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# **ATLANTE FUNDS PLC**

## **PROSPECTUS**

**7 DECEMBER 2010**

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An investment company with variable capital investment constituted as an umbrella fund with segregated liability between sub-funds in Ireland with registered number 435796 and authorised pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 as amended. Shares are currently being offered in:

**ATLANTE TARGET ITALY FUND  
ATLANTE EURO FLEXIBLE FUND  
ATLANTE EURO BOND FUND  
ATLANTE GREATER ASIA FUND  
ATLANTE MONETARY FUND  
ATLANTE TARGET EUROPE FUND**

Shares in the Company are currently available for subscription and purchase.

The Directors of the Company whose names appear on page 4 accept responsibility for the information contained in this Prospectus. 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 Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Distribution of this Prospectus is not authorised after the publication of the first half-yearly report of the Company unless it is accompanied by a copy of such report and is not authorised after the publication of the first annual report of the Company unless it is accompanied by a copy of the latest annual report and, if published thereafter, the latest half-yearly report.

**THIS PROSPECTUS CONTAINS IMPORTANT INFORMATION ABOUT THE COMPANY AND SHOULD BE READ CAREFULLY BEFORE INVESTING. IF YOU HAVE QUESTIONS ABOUT THE CONTENTS OF THIS PROSPECTUS OR THE SUITABILITY OF AN INVESTMENT IN THE COMPANY FOR YOU, YOU SHOULD CONSULT YOUR BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER FINANCIAL ADVISER.**

Certain terms used in this Prospectus are defined under “Definitions” below.

## **CENTRAL BANK AUTHORISATION**

**The Company has been authorised by the Central Bank as a UCITS within the meaning of the Regulations. The authorisation of the Company as a UCITS by the Central Bank is not an endorsement or guarantee of the Company by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus. The authorisation of the Company by the Central Bank shall 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.**

## **Investment Risks**

There can be no assurance that a Fund will achieve its investment objective. An investment in a Fund involves investment risks, including possible loss of the amount invested. In view of the fact that a commission is payable on a subscription by an investor in a Fund and investment in a Fund should be regarded as a medium to long term investment. Details of certain investment risks and other information for an investor are set out more fully in this Prospectus.

## **Selling Restrictions**

The distribution of this Prospectus and the offering or purchase of Shares may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus or the Application Form in any such jurisdiction may treat this Prospectus or such Application Form as constituting an invitation to them to subscribe for Shares, nor should they in any event use such Application Form unless, in the relevant jurisdiction, such an invitation could lawfully be made to them and such Application Form could lawfully be used without compliance with any registration or other legal requirement. Accordingly, this Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for Shares, pursuant to this Prospectus or the Application Form, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to the legal requirements of so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

Distribution of this Prospectus is not authorised in any jurisdiction unless accompanied by a copy of the then latest published annual report and audited accounts of the Company and, if published after such report or annual report, a copy of the latest semi-annual report and unaudited accounts. Such reports and this Prospectus together form the prospectus for the issue of Shares in the Company.

The Shares have not been and will not be registered under the US Securities Act of 1933, as amended and may not, except in a transaction which does not violate US securities laws, be directly or indirectly

offered or sold in the United States or to any US Person. The Company has not been and will not be registered under the US Investment Company Act of 1940, as amended.

The Articles of Association of the Company give powers to the Directors to impose restrictions (but not the obligation) on the holding of Shares by (and consequently to effect the redemption of Shares held by) or the transfer of Shares to any US Person (unless permitted under certain exceptions under the laws of the United States) or by any person or persons in circumstances (whether directly or indirectly affecting such person or person, and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Directors to be relevant) which in the opinion of the Directors might result in the Company incurring any liability to taxation or suffering pecuniary disadvantage which the Company might not otherwise have incurred or suffered.

Shares are offered only on the basis of the information contained in this Prospectus. Any further information or representation given or made by any dealer, salesman or other person not contained in this Prospectus or in any reports and accounts of the Company forming part hereof must be regarded as unauthorised and should be disregarded and accordingly should not be relied upon. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares shall, under any circumstances, constitute a representation that the information contained in this Prospectus is correct as of any time subsequent to the date of this Prospectus. To reflect changes, this Prospectus may from time to time be updated and intending subscribers should enquire of the Administrator as to the issue of any later Prospectus or as to the issue of any reports and accounts of the Company. Statements made in this Prospectus are based on the law and practice currently in force in Ireland and are subject to changes therein.

This Prospectus should be read in its entirety before making any application for Shares.

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Memorandum and Articles of Association of the Company, copies of which are available as mentioned herein.

Distribution of this Prospectus in certain jurisdictions will require that the Prospectus be translated into other languages. Where such translation is required, the translated version of the Prospectus will accord in all respects with the English version.

**Shareholders should note that the Articles permit the Company to impose a front end fee of up to a maximum of 5% of the Net Asset Value per Share to purchases. A switching fee of up to 5% and a repurchase fee of up to 3% may also be chargeable. In the event that such charges are imposed the difference at any time between the sale and repurchase price of Shares means that any investment in the Company should be viewed as being in the medium to long term. Prices of Shares in the Company may fall as well as rise.**

The Company and the Administrator have a responsibility to regulators for compliance with money laundering regulations around the world and for that reason, existing Shareholders, potential subscribers for and transferees of Shares may be asked for proof of identity. Until satisfactory proof of identity is provided by potential investors or transferees, either of the above reserve the right to withhold issuance of Shares or any transfer of Shares. In case of delay or failure to provide satisfactory proof of identity, any of the above may take such action as they see fit.

## **Marketing Rules**

Shares are offered only on the basis of the information contained in this Prospectus and, as appropriate after publication of the latest audited annual accounts and any subsequent half-yearly report.

## ATLANTE FUNDS PLC

### **DIRECTORS**

Peter Blessing  
Dermot Butler  
Stuart Anthony Williams  
Matteo Riginello

### **SPONSOR**

Albemarle Asset Management Limited  
28-29 Dover Street  
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United Kingdom

### **REGISTERED OFFICE**

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Dublin 2  
Ireland

### **INVESTMENT MANAGER**

Albemarle Asset Management Limited  
28-29 Dover Street  
London W1S 4NA  
United Kingdom

### **SECRETARY**

Matsack Trust Limited  
70 Sir John Rogerson's Quay  
Dublin 2

### **ADMINISTRATOR**

Bank of Ireland Securities Services Limited  
New Century House  
Mayor Street Lower  
IFSC  
Dublin 1  
Ireland

### **CUSTODIAN**

The Governor and Company of the Bank of Ireland  
Head Office:  
40 Mespil Road  
Dublin 4  
Ireland

### **LEGAL ADVISORS**

Matheson Ormsby Prentice  
70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

Place of Business:  
New Century House  
Mayor Street Lower  
IFSC  
Dublin 1  
Ireland

### **AUDITORS**

Deloitte & Touche  
Earlsfort Terrace  
Dublin 2  
Ireland

### **SPONSORING BROKER**

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

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## **PART ONE**

### **ATLANTE FUNDS PLC**

#### **SUMMARY**

##### **Structure**

The Company is an investment company with variable capital incorporated in Ireland on 5 March 2007 under registration number 435796. The Company has been authorised by the Central Bank as an umbrella fund with segregated liability between sub-funds pursuant to the Regulations and has been authorised by the Central Bank as a UCITS. A separate portfolio of assets will be maintained in relation to each Fund.

The Funds of the Company, in which Shares have been issued, are the Atlante Target Italy Fund, Atlante Euro Flexible Fund, Atlante Euro Bond Fund, the Atlante Greater Asia Fund, the Atlante Monetary Fund and the Atlante Target Europe Fund. See the relevant Supplements for further details. It is the Directors' intention to add other Funds in the future, with the prior approval of the Central Bank. A supplement relating to any new Fund or an amended and restated prospectus will be issued by the Directors at the time of the creation of the Fund.

The Shares of each Fund may be divided into different Classes to accommodate different currencies and/or charges and/or dividend and/or fee arrangements. A separate pool of assets will not be maintained for each Class.

At the date of this Prospectus, the Funds comprise the following Classes: the Class A Shares and with the exception of the Atlante Monetary Fund, the Class I Shares. The Atlante Greater Asia Fund also comprises the Class B Shares. See the relevant Supplement for further details. The creation of further Classes must be notified to, and cleared in advance with, the Central Bank.

##### **Distribution Policy**

The Company does not anticipate distributing dividends from net investment income in respect of the Funds but the Company reserves the right to pay dividends or make other distribution in the future. Initially such amounts will be retained by the Company and will be reflected in the Net Asset Value of the Funds.

##### **Investment Risks**

An investment in a Fund involves investment risks, including possible loss of the amount invested. Moreover, there can be no assurance that a Fund will achieve its investment objective. A more detailed description of certain investment risks relevant to investors in a Fund is set out under "Investment Risks" below.

##### **Share Dealing**

Shares can normally be purchased, sold or switched on any Dealing Day.

## **Pricing**

There is a single price for buying, selling and switching Shares in a Fund. This is represented by the Net Asset Value per Share of the relevant Fund. A front end fee of up to a maximum of 5% of the Net Asset Value per Share may be charged at the discretion of the Directors. A repurchase fee of up to 3% of the Net Asset Value per Share and a switching fee of 5% may also be charged at the discretion of the Directors.

## **Minimum Investment**

The minimum investment in any Fund will be determined by the Directors at the time of the creation of the Fund. See the relevant Supplement for further details.

## **Additional Investment**

The minimum additional investment in any Fund will be determined by the Directors at the time of the creation of the Fund. See the relevant Supplement for further details.

## **Valuation Point**

The Valuation Point for each Fund will be determined by the Directors at the time of creation of the Fund. See the relevant Supplements for further details.

## **Base Currency**

The currency in which each Fund will be denominated will be determined by the Directors at the time of creation of the Fund. See the relevant Supplement for further details.

## **Fees and Expenses**

Investors' attention is drawn to the details of the fees and expenses charged by the Company. See Part Two, Appendix 1 for further details.

## **Taxation**

Non-Irish investors in the Company will be exempt from Irish income, capital gains and capital acquisitions taxes. No Irish stamp duty or other taxes are payable on subscriptions for shares.

## **Selling Restrictions**

The Shares may not be purchased or held by US Persons unless pursuant to an exemption under applicable US law and may not be offered or sold in any jurisdiction in which such offer or sale is not lawful or in which the person making such offer or sale is not qualified to do so or to anyone to whom it is unlawful to make such an offer or sale.

## **Reporting Currency**

For the purposes of the compilation of the semi-annual and annual report and accounts of the Company, the reporting currency for each Fund will be in the Base Currency of the Fund.

## DEFINITIONS

In this Prospectus:-

- "Administrator"** means Bank of Ireland Securities Services Limited or such other person from time to time appointed by the Company as the administrator of the Company and in accordance with Central Bank requirements;
- "Administration Agreement"** means the agreement dated 19 April 2007 between the Company and the Administrator as amended, supplemented or otherwise modified from time to time;
- "Application Form"** means the application form available from the Company.
- "Articles" or "Articles of Association"** means the Articles of Association of the Company;
- "Base Currency"** means the currency of account of a Fund as determined by the Directors at the time of the creation of the Fund and set out in the relevant Supplement;
- "Business Day"** means a day on which banks are open for business in Dublin and London provided that the Directors following consultation with the Administrator, may designate, as a Business Day, any other day which would not be a Business Day under this definition;
- "Capitalisation Shares"** the issued share capital of 300,000 Shares of no par value issued at one Euro each and initially designated as "Capitalisation Shares" but which do not entitle the holders to participate in the profits of the Company attributable to any Fund;
- "Capitalisation Shareholder"** a person registered in the register of members of the Company as a holder of Capitalisation Shares;
- "Class"** means a class of Shares in a Fund having the details more particularly set out in the Prospectus and any Supplement to this Prospectus;
- "Central Bank"** means the Central Bank of Ireland;
- "Company"** means Atlante Funds plc;
- "Companies Acts"** means the Irish Companies Act 1963 to 2009 (as amended, consolidated or supplemented from time to time);
- "Connected Person"** means the persons defined as such in the section entitled "Portfolio Transactions and Related Party Dealings" below.
- "Custodian"** means The Governor and Company of the Bank of Ireland or such other person from time to time appointed by the Company as the custodian of the Company and approved by the Central Bank;



<b>"Custodian Agreement"</b>	means the agreement dated 19 April 2007 between the Company and the Custodian as amended, supplemented or otherwise modified from time to time;
<b>"Dealing Day"</b>	in relation to the initial Funds has the meaning set out in the relevant Supplement. The Dealing Day for further Funds will be decided by the Directors at the time of creation of such Fund;
<b>"Dealing Deadline"</b>	in relation to the initial Funds has the meaning set out in the relevant Supplement. The Dealing Deadline for further Funds will be decided by the Directors at the time of creation of such Funds;
<b>"Directors"</b>	means the directors of the Company for the time being and any duly constituted committee thereof;
<b>"EU"</b>	means the European Union;
<b>"EU Member State"</b>	means a member state of the EU;
<b>"Euro" or "EUR" or "€"</b>	means the lawful currency of Ireland, the European Monetary Union and any successor currency thereto;
<b>"Fund"</b>	means a distinct portfolio of assets established by the Directors (with the prior approval of the Central Bank) constituting in each case a separate fund represented by a separate Class or Classes with segregated liability from the other Funds and invested in accordance with the investment objective and policies applicable to such Fund as specified in the relevant Supplement;
<b>"Index" or "Indices"</b>	means the index or indices to which the performance of a Fund is linked or which may be used as a benchmark for the performance of the Fund;
<b>"Investment Management Agreement"</b>	means the agreement between the Company and the Investment Manager as amended, supplemented or otherwise modified from time to time;
<b>"Investment Manager"</b>	means Albemarle Asset Management Limited or such other person or person from time to time appointed by the Company as the Investment Manager of the Company and in accordance with Central Bank requirements;
<b>"Irish Revenue Commissioners"</b>	means the Irish authority responsible for taxation and customs duties;
<b>"Irish Stock Exchange"</b>	means the Irish Stock Exchange Limited and any successor thereto;
<b>"Memorandum of Association"</b>	means the memorandum of association of the Company;
<b>"Minimum Holding"</b>	means the minimum holding, if any, in a Fund as determined by the Directors at the time of creation of the Fund, details of which are

	contained in the relevant Supplement issued at the time of creation of a Fund;
<b>"Net Asset Value of a Fund" or "Net Asset Value per Share"</b>	means the amount determined on any Valuation Date at the Valuation Point in accordance with the principles set out below as being the Net Asset Value of a Fund or the Net Asset Value of Shares in a Fund, as the case may be;
<b>"Non-Participating Shares"</b>	the Subscriber Shares and the Capitalisation Shares;
<b>"Non-Participating Shareholder"</b>	a person registered in the register of members of the Company as a holder of Non-Participating Shares;
<b>"Offer Period"</b>	means the period during which Shares in a Fund will be made available at the Subscription Price, details of which are contained in the Supplement issued at the time of creation of the Fund;
<b>"Regulations"</b>	means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as may be amended or supplemented from time to time) and all applicable Central Bank regulations made or conditions imposed or derogations granted thereunder whether by notice or otherwise;
<b>"Regulated Market"</b>	means any stock exchange or regulated market which is provided for in the Articles of Association, details of which are set out in Appendix IV;
<b>"Related Companies"</b>	has the meaning assigned thereto in Section 140(5) of the Companies Act, 1990. In general this states that companies are related where 50% of the paid up share capital of or 50% of the voting rights in one company are owned directly or indirectly by another company;
<b>"Relevant Institutions"</b>	means a credit institution authorised in the European Economic Area, a signatory state to the Basle Capital Convergence Agreement or authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand;
<b>"Shares"</b>	means ordinary shares in a Fund, which may be divided into different classes;
<b>"Shareholder"</b>	means a holder of Shares;
<b>"Subscription Price"</b>	means the price at which Shares in a Fund will be offered during the Offer Period details of which are contained in the relevant Supplement;
<b>"Subscriber Shares"</b>	The issued share capital of two subscriber shares of no par value issued at one Euro each and initially designated as "Subscriber Shares" but which do not enable the holders to participate in the profits of the Company attributable to a Fund;
<b>"Subscriber Shareholder"</b>	a person/persons registered in the register of members of the Company as a holder or holders of Subscriber Shares;

