
Merrion Capital Investment Funds plc

An open-ended investment company with variable capital incorporated in Ireland with registered number 427248 established as an umbrella fund with segregated liability between Funds.

PROSPECTUS

7 October 2008

McCann FitzGerald
Solicitors
Riverside One
Sir John Rogerson's Quay
Dublin 2
#1274745

IMPORTANT INFORMATION

The Directors of the Company, whose names appear on page (III), 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.

The Company has been authorised by the Financial Regulator as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003, as amended. The authorisation of the Company by the Financial Regulator is not an endorsement or guarantee of the Company by the Financial Regulator nor is the Financial Regulator responsible for the contents of this Prospectus. In addition, the authorisation of the Company by the Financial Regulator shall not constitute a warranty as to the performance of the Company and the Financial Regulator shall not be liable for the performance or default of the Company.

Investors should note that since transferable securities may depreciate as well as appreciate in value, no assurance can be given by the Company or the Directors or any of the persons referred to in this Prospectus that the Company will attain its objectives. The price of Shares, in addition to the income therefrom, may decrease as well as increase. Accordingly, an investment should only be made where the investor is or would be in a position to sustain any loss on his or her investment. In addition investors should note that some Funds in the Company may invest in emerging markets, below investment grade securities and equity warrants and that, therefore, an investment in the UCITS should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. The difference at any one time between the sale and repurchase price of the Shares of any Fund means that the investment should be regarded as medium to long term.

Subject to the requirements of the Financial Regulator some of the Funds may use financial derivative instruments for investment purposes. While the prudent use of such derivatives can be beneficial, derivatives also involve risks different from, and in certain cases, greater than, the risks presented by more traditional investments. Structured derivative transactions are complex and may involve a high degree of loss.

Investors' attention is drawn to the "General Risk Factors" set out on page 2. Prospective investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own jurisdictions for the purchase, holding or disposal of Shares; (b) any applicable foreign exchange restrictions; and (c) any income and other taxes which may apply to their purchase, holding or disposal of Shares or payments in respect of Shares.

Shareholders should note that all or part of the management fee and expenses of a Fund may be charged to the capital of a Fund as set out in the applicable Supplement. This may have the effect of lowering the capital value of the Shareholder's investment. Thus on redemptions of holdings Shareholders may not receive back the full amount invested.

If investors are in any doubt regarding the action that should be taken, they should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser. The distribution of this Prospectus and the offering of the Shares in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Company to inform themselves about and to observe any such restrictions. This Prospectus does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

This document may not be authorised or distributed in any jurisdiction unless it is accompanied by the Company's most recent annual or interim report (when available). Such reports and this document (and any Supplement attached hereto) together constitute the Prospectus for the issue of Shares in the Company.

DIRECTORY

Directors

Mr. Kevin Gallacher
Mr. Brian Hall
Mr. Joseph O'Dwyer
Mr. Michael Hodson
Mr. John Conroy

Registered Office

George's Court
54 - 62 Townsend Street
Dublin 2
Ireland

Promoter and Investment Manager

Merrion Capital Investment Managers Limited
International House
3 Harbourmaster Place
International Financial Services Centre
Dublin 1
Ireland

Administrator, Registrar and Transfer Agent

Northern Trust International Fund Administration
Services (Ireland) Limited
George's Court
54 - 62 Townsend Street
Dublin 2
Ireland

Custodian

Northern Trust Fiduciary Services (Ireland) Limited
George's Court
54 - 62 Townsend Street
Dublin 2
Ireland

Project Manager and Legal Advisers in Ireland

McCann FitzGerald
Riverside One
Sir John Rogerson's Quay
Dublin 2
Ireland

Distributor

Rabodirect (a registered business name in Ireland of
Coöperatieve Centrale Raiffeisen-Boerenleenbank
B.A.)
George's Dock House
International Financial Services Centre
Dublin 1
Ireland

Company Secretary of the Company

Northern Trust Investor Services (Ireland) Limited
George's Court
54 - 62 Townsend Street
Dublin 2
Ireland

Auditors

KPMG
Chartered Accounts
1 Harbourmaster place
International Financial Services Centre
Dublin 1
Ireland

DEFINITIONS

The following definitions apply throughout this Prospectus unless the context requires otherwise:-

“Acts”	means the Companies Acts 1963 to 2005 and every statute or other provision of law modifying, extending or re-enacting them or any of them;
“Administrator”	means Northern Trust International Fund Administration Services (Ireland) Limited or such other person or persons from time to time appointed by the Company as the administrator of the Company in accordance with the requirements of the Financial Regulator;
“Administration Agreement”	means the agreement dated 17 October 2006 entered into between the Company and the Administrator;
“Articles of Association”	means the articles of association of the Company;
“Business Day”	means unless determined by the Directors and notified in advance to Shareholders, a day excluding Saturday or Sunday on which banks are normally open for business in Dublin and London;
“Cash Deposits”	means deposits (i) that are repayable on demand; or have the right to be withdrawn; and (ii) which have a maturity date of no more than twelve months;
“Closing Date”	means the closing date of the Initial Offer in respect of a Fund as set out in the applicable Supplement;
“Collective Investment Schemes”	means UCITS and/or Collective Investment Schemes other than UCITS in which the Funds may invest pursuant to Guidance Note 2/03;
“Company”	means Merrion Capital Investment Funds plc;
“Custodian”	means Northern Trust Fiduciary Services (Ireland) Limited, or such other person or persons from time to time appointed by the Company as the Custodian of the Company with the prior approval of the Authority;
“Custodian Agreement”	means the agreement dated 17 October 2006 entered into between the Company and the Custodian;
“Directors”	means the board of directors of the Company, whose names appear on page (III);
“Distribution Share Classes”	means those share classes in respect of which it is proposed to pay dividends and which are identifiable by the use of the word “Distribution” in their title as set out in the applicable Supplement;

“Distribution Agreement”	means the agreement dated 12 October 2006 entered into between the Distributor and the Company;
“Distributor”	means Rabodirect (a registered business name in Ireland of Cooperatieve Centrale Raiffeisen Boerenleenbank B.A.) or such other person or persons appointed by the Company;
“Euro” or “€”	means the currency referred to in the second sentence of Article 2 of the Council Regulation (EC) No. 974/98 of 3 May 1998 and as adopted as the single currency of the participating Member States of the European Union;
“Exempt Irish Resident”	<p>means:-</p> <ul style="list-style-type: none"> (i) a pension scheme which is an exempt approved scheme within the meaning of section 774 of the Taxes Act, or a retirement annuity contract or a trust scheme to which section 784 or 785 of the Taxes Act applies which has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event; (ii) a company carrying on a life business, within the meaning of section 706 of the Taxes Act which has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event; (iii) an Investment Undertaking within the meaning of section 739B of the Taxes Act which has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event; (iv) a special investment scheme within the meaning of section 737 of the Taxes Act which has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event; (v) a unit trust, to which section 731(5)(a) of the Taxes Act applies which has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event; (vi) a charity exempt from income tax by virtue of section 207(1)(b) of the Taxes Act which has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event; (vii) a qualifying management company within the meaning of section 734 (1) of the

Taxes Act which has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event;

- (viii) a specified company within the meaning of section 734 (1) of the Taxes Act which has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event;
- (ix) a person exempt from income tax and capital gains tax by virtue of section 784A(2) of the Taxes Act, where the shares held are assets of an approved retirement fund or an approved minimum retirement fund and the “qualifying fund manager” (within the meaning of section 784A of the Taxes Act) has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event;
- (x) a person exempt from income tax and capital gains tax by virtue of section 848E of the Taxes Act where the shares held are assets of a special savings incentive account and the “qualifying savings manager” (within the meaning of section 848B of the Taxes Act) has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event;
- (xi) a person exempt from income tax and capital gains tax by virtue of section 787I of the Taxes Act where the shares held are assets of a Personal Retirement Savings Account (within the meaning of Chapter 2A of Part 30 of the Taxes Act) and the PRSA Administrator (within the meaning of Chapter 2A) has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event;
- (xii) a Credit Union within the meaning of section 2 of the Credit Union Act 1997 which has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event;
- (xiii) a company in respect of its investment in a money market fund within the meaning of Regulation (EC) No 2423/2001 of the European Central Bank of 22/11/2001, where such company is within the charge to corporation tax and has made a declaration to that effect to the Company and has supplied details of its corporation tax reference number to the Company;

(xiv) an Intermediary acting on behalf of persons who are neither Irish Resident nor Ordinarily Resident in Ireland for tax purposes or an Intermediary acting on behalf of Irish Resident persons listed above which has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event;

(xv) any other Irish Resident or person ordinarily Resident in Ireland who may be permitted to own Shares under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the Fund or jeopardising tax exemptions associated with the Fund giving rise to a charge to tax in the Fund provided that they have completed the appropriate statutory declaration under Schedule 2B of the Taxes Act.

