNY Mellon Fund Services (Ireland) Limited  
Unit 6100  
Avenue 6000  
Cork Airport Business Park  
Kinsale Road  
Cork  
Ireland

Tel: 353 1 448 5033  
Fax: 353 1 642 8804

### Auditors

KPMG  
Chartered Accountants  
1 Harbourmaster Place  
International Financial Services Centre  
Dublin 1  
Ireland

### Secretary

Wilton Secretarial Limited  
Fitzwilton House  
Wilton Place  
Dublin 2  
Ireland

### Sponsoring Broker

J&E Davy  
Davy House  
49 Dawson Street  
Dublin 2  
Ireland

### Legal Advisers

William Fry  
First Floor  
Fitzwilton House  
Wilton Place  
Dublin 2  
Ireland

## **THE WORLD MARKETS UMBRELLA FUND PLC**

### **Introduction**

The World Markets Umbrella Fund plc was incorporated under the laws of Ireland on 6 August 1998 and is an open-ended umbrella investment company with variable capital. The Company has been authorised by the Central Bank as a UCITS pursuant to the Regulations.

The Company is structured as an umbrella fund (with segregated liability between its Funds) in that different classes of Shares (each allocated to a particular Fund) may be issued from time to time by the Directors with the prior consent of the Central Bank. In addition, each Fund may have more than one Share class allocated to it. The Shares of each class allocated to a Fund will rank pari passu with each other in all respects except as to all or any of the following: currency of denomination of the class, dividend policy, the level of fees and expenses to be charged and the Minimum Subscription, Minimum Holding and Minimum Redemption applicable. The assets of each Fund will be separate from one another and will be invested in accordance with the investment objectives and policies applicable to each such Fund.

The share capital of the Company shall at all times equal its Net Asset Value. The base currency of each Fund will be determined by the Directors.

As at the date of this Prospectus, the Company has four Funds, The Emerging World Fund, The Natural Resources Fund, The Emerging Markets Value and Growth Fund and The Global Equity Fund.

### **Investment Objective and Policies**

#### **General**

The specific investment objective and policies for each Fund will be formulated by the Directors at the time of the creation of that Fund and set out in the relevant Supplement.

The stock exchanges and markets in which the Funds may invest are set out in Appendix I. These stock exchanges and markets are listed in accordance with the requirements of the Central Bank, it being noted that the Central Bank does not issue a list of approved exchanges or markets.

The investment objective and policies for any Fund will, in the absence of unforeseen circumstances, be adhered to for at least three years following the date of admission of the Shares in a Fund to listing on the Official List and to trading on the Main Securities Market of the Irish Stock Exchange and any material change during this period will be subject to the prior approval in writing of a majority of the Shareholders of the relevant Fund, or, if a general meeting of the Shareholders of such Fund is convened, by a majority of the votes cast at such meeting. Any alteration to the investment objective or any material alteration to the investment policies of any Fund at any time will be subject to similar prior approval of the Shareholders of such Fund. Shareholders will be given two weeks advance notice of the implementation of any alteration to the investment objective or policies of a Fund to enable them to redeem their Shares prior to such implementation.

A Fund may invest in other collective investment schemes, including Funds of the Company, subject to the restrictions set out in Appendix III.

## **Investment and Borrowing Restrictions**

Investment of the assets of each Fund must comply with the Regulations. A detailed statement of the general investment and borrowing restrictions applicable to each Fund is set out in Appendix III. The Directors may impose further restrictions in respect of any Fund. Details will be set out in the relevant Supplement.

The Company will not take legal or management control of any of the entities in which its underlying investments are made.

If the limitations set out in Appendix III, Part I are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, the Directors must adopt as a priority objective the remedying of that situation taking due account of the interest of the Shareholders.

The Directors may also from time to time impose such further investment restrictions as may be compatible with or be in the interest of the Shareholders in order to comply with the laws and regulations of the countries where Shareholders of the Company are located or the Shares are marketed.

It is intended that the Company should, subject to compliance with any applicable restrictions which are imposed by The Irish Stock Exchange, and subject to the prior approval of the Central Bank, have power to avail itself of any change in the investment restrictions laid down in the Regulations which would permit investment by the Company in securities, derivative instruments or in any other forms of investment which, as at the date of this Prospectus, is restricted or prohibited under the Regulations. The Company will give Shareholders at least two weeks' prior written notice of its intention to avail itself of any such change which is material in nature.

### **Investment in Financial Derivative Instruments ("FDI") Efficient Portfolio Management / Direct Investment**

The Company may, on behalf of each Fund and subject to the conditions and within the limits laid down by the Central Bank, employ techniques and instruments relating to transferable securities, including investments in FDI. Such techniques and instruments may be used for efficient portfolio management purposes, or to provide protection against exchange risk or for direct investment purposes, where applicable. Such techniques and instruments are set out in Appendix II and may include, but are not limited to, futures, forwards, options, swaps, swaptions and warrants.

Efficient portfolio management means investment techniques involving transactions that are entered into for one or more of the following specific aims: the reduction of risk, the reduction of cost, or the generation of additional capital or income for a Fund. New techniques and instruments may be developed which may be suitable for use by the Company and the Company may (subject to the conditions and limits laid down by the Central Bank) employ such techniques and instruments subject to the Supplement for the relevant Fund being updated and Shareholders being notified in advance. Where the Company intends to use these instruments for direct investment purposes, full details will be disclosed in the relevant Fund's investment policy. Where a Fund intends to engage in transactions involving FDI under any circumstances, the Company shall employ a risk management process in accordance with the requirements of the Central Bank to enable it to accurately monitor, measure and manage, on a continuous basis, the risk to all open derivative positions and their contribution to the overall risk profile of the Fund. Only such FDI as are provided for in the current risk management process for the Company approved by the Central Bank may be used by the Company.

### **Dividend Policy**

Each Fund will aim to seek capital growth rather than a significant income return and does not guarantee to distribute to Shareholders any income that it may receive on its investments.

If dividends are declared, these will generally be calculated by reference to a Fund's net investment income return (effectively the Fund's income from dividends, interest or otherwise, less that Fund's accrued expenses).

Dividends payable to Shareholders will be reinvested by subscription for further Shares on the dividend payment date, unless Shareholders specifically request that dividends be paid in cash. A Shareholder who elects to receive dividends in cash will be deemed to have made a similar election in respect of any further Shares acquired by the Shareholder until the Shareholder revokes the election. If a Shareholder's dividends are reinvested, there is no preliminary charge payable on the reinvestment.

Any cash dividend to be paid on a Share that is not claimed on the dividend payment date will not earn interest and, if not claimed within six years of its declaration, shall be forfeited and shall be applied for the benefit of the relevant Fund.

## Risk Factors

***The following risk factors do not purport to be a complete description or explanation of all risk factors which should be considered when investing in the Company. Investors should also read and consider the additional Risk Factors Section (if any) in the relevant Supplement.***

### General

- (a) The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in value of Investments will occur. The value of Investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in the Company. There is no assurance that the investment objectives of any Fund will actually be achieved, and investment in any Fund should be viewed as a long term investment. In Funds where there are subscription and/or redemption charges, an investor who realises his investment in such Funds after a short period may not realise the amount originally invested.
- (b) Depending on an investor's currency of reference, currency fluctuations between an investor's currency of reference and the base currency of the relevant Fund, may adversely affect the value of an investment in one or more of the Funds.
- (c) Fund assets may be denominated in a currency other than the base currency of the Fund and changes in the exchange rate between the base currency and the currency of denomination of the asset may lead to a depreciation of the value of the relevant Fund's Investments when expressed in the base currency. In addition, the Funds do not engage in hedging at Share class level. Accordingly, the value of Shares denominated in currencies different to the base currency of the relevant Fund will be subject to exchange rate risk in relation to that Fund's base currency.
- (d) The Net Asset Value of a Fund may vary in value within a short period of time because of variations in value of the underlying assets of such Fund and the income derived therefrom.
- (e) Investors are reminded that in certain circumstances their right to redeem Shares may be suspended (see "Temporary Suspensions" below).
- (f) A listing on The Irish Stock Exchange or any other stock exchange will not necessarily provide liquidity to investors.
- (g) Each Fund will be exposed to a credit risk in respect of parties with whom it trades and may also bear the risk of settlement default.
- (h) Lack of liquidity and efficiency in certain of the stock markets or foreign exchange markets in certain emerging markets may mean that from time to time the Investment Manager may experience more difficulty in purchasing or selling holdings of securities than it would in a more developed market. Accordingly, an investment in the Fund should not constitute a substantial proportion of any investor's investment portfolio and may not be appropriate for all investors.
- (i) The Company is structured as an umbrella fund with segregated liability between its Funds. As a matter of Irish law, the assets of one Fund will not be available to meet the liabilities of another. However, the Company is a single legal entity that may operate or have assets held on its behalf or be subject to claims in other jurisdictions that may not necessarily recognise such segregation. Accordingly, there is no absolute certainty that the assets of any Fund of the Company will not be exposed to the liabilities of other Funds of the Company. As at the date of this Prospectus, the Directors are not aware of any existing or contingent liability of any Fund of the Company. For further details on

segregation of assets and liabilities, see the heading "Allocation of Assets and Liabilities/Segregation of Liability between Funds."

## **FDI**

- (j) Each Fund may use FDI including, but not limited to, futures, forwards, options, swaps, swaptions and warrants, subject to the limits and conditions set out in Appendix II. Such FDI tend to have a greater volatility than the securities to which they relate and they bear a corresponding greater degree of risk.
- (k) Each Fund may employ various FDI for efficient portfolio management purposes. These derivative positions may be executed either on exchange or over the counter. The primary risks associated with the use of such derivatives are (i) failure to predict accurately the direction of market movements and (ii) market risks, for example, lack of liquidity or lack of correlation between the change in the value of the underlying asset and that of the value of the relevant Fund's derivatives. These techniques may not always be possible or effective in enhancing returns or mitigating risk. A Fund's investment in over the counter derivatives is subject to the risk of counterparty default. In addition, a Fund may have to transact with counterparties on standard terms which it may not be able to negotiate and may bear the risk of loss because a counterparty does not have the legal capacity to enter into a transaction, or because the transaction becomes unenforceable due to relevant legislation and regulation. To the extent that a Fund invests in FDI it may take a credit risk with regard to the parties with whom it trades and may also bear the risk of settlement default.

## **Warrants**

- (l) Investors should note that it is intended that each Fund may invest in warrants. Warrants often involve a high degree of gearing so that relatively small movements in the price of the underlying security results in disproportionately large movements in the price of the warrant. These movements may be favourable or unfavourable. The price of warrants is therefore volatile. Accordingly, an investment in the Fund should not constitute a substantial proportion of any investors' investment portfolio and may not be appropriate for all investors.

## **Convertible Bonds**

- (m) Each Fund may invest in convertible bonds. Convertible bonds can be converted into (that is, exchanged for) common stocks or other equity securities at a stated price or rate. Because convertible bonds can be converted into equity securities, their value will normally vary in some proportion with those of the underlying equity securities. Due to the conversion feature, convertible bonds generally yield less than non-convertible fixed income securities of similar credit quality and maturity. A Fund's investment in convertible bonds may at times include securities that have a mandatory conversion feature, pursuant to which the securities convert automatically into common stock at a specified date and conversion ratio, or that are convertible at the option of the issuer. When conversion is not at the option of the holder, the Fund may be required to convert the security into the underlying common stock or other equity security even at times when the value of the underlying common stock or other equity security has declined substantially.

## **Emerging Markets**

- (n) Emerging markets tend to have a greater level of risk and volatility associated with them and to be less liquid than more established markets. Investors should consider whether or not investment in these Funds is either suitable or should constitute a substantial part of the investors' portfolio.
- (o) The Net Asset Value, the marketability and the returns derived from the particular Fund's investments may be affected by uncertainties such as political or diplomatic

developments, social and religious instability, changes in government policies, taxation and interest rates, currency conversion and repatriation and other political and economic developments in law or regulations in emerging markets and, in particular, the risks of expropriation, nationalisation and confiscation of assets and changes in legislation relating to the level of foreign ownership. All of these facts may adversely affect the overall investment climate and, in particular investment opportunities for a Fund.

- (p) Companies in emerging markets may not be subject:
  - (i) to accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in major markets;
  - (ii) to the same level of government supervision and regulation of stock exchanges as countries with more advanced securities markets.

Accordingly, certain emerging markets may not afford the same level of investor protection as would apply in more developed jurisdictions.

- (q) The reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investments.
- (r) Lack of liquidity and efficiency in certain of the stock markets or foreign exchange markets in certain emerging markets may mean that from time to time the Investment Manager may experience more difficulty in purchasing or selling holdings of securities than it would in a more developed market.
- (s) There may be no obligation on the part of registration and tax authorities to make official copies of records available to third parties. In addition, there may be no reliable commercial firms who at present could undertake a comprehensive credit analysis or who could search the records of notary publics to determine whether the assets of an enterprise have been pledged or are otherwise subject to a pledge or other security interest. Accordingly, the extent of due diligence of prospective companies in which a Fund may invest must in some cases be significantly limited as compared with the standards for due diligence in more developed markets.
- (t) The emerging markets in which a Fund may invest are considerably less regulated than many of the world's leading stock markets. In addition, market practices in relation to settlement of securities transactions and custody of assets in such markets can provide a material risk to a Fund. Furthermore, due to the local postal and banking systems, no guarantee can be given that all entitlements attaching to securities acquired by a Fund (including in relation to dividends), can be realised. However, none of the Company, the Custodian, the Investment Manager, the Administrator, or any of their agents makes any representation or warranty about, or any guarantee of the operation, performance or settlement, clearing and registration of transactions dealing in emerging markets.

Prospective investors should be aware that safe custody of securities in emerging markets involves risk and considerations which do not normally apply when settling transactions and providing safe custody services in more developed countries. In circumstances such as the insolvency of a sub-custodian or registrar, or retro-active application of legislation, a Fund may not be able to establish title to investments made and may suffer losses as a result. A Fund may find it impossible to enforce its rights against third parties.

- (u) Custody services are very often undeveloped and, although a Fund will endeavour to put into place control mechanisms, including the selection of agents to register emerging markets securities on behalf of a Fund, there is a significant transaction and custody risk of dealing in securities of emerging markets.

- (v) As a Fund may invest in markets where custodial and/or settlement systems are not fully developed, assets which are traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of such sub-custodians is necessary, may be exposed to risk in circumstances where the Custodian will have no liability.
- (w) The value of the assets of the Company will be affected by fluctuations in the value of the currencies in which the Company's portfolio securities are quoted or denominated relative to the US\$. Currency exchange rates in emerging markets may fluctuate significantly over short periods of time, causing together with other factors, the Net Asset Value to fluctuate as well. Currency exchange rates may be affected by market perception of the relative merits of investment in emerging markets, actual and anticipated changes in interest rates, intervention by governments and certain banks or political developments. The Company may incur costs in connection with conversion

## MANAGEMENT AND ADMINISTRATION

The Directors control the affairs of the Company and are responsible for the overall investment policy, which will be determined by them in accordance with the Regulations, this Prospectus and the Articles.

### The Directors

The Company shall be managed and its affairs supervised by the Directors whose details are set out below. The Directors are all non-executive directors of the Company.