<b>"Supplement"</b>	means any Supplement to this Prospectus;
<b>"TCA"</b>	means the Taxes Consolidation Act, 1997;
<b>"UCITS"</b>	means an undertaking for collective investment in transferable securities which is authorised under the Regulations or authorised by a competent authority in another member state of the European Union in accordance with Council Directive 85/611/EEC (as amended): <ul style="list-style-type: none"> <li>- the sole object of which is the collective investment in transferable securities and/or in other liquid financial assets referred to in the Regulations of capital raised from the public and which operates on the principle of risk-spreading; and</li> <li>- the shares of which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of that undertaking's assets;</li> </ul>
<b>"UCITS Notices"</b>	means the notices issued by the Central Bank from time to time pursuant to the Regulations;
<b>"United States" or "US"</b>	means the United States of America, its territories, possessions and all areas subject to its jurisdiction (including the States, the District of Columbia and the Commonwealth of Puerto Rico);
<b>"US Person"</b>	means, unless otherwise determined by the directors, a citizen of or a person resident in the US, a corporation, partnership or other entity created or organised in or under the laws of the US or any person falling within the definition of the terms <b>"US Person"</b> under Regulation S promulgated under the US Securities Act of 1933, as amended;
<b>"US Dollars" or "US\$" or "\$"</b>	means the lawful currency of the United States;
<b>"Valuation Date"</b>	in relation to the initial Funds has the meaning set out in the relevant Supplement. The Valuation Date for further Funds will be decided by the Directors at the time of creation of such Fund; and
<b>"Valuation Point"</b>	in relation to the initial Funds has the meaning set out in the relevant Supplement. The Valuation Point for further Funds will be decided by the Directors at the time of creation of such Funds.

## INTRODUCTION

The Company is an investment company with variable capital organised under the laws of Ireland as a public limited company pursuant to the Companies Acts, 1963 to 2009 and the Regulations. It was incorporated on 5 March 2007 under registration number 435796. Its sole object, as set out in clause 2 of the Company's Memorandum of Association, is the collective investment in transferable securities and/or in other liquid financial assets referred to in the Regulations of capital raised from the public operating on the principle of risk spreading.

The Company is organised in the form of an umbrella fund. The Articles of Association provide that the Company may offer separate classes of shares, each representing interests in a Fund comprising a distinct portfolio of investments. The Company has obtained the approval of the Central Bank for the establishment of the initial Funds. With the prior approval of the Central Bank, the Company may from time to time create an additional Fund or Funds, the investment policies and objectives for which shall be outlined in a Supplement, together with details of the offer period, the initial Subscription Price for each share and such other relevant information in relation to the additional Fund or Funds as the Directors may deem appropriate, or the Central Bank require, to be included.

The Shares of the Funds may be divided into different Classes to accommodate different currencies and/or charges and/or dividend and/or fee arrangements. A separate pool of assets will not be maintained for each Class.

At the date of this Prospectus, the initial Funds comprise of the following Classes: the Class A Shares. The Atlante Greater Asia Fund also comprises the Class B Shares. See the relevant Supplement for further details. The creation of further Classes must be notified to, and cleared in advance with, the Central Bank.

The Company has been authorised by the Central Bank as a UCITS within the meaning of the Regulations.

## INVESTMENT OBJECTIVE AND POLICIES

The investment objective and policies for each Fund will be formulated by the Directors at the time of the creation of the Fund, details of which will be contained in the Supplement issued at the time of creation of such Fund.

The investment objective and policies of the initial Funds are set out in the relevant Supplements. The investment restrictions applying to the Fund are set out below.

The return to Shareholders in a particular Fund will be determined by the performance of the portfolio of investments held by the relevant Fund and the techniques and instruments used in relation to that Fund for the purpose of efficient portfolio management.

There is no guarantee that the investment strategies will accomplish the Fund's objective. See the section entitled "Risk Warnings" below for further details.

The investment objective and policies for each Fund will, in the absence of unforeseen circumstances be adhered to for a period of at least three years following the listing of the Shares in such Fund on the Irish Stock Exchange (if applicable). Any change in the investment objective and material changes in investment policies of any Fund will only be made in exceptional circumstances and with the approval of an ordinary resolution of the Shareholders of the relevant Fund on the basis of a majority of votes cast at

general meeting. In the event of a change, Shareholders of the Fund will be given an opportunity for redemption prior to such change taking effect. Such notice of a change in an investment policy will be given at least 30 days in advance of the date on which a Shareholder must give notice of his intention to redeem his shares, if he objects to the change in the Fund's investment objective and investment policies. It should be noted that such a change in policy may cause a Shareholder to redeem his Shares at a time when he would not otherwise do so.

## INVESTMENT RESTRICTIONS

The assets of each Fund must be invested in accordance with the restrictions on investments set out in the Regulations and such additional investment restrictions, if any, as may be adopted from time to time by the Directors in respect of any Fund such as those described above in relation to the initial Funds. The principal investment restrictions applying to each Fund under the Regulations are described as follows:-

### 1 Permitted Investments

Investments of a UCITS are confined to:

- 1.1 Transferable securities and money market instruments, as prescribed in the UCITS 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.
- 1.2 Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
- 1.3 Money market instruments, as prescribed in the UCITS Notices, other than those dealt on a regulated market.
- 1.4 Units of UCITS.
- 1.5 Units of non-UCITS as set out in the Central Bank's Guidance Note 2/03.
- 1.6 Deposits with credit institutions as prescribed in the UCITS Notices.
- 1.7 Financial derivative instruments as prescribed in the UCITS Notices.

### 2 Investment Restrictions

- 2.1 A UCITS may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
- 2.2 A UCITS 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 the UCITS in certain US securities known as Rule 144A securities provided that:
  - the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and
  - the securities are not illiquid securities i.e. they may be realised by the UCITS within seven days at the price, or approximately at the price, at which they are valued by the UCITS.
- 2.3 A UCITS 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%.
- 2.4 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.

- 2.5 The transferable securities and money market instruments referred to in 2.4. shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.
- 2.6 A UCITS 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.

- 2.7 The risk exposure of a UCITS 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

- 2.8 Notwithstanding paragraphs 2.3, 2.6 and 2.7 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.

- 2.9 The limits referred to in 2.3, 2.4, 2.6, 2.7 and 2.8 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.

- 2.10 Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.6, 2.7 and 2.8. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.

- 2.11 A UCITS 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), 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 and Tennessee Valley Authority.

The UCITS must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.

### 3 Investment in Collective Investment Schemes (“CIS”)

3.1 A UCITS may not invest more than 20% of net assets in any one CIS.

3.2 Investment in non-UCITS may not, in aggregate, exceed 30% of net assets.

3.3 The CIS are prohibited from investing more than 10 per cent of net assets in other open-ended CIS.

3.4 When a UCITS invests in the units of other CIS that are managed, directly or by delegation, by the UCITS management company or by any other company with which the UCITS management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the UCITS investment in the units of such other CIS.

3.5 Where a commission (including a rebated commission) is received by the UCITS manager/investment manager/investment adviser by virtue of an investment in the units of another CIS, this commission must be paid into the property of the UCITS.

### 4 Index Tracking UCITS

4.1 A UCITS 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 UCITS is to replicate an index which satisfies the criteria set out in the UCITS Notices and is recognised by the Central Bank

4.2 The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.

### 5 General Provisions

5.1 An investment company, or management company 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.

5.2 A UCITS may acquire no more than:

- (i) 10% of the non-voting shares of any single issuing body;
- (ii) 10% of the debt securities of any single issuing body;
- (iii) 25% of the units of any single CIS;



- (iv) 10% of the money market instruments of any single issuing body.

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.

5.3 5.1 and 5.2 shall not be applicable to:

- (i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;

- (ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;

- (iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;

- (iv) shares held by a UCITS 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 UCITS 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 2.10, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed.

- (v) Shares held by an investment company or investment companies 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 units at unit-holders' request exclusively on their behalf.

5.4 UCITS 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.

5.5 The Central Bank may allow recently authorised UCITS to derogate from the provisions of 2.3 to 2.11, 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.

5.6 If the limits laid down herein are exceeded for reasons beyond the control of a UCITS, or as a result of the exercise of subscription rights, the UCITS must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.

5.7 Neither an investment company, nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of:

- transferable securities;
- money market instruments;
- units of CIS; or
- financial derivative instruments.

- 5.8 A UCITS may hold ancillary liquid assets.
- 6 Financial Derivative Instruments ('FDIs')
- 6.1 The UCITS global exposure (as prescribed in the UCITS Notices) relating to FDI must not exceed its total net asset value.
- 6.2 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 UCITS 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 UCITS Notices.)
- 6.3 UCITS may invest in FDIs dealt in over-the-counter (OTC) provided that
- The counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
- 6.4 Investment in FDIs are subject to the conditions and limits laid down by the Central Bank.

Without limitation, the Directors may adopt additional investment restrictions with respect to any Fund to facilitate the distribution of Shares in the relevant Fund to the public in a particular jurisdiction. Any such additional investment restrictions will be disclosed in the Prospectus. In addition, the investment restrictions set out above may be changed from time to time by the Directors in accordance with a change in the applicable law and regulations in any jurisdiction in which Shares in the Funds are currently offered, provided that the assets of the Fund will at all times be invested in accordance with the restrictions on investments set out in the Regulations. In the event of any such addition to, or change in, the investment restrictions applicable to any Fund, a reasonable notification period will be provided by the Company to enable Shareholders in the relevant Fund to redeem their Shares prior to implementation of these changes.

#### **DISTRIBUTION POLICY**

The Company does not initially anticipate distributing dividends to Shareholders in respect of any of the Funds but the Company reserves the right to pay dividends or make other distributions in the future. In that event, the Prospectus will be revised and Shareholders will be notified in advance. Initially all net investment income and net realised capital gains will be retained by the Company and will be reflected in the Net Asset Value of the Funds. In the event that the Company decides to pay any dividend on behalf of a Fund, such dividend will be paid in accordance with the rules of the Irish Stock Exchange (if applicable) and in accordance with the Articles will be paid within four months of the Company's financial year end. Full details will be disclosed in the Prospectus. The Articles provide that the Directors may declare such dividends on the Shares or on any class of Shares as appear to the Directors to be justified by the profits being the net revenue, including interest and dividends and realised and unrealised profits on the disposal/valuation of investments and other funds, less realised and unrealised losses (including fees and expenses of the relevant Fund).

## **EFFICIENT PORTFOLIO MANAGEMENT**

The Company may employ investment techniques and instruments for efficient portfolio management of the assets of any Fund including hedging against market movements, currency exchange or interest rate risks under the conditions and within the limits stipulated by the Central Bank under the Regulations and UCITS Notices and described below. The Company may not leverage a Fund through the use of derivative instruments, i.e. the total exposure of a Fund, including but not limited to, its exposure from the use of any derivative instruments, must not exceed the total net asset value of the Fund.

Techniques and instruments which relate to transferable securities or money market instruments and which are used for the purpose of efficient portfolio management shall be understood as a reference to techniques and instruments which fulfill 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 Company with a level of risk which is consistent with the risk profile of the Company and the risk diversification rules;
- (c) their risks are adequately captured by the risk management process of the Company; and
- (d) they cannot result in a change to the Company's declared investment objective or add substantial supplementary risks in comparison to the general risk policy as described in this Prospectus.

## **BORROWING POWERS**

The Company may not borrow money except insofar as is permitted under the Regulations, that is to say:

- The Company may borrow, for the account of any Fund, up to 10% of the net assets of such Fund provided that such borrowing is on a temporary basis. The assets of such Fund may be charged as security for any such borrowings.
- The Company, for the account of a Fund, may acquire foreign currency by means of a "back-to-back loan".

Without prejudice to the powers of the Company to invest in transferable securities, the Company may not lend, or act as guarantor on behalf of third parties.

Any special borrowing restrictions relating to a particular Fund will be formulated by the Directors at the time of the creation of such Fund. There are no special borrowing restrictions currently in operation.

## **RISK WARNINGS**

### **General**

The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities or other instruments and there can be no assurance that any appreciation in value of

investments will occur. In particular the value of investments may be affected by uncertainties such as international, political and economic developments or changes in government policies.

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. An investment should only be made by those persons who are able to sustain a loss on their investment.

There can be no guarantee that the investment objective of any Fund will actually be achieved.

### **Credit Risks**

Although the Company will invest in high credit quality instruments, there can be no assurance that the securities or other instruments in which the Company invests will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or other instruments. The Company will also be exposed to a credit risk in relation to the counterparties with whom it trades and it may also bear the risk of settlement default.

### **Changes in Interest Rates**

The value of Shares may, notwithstanding the policy of the Company of investing in short-term instruments, be affected by substantial adverse movements in interest rates. This may result in the amount realised on the sale of Shares being less than the original amount invested.

### **Repurchase and Reverse Repurchase Agreements**

In the event of a bankruptcy or other default of a seller of a repurchase agreement, the company could experience both delays in liquidating the underlying securities and losses, including a possible decline in the value of the underlying securities during the period when the Company seeks to enforce its rights thereto, reduced levels of income and lack of access to income during this period and the expenses of enforcing its rights.

### **Suspension of Valuation**

The ability to subscribe for, redeem or convert Shares may be affected by a temporary suspension of the determination of Net Asset Value which may take place upon the occurrence of certain events as described in Appendix II below.

### **Political Risks**

The performance of a Fund may be affected by changes in economic and market conditions, uncertainties such as political developments, military conflict and civil unrest, changes in government policies, the imposition of restrictions on the transfer of capital and in legal, regulatory and tax requirements.