“Financial Regulator”	means the Irish Financial Services Regulatory Authority or any successor thereto;
“Funds”	means the Initial Funds or any further fund or funds to be established by the Company;
“Initial Funds”	means the Merrion Balanced Fund, the Merrion Growth Fund and the Merrion Irish Opportunities Fund;
“Initial Offer”	means the initial offer of Shares in a Fund as set out in the applicable Supplement;
“Intermediary”	means a person who (a) carries on a business which consists of, or includes, the receipt of payment from an investment undertaking on behalf of other persons, or (b) holds units in an investment undertaking on behalf of other persons;
“Investment Grade”	means a rating of BBB- or higher as rated by S&P or Baa3 or higher as rated by Moody’s or an equivalent rating or, in the opinion of the Investment Manager, is of comparable quality;
“Investment Manager”	means Merrion Capital Investment Managers Limited or such other person or persons from time to time appointed by the Company as the Investment Manager of the Company in accordance with the requirements of the Financial Regulator;
“Investment Management Agreement”	means the agreement dated 17 October 2006 entered into between the Company and the Investment Manager;
“Ireland”	means the Republic of Ireland;

“Irish Resident”	means any person Resident or Ordinarily Resident in Ireland for tax purposes;
“Minimum Holding”	means the minimum holding, if any, in respect of any Fund as set out in the applicable Supplement;
“Minimum Redemption”	means the minimum redemption, if any, in respect of any Fund as set out in the applicable Supplement;
“Minimum Subscription”	means the minimum subscription, if any, in respect of any Fund as set out in the applicable Supplement;
“Money Market Instruments”	means instruments normally dealt in on the money market which:- <ul style="list-style-type: none"> (i) are liquid, i.e. capable of being converted to cash within seven Business Days at a price closely approximating their current value; and (ii) have a value which can be accurately determined at any time;
“Moody’s”	means Moody’s Investors Services and its successors;
“Net Asset Value”	means the net asset value of the Company or of a Fund or of a class of Shares of a Fund as more fully described in the section headed “Valuation” on page 14;
“OECD” and “OECD Member”	means the Organisation of Economic Co-operation and Development and any member country thereof, respectively;
“Ordinarily Resident in Ireland”	means an individual who has been Resident in Ireland for three consecutive tax years with effect from the commencement of the fourth tax year save that an individual who has been Ordinarily Resident in Ireland will continue to be Ordinarily Resident in Ireland until the commencement of the fourth consecutive tax year in which he/she is not Resident in Ireland;
“Participating Share”	means a participating share in the capital of the Company of no par value, issued subject to, and in accordance with the Acts, the Regulations and the Memorandum and Articles of Association of the Company;
“Qualifying Company”	means a qualifying company within the meaning of Section 110 of the Taxes Act;
“Recognised Clearing System”	means any of the following clearing systems:- <ul style="list-style-type: none"> (i) Deutsche Bank AG, Depository and Clearing Centre; (ii) Central Moneymarkets Office; (iii) Clearstream Banking SA; (iv) Clearstream Banking AG;

- (v) CREST;
- (vi) Depository Trust Company of New York;
- (vii) Euroclear;
- (viii) Monte Titoli SPA;
- (ix) Netherlands Centraal Instituut voor Giraal Effectenverkeer BV;
- (x) National Securities Clearing System;
- (xi) Sicovam SA;
- (xii) SIS Sega Intersettle AG;
- (xiii) The Canadian Depository for Securities Ltd;
- (xiv) VPC AB (Sweden); and
- (xv) Any other system for clearing securities which is designated by the Revenue Commissioners as a recognised clearing system;

“Recognised Market”	means any regulated stock exchange or market which is provided for in the Articles of Association, details of which are set out in Appendix II to this Prospectus;
“Redemption Date”	means the relevant Business Day on which the Shares in a Fund can be redeemed as set out in the applicable Supplement;
“Regulations”	means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003, as amended;
“Relevant Declaration”	means the declaration relevant to the Shareholder as set out in Schedule 2B of the Taxes Act;
“Relevant Period”	means in relation to a Share in a Fund, a period of 8 years beginning with the acquisition of a Share by a Shareholder and each subsequent period of eight years beginning immediately after the preceding Relevant Period for as long as the Shareholder holds the Share;
“Resident in Ireland”	means any person resident in Ireland for the purposes of Irish tax. The following is a summary of how different categories of persons/ entities may be treated as resident in Ireland for this purpose.

Company

A company will be Resident in Ireland if its central management and control is exercised in Ireland irrespective of where it is incorporated. For Ireland to be treated as the location for central management and control this typically means that Ireland is the location where all fundamental policy decisions of the company are made.

A company which does not have its central management and control in Ireland but which is incorporated in Ireland is Resident in Ireland except where:-

- (a) the company or a related company (as described in section 23A of the Taxes Act)

carries on a trade in Ireland, and either the company is ultimately controlled by persons resident in a Member State or, resident in a territory with which Ireland has a double taxation treaty (a “treaty territory”), and the company is not ultimately controlled by persons who are not so resident, or the principal class of shares of the company (or that of a related company) is substantially and regularly traded on one or more recognised stock exchanges in any Member State or treaty territory;

or

- (b) the company is regarded as resident in a territory other than Ireland and is not Resident in Ireland under a double taxation treaty between Ireland and another territory.

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

Individual

An individual will be regarded as being resident in the Ireland for the purposes of Irish tax if for a particular tax year he or she:-

- (a) is present in Ireland for 183 days or more in that tax year;

or

- (b) has a combined presence of 280 days in Ireland, taking into account the number of days spent in Ireland in that tax year together with the number of days spent in Ireland in the preceding tax year. Presence in Ireland by an individual of less than 30 days in any tax year will not be reckoned for the purpose of applying this two-year test.

Presence in Ireland for a day means the personal presence of an individual at the end of the day (midnight).

Trust

A trust will be Resident in Ireland and Ordinarily Resident in Ireland for the purposes of Irish capital gains tax unless the general administration of the trust is ordinarily carried on outside Ireland and the trustees (being a single and continuing body of persons) or a majority of them for the time being are not Resident in Ireland or Ordinarily Resident in Ireland;

“S&P”

means Standard & Poor’s Corporation and its

	successors;
“Share(s)”	means the Participating Shares of no par value in the capital of the Company;
“Shareholder”	means a holder of Shares in the Company;
“Sterling” or “£”	means pounds sterling, the currency of the United Kingdom;
“Subscriber Share”	means a subscriber share of €1.00 each in the capital of the Company;
“Subscription Date”	means the relevant Business Day on which Shares in a Fund can be purchased as set out in the applicable Supplement;
“Supplement”	means a supplement to this Prospectus containing information relating to a Fund(s);
“Taxes Act”	means the Taxes Consolidation Act 1997 (as amended) of Ireland;
“Transferable Securities”	means shares in companies and other securities equivalent to shares in companies, bonds and other forms of securitised debt, and any other negotiable securities which carry the right to acquire any such Transferable Securities by subscription or exchange other than techniques and instruments utilised for efficient portfolio management;
“UCITS”	means an undertaking the sole object of which is the collective investment in Transferable Securities and/or other liquid financial assets permitted under the Regulations of capital raised from the public and which operates on the principle of risk-spreading and the units/shares of which are at request of the holders repurchased or redeemed directly or indirectly out of those undertakings’ assets. Action taken by a UCITS to ensure that the stock exchange value of its units does not vary significantly from their net asset value shall be regarded as equivalent to such repurchase or redemption. Other liquid financial assets include cash deposits, financial derivative instruments, other collective investment undertakings index tracking funds and Money Market Instruments;
“UCITS Notices”	means the series of UCITS notices, memorandums, guidelines and letters issued by the Financial Regulator;
“Valuation Date”	means the relevant Business Day on which the Net Asset Value of a Fund is calculated as set out in the applicable Supplement. For the avoidance of doubt, there will be a valuation date in respect of each Subscription Date and Redemption Date; and
“Valuation Point”	means the relevant time in respect of each Valuation Date at which the Net Asset Value of a

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THE COMPANY

Introduction

The Company was incorporated on 28 September 2006 with registered number 427248 as an open-ended umbrella-type investment company with variable capital. It is authorised in Ireland by the Financial Regulator as a UCITS pursuant to the Regulations. The liability of the members is limited.

The Company is organised in the form of an umbrella fund with segregated liability between Funds. The Articles of Association provide that the Company may offer separate classes of Shares each representing interests in a Fund. Each Fund will have a distinct portfolio of investments, and more than one class of Shares may be issued in respect of any Fund with the prior approval of the Financial Regulator. The Company may from time to time create additional classes of Shares (details of which will be set out in the relevant Supplement) within a Fund in accordance with the requirements of the Financial Regulator. Separate books and records will be maintained for each Fund.

The Directors may, in their absolute discretion, differentiate between the rights attaching to the different classes of Shares within a particular Fund including, without limitation, the dividend policy, the level of management fees, the subscription charge and/or the redemption charge payable in respect of each class.

The Company may from time to time create such additional Funds as the Directors may deem appropriate and with the prior approval of the Financial Regulator. Details of any Fund or Funds created in the future shall be as set out in the applicable Supplement in accordance with the requirements of the Financial Regulator. The applicable Supplement shall form part of, and should be read in conjunction with, this Prospectus.

At the date hereof, the three Initial Funds of the Company are the Merrion Balanced Fund, the Merrion Growth Fund and the Merrion Irish Opportunities Fund. The Investment Manager will manage each Fund in a way which prudently reflects the risk implicit in a direct investment of a similar nature. The assets, liabilities, income and expenditure allocated to each Fund will be separate from those of the other Funds. However, the Company as a whole will remain liable to third parties for all of the liabilities of the Company that are not attributable to a particular Fund.

The Company is denominated in Euro.

Investment Objectives, Policies and Restrictions

The assets of each Fund will be invested in accordance with the investment objectives and policies of that Fund as set out in the applicable Supplement. The Company and its Directors, in consultation with the Investment Manager, are responsible for the formulation of the investment policy of each Fund and any subsequent change to that policy. Each Fund is subject to the investment and borrowing restrictions contained in the Regulations and UCITS Notices as set out in Appendix I. Additional restrictions (if any) relevant to each Fund will be as set out in the applicable Supplement. Any amendment to the investment objective and/or policy is the responsibility of the Directors who may change the investment objective and policy of each Fund provided that Shareholders are given reasonable notice of such change. Furthermore, any change in the investment objective or material change to the investment policy of a Fund will only be effected following a resolution of a majority of the voting Shareholders of that Fund.