*Douglas Allison (British)* joined City of London Investment Management Company Limited (the "Investment Manager") in 1997 becoming Finance Director later that year, a position he continues to hold currently. After graduating in Economics at the University of Southampton in 1977, Mr. Allison joined the accounting profession, qualifying as a Chartered Accountant with Ernst & Young in 1980, and shortly afterwards moving to Esso Exploration & Production UK Ltd. In 1984 he made the transition to financial services, joining Drexel Burnham Lambert Ltd, and four years later he moved to Boston Safe Deposit & Trust Co Ltd, where he was Financial Controller from 1990 to 1993. He became Financial Controller of Bank Saderat PLC (as it is now called) in 1993, and while there qualified as an Associate of the Chartered Institute of Bankers.

*David Shubotham (Irish)* is a qualified accountant with ACMA 1971, and gained a Bachelor of Commerce degree with University College Dublin in 1969. David worked as head of the bond desk of Davy Stockbrokers for 15 years. From the inception of market surveys to his retirement from the desk in 1991 he was consistently voted No 1 stockbroker in Ireland. From 1991 to date he has worked with companies in the Irish Financial Services Centre and been invited to join many boards of companies in the centre. Amongst these, Goldman Sachs, Frank Russell, Fischer Francis Trees & Watts and HSBC have combined assets of over \$100bn. David is also on the audit committee of these companies. His experience on these boards and on others for over 10 years allows him to have an excellent understanding of all corporate governance issues as well as an excellent understanding of his role in acting in the best interests of the companies' shareholders.

*Valerie Tannahill (British)* is an employee of the Investment Manager. She joined the Investment Manager in 1997 as Finance Manager and now manages Investment Management Administration/Client Servicing in London. She is qualified to Level II of ACCA and has nearly thirty years experience within the financial services industry having previously worked at Sun Life Assurance, Deutsche Bank, Credit Suisse and Bank Saderat.

*Patricia Taylor (Irish)* is a partner in the law firm William Fry, Dublin. Since 1993, Ms Taylor has specialised in advising on the establishment of Irish domiciled investment funds of all kinds. She also advises the promoters of, and service providers to, investment funds including assets managers, fund administrators and trustees/custodians. Prior to 1993 she was involved in corporate and commercial law, principally mergers and acquisitions for publicly quoted and private clients. She has a Bachelor of Civil Law from University College Dublin (1980) and has been involved exclusively in private practice since qualifying as a solicitor in 1983. She is a non-executive director of a number of Irish companies.

### The Promoter

City of London Investment Group plc is the Company's Promoter. City of London Investment Group plc is the London Stock Exchange listed holding company for the City of London fund management group which operates out of offices in London, Pennsylvania, Singapore and Dubai, specialising in emerging markets strategies which serve an institutional client base.

## **The Investment Manager**

The Company has appointed City of London Investment Management Company Limited as its Investment Manager pursuant to the Investment Management Agreement. Under the terms of the Investment Management Agreement, the Investment Manager has responsibility for the management of the investment of the assets of the Company in accordance with the investment objective and policies described in this Prospectus and the relevant Supplement, subject always to the supervision and direction of the Directors.

The Investment Manager is a private company limited by shares and was incorporated in England and Wales on 7 September 1993 and is a wholly owned subsidiary of City of London Investment Group plc. The Investment Manager has an issued and fully paid up share capital of Stg£500,000.00. The Investment Manager's main business is the provision of fund management services to collective investment schemes such as the Company. The Investment Manager is regulated in the UK by the Financial Services Authority (the "FSA") in the conduct of investment business and is subject to the rules of the FSA. The Investment Manager is also registered as an investment adviser in the United States with the SEC and regulated in Dubai by the Dubai Financial Services Authority. As of 31 March 2012, funds under management and advice of City of London Investment Group plc, its subsidiaries and affiliates totalled approximately US\$ 5 billion.

The Investment Management Agreement provides that the appointment of the Investment Manager will continue in force unless and until terminated by either party giving to the other not less than 90 days written notice although in certain circumstances (e.g. the insolvency of either party, unremedied breach after notice, etc.) the Investment Management Agreement may be terminated forthwith by notice in writing by either party to the other. The Investment Management Agreement contains indemnities in favour of the Investment Manager other than in respect of matters arising by reason of its fraud, bad faith, wilful default, or negligence in the performance of its duties and obligations and also contains provisions regarding the Investment Manager's legal responsibilities.

## **The Custodian**

BNY Mellon Trust Company (Ireland) Limited, a private limited company has been appointed to act as the Custodian to the Company pursuant to the Custodian Agreement. All the assets of the Company will be held in segregated accounts in the name of the Company, by the Custodian or by the sub-custodians appointed by the Custodian. The Custodian and any sub-custodian will be responsible for the collection of all income and other payments, and the holding of any interest credited, with respect to an Investment.

The Custodian is a private limited company incorporated in Ireland on 13 October 1994 and is a wholly owned indirect subsidiary of The Bank of New York Mellon Corporation. Its main activity is to act as Trustee and Custodian of collective investment schemes such as the Company.

The Custodian may appoint any person or persons to be a sub-custodian of the assets and cash of the Company and the liability of the Custodian shall not be affected by the fact that it has entrusted some or all of the assets in its safekeeping to any third party. The Custodian Agreement provides that the Custodian will discharge its responsibilities in respect of third parties by exercising care and diligence in choosing and appointing a third party to be a sub-custodian so as to ensure that the sub-custodian has and maintains the expertise, competence and standing appropriate to discharge the responsibilities involved. The Custodian shall maintain an appropriate level of supervision over a sub-custodian and make appropriate enquiries from time to time to confirm that the obligations of the sub-custodian continue to be competently discharged. The Custodian Agreement further provides that the Company acknowledges that in order to provide custody and settlement facilities in all jurisdictions in which the Company may invest from time to time, the Custodian or its sub-custodian may delegate these custodial functions to third parties in jurisdictions where custodial or settlement systems do not offer the standards of protection which would normally be required by a reasonably prudent custodian. The Custodian will therefore be required to exercise only that level of care and diligence which it is reasonable to exercise in the circumstances prevailing in that jurisdiction.

The Custodian Agreement provides that the appointment of the Custodian will continue in force unless and until terminated by either party giving to the other not less than 90 days written notice although in certain circumstances (e.g. the insolvency of either party, unremedied breach after notice etc) the Custodian Agreement may be terminated forthwith by notice in writing by either party to the other. The Custodian Agreement contains indemnities in favour of the Custodian except in respect of matters arising by reason of its unjustifiable failure to perform its obligations or improper performance of its duties and obligations and also contains provisions regarding the Custodian's legal responsibilities.

### **The Administrator, Registrar and Transfer Agent**

BNY Mellon Fund Services (Ireland) Limited, a private limited company, has been appointed to carry on the general administration of and act as registrar and transfer agent to the Company pursuant to the Administration Agreement. It will be responsible for dealing with the administration of the Company, and will receive all applications, receive purchase requests and other correspondence on behalf of the Company and will calculate the Net Asset Value of the Company.

The Administrator was incorporated in Ireland on 31 May 1994 specifically for the purpose of providing administrative services to collective investment schemes such as the Company. Like the Custodian, the Administrator is an indirect wholly owned subsidiary of The Bank of New York Mellon Corporation.

The Administration Agreement provides that the appointment of the Administrator will continue in force unless and until terminated by any party giving to the other not less than 90 days written notice although in certain circumstances (e.g. the insolvency of any party, unremedied breach after notice, etc.) the Administration Agreement may be terminated forthwith by notice in writing by any party to the other. The Administration Agreement contains indemnities in favour of the Administrator other than in respect of matters arising by reason of its fraud, bad faith, wilful default or negligence in the performance of its duties and obligations, and also contains provisions regarding the Administrator's legal responsibilities.

### **Secretary**

The Secretary of the Company is Wilton Secretarial Limited, Fitzwilton House, Wilton Place, Dublin 2, Ireland.

### **Paying Agents**

In order to register the Company and the Funds for sale in certain jurisdictions, paying agents and/or representative agents ("Paying Agents") may need to be appointed in those jurisdictions through which subscription and redemption monies will be paid and in respect of which accounts will be maintained. The Company may therefore appoint Paying Agents for this purpose whose fees and expenses, which will be charged at normal commercial rates, will be discharged out of the assets of the Company.

Where Shareholders choose or are obliged under local regulations to pay or receive subscription or redemption monies respectively through a Paying Agent rather than directly to the Company, such investors will bear a credit risk against the Paying Agent with respect to (a) subscription monies prior to the transmission of such monies to the Company and (b) redemption monies payable by the Paying Agent to the relevant Shareholders.

## Conflicts of Interest

The Directors, the Investment Manager and their affiliates, employees, officers, directors and shareholders (each a "Party", collectively the "Parties") are or may be involved in other financial investment and professional activities which may on occasion cause conflicts of interest with the management of the Company. These include management of other funds, purchases and sales of securities, investment and management counselling, brokerage services and serving as directors, officers, advisers or agents of other funds or other companies, including companies in which the Company may invest. In particular, the Investment Manager is involved in advising other investment funds which have similar or overlapping investment objectives to or with the various Funds. Each of the Parties will respectively ensure that the performance of their respective duties will not be impaired by any such involvement that they may have and that any conflicts which may arise will be resolved fairly. If any of the assets of a Fund are invested in any such investment funds, the Party involved in providing such management or other advisory services to such other investment funds will waive the preliminary or initial charges which it may otherwise be entitled to charge for its own account. In relation to such investment of the Fund's assets, if any commission or fees are or would be received by a Party by virtue of an investment of the assets of the Company in such investment fund, such commission will be paid to the relevant Fund for its own account.

In addition, due to the widespread operations undertaken by the Directors, the Investment Manager, the Administrator and the Custodian and their respective holding companies, subsidiaries and affiliates (each an "Interested Party") conflicts of interest may arise. An Interested Party may acquire or dispose of any investment notwithstanding that the same or similar investments may be owned by or for the account of or otherwise connected with the Company. Furthermore, an Interested Party may acquire, hold or dispose of investments notwithstanding that such investments had been acquired or disposed of by or on behalf of the Company by virtue of a transaction effected by the Company in which the Interested Party was concerned provided that the acquisition by an Interested Party of such investments is effected on normal commercial terms negotiated on an arm's length basis and the investments held by the Company are acquired on the best terms reasonably obtainable having regard to the interests of the Company. An Interested Party may deal with the Company as principal or as agent, provided that any such dealings are in the best interests of Shareholders and are carried out as if effected on normal commercial terms negotiated on an arm's length basis.

Permitted Interested Party transactions are subject to:

- (a) certified valuation by a person approved by the Custodian (or the Directors in the case of a transaction with the Custodian) as independent and competent; or
- (b) execution on best terms on an organised investment exchange in accordance with the rules of such exchange; or
- (c) where (a) and (b) are not practical, execution on terms which the Custodian (or the Directors in the case of a transaction with the Custodian) is satisfied conforms with the principles outlined in the preceding paragraph.

In the event that a conflict of interest does arise, the Directors will endeavour, so far as they are reasonably able, to ensure that it is resolved fairly and that investment opportunities are allocated on a fair and equitable basis.

The Investment Manager's Fair Value Pricing Committee ("FVPC") has been appointed by the Directors in accordance with the Company's valuation principles as the competent person with responsibility for setting the fair value price of assets for which no price is ascertainable or in respect of which the available price is unrepresentative. This may result in a potential conflict of interest as the Investment Manager's fee may increase as the Net Asset Value of a Fund increases.

## **Meetings**

Shareholders in the Company will be entitled to attend and vote at general meetings of the Company. The annual general meeting of the Company will normally be held in Ireland. Notices convening each annual general meeting will be sent to Shareholders together with the annual accounts and reports not less than twenty-one days before the date fixed for the meeting.

## **Accounts and Information**

The Company's accounting period will end on 31 January in each year. The Company will prepare an annual report and audited annual accounts which will be published within four months of the end of the financial period to which they relate (i.e. by 31 May in each year). Copies of the unaudited half yearly reports (made up to 31 July in each year) will also be published within two months of the end of the half year period to which they relate (i.e. by 30 September in each year). Both of these reports will be sent to the Companies Announcements Office of The Irish Stock Exchange within the same time period. The annual report and audited annual accounts will also be circulated to Shareholders. The unaudited half-yearly reports will be made available to Shareholders on the Investment Manager's website at [http://www.citlon.com/UCITS/reg\\_reports/WMUF\\_Interim\\_english.pdf](http://www.citlon.com/UCITS/reg_reports/WMUF_Interim_english.pdf)

Copies of this Prospectus, the Supplements and the annual and half-yearly reports of the Company may be obtained free of charge from the Administrator at the address given under the heading "Directory".

## **VALUATION, SUBSCRIPTIONS AND REDEMPTIONS**

### **Calculation of Net Asset Value**

The Net Asset Value of each Fund is expressed in its base currency. The calculation of the Net Asset Value of each Fund and of each class thereof will be carried out by the Administrator in accordance with the requirements of the Articles, and details are set out under the heading "Statutory and General Information" below. Except when the determination of the Net Asset Value of any Fund has been suspended or postponed in the circumstances set out under the heading "Temporary Suspensions" below, the calculation of the Net Asset Value of each Fund, the Net Asset Value of each class and the Net Asset Value per Share will be prepared as at each Valuation Point and will be available to Shareholders on request. The Net Asset Value per Share shall also be made public at the offices of the Administrator during normal business hours and will be published daily in the London Financial Times and on the Investment Manager's website at [http://www.citlon.com/UCITS/ucits\\_pricing.php](http://www.citlon.com/UCITS/ucits_pricing.php) (which must be kept up-to-date). The Net Asset Value per Share of each Fund will, upon calculation, be notified immediately by the Administrator to The Irish Stock Exchange. The Net Asset Value of any class of Shares within a Fund will be determined by deducting the share of liabilities attributable to that class from the share of the assets of the Fund attributable to that class. The Net Asset Value of each Share of each class will be determined by dividing the Net Asset Value of the class by the number of Shares of that class in issue and deemed to be in issue.

The costs and liabilities/benefits arising from instruments entered into for the purposes of hedging the currency exposure for the benefit of any particular class of a Fund (where the currency of a particular class is different to the base currency of the Fund) shall be attributable exclusively to that class. The Net Asset Value of each Share of each class will be determined by dividing the Net Asset Value of the class by the number of Shares of that class. Where there are different classes of Shares in a Fund, the relevant Supplement shall state whether or not this policy is being adopted in respect of any class of such Fund.

## **Subscriptions**

### **General**

The Directors may issue Shares of any class of any Fund and on such terms as they may from time to time determine. The terms and conditions applicable to the issue of Shares of any class together with subscription and settlement details and procedures will be set out in the relevant Supplement. All Shares will be registered in inscribed form and evidenced by entry on the Company's register of shareholders. Certificates will not be issued in respect of any Shares.

The Company has the right to seek such evidence of identity from investors as the Directors deem appropriate to comply with the Company's obligations under anti-money laundering legislation and, in the absence of satisfactory evidence, or for any other reason, may reject any application in whole or in part. The Directors have delegated the exercise of this right and discretion to the Investment Manager with power to sub-delegate.

Under the Articles, the Directors are given authority to effect the issue of Shares and have absolute discretion to accept or reject in whole or in part any application for Shares without assigning any reason therefor. The Directors have power to impose such restrictions as they think necessary to ensure that no Shares are acquired by any person which might result in the legal and beneficial ownership of Shares by persons who are not Qualified Holders or who expose the Company to adverse tax or regulatory consequences.