### **Foreign Exchange Risk**

Where a Fund engages in foreign exchange transactions which alter the currency exposure characteristics of its investments the performance of such Fund may be strongly influenced by movements in exchange rates as currency positions held by the Fund may not correspond with the securities positions held.

The Net Asset Value per Share of a Fund will be computed in its Base Currency whereas the investments held for the account of a Fund may be acquired in other currencies. A Fund's Net Asset Value may

change significantly when the currencies other than the Base Currency in which some of the Fund's investments are denominated strengthen or weaken against the Base Currency. Currency exchange rates generally are determined by supply and demand in the foreign exchange markets and the perceived relative merits of investments in different countries. Currency exchange rates can also be affected unpredictably by intervention by Government or central banks or by currency controls or political developments.

In addition, currency hedging transactions, while potentially reducing the currency risks to which the Fund would otherwise be exposed, involve certain other risks, including the risk of a default by a counterparty, as described above. In addition, where a Fund enters into "cross-hedging" transactions (e.g., utilising a currency different from the currency in which the security being hedged is denominated), the Fund will be exposed to the risk that changes in the value of the currency used to hedge will not correlate with changes in the value of the currency in which the securities are denominated, which could result in loss on both the hedging transaction and the Fund securities.

Forward currency contracts involve the possibility that the market for them may be limited with respect to certain currencies and, upon a contract's maturity, possible inability to negotiate with the dealer to enter into an offsetting transaction. There is no assurance that an active forward currency contract market will always exist. These factors restrict the ability to hedge against the risk of devaluation of currencies in which a substantial quantity of securities are being held for a Fund and are unrelated to the qualitative rating that may be assigned to any particular security.

Also, as subscription monies and redemption monies may be paid in a currency other than the Base Currency of the Fund, investors should be aware that there is an exchange rate risk if such other currencies depreciate against the base currency and consequently they may not realise the full amount of their investment in the Fund.

### **Share Currency Designation Risk**

A Class may be designated in a currency other than the Base Currency of a Fund. Changes in the exchange rate between the Base Currency and such designated currency may lead to a depreciation of the value of such Shares as expressed in the designated currency. The Investment Manager may or may not try to mitigate this risk by using any of the efficient portfolio management techniques and instruments, including currency options and forward currency exchange contracts, set out in this Prospectus and within the conditions and limits imposed by the Central Bank. While it is not the intention, over-hedged or under-hedged positions may arise due to factors outside of the control of a Fund. Over-hedged positions will not be permitted to exceed 105% of the Net Asset Value attributable to the relevant Class. Where relevant, hedged positions will be kept under review to ensure that over-hedged positions do not exceed the permitted level. This review will incorporate a procedure to ensure that positions materially in excess of 100% will not be carried forward from month to month. Investors should be aware that this strategy may substantially limit Shareholders of the relevant Class from benefiting if the designated currency falls against the Base Currency and/or the currency/currencies in which the assets of the Fund are denominated. In such circumstances, Shareholders of the Class may be exposed to fluctuations in the Net Asset Value per Share reflecting the gain/loss on and the costs of the relevant financial instruments.

Although hedging strategies may not necessarily be used in relation to each Class within a Fund, the financial instruments used to implement such strategies shall be assets/liabilities of the Fund as a whole. However, the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Class. Any currency exposure of this Class may not be combined with or offset against that of any other Class of the Company. The currency exposures of the assets of a Fund will not be allocated to separate Classes.

## **Liquidity and Settlement Risks**

The Funds will be exposed to a credit risk on parties with whom they trade and may also bear the risk of settlement default. Some of the markets in which the Funds will invest may be less liquid, less developed and more volatile than the world's leading stock markets and this may result in fluctuations in the price of the Shares. In addition, market practices in relation to the settlement of securities transactions and the custody of assets could provide increased risks to a Fund and may involve delays in obtaining accurate information on the value of securities (which may as a result affect the calculation of the Net Asset Value).

As the Company may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the scheme 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 whereby the Custodian will have no liability. Any proposed investment in these markets will be disclosed in the relevant Supplement. Shareholders should also note that settlement mechanisms in emerging and less developed markets are generally less developed and reliable than those in more developed countries and that this therefore increases the risk of settlement default, which could result in substantial losses for the Company and the relevant Fund in respect to investments in emerging markets.

## **Stock Market Risk**

A Fund's share price will move up and down in reaction to stock market movements. Stock prices change daily in response to company activity and general economic and market conditions. A Fund's investments in common stocks and other equity securities are subject to stock market risk, which is the risk that the value of equity securities may decline. Also, equity securities are subject to the risk that a particular issuer's securities may decline in value, even during periods when equity securities in general are rising. Additional stock market risks may be introduced when a particular equity security is traded on a foreign market. For more detail on the related risks involved in foreign markets, see **Foreign exposure risks below**.

## **Foreign Exposure Risk**

Investing in foreign securities, including depository receipts, or securities of entities with significant foreign operations, involves additional risks which can affect a Fund's performance. Foreign markets, particularly emerging markets, may be less liquid, more volatile and subject to less government supervision than an investor's home market. There may be difficulties enforcing contractual obligations, and it may take more time for transactions to clear and settle. Less information may be available about foreign entities. The costs of buying and selling foreign securities, including tax, brokerage and custody costs, may be higher than those involving domestic transactions. The specific risks of investing in foreign securities include:

*Currency Risk:* The values of foreign investments may be affected by changes in currency rates or exchange control regulations. If the local currency gains strength against the domestic currency, the value of the foreign security increases in domestic currency terms. Conversely, if the local currency weakens against the domestic currency, the value of the foreign security declines in domestic security terms.

*Regulatory Risk:* Foreign companies often are not subject to uniform accounting, auditing and financial reporting standards or to other regulatory practices and requirements.

### **Concentration Risk**

A Fund's investments will be concentrated in a particular country or region, in a select group of issuers, or both. When a Fund's investments are concentrated in a particular country or region, the Fund's performance may be closely tied to economic and political conditions within that country or region. A Fund that concentrates its investments in a select group of issuers can be more volatile than the market as a whole because changes in the financial condition of an issuer or changes in economic or political conditions that affect a particular type of security or issuer can affect the value of an issuer's securities. For these reasons, a concentrated Fund's performance may be more volatile than the performance of more diversified Funds.

### **Interest Rate Risk**

Bond prices rise when interest rates decline and decline when interest rates rise. The longer the duration of a bond, the more a change in interest rates affects the bond's price. Short-term and long-term interest rates may not move the same amount and may not move in the same direction. This may result in the amount realised on the sale of Shares being less than the original amount invested.

### **Prepayment Risk**

Prices and yields of mortgage-backed securities assume the securities will be redeemed at a given time. When interest rates decline, mortgage-backed securities experience higher prepayments because the underlying mortgages are repaid earlier than expected. A Fund's portfolio manager may be forced to invest the proceeds from prepaid mortgage-backed securities at lower rates, which results in a lower return for the Fund. When interest rates increase, mortgage-backed securities experience lower prepayments because the underlying mortgages may be repaid later than expected. This typically reduces the value of the underlying securities.

### **High Yield Securities Risk**

Below investment-grade securities sometimes called "**junk bonds**" are considered speculative. These securities have greater risk of default than higher rated securities. The market value of below investment grade securities is more sensitive to individual corporate developments and economic changes than higher rated securities. The market for below investment-grade securities may be less active than for higher rated securities, which can adversely affect the price at which these securities may be sold. Less active markets may diminish the Fund's ability to obtain accurate market quotations when valuing the portfolio securities and calculating the Net Asset Value of the Fund. In addition, the Fund may incur additional expenses if a holding defaults and the Fund has to seek recovery of its principal investment. Below investment-grade securities may also present risks based on payment expectations. For example these securities may contain redemption or call provisions. If an issuer exercises these provisions in a declining interest rate market a Fund would have to replace the security with a lower yielding security resulting in a decreased return for investors.

### **Derivative Securities Risk**

In relation to investment in financial derivative instruments, the use of these instruments involves special risks including (i) dependence on the ability to predict movements in the prices of securities underlying the financial derivative instruments and movements in interest or currency rates; (ii) imperfect correlation between the financial derivative instruments and the securities or market sectors to which they relate; (iii) greater volatility than the securities and/or markets to which they relate; (iv) liquidity risk when, for

example, a particular derivative instrument is difficult to purchase or sell; (v) market risk, where the market value of the financial derivative instrument changes in a way that is detrimental to the Sub-Fund; (vi) counterparty risk, where the counterparty with which the Sub-Fund trades becomes insolvent, bankrupt or defaults; (vii) settlement risk, where a counterparty defaults in settling a trade; and (viii) legal risk, where the enforceability of a financial derivative instrument contract may be an issue.

### **Performance Fee Risk**

Where performance fees are payable by a Fund, these will be based on net realised and net unrealised gains and losses as at the end of each calculation period. As a result, performance fees may be paid on unrealised gains which may subsequently never be realised.

### **Other Risks**

The Company will be responsible for paying its fees and expenses regardless of the level of its profitability. In view of the fact that an initial charge may be payable on a subscription by an investor any investment in a Fund should be regarded as a medium to long term investment.

### **Changes to Share Value**

It should be appreciated that the value of Shares and the income from them may fall as well as rise, and that investors may not get back the amount they have invested. Changes in exchange rates may cause the value of Shares to go up or down. Details of certain investment risks for an investor are set out above.

### **Legal Requirements**

Persons interested in purchasing Shares should inform themselves as to (a) the legal requirements within their own countries for the purchase of Shares, (b) any foreign exchange restrictions which may be applicable, and (c) the income and other tax consequences of purchase, conversion and redemption of Shares.

The difference, at any one time, between the sale and repurchase price of the Shares means that any investment in the Company should be viewed in the medium to long term. Initial applications will be processed upon receipt by the Administrator of both the Application Form and cleared funds. Subsequent purchases will be processed upon receipt of trade instructions and cleared funds.

Specific risk warnings in relation to particular Funds are contained in the relevant Supplement.

The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the yield and risk characteristics of the main categories of investments of the Funds.

Under the European Union's Taxation of Savings Income in the form of Interest Payments directive, professional obligations have been outlined to ensure that interest payments made in one EU member state to individuals resident in another EU member state are subject to effective taxation in accordance with the laws of their EU member state. As a result of such provisions, it is necessary to ascertain the tax identification number of subscribers. Accordingly subscribers will be required to provide their tax identification number to the Company. Such information will be collected for compliance reasons only and shall not be disclosed to unauthorised persons.



### **Umbrella Structure of the Company**

Pursuant to Irish law the Company should not be liable as a whole to third parties and there should not be the potential for cross contamination of liabilities between different funds. However, there can be no categorical assurance that, should an action be brought against the Company in the courts of another jurisdiction, the segregated nature of the Funds will necessarily be upheld.

### **Foreign Taxes**

The Company may be liable to taxes (including withholding taxes) in countries other than Ireland on income earned and capital gains arising on its investments. The Company may not be able to benefit from a reduction in the rate of such foreign tax by virtue of the double taxation treaties between Ireland and other countries. The Company may not, therefore, be able to reclaim any foreign withholding tax suffered by it in particular countries. If this position changes and the Company obtains a repayment of foreign tax, the Net Asset Value of the Company will not be restated and the benefit will be allocated to the then-existing Shareholders rateably at the time of repayment.

## HOW TO BUY SHARES

Investors buying Shares for the first time should complete the Application Form obtainable from the Administrator. Subsequent applications may be made in writing or by facsimile or by electronic means provided such means are in accordance with the requirements of the Central Bank.

Applications received prior to the Dealing Deadline will be dealt with on that Dealing Day. Any applications received after the Dealing Deadline will be dealt with on the following Dealing Day. Payment may be made by electronic transfer. Following the expiration of the Offer Period, all applications for Shares must be made in monetary terms and not share units.

The initial issue price for Shares in a Fund will be determined by the Directors at the time of the creation of the Fund and may include a front end fee of up to 5%. The front end fee shall be payable to the Company.

On each Dealing Day following the Offer Period, the subscription price shall be the relevant Net Asset Value per Share, plus a front end fee of up to 5%. The subscription price will be calculated using the following formula: -

$$SP = NAV \times (1 + FEF)$$

where:-

SP = the subscription price;

NAV = the Net Asset Value per Share; and

FEF = the front end fee expressed (to two decimal places) as a percentage of 1.

Following the close of their Offer Period, the Classes in the initial Funds shall be available at their Net Asset Value per Share on each Dealing Day together with any applicable subscription charges. Details of the applicable Offer Period in relation to the initial Funds and additional Funds or Classes will be contained in the relevant Supplement issued at the time of creation of such Funds or Classes. Such periods may be extended by the Directors at their discretion and any such extension will be notified to the Central Bank.

The minimum initial investment and minimum additional investment in a Fund, if any, will be determined by the Directors at the time of the creation of a Fund. The Directors may increase or reduce these amounts if, in their absolute discretion, they consider that the circumstances so warrant. See the relevant Supplement for further details.

Payment for Shares may be made in the Base Currency of the Fund or in other major freely convertible currencies.

The Directors may in their absolute discretion, provided that they and the Custodian are satisfied that no material prejudice would result to any existing Shareholders and subject to the provisions of the Companies Acts 1963 to 2009, the Regulations, the investment objective and policies and investment restrictions of a Fund, allot Shares against the vesting in the Custodian of investments which would form part of the assets of the Company. The number of Shares to be issued in this way shall be the number which would on the day the investments are vested in the Custodian have been issued for cash against the

payment of a sum equal to the value of the investments. The value of the investments to be vested shall be calculated on such basis as the Directors may decide, but such value cannot exceed the highest amount at which they would be valued by applying the valuation methods described under “**Valuation of Assets and Temporary Suspension of Determination of Net Asset Value**” below.

Applications for Shares must be made for specified amounts in value. Fractional Shares of not less than 0.001 of a Share may be issued. Subscription moneys representing smaller portions of Shares will not be returned to the applicant but will be retained as part of the assets of the Company.

The “**Terms and Conditions of Application**” set out below contains certain terms and conditions regarding the application procedure for Shares in the Company and certain indemnities in favour of the Company, the Investment Manager, the Administrator, the Custodian and the other Shareholders for any loss suffered by them as a result of such applicant or applicants acquiring or holding Shares in the Company.

Shares may not be issued during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described below. Applicants for Shares will be notified of such suspension and, unless withdrawn, their applications will be considered as at the next Dealing Day following the ending of such suspension.

The number of Shares will be rounded to the nearest one thousandth of a Share.

Settlement will normally be by telegraphic transfer to be received no later than two business days after the relevant Dealing Day. The Company has the right to cancel any purchase contract which is not settled in full. The applicant remains liable for any loss incurred by the Company in the case of non-settlement.