It is not currently the intention to utilise financial derivative instruments. However, the Company may do so in the future, details of which will be set out in the applicable Supplement and will be subject always to the submission to and clearance by the Financial Regulator of a risk management process. In circumstances where the Financial Regulator is satisfied with such risk management process, the Company may enter into a variety of derivative instruments including, but not limited to, foreign exchange forwards, futures, options, swaps, warrants, stocklending, repos and contracts for difference for the purposes of efficient portfolio management only, subject to the conditions and limits set out in the UCITS Notices and within any further limits laid down by the Financial Regulator from time to time. In particular, each Fund would engage in foreign exchange forwards to provide protection against exchange rate risks, including cross-currency hedging, and in order to hedge foreign currency exposure of the underlying assets of the Fund into the base currency of that Fund or into a currency

institutionally linked to the base currency. The use of such forwards would reduce the currency risk in respect of each Fund and will better enable each Fund to manage its assets and liabilities. At the discretion of the Directors, the Initial Funds or any Funds created in the future may use financial derivative instruments as a primary investment policy and details of the investment policy will be set out in the applicable Supplement in accordance with the requirements of the Financial Regulator. In the case of the Initial Funds, Shareholder approval will be sought in advance of such a change.

Efficient portfolio management for the purposes set out above, means an investment decision involving transactions that are entered into for one or more of the following specific reasons:

- a reduction of risk;
- a reduction of cost; or
- the generation of additional capital or income for a Fund with an appropriate level of risk, taking into account the risk profile of the Fund and subject to the conditions and limits as set out in the UCITS Notices and within any further limits laid down by the Financial Regulator from time to time.

The Investment Manager will not utilise derivative positions which have not been included in the risk management process until such time as a revised risk management process has been submitted and cleared by the Financial Regulator. 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 risk and yield characteristics of the main investments of the Funds.

Dividend Policy

Any dividend payment in respect of a Fund shall be made in accordance with the dividend policy of that Fund as set out in the applicable Supplement. It is currently intended that none of the Initial Funds will pay dividends or otherwise make distributions to Shareholders. Should this intention not to pay dividends or otherwise make distributions change in relation to any of the Initial Funds or future funds, Shareholders will be notified in advance and provided with the relevant updated Supplement.

The Directors may elect to charge management fees and expenses out of the capital of a Fund as set out in the applicable Supplement, should they wish to generate distributable profits. Investors should note that by charging management fees and expenses of a Fund to capital, the effect of this is that capital may be eroded and income will be achieved by foregoing the potential for future capital growth.

General Risk Factors

Investors' attention is drawn to the following general risk factors which may relate to an investment in any Fund. In addition to the risks set out below, any risks specific to a particular Fund will be as set out in the applicable Supplement.

Market fluctuations

Potential investors should note that the investments of each Fund are subject to market fluctuations. There is no assurance that any appreciation in the value of investments will occur or that the investment objective of any Fund will be achieved. The value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested. The difference between the cost of subscribing for Shares and the amount received on redemption means that any investment in the Company should be viewed as a medium to long-term investment. An investment should only be made by those who are able to sustain a loss on their investment.

Currency risk

Each Fund's assets may, unless otherwise noted, be invested in securities denominated in currencies other than the relevant currency of such Fund and any income received by such Fund from its investments will be received in the currencies of such investments, some of which may fall in value against the relevant currency of such Fund. Each Fund will compute its Net Asset Value and make any distributions in the denomination of the Shares while each Fund may, from time to time, engage in forward foreign exchange transactions to provide protection against exchange-rate risk, there is no

guarantee that this objective will be achieved and consequently there is therefore a currency exchange risk which may affect the value of the Shares to the extent that the Fund makes investments in currencies other than the relevant currency of the Fund.

Derivatives Risk

A Fund may employ various investment techniques, such as, but not limited to, forward foreign exchange contracts, currency futures, swaps, options and swaptions thereon, put and call options on securities, indices, stock index and interest rate futures and options thereon, stocklending, repurchase, reverse repurchase, warrants and contracts-for-difference (together “**derivatives**”) in order to afford the protection of capital or the enhancement of investment returns. These derivative positions may be executed either on-exchange or over-the-counter. The primary risks associated with the use of such derivatives are (i) failure to predict accurately the direction of the market movements and (ii) market risks, for example, lack of liquidity or lack of correlation between the change in the value of the underlying asset and that of the value of a Fund’s derivatives. These techniques may not always be possible or effective in enhancing returns or mitigating risk.

The use of cross-currency hedging in order to hedge foreign currency exposure of the underlying assets of a Fund on behalf of a Share class into the base currency of that Fund or into a currency institutionally linked to the base currency may adversely affect the Net Asset Value of Share classes in the respective Fund.

A Fund’s investments in over-the-counter derivatives are subject to the risk of counterparty default. In addition, a Fund may have to transact with counterparties on standard terms which it may not be able to negotiate.

Price movements of forward contracts, futures contracts, options, contracts for difference and other derivative contracts in which a Fund’s assets may be invested are influenced by among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and interest rate-related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. Moreover, since there is generally less government supervision and regulation of emerging market stock exchanges and clearing houses than in more developed markets, a Fund may also be subject to the risk of the failure of the exchanges on which its positions trade or of their clearing houses, and there may be a higher risk of financial irregularities and/or lack of appropriate risk monitoring and controls.

Financial derivative instruments shall not be employed by the Company until such time that a risk management process has been submitted to and cleared by the Financial Regulator. The Company will not utilise derivative positions which have not been included in the risk management process until such time as a revised risk management process has been submitted and approved by the Financial Regulator.

Leverage Risk

A Fund’s possible use of borrowing, leverage or derivative instruments may result in certain additional risks. Leveraged investments, by their nature, increase the potential loss to investors resulting from any depreciation in the value of such investments. Consequently, a relatively small price movement in the security underlying a leveraged instrument may result in a substantial loss to a Fund.

Counterparty and Broker Credit Risk

A Fund will be exposed to the credit risk of the counterparties or the brokers and dealers and exchanges through which, it deals, whether it engages in exchange-traded or off-exchange transactions. A Fund may be subject to risk of loss of its assets held by a broker in the event of the broker’s bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of a Fund, or the bankruptcy of an exchange clearing house.

Cross liability between funds

The Company is established as a segregated portfolio company. As a matter of Irish law, the assets of one Fund will not be available to satisfy the liabilities of another. However, the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There is no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability associated with segregated portfolio companies nor is there any guarantee that the creditors of one Fund will not seek to enforce such Fund's obligations against another Fund.

Substantial repurchases

Substantial repurchases by Shareholders may necessitate liquidation of investments. It is possible that losses may be incurred due to such liquidations that might otherwise not have arisen.

Expenses Charged to Capital

Shareholders should note that all or part of the management fees and expense of a Fund may be charged to the capital of a Fund as set out in the applicable Supplement. This will have the effect of lowering the capital value of the Shareholder's investment.

Taxation

Any change in the Company's tax status or in legislation could affect the value of investments held by the Company and affect the Company's ability to provide a return to investors. Potential investors and Shareholders should note that the statements on taxation, which are set out herein and in each Supplement, are based on advice which has been received by the Directors regarding the law and practice in force in the relevant jurisdiction as at the date of this Prospectus and each Supplement. As is the case with any investment, there can be no guarantee that a tax position or proposed tax position prevailing at the time an investment is made in the Company will endure indefinitely. The attention of potential investors is drawn to the tax risks associated with investing in the Company, particularly the section headed "Taxation" starting on page 22.

Temporary suspension

Investors are reminded that in certain circumstances their right to redeem or convert Shares may be temporarily suspended as set out in more detail in the section headed "Suspension of Valuation" on page 17.

Political and /or regulatory risks

The value of a Fund's assets may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions in foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investments may be made.

Controlling Shareholder

There is no restriction on the percentage of the Company's Shares that may be owned by one person or a number of connected persons. It is possible, therefore, that one person, including a person or entity related to the Investment Manager, or, a collective investment scheme managed by the Investment Manager, may obtain control of the Company or of a Fund.

MANAGEMENT AND ADMINISTRATION

The Directors of the Company

The Directors of the Company are responsible, *inter alia*, for establishing the investment objectives and policies of the Company and each Fund, for monitoring the Company's performance and for the overall management and control of the Company.

The following are the Directors of the Company:-

Mr. Kevin Gallacher

Kevin Gallacher is Joint Managing Director and Head of Business Development at Merrion Capital Investment Managers Limited. He joined Merrion Capital Investment Managers Limited (formerly Oppenheim Investment Managers Limited) in April 2001 having previously worked for the Frank Russell Company, a leading US investment consultancy. He has 16 years experience of the investment industry and has an MSc in investment analysis.

Mr. Brian Hall

Brian Hall is Finance Director at Merrion Capital Investment Managers Limited, with responsibility for finance and investment administration. After graduating with an M.A. in Economics from UCD, he worked with Ernst & Young and qualified as a Chartered Accountant in 1995. He is a member of the Institute of Chartered Accountants in Ireland and a director of the Irish Association of Investment Managers. He joined Merrion Capital Investment Managers Limited (formerly Oppenheim Investment Managers Limited) in 1998.

Mr. Joseph O'Dwyer

Joe O'Dwyer is Joint Managing Director and Chief Investment Officer at Merrion Capital Investment Managers Limited. He has over 20 years experience in the investment industry in both stockbroking and fund management. He joined Merrion Capital Investment Managers Limited (formerly Oppenheim Investment Managers Limited) from NCB Stockbrokers where he headed up the European Equity sales function. Prior to that he was investment manager with Smurfit Paribas Bank Ltd.

Mr. Michael Hodson

Michael Hodson is CFO of Merrion Capital Group, a Dublin-based stockbroking and corporate finance company. Mr. Hodson was a founding shareholder of Merrion which in December 2005 was sold to Landsbanki, the Icelandic bank. Prior to joining Merrion he had senior finance/compliance roles with Fexco Stockbroking and NCB Stockbrokers.

Mr. John Conroy

John Conroy is Chief Executive of Merrion Capital Group, a Dublin-based stockbroking and corporate finance company. Mr. Conroy was a founding shareholder of Merrion which in December 2005 was sold to Landsbanki, the Icelandic bank. He is also a director of eircom.