If an application is rejected, any monies received will be returned to the applicant (but without interest, costs or compensation) as soon as possible by telegraphic transfer.

No Shares of any Fund will be issued or allotted during a period when the determination of the Net Asset Value of that Fund is suspended.

Shares will be issued at the Price (details in respect of which are set out in the relevant Supplement), plus the preliminary charge, if any.

## **Redemption**

### **General**

Shareholders may redeem their Shares on any Dealing Day in accordance with the procedures set out in the relevant Supplement.

Shares will be redeemed at the Price (details in respect of which are set out in the relevant Supplement), less the redemption fee, if any.

## **Switching**

Shareholders may switch between Funds (when more than one Fund is operational). The facility to so switch will be set out in the relevant Supplement. Switching will be effected by way of conversion of the holding of Shares in one Fund to the Shares of another Fund. Subject as set out below, shareholders will be able to apply to convert on any Dealing Day such minimum amount in value of their holding of Shares in any Fund (the "Original Fund") as may be specified by the Directors to Shares of another Fund which are being offered at that time (the "New Fund").

If a switch from the Original Fund to the New Fund would result in the Shareholder holding a number of Shares of either the Original Fund or the New Fund of a value which is less than the Minimum Holding, the Administrator may, if it thinks fit, convert the whole of the applicant's holding of Shares of the Original Fund to Shares in the New Fund or refuse to effect any switch from the Original Fund. No switch will be made during any period when the right of Shareholders to require the redemption of their Shares is suspended.

The number of Shares in any New Fund to be issued will be calculated in accordance with the following formula:

$$A = B \times \frac{(C \times D \times F)}{E}$$

where:

- A = the number of Shares of the New Fund to be allotted;
- B = the number of Shares of the Original Fund to be converted;
- C = the Price per Share of the Original Fund in respect of the Valuation Point on the relevant Dealing Day;
- D = the currency conversion factor determined by the Administrator as representing the effective rate of exchange of settlement on the relevant Dealing Day applicable to the transfer of assets between the relevant Funds (where the base currencies of the relevant Funds are different) or where the base currencies of the relevant Funds are the same, D = 1; and
- E = the Net Asset Value per Share of the New Fund in respect of the Valuation Point on the relevant Dealing Day plus any applicable switching fee.
- F = the switching factor (if any) to be applied to conversion between Funds with different settlement dates. This factor will be determined by the Administrator, and shall be as derived from the borrowing rate of interest (which may be retail or business depending on the volume of switching) where the settlement date for Shares in the New Fund is earlier than the settlement date for Shares in the Original Fund. In such circumstances, this factor shall operate to compensate the New Fund for late settlement. In all other cases, including where the settlement dates of the relevant Funds are the same, F = 1

Where there is a conversion of Shares, Shares of the New Fund will be allotted and issued in respect of and in proportion to the Shares of the Original Fund in the proportion A to B.

### **Institutional and US\$ Retail B Classes**

In relation to any class of a Fund which is designated as either an Institutional Class or a US\$ Retail B Class, switching shall be effected by notice in writing from the Shareholder(s) to the Administrator. Switching requests must be signed and may be sent to the Administrator by facsimile at the risk of the Shareholder. Provided that the original signed switching request is sent to arrive with the Administrator within three Business Days of the relevant Dealing Day or an original signed fax indemnity has been received by the Administrator. A switching request will not be processed unless all supporting documents (if any) as may be required by the Directors have been received.

### **Retail A Classes**

All classes of Shares designated as Retail A Classes have been closed to further subscription. Accordingly, no switching of Shares into a Retail A Class may be effected.

## **Subscriptions/Redemptions in Specie**

### **Subscription in Specie**

The Directors may (at their absolute discretion) issue Shares of any class within a Fund by way of exchange for Investments provided that:

- (a) in the case of a person who is not an existing Shareholder, no Shares shall be issued until the person concerned shall have completed and delivered to the Administrator an Application Form as required in accordance with this Prospectus (or otherwise) and satisfied all the requirements of the Directors and Administrator as to such person's application;
- (b) the nature of the Investments transferred into the Fund are such as would qualify as Investments of such Fund in accordance with the investment objectives, policies and restrictions of such Fund;
- (c) no Shares shall be issued until the Investments shall have been vested in the Custodian or any sub-custodian to the Custodian's satisfaction and the Custodian shall be satisfied that the terms of such settlement will not be such as are likely to result in any prejudice to the existing Shareholders of the Fund; and
- (d) the Directors are satisfied that the terms of any exchange would not be such as would be likely to result in any prejudice to existing Shareholders and provided that any such exchange shall be effected upon the terms (including provision for paying any expenses of exchange and any preliminary charge as would have been payable for Shares issued for cash) that the number of Shares issued shall not exceed the number which would have been issued for cash against payment of a sum equal to the value of the Investments concerned calculated in accordance with the procedures for the valuation of the assets of the Company. Such sum may be increased by such amount as the Directors may consider represents an appropriate provision for Duties and Charges which would have been incurred by the Fund in the acquisition of the Investments by purchase for cash or decreased by such amount as the Directors may consider represents any Duties and Charges to be paid to the Fund as a result of the direct acquisition by the Fund of the Investments.

### **Redemption in Specie**

The Directors may (at their absolute discretion) redeem Shares of any class within a Fund by way of exchange for Investments provided that:

- (a) a form of redemption is completed and delivered to the Administrator in such format as may be required by the Directors and the Administrator from time to time and the redemption request otherwise satisfies all the requirements of the Directors and the Administrator as to such request; and
- (b) the Shareholder seeking redemption of Shares agrees to the request for redemption being satisfied in specie or, if a redeeming Shareholder requests redemption of a number of Participating Shares that represents 5% or more of the Net Asset Value of a Fund, the Directors in their sole discretion may redeem the Shares by way of exchange for Investments and in such circumstances the Company will, if requested by the redeeming Shareholder, sell the Investments on behalf of the Shareholder (the cost of the sale can be charged to the Shareholder); and
- (c) the Directors are satisfied that the terms of any exchange would not be such as would be likely to result in any prejudice to the remaining Shareholders, and elects that instead of the Shares being redeemed in cash, the redemption shall be satisfied in specie by the

transfer to the Shareholder of Investments provided that the value thereof shall not exceed the amount which otherwise would have been payable on a cash redemption and provided that the transfer of Investments is approved by the Custodian. Such value may be reduced by such amount as the Directors may consider represents any Duties and Charges to be paid to the Fund as a result of the direct transfer by the Fund of the Investments or increased by such amount as the Directors may consider represents any appropriate provision for Duties and Charges which would have been incurred by the Fund in the disposition of the Investments to be transferred. The shortfall (if any) between the value of the Investments transferred on a redemption in specie and the redemption proceeds which would have been payable on a cash redemption shall be satisfied in cash. Any decline in the value of the Investments to be transferred in settlement of a redemption between the relevant Dealing Day and the day on which Investments are delivered to the redeeming Shareholders shall be borne by the redeeming Shareholders.

If the discretion to satisfy a redemption request in specie is exercised, the Directors shall notify the Custodian and shall supply to the Custodian particulars of the Investments to be transferred and any amount of cash to be paid to the Shareholder. All stamp duties, transfer and registration fees in respect of such transfers shall be payable by the Shareholder. Any allocation of Investments pursuant to an in specie redemption is subject to the approval of the Custodian.

### **Total Redemption**

All of the Shares of any class of any Fund may be redeemed:

- (a) at the discretion of the Directors, by giving not less than 30 days' notice in writing to the relevant Shareholders; or
- (b) if the Shareholders of the Company or of the relevant Fund or Share class so approve by way of Special Resolution.

### **Compulsory Redemption**

The Directors shall have the right to redeem compulsorily any Shares of any class of any Fund at the Price or to require the transfer of any Shares to any Qualified Holder if in their opinion (i) such Shares are held (whether legally or beneficially) by a person other than a Qualified Holder; (ii) the holding of such Shares may result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the relevant Fund or its Shareholders as a whole; or (iii) a Shareholder holds less than the applicable Minimum Holding. Failure to provide the original Application Form and other required documentation to the Administrator by the relevant time as set out in the relevant Supplement may at the discretion of the Administrator or the Investment Manager, result in the compulsory redemption of the relevant Shares.

### **European Union Taxation of Savings Income Directive**

EC Directive 2003/48/EC regarding the taxation of savings income (the "Savings Directive") (which has been transposed into Irish law) provides, subject to a number of conditions, that Member States will be required to provide to the tax authorities of another Member State details of payments of interest (which may include distributions by collective investment funds) or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State. Certain Member States have opted instead for a withholding system in relation to such payments. Ireland has opted for exchange of information rather than a withholding tax system.

Accordingly, the Custodian, Administrator or such other entity considered a "paying agent" for the purposes of the Savings Directive may be required to disclose details of payments of interest or other similar income to investors in the Company to the Irish Revenue Commissioners. In that regard, the Custodian, Administrator or such other entity considered a "paying agent" will require proof of identity, residence and relevant tax documentation from individual investors. Failure to provide the above information may result in the refusal of an application for a subscription or a request for a redemption.

## **Anti-Money Laundering**

Measures aimed towards the prevention of money laundering will require a detailed verification of the identity of existing Shareholders, applicants for and potential transferees of Shares. Detailed verification requirements may differ depending on the circumstances of each applicant.

By way of example of the verification requirements, an individual may be required to produce a copy of a passport or identification card duly certified by a notary public, together with evidence of his/her address such as a utility bill or bank statement and date of birth. In the case of corporate applicants this may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), the names, occupations, dates of birth and residential and business addresses of all directors of such corporate applicant.

The Company reserves the right to request such information as is necessary to verify the identity of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Company may take such action as it sees fit, including refusing to accept the application and all subscription monies or, if Shares have been issued, compulsorily redeeming such Shares. It may also withhold redemption proceeds and approval of transfer of Shares, as the circumstances warrant.

Each applicant for Shares acknowledges that the Company, the Investment Manager and the Administrator shall be indemnified and held harmless against any loss arising as a result of failure to process his application for, or request for the redemption of, Shares if such information and documentation as has been properly requested by the Administrator or Investment Manager has not been provided by the applicant. In addition, if an application is refused, subscription monies will only be returned if such return is permissible under Irish money laundering laws.

## **Transfer of Shares**

Shares are (save as hereinafter specified) freely transferable and may be transferred in writing in a form approved by the Directors. Prior to the registration of any transfer, transferees must complete an Application Form. The Directors may decline to register any transfer of a Share where it appears that such transfer would be likely to result in the legal or beneficial ownership of such Share by a person who is not a Qualified Holder or expose the Company to adverse tax or regulatory consequences.

In the case of a transfer or redemption of Shares of the estate of a deceased Shareholder, the Administrator may require an Irish grant of probate in order to pay the redemption proceeds or transfer the Shares.

## **Temporary Suspensions**

The Company may, subject to the rules of the relevant exchange, temporarily suspend the determination of the Net Asset Value of any Fund and the issue and redemption of Shares of any class of any Fund:

- (a) during the whole or any part of any period when any of the principal markets or stock exchanges on which any significant portion of the Investments of the relevant Fund from time to time are quoted, listed, traded or dealt in is closed (otherwise than for customary weekend or ordinary holidays) or during which dealings therein are restricted or suspended or trading on any relevant futures exchange or market is restricted or suspended;
- (b) during the whole or any part of any period when, as a result of political, economic, military or monetary events or any other circumstances outside the control, responsibility and power of the Directors, any disposal or valuation of Investments of the relevant Fund is not, in the opinion of the Directors, reasonably practicable without this being prejudicial to or detrimental to the interests of owners of Shares in general or the owners of Shares of the relevant Fund or if, in the opinion of the Directors, the Net Asset Value cannot fairly be calculated;

- (c) during the whole or any part of any period during which any breakdown occurs in the means of communication normally employed in determining the value of any of the Investments of the Company or when for any other reason the value of any of the Investments or other assets of the relevant Fund cannot reasonably or fairly be ascertained;
- (d) during the whole or any part of any period when the Company is unable to repatriate funds required for the purpose of making redemption payments or when such payments cannot, in the opinion of the Directors, be effected at normal prices or normal rates of exchange or during which there are difficulties or it is envisaged that there will be difficulties, in the transfer of monies or assets required for subscriptions, redemptions or trading;
- (e) upon the publication of a notice convening a general meeting of Shareholders for the purpose of resolving to wind up the Company; or
- (f) during any period when the Directors believe it is in the best interests of the Shareholders to suspend dealings in the relevant Share class.

The Company, where possible, will take all necessary steps to bring any period of suspension to an end as soon as possible.

If total requests for redemption or switching on any Dealing Day for any Fund exceed 10% of the Net Asset Value of that Fund, each redemption or switching request in respect of Shares in such Fund may, at the sole discretion of the Directors, be carried forward to the next Dealing Day and/or reduced "pro rata" so that all such requests represent no more than 10% of the Net Asset Value of such Fund. Any redemption or switching request so reduced shall be effected in priority to subsequent redemption or switching requests on the following (and, if necessary, subsequent) Dealing Day(s). If redemption or switching requests are so carried forward, the Directors shall procure that the Shareholders whose dealings are affected thereby are promptly informed.

In the event of any suspension as set out above, the Company will, where practicable, publish such fact in the London Financial Times at the next available opportunity and immediately notify the Central Bank, The Irish Stock Exchange and any other competent authority in a Member State or other country in which Shares are marketed.

## FEES AND EXPENSES

### Establishment Expenses

All fees and expenses relating to the establishment of the Company have been borne by the Company. All fees and expenses relating to the establishment of any Fund and the listing of any new Shares on The Irish Stock Exchange will be borne by the relevant Fund and amortised over such period as the Directors may determine. These establishment expenses will be charged as between the various Funds established by the Company within the amortisation period on such terms and in such manner as the Directors (with the consent of the Custodian) deem fair and equitable and provided that each Fund will bear its own direct establishment costs and the costs of listing its Shares on The Irish Stock Exchange. The fees and expenses within each Fund and class thereof will be set out in the relevant Supplement.

Value Added Tax (if any) on fees payable by the Company will be borne by the Company.

The fees and expenses of the Investment Manager, the Administrator and Custodian are set out in the relevant Supplement.

### Directors' Fees

The Directors not affiliated with the Investment Manager shall be entitled to an annual fee and remuneration for their services at a rate to be determined from time to time by the Directors. Such Directors are currently Patricia Taylor and David Shubotham. The fees of any Director not affiliated with the Investment Manager in any accounting period shall not exceed \$50,000 without the approval of the Board. All Directors will be entitled to reimbursement by the Company of expenses directly incurred in attending board meetings or in connection with the business of the Company.

Any increase in Directors' fees above \$50,000 will be notified to Shareholders in advance.

### Operational Expenses

The Company will also pay out of the assets of each Fund:

- (a) any fees in respect of circulating details of the Net Asset Value (including publishing prices);
- (b) stamp duties;
- (c) taxes;
- (d) company secretarial fees;
- (e) rating fees (if any);
- (f) brokerage and other expenses of acquiring and disposing of Investments;
- (g) fees and expenses of the auditors, tax, legal and other professional advisers of the Company;
- (h) fees connected with the listing of Shares on any stock exchange;
- (i) fees and expenses in connection with the distribution of Shares, the costs of registration of the Company and/or in respect of agents appointed by the Company in jurisdictions outside Ireland;

- (j) costs of preparing, printing and distributing the Prospectus, any Supplements or addenda thereto, any KIID issued in accordance with the Regulations, reports, accounts and any explanatory memoranda;
- (k) any necessary translation fees;
- (l) any costs incurred as a result of periodic updates of the Prospectus, any Supplement and/or any KIID, or of a change in law or the introduction of any new law (including any costs incurred as a result of compliance with any applicable code, whether or not having the force of law);
- (m) the Central Bank's industry funding levy.
- (n) any other fees and expenses relating to the management and administration of the Company or attributable to the Company's investments; and
- (o) fees and expenses connected with the winding-up of the Company and/or the closure of any Fund;
- (p) in respect of each financial year of the Company in which expenses are being determined, such proportion (if any) of any establishment expenses and/or reconstruction expenses as are being amortised in that year.