Purchase contract notes will normally be issued within 5 days of the allocation of Shares. Shares will be evidenced by an entry in the register and are represented by a written confirmation of ownership issued to the Shareholder within 21 days after receipt of payment and documentation. Share certificates will not be issued.

Measures aimed towards the prevention of money laundering will require a detailed verification of the applicant’s identity, address and source of funds. Depending on the circumstances of each application, a detailed verification of source of funds might not be required where (i) the applicant makes the payment from an account held in the applicant’s name at a recognised financial institution or (ii) the application is made through a recognised intermediary accompanied by appropriate letters of assurance. These exceptions will only apply if the financial institution or intermediary referred to above are within a country recognised by Ireland as having equivalent anti-money laundering regulations.

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 refuse to accept the application and all subscription monies, and in the event that the applicant requests the redemption of Shares, the Company will refuse to pay redemption proceeds.

By way of example an individual will be required to produce a copy of a passport or identification card duly certified by a notary public, which must show a photograph, signature of the applicant and date of birth together with two pieces of evidence of his/her address, such as a utility bill or bank statement, no more than three months old. In the case of corporate applicants this will 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.

### **Pricing**

There is a single price for buying and selling Shares. This is represented by the Net Asset Value per Share of the relevant Class or Fund. A front end fee of up to 5% may be charged on the purchase price of the Shares at the discretion of the Directors.

A switching fee of up to 5% and a repurchase fee of up to 3% may also be charged at the discretion of the Directors.

## **HOW TO SELL SHARES**

Instructions to sell Shares should be addressed to the Company and may be made in writing or by facsimile or by electronic means provided such means are in accordance with the requirements of the Central Bank.

The minimum value of a holding remaining in any one Fund, if any, will be determined by the directors at the time of the creation of a Fund. The Directors may increase or reduce this minimum amount if, in their absolute discretion, they consider that the circumstances so warrant. See the relevant Supplement for further details in relation to the initial Funds.

Settlement will normally be made by electronic transfer within 5 Business Days of the relevant Dealing Day on which the repurchase request is effective. Payment will be made in the Base Currency unless otherwise agreed with the Administrator to be in another major freely convertible currency. Payment of redemption proceeds will be made to the registered Shareholder to the account of record. Amendments to the registration details and payment instructions will only be effected on receipt of original documentation. The proceeds of the redemption of Shares will only be paid on receipt by the Administrator of the original subscription application form and all anti-money laundering documents and only where all anti-money laundering procedures have been completed. A repurchase request will not be capable of withdrawal after submission to the Company, unless such withdrawal is approved by the Company acting in its absolute discretion. If requested, the Company may, in its absolute discretion and subject to the prior approval of the Custodian, and on prior written notification to the Shareholders, agree to designate additional Dealing Days and Valuation Points for the repurchase of Shares.

Shares may not be repurchased during any period when the calculation of the Net Asset Value of any particular Fund is suspended in the manner described below. Shareholders requesting repurchase will be notified of such suspension and, unless withdrawn, repurchase requests will be considered as at the next Dealing Day following the end of such suspension.

Further conditions relating to the repurchase of Shares, including compulsory repurchase and limits on the amount of Shares which the Company is obliged to repurchase on any Dealing Day, are set out below.

## **TRANSFER OF SHARES**

All transfers of shares shall be effected by transfer in writing in any usual or common form and every form of transfer shall state the full name and address of the transferor and the transferee. The instrument of transfer of a share shall 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 share register in respect

thereof. The Directors may decline to register any transfer of shares, if they determine that such transfer is not in the best interests of the Company or if in consequence of such transfer, the transferor or transferee would hold less than the Minimum Holding or would otherwise infringe the restrictions on holding shares outlined above. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year. The Directors may decline to register any transfer of shares unless the instrument of transfer is deposited at the registered office of the Company or at such other place as the Directors may reasonably require together with such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferee will be required to complete an Application Form which includes a declaration that the proposed transferee is not a US Person.

Shares are freely transferable and may not be subject to any transfer restrictions or compulsory redemption save where the holding of such shares may result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Company or its Shareholders as a whole, or where such transfer would result in a shareholder falling below the specified minimum holding.

### **HOW TO SWITCH BETWEEN FUNDS**

It is intended that investors will be able to switch between Classes or Funds.

Shareholders may switch some or all of their Shares in one Class or Fund to Shares in another Class or Fund. Instructions to switch Shares must be sent to the Company in writing or by facsimile or by electronic means provided such means are in accordance with the requirements of the Central Bank, and must be given by all joint shareholders. Instructions should include full registration details together with the number of Shares to be switched between named Classes or Funds. A switching fee of up to 5% may be charged.

Switching instructions received prior to the Dealing Deadline will be dealt with on that Dealing Day. Instructions received after the Dealing Deadline will be dealt with on the following Dealing Day.

Any Shareholder switching all or part of their holding of shares between Classes or Funds must meet the particular requirements of each Class or Fund in respect of minimum initial subscriptions and minimum holdings details of which are contained in the relevant Supplement in relation to Funds.

Switching will take place in accordance with the following formula:-

$$NS = \frac{(AxBxC) - D}{E}$$

where:-

- NS = the number of shares which will be issued in the new Class or Fund;
- A = the number of the Shares to be converted;
- B = the repurchase price of the Shares to be converted;
- C = the currency conversion factor, if any, as determined by the Directors;
- D = a switching fee of up to 5% per cent of the Net Asset Value per Share; and
- E = the issue price of shares in the new Class or Fund on the relevant Dealing Day.

If NS is not an integral number of shares the Directors reserve the right to issue fractional shares in the new Class or Fund or to return the surplus arising to the Shareholder seeking to convert the Shares. The number of Shares will be rounded up or down to the nearest one thousandth of a Share.

### **Settlement Procedures**

Payment in respect of subscriptions for Shares must be received by the Administrator no later than two Business Days after the relevant Dealing Day provided that the Directors reserve the right to defer the issue of Shares until receipt of subscription monies by the Fund.

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

If payment in respect of a subscription has not been received by the relevant time, the Directors or their delegate may cancel the allotment and/or charge the investor interest at the 7 day London Interbank Offer Rate as fixed by the British Banking Association (LIBOR) + 1% to be reimbursed to the Administrator. In addition, the Directors have the right to sell all or part of the investor's holding of Shares in the Fund or any other Fund of the Company in order to meet such charges.

Applications received prior to the Dealing Deadline will be dealt with on that Dealing Day. Any applications received after the Dealing Deadline will be dealt with on the following Dealing Day. Payment is usually made in the Base Currency of the Fund or in other major freely convertible currencies by CHAPS, SWIFT, telegraphic or electronic transfer (quoting the subscription reference number, applicant's name and shareholder number, if available) to the bank account as set out in the relevant Supplement.

Investors are requested to instruct their bankers to advise the Administrator of the remittance of funds, such advice to include the subscription reference number, applicant's name, Shareholder number (if available) and the Class and Fund for identification purposes. Failure to do so will cause delay in the processing of the transaction onto the register.

Redemption payments will be made to the bank account detailed on the original account opening form or subsequently notified to the Administrator in writing. Redemption proceeds will be paid on the fifth Business Day after the relevant Dealing Day provided that all documentation has been received by the Administrator and all anti-money laundering procedures have been completed. The cost of such settlement by telegraphic transfer will be passed on to the Shareholder.

## **PART TWO**

### **APPENDIX I**

#### **FEES AND EXPENSES**

The fees in respect of the Fund are as follows:-

##### **Investment Management and Performance Fees**

The Company will pay to the Investment Manager monthly in arrears an investment management fee and may also pay the Investment Manager performance, distribution and/or subscription fees as set out in the relevant supplement of the initial Funds. The fee for future Funds shall be determined by the Directors at the time of creation of the Fund and details will be set out in the relevant Supplement. The investment management fee shall accrue and be paid monthly in arrears. Although there is no current intention to appoint sub-investment managers, the Investment Manager will be responsible for the fees and expenses of any sub-investment managers, advisors, or agents appointed by it.

The Company will pay the out-of-pocket expenses of the Investment Manager incurred on the proper performance of its duties which shall be paid out of the assets of the relevant Fund.

##### **Administration Fees**

The Administrator shall be entitled to receive out of the assets of each Fund, a monthly fee, accrued daily and payable monthly in arrears, of up to a maximum of 0.10% of the Net Asset Value of the Fund subject to a minimum annual fee of €54,000 per Fund. This minimum fee may be waived by the Administrator for such period or periods of time as may be agreed between the Company and the Administrator from time to time. An account opening fee per shareholder, a maintenance fee per shareholder account, per annum, a fee per transaction noted on the register and a fee for financial statements preparation are also payable by the Funds. These fees will be at normal commercial rates. The Administrator is also entitled to be reimbursed by the Funds for all of its reasonable disbursements and out of pocket expenses.

##### **Custodial fees**

The Custodian shall be entitled to receive out of the assets of each Fund, a monthly fee, accrued daily and payable monthly in arrears, based on the number of transactions and the Net Asset Value of the Fund, up to a maximum fee of 0.05% of the Net Asset Value of the Fund (plus VAT, if any) per annum. In addition to such remuneration, the Custodian shall be entitled to be repaid all of its reasonable disbursements, including the fees and expenses of any sub-custodian (which shall be at normal commercial rates) and transaction charges (which shall also be at normal commercial rates) levied by the sub-custodian and which shall be payable by the Fund.

##### **Directors fees**

The Directors who are not partners, officers or employees of the Sponsor, the Investment Manager, the Custodian or the Administrator, will be entitled to remuneration by the Company for their services as Directors provided however that the aggregate emoluments of each Director in respect of any twelve month accounting period shall not exceed €25,000 or such higher amount as may be approved by the Company in general meeting. In addition, the Directors will also be entitled to be reimbursed for their reasonable and vouched out of pocket expenses incurred in discharging their duties as Directors.

## **General Expenses**

The Company will pay out of the assets of the Funds the fees and expenses payable to the Investment Manager, the Custodian, any sub-custodians (which shall be charged at normal commercial rates), the Administrator and the Directors (as referred to above), any fees in respect of circulating details of the Net Asset Value, stamp duties, taxes, company secretarial fees, brokerage or other expenses of acquiring and disposing of investments, and the fees and expenses of the auditors, tax and legal advisers. The costs of printing and distributing reports, accounts and any explanatory memoranda, any necessary translation fees, publishing prices and any costs incurred as a result of periodic updates of the Prospectus, 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) will also be paid by the Company.

The cost of establishing the Company and the expenses of the offer of shares in the Atlante Target Italy Fund and the Atlante Euro Flexible Fund (the “**Initial Funds**”), which include the issue of Shares, the preparation and printing of this Prospectus, marketing costs, listing fees and the fees of all professionals relating to it, which was estimated not to exceed €50,000 were borne initially by the Sponsor. The Net Asset Value of the Initial Funds on the first Dealing Day following the initial Offer Period cumulatively reached €15 million and the Company reimbursed the Sponsor in relation to such expenses for the Initial Funds out of the assets of the Initial Funds. In such circumstances the costs and expenses will be amortised over the three financial years of the Initial Funds following the approval of the Initial Funds by the Central Bank or such other period as the Directors may determine.

## **Front End Fee**

A front end fee of up to 5% may be payable by a Shareholder. The fee shall be paid to the Company.

## **MANAGEMENT AND ADMINISTRATION**

### **The Board of Directors**

The Board of Directors is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The Articles of Association provide that the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking or property or any part thereof. The powers of the Company are subject to the limits and conditions set forth in the Regulations and as may from time to time be laid down by the Central Bank. The Regulations currently provide that the Company may borrow up to 10 per cent of its Net Asset Value provided that such borrowing is on a temporary basis and is not for the purpose of making investment and the Company may acquire foreign currencies by means of a back-to-back loan. The Directors may delegate certain functions to the Investment Manager, the Administrator, the Custodian and other parties, subject to supervision and direction by the Directors.

The Directors and their principal occupations are set forth below.

### ***Directors and Secretary***

***Peter Blessing*** Mr. Blessing is a Chartered Accountant and has been executive director of Corporate Finance Ireland Limited, an independent corporate finance house, since 1996. He is also a director of and consultant to a number of International Financial Services Centre (“**IFSC**”) companies. He was Managing Director of Credit Lyonnais Financial Services, the IFSC subsidiary of Credit Lyonnais, from 1991 to 1995. He previously held senior positions with Allied Irish Banks, plc, where he was a director of its



IFSC subsidiary from 1988 to 1991 and was a senior executive in its corporate finance division from 1982 to 1988.

**Dermot Butler** Mr. Butler, who was born in 1941, has more than thirty years experience in the financial markets, for over ten years of which he acted as an independent agent for Rudolf Wolff & Co. Limited, a commodity and futures broker. He also served on both the London Metal Exchanges Board and London Metal Exchange Company, the options sub-committees, liaising between the Bank of England, the Department of Trade and Industry and the CFTC. Prior to moving to Dublin to set up the Custom House group of companies in 1989, he was both chairman and a director of McDonnell & Co. (London) Limited, a fund management and wholly owned subsidiary of McDonnell & Co. (Bermuda) Limited, where he was responsible for the marketing and promotion of the “McD” range of funds.

**Stuart Anthony Williams** Mr Williams is employed by the Investment Manager in the position of Head of Middle Office and Compliance since 2009. He is registered with the Financial Services Authority in the United Kingdom as an approved person in the capacity of Compliance Overview (CF10) and Money Laundering (CF11). Mr Williams has twenty years experience of working for both buy and sell side financial institutions. Mr Williams employment history includes management positions at ING Barings in London from 1995 to 1997, ING Investment Management in Italy from 1998 until 2003, Pioneer Investment Management SpA in Italy from 2004 to 2005 and Jacob Rothschild Group in London from 2006 to 2007. Additionally, he is an associate member of the Chartered Institute for Securities & Investment in the United Kingdom.

**Matteo Riggino** Mr. Riggino has worked for the Investment Manager in London since 2003, initially as an investment advisor and client relationship manager and currently as an investment manager and executive director. Mr. Riggino holds an Economics degree from the University of Florence in Italy and CF27 investment management approval and accreditation from the Financial Services Authority in the UK.

No Director has:

- (i) any unspent convictions in relation to indictable offences; or
- (ii) been bankrupt or the subject of an involuntary arrangement, or has had a receiver appointed to any asset of such Director; or
- (iii) been a Director of any Company which, while he was a director with an executive function or within 12 months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors, voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangements with its creditors generally or with any class of its creditors, save for Dermot S.L. Butler who was a director of Outerannual Limited, a U.K. company which was subject to a creditors voluntary liquidation in January, 1995 ;
- (iv) been a partner of any partnership, which while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset;
- (v) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or

- (vi) been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of the Company.

The Directors of the Company are responsible for its management and control and the determination of its investment policy. It is anticipated that the Directors of the Company will meet at least twice a year to review the investment policy of the Company and the Investment Manager's implementation thereof.

As the day to day investment management and administration of the Company has been delegated to the Investment Manager and the Administrator respectively, all the Directors are non-executive.