All of the Directors are non-executive directors and their address, for the purpose of the Company, is the registered office of the Company.

The Investment Manager and Promoter

The Company has appointed Merrion Capital Investment Managers Limited to act as investment manager pursuant to the Investment Management Agreement. The Investment Manager was incorporated as a limited liability company on 11 July 1985 and is authorised as an investment firm and regulated by the Financial Regulator. The Investment Manager is a wholly-owned subsidiary of Merrion Capital Group Limited. As of 31 December 2007, the Investment Manager had approximately €1 billion of funds under management.

The Investment Manager may, from time to time, appoint investment advisers (who will be paid out of the Investment Manager's fee) in accordance with the requirements of the Financial Regulator. Details of any such investment adviser will be provided to Shareholders on request and will be disclosed in the periodic reports and in the applicable Supplement.

The Distributor

The Company has appointed Rabodirect (a registered business name in Ireland of Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A.) to act as distributor of the Shares pursuant to the Distribution Agreement between the Company and the Distributor.

The Administrator

The Company has appointed Northern Trust International Fund Administration Services (Ireland) Limited as administrator pursuant to the Administration Agreement. Northern Trust International Fund Administration Services (Ireland) Limited is a private limited liability company incorporated in Ireland on 15 June 1990 and is an indirect wholly-owned subsidiary of Northern Trust GFS Holdings Limited which in turn is wholly owned by Northern Trust Corporation. Northern Trust Corporation and its subsidiaries comprise the Northern Trust Group, one of the world's leading providers of global custody and administration services to institutional and personal investors. As at 31 December 2006 the Northern Trust Group's assets under custody and administration totalled in excess of US\$3.5 trillion. The principal business activity of Northern Trust International Fund Administration Services (Ireland) Limited is the administration of collective investment schemes. The registered office of Northern Trust International Fund Administration Services (Ireland) Limited is Georges Court, 54-62 Townsend Street, Dublin 2, Ireland.

The administration duties and functions of the Administrator will include, inter alia, the calculation and publication of the Net Asset Value, the provision of facilities for the confirmation and registration of Shares, the keeping of all relevant records and accounts of the Company and assisting with compliance by the Company with the reporting requirements of the Financial Regulator. The Administrator may, with the prior consent of the Directors and in accordance with the requirements of the Financial Regulator, delegate some or all of its duties to an affiliate.

The Administrator will also act as registrar and transfer agent of the Company.

The Custodian

The Company has appointed Northern Trust Fiduciary Services (Ireland) Limited as custodian of its assets pursuant to the Custodian Agreement. The Custodian is a company incorporated in Ireland as a limited liability company on 20 December 1989 and is a wholly owned subsidiary of Northern Trust Corporation. Northern Trust Corporation is one of the world's leading providers of global custody and asset administration services to institutional and personal clients. At 31 March 2006, Northern Trust Corporation had assets under custody and administration in excess of US\$3.2 trillion. The Custodian has been approved by the Financial Regulator to act as custodian for the Company.

Conflicts of Interest

Due to the operations which are or may be undertaken by the Investment Manager, the Administrator, the Custodian and the Directors and their respective holding companies, subsidiaries and affiliates (each an "interested party"), conflicts of interest may arise.

An interested party may acquire or dispose of any investment notwithstanding that the same or similar investments may be owned by or for the account of or otherwise connected with the Company. Furthermore, an interested party may acquire, hold or dispose of investments notwithstanding that such investments had been acquired or disposed of by or on behalf of the Company by virtue of a transaction effected by the Company in which the interested party was concerned provided that the acquisition or disposal by an interested party of such investments is effected on normal commercial terms as if negotiated on an arm's length basis in the best interests of the Shareholders.

Any such dealings are subject to: (1) a certified valuation of a transaction by a person appointed by the Directors and approved for such purpose by the Custodian as independent and competent is obtained; or (2) execution on best terms on an organised investment exchange in accordance with the rules of such exchange; or (3) where (1) and (2) are not practical, the transaction is executed on terms which the Custodian is, or the Directors in the case of a transaction involving the Custodian are, satisfied are normal commercial terms negotiated at arm's length and are in the best interests of Shareholders.

The Investment Manager, the Custodian, the Administrator and/or their affiliates may invest, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets that may also be purchased or sold by the Company. Neither the Investment Manager nor any of its affiliates is under any obligation to offer investment opportunities of which any of them becomes aware to the Company or to account to the Company in respect of (or share with the Company or inform the Company of) any such transaction or any benefit received by any of them from any such transaction.

In the event that a conflict of interest does arise, the Directors will endeavour to ensure that any such conflict is resolved fairly and in the best interests of the Shareholders.

SUBSCRIPTIONS, TRANSFERS AND REDEMPTIONS

Subscriptions

The Directors shall, before the Initial Offer of Shares in any Fund, determine the terms on which such Shares will be issued, details of which will be as set out in the applicable Supplement.

After the relevant Closing Date for each Fund, the Company may offer Shares in each Fund on each Subscription Date at an issue price equal to the Net Asset Value per Share of the relevant Fund on each Valuation Date. During any period of net subscriptions, a charge may be added, at the discretion of the Directors, to the purchase price per Share and deducted directly from the subscription proceeds, to cover the dealing costs involved in purchasing investments in the underlying investments of the relevant Fund as set out in the applicable Supplement. The charge is intended to protect existing and continuing Shareholders against the dilution of the value of their investment on account of these charges.

In addition, the Directors may in their absolute discretion charge a subscription fee, payable to the Investment Manager, of up to 4 per cent. of the aggregate investment amount subscribed. This fee may be paid in full or in part by the Investment Manager to introducing agents and intermediaries. Where the amount subscribed for Shares is not equivalent to an exact number of Shares, fractions of Shares may be issued and will be rounded to the fourth decimal place.

All applications for Shares must be received by post, delivery or fax (with the signed original to follow as soon as possible after) by the Administrator at its respective addresses no later than 4.00pm (Dublin time) respectively on the relevant Subscription Date.

The procedure for subscribing for Shares, the Minimum Subscription amount applicable and details of any subscription charges for each Fund will be as set out in the applicable Supplement.

Before subscribing for Shares, an applicant who is not an Irish Resident or is an Exempt Irish Resident will be required to complete a declaration in a form prescribed by the Revenue Commissioners of Ireland. Such declaration will be included in the application form, which is available from the Administrator.

Each Shareholder must notify the Administrator in writing of any change in the information contained in the application form and furnish the Administrator with whatever additional documents relating to such change as it may request.

Measures aimed at the prevention of money laundering may require an applicant to provide verification of identity, verification of address and source of funds to the Administrator.

The Administrator reserves the right to request such information as is necessary to verify the identity, address and source of funds of the applicant. This information may also include details as to the tax residency of an applicant pursuant to the requirements of the EU Savings Directive together with relevant documentary evidence. Depending on the circumstances of each application, a detailed verification of the source of funds might not be required where (i) the investor makes payment from an account held in the investor's name at a recognised financial institution or (ii) the application is made through a recognised intermediary. These exceptions will only apply if the financial institution or intermediary referred to above is located within a country recognised in Ireland as having equivalent anti-money laundering regulations or satisfies other applicable conditions. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator or the Directors may refuse to accept the application and all subscription monies. The Administrator may also refuse to process a redemption if any requested information is not received.

The Administrator, working in conjunction with the designated anti-money laundering reporting officer of the Company, will notify applicants if additional proof of identity is required. By way of example, an individual may be required to produce a copy of a current passport or identification card together with two pieces of evidence of the applicant's address, such as a utility bill or bank statement. In the case of corporate applicants, this may require production of a certified copy of the certificate of incorporation (and any change of name), bye-laws, memorandum and articles of association (or

equivalent), and the names and addresses of all directors and beneficial owners. Detailed verification of directors' and substantial beneficial owners' identity and address may also be required.

Shares will not be issued until such time as the Administrator has received and is satisfied with all the information and documentation required to verify the identity, address and source of funds of the applicant. This may result in Shares being issued on a Subscription Date subsequent to the Subscription Date on which an applicant initially wished to have Shares issued to him/her. It is further acknowledged that the Administrator shall be held harmless by the applicant against any loss arising as a result of the failure to process the subscription if such information as has been requested by the Administrator has not been provided by the applicant.

Shares will be issued in registered form. Contract notes will normally be issued within two Business Days of the determination of the Net Asset Value in respect of the relevant Subscription Date on which the application is being processed. Share certificates will not be issued. Investors will not be entered onto the register of Shareholders if they subscribe for less than the Minimum Subscription (or such other amount as the Directors have in their absolute discretion determined).

Shares will be issued upon: (i) fulfilment of the conditions for acceptable subscriptions; (ii) the provision of all relevant money laundering documentation; and (iii) receipt of cleared funds by the Company and the Administrator within three Business Days of the relevant Subscription Date and in accordance with the terms and conditions of the Prospectus and Supplements in force at the time of the subscription. Failure by the Company to receive cleared funds within three Business Days of the relevant Subscription Date will result in the cancellation of the allotted Shares. The Administrator will normally issue a completion notice after the Shares have been issued and this will constitute a written confirmation of ownership of the Shares. Any gains or losses incurred by the Company as a result of any such cancellation shall be for the account of the relevant Fund. The Directors have discretion to accept settlement after the Closing Date, in the case of Shares allotted pursuant to the Initial Offer, and after the relevant Valuation Date, in the case of Shares allotted on a subsequent Subscription Date, in order to deal with any contingencies which may arise in the transfer of subscription monies.

Investors will be required to agree to indemnify and hold harmless the Company, the Directors, the Investment Manager, the Administrator and the Custodian for any losses, costs or expenses incurred by them as a result of the failure or default of the investor to transmit subscription monies in immediately available funds to the account of the Company within the time specified in the applicable Supplement.

In addition, the Directors or the Administrator will refuse to process a redemption request until proper information has been provided including any relevant money laundering documentation.