The above expenses shall be charged on an annual basis as between each Fund and class thereof on such terms and in such manner as the Directors (with the consent of the Custodian) deem fair and equitable.

All fees and expenses, Duties and Charges will be charged to the Fund (and class thereof, if appropriate) in respect of which they were incurred or, where an expense is not considered by the Directors to be attributable to any one Fund (or class thereof), the expense will normally be allocated to classes of all Funds pro rata to the Net Asset Value of the relevant Funds. Expenses of the Company which are directly attributable to a specific class of Shares are charged against the income available for distribution to the holders of such Shares. In the case of any fees or expenses of a regular or recurring nature, such as audit fees, the Directors may calculate such fees and expenses on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any period.

### **Preliminary Charge**

The Directors may in their absolute discretion, charge a preliminary charge of up to 4.5% of the Net Asset Value per Share of any class. The actual preliminary charge, if any, applicable to each class of Shares of a Fund shall be set out in the relevant Supplement. This charge shall be paid to the Investment Manager. The Investment Manager may pay all or any part of the preliminary charge to Financial Intermediaries assisting with the sale of Shares in any Fund.

### **Redemption and Switching Fees**

The Articles authorise the Directors to charge fees on redemption and switching between Funds. Where set out in the relevant Supplement, the Directors may charge a fee on the redemption of Shares in any class of up to 1.5% of the Net Asset Value per Share. The fee shall be payable to the Investment Manager (or as it may direct) but will only be charged if a Shareholder redeems his Shares within the first year of issue of the particular Shares or within the first year of acquiring Shares (by subscription or transfer).

The Directors may charge a fee on the switching of Shares of any class up to a maximum of 1% of the Net Asset Value per Share, which may be waived in whole or in part. The actual switching fee, if any, applicable to each Fund shall be set out in the relevant Supplement. The fee shall accrue to the benefit of the Fund from which the switch is being made. Investors shall be entitled at least to one free switch every twelve months (running from the date of issue of the relevant Shares).

## Soft Commission Arrangements

The Investment Manager may make use of soft commission arrangements to enable it to obtain specialist services which are beneficial to the management of Funds' assets which are not available from traditional broking services. Any soft commission payments made by the Company will be in respect of services which are of demonstrable benefit to the Company and on the basis that brokerage rates will not be in excess of customary institutional full service brokerage rates. However, the Investment Manager believes that the benefits provided under any such arrangement will assist in the provision of investment services to the Company and are in the best interests of Shareholders. All transactions undertaken on a soft commission basis will be subject to the fundamental rule of overall best execution and will also be disclosed in the subsequent relevant semi-annual and annual reports of the Company.

## ALLOCATION OF ASSETS AND LIABILITIES

The Company is an umbrella fund with segregated liability between its Funds pursuant to the Acts. The Acts provide that there shall be implied in every contract, agreement, arrangement or transaction entered into by the Company with another party (the "Counterparty") the following terms:

- the Counterparty shall not seek whether in any proceedings or by any other means whatsoever or wheresoever to have recourse to any assets of any Fund of the Company in the discharge in all or any part of the liability which was not incurred on behalf of that Fund;
- if the Counterparty shall succeed by any means whatsoever or wheresoever in having recourse to any assets of any Fund in the discharge in all or any part of a liability which was not incurred on behalf of that Fund, the Counterparty shall be liable to the Company to a sum equal to the value of the benefit thereby obtained by the Counterparty; and
- if the Counterparty shall succeed in seizing or attaching by any means, or otherwise levying execution against, any assets of a Fund in respect of a liability which was not incurred on behalf of that Fund, the Counterparty shall hold those assets or the direct or indirect proceeds of the sale of such assets on trust for the Company and shall keep those assets or proceeds separately and identifiable as such property.

The Articles contain the following provisions regarding the operation of each fund:

- (a) the records and accounts of each Fund shall be maintained separately in the base currency of the relevant Fund;
- (b) the liabilities of each Fund shall be attributable exclusively to that Fund;
- (c) the assets of each Fund shall belong exclusively to that Fund, shall be segregated in the records of the Custodian from the assets of other Funds, and shall not (save as provided in the Acts) be used to discharge directly or indirectly the liabilities of or claims against any other Fund and shall not be available for any such purpose;
- (d) the proceeds from the issue of each class of Share shall be applied to the relevant Fund established for that class of Share, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund subject to the provisions of the Articles;
- (e) where any asset is derived from another asset, the derived asset shall be applied to the same Fund as the assets from which it was derived, and on each revaluation of an asset the increase or diminution in value shall be applied to the relevant Fund;

- (f) in the case where an asset or a liability of the Company cannot be considered as being attributable to a particular Fund, the Directors shall have the discretion, subject to the Acts and the approval of the Auditors, to determine the basis upon which such asset or liability shall be allocated between the Funds and the Directors shall have power at any time and from time to time, subject as aforesaid, to vary such basis, provided that the approval of the Auditors shall not be required in any case where the assets or liabilities are allocated between all Funds pro rata to their Net Asset Values.

## TAXATION

The following summary of certain relevant taxation provisions is based on current law and practice and does not constitute legal or tax advice. It does not purport to deal with all the tax consequences applicable to the Company or to all categories of investors, some of whom may be subject to special rules. Shareholders and potential investors are advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling, converting or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile, and in the light of their particular circumstances.

The taxation of income and capital gains of the Company and of Shareholders is subject to the fiscal laws and practices of Ireland and other countries in which Shareholders are resident or otherwise subject to tax.

Dividends, interest and capital gains (if any) which the Company receives with respect to its investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of investments are located. It is anticipated that the Company may not be able to benefit from reduced rates of withholding tax in double taxation agreements between Ireland and such countries. If this position changes in the future and the application of a lower rate results in a repayment to the Company the Net Asset Value will not be restated and the benefit will be allocated to the existing Shareholders rateably at the time of the repayment.

Potential investors and Shareholders should note that the statements on taxation which are set out below are based on advice which has been received by the Directors regarding the law and practice in force in the relevant jurisdiction as at the date of this Prospectus. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the Company will endure indefinitely.

### TAXATION IN IRELAND

The Directors have been advised that on the basis that the Company is resident in Ireland for taxation purposes the taxation position of the Company and the Shareholders is as set out below:

#### Definitions

For the purposes of this section, the following definitions shall apply.

#### "Irish Resident"

- in the case of an individual, means an individual who is resident in Ireland for tax purposes.
- in the case of a trust, means a trust that is resident in Ireland for tax purposes.
- in the case of a company, means a company that is resident in Ireland for tax purposes.

#### Residence – Individual

An individual will be regarded as being resident in Ireland for a twelve month tax year if s/he:

- spends 183 days or more in Ireland in that twelve month tax year; or
- has a combined presence of 280 days in Ireland, taking into account the number of days spent in Ireland in that twelve month tax year together with the number of days spent in Ireland in the preceding twelve month tax year.

Presence in a twelve month tax year by an individual of not more than 30 days in Ireland will not be reckoned for the purpose of applying the two year test. Presence in Ireland for a day means the personal presence of an individual any time during that day.

## Residence – Company

A company which has its central management and control in Ireland is resident in Ireland irrespective of where it is incorporated. A company which does not have its central management and control in Ireland but which is incorporated in Ireland is resident in Ireland except where:

- the company or a related company carries on a trade in Ireland, and either the company is ultimately controlled by persons resident in EU Member States or in countries with which Ireland has a double taxation treaty, or the company or a related company are quoted companies on a recognised Stock Exchange in the EU or in a taxation treaty country;

or

- the company is regarded as not resident in Ireland under a double taxation treaty between Ireland and another country.

It should be noted that the determination of a company's residence for tax purposes can be complex in certain cases and declarants are referred to the specific legislative provisions that are contained in Section 23A of the Taxes Act.

### **"Irish Ordinary Resident"**

- in the case of an individual, means an individual who is ordinarily resident in Ireland for tax purposes.
- in the case of a trust, means a trust that is ordinarily resident in Ireland for tax purposes.

An individual who has been resident in Ireland for three consecutive tax years becomes ordinarily resident with effect from the commencement of the fourth tax year.

An individual who has been ordinarily resident in Ireland ceases to be ordinarily resident at the end of the third consecutive tax year in which s/he is not resident.

### **"Exempted Irish Investor"**

means:

- an Intermediary;
- a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the Taxes Act or a retirement annuity contract or a trust scheme to which Section 784 or 785 of the Taxes Act applies;
- a company carrying on life business within the meaning of Section 706 of the Taxes Act;
- an investment undertaking within the meaning of Section 739(B)(1) of the Taxes Act;
- a special investment scheme within the meaning of Section 737 of the Taxes Act;
- a unit trust to which Section 731(5)(a) of the Taxes Act applies;
- a charity being a person referred to in Section 739D(6)(f)(i) of the Taxes Act;
- a qualifying management company within the meaning of Section 734(1) of the Taxes Act;
- a specified company within the meaning of Section 734(1) of the Taxes Act;
- a person who is entitled to exemption from income tax and capital gains tax under Section 784A(2) of the Taxes Act where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- the National Pension Reserve Fund Commission;
- a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the Taxes Act and the Shares are assets of a PRSA;
- a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- an Irish Resident company investing in a money market fund and being a person referred to in Section 739D(6)(k)(l) of the Taxes Act;
- the National Asset Management Agency;
- an Irish Resident company being a person referred to in Section 739D(6)(m) of the Taxes Act; or

- any other Irish Resident or Irish Ordinary Resident who may be permitted to own Shares under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the Company or jeopardising tax exemptions associated with the Company;

provided that a Relevant Declaration is in place.

### **"Foreign Person"**

means a person who is neither an Irish Resident nor an Irish Ordinary Resident for tax purposes who has provided the Company with the Relevant Declaration under Schedule 2B of the Taxes Act and in respect of whom the Company is not in possession of any information that would reasonably suggest that the Relevant Declaration is incorrect or has at any time been incorrect.

### **"Intermediary"**

means a person who:

- carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons; or
- holds shares in an investment undertaking on behalf of other persons.

**"Ireland"** means the "Republic of Ireland"/the State.

### **"Personal portfolio investment undertaking" or "PIIU"**

means an investment undertaking, under the terms of which some or all of the property of the undertaking, may be or was, selected by, or the selection of some or all of the property may be, or was, influenced by:

- the investor;
- a person acting on behalf of the investor;
- a person connected with the investor;
- a person connected with a person acting on behalf of the investor;
- the investor and a person connected with the investor;
- a person acting on behalf of both the investor and a person connected with the investor.

### **"Relevant Declaration"**

means the declaration relevant to the Shareholder as set out in Schedule 2B of the Taxes Act. The Relevant Declaration for investors who are neither Irish Resident nor Irish Ordinary Resident (or Intermediaries acting for such investors) is set out in the application form accompanying the relevant Supplement to this Prospectus.

### **"Relevant Period"**

means a period of 8 years beginning with the acquisition of a Share by a Shareholder and each subsequent period of 8 years beginning immediately after the preceding relevant period.

### **"Taxable Irish Person"**

means any person, other than:

- a Foreign Person; or
- an Exempted Irish Investor

**"Taxes Act"** The Taxes Consolidation Act, 1997 (of Ireland) as amended.

## The Company

The Company shall be regarded as resident in Ireland for tax purposes if the central management and control of its business is exercised in Ireland and the Company is not regarded as resident elsewhere. It is the intention of the Directors that the business of the Company will be conducted in such a manner as to ensure that it is Irish Resident for tax purposes.

The Directors have been advised that the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Act. Under current Irish law and practice, on that basis, it is not chargeable to Irish tax on its income and gains.

However, tax can arise on the happening of a "chargeable event" in the Company. A chargeable event includes any distribution payments to Shareholders or any encashment, redemption, cancellation or transfer of Shares or appropriation or cancellation of Shares of a Shareholder by the Company for the purposes of meeting the amount of the tax payable on a gain arising on a transfer of an entitlement to a Share. It also includes the end of a Relevant Period regardless of whether the Shares have been encashed, redeemed, cancelled or transferred. No tax will arise on the Company in respect of chargeable events in respect of a Shareholder who is neither Irish Resident nor Irish Ordinary Resident at the time of the chargeable event provided that a Relevant Declaration is in place and the Company is not in possession of any information which would reasonably suggest that the information contained therein is not or, is no longer materially correct. In the absence of a Relevant Declaration there is a presumption that the investor is Irish Resident or Irish Ordinary Resident. A chargeable event does not include:

- an exchange by a Shareholder, effected by way of an arm's length bargain, for Shares in the Company for other Shares in the Company;
- any transactions (which might otherwise be a chargeable event) in relation to Shares held in a recognised clearing system as designated by order of the Irish Revenue Commissioners;
- a transfer by a Shareholder of the entitlement to a Share where the transfer is between spouses, former spouses, civil partners and former civil partners subject to certain conditions;
- an exchange of Shares arising on a qualifying amalgamation or reconstruction of the Company with another investment undertaking (within the meaning of Section 739H of the Taxes Act);
- any transaction in relation to, or in respect of, relevant Shares in an investment undertaking which transaction only arises by virtue of a change of Court Funds Manager for that undertaking.

If the Company becomes liable to account for tax on the happening of a chargeable event, the Company shall be entitled to deduct from the payment giving rise to a chargeable event an amount equal to the appropriate tax and/or where applicable, to appropriate or cancel such number of Shares held by the Shareholder or such beneficial owner as are required to meet the amount of tax. The relevant Shareholder shall indemnify and keep the Company indemnified against loss arising to the Company by reason of the Company becoming liable to account for tax on the happening of a chargeable event if no such deduction, appropriation or cancellation has been made.

Please see the "Shareholders" section below dealing with the tax consequences for the Company and the Shareholders of chargeable events in respect of: -

Shareholders who are neither Irish Residents nor Irish Ordinary Residents; and  
Shareholders who are either Irish Residents or Irish Ordinary Residents.

Where the chargeable event is the ending of a Relevant Period, the Company may elect to value the Shares at bi-annual dates (meaning 30 June or 31 December) rather than at the date of the deemed eight year disposal itself. Therefore, the Company will make an irrevocable election to allow the Shares in the calculation of the gain on a deemed disposal for Taxable Irish Persons to be valued at the later of the previous 30 June or 31 December prior to the date of the deemed disposal rather than at the date of the deemed disposal itself.

Where less than 10% of the net asset value of Shares in the Company is held by Taxable Irish Persons, the Company will elect not to apply a withholding tax to a deemed disposal of Shares in the Company (on the ending of a Relevant Period) provided the Company reports certain information to the Irish Revenue Commissioners and to the Shareholders. Shareholders who are Taxable Irish Persons will therefore be required to return any gain and account for appropriate tax on the deemed disposal directly to the Irish Revenue Commissioners.