For the purposes of this document, the address of the Directors is the registered office of the Company.

The Company's secretary is Matsack Trust Limited.

### **The Investment Manager**

The Company has appointed Albemarle Asset Management Limited, the promoter, as investment manager to the Company responsible for providing discretionary investment management and advisory services to the Company.

The Investment Manager is an investment company formed under the laws of England. As at 30 June 2010, the Investment Manager had funds under management of €180 million providing investment management services to a number of high net worth and institutional clients through managed accounts.

The Investment Management Agreement dated 19 April 2007 between the Company and the Investment Manager provides that in the absence of negligence, wilful default, fraud or bad faith, neither the Investment Manager nor any of its directors, officers, employees or agents shall be liable for any loss or damage arising out of its performance of its obligations and duties under the Agreement. Under the Investment Management Agreement, in no circumstances shall the Investment Manager be liable for special, indirect or consequential damages, or for lost profits or loss of business, arising out of or in connection with the performance of its duties, or the exercise of its powers, under the Investment Management Agreement. The Company is obliged under the Investment Management Agreement to indemnify the Investment Manager from and against any and all claims, actions, proceedings, damages, losses, liabilities, costs and expenses (including legal fees and expenses) directly or indirectly suffered or incurred by the Investment Manager in connection with the performance of its duties and/or the exercise of its powers under the Investment Management Agreement, in the absence of any negligence, wilful default, bad faith or fraud.

Under the Investment Management Agreement, the Investment Manager is entitled to delegate or sub-contract all or any of its functions, powers, discretions, duties and obligations to any person approved by the Company in accordance with the requirements of the Central Bank, provided that: (i) such delegation or sub-contract shall terminate automatically on the termination of the Investment Management Agreement; (ii) that the Investment Manager shall remain responsible and liable for any acts or omissions of any such delegate as if such acts or omissions were those of the Investment Manager; (iii) such delegates are not paid directly out of the assets of the Company; and (iv) details of such delegates will be disclosed in the periodic reports and will be available to Shareholders on request.

The appointment of the Investment Manager under the Investment Management Agreement is not exclusive and the Company is entitled to appoint other persons to manage the assets of the Company and to provide investment advice to the Company.

The Investment Management Agreement shall continue in full force and effect unless terminated by either party at any time upon ninety (90) days prior written notice or at any time if the other party: (i) commits any material breach of the Agreement or commit persistent breaches of the Agreement which is or are either incapable of remedy or have not been remedied within thirty (30) days of the non-defaulting party serving notice requiring the remedying of the default; (ii) becomes incapable of performing its duties or obligations under the Agreement; (iii) is unable to pay its debts as they fall due or otherwise becomes insolvent or enters into any composition or arrangement with or for the benefit of its creditors or any class thereof; (iv) is the subject of a petition for the appointment of an examiner, administrator, trustee, official assignee or similar officer to it or in respect of its affairs or assets; (v) has a receiver appointed over all or any substantial part of its undertaking, assets or revenues; (vi) is the subject of an effective resolution for the winding up (except in relation to a voluntary winding up for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the other parties); or (vii) is the subject of a court order for its winding up or liquidation.

### **The Administrator**

The Company has appointed Bank of Ireland Securities Services Limited, to act as administrator, registrar and transfer agent to the Company pursuant to an Administration Agreement, dated 19 April 2007, with responsibility for performing the day-to-day administration of the Company and for providing fund accounting for the Company, including the calculation of the Net Asset Value and the Net Asset Value per Share.

The Administrator is a private limited liability company incorporated under the laws of Ireland on 10 May 1989. Its registered and head office is at the address specified in the Directory. It is engaged in the administration of collective investment schemes and is a wholly-owned subsidiary of the Custodian. The Administration Agreement is more particularly described under “Material Contracts” below.

Under the Administration Agreement between the Company and the Administrator, pursuant to which the latter was appointed as Administrator to administer the affairs of the Company, subject to the terms and conditions of the Administration Agreement and subject to the overall supervision of the Directors, the Administration Agreement may be terminated by either party on 90 days written notice or forthwith by notice in writing in certain circumstances such as the insolvency of either party or unremedied breach after notice. The Administrator has the power to delegate its duties with the prior approval of the Central Bank.

The Administration Agreement provides that the Company shall indemnify the Administrator against all actions, claims, costs, damages, liabilities and expenses (including, without limitation, attorneys’ fees on a full indemnity basis and amounts reasonably paid in settlement) incurred by the Administrator, its directors, officers, employees, servants or agents in the performance of any of its obligations or duties under the Administration Agreement including, without limitation, complying with instructions given to the Administrator by or on behalf of the Company otherwise than due to the fraud, bad faith, negligence or wilful default of the Administrator, its directors, officers, employees, servants or agents in the performance of any of its obligations or duties thereunder.

### **The Custodian**

The Company has appointed the Governor and Company of the Bank of Ireland, acting through its division Bank of Ireland Securities Services, as Custodian of its assets pursuant to a Custodian Agreement dated 19 April 2007 between the Company and the Custodian. The Custodian was established by Royal Charter in 1783 and is one of Ireland's largest banks with gross assets in excess of \$72 billion under custody as at 30 September 2010, and is a public company quoted on the Irish, London and New York

Stock Exchanges. The main business activity of the Custodian is the provision of retail and wholesale financial services as well as asset and wealth management services. In accordance with and subject to the Custodian Agreement, the Custodian provides safe custody for all the assets of the Company which will be under the control of its custodial network. The Custodian Agreement is more particular described under “Material Contracts” below.

The Custodian will be obliged, inter alia, to ensure that the issue, repurchase, redemption, sale and cancellation of Shares on behalf of the Company are carried out in accordance with the Articles. The Custodian will carry out the instructions of the Company unless they conflict with the Regulations or the Articles. In addition, the Custodian will be obliged to enquire into the conduct of the Company in each financial year and report thereon to the Shareholders.

The Custodian Agreement contains provisions governing the responsibilities of the Custodian and provides that the Custodian shall be liable to the Company and the Shareholders for any loss suffered by them as a result of its unjustifiable failure to perform its obligations under the Articles or the Regulations or its improper performance of them.

Under the Custodian Agreement between the Company and the Custodian pursuant to which the Custodian was appointed as custodian of the Company's assets subject to the overall supervision of the Directors, the Custodian Agreement may be terminated by either party on 90 days written notice or forthwith by notice in writing in certain circumstances such as the insolvency of either party or unremedied breach after notice provided that the Custodian shall continue to act as custodian until a successor custodian approved by the Central Bank is appointed by the Company or the Company's authorisation by the Central Bank is revoked.

The Custodian has the power to delegate its duties but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Central Bank considers that in order to discharge its responsibility under the Regulations, the Custodian must exercise care and diligence in choosing and appointing a third party as a safe-keeping agent so as to ensure that the third party has and maintains the expertise, competence and standing appropriate to discharge the responsibilities concerned. The Custodian must maintain an appropriate level of supervision over the safe-keeping agent or sub-custodian and make appropriate enquiries from time to time to confirm that the obligations of the agent continue to be competently discharged. This does not purport to be a legal interpretation of the UCITS regulations and the corresponding provision of the UCITS directive.

The Agreement provides that the Company shall indemnify the Custodian and its duly authorised delegates and/or agents against and hold them harmless from and against all or any losses, liabilities, demands, damages, costs, claims and expenses whatsoever and howsoever arising (including without limitation, legal fees on a full indemnity basis and other costs, charges and expenses incurred in enforcing or attempting to enforce this indemnity and amounts reasonably paid in settlement) which the Custodian may suffer or incur in acting as Custodian (including, without limitation, acting on proper instructions or other directions under which it is authorised to act or rely pursuant to the Custodian Agreement), save where such losses, liabilities, demands, damages, costs, claims or expenses arise as a result of the Custodian's unjustifiable failure to perform its obligations or its improper performance of them.

The Custodian shall not be entitled to retire voluntarily except upon the appointment of a new Custodian in accordance with the requirements of the Central Bank or the Custodian Agreement and upon the revocation of authorisation of the Company. In the event of the Custodian desiring to retire, the Company may appoint any duly qualified corporation in accordance with the requirements of the Central Bank to the custodian in the place of the retiring custodian. If no new Custodian is appointed within 90 days of the date of the Custodian's notification to the Company of its intention to retire, an extraordinary general

meeting will be convened at which an ordinary resolution to wind up the Company will be considered so that all outstanding Shares shall be redeemed and the Company wound up, but will continue to act as Custodian and shall be reimbursed accordingly until such time as the Company has been wound up in accordance with the Articles and the authorisation of the Company by the Central Bank has been revoked.

### **Paying Agents**

Local laws/regulations in the EEA Member States may require the appointment of facilities agents/paying agents/representatives/distributors/correspondent banks (any such appointee hereafter referred to as a “**Paying Agent**”) and maintenance of accounts by such Paying Agents through which subscription and redemption monies or dividends may be paid. Shareholders who choose or are obliged to under local regulations to pay or receive subscription or redemption monies or dividends via an intermediate entity rather than directly to the Administrator (e.g. a Paying Agent in a local jurisdiction) bear a credit risk against the intermediate entity with respect to (a) subscription monies prior to the transmission of such monies to the Administrator for the account of the relevant Fund and (b) redemption monies payable by such intermediate entity to the relevant Shareholder. Fees and expenses of the Paying Agents appointed by the Company which will be at normal commercial rates will be borne by the Company in respect of which a Paying Agent has been appointed. All Shareholders of the relevant Fund on whose behalf a Paying Agent is appointed may avail of the services provided by Paying Agents appointed by or on behalf of the Company.

### **CONFLICTS OF INTEREST**

Subject to the provisions of this section, the Directors, the Investment Manager, the Administrator, the Custodian, any Shareholder and any of their respective subsidiaries, affiliates, associates, agents or delegates (“**Connected Persons**”) may contract or enter into any financial, banking or other transaction with one another or with the Company including, without limitation, investment by the Company in securities of a Shareholder or investment by any Connected Persons in any company or bodies any of whose investments form part of the assets of the Company or be interested in any such contract or transactions and in particular, without limitation, they may invest in and deal with Shares relating to the Company or any property of the kind included in the property of the Company for their respective individual accounts or for the account of someone else.

In addition, any cash of the Company may be deposited, subject to the provisions of the Central Bank Acts, 1942 to 1989 (as amended), of Ireland, with any Connected Person (being a banker or other financial institution) and such banker or other financial institution shall allow interest thereon in accordance with normal banking practice for deposits at a rate not lower than the prevailing rate for deposits of a similar size and duration.

Any Connected Person may also deal as agent or principal in the sale or purchase of securities and other investments to or from the Company through or with any Connected Person. There will be no obligation on the part of any Connected Person to account to Shareholders for any benefits so arising and any such benefits may be retained by the relevant party, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length, are in the best interests of Shareholders and

- (i) a certified valuation of such transaction by a person approved by the Custodian (or the Directors in the case of a transaction involving the Custodian) as independent and competent has been obtained, or

- (ii) such transaction has been executed on best terms on an organised investment exchange under its rules, or
- (iii) where (i) and (ii) are not practicable such transaction has been executed on terms which the Custodian (or the Directors in the case of a transaction involving the Custodian) is satisfied conform with the principle that such transactions be carried out as if effected on normal commercial terms negotiated at arms length and in the best interest of Shareholders.

The Investment Manager may also, in the course of its business, have potential conflicts of interest with the Company in circumstances other than those referred to above. The Investment Manager will, however, have regard in such event to its obligations under the Investment Management Agreement and, in particular, to its obligations to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients when undertaking any investments where conflicts of interest may arise and will seek to resolve such conflicts fairly. Insofar as the Investment Manager may also be approved by the Custodian as a competent person to value any investments of the Company in respect of which no price is currently available, the Investment Manager will have regard to its obligation to act in the best interest of the Company. Investors should note that any increase in the value of the Company's investments will result in an increase in fees payable to the Investment Manager. In the event that a conflict of interest does arise the Directors will endeavour to ensure that such conflicts are resolved fairly and that investment opportunities are allocated on a fair and equitable basis.

At the date of this Prospectus, the Directors have the following conflicts of interest with the Company: Mr. Matteo Riginello is a director of the Investment Manager and Mr. Stuart Anthony Williams is Head of Middle Office and Compliance of the Investment Manager.

### **SOFT COMMISSIONS**

The Investment Manager may effect transactions by or through the agency of another person with whom the Investment Manager has an arrangement under which that party will from time to time provide to or procure for the Investment Manager's goods, services or other benefits, such as research and advisory services, computer hardware associated with specialised software or research services and performance measures, etc., the nature of which is such that their provision benefits the Company as a whole and contributes to an improvement in the Company's performance and that of the Investment Manager in providing investment services to the Company and for which no direct payment is made but instead the Investment Manager undertakes to place business with the party. All transactions effected by the Investment Manager on behalf of the Company under such soft commission arrangements will be effected on best execution terms and, in deciding what this rule requires, no account will be taken of the benefits derived from the soft commissions arrangements. The benefits provided under the arrangement must be those which assist in the provision of investment services of the Company. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments. Details of any such arrangements shall be included in the Company's annual and half-yearly reports.

### **MEETING AND REPORTS TO SHAREHOLDERS**

The financial year of the Company ends on 30 April each year.

The annual report of the Company incorporating audited financial statements will be published within four months after the end of the financial year. The financial statements of the Company will be maintained in the Base Currency of the Fund or such other currency as the Directors may determine. The first annual report was in respect of the year ended 30 April 2008.

The Company will publish a semi-annual unaudited financial report made up to 31 October in each year, containing a list of the Funds' holdings and their market values, within two months of the date to which it is made up. The first semi-annual report was in respect of the half-year ended 31 October 2007.

The annual and semi-annual reports will be supplied to Shareholders free of charge on request and will be available to the public at the registered office of the Company on any Business Day.

## **TAXATION**

**The following is primarily a summary of certain Irish tax consequences of the purchase, ownership and disposal of Shares by Shareholders who are not resident or ordinarily resident in Ireland for tax purposes. It does not address in detail the position of Shareholders who are resident or ordinarily resident in Ireland (it is not intended to promote the Shares to such Shareholders). The summary does not purport to be a comprehensive description of all of the Irish tax considerations that may be relevant. The summary is based on Irish tax laws and the practice of the Irish Revenue Commissioners in effect on the date of this Prospectus (and is subject to any prospective or retroactive change). Potential investors in Shares should consult their own advisors as to the Irish or other tax consequences of the purchase, ownership and disposal of Shares.**

### **Taxation of the Company**

The Company intends to conduct its affairs so that it is Irish tax resident. On that basis, the Company qualifies as an "investment undertaking" for Irish tax purposes and, consequently, is exempt from Irish corporation tax on its income and gains.

The Company may be obliged to account for Irish tax to the Irish Revenue Commissioners in certain circumstances, as described below. Explanations of the terms "resident" and "ordinarily resident" are set out at the end of this summary.