The Directors may, in their absolute discretion, accept payment for Shares by a transfer *in specie* of assets, the nature of which would qualify as investments of a Fund in accordance with the investment policy and restrictions of the relevant Fund and the value of which (including the Net Asset Value per Share, thereof) shall be determined by the Administrator, having consulted with the Investment Manager and the Custodian, in accordance with the valuation principles governing the Company and applicable law. The Directors and the Custodian will also ensure that the number of Shares issued in respect of any such *in specie* transfer will be the same amount which would have fallen to be allotted for settlement in cash. Any prospective investor wishing to subscribe for Shares by a transfer *in specie* of assets will be required to comply with any administrative and other arrangements (including any warranties to the Company in relation to the title of such assets being passed to the Custodian, if applicable) for the transfer specified by the Custodian and the Administrator. In addition, the Directors must ensure that any assets transferred will be vested with the Custodian on behalf of the Company. The Directors and the Custodian must be satisfied that any such *in specie* transfer will not result in any material prejudice to existing Shareholders.

The Directors may, in their absolute discretion, reject any application for Shares in full or in part. Amounts paid to the Company in respect of subscription applications which are rejected (or, in the case of applications which are not accepted in full, the balance of the amount paid) will be returned to the applicant at his/her own risk and expense without interest.

Transfers

The transferor shall be deemed to remain the holder of any Shares that it proposes to transfer until the

name of the transferee is entered in the Company's register of members in respect of those Shares. In respect of the Shares, each transferee will be required to provide the same information, representations and warranties to the Company and the Administrator as are required from any applicant for Shares.

The Company will be required to account for tax on the value of the Shares transferred at the applicable rate unless it has received from the transferor a declaration in the prescribed form confirming that the Shareholder transferring its Shares is not an Irish Resident or is an Exempt Irish Resident. The Company and the Administrator reserve the right to redeem such number of Shares held by a transferor as may be necessary to discharge the tax liability arising. The Company and the Administrator reserve the right to refuse to register a transfer of Shares until it receives a declaration as to the transferee's status and residency in the form prescribed by the Revenue Commissioners of Ireland.

Redemptions

After the relevant Closing Date for each Fund, the Company may accept requests for redemptions on each Redemption Date at a price equal to the Net Asset Value per Share of the relevant Fund on such Redemption Date.

Requests for redemption may be made by post, delivery or fax (with the signed original to follow as soon as is possible) to the Administrator for on a completed redemption request (which is available on request from the Administrator) so as to be received by no later than 4.00pm (Dublin time) on the relevant Redemption Date on which the Shares are to be redeemed. Redemption requests must be sent to the Administrator to be received no later than 4.00pm.

During any period of net redemptions, the redemption price per Share may be reduced, at the discretion of the Directors, by a charge in respect of each Fund to cover the dealing costs involved in redeeming investments in the underlying investments of the relevant Fund as set out in the applicable Supplement. The charge is intended to protect existing and continuing Shareholders against the dilution of the value of their investment on account of these charges.

The procedure for redeeming Shares and details of any redemption charges will be as set out in the applicable Supplement.

Redemption requests may be sent by post or facsimile but redemption proceeds will not be remitted until the Administrator has received the original of the redemption request including any relevant money laundering documentation. Redemption requests will only be processed on receipt of faxed instructions where payment is made to a bank account on record. In addition, the Administrator or the Directors will refuse to process a redemption request until proper information has been provided. Any amendments to a Shareholder's registration details or payment instructions will only be effected upon receipt of original documentation by the Administrator.

The Company and the Administrator will be required to withhold tax on redemption monies at the applicable rate unless it has received from the Shareholder a declaration as to status and residency in the form prescribed by the Revenue Commissioners of Ireland confirming that the Shareholder is either (i) not an Irish Resident, or (ii) an Exempt Irish Resident, in each case in respect of whom it is not necessary to deduct tax.

The Directors have the power to pay redemption proceeds *in specie*, provided that the Directors and the Custodian are satisfied that the terms of any exchange shall not be such as are likely to result in any material prejudice to any remaining Shareholders. Subject to the agreement of the relevant Shareholder, any such *in specie* redemption must be made on such terms and conditions as the Directors may specify, to such Shareholder of assets equalling the aggregate redemption price (or together with any such cash payment when aggregated with the value of the assets being redeemed are equal to such redemption price). Where redemption of Shares is to be satisfied by an *in specie* redemption of assets held by the Company, the Custodian shall transfer such assets as the Directors shall direct and the Custodian has approved to the Shareholder as soon as practicable after the relevant Subscription Date. All costs and risks of such redemption shall be borne by such Shareholders. Shares redeemed shall be deemed to cease to be in issue at the close of business on the relevant Redemption Date in respect of the redemption and such redeemed Shares shall be cancelled.

Conversion of Shares

With the consent of the Directors, a Shareholder may convert Shares of one Fund into Shares of another Fund or, Shares of one class within a Fund into Shares of another class within the same Fund on giving three days' notice to the Administrator in such form as the Administrator may require. The conversion is effected by arranging for the redemption of Shares of one Fund, converting the redemption proceeds into the currency of another Fund, and subscribing for the Shares of the other Fund with the proceeds of the currency conversion. No conversion fee will be levied. During the period between the determination of the Net Asset Value applicable to the Shares being redeemed and the subscription for Shares, the Shareholder will not be the owner of, or be eligible to receive dividends with respect to, either the Shares which have been redeemed or the Shares being acquired.

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

$$\text{NSH} = \frac{\text{OSH} \times \text{RP}}{\text{SP}}$$

where:-

NSH = the number of Shares which will be issued in the new Fund;

OSH = the number of the Shares to be converted;

RP = the Net Asset Value of the Shares to be converted after deducting the redemption fee, if any; and

SP = the issue price of Shares in the new Fund on that Business Day after deducting the subscription fee, if any.

If NSH is not a whole number of Shares the Administrator reserves the right to issue fractional Shares in the new Fund or to return the surplus arising to the Shareholder seeking to convert the Shares.

A Shareholder is not required to submit a new application form for the purchase of Shares in connection with a conversion.

Deferral of Redemptions

The Directors may, in their absolute discretion, limit the number of Shares that can be redeemed on any one Redemption Date to 10 per cent. of the Net Asset Value of the applicable Fund. In this event, the limitation will apply pro rata so that all Shareholders wishing to have their Shares redeemed on that Redemption Date redeem the same proportion of such Shares, and Shares not redeemed will be carried forward for redemption on the next Redemption Date and all following Redemption Dates (in relation to which the Company will carry out the same procedure as described herein) until the original request has been satisfied in full. If requests for redemption are so carried forward, the Administrator will inform the Shareholders affected. Redemption requests carried forward will have priority over redemption requests received in respect of subsequent Redemption Dates.

Compulsory Redemptions

The Directors may compulsorily redeem or transfer any holding of Shares if it comes to their attention that those Shares are being held directly or beneficially by any person who he is not entitled to apply for Shares as described more fully in the section headed "Investor Restrictions" below. The Directors also reserve the right to the compulsory redemption of all Shares held by a Shareholder if the aggregate Net Asset Value of the Shares held by the Shareholder is less than the Minimum Holding specified in the applicable Supplement. Prior to any compulsory redemption of Shares, the Directors will notify the Shareholder in writing and allow such Shareholder thirty days to purchase additional Shares to meet this minimum holding requirement.

Suspension of Subscriptions, Transfers, Conversions and Redemptions

Subscriptions, transfers, conversions and redemptions for any Fund will be suspended for as long as the calculation of the Net Asset Value of that Fund is suspended as more fully described in the section headed “Valuation - Suspension of Valuation” on page 16.

Any applications for subscriptions, transfers, conversions and redemptions for a Fund will be considered on the first Subscription Date or Redemption Date, as applicable, following the termination of a suspension.

Investor Restrictions

Potential investors should note that restrictions apply regarding the types of persons to whom Shares may be issued and transferred for the purpose of ensuring that no Shares are held by any person or persons:-

- (i) in breach of the law or requirements of any country or governmental authority; or
- (ii) in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other person or persons, connected or not, or any other circumstance appearing to the Directors and the Administrator to be relevant) where, in the opinion of the Directors and the Administrator, such holding might result in taxation, legal, pecuniary, regulatory or material administrative disadvantage to the Company or its Shareholders as a whole.

Abusive Trading Practices

Excessive, short-term (or market timing) or other abusive trading practices may disrupt portfolio management strategies and harm Fund performance. To minimise harm to a Fund and its Shareholders, the Directors, working in conjunction with the designated anti-money laundering reporting officer, reserves the right to reject any subscription (including any transfer) from any investor whom it believes has a history of abusive trading or whose trading, in its judgement, has been or may be disruptive to a Fund. In making this judgement, the Directors may consider trading done in multiple accounts under common ownership or control.

VALUATION

Net Asset Value

The Net Asset Value of the Company and of each Fund or of each class of Shares, as the case may be, will be calculated by the Administrator at the relevant Valuation Point for each Valuation Date in accordance with the principles more fully described in the section headed “Valuation Principles” below.

The Net Asset Value of each Fund is, as at any Valuation Point, the aggregate value of the assets attributable to each Fund (including, without limitation, any unamortised expenses) less the aggregate liabilities attributable to each Fund (including, without limitation, its accrued expenses including any Performance Fee accrual and such amount in respect of contingent or projected expenses as the Directors consider fair and reasonable). The Net Asset Value per Share in each Fund will be calculated by dividing the Net Asset Value of such Fund by the number of Shares in issue in respect of that Fund.

Where a Fund is made up of more than one class of Shares, the Net Asset Value of each class of Shares will be calculated by determining that part of the Net Asset Value of each Fund attributable to each such class of Shares and dividing this value by the number of Shares of that class in issue to the nearest four decimal places to give the Net Asset Value per Share. Any increase or decrease in the Net Asset Value of each Fund will be allocated between the Share classes based on their pro rata Net Asset Values. The Net Asset Value of Share classes denominated in currencies other than the base currency of a Fund will be calculated using the relevant exchange rate prevailing at the relevant Valuation Point.