Where tax arises on the ending of a Relevant Period, any such tax will be allowed as a credit against any tax payable on the subsequent encashment, redemption, cancellation or transfer of the relevant Shares. Where the excess payment of appropriate tax arises on the redemption of Shares as a result of tax paid on an earlier deemed chargeable event, the Company, on election, is not obliged to process the refund arising on behalf of the relevant Shareholder provided the value of the shares does not exceed 15% of the total value of the shares in the Company. Instead the Shareholder should seek such a repayment directly from the Irish Revenue Commissioners.

Dividends received by the Company from investment in Irish equities may be subject to Irish dividend withholding tax at the standard rate of income tax (currently 20%). However, the Company can make a declaration to the payer that it is an investment undertaking within the meaning of Section 739B of the Taxes Act beneficially entitled to the dividends which will entitle the Company to receive such dividends without deduction of Irish dividend withholding tax.

## **Shareholders**

### **(i) Shareholders who are neither Irish Residents nor Irish Ordinary Residents**

The Company will not have to deduct tax on the occasion of a chargeable event in respect of a Shareholder if (a) the Shareholder is neither Irish Resident nor Irish Ordinary Resident, (b) the Shareholder has made a Relevant Declaration and (c) the Company is not in possession of any information which would reasonably suggest that the information contained therein is not, or is no longer materially correct. Alternatively, where the Company has put in place appropriate equivalent measures to ensure that Shareholders in the Company are neither Irish Resident nor Irish Ordinary Resident and the Company has received the appropriate approval from the Irish Revenue Commissioners, there will also be no requirement to deduct tax on the occasion of a chargeable event. In the absence of a Relevant Declaration or the approval from the Irish Revenue Commissioners referred to above, tax will arise on the happening of a chargeable event in the Company regardless of the fact that a Shareholder is neither Irish Resident nor Irish Ordinary Resident. The appropriate tax that will be deducted is as described in paragraph (ii) below.

To the extent that a Shareholder is acting as an Intermediary on behalf of persons who are neither Irish Residents nor Irish Ordinary Residents, no tax will have to be deducted by the Company on the occasion of a chargeable event provided that the Intermediary has made a Relevant Declaration that they are acting on behalf of such persons and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct.

Shareholders who are neither Irish Residents nor Irish Ordinary Residents and who have made a Relevant Declaration in respect of which the Company is not in possession of any information which would reasonably suggest that the information contained therein is not, or is no longer materially correct (or if the Company has the necessary approval from the Irish Revenue Commissioners that appropriate equivalent measures are in place), will not be liable to Irish tax in respect of income from their Shares and gains made on the disposal of their Shares. However, any corporate Shareholder which is not Irish Resident and which holds Shares directly or indirectly by or for a trading branch or agency in Ireland will be liable to Irish tax on income from the Shares or gains made on disposal of its Shares. Where tax is withheld by the Company on the basis that no Relevant Declaration has been filed with the Company by the Shareholder, Irish legislation does not provide for a refund of tax. Refunds of tax will only be permitted in the following circumstances:

- (a) the appropriate tax has been correctly returned by the Company and within one year of making of the return the Company can prove to the satisfaction of the Revenue Commissioners that it is just and reasonable for such tax which has been paid to be repaid to the Company;

- (b) where a claim is made for a refund of Irish tax under Section 189, 189A and 192 of the Taxes Act (relieving provisions relating to incapacitated persons, trusts in relation thereto and persons incapacitated as a result of drugs containing thalidomide) the income received will be treated as net income chargeable to tax under Case III of Schedule D from which tax has been deducted;
- (c) where an Irish Resident company is within the charge to tax on a relevant payment from the Company and tax has been deducted by the Company from such a payment, then such tax can be offset against the Irish corporation tax assessable on the Shareholder, with any excess being reclaimable.

**(ii) Shareholders who are Irish Residents or Irish Ordinary Residents**

Unless a Shareholder is an Exempted Irish Investor (as defined above), makes a Relevant Declaration to that effect and the Company is not in possession of any information which would reasonably suggest that the information contained therein is not, or is no longer materially correct, tax currently at the rate of 30% will be required to be deducted by the Company from a distribution made to a Shareholder who is Irish Resident or Irish Ordinary Resident. Similarly, tax currently at the rate of 33% will have to be deducted by the Company on any other distribution or gain arising to the Shareholder (other than an Exempted Irish Investor who has made a Relevant Declaration) on an encashment, redemption, cancellation or transfer of Shares by a Shareholder who is Irish Resident or Irish Ordinary Resident.

There are a number of Irish Residents and Irish Ordinary Residents who are exempted from the provisions of the above regime once Relevant Declarations are in place. These are Exempted Irish Investors. Additionally, where Shares are held by the Courts Service no tax is deducted by the Company on payments made to the Court Service. The Courts Service will be required to operate tax on payments to it by the Company when they allocate those payments to the beneficial owners.

An anti avoidance measure applies in the case of certain investments made by individuals in investment undertakings (such as the Company). If the investment undertaking is regarded as a PPIU then any payment to such an individual Shareholder will be taxed at the standard rate plus 33%. It is a matter of fact whether or not the Shareholder or a connected person has a right of selection as envisaged in the anti avoidance measures. Further penalties of tax can apply were tax returns in relation to distributions from a PPIU are incorrectly made by a Shareholder.

Irish Resident corporate Shareholders who receive distributions (where payments are made annually or at more frequent intervals) from which tax has been deducted will be treated as having received an annual payment chargeable to tax under Case IV of Schedule D of the Taxes Act from which tax at the standard rate has been deducted. In general such Shareholders will not be subject to further Irish tax on any other payments received in respect of their shareholding from which tax has been deducted. An Irish Resident corporate Shareholder whose Shares are held in connection with a trade will be taxable on any income or gains as part of that trade with a set-off against corporation tax payable for any tax deducted by the Company. In general, non-corporate Shareholders who are Irish Resident or Irish Ordinary Resident will not be subject to further Irish tax on income from their Shares or gains made on disposal of the Shares where tax has been deducted by the Company on payments received. Where a currency gain is made by the Shareholder on the disposal of his/her Shares, such Shareholder may be liable to capital gains tax in the year of assessment in which the Shares are disposed of.

Any Shareholder who is Irish Resident or Irish Ordinary Resident and receives a distribution (where payments are made annually or at more frequent intervals) or receives a gain on an encashment, redemption, cancellation or transfer of Shares from which tax has not been deducted by the Company, may be liable to income tax or corporation tax on the amount of such distribution or gain. Any other Shareholder who is Irish Resident or Irish Ordinary Resident and receives any other distribution or a gain on an encashment, redemption, cancellation or transfer from which tax has not been deducted by the Company may be liable to income tax or corporation tax on the amount of the gain. Whether any further tax is payable by such non-corporate Shareholders will depend on whether their tax returns are correctly filed before the specified return date.

## Stamp Duty

Generally, no stamp duty is payable in Ireland on the issue, transfer, repurchase or redemption of Shares in the Company. Where any subscription for or redemption of Shares is satisfied by the in specie transfer of Irish securities or other Irish property, Irish stamp duty might arise on the transfer of such securities or property.

No Irish stamp duty will be payable by the Company on the conveyance or transfer of stock or marketable securities provided that the stock or marketable securities in question have not been issued by a company registered in Ireland and provided that the conveyance or transfer does not relate to any immovable property situated in Ireland or any right over or interest in such property or to any stocks or marketable securities of a company (other than a company which is a collective investment undertaking within the meaning of Section 734 of the Taxes Act) which is registered in Ireland.

No stamp duty will arise on reconstructions or amalgamations of investment undertakings under Section 739H of the Taxes Act, provided the reconstructions or amalgamations are undertaken for bona fide commercial purposes and not for the avoidance of tax.

## Capital Acquisitions Tax

The disposal of Shares will not be subject to Irish gift or inheritance tax (Capital Acquisitions Tax), provided that the Company falls within the definition of investment undertaking (within the meaning of Section 739B of the Taxes Act) and that: (a) at the date of the gift or inheritance, the donee or successor is neither domiciled nor ordinarily resident in Ireland; (b) at the date of the disposition, the Shareholder disposing of the Shares is neither domiciled nor ordinarily resident in Ireland and (c) the Shares are comprised in the gift or inheritance at the date of such gift or inheritance and at the valuation date.

## United Kingdom

**Warning:** The information contained below is provided for UK resident investors only and is based on our understanding of UK tax legislation and the known current HM Revenue & Customs ("HMRC") interpretation thereof. This can vary according to individual circumstances and is subject to change. It is intended as a guide only and not a substitute for professional advice. It does not purport to be a complete analysis of all tax considerations relating to the holding of Shares. The information given below does not constitute legal or tax advice, and prospective investors should consult their own professional advisers as to the overall legal and tax implications of subscribing for, purchasing, holding, switching or disposing of Shares under the laws of any jurisdiction in which they may be subject to tax.

This summary in particular does not address the tax consequences for non UK resident persons who hold the shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or permanent establishment). In addition, the summary only addresses the tax consequences for UK holders who hold the Shares as an investment and not as trading stock. It does not deal with the position of certain classes of investors, such as dealers in securities and insurance companies, trusts and persons who have acquired their Shares by reason of their or another's employment; nor does it deal with the position of individuals who are UK resident but non-domiciled.

As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely. The statements are based on current tax legislation, together with HMRC practice, all of which are subject to change at any time - possibly with retrospective effect.

Shareholders who owned Shares prior to the relevant Fund or class of Shares being accepted as a Reporting Fund should obtain independent advice on the transitional arrangements that apply.

## **The Company**

It is the intention of the Directors to conduct the affairs of the Company so that its central management and control is not exercised within the United Kingdom and it is not resident and is not carrying out any trade (whether or not through a permanent establishment situated there) in the United Kingdom for taxation purposes. On this basis, the Company should not be liable for United Kingdom taxation on its income and gains other than certain income deriving from a United Kingdom source.

If the Company should invest in UK investments, any UK source income arising may be subject to UK withholding tax depending on the nature of those investments and whether the Company can make a valid Double Taxation Agreement ("DTA") claim to avoid or minimise such withholding tax.

The Investment Manager of the Company is a UK entity. The activity of the Investment Manager on behalf of the Company may, under UK tax legislation, cause the Company to be regarded as carrying on a trade in the UK. If certain conditions are met, the activity of the Investment Manager shall not constitute a UK branch or permanent establishment of the Company by reason of exemptions provided by Chapter 1 of Part 14 of the Income Tax Act 2007 and Chapter 2 of Part 24 Corporation Tax Act 2010. These exemptions, which apply in respect of income tax and corporation tax respectively, are substantially similar and are each often referred to as the Investment Manager Exemption ("IME").

## **United Kingdom Investors**

### *Share Classes, Offshore Funds and Reporting Fund Status*

Each Fund of the Company or, for any Fund with more than one class of Shares, each class of Shares within that Fund, (each Fund, or class of Shares, being a "**Sub-Fund**") will be regarded as an "offshore fund" for the purposes of United Kingdom taxation and, for the purposes of the offshore fund and bond fund rules, should be treated as a separate fund. The tax treatment applicable to Shares (as discussed below) will depend on whether the relevant Sub-Fund has been accepted by HM Revenue & Customs as a "**Reporting Fund**". HM Revenue & Customs has accepted each class of Shares currently in issue in each of:

- The Natural Resources Fund;
- The Emerging World Fund; and
- The Emerging Markets Value and Growth Fund,

(each such class being a "**Reporting Sub-Fund**") as Reporting Funds with effect from 1 February 2010.

The Global Equity Fund was launched in December 2011 and it is not currently the intention of the Directors of the Company to apply for reporting fund status for any of the share classes in this sub-fund. The attention of investors in this sub-fund is therefore drawn to the comments below in relation to investments in non-reporting funds.

If, for any reason, any of the Reporting Sub-Funds ceases to be accepted as a Reporting Fund, Shareholders should immediately seek independent tax advice as to any elections that may be made to minimise the resultant tax consequences.

In the event that any share class of any sub-fund does not apply to HMRC for UK reporting fund status for its first period of account, it should be noted that UK reporting fund status cannot be obtained retrospectively and would therefore generally only be available from the period in which the Directors made the appropriate applications to HMRC (and future periods). Once the deadline for an

application for UK reporting fund status has passed for any period of the Company, HMRC policy is not to accept any late applications.

The comments below in relation to the UK taxation of UK resident investors in the Company are based on the assumption that each Reporting Sub-Fund will maintain reporting fund status with HMRC over the entire period in which it has UK resident investors. It is important to note that reporting fund status must be maintained on an annual basis. If reporting fund status is revoked by HMRC for any Reporting Sub-Fund, that Reporting Sub-Fund will be unable to regain reporting fund status and will thereafter be permanently outside the reporting fund regime.

The information below includes some comments in relation to the UK taxation implications of UK resident investors in any share class of any non Reporting Sub-Fund of the Company.

#### *Bond Funds*

If, at any time in an accounting period, more than 60 per cent. of the assets associated with any Sub-Fund are "qualifying investments", that Sub-Fund may fall to be treated as a **"Bond Fund"** for the whole of that accounting period. In simple terms, "qualifying investments" are investments that give an interest return or a return that has the nature of interest. It is not the intention of the Company that the pattern of investment of any of the Sub-Funds should result in any of the Sub-Funds being treated as a Bond Fund and the information below is based on the premise that none of the Sub-Funds will be a Bond Fund. Shareholders wanting further specific information on the taxation of Bond Funds should consult their professional advisers.

However, in general, dividends and other income distributions paid or deemed to be paid to UK resident and domiciled individual Shareholders in respect of Shares in the Company which are deemed to be 'bond funds' may instead be taxed as 'interest' (as opposed to 'dividends'). If such dividends are taxed as 'interest' no tax credit would be available in respect of the dividend and the applicable rates of tax would be 20% for basic rate tax payers, 40% for higher rate taxpayers and 50% for additional rate taxpayers.

UK resident corporate Shareholders within the charge to UK corporation tax should note that under the loan relationships regime, if at any time in an accounting period they hold an interest in a 'bond fund' that interest will be treated for that period as if it were rights under a creditor relationship for the purposes of the regime – which is likely to mean total returns from the share class are subject to corporation tax on a mark-to-market basis, and the offshore income gain regime should not apply.

#### *Reported Income*

In respect of any reporting period, to the extent that any reportable income relating to Shares in a Reporting Sub-Fund exceeds dividends paid in relation to those Shares, the excess will be reported to investors and taxed as if a dividend had been paid equal to such excess (see below for comments on the tax treatment of dividends). Therefore, UK taxpayers who own Shares in a Reporting Sub-Fund may, depending on their circumstances, be subject to tax in respect of income that they have not actually received.

The Directors intend that the statement (the "Reported Income Statement") that must be made available to investors pursuant to the Offshore Fund (Tax) Regulations 2009) will be made available at the web address [http://www.citlon.com/UCITS/uk\\_tax.php](http://www.citlon.com/UCITS/uk_tax.php) or such other web address as may be notified to Shareholders) on an annual basis within six months of the end of the Company's financial year-end. The Company's financial year-end is 31 January in each year. Alternatively, a hard copy of the Reported Income Statement may be obtained from the Investment Manager by sending a written request to the Investment Manager.