### **Taxation of Non-Irish Shareholders**

No Irish tax will be deducted by the Company from payments made to Shareholders who are not resident (or ordinarily resident) in Ireland for Irish tax purposes, once the information described below is provided to the Company.

When an application is made to subscribe for Shares, the Company must receive details of an address and a bank account into which payments are to be made for the prospective Shareholder. If an Irish address or Irish bank account is submitted to the Company by (or on behalf of) a Shareholder, the Company must also receive a declaration confirming that the Shareholder is not resident or ordinarily resident in Ireland for Irish tax purposes (or, where the Shareholder is an intermediary, that the person who is beneficially entitled to the Shares is not resident or ordinarily resident in Ireland for Irish tax purposes).

If a declaration is not submitted when required, the Company will deduct Irish tax (at a rate of 25% or 28%, depending on the circumstances) in respect of distributions, redemptions, transfers and deemed disposal events relating to that Shareholder. The Company will also deduct Irish tax if the Company is in possession of any information that would reasonably suggest that the information contained in a

submitted declaration is not (or is no longer) materially correct. A Shareholder will generally have no entitlement to recover such Irish tax, unless the Shareholder is a company and holds the Shares through an Irish branch and in certain other limited circumstances.

Shareholders are obliged to inform the Company if they become resident or ordinarily resident in Ireland for Irish tax purposes (or, where the Shareholders are intermediaries, if the Shareholders become aware that the person who is beneficially entitled to the Shares may be resident or ordinarily resident in Ireland for Irish tax purposes).

Generally, Shareholders who are not Irish tax resident will have no other Irish tax liability with respect to their Shares. However, if a Shareholder is a company which holds its Shares through an Irish branch or agency, the Shareholder may be liable to Irish corporation tax in respect of profits and gains arising in respect of the Shares (on a self-assessment basis).

### **Taxation of Irish Shareholders**

The Company has put appropriate measures in place to ensure that Shareholders are not resident or ordinarily resident in Ireland. The Company does not actively promote its Shares to Irish investors (or in Ireland) and the Company does not distribute any offering material in Ireland in connection with its Shares.

However, if a person who is resident or ordinarily resident in Ireland for Irish tax purposes acquires Shares in the Company, the person is obliged to notify the Company and the Company may be required to deduct Irish tax (at a rate of 25% or 28%, depending on the circumstances) in respect of distributions, redemptions, transfers and deemed disposal events relating to those Shares. Persons who are resident or ordinarily resident in Ireland should seek tax advice before acquiring Shares in the Company.

### **Stamp Duty**

No Irish stamp duty (or other Irish transfer tax) will apply to the issue, transfer or redemption of Shares. If a Shareholder receives a distribution in specie of assets from the Company, a charge to Irish stamp duty could potentially arise.

### **Gift and Inheritance Tax**

Irish capital acquisitions tax (at a rate of 25%) can apply to gifts or inheritances of Irish situate assets or where either the person from whom the gift or inheritance is taken is Irish domiciled, resident or ordinarily resident or the person taking the gift or inheritance is Irish resident or ordinarily resident.

The Shares could be treated as Irish situate assets because they have been issued by an Irish company. However, any gift or inheritance of Shares will be exempt from Irish gift or inheritance tax once:

- (i) the Shares are comprised in the gift or inheritance both at the date of the gift or inheritance and at the “valuation date” (as defined for Irish capital acquisitions tax purposes);
- (ii) the person from whom the gift or inheritance is taken is neither domiciled nor ordinarily resident in Ireland at the date of the disposition; and
- (iii) the person taking the gift or inheritance is neither domiciled nor ordinarily resident in Ireland at the date of the gift or inheritance.



## **Reporting of Information under the Savings Directive**

Ireland has transposed the EU Directive on the taxation of savings income in the form of interest payments (Directive 2003/48/EC) into Irish law. In certain circumstances, the Company (or an Irish paying agent) may be obliged to report information to the Irish Revenue Commissioners relating to Shareholders who are individuals resident in the EU (other than in Ireland) or in certain other territories. A reporting obligation may also arise with respect to Shareholders established in these jurisdictions who are not legal persons, persons subject to corporate taxation or UCITS. Any information reported to the Irish Revenue Commissioners would be communicated to the authorities in the jurisdiction of residence (or establishment) of the relevant Shareholders. However, no reporting obligation should arise in Ireland once (broadly) the Company, or the relevant sub-fund of the Company, invests less than 15% of its total assets (directly or indirectly) in debt claims or other specified assets.

## **Meaning of Terms**

### *Meaning of "Residence" for Companies*

A company which has its central management and control in Ireland is tax 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 tax resident in Ireland except where:

- (i) 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 countries with which Ireland has a double tax treaty, or the company (or a related company) are quoted companies on a recognised stock exchange in the EU or in a tax treaty country; or
- (ii) the company is regarded as not resident in Ireland under a double tax treaty between Ireland and another country.

### *Meaning of "Residence" for Individuals*

An individual will be regarded as being tax resident in Ireland for a calendar year if the individual:

- (i) spends 183 days or more in Ireland in that calendar year; or
- (ii) has a combined presence of 280 days in Ireland, taking into account the number of days spent in Ireland in that calendar year together with the number of days spent in Ireland in the preceding year. Presence in Ireland by an individual of not more than 30 days in a calendar year will not be reckoned for the purposes of applying this "two year" test.

An individual is treated as present in Ireland for a day if that individual is personally present in Ireland at any time during that day.

### *Meaning of "Ordinary Residence" for Individuals*

The term "ordinary residence" (as distinct from 'residence') relates to a person's normal pattern of life and denotes residence in a place with some degree of continuity. 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 the individual is not resident. For example,

an individual who is resident and ordinarily resident in Ireland in 2007 and departs Ireland in that year will remain ordinarily resident in Ireland up to the end of the tax year in 2010.

## **GENERAL**

It is expected that shareholders in the Company will be resident for tax purposes in many different countries. Consequently, no attempt is made in this Prospectus to summarize the taxation consequences for each investor of subscribing, converting, holding or redeeming or otherwise acquiring or disposing of Shares in the Company. These consequences will vary in accordance with the law and practice currently in force in a shareholder's country of citizenship, residence domicile or incorporation and with his personal circumstances.

Investors should inform themselves about and when appropriate consult their professional advisers on the possible tax consequences of subscription for, buying, holding, converting, redeeming or otherwise disposing of Shares under the laws of their country of citizenship, residence, domicile or incorporation.

## APPENDIX II

### VALUATION OF ASSETS AND TEMPORARY SUSPENSION OF DETERMINATION OF NET ASSET VALUE

The Net Asset Value of each Fund is calculated as the value of the assets of such Fund, less its liabilities at the Valuation Point.

The Net Asset Value per Share of each Fund calculated as of the Valuation Point in respect of each Dealing Day is determined by dividing the Net Asset Value of the assets of the Fund attributable to the Shares of the relevant Fund on that day by the number of Shares of the relevant Fund outstanding. Where more than one class of Shares is in issue in respect of a Fund, the Net Asset Value of the relevant Fund calculated as provided for above, shall be allocated between each class in accordance with the respective values in the Base Currency of the Fund represented by subscriptions and redemptions of Shares of each class of the Fund received or made from time to time. Where different entitlements, fees, charges, costs or liabilities apply in respect of different classes, these are excluded from the initial calculation of the Net Asset Value of the Fund and applied separately to the Net Asset Value allocated to the relevant class. The portion of the Net Asset Value of each Fund attributable to each class shall then be converted into the relevant currency of denomination of the class at prevailing exchange rates applied by the Administrator and shall be divided by the number of Shares of the relevant class outstanding in order to calculate the Net Asset Value per Share of the relevant class.

The Articles provide for the method of valuation of the assets and liabilities of each Fund. In particular, the Articles provide that the value of any investment which is quoted, listed or normally dealt in on a securities market will in the case of markets which have closed at the Valuation Point be the last traded price available to the Directors at the Valuation Point. Where such investment is listed or dealt in on more than one securities market the Directors may in their absolute discretion select any one of such markets for the foregoing purposes, provided that such market provides the fairest criteria for the purposes of the valuation of such investment.

Notwithstanding the generality of the foregoing, the Directors may with the approval of the Custodian, adjust the value of any such securities if, having regard to currency, 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 Directors may on the advice of the Investment Manager adjust the value attributed to any investment to reflect the value of such investment assuming the investment (excluding short position) was valued using the lowest market dealing bid price or the highest market dealing offer price on the relevant market at the relevant time. The Directors only intend to use this discretion to preserve the value of the holdings of the continuing Shareholders in the event of substantial or recurring net repurchase or net issues of Shares.

The value of any investment which is not listed or dealt in on a securities market or which is normally listed or dealt in on a market but in respect of which no price is currently available shall be the probable realisation value thereof estimated by the Directors or by a competent person appointed by the Directors with care and in good faith, and who has been approved for such purpose by the Custodian. For this purpose, the Directors, with the approval of the Custodian, may accept a certified valuation of such investment by a competent person approved for such purpose by the Custodian making a market in such investment and qualified in the opinion of the Directors to provide such a certificate.

The value of any cash in hand or on deposit, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the face value (plus accrued interest) thereof.

The value of any demand notes, promissory notes and accounts receivable shall be deemed to be the face value or full amount thereof after making such discount as the Directors may consider appropriate to reflect the true current value thereof.

Certificates of deposit, treasury bills, bank acceptances, trade bills and other negotiable instruments of a maturity of 6 months or less shall each be valued at their face value together with accrued interest unless in the opinion of the Directors (in consultation with the Investment Manager) and with the approval of the Custodian any adjustment should be made to reflect the fair value thereof. The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof.

The value of any off-exchange derivative contracts shall be the quotation from the counterparty to such contracts and shall be valued daily provided that such valuation is approved or verified weekly by a party who is independent of the counterparty, approved for such purpose by the Custodian.

Forward foreign exchange contracts shall be valued by reference to the price at which a new forward contract of the same size and maturity could be undertaken.

The value of any futures contracts, share price index futures contracts and options which are dealt in on a securities market shall be the settlement price as determined by the market in question as at a Valuation Point, provided that where it is not the practice for the relevant market to quote a settlement price or such settlement price is not available for any reason, the value will be the probable realisation value which must be estimated with care and in good faith by a competent person appointed by the Directors and approved for such purpose by the Custodian.

The value of units or Shares or other similar participation in any collective investment scheme which provides for the units or Shares or other similar participation therein to be redeemed at the option of the Shareholder out of the assets of that undertaking shall be valued at the last available Net Asset Value per unit or Share as published by the collective investment scheme.

Where a specific investment does not fall to be valued in accordance with any of the foregoing provisions it shall be valued by such method available to the Directors as the Directors shall in their absolute discretion determine with the approval of the Custodian.

Values of assets and liabilities initially expressed in foreign currencies will be converted into the Base Currency of the relevant Fund using the market rates prevailing at the Valuation Point. If such quotations are not available, the rate of exchange will be determined in accordance with policies established in good faith by the Directors.

Notwithstanding the foregoing, where at the 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 provided that if the net amount receivable is not payable until some future time after the time of any valuation the Directors shall make such allowance as they consider appropriate to reflect the fair value thereof.

The Directors may, at any time, temporarily suspend the calculation of the Net Asset Value and the issue or repurchase of any particular Fund during (i) any period when any stock exchange on which a substantial part of the investments of the relevant Fund are quoted is closed, otherwise than for ordinary holidays, or during which dealings thereon are restricted or suspended; (ii) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of investments of the relevant Fund is not reasonably practicable without this being seriously detrimental to the interests of owners of Shares of the relevant class or if, in the opinion of the Directors, repurchase prices cannot fairly be calculated; (iii) any breakdown in the means of communication normally employed in determining the value of the investments of the relevant Fund or when for any other reason the current prices on any market or stock exchange of a substantial portion of the assets of the relevant Fund cannot be promptly and accurately ascertained; or (iv) any period during which the Directors are unable to repatriate funds required for the purpose of making payments due on repurchase of Shares or during which the transfer of funds involved in the acquisition or realisation of investments or payments due on repurchase cannot, in the opinion of the Directors, be effected at normal prices or normal rates of exchange; or (v) any period when the Directors consider it to be in the best interests of the relevant Fund. The Central Bank may also require the suspension of redemption of Shares in the interest of the shareholders or the public.

Shareholders who have requested repurchases of any Shares will be notified of any such suspension and, unless withdrawn but subject to the limitation referred to above, their requests will be dealt with on the Dealing Day next following that on which the suspension is lifted.

Any such suspension will be notified to the Central Bank and the Irish Stock Exchange (if applicable) without delay and in any event within the same Business Day on which such suspension occurs and will be published in the Financial Times if in the opinion of the Directors it is likely to exceed 14 days. In addition, where possible all reasonable steps will be taken to bring any period of such suspension to an end at the earliest opportunity.

#### **PUBLICATION OF PRICES**

Details of the most recent price of Shares in the Fund may be obtained from the Administrator and will be notified without delay to the Irish Stock Exchange (if applicable) following calculation. These prices are also published at least as frequently as a Fund deals in II Sole 24 ore.

#### **CONDITIONS RELATING TO REPURCHASE OF SHARES**

If outstanding redemption requests from all holders of Shares in any Fund on any Dealing Day total in aggregate more than 10% of all the Shares of that Fund in issue on such Dealing Day, the Directors shall be entitled at their discretion to refuse to redeem such excess number of Shares in issue on that Dealing Day in respect of which redemption requests have been received as the Directors shall determine. If the Directors refuse to redeem Shares for this reason, the requests for redemption on such date shall be reduced rateably and the Shares to which each request relates which are not redeemed shall be redeemed on each subsequent Dealing Day in priority to any request received thereafter, provided that a Fund shall not be obliged to redeem more than 10% of the number of Shares outstanding on any Dealing Day, until all the Shares to which the original request related have been redeemed.

Requests for the redemption of Shares, should be made to the Company in writing (requests by facsimile will be treated as definite orders) and must be received prior to the Dealing Deadline for the relevant Dealing Day. Redemption requests received after a Dealing Deadline shall be treated as having been received by the next following Dealing Deadline. A redemption request will not be capable of withdrawal after submission to the Company, unless such withdrawal is approved by the Company, acting in its

absolute discretion. The redemption price will be the Net Asset Value of the Shares less any redemption fee. If requested, the Company may, in its absolute discretion and subject to the prior approval of the Custodian, and on prior written notification to the Shareholders, agree to designate additional Dealing Days and Valuation Points for the redemption of Shares.

The amount due on redemption of Shares will be paid by electronic transfer at the Shareholder's expense, on the fifth Business Day of the relevant Dealing Day. The proceeds of the redemption of the Shares will only be paid on receipt by the Company of a signed redemption request form issued in respect of the Shares to be redeemed. In the case of a redemption request sent by facsimile, payment of redemption proceeds will only be made to the account of record as provided for in the Application form.