Where classes of Shares denominated in different currencies are created within the Fund and currency hedging transactions are entered into in order to hedge any relevant currency exposure, such transactions will be clearly attributable to a specific Share class and any costs and gains/losses of the hedging transactions will accrue solely to the relevant class of Shares. Furthermore, no currency Share class may be leveraged as a result of using such currency hedging transactions. Any currency hedging will be limited to 100% of the Net Asset Value attributable to each class of Shares. The costs and gains/losses of the hedging transactions will accrue solely to the relevant class of Shares. This strategy may substantially limit Shareholders of the class of Shares from benefiting if the class currency falls against the base currency and/or the currency in which the assets of a Fund are denominated.

The Net Asset Value per Share will increase or decrease in accordance with profits earned or losses incurred by the Company.

Allocation of Assets and Liabilities

The Articles of Association require the Directors to establish separate Funds in the following manner:

- (a) the proceeds from the issue of each Share shall be applied in the books and records of a Fund established for that Share, and the assets less the liabilities plus income less expenditure attributable thereto shall be applied to such Fund subject to the provisions of the Articles of Association;
- (b) where any asset is derived from another asset (whether cash or otherwise), the derived asset shall be applied to the same Fund as the assets from which it was derived and on each revaluation of an asset the increase or diminution in value shall be applied to the relevant Fund;
- (c) in the case of any asset which the Directors do not consider as attributable to a particular Fund, 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 Funds and the Directors shall have the power at any time, subject to the approval of the Custodian, to vary such basis provided that the approval of the Custodian shall not be required in any such case where the asset is allocated between all Funds pro rata to their net asset values at the time when the allocation is made; and

- (d) the Directors shall have the discretion, subject to the approval of the Custodian, to determine the basis upon which any liability (which, without limitation, may include all operating expenses of the Company such as stamp duties, taxes, brokerage or other expenses of acquiring and disposing of investments, the fees and expenses of the auditors and legal advisers, the costs of printing and distributing reports, accounts and any Prospectus, publishing prices and any relevant registration fees, etc.) shall be allocated between Funds (including conditions as to the subsequent re-allocation thereof if circumstances so permit) and shall have the power at any time and from time to time to vary such basis, provided that the approval of the Custodian shall not be required in any such case where a liability is allocated between the Funds pro rata to their Net Asset Values.

Valuation Principles

The Net Asset Value for each class of Shares shall be determined separately by reference to the Fund appertaining to that class of Shares and to each such determination the following provisions shall apply:-

- (1) The Net Asset Value of each Fund shall be determined and shall be equal to the value as at the relevant Valuation Point of all the assets, less all the liabilities, of that Fund.
- (2) The assets of a Fund shall be deemed to include:-
 - (a) all cash in hand, on loan or on deposit, or on call including any interest accrued thereon;
 - (b) all bills, demand notes, promissory notes and accounts receivable;
 - (c) all bonds, certificates of deposit, shares, stock, units in collective investment schemes, debentures, debentures stock, subscription rights, warrants, options and other investments and securities owned and contracted for, (other than rights and securities issued by it);
 - (d) all stock and cash dividends and cash distributions which the Directors consider will be received by the Company in respect of a Fund but which have not yet been received by it but have been declared payable to stockholders of record on a date before the day as of which the assets are being valued;
 - (e) all interest accrued on any interest-bearing securities forming part of a Fund; and
 - (f) all prepaid expenses including dividends receivable by the Company relating to that Fund and a proportion of any prepaid expenses relating to the Company generally, such prepaid expenses to be valued and defined from time to time by the Directors.
- (3) Any expense or liability of the Company may be amortised over such period as the Directors (with the approval of the Auditors) may determine (and the Directors may at any time and from time to time determine with the approval of the Auditors to lengthen or shorten any such period), and the unamortised amount thereof at any time shall also be deemed to be an asset of the Company.
- (4) Assets shall be valued as follows:-
 - (a) deposits shall be valued at their principal amount plus accrued interest from the date on which the same was acquired or made;
 - (b) investments or assets listed, quoted or dealt in on a Recognised Market, save as otherwise herein provided, shall be valued at the Valuation Point in each case being the latest mid-market price (being the average of the bid and offer prices) on the Recognised Market on which these assets are traded or admitted for trading (being the Recognised Market which is the sole or in the opinion of the Directors the principal Recognised Market on which the investment in question is listed, quoted or

dealt in). If, in the sole opinion of the Directors, the dealing price (which will be the latest mid-market price) for the assets, calculated as at the Valuation Point is not representative of the value of the assets, the value will be the probable realisation value, estimated with care and in good faith by such competent person as may be appointed by the Directors and approved for the purpose by the Custodian;

- (c) exchange traded futures and options contracts (including index futures) shall be valued at the settlement price as determined by the market in question. If such market price is not available, the value shall be the probable realisation value estimated by an independent party appointed by the Directors and approved for the purpose by the Custodian. Off-exchange derivative contracts shall be valued by the counterparty on a daily basis. The valuation must be approved or verified weekly by a third party who is independent of the counterparty and who is appointed by the Directors and approved for the purpose by the Custodian. Forward 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. As foreign exchange hedging may be utilised for the benefit of a particular type of Share within a Fund, its costs and related liabilities and/or benefits shall be for the account of that Share type only. Accordingly, such costs and related liabilities and/or benefits will be reflected in the Net Asset Value per Share for Shares of any such type;
- (d) securities quoted, listed or normally dealt in on more than one market, the Directors or their delegate shall adopt as the value thereof the relevant price on the market which, in their opinion, provides the principal market for such securities;
- (e) at any time when dealing prices are not available in respect of assets listed, quoted or dealt in on a Recognised Market in each case on the Recognised Market on which these assets are traded or admitted for trading (being the Recognised Market which is the sole or in the opinion of the Directors or their delegate the principal Recognised Market on which the investment in question is listed, quoted or dealt in), the value of the assets will be the probable realisation value estimated with care and in good faith by such competent person as may be appointed by the Directors and approved for the purpose by the Custodian;
- (f) any investments or assets not listed, quoted or dealt in on a Recognised Market shall be valued at the probable realisation value as determined with care and in good faith by such competent persons as may be appointed by the Directors and approved for the purpose by the Custodian;
- (g) securities listed or traded on a Recognised Market but acquired or traded at a premium or at a discount outside or off the relevant market may be valued, taking into account the level of premium or discount at the date of the valuation. The Custodian must ensure that the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security;
- (h) cash shall be valued at face value (together with accrued interest to the relevant Valuation Date) unless, in the opinion of the Directors, any adjustment should be made to reflect the value thereof in the context of currency, marketability, dealing costs and/or such other considerations as are deemed relevant;
- (i) the value of units or shares or other similar participation in any Collective Investment Scheme shall be valued at the latest mid-market price or, if unavailable, the last available Net Asset Value as published by the Collective Investment Scheme; and
- (j) notwithstanding the foregoing, the Directors may permit some other method of valuation to be used for any particular asset if they consider that such valuation better reflects the fair value of that asset, such other method to be approved by the Custodian.

- (5) Currencies or values in currencies other than in the currency of designation of a particular Fund shall unless the Directors determine otherwise be converted or translated at the rate which the Investment Manager after consulting with, or in accordance with, the method approved by the Custodian may consider appropriate having regard (*inter alia*) to any premium or discount which may be relevant and to costs of exchange into the currency of designation of that Fund.
- (6) For the purpose of valuing the Company's assets as aforesaid the Directors may rely upon the opinions of any person(s) who appear to them to be competent to value assets by reason of any appropriate professional qualification or of experience of any relevant market.
- (7) The liabilities of a Fund shall be deemed to include all liabilities (including charges incurred on the acquisition and realisation of investments) and such operating expenses (that the Directors consider to be attributable to a particular Fund, and such amount as the Directors determine to provide in respect of contingent liabilities) of whatsoever kind and nature except liabilities represented by Shares in the Company. In determining the amount of such liabilities the Directors may calculate any liabilities on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any such period. Where the Directors have created different classes of Shares within a Fund and have determined that each class will incur different levels of fees (the details of which shall be set out in the applicable Supplement for that Fund), the Administrator shall adjust the Net Asset Value per class in order to reflect such different levels of fees payable in respect of each class.
- (8) The Net Asset Value of each Fund may be certified by a Director of the Company or by any other person authorised to give such certificate by the Directors and any such certificate shall be binding and conclusive as to the Net Asset Value of such Fund in the absence of manifest error.
- (9) Any increase or decrease in the Net Asset Value of each Fund is attributed to the different classes of Shares within each Fund based on their respective pro-rata closing Net Asset Values. The Net Asset Value attributed to each class is then divided by the number of Shares of the relevant class in issue to give the Net Asset Value per Share of each class of Share of that Fund.

Suspension of Valuation

The Directors may at any time temporarily suspend the calculation of the Net Asset Value of the Company or any Fund during:-

- (a) any period when any of the principal markets or stock exchanges 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;
- (b) 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 a substantial part of the investments of the relevant Fund is not reasonably practicable without this being seriously detrimental to the interests of the Shareholders in the relevant Fund or if, in the opinion of the Directors, the Net Asset Value of the relevant Fund cannot be fairly calculated; or
- (c) any breakdown in the means of communication normally employed in determining the value of the investments of the relevant Fund or when for any reason the current prices on any market of a substantial part of the investments of the relevant Fund cannot be promptly and accurately ascertained.

Any such suspension will be notified to the Financial Regulator (for each class of Shares) immediately and, where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

Publication of the Net Asset Value

The Net Asset Value per Share of each Fund as calculated for each Valuation Point will be published daily on the Investment Manager's website www.merrion-capital.com and such other media as the Directors may from time to time determine. The Net Asset Value per Share will be available from the Administrator. Such information is published for information only; it is not an invitation to subscribe for, redeem or convert Shares at that Net Asset Value.