#### *Dividends*

Where the Company pays dividends or deemed dividends under the UK Offshore Fund Regime via the reported income of the Company (i.e. either directly, indirectly by way of reinvestment of income or where excess reportable exists for a period and is reported to investors) Shareholders who are resident in the United Kingdom or carrying on a trade in the United Kingdom for tax purposes will,

depending on their circumstances, be liable to United Kingdom income tax or corporation tax on those dividends.

There are currently three rates of UK income tax charged on gross dividends received by UK individuals: basic rate of 10% (for dividends within the first slice of taxable income up to £34,370), higher rate of 32.5% (for dividends within the next £115,630 of taxable income; £150,000 cumulatively) and additional rate of 42.5% (for the dividends within any income over £150,000). The dividend should be taxable as a dividend from a foreign company and a tax credit equivalent to one ninth of the deemed net distribution may be available in certain circumstances. The individual should be entitled to deduct the UK tax credit and any withholding tax imposed from the income tax payable. This tax credit, if available, can be offset against the income tax payable on the deemed dividend but cannot give rise to a cash refund from HMRC.

For investors in a Reporting Sub-Fund, the tax point for any “reported income” should be the date falling six months after the end of the reporting period. The tax point for distributions/ accumulations actually received by investors should be the date such distributions/ accumulations were paid/ made.

UK resident investors in a non Reporting Sub-Fund will only have a potential liability to UK tax in respect of actual distributions received. The tax point for such distributions is likely to be the date on which such distributions were paid. These distributions should be viewed as foreign dividend income for UK individual investors.

Shareholders who are subject to corporation tax (i.e. corporate investors) may be entitled to claim an exemption from UK corporation tax in respect of any dividend received (including the excess of reported income over distributions paid for Shareholders in a Reporting Sub Fund) but should not be entitled to claim relief in respect of any underlying tax or withholding tax imposed.

If dividends do not fall within one of the dividend exemption categories, then they are likely to represent taxable income in the hands of the corporate investor at their marginal rate of UK corporation tax.

Some investors (e.g. approved pension funds) may be exempt from tax. Different rules may also apply in the case of certain non-residents (for more details, please consult your tax advisor).

#### *Disposals of Shares*

Any gain arising on the sale, redemption or other disposal of Shares in a Reporting Sub-Fund held by a UK individual taxpayer, where the Reporting Fund regime applied to those Shares for the entire period that they were held, should be taxed at the time of such sale, redemption or disposal as a capital gain. Any capital increase in the value of the Shares in a Reporting Sub-Fund realised on eventual sale (when compared to deductible costs) is likely to be taxable under the UK capital gains code (current rate of up to 28%), subject to the availability of various exemptions and/ or reliefs. Deductible costs should include the amount initially paid for the Shares in the Reporting Sub-Fund, as well as any accumulated and not distributed amounts, or amounts of reported income excess that have been taxable as income in the hands of the individual as discussed above.

In broad terms, gains realised by individual shareholders who are resident or, if applicable, ordinarily resident in the UK on disposals of investments in any Shares where the Reporting Fund regime did not apply to those Shares for the entire period that they were held, are likely to be taxable as an income receipt at their marginal rate of UK income in the hands of the investors as an offshore income gain under the UK offshore fund regime.

Shareholders within the charge to United Kingdom corporation tax, may be liable to UK corporation tax at their marginal rate in respect of capital disposals of Shares in a Reporting sub-fund. Where a shareholder within the charge to United Kingdom corporation tax makes a disposal of Shares in a non reporting Sub-fund the gain arising (without credit for any indexation that would otherwise have been available) may be liable to corporation tax at their marginal rate.

### *Further information for Shareholders subject to UK income tax and capital gains tax*

The UK tax legislation contains a wide range of anti-avoidance legislation which could, depending on the specific circumstances of an investor, apply to Shareholdings in the Company. The comments below are not intended to be an exhaustive list of such anti-avoidance legislation, or a comprehensive summary of any of the provisions referred to. Investors who are concerned about the potential application of these provisions, or any other UK anti-avoidance provisions should seek detailed tax advice based on their own circumstances. However, as a high level guide the attention of prospective investors resident or ordinarily resident in the United Kingdom for taxation purposes is particularly drawn to the following anti-avoidance provisions.

#### *i) Section 13 of the Taxation of Chargeable Gains Act 1992 ("Section 13").*

Section 13 applies to a "participator" in a Company for UK taxation purposes (the term "participator" includes, but is not limited to, a Shareholder) if the Company is controlled by a sufficiently small number of persons such that, if it were a body corporate resident in the UK for taxation purposes, it would be a "close company".

If at any time when (i) a gain accrues to the Company which constitutes a chargeable gain for UK purposes (such as on a disposal by the Company of any of its investments) and (ii) the provisions of Section 13 apply; a participator can be treated for the purposes of UK taxation as if a part of any chargeable gain accruing to the Company had accrued to that Shareholder directly. The gain accruing to the Shareholder is equal to the proportion of the gain that corresponds to that Shareholder's proportionate interest in the Company as a participator. A Shareholder could therefore incur a liability to tax even if the gain accruing to the Company had not been distributed by the Company. No liability under Section 13 will be incurred by such a Shareholder, however, where the proportionate interest of the Shareholder in the Company, together with their associates, means that 10% or less of the chargeable gain is apportioned to them under the Section 13 rules.

#### *ii) Chapter 2 of Part 13 of the United Kingdom Income Tax Act 2007 (transfer of assets abroad).*

The attention of individuals ordinarily resident in the UK for taxation purposes is drawn to the provisions of Chapter 2 of Part 13 of the United Kingdom Income Tax Act 2007 (transfer of assets abroad). These provisions are aimed at preventing the avoidance of income tax by individuals through the transfer of assets or income to persons (including companies) resident or domiciled outside the UK. These provisions may render them liable to taxation in respect of undistributed amounts which would be treated as UK taxable income and profits of the Company (including, if the Company or any Company thereof were treated as carrying on a financial trade, profits on the disposition of securities and financial profits) on an annual basis. We would not expect these provisions to apply to income relating to a share class which has been certified by HMRC as a RFSC. Where a share class has not been certified as a Reporting Fund Share Class ("RFSC"), the provisions could apply but there are potential exemptions available where the transactions are genuine commercial transactions and avoidance of tax was not the purpose or one of the purposes for which the transactions were effected.

### **Stamp Duty and Stamp Duty Reserve Tax ("SDRT")**

**The following comments are intended as a guide to the general UK stamp duty position and may not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.**

No UK stamp duty will be payable on the issue of the Shares. Legal instruments transferring the Shares should not be subject to UK stamp duty provided that such instruments are executed outside the UK and do not relate to matters done or to be done in the UK.

**This information is of a general nature based on the Directors' understanding of the current revenue law and practice in Ireland and the United Kingdom, and is subject to change. It**

**applies only to persons holding Shares as investments and may not apply to certain classes of persons such as securities dealers. It should not be regarded as legal or tax advice.**

### **Other Jurisdictions**

The receipt of any dividends by Shareholders and the redemption of Shares may result in a tax liability for Shareholders according to the tax regime applicable in their various countries of residence. Investors resident in or citizens of certain countries which have anti-offshore fund legislation may have a current liability for the undistributed income and gains of the Company. The Directors, the Company, any Fund and each of the Company's agents shall have no liability in respect of the individual tax affairs of investors.

### **Foreign Account Tax Compliance Act ('FATCA')**

The Hiring Incentives to Restore Employment Act (the "Hire Act") was signed into US law in March 2010 and includes provisions generally known as "FATCA". The thrust of these provisions is that details of US investors holding assets outside the US will be reported by financial institutions to the US Internal Revenue Services ("IRS") as a safeguard against US tax evasion. To discourage non-US financial institutions from staying outside this regime, the Hire Act provides that US securities held by a financial institution that does not enter and comply with the regime will be subject to a US tax withholding of 30% on gross sales proceeds as well as income. This regime is to become effective in phases between 1 July 2013 and 1 January 2015. The basic terms of the Hire Act currently appear to include the Company as a 'Financial Institution', such that in order to comply the Company may require all Investors to provide mandatory documentary evidence of their tax residence. However, the Act grants the US Treasury Secretary extensive powers to relax or waive the requirements where an institution is deemed to pose a low risk of being used for the purposes of US tax evasion. The detailed regulations that are expected to define how widely those powers will in fact be exercised have not yet been finalised, and accordingly the Company cannot at this time accurately assess the extent of the requirements that FATCA may place upon it.

**Investors who are in any doubt as to their tax position or who require more detailed information than the general outline above, should take appropriate advice regarding the tax liabilities arising from the acquisition, holding, redemption, sale, switching or other disposal of Shares under the law of their country of domicile, residence or citizenship.**

## STATUTORY AND GENERAL INFORMATION

### 1. Incorporation, Registered Office and Share Capital

- (a) The Company was incorporated in Ireland on 6 August 1998 as an investment company with variable capital with limited liability under registration number 291789.
- (b) The registered office of the Company is presently at First Floor, Fitzwilton House, Wilton Place, Dublin 2, Ireland.
- (c) On incorporation the authorised share capital of the Company was US\$ 60,000 divided into 60,000 Subscriber Shares of a par value of US\$1 each and 5,000,000,000 Shares of no par value.
- (d) In order to provide for the minimum share capital on incorporation required under Irish law 7 Subscriber Shares have been issued fully paid up for cash at par to nominees of the Investment Manager. No further Subscriber Shares will be issued.

The Subscriber Shares referred to above may be repurchased by the Company at any time. The repurchase price will be US\$1 per Subscriber Share.

- (e) Neither the Subscriber Shares nor Shares carry pre-emption rights.

### 2. Share Rights

- (a) Subscriber Shares

The holders of the Subscriber Shares shall:

- (i) on a vote taken on a show of hands, be entitled to one vote per holder and, on a poll, be entitled to one vote per Subscriber Share;
- (ii) not be entitled to any dividends whatsoever in respect of their holding of Subscriber Shares; and
- (iii) in the event of a winding up or dissolution of the Company, have the entitlements referred to under "Distribution of Assets on a Liquidation" below.

- (b) Shares

The holders of Shares shall:

- (i) on a vote taken on a show of hands, be entitled to one vote per holder and, on a poll, be entitled to one vote per whole Participating Share;
- (ii) be entitled to such dividends as the Directors may from time to time declare; and
- (iii) in the event of a winding up or dissolution of the Company, have the entitlements referred to under "Distribution of Assets on a Liquidation" below.

### 3. Voting Rights

This is dealt with under the rights attaching to the Subscriber Shares and Shares respectively referred to at 2 above. Shareholders who are individuals may attend and vote at general meetings in person or by proxy. Shareholders who are corporations may attend and vote at general meetings by appointing a representative or by proxy.

Subject to any special terms as to voting upon which any Shares may be issued or may for the time being be held, at any general meeting on a show of hands every Shareholder who (being

an individual) is present in person or (being a corporation) is present by duly authorised representative shall have one vote. On a poll every such holder present as aforesaid or by proxy shall have one vote for every Share held.

To be passed, ordinary resolutions of the Company in general meeting will require a simple majority of the votes cast by the Shareholders voting in person or by proxy at the meeting at which the resolution is proposed.

A majority of not less than 75% of the Shareholders present in person or by proxy and (being entitled to vote) voting in general meetings is required in order to pass a special resolution including a resolution to (i) rescind, alter or amend an Article or make a new Article and (ii) wind up the Company.

#### 4. Memorandum of Association

The Memorandum of Association of the Company provides that the sole object for which the Company is established is the collective investment in transferable securities and/or other liquid financial assets referred to in the Regulations of capital raised from the public and which operates on the principle of spreading investment risk in accordance with the Regulations. The object of the Company is set out in full in Clause 3 of the Memorandum of Association which is available for inspection at the registered office of the Company.

#### 5. Articles of Association

The following section is a summary of the principal provisions of the Articles of Association of the Company not previously summarised in this Prospectus.

##### Alteration of share capital

The Company may from time to time by ordinary resolution increase its capital, consolidate and divide its Shares or any of them into Shares of a larger amount, sub-divide its Shares or any of them into Shares of a smaller amount, or cancel any Shares not taken or agreed to be taken by any person. The Company may also by special resolution from time to time reduce its share capital in any way permitted by law.

##### Issues of shares

The Shares shall be at the disposal of the Directors and they may (subject to the provisions of the Acts), allot, offer or otherwise deal with or dispose of them to such persons, at such times and on such terms as they may consider in the best interests of the Company.

##### Variation of rights

Whenever the share capital is divided into different classes of Shares, the rights of any class may be varied or abrogated with the consent in writing of the holders of three quarters of the issued and outstanding Shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of that class of Shares and the necessary quorum shall be (other than an adjourned meeting) two persons holding Shares issued in that class (and at the adjourned meeting the necessary quorum shall be one person holding Shares of that class or his proxy).

The special rights attaching to any Shares of any class shall not (unless the conditions of issue of such class of Shares expressly provide otherwise) be deemed to be varied by the creation or issue of other Shares ranking *pari passu* therewith.

##### Transfers of Shares

- (a) All transfers of Shares shall be effected by an instrument in writing in a form approved by the Directors but need not be under seal. No transfer of Subscriber Shares can be effected without the prior written consent of the Company.

- (b) The instrument of transfer of a Share must be signed by or on behalf of the transferor. The transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the Company's register of Shareholders in respect of such Share.
- (c) The Directors may decline to register a transfer of Shares unless the instrument of transfer is deposited at the registered office of the Company together with such evidence as is required by the Directors to show the right of the transferor to make the transfer and satisfying the Directors as to their requirements to prevent money laundering as they may apply from time to time. The registration of transfers may be suspended for such times and at such periods as the Directors may determine provided always that such registration may not be suspended for more than thirty days in any one year.
- (d) The Directors shall decline to register any transfer of a Share where:
  - (i) they are aware or believe that such transfer would be likely to result in the beneficial ownership of such Shares by a person who is not a Qualified Holder or expose the Company to adverse tax or regulatory consequences; or
  - (ii) to a person who is not already a Shareholder if, as a result of such transfer, the proposed transferee would not be the holder of a Minimum Holding.

#### Directors

- (a) Unless and until otherwise determined from time to time by the Company in general meeting, each Director shall be entitled to such remuneration for his services as the Directors shall from time to time resolve. The Directors may also be paid, inter alia, for travelling, hotel and other expenses properly incurred by them in attending meetings of the Directors or in connection with the business of the Company. Any Director who devotes special attention to the business of the Company may be paid such extra remuneration as the Directors may determine.
- (b) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director, and may act in a professional capacity to the Company on such terms as the Directors may determine.
- (c) Subject to the provisions of the Acts, and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director notwithstanding his office:
  - (i) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or any subsidiary or associated company thereof;
  - (ii) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company thereof is otherwise interested; and
  - (iii) shall not be accountable, by reason of his office, to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.
- (d) A Director shall not generally be permitted to vote at a meeting of the Directors or a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest which is material or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum present at a meeting in relation to any such resolution on which he is not entitled to vote. Notwithstanding the foregoing, a Director shall be entitled to vote (and be counted in the quorum) in respect of resolutions concerning certain matters in which he has an interest including (inter alia) any proposal concerning any other company in which he is

interested, directly or indirectly, provided that he is not the holder of or beneficially interested in 10% or more of the issued shares of any class of such company or of the voting rights available to members of such company (or of a third company through which his interest is derived).