The Articles contain special provisions where repurchase requests received from any one Shareholder would result in more than 5% of the Net Asset Value of Shares of the relevant class being repurchased by the Company on any Dealing Day. In such a case, the Company may, with the consent of the redeeming shareholder and subject to the approval of the Custodian, satisfy the repurchase request by a distribution of investments in specie and transfer to him such assets in satisfaction or part satisfaction of the repurchase price or any part of the said repurchase price, provided that no such distribution will cause material prejudice to the interests of remaining Shareholders. Where a notice of election is served on a Shareholder the Shareholder may, by a further notice served on the Company, require the Company instead of transferring the assets in question to arrange for a sale of the assets and for payment to the Shareholder of the net proceeds of sale.

Shares may not be repurchased during any period when the calculation of the Net Asset Value of any particular Fund is suspended in the manner described above. Shareholders requesting repurchase will be notified of such suspension and, unless withdrawn, repurchase requests will be considered as at the next Dealing Day following the end of such suspension.

The Company may repurchase all Shares of any Fund if, at any time one-year after the initial issue of such Shares or any date thereafter:

- (i) If at any time the Net Asset Value of the relevant Fund or the total Net Asset Value of all the Funds shall be less than such amount as may be determined by the Directors in respect of the Fund; or
- (ii) If the Fund shall cease to be authorised or at a general meeting of the Company approve the otherwise officially approved; or
- (iii) If any law shall be passed which renders it illegal or in the opinion of the Directors impracticable or inadvisable to continue the relevant Fund;

In such event, notice of the termination of the Fund will be given in writing to Shareholders of that Fund and such Shareholders will be deemed to have given a request in writing for the repurchase of their Shares pursuant to the Articles.

Where a repurchase of shares would result in the number of Shareholders falling below seven or such other minimum number stipulated by statute or where a repurchase of shares would result in the issued share capital of the Company falling below such minimum amount as the Company may be obliged to maintain pursuant to applicable law, the Company may defer the repurchase of the minimum number of shares sufficient to ensure compliance with applicable law. The repurchase of such shares will be deferred until the Company is wound up or until the Company procures the issue of sufficient shares to ensure that

the repurchase can be effected. The Company shall be entitled to select the shares for deferred repurchase in such manner as it may deem to be fair and reasonable and as may be approved by the Custodian.

Shares acquired directly or indirectly by U.S. Persons (except pursuant to an exemption under the 1933 Act), persons in breach of any law or requirement of any country or persons who directly or indirectly may result in the Company incurring any liability to taxation or pecuniary disadvantage, are subject to compulsory repurchase by the Company.

## **GENERAL INFORMATION**

### ***INCORPORATION AND SHARE CAPITAL***

The Company was incorporated under the laws of the Republic of Ireland on 5 March 2007 as a variable capital company, with registered number 435796, and is authorised under the Regulations.

At the date hereof:

- (a) the authorised share capital of the Company is 500,000,300,002 Shares of no par value initially divided into 2 Subscriber Shares of no par value, 300,000 Capitalisation Shares of no par value and 500,000,000,000 Shares of no par value
- (b) the Non-Participating Shares entitle holders to attend and vote at general meetings of the Company but do not entitle the holders to participate in the profits or assets of the Company except for a return of capital on a winding-up. Following the expiration of the initial offer of Shares in the Funds, the Non-Participating Shares may at the option of the Directors either be redesignated as Shares at the Offer Price or repurchased. The Non-Participating Shares shall have one vote for each Non-Participating Share held.

### ***DESCRIPTION OF SHARES***

Subject to the exceptions set out above regarding "**Transfer of Shares**", the Shares issued by the Company are freely transferable and entitled to participate equally in the profits and dividends of the relevant Fund and in its assets upon liquidation. The Shares, which are of no par value and which must be fully paid upon issue, carry no preferential or pre-emptive rights and are entitled to one vote each at all meetings of the relevant class of Shareholders. All Shares of each Fund will rank *pari passu*.

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued.

Shares in the Company will be issued in non-certificated form and will be evidenced by entries in the register and confirmed by the issue of written confirmations of ownership.

### ***MEMORANDUM AND ARTICLES OF ASSOCIATION***

The Memorandum of Association of the Company provides (at Clause 2) that the Company's sole object is the collective investment in transferable securities and/or other liquid financial assets referred to in the Regulations of capital raised from the public operating on the principle of risk spreading.

The following section is a summary of the principal provisions of the Articles of Association of the Company. Defined terms in this section bear the same meanings as defined in the Company's Articles.

1. **Variation of Rights**

The rights attached to any class may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of the class. The provisions of the Articles relating to general meetings shall apply to every such separate general meeting except that the necessary quorum at any such meeting, other than an adjourned meeting, shall be two persons holding or representing by proxy at least one-third of the issued Shares of the class in question or, at an adjourned meeting, one person holding Shares of the class in question or his proxy. Any holder of Shares of the class in question present in person or by proxy may demand a poll.

2. **Voting Rights**

The Articles provide that on a show of hands every member holding Shares, who is present in person or by proxy, shall have one vote. On a poll every member present in person or by proxy shall have one vote for every share of which he is the holder. Holders who hold a fraction of a share may not exercise any voting rights, whether on a show of hands or on a poll, in respect of such share. Holder and subscriber shares shall be entitled to one vote in respect of all the subscriber shares in issue. On a poll of all the members holding Shares of more than one class for the time being, the voting rights of Shareholders shall be adjusted in such manner, determined by the Directors, so as to reflect the most recently calculated price at which the Shares of each of the classes in question may be purchased by the Company.

3. **Changes in Share Capital**

The Company may from time to time by Ordinary Resolution increase its capital by such amount as the resolution shall prescribe.

The Company may, by Ordinary Resolution, alter its capital by consolidating and dividing its share capital into shares of larger amount than its existing shares, by sub-dividing its shares into shares of smaller amount than that fixed by the Memorandum of Association of the Company, or by canceling any shares which, at the date of the passing of the Ordinary Resolution in that behalf have not been taken, or agreed to be taken, by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

The Company may by Special Resolution from time to time reduce its share capital in any way. In particular, the Company may:-

- (a) extinguish or reduce the liability on any of its shares in respect of share capital not paid up; or
- (b) with or without extinguishing or reducing liability on any of its shares:-
  - cancel any paid-up share capital which is lost, or which is not represented by available assets;
  - pay off any paid-up share capital which is in excess of the requirements of the Company.



#### 4. **Directors' Interests**

Provided the nature of his interest is or has been declared, a Director or intending Director may enter into any contract with the Company and such contract or arrangement shall not be liable to be avoided and the Director concerned shall not be liable to account to the Company for any profit realised by any such contract or arrangement by reason of his holding of that office or the fiduciary relationship so established and may hold any other office or place of profit with the Company in conjunction with the office of Director on such terms as to tenure of office and otherwise as the Directors may determine.

A Director shall not vote or be counted in the quorum present on any resolution in respect of his appointment (or the arrangement of the terms of appointment) to hold any office or place of profit with the Company or in respect of any contract or arrangement in which he is materially interested. This prohibition does not apply (in the absence of some other material interest than is indicated below), inter alia, to:

- (a) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him for the benefit of the Company;
- (b) any contract or arrangement by a Director to guarantee or underwrite shares or debentures of the Company;
- (c) any proposals concerning any other company in which he is directly interested whether as a director, shareholder, creditor or otherwise howsoever provided that he is not the holder of or beneficially interested in one per cent or more of any class of the issued equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company, any such interest being deemed for the purpose of the Articles to be a material interest in all circumstances.

The Company may by Ordinary Resolution suspend or relax the provisions described above to any extent or ratify any transaction not duly authorised by reason of a contravention thereof.

#### 5. **Borrowing Powers**

The Directors may exercise all the powers of the Company to borrow money (including the power to borrow for the purpose of repurchasing Shares) and mortgage or charge its undertaking, property and assets (including its uncalled capital) or any part thereof, and to issue debentures, debenture stock or other securities, whether outright or as collateral security for any debt liability or obligation of the Company or of any third party.

#### 6. **Retirement Of Directors**

There is no provision for the retirement of Directors on their attaining a certain age.

#### 7. **Transfer Of Shares**

Subject to certain exceptions in the case of U.S. Persons or certain other categories of persons specified above, under "Conditions Relating to Repurchase of Shares". The Shares in each Fund of the Company are freely transferable and entitled to participate equally in the profits and dividends of a Fund to which they relate and in its assets upon liquidation.

8. **Unclaimed Dividend**

The Articles provide that any dividend unclaimed after a period of 6 years from the date of declaration of such dividend shall be forfeited and shall revert to the Company for the account of the relevant Fund.

9. **Fund**

The Directors are required to establish a separate Fund for each Fund of the Company in the following manner:

- (a) the proceeds from the issue of each Fund of the Company shall be applied to the Fund established for that Fund of the Company, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund in the manner outlined below;
- (b) any asset derived from another asset comprised in a Fund shall be applied to the same Fund as the asset from which it was derived and any increase or diminution in value of such an asset shall be applied to the relevant Fund;
- (c) in the case of any asset which the Directors do not consider as attributable to a particular Fund or Funds, the Directors shall have discretion, subject to the approval of the Custodian, to determine the basis upon which any such asset shall be allocated between the Funds and the Directors shall, subject to the approval of the Custodian, have power at any time and from time to time to vary such basis;
- (d) any liability shall be allocated to a Fund or Funds to which in the opinion of the Directors it relates or if such liability is not attributable to any particular Fund, the Directors shall have discretion, subject to the approval of the Custodian, to determine the basis on which any asset shall be allocated between Funds and the Directors shall, subject to the approval of the Custodian, have power at any time and from time to time to vary such basis;
- (e) where the assets of the Company (if any) attributable to the Non-Participating Shares give rise to any net profit, the Directors may allocate assets representing such net profits to such Fund or Funds as they may deem appropriate.

Different classes of Shares may be issued within a single Fund.

**WINDING UP**

The Articles contain provisions to the following effect:

- (i) if the Company shall be wound up the liquidator shall, subject to the provisions of the Companies Acts 1963 to 2009 (as may be amended from time to time) (the “Companies Acts”) apply the assets of the Company attributable to each Fund in such manner and order as he thinks fit in satisfaction of creditors claims relating to that Fund.
- (ii) the assets available for distribution among the Shareholders shall then be applied in the following priority:

- (a) First, in the payment to the holders of the Shares of each Fund of a sum in the currency in which that Fund is designated (or in any other currency selected by the liquidator) as nearly as possible equal (at a rate of exchange determined by the liquidator) to the aggregate Net Asset Value of the Shares of such Fund held by such holders respectively as at the date of commencement to wind up provided that there are sufficient assets available to enable such payment to be made.
  - (b) Secondly, in the payment to the holders of the Non-Participating Shares of sums up to the nominal amount paid thereon out of the assets of the Company.
  - (c) Thirdly, in the payment to the holders of the Shares of any balance then remaining, such payment being made in proportion to the number of Shares held.
- (iii) If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the Court) the liquidator may, with the authority of a Special Resolution and any other sanction required by the Companies Acts, divide among the members in specie the whole or any part of the assets of the Company, and whether or not the assets shall consist of property of a single kind, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between the members or different classes of members. The liquidator shall, if any Shareholder so requests, liquidate or otherwise dispose of sufficient assets in order to enable the liquidator to distribute the cash proceeds thereof, net of all duties and charges incurred in connection with the sale of such underlying investments, to the Shareholder in question. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any assets in respect of which there is liability.

### ***MATERIAL CONTRACTS***

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

#### **Investment Management Agreement**

- (a) Under the Investment Management Agreement referred to above between the Company and the Investment Manager, the Investment Manager has agreed to provide the Company with investment management and advisory services in relation to the assets of the initial Funds and to act with day to day authority, power and responsibility for the investment and reinvestment of such assets.
- (b) The Investment Management Agreement may be terminated by the relevant parties on not less than 90 days written notice although in certain circumstances the agreement may be terminated forthwith by notice in writing by either party to the other.
- (c) The Investment Management Agreement also contain certain indemnities in favour of the Investment Manager which are restricted to exclude matters arising by reason of the negligence, fraud, bad faith, wilful default or recklessness of the Investment Manager in the performance of its duties.

### **Custodian Agreement**

- (a) Under the Custodian Agreement referred to above between the Company and the Custodian, the Custodian has agreed to act as Custodian of the Company's monies and assets. The Custodian is entitled to appoint sub-custodians for the safe custody of the Company's assets
- (b) The Custodian Agreement may be terminated by either party on not less than 90 days' written notice to the other although in certain circumstances the agreement may be terminated forthwith by notice in writing by either party to the other.
- (c) The Custodian Agreement contains certain indemnities in favour of the Custodian which are restricted to exclude matters arising by reason of loss arising as a result of its unjustifiable failure to perform its obligations or its improper performance of its obligations.

### **Administration Agreement**

- (a) Under the Administration Agreement referred to above between the Company and the Administrator, the Administrator has agreed to carry on the general administration of the Company.
- (b) The Administration Agreement may be terminated by either party on not less than 90 days' written notice to the other although in certain circumstances the Agreement may be terminated forthwith by notice in writing by either party to the other.
- (c) The Administration Agreement contains certain indemnities in favour of the Administration which are restricted to exclude matters arising by reasons of the fraud, wilful misfeasance, negligence, bad faith or reckless disregard in the performance of its duties.

### **Litigation and Arbitration**

The Company is not engaged in any legal or arbitration proceedings and no legal or arbitration proceedings are known to the Directors to be pending or threatened by or against the Company.

### **Miscellaneous**

At the date of this document, the Company does not have 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 overdrafts, liabilities under acceptance (other than normal trade bills) or acceptance credits, obligations under finance leases, hire purchase commitments, guarantees or other material contingent liabilities. There are no service contracts in existence between the Company and any of its Directors nor are any such contracts proposed.

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.

At the date of this document (other than as disclosed above under "Incorporation and Share Capital"), neither the Directors nor their spouses nor their infant children nor any connected persons have any interest in the share capital of the Company or any options in respect of such capital.

No share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.

No commission, discounts, brokerage or other special terms have been granted by the Company in relation to Shares issued or to be issued by the Company; on any issue or sale of Shares, the Investment Manager may, out of its own funds or out of the sales charges, pay commissions on applications received through brokers and other professional agents or grant discounts.

The Company does not have a place of business in the United Kingdom.

### **Documents for Inspection**

Copies of the following documents are available for inspection, free of charge, during normal business hours on weekdays (Saturdays and public holidays excepted) at the registered office of the Company, 70 Sir John Rogerson's Quay, Dublin 2.

- Memorandum and Articles of Association of the Company;
- the material contracts referred to above;
- the latest available annual and semi-annual reports;
- the Regulations and Central Bank Guidelines and UCITS Notices;
- a list of past and current directorships and partnerships held by each Director over the past five years.