FEES AND EXPENSES

Investment Management and Distribution Fees

Under the provisions of the Investment Management Agreement and the Distribution Agreement, the Company will pay the Investment Manager and the Distributor such fees as set out in the relevant Supplement.

The fees will accrue daily and will be payable monthly in arrears (and pro rata for lesser periods). The Company will pay all out-of-pocket expenses incurred by the Investment Manager and the Distributor (including VAT thereon). Such out-of-pocket expenses may include transaction charges provided that they are charged at normal commercial rates and incurred by the Investment Manager and the Distributor in the performance of their duties under the Investment Management Agreement and the Distribution Agreement.

Custodian and Administration Fees

Under the provisions of the Custodian Agreement, each Fund or class of Shares will pay the Custodian a fee in respect of its duties as Custodian of that Fund or class of Shares. Such custodial fees will accrue on each Valuation Date and will be payable monthly in arrears. The Custodian will also be entitled to the payment of certain charges (at normal commercial rates) based on transactions undertaken by the Fund. The Custodian will also be entitled to be reimbursed for reasonable out-of-pocket expenses properly incurred by it including telephone and fax charges, stamp duties and registration fees. The Company will also reimburse the Custodian for all custody fees and handling charges of the sub-custodians charged at normal commercial rates.

Under the provisions of the Administration Agreement, each Fund or class of Shares will pay the Administrator a fee in respect of its duties as Administrator of that Fund or class of Shares. Such administration fees will accrue on each Valuation Date and will be payable monthly in arrears. The Administrator will also be entitled to the payment of fees for acting as Registrar and Transfer Agent and transaction charges (which are charged at normal commercial rates), which are based on transactions undertaken by the Fund, the number of subscriptions, redemptions, exchanges and transfer of Shares processed by the Administrator and time spent on company shareholder servicing duties and to the reimbursement of operating expenses. The Administrator will also be entitled to be repaid for all its out-of-pocket expenses incurred on behalf of a Fund, which will include reasonable legal fees, courier fees, telecommunications and expenses.

Pursuant to the Administration Agreement and the Custodian Agreement, the Company will pay the Administrator and Custodian an aggregate fee of up to 0.30% per annum of the Net Asset Value of the relevant Fund unless otherwise disclosed in any relevant Supplement.

Directors' Remuneration

The Directors shall be entitled to a fee in remuneration for their services at a rate to be determined from time to time by the Directors, but so that the aggregate amount of Directors' remuneration in any one year shall not exceed €75,000. The Directors may also be paid all travelling, hotel and other expenses, properly incurred by them, in attending and returning from meetings of the Directors or general meetings of the Company or in connection with the business of the Company. The Directors may in addition to such remuneration as aforesaid grant special remuneration to any Director who, being called upon, shall perform any special or extra services to or at the request of the Company and such remuneration will be at normal commercial rates.

Establishment Expenses

The fees and expenses incurred in connection with the establishment of the Company and the Initial Funds, the preparation and publication of this Prospectus and the Supplement attached hereto, and all legal costs and out-of-pocket expenses related thereto are not expected to exceed €65,000 as at the date of this Prospectus. Such expenses will be amortised on a straight-line basis in the accounts of the Company over the first 60 months of the Company's operations or such shorter period as the Directors may determine. While this is not in accordance with applicable accounting standards generally

accepted in Ireland and the UK and may result in the audit opinion on the annual report being qualified in this regard, the Directors believe that such amortisation is fair and equitable to investors. Any Funds of the Company which may be established subsequent to the Initial Funds may, at the absolute discretion of the Directors, be allocated such portion of the formation expenses as the Directors consider to be fair in the circumstances. Details of the establishment expenses relating to Funds created in the future, if any, will be set out in the applicable Supplement. For the avoidance of doubt, therefore, the estimated amount of establishment expenses for the Initial Funds, namely €65,000, may be exceeded with the creation of subsequent Funds.

Other Expenses

The Company will also pay the following costs and expenses:-

- (i) all out-of-pocket expenses payable to the Investment Manager, the Administrator and the Custodian (including VAT thereon). Such out-of-pocket expenses may include transaction charges provided that they are charged at normal commercial rates. Any expenses incurred in relation to a particular Fund will be applied to that Fund. Expenses incurred in relation to more than one Fund will be applied pro-rata across the relevant Funds;
- (ii) all stamp duty (other than any payable by an applicant for Shares or by a Shareholder) or other tax or duty which may be levied or payable from time to time on or in respect of the Company or on creation or issue of Shares or arising in any other circumstance;
- (iii) all fiscal and purchase or fiscal and sale charges arising on any acquisition or disposal of investments;
- (iv) all expenses incurred in relation to the registration of any investments into and transfer of any investments out of the name of the Company or its nominees or the holding of any investment or the custody of investments and/or any Prospectus or title thereto (including bank charges, insurance of documents of title against loss in shipment, transit or otherwise);
- (v) all expenses incurred in the collection of income of the Company;
- (vi) all costs and expenses of and incidental to preparing resolutions of Shareholders for the purpose of securing that the Company conforms to legislation coming into force after the date of the incorporation of the Company (including costs and expenses incurred in the holding of a meeting of Shareholders, where necessary);
- (vii) all taxation payable in respect of the holding of or dealings with or income from the Company relating to the Company's property and in respect of allocation and distribution of income to Shareholders other than tax of Shareholders or tax withheld on account of Shareholders' tax liability;
- (viii) all commissions, stamp duty, value added tax and other costs and expenses of or incidental to any acquisition, holding, realisation or other dealing in investments, foreign exchange options, financial futures, contracts for differences or any other derivative instruments or the provision of cover or margin therefore or in respect thereof or in connection therewith;
- (ix) all stationery, printing and postage costs in connection with the preparation and distribution of cheques, warrants, tax certificates, statements, accounts and reports made, issued or despatched pursuant to the Articles of Association;
- (x) the fees and expenses of the auditors, tax and legal advisers, translators and other professional advisers of the Company;
- (xi) all fees and expenses in connection with the marketing and advertising of the Company;
- (xii) any fees payable by the Company to any regulatory authority in any other country or territory, the costs and expenses (including legal, accountancy and other professional charges and printing costs) incurred in meeting on a continuing basis the notification, registration and

other requirements of each such regulatory authority, and any fees and expenses of representatives or facilities agents in any such other country or territory;

- (xii) all fees and costs relating to the listing or de-listing of Shares in the Company on any stock exchange;
- (xiii) all fees and costs relating to a scheme of reconstruction and amalgamation (to the extent it has not been agreed that such expenses should be borne by other parties) under which the Company acquires investments;
- (xiv) all other costs and expenses incurred by the Company and any of its appointees which are permitted by the Articles of Association; and
- (xv) fees in respect of company secretarial services.

The foregoing expenses will be properly vouched for or, if not vouched for, shall be charged to the Company at normal commercial rates.

TAXATION

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

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

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

Taxation outside of Ireland

The income and gains of the Company from its securities and assets may suffer withholding tax of the territory where such income and gains arise, which may not be reclaimable in those territories. The Company, in certain circumstances, may not be able to benefit from the applicable reduced rates of withholding tax provided in double taxation agreements between Ireland and such territories. This is because a number of Ireland's double taxation agreements, where applied by territories on a strict basis, are available only to persons who are liable to tax in Ireland. The transactions of the Company will not be liable to Irish tax if all transactions contemplated are exempt as described below. If this position changes in the future and the application of a lower withholding tax rate results in a repayment to the Company, the Net Asset Value of the relevant Fund will not be restated and the benefit will be allocated to the existing Shareholders rateably at the time of repayment.

Taxation in Ireland

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

Taxation of the Company

On the basis that the Company is an Investment Undertaking as defined in section 739B of the Taxes Act, it will not be subject to Irish tax on its income or gains other than gains arising on chargeable events as outlined below.

Chargeable events

Chargeable events include;

- the payment of a distribution;
- the redemption, repurchase, cancellation or transfer of Shares;
- the appropriation or cancellation of Shares for the purposes of meeting the tax arising on certain chargeable events that do not involve the making of a payment to a Shareholding; and
- the ending of a Relevant Period.

However, the following events are not chargeable events;

- any transaction in relation to or in respect of Shares held in a Recognised Clearing System;

- an exchange on an arm's length basis with the Company of Shares representing one Fund for another Fund of the Company;
- an exchange on an arm's length basis with the Company of Shares in the Company for other Shares in the Company;
- the transfer by a Shareholder of entitlement to a Share where the transfer is between spouses, (subject to certain conditions this exemption may also apply to transfers between former spouses); the transferee spouse is treated as having acquired the Share at their original cost to the transferring spouse;
- an exchange of Shares arising on a "scheme of reconstruction or amalgamation" (within the meaning of section 739H(1) TCA) of the Company or other Investment Undertaking(s), subject to certain conditions being fulfilled;
- an exchange of Shares arising on a "scheme of amalgamation" within the meaning of section 739D (8C) TCA, subject to certain conditions being fulfilled; and
- an exchange of Shares arising on a "scheme of migration and amalgamation" within the meaning of Section 739D(8D) TCA, subject to certain conditions being fulfilled.

Exemption from Irish tax arising on chargeable events

The Company will not be subject to Irish tax on gains arising on chargeable events where;

- in the case of Shareholders who are Resident in Ireland or Ordinarily Resident in Ireland, they are Exempt Irish Residents; or
- in the case of Shareholders who are neither Resident in Ireland nor Ordinarily Resident in Ireland, each Shareholder has made a Relevant Declaration to the Company prior to the chargeable event and the Company has no reason to believe that the Relevant Declaration is incorrect or no longer correct.