- (e) There is no provision in the Articles requiring a Director to retire by rotation or by reason of any age limit and no share qualification for Directors.
- (f) The number of Directors shall not be less than two (2).
- (g) The quorum for meetings of Directors may be fixed by the Directors and unless so fixed shall be two (2).
- (h) The office of a Director shall be vacated in any of the following circumstances i.e. if:
  - (i) he ceases to be a Director by virtue of any provisions of the Acts or becomes prohibited by law from being a Director;
  - (ii) he becomes a bankrupt or makes any arrangement or composition with his creditors generally;
  - (iii) in the opinion of a majority of the Directors he becomes incapable by reason of mental disorder of discharging his duties as a Director;
  - (iv) he resigns from his office by notice to the Company;
  - (v) he is convicted of an indictable offence and the Directors determine that as a result of such conviction he should cease to be a Director;
  - (vi) he shall for more than six (6) consecutive months have been absent without permission of the Directors from any meetings of the Directors held during that period and the Directors pass a resolution that he has by reason of such absence vacated office.

The Company may also, as a separate power, in accordance with and subject to the provisions of the Acts, by ordinary resolution of the Shareholders, remove any Director (including any managing director or other executive director) before the expiry of his period of office notwithstanding anything to the contrary contained in the Articles or in any agreement between the Company and any such Director.

#### Borrowing powers

The Directors may exercise all borrowing powers on behalf of the Company and mortgage or charge its undertaking, property and assets or any part thereof in accordance with the provisions of the Regulations.

#### Dividends

No dividends are payable on the Subscriber Shares.

Subject to the provisions of the Acts, the Company may by ordinary resolution declare dividends on a class or classes of Shares, but no dividends shall exceed the amount recommended by the Directors. If the Directors so resolve and in any event on the winding up of the Company or on the total redemption of Shares, any dividend which has remained unclaimed for six (6) years shall be forfeited and become the property of the Company.

#### Distribution of assets on a liquidation

- (a) If the Company shall be wound up, the liquidator shall, subject to the provisions of the Acts, apply the assets of the Company on the basis that any liability incurred or attributable to a Fund shall be discharged solely out of the assets of that Fund.
- (b) The assets available for distribution among the members shall then be applied in the following priority:
  - (i) firstly, in the payment to the holders of the Shares of each class of each Fund a sum in the currency in which that class is designated or in any other currency selected by the liquidator as nearly as possible equal (at the prevailing rate of exchange) to the Net Asset Value of the Shares held by such holders respectively as at the date of commencement to wind up provided that there are sufficient assets available in the relevant Fund to enable such payment to be made. In the event that, as regards any class of Shares, there are insufficient assets available in the relevant Fund to enable such payment to be made, recourse shall be had to the assets of the Company (if any) not comprised within any of the Funds and not (save as provided in the Acts) to the assets comprised within any of the Funds;
  - (ii) secondly, in the payment to the holders of the Subscriber Shares of sums up to the nominal amount paid thereon out of the assets of the Company not comprised within any Funds remaining after any recourse thereto under sub-paragraph (b)(i) above. In the event that there are insufficient assets aforesaid to enable such payment to be made, no recourse shall be had to the assets comprised within any of the Funds; and
  - (iii) thirdly, in the payment to the holders of each class of Shares of any balance remaining in the relevant Fund such payment being made in proportion to the number of Shares held; and
  - (iv) fourthly, in the payment to the holders of the Shares of any balance then remaining and not comprised within any of the Funds such payment being made in proportion to the value of each Fund and within each Fund to the value of each class and in proportion to the number of Shares held in each class.
- (c) A Fund may be wound up in accordance with the Acts and in such event the provisions of paragraph (b)(i) and Article 124 of the Articles of Association will apply mutatis mutandis in respect of that Fund.

#### Indemnities

The Directors (including alternates), Secretary and other officers of the Company and its former directors and officers shall be indemnified by the Company against losses and expenses which any such person may become liable to by reason of any contract entered into or any act or thing done by him as such officer in the discharge of his duties (other than in the case of negligence or wilful misconduct).

#### The assets of the Company and the calculation of the Net Asset Value

- (a) The Net Asset Value of each Fund shall be determined (except in the case of suspension) as at each Valuation Point and shall be the value of all the assets comprised in a Fund less all the liabilities attributable to the Fund calculated in accordance with the requirements of the Central Bank.
- (b) The assets of the Company shall be deemed to include: (i) all cash in hand, on deposit or on call including any interest accrued thereon and all accounts receivable; (ii) all bills, demand notes, certificates of deposit and promissory notes; (iii) all bonds, forward currency transactions, time notes, shares, stock, units of or participation in collective

investment schemes/mutual funds, debentures, debenture stock, subscription rights, warrants, futures contracts, options contracts, swap contracts, fixed rate securities, variable or floating rate securities, securities in respect of which the return and/or redemption amount is calculated by reference to any index, price or rate, financial instruments and other investments and securities owned or contracted for in respect of the Company, other than rights and securities issued by it; (iv) all stock and cash dividends and cash distributions to be received in respect of the Fund and not yet received by the Company but declared to stockholders on record on a date on or before the day as of which the Net Asset Value is being determined; (v) all interest accrued on any interest-bearing securities attributed to the Company except to the extent that the same is included or reflected in, the principal value of such security; (vi) all other Investments of the Company; (vii) the establishment costs attributable to the Company and the cost of issuing and distributing Shares of the Company in so far as the same have not been written off; and (viii) all other assets of the Company of every kind and nature including prepaid expenses as valued and defined from time to time by the Directors.

- (c) The valuation principles to be used in valuing the Company's assets are as follows:
- (i) the Directors shall be entitled to use the amortised cost method of valuation, whereby Investments are valued at their cost of acquisition adjusted for amortisation of premium or accretion of discount on the Investments rather than at the current market value of the Investments. However, the amortised cost method of valuation may only be used in relation to Funds which comply with the Central Bank's requirements for money market funds and where a review of the amortised cost valuation vis à vis the market valuation is carried out in accordance with the Central Bank's guidelines. Money market instruments in a non-money market fund may be valued on an amortised cost basis in accordance with the Central Bank's requirements;
  - (ii) the value of any Investment which is quoted, listed or normally dealt in on a Regulated Market shall (save in the specific cases set out in paragraph (i) above or in the relevant paragraphs below) be based on the closing mid-market price on such Regulated Market as at the Valuation Point (or the last traded price when no closing mid-market price is available), provided that:
    - A. if an Investment is quoted, listed or normally dealt in on more than one Regulated Market, the Directors may in their absolute discretion, select any one of such markets for the foregoing purposes (provided that the Directors have determined that such market constitutes the main market for such Investment or provides the fairest criteria for valuing such Investment) and once selected a market shall be used for future calculations of the Net Asset Value of that Investment unless the Directors otherwise determine;
    - B. in the case of any Investment which is quoted, listed or normally dealt in on a Regulated Market but in respect of which, for any reason, prices on that market may not be available at any relevant time, or, in the opinion of the Directors, may not be representative, the value therefor shall be the probable realisation value thereof estimated with care and in good faith by a competent person, appointed by the Directors (and approved for the purpose by the Custodian); and
    - C. in the case of any Investment which is quoted, listed or normally dealt in or on a Regulated Market but acquired or traded at a premium or at a discount outside or off the relevant Regulated Market, the Investment may be valued taking into account the level of premium or discount at the date of the valuation. The Custodian must ensure that the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the Investment;

- (iii) the value of any Investment which is not quoted, listed or normally dealt in on a Regulated Market shall be the probable realisation value thereof estimated with care and in good faith by a competent person, appointed by the Directors (and approved for the purpose by the Custodian);
- (iv) the value of any Investment which is a share of, unit of or participation in an open-ended collective investment scheme shall be the latest available net asset value for the Investment as published by the collective investment scheme in question or, where such Investment is quoted, listed or dealt in on a Regulated Market, may be a value determined in accordance with the provisions of Article 17(b)(ii);
- (v) the value of any prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof unless in any case the Directors are of the opinion that the same is unlikely to be paid or received in full in which case the value thereof shall be arrived at after making such discount as the Directors (with the approval of the Custodian) may consider appropriate in such case to reflect the true value thereof;
- (vi) deposits/cash in hand shall be valued at their face/nominal amount plus accrued interest from the date on which the same were acquired or made;
- (vii) treasury bills shall be valued at the middle market dealing price on the market on which same are traded or admitted to trading as at the Valuation Point, provided that where such price is not available, same shall be valued at the probable realisation value therefor estimated with care and in good faith by a competent person appointed by the Directors (and approved for the purpose by the Custodian);
- (viii) bonds, notes, debenture stocks, certificates of deposit, bank acceptances, trade bills and similar assets shall be valued at the latest available middle market dealing price on the market on which these assets are traded or admitted for trading (being the market which is the sole market or in the opinion of the Directors the principal market on which the assets in question are quoted or dealt in) plus any interest accrued thereon from the date on which same were acquired;
- (ix) the value of any futures contracts and options (including index futures) which are dealt in on a Regulated Market shall be the settlement price as determined by the market in question, provided that if such settlement price is not available for any reason or is unrepresentative, same shall be valued at the probable realisation value thereof estimated with care and in good faith by a competent person appointed by the Directors (and approved for the purpose by the Custodian);
- (x) the value of any over-the-counter derivative contracts shall be:
  - A. the quotation from the counterparty provided that such quotation is provided on at least a daily basis and verified at least weekly by a person independent of the counterparty (this can include a party related to the counterparty but which constitutes an independent unit within the counterparty's group and which does not rely on the same pricing models employed by the counterparty) and who is approved for the purpose by the Custodian; or
  - B. an alternative valuation as the Directors may determine in accordance with the requirements of the Central Bank. This may be a valuation that is provided on at least a daily basis by a competent person (which may be the Company or the Investment Manager or an independent pricing vendor provided that the appointed party has adequate means to perform the valuation) appointed by the Directors and approved for that purpose by the Custodian (or a valuation by any other means provided that the value is approved by the Custodian). The valuation principles employed must follow

best international practice established by bodies such as IOSCO (International Organisation of Securities Commission) and AIMA (the Alternative Investment Management Association) and any such alternative valuation must be reconciled to that of the counterparty on a monthly basis. Where significant differences arise on the monthly reconciliation, these must be promptly investigated and explained;

- (xi) forward foreign exchange and interest rate swaps contracts may be valued in accordance with the previous paragraph or by reference to freely available market quotations (in which case there is no requirement to have such prices independently verified or reconciled to the counterparty valuation);
  - (xii) notwithstanding any of the foregoing sub-paragraphs, the Directors with the approval of the Custodian may adjust the value of any Investment if, having regard to currency, applicable rates of interest, maturity, marketability and/or such other considerations as they may deem relevant, they consider that such adjustment is required to reflect the fair value thereof. The rationale for adjusting the value must be clearly documented;
  - (xiii) if in any case a particular value is not ascertainable as above provided or if the Directors shall consider that some other method of valuation better reflects the fair value of the relevant Investment then in such case the method of valuation of the relevant Investment shall be such as the Directors shall decide with the approval of the Custodian;
  - (xiv) notwithstanding the foregoing, where at any time of any valuation any asset of the Company has been realised or contracted to be realised there shall be included in the assets of the Company in place of such asset the net amount receivable by the Company in respect thereof provided that if such amount is not then known exactly then its value shall be the net amount estimated by the Directors as receivable by the Company;
  - (xv) the Directors may, in order to comply with any applicable accounting standards, present the value of any assets of the Company in financial statements to Shareholders in a manner different to that set out in this Article.
- (d) Any certificate as to Net Asset Value of Shares given in good faith (and in the absence of negligence or manifest error) by or on behalf of the Directors shall be binding on all parties.

## 6. Circumstances of a Winding Up

The Company shall be wound up in the following circumstances:

- (a) by the passing of a special resolution for a winding-up;
- (b) where the Company does not commence business within a year of being incorporated or where it suspends its business for a year;
- (c) where the number of members falls below the statutory minimum (currently 2);
- (d) where the Company is unable to pay its debts and a liquidator has been appointed;
- (e) where the appropriate court in Ireland is of the opinion that the Company's affairs and the powers of the Directors have been exercised in a manner oppressive to members; or
- (f) the appropriate court in Ireland is of the opinion that it is just and equitable that the Company should be wound up.

## 7. Commissions

Save as disclosed under the heading "Fees and Expenses" above, no commissions, discounts, brokerages or other special terms have been granted or are payable by the Company in connection with the issue or sale of any capital of the Company.

## 8. Directors' Interests

- (a) Neither the Directors nor any connected person has any interest in the Shares or any options in respect of such Shares, other than as may be disclosed in the Company's financial statements.
- (b) For the purposes of this paragraph "connected person" means in respect of any Director:
  - (i) his spouse, parent, brother, sister or child;
  - (ii) a person acting in his capacity as the trustee of any trust, the principal beneficiaries of which are the Director, his spouse or any of his children or any body corporate which he controls;
  - (iii) a partner of the Director; or
  - (iv) a company controlled by that Director.
- (c) There are no existing or proposed service contracts between any of the Directors and the Company.
- (d) Save for the contracts listed in paragraph 10 below, no Director is materially interested in any contract or arrangement subsisting at the date hereof which is unusual in its nature and conditions or significant in relation to the business of the Company.
- (e)
  - (i) Patricia Taylor is a partner in William Fry which acts as legal adviser to the Company in Ireland;
  - (ii) Valerie Tannahill is an employee of the Investment Manager;
  - (iii) Douglas Allison is an employee and director of the Investment Manager.

## 9. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and are, or may be, material:

- (a) the Custodian Agreement;
- (b) the Administration Agreement;
- (c) the Investment Management Agreement.

Details of the above contracts are given under the heading "Management and Administration" above.

## 10. Miscellaneous

- (a) The Company does not have as at the date of this Prospectus any loan capital (including term loans) outstanding or created but unissued, or any outstanding mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings, including bank overdraft, liabilities under acceptances or acceptance credits, obligations under finance leases, hire purchase, commitments, guarantees or other contingent liabilities.

- (b) The Company does not have, nor has it had since its incorporation, any employees.
- (c) Save as disclosed in paragraph 8 above, no Director has any interest direct or indirect in the promotion of the Company or in any assets which have been acquired or disposed of by or leased to the Company or are proposed to be acquired by, disposed of or leased to the Company, nor is there any contract or arrangement subsisting at the date of this document in which a Director is materially interested and which is unusual in its nature and conditions or significant in relation to the business of the Company.
- (d) The Company has not and does not intend to purchase or acquire nor agree to purchase or acquire any property.

11. Inspection of Documents

Copies of the following documents will be available for inspection at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) free of charge at the registered office of the Company in Dublin and at the office of the sponsoring broker:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the Prospectus; and
- (c) the latest annual and semi-annual reports of the Company.

The documents listed at (b) and (c) may be obtained, on request free of charge, from the Administrator. The documents listed at (a) may be obtained, on request free of charge, from the registered office of the Company in Dublin.

## APPENDIX I

### Stock Exchanges and Regulated Markets

With the exception of permitted investment in unlisted securities or in units of open-ended collective investments schemes, investment will be restricted to those stock exchanges and markets listed below in the Prospectus or any supplement thereto or revisions thereof. These stock exchanges and markets are listed in accordance with the requirements of the Central Bank, it being noted that the Central Bank does not issue a list of approved markets and exchanges.