Copies of the Memorandum and Articles of Association (as amended from time to time) and the latest financial reports of the Company may be obtained, free of charge, upon request at the registered office of the Company.

## APPENDIX III

### AUTHORITY GUIDELINES ON EFFICIENT PORTFOLIO MANAGEMENT

The Company may employ investment techniques and instruments for efficient portfolio management of the assets of any Fund including hedging against market movements, currency exchange or interest rate risks under the conditions and within the limits stipulated by the Central Bank under the Regulations and UCITS Notices and described below.

#### **Efficient Portfolio Management Techniques**

To the extent that a Fund uses techniques and instruments for efficient portfolio management, which shall be disclosed in the relevant Supplement, the Company shall comply with the conditions and limits laid down from time to time by the Central Bank under the Regulations and UCITS Notices and set out below.

The Company may employ investment techniques and instruments for efficient portfolio management of the assets of the Company or of any Fund under the conditions and within the limits stipulated by the Central Bank under the Regulations and UCITS Notices and described below. In this respect, the Company may:

- a) for the purposes of hedging (whether against currency exchange or interest rate risks or otherwise), enter into put and call options, spot and forward contracts, financial futures, stock and bond index futures contracts, interest rate swaps, exchange rate swaps and credit default swaps, repurchase and reverse repurchase agreements and securities lending agreements. In particular, a Fund may seek to hedge its investments against currency fluctuations which are adverse to its base currency by utilizing currency options, futures contracts and forward foreign exchange contracts.
- b) from time to time make use of exchange traded stock index and other futures contracts for the purpose of efficient portfolio management to enable it to maintain the appropriate exposure to stock and other markets in accordance with the Investment Manager's recommended overall asset allocation. The use of exchange traded stock index and other futures contracts by the Company will be subject to the conditions and limits laid down by the Central Bank under the Regulations.
- c) exchange traded and non-exchange traded contracts for differences for the purpose of efficient portfolio management to enable it to reduce the cost of buying, selling and holding equity and other investments. A "contract for differences" is a contract intended to secure a profit or avoid a loss by reference to fluctuations in the value or price of property of any description or in an index or other factor designated for that purpose in the contract.

#### *Use of Financial Derivative Instruments*

A Fund may, for the purposes of hedging whether against market movements, currency exchange or interest rate risks or otherwise, enter into financial derivative instruments such as, but not limited to, put and call options, spot and forward contracts, financial futures and stock and index futures contracts, swaps, repurchase and reverse repurchase agreements and securities lending agreements.

In particular, a Fund may seek to hedge its investments against currency fluctuations which are adverse to its base currency by utilizing currency options, futures contracts and forward foreign exchange contracts.

If a Fund uses financial derivative instruments for efficient portfolio management purposes, this will be stated in the relevant Supplement and a risk management process in accordance with the Central Bank UCITS Notice 10 and the Central Bank Guidance Note 3/03 will be submitted to the Central Bank in advance of the relevant Fund using any such financial derivative instruments. Each Fund may only utilise financial derivative instruments listed in the risk management process as cleared by the Central Bank.

In the event that a Fund uses financial derivative instruments, the Company or its delegate will, on request, provide supplementary 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 investments.

A Fund may not be leveraged or geared in any way through the use of derivative instruments.

#### *Use of Repurchase/Reverse Repurchase Agreements and Stock Lending Arrangements*

The Fund may enter into repurchase agreements, reverse repurchase agreements and stock lending arrangements for the purposes of efficient portfolio management subject to the conditions and limits set out in the UCITS Notices. Under a repurchase agreement, the Fund acquires securities from a seller (for example, a bank or securities dealer) who agrees, at the time of sale, to repurchase the security at a mutually agreed-upon date (usually not more than seven days from the date of purchase) and price, thereby determining the yield to the relevant Fund during the term of the repurchase agreement. The resale price reflects the purchase price plus an agreed upon market rate of interest which is unrelated to the coupon rate or maturity of the purchased security. The Fund may enter into reverse repurchase agreements under which it sells a security and agrees to repurchase it at a mutually agreed upon date and price. A Fund may not grant loans or act as guarantor on behalf of third parties. This is without prejudice to the right of a Fund to acquire debt securities. This will not prevent a Fund from acquiring transférable securities, money market instruments, collective investment schemes or financial derivative instruments, which are not fully paid up.

Under the Regulations, a Fund may enter into repurchase agreements, reverse repurchase agreements (“repo contracts”) and stock lending arrangements only in accordance with normal market practice and provided that collateral obtained under the repo contract or stock lending arrangement is liquid and in the form of one of the following: (i) cash; (ii) government or other public securities; (iii) certificates of deposit issued by Relevant Institutions; (iv) bonds/commercial paper issued by Relevant Institutions; (v) letters of credit with a residual maturity of three months or less, which are unconditional and irrevocable and which are issued by Relevant Institutions; (vi) equity securities traded on a stock exchange in the EEA, Switzerland, Canada, Japan, the United States, Jersey, Guernsey, the Isle of Man, Australia or New Zealand; or (vii) corporate bonds where the issue and issuer are rated A1.

The Fund may only enter into repo contracts and stock lending arrangements with counterparties which have a minimum credit rating of A2 or equivalent, or must be deemed by the Company to have an implied rating of A2. Alternatively, an unrated counterparty is acceptable where the relevant Fund is indemnified against losses suffered as a result of a failure by the counterparty, by an entity which maintains a rating of A2.

Cash received as collateral may not be invested other than in the following:

- deposits with Relevant Institutions;
- government or other public securities;

- certificates of deposit as set out above;
- letters of credit as set out above;
- repurchase agreements subject to the provisions herein; and
- daily dealing money market funds which have and maintain a rating of AAA or equivalent. If investment is made in a linked fund, as described in 3.4 under the heading “Investment Restrictions” above, no subscription, redemption or conversion charge can be made by the underlying money market fund.

In accordance with the UCITS Notices, invested cash collateral held at the risk of the Fund, other than cash collateral invested in government or public securities or money market funds, must be invested in a diversified manner. Invested cash collateral may not be placed on deposit with, or invested in securities issued by the counterparty or a related entity.

Non-cash collateral (i) cannot be sold or pledged by the Company; (ii) must be held at the risk of the counterparty; and (iii) must be issued by an entity independent of the counterparty.

Until the expiry of a repo contract or stock lending arrangement, collateral obtained under such contract or arrangement must: (a) be marked to market daily; (b) equal or exceed, in value, at all times, the value of the amount invested or securities loaned; (c) be transferred to the Custodian, or its agent (this is not applicable in the event that a Fund uses a tri-party collateral management services of International Central Securities Depositories’ and Relevant Institutions which are generally recognised as specialists in this type of transaction but the Custodian must be a named participant to the collateral arrangements); and (d) be immediately be available to the relevant Fund without recourse to the counterparty in the event of a default of that counterparty.

Notwithstanding the above, the Company may enter into stocklending programmes organised by generally recognised International Central Securities Depositories Systems provided that the programme is subject to a guarantee from the system operator.

In addition, the Company must have the right at any time to terminate any stock lending agreement entered into by it, and to demand the return of any or all securities lent within five Business Days or such other period observed as normal market practice.

Repo contracts, stock borrowing or stock lending arrangements do not constitute borrowing or lending for the purposes of Regulations 70 and 71 respectively.

#### *Contracts for Differences*

Where non-exchange traded contracts for differences are used by the relevant Fund, the Company will ensure that (i) the counterparty has shareholder funds in excess of €125 million or foreign currency equivalent; (ii) the name of the counterparty is disclosed in the subsequent half-yearly or annual report of the Company; (iii) the Custodian is satisfied that the counterparty has agreed to value the transaction at least weekly and to close out the transaction at the request of the Investment Manager at a fair value; and (iv) initial outlay in respect of any contracts for differences to any one counterparty does not exceed 5% of the Net Asset Value of the relevant Fund. Use of the aforesaid techniques and instruments involves certain risks and there can be no assurance that the objective sought to be obtained from the use of such instruments will be achieved.



### *“Delayed Delivery” and “When Issued” Securities*

Subject to the investment restrictions, a Fund may purchase debt obligations on a “delayed delivery” or “when-issued” basis, that is, for delivery to the Fund later than the normal settlement date for such securities, at a stated price and yield. Such securities are termed “delayed delivery” when traded in the secondary market, or “when-issued” in the case of an initial issue of securities. The Fund generally would not pay for such securities or start earning interest on them until they are received. However, when the Fund undertakes a delayed delivery or when-issued purchase obligation, it immediately assumes the risk of ownership, including the risk of price fluctuation. Failure by the issuer to deliver the securities may result in a loss or missed opportunity for the Fund to make an alternative investment.

### *Currency Transactions*

A Fund is permitted to invest in securities denominated in a currency other than the base currency of the Fund and may purchase currencies to meet settlement requirements. In addition, subject to the restrictions imposed by the Regulations, a Fund may enter into various currency transactions, i.e. forward foreign currency contracts, currency swaps, foreign currency or currency index futures contracts and put and call options on such contracts or on currencies, to protect against uncertainty in future exchange rates. Forward foreign currency contracts are agreements to exchange one currency for another - for example, to exchange a certain amount of Euro for a certain amount of US Dollars - at a future date. The date (which may be any agreed-upon fixed number of days in the future), the amount of currency to be exchanged and the price at which the exchange will take place are negotiated and fixed for the term of the contract at the time that the contract is entered into. Under the Regulations, uncovered positions in currency derivatives are not permitted.

Currency transactions undertaken by a Fund to alter the currency exposure characteristics of transferable securities held by that Fund through the purchase or sale of currencies other than the currency of denomination of that Fund or the relevant transferable securities must not be speculative in nature i.e. they must not constitute an investment in their own right. To the extent that such currency transactions alter the currency characteristics of transferable securities of a Fund, they must be fully covered by the cash flows of the transferable securities held by that Fund, including any income there from. A Fund may not be leveraged or geared in any way through the use of currency transactions.

Currency transactions which alter currency exposure characteristics of transferable securities held by a Fund may only be undertaken for the purposes of a reduction in risk, a reduction in costs and/or an increase in capital or income returns to that Fund. Any such currency transactions must be used in accordance with the investment objective of a Fund (i.e. the currencies to which the Fund is exposed must be currencies in which it can invest directly) and must be deemed by the Investment Manager to be economically appropriate. The performance of a Fund may be strongly influenced by movements in currency rates because currency positions held by the Fund may not correspond with the securities positions held. Details of transactions entered into during the reporting period and the resulting amounts of commitments must be disclosed in the periodic reports of the Fund.

A Fund may “cross-hedge” one foreign currency exposure by selling a related foreign currency into the base currency of the Fund. Also, in emerging or developing markets, local currencies are often expressed as a basket of major market currencies such as the U.S. Dollar, Euro or Japanese Yen; a Fund may hedge the exposure to currencies other than its base currency in the basket by selling a weighted average of those currencies forward into the base currency.

## APPENDIX IV

### Markets

The markets and exchanges are set out in the Memorandum and Articles of Association in accordance with the requirements of the Central Bank which does not issue a list of approved markets and exchanges. With the exception of permitted investments in unlisted securities, the Company will only invest in securities traded on a stock exchange or market which meets with the regulatory criteria (regulated, operate regularly, be recognised and open to the public) and which is listed in the Prospectus. The stock exchange and/or markets will be drawn from the following list: -

(i) any stock exchange which is:

(a) located in any Member State; or

(b) located in any of the following countries:-

Australia  
Canada  
Japan  
New Zealand  
Norway  
Switzerland  
United States of America; or

(ii) any stock exchange included in the following list:-

Argentina	Buenos Aires Stock Exchange
Argentina	Mercado Abierto Electronico S.A.
Argentina	Mercado De Valores De Buenos Aires S.A.
Argentina	Mercado A Termino De Buenos Aires S.A.
Argentina	Bolsa De Comercio De Mendoza S.A.
Argentina	Bolsa De Comercio Rosario
Brazil	BM&FBOVESPA S.A.
Brazil	Bolsa De Valores
Brazil	Mercadorias e Futuros
Chile	La Bolsa Electronica De Chile
Chile	Santiago Stock Exchange
China	Shanghai Stock Exchange
China	Shenzhen Stock Exchange
Egypt	Egyptian Stock Exchange
Hong Kong	Stock Exchange Of Hong Kong Ltd, The
India	Bangalore Stock Exchange Ltd
India	Calcutta Stock Exchange
India	Delhi Stock Exchange
India	Madras Stock Exchange
India	Mumbai Stock Exchange
India	National Stock Exchange of India
Indonesia	Indonesian Stock Exchange
Korea, Republic of	Korea Exchange

Malaysia	Bursa Malaysia
Mexico	Bolsa Mexicana De Valores (Mexican Stock Exchange)
Peru	Bolsa De Valores De Lima
Philippines	Philippines Stock Exchange, Inc.
Singapore	Singapore Exchange
South Africa	Jse Securities Exchange
Taiwan	Gretai Securities Market
Taiwan	Taiwan Stock Exchange
Thailand	Stock Exchange of Thailand
Turkey	Istanbul Stock Exchange

(iii) any of the following:

the market organised by the International Capital Market Association;

the “listed money market institutions”, as described in the Bank of England publication "The Regulation of the Wholesale Markets in Sterling, Foreign Exchange and Bullion" dated April 1988 (as amended from time to time);

a market comprising dealers which are regulated by the Federal Reserve Bank of New York and the United States Securities and Exchange Commission;

a market comprising dealers which are regulated by the United States National Association of Securities Dealers with the Financial Industry Regulatory Authority and the United States Securities and Exchange Commission;

NASDAQ; and

The over-the-counter market in the United States regulated by the Financial Industry Regulatory Authority. (also described as the over-the-counter market in the United States conducted by primary and secondary dealers regulated by the Securities and Exchanges Commission and by the National Association of Securities Dealers with Financial Industry Regulatory Authority (and by banking institutions regulated by the US Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation);

The French market for Titres de Créances Négotiables (over-the-counter market in negotiable debt instruments);

the over-the-counter market in Canadian Government Bonds, regulated by the Investment Industry Regulatory Organisation of Canada.

### **Financial Derivative Instruments**

In the case of an investment in financial derivative instrument, in any derivative market approved in a member state of the European Economic Area and the following exchanges or markets:

American Stock Exchange, Chicago Mercantile Exchange, Chicago Board of Options Exchange, Chicago Board of Trade, Coffee, Sugar and Cocoa Exchange, Iowa Electronic Markets, Kansas City Board of Trade, Mid-American Commodity Exchange, Minneapolis Grain Exchange, New York Cotton Exchange, New York Mercantile Exchange, Twin Cities Board of Trade.

For the purposes only of determining the value of the assets of a Fund, the term “Recognised Market” shall be deemed to include, in relation to any derivatives contract used, any market or

exchange on which such contract may be acquired or sold which is referred to in (i)(a) or (iii) hereof or which is in the European Economic Area, is regulated, recognised, operates regularly and is open to the public.