1. All stock exchanges of the Member States, Australia, Canada, Hong Kong, Iceland, Japan, Liechtenstein, New Zealand, Norway, Switzerland and the United States;
2. The following stock exchanges:-

in Argentina	the Buenos Aires Stock Exchange
in Bahrain	the Bahrain Stock Exchange
in Bangladesh	the Dhaka Stock Exchange
in Bermuda	the Bermuda Stock Exchange
in Botswana	the Botswana Stock Exchange
in Brazil	the Rio de Janeiro Stock Exchange the Sao Paulo Stock Exchange
in the Cayman Islands	the Cayman Islands Stock Exchange
in Chile	the Santiago Stock Exchange
in China	the Shanghai Stock Exchange the Shenzhen Stock Exchange
in Colombia	the Bolsa de Valores de Colombia
in Croatia	the Zagreb Stock Exchange
in Ecuador	the Guayaquill Stock Exchange the Quito Stock Exchange
in Egypt	the Egyptian Exchange
in Ghana	the Ghana Stock Exchange
in India	the Bombay Stock Exchange the Delhi Stock Exchange the Madras Stock Exchange
in Indonesia	the Indonesian Stock Exchange
in Israel	the Tel Aviv Stock Exchange
in Jordan	the Amman Stock Exchange
in Kazakhstan	the Kazakhstan Stock Exchange
in Kenya	the Nairobi Stock Exchange

in Kuwait	the Kuwait Stock Exchange
in the Republic of Korea	the Korea Exchange
in the Lebanon	the Beirut Stock Exchange
in Malaysia	the Kuala Lumpur Stock Exchange
in Mauritius	the Stock Exchange of Mauritius
in Mexico	the Mexican Stock Exchange
in Morocco	the Casablanca Stock Exchange
in Namibia	the Namibian Stock Exchange
in Nigeria	the Nigerian Stock Exchange
in Oman	the Muscat Securities Market
in Pakistan	the Karachi Stock Exchange the Lahore Stock Exchange the Islamabad Stock Exchange
in Peru	the Lima Stock Exchange
in Philippines	the Philippines Stock Exchange
in Qatar	the Doha Securities Market
in Saudi Arabia	the Tadawul Stock Exchange
in Serbia	the Belgrade Stock Exchange
in Singapore	the Singapore Exchange Limited
in South Africa	the Johannesburg Stock Exchange
in Sri Lanka	the Colombo Stock Exchange
in Swaziland	the Swaziland Stock Exchange
in Thailand	the Stock Exchange of Thailand
in Taiwan	the Taiwan Stock Exchange
in Tunisia	the Tunis Stock Exchange
in Turkey	the Istanbul Stock Exchange
in Ukraine	the First Securities Trading System (PFTS)
in United Arab Emirates	the Dubai Financial Market the Abu Dhabi Securities Exchange NASDAQ Dubai
in Uruguay	the Montevideo Stock Exchange
in Venezuela	the Caracas Stock Exchange

in Vietnam	the Ho Chi Minh Stock Exchange the Hanoi Securities Trading Centre
in Zambia	the Lusaka Stock Exchange
in Zimbabwe	the Zimbabwe Stock Exchange

3.

- (a) The Second Marche of the stock exchange set up in France in accordance with the laws of France;
- (b) The Tokyo Over-the-Counter Market regulated by the Securities Dealers Association of Japan;
- (c) The Alternative Investment Market regulated and operated by the London Stock Exchange Limited.
- (d) The over the counter market in the United States regulated by the National Association of Securities Dealers;
- (e) The market in the UK conducted by the "listed money market institutions" as described in the Bank of England publication "The Regulation of the Wholesale Cash and OTC Derivatives Markets (in Sterling, foreign currency and bullion)."
- (f) The market in US Government Securities conducted by primary dealers regulated by the Federal Reserve Bank of New York.
- (g) NASDAQ (the electronic inter-dealer quotation system of America operated by the Financial Industry Regulatory Authority).
- (h) NASDAQ Europe (the European Association of Securities Dealers Automated Quotation).
- (i) Any approved derivative market within the EEA apart from any market within Liechtenstein which is not listed above on which financial derivative instruments are traded.

## APPENDIX II

### **A. Investment in Financial Derivative Instruments ("FDI") - Efficient Portfolio Management/Direct Investment**

The following provisions apply whenever a Fund proposes to engage in transactions in FDI including, but not limited to, futures, forwards, options, swaps, swaptions and warrants where the transactions are for the purposes of the efficient portfolio management of the Fund or, where disclosed in the Fund's investment policy, for direct investment purposes. Where the Company engages in transactions in relation to FDI, the Company shall employ a risk management process to enable it to monitor and measure, on a continuous basis, the risk of all open derivative positions and their contribution to the overall risk profile of a Fund's portfolio. The Company will, on request, provide supplemental information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investment.

The conditions and limits for the use of such techniques and instruments in relation to each Fund are as follows:

1. A Fund's global exposure (as prescribed in the Notices) relating to FDI must not exceed its total Net Asset Value.
2. Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Notices. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the Notices).
3. A Fund may invest in FDI dealt in OTC provided that the counterparties to OTC transactions are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
4. Investment in FDI are subject to the conditions and limits laid down by the Central Bank.

### **B. Efficient Portfolio Management - Other Techniques and Instruments**

1. In addition to the investments in FDI noted above, the Company may employ other techniques and instruments relating to transferable securities and money market instruments subject to the conditions imposed by the Central Bank. Techniques and instruments which relate to transferable securities or money market instruments and which are used for the purpose of efficient portfolio management, including FDI which are not used for direct investment purposes, shall be understood as a reference to techniques and instruments which fulfil the following criteria:
  - (a) they are economically appropriate in that they are realised in a cost-effective way;
  - (b) they are entered into for one or more of the following specific aims:
    - (i) reduction of risk;
    - (ii) reduction of cost;
    - (iii) generation of additional capital or income for the Fund with a level of risk which is consistent with the risk profile of the Fund and the risk diversification rules set out in the Notices;
  - (c) their risks are adequately captured by the risk management process of the Company (in the case of FDI only); and

- (d) they cannot result in a change to the Fund's declared investment objective or add supplementary risks in comparison to the general risk policy as described in the sales documents.

Techniques and instruments (other than FDI) which may be used for efficient portfolio management purposes are set out below and are subject to the conditions set out below.

## 2. Use of Repurchase/Reverse Repurchase and Stock Lending

Repurchase/reverse repurchase agreements and stock lending may only be effected subject to the conditions and limits set out in the Notices and in accordance with the requirements of the Central Bank.

## APPENDIX III

### PART I

#### Investment and Borrowing Restrictions

<b>1</b>	<b>Permitted Investments</b>
	Investments of each Fund are confined to:
<b>1.1</b>	Transferable securities and money market instruments, as prescribed in the Notices, which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.
<b>1.2</b>	Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
<b>1.3</b>	Money market instruments, as defined in the Notices, other than those dealt on a regulated market.
<b>1.4</b>	Units of UCITS.
<b>1.5</b>	Units of Non-UCITS as set out in the Central Bank's Guidance Note 2/03.
<b>1.6</b>	Deposits with credit institutions as prescribed in the Notices.
<b>1.7</b>	Financial derivative instruments as prescribed in the Notices.
<b>2</b>	<b>Investment Restrictions</b>
<b>2.1</b>	Each Fund may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
<b>2.2</b>	Each Fund may invest no more than 10% of net assets in recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. This restriction will not apply in relation to investment by a Fund in certain US securities known as Rule 144A securities provided that: <ul style="list-style-type: none"> <li>- the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and</li> <li>- the securities are not illiquid securities i.e. they may be realised by a Fund within seven days at the price, or approximately at the price, at which they are valued by the Fund.</li> </ul>
<b>2.3</b>	Each Fund may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
<b>2.4</b>	The limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a Fund invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the net asset value of the Fund. <b>To avail of this provision, the prior approval of the Central Bank is required.</b>
<b>2.5</b>	The limit of 10% (in 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
<b>2.6</b>	The transferable securities and money market instruments referred to in 2.4. and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.

- 2.7** Each Fund may not invest more than 20% of net assets in deposits made with the same credit institution.
- Deposits with any one credit institution, other than
- a credit institution authorised in the EEA (European Union Member States, Norway, Iceland, Liechtenstein);
  - a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States); or
  - a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand
- held as ancillary liquidity, must not exceed 10% of net assets.
- This limit may be raised to 20% in the case of deposits made with the trustee/custodian.
- 2.8** The risk exposure of a Fund to a counterparty to an OTC derivative may not exceed 5% of net assets.
- This limit is raised to 10% in the case of a credit institution authorised in the EEA; a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand
- 2.9** Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:
- investments in transferable securities or money market instruments;
  - deposits, and/or
  - counterparty risk exposures arising from OTC derivatives transactions.
- 2.10** The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.
- 2.11** Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.
- 2.12** Each Fund may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.
- The individual issuers must be listed in the prospectus and may be drawn from the following list:
- OECD Governments (provided the relevant issues are investment grade), Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority and Straight-A Funding LLC.
- Each Fund must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.

<b>3</b>	<b>Investment in Collective Investment Schemes ("CIS")</b>
<b>3.1</b>	Investments made by a Fund in units of a CIS (either a single CIS or in aggregate more than one CIS) may not exceed, in aggregate, 10% of the net assets of the Fund.
<b>3.2</b>	Notwithstanding the provisions of section 3.1, where the Supplement of a Fund states that it may invest more than 10% of its assets in UCITS or other CIS, the following restrictions shall apply instead of the restrictions set out at section 3.1 above:
(a)	the Fund may not invest more than 20% of its Net Asset Value in any one UCITS or other CIS;
(b)	the Fund's Investments in non-UCITS CIS may not, in aggregate, exceed 30% of the Fund's Net Asset Value;
<b>3.3</b>	A Fund may not invest in a UCITS or other CIS which is not itself prohibited from investing more than 10% of its net asset value in aggregate in other CIS.
<b>3.4</b>	When a Fund invests in the units of other CIS that are managed, directly or by delegation, by any other company with which the Company is linked by common management or control, or by a direct or indirect holding of more than 10% of the capital or votes, that management company or other company may not charge subscription, conversion, redemption or management fees on account of the Fund's investment in the units of such other CIS.
<b>3.5</b>	Where a commission (including a rebated commission) is received by the Fund or Investment Manager by virtue of an investment in the units of another CIS, this commission must be paid into the property of the Fund.
<b>3.6</b>	<p>The following investment restrictions apply where a Fund invests in other Funds of the Company:</p> <ul style="list-style-type: none"> <li>• a Fund will not invest in a Fund of the Company which itself holds shares in other Funds within the Company;</li> <li>• a Fund investing in such other Fund of the Company will not be subject to subscription or redemption fees;</li> <li>• the Investment Manager will not charge an investment management fee to a Fund in respect of that portion of the Fund's assets invested in another Fund of the Company; and</li> <li>• investment by a Fund in another Fund of the Company will be subject to the limits set out in paragraph 3.1 above (where the investing Fund is not a fund of funds) or alternatively, to the limits set out in paragraph 3.2 above (where the investing Fund is a fund of funds).</li> </ul>
<b>4</b>	<b>Index Tracking UCITS</b>
<b>4.1</b>	Each Fund may invest up to 20% of net assets in shares and/or debt securities issued by the same body where the investment policy of the Fund is to replicate an index which satisfies the criteria set out in the Notices and is recognised by the Central Bank
<b>4.2</b>	The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.
<b>5</b>	<b>General Provisions</b>
<b>5.1</b>	The Company, or Manager acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.

<b>5.2</b>	<p>A Fund may acquire no more than:</p> <ul style="list-style-type: none"> <li>(i) 10% of the non-voting shares of any single issuing body;</li> <li>(ii) 10% of the debt securities of any single issuing body;</li> <li>(iii) 25% of the units of any single CIS;</li> <li>(iv) 10% of the money market instruments of any single issuing body.</li> </ul> <p>NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.</p>
<b>5.3</b>	<p>5.1 and 5.2 shall not be applicable to:</p> <ul style="list-style-type: none"> <li>(i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;</li> <li>(ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;</li> <li>(iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;</li> <li>(iv) shares held by a Fund in the capital of a company incorporated in a non-member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 2.3 to 2.11, 5.1, 5.2, 5.4, 5.5 and 5.6, and either 3.1 or 3.2 as applicable, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed.</li> <li>(v) Shares held by the Company in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of shares at Shareholders request exclusively on their behalf.</li> </ul>
<b>5.4</b>	<p>A Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.</p>
<b>5.5</b>	<p>The Central Bank may allow recently authorised Funds to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.</p>
<b>5.6</b>	<p>If the limits laid down herein are exceeded for reasons beyond the control of a Fund, or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its Shareholders.</p>
<b>5.7</b>	<p>Neither the Company, nor the Manager may carry out uncovered sales of:</p> <ul style="list-style-type: none"> <li>- transferable securities;</li> <li>- money market instruments<sup>1</sup>;</li> <li>- units of CIS; or</li> <li>- financial derivative instruments.</li> </ul>
<b>5.8</b>	<p>A Fund may hold ancillary liquid assets.</p>

## Borrowing Restrictions

The Regulations provide that the Company in respect of each Fund:

<sup>1</sup> Any short selling of money market instruments by a Fund is prohibited.

- (a) may not borrow, other than borrowings which in the aggregate do not exceed 10% of the Net Asset Value of the Fund and provided that this borrowing is on a temporary basis. The Custodian may give a charge over the assets of a Fund in order to secure the borrowings attributed to it. Credit balances (e.g. cash) may not be offset against borrowings when determining the percentage of borrowings outstanding;
- (b) may acquire foreign currency by means of a back-to-back loan. Foreign currency obtained in this manner is not classed as borrowings for the purpose of the borrowing restriction in paragraph (a), provided that the offsetting deposit equals or exceeds the value of the foreign currency loan outstanding. However, where foreign currency borrowings exceed the value of the back-to-back deposit, any excess is regarded as borrowing for the purposes of paragraph (a) above.

## PART II

### Restrictions on Investment in certain countries

The Company is subject to certain restrictions in the context of the amount of the Net Asset Value of any Fund which may be invested in Regulated Markets in certain countries. The current restrictions are as follows:

1. Others

Up to 10 per cent of a Fund's net assets may be invested in any of the Regulated Markets in each of the following countries:

Bahrain	Ghana	Sri Lanka
Bangladesh	Jordan	Tunisia
Bermuda	Kenya	Uruguay
Botswana	Lebanon	Zambia
Cayman	Mauritius	Zimbabwe
Colombia	Morocco	
Croatia	Nigeria	
Cyprus	Oman	
Ecuador	Peru	
Egypt	Romania	
Estonia	Slovakia	
	Slovenia	

provided that investment in Regulated Markets in such countries shall not exceed an aggregate of 30 per cent of the Fund's net assets.

2. Up to 30 per cent of the Funds net assets may be invested in aggregate in Regulated Markets in Pakistan.
3. Up to 30 per cent of the Fund's net assets may be invested in non-investment grade bonds.

The markets in the countries listed above where investment restrictions apply are evolving at relatively rapid rates and the above investment restrictions reflect both the Investment Manager's current valuation of those markets and the maximum limits which are currently permitted to be invested in those markets. If, in the opinion of the Investment Manager, circumstances and conditions in any of those markets change such that the Investment Manager believes that lesser or no restrictions than those listed above should apply and if the maximum limits permitted to be invested in those markets are increased or removed in accordance with Central Bank requirements the Company may, subject to giving due notice to Shareholders, invest, on behalf of a Fund in such markets to the extent of such restrictions (if any) as may then apply and provided that investment in such countries is contemplated within the investment policy of the particular Fund.