Tax payable

Where none of the relieving provisions outlined above have application, the Company is liable to account for Irish income tax on gains arising on chargeable events as follows;

- where the chargeable event is a distribution, where payments are made annually or at more frequent intervals, Irish income tax is payable at the standard rate of income tax (currently 20 per cent.);
- where the chargeable event is not a distribution where payments are made annually or at more frequent intervals, Irish income tax is payable at the standard rate of income tax plus 3 per cent. (currently 23 per cent.).

To the extent that any tax is paid on a chargeable event that occurs solely as a consequence of the ending of a Relevant Period, such tax will be allowed as a credit or paid by the Fund to the Shareholder on the happening of a subsequent chargeable event in accordance with the provisions of S739E of the Taxes Act.

In the case of a chargeable event arising as a result of a transfer of Shares or the ending of a Relevant Period or any other chargeable event arising that does not give rise to a payment to be made to a Shareholder, the Company is entitled to cancel or appropriate sufficient Shares of the Shareholder to meet the tax liability. In the case of chargeable events other than a chargeable event arising on a transfer, any tax arising is deducted from the payments (distribution/repurchase payments/cancellation/redemption payments) to the Shareholders.

Dividend withholding tax

Distributions paid by the Company are not subject to Irish dividend withholding tax provided the Company continues to be a Collective Investment Undertaking as defined in S172A(1) of the Taxes Act.

Dividends received by the Company from investment in Irish equities may be subject to Irish dividend withholding tax (currently 20 per cent). However, where the Company makes an appropriate declaration pursuant to paragraph 6, Schedule 2A of the Taxes Act to the payer that it is a Collective Investment Undertaking within the meaning of section 734 of the Taxes Act, it will be entitled to receive such dividends without deduction of tax.

Stamp Duty

No stamp duty or other tax is payable in Ireland on the issue, redemption or transfer of Shares in the Company. Where any subscription for Shares is satisfied by the *in specie* transfer of Irish securities or other Irish property, Irish stamp duty may arise on the transfer of such securities or property.

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

Taxation of Shareholders in Ireland

Interpretation

For the purpose of determining the Irish tax liability of any Shareholder, payments made by the Company to a Shareholder who holds Shares which are held in a Recognised Clearing System, will be deemed to be payments from which tax has not been deducted.

Corporate Shareholder who is Resident in Ireland

The Irish tax position of a corporate Shareholder who is Resident in Ireland will depend on whether the Shareholder is trading in the Shares or whether they are held as an investment:-

Shares held as stock in trade

Corporate Shareholders who are Resident in Ireland and who are trading in Shares or who is a Qualifying Company will be taxable on any income or gains (grossed up for any tax deducted) earned in connection with those Shares as part of the profits of that trade or as profits of its business as a Qualifying Company, as the case may be. Such Shareholders will be entitled to a set off against corporation tax payable for any tax deducted by the Company against the corporation tax otherwise assessable upon it.

Shares held as an investment

The tax position of a corporate Shareholder whose Shares are not held as part of a share dealing trade will depend on whether or not tax is withheld by the Company:-

- ***Tax withheld by the Company***

Corporate Shareholders who are Resident in Ireland who receive distributions in respect of Shares (where such payments are made annually or at more frequent intervals) from which tax has been deducted will be treated as having received an annual payment chargeable to tax under Case IV of Schedule D from which tax at the standard rate had been deducted (currently 20 per cent.). Accordingly a 25 per cent. rate of corporation tax applies.

Corporate Shareholders who are Resident in Ireland who receive payments in respect of Shares (other than distributions which are made annually or at more frequent intervals) from which tax has been deducted (at the standard rate of income tax plus 3 per cent., currently 23 per cent.) will not be subject to further Irish tax on the payments received. However, where the Shares are not denominated in Euro, such Shareholders may also be liable to corporation tax on foreign currency gains upon the cancellation, redemption, repurchase or transfer of Shares.

- ***Tax not withheld by the Company***

Corporate Shareholders who are Resident in Ireland who receive payments in respect of Shares from which tax has not been deducted will be chargeable to tax under Case IV of Schedule D. Accordingly a 25 per cent. rate of corporation tax applies. However where the payment is in respect of the cancellation, redemption, repurchase or transfer of Shares, such payment shall be reduced by the amount of the consideration in money or money's worth given by the Shareholder for the acquisition of the Shares. In addition, where the Shares are not denominated in Euro, such Shareholders may also be liable to corporation tax on foreign currency gains upon the cancellation, redemption, repurchase or transfer of Shares.

Non-Corporate Shareholders who are Resident or Ordinarily Resident in Ireland

The tax position of a non-corporate Shareholder will depend on whether tax is withheld by the Company:-

- ***Tax withheld by the Company***

Non-corporate Shareholders who are Resident in Ireland or Ordinarily Resident in Ireland will not be subject to further Irish tax on income from their Shares or gains made on the disposal of their Shares where tax has been deducted by the Company on payments received. However, where the Shares are not denominated in Euro, such Shareholders may also be liable to capital gains tax on foreign currency gains upon the cancellation, redemption, repurchase or transfer of Shares.

- ***Tax not withheld by the Company***

Where a non-corporate Shareholder who is Resident in Ireland or Ordinarily Resident in Ireland receives a payment in respect of Shares from which tax has not been deducted, the following provisions apply provided the payment is correctly disclosed in the non-corporate Shareholder's tax return for the relevant year of assessment:-

- Where the payment is a distribution that is made annually or at more frequent intervals, the payment will be taxable at the standard rate of income tax (currently 20 per cent).
- Any other payment in respect of Shares will be subject to tax at the standard rate of income tax plus 3 per cent (currently 23 per cent). However, where the payment is in respect of the cancellation, redemption, repurchase or transfer of Shares, such payment shall be reduced by the amount of the consideration in money or money's worth given by the Shareholder for the acquisition of the Shares. Also, where the Shares are not denominated in Euro, such Shareholders may also be liable to capital gains tax on foreign currency gains upon such cancellation, redemption, repurchase or transfer.

Where the payment is not correctly disclosed in the non-corporate Shareholder's tax return for the relevant year of assessment, the payment will instead be taxable at the Shareholder's marginal rate of income tax for the relevant year of assessment.

Shareholders who are not Resident in Ireland or Ordinarily Resident in Ireland

Shareholders who are neither Resident in Ireland nor Ordinarily Resident in Ireland will not be subject to Irish tax on income from their Shares or gains made on the disposal of their Shares.

To the extent that a Shareholder is acting as an Intermediary on behalf of a person who is not an Irish resident the Company will not be obliged to deduct tax on the occasion of a chargeable event provided that such Intermediary has made a true and correct declaration to the Company confirming that it is acting on behalf of a non-Irish Resident.

Where a Relevant Declaration has not been made to the Company, tax will arise on the happening of a chargeable event regardless of the fact that the Shareholder is neither Resident in Ireland nor Ordinarily Resident in Ireland. In such circumstances, the Company will be liable to account for tax arising on chargeable events as described at "Tax payable" above.

Refunds of Tax withheld

Where tax is withheld by the Company on the basis that no Relevant Declaration has been filed with the Company by the Shareholder, Irish legislation does not provide for a refund of tax to a non-corporate Shareholder or to a corporate Shareholder who are not Resident in Ireland and who is not within the charge to Irish corporation tax other than in the following circumstances:-

- The appropriate tax has been correctly returned by the Company and within one year of the making of the return, the Company can prove to the satisfaction of the Revenue Commissioners that it is just and reasonable for such tax which has been paid, to be repaid to the Company.
- Where a claim is made for a refund of Irish tax under Section 189, 189A and 192 (relieving provisions relating to incapacitated persons, trusts in relation thereto and persons incapacitated as a result of drugs containing thalidomide). In such circumstances, the Shareholder is treated as having received a net amount of income from the gross amount of which tax has been deducted and that gross amount is treated as an amount of income chargeable to tax under Case III of Schedule D.

Capital Acquisitions Tax

Under current law and practice and on the basis that the Company qualifies as an Investment Undertaking under Section 739B of the Taxes Act, where a Share is comprised in a gift or inheritance, it will be exempt under section 75 of the Capital Acquisitions Tax Consolidation Act 2003 from Irish gift or inheritance tax (capital acquisitions tax, currently 20 per cent.) provided:-

- (a) the Shares are comprised in the gift or inheritance at the date of the gift or inheritance and at the Valuation Date;
- (b) at the date of the disposition the disponent is neither domiciled in Ireland nor Ordinarily Resident in Ireland; and
- (c) at the date of the gift or inheritance the donee or successor is neither domiciled in Ireland nor Ordinarily Resident in Ireland.

For the purposes of Irish capital acquisitions tax only, a non-Irish domiciled person will not be treated as Resident in Ireland or Ordinarily Resident in Ireland except where that person has been resident in Ireland for 5 consecutive years of assessment immediately preceding the year of assessment in which the date of the gift or inheritance falls.

European Union Taxation of Savings Income Directive

On 3 June, 2003, the European Council of Economics and Finance Ministers adopted EU Council Directive 2003/48/EC on the taxation of savings income. Under the Directive, Member States are required since 1 July, 2005 to provide to the tax authorities of another Member State details of payments of interest (or similar income which may include distributions by a Fund) paid by a person

within its jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The Directive has been enacted into Irish legislation.

Since 1 January 2004, where any person in the course of a business or profession carried on in Ireland makes an interest payment to, or secures an interest payment for the immediate benefit of, the beneficial owner of that interest, where that beneficial owner is an individual, that person must, in accordance with the methods prescribed in the legislation, establish the identity and residence of that beneficial owner. Where such a person makes such a payment to a “residual entity” then that interest payment is a “deemed interest payment” of the “residual entity” for the purpose of this legislation. A “residual entity”, in relation to “deemed interest payments”, must, in accordance with the methods prescribed in the legislation, establish the identity and residence of the beneficial owners of the interest payments received that are comprised in the “deemed interest payments”.

“**Residual entity**” means a person or undertaking established in Ireland or in another Member State or in an “associated territory” to which an interest payment is made for the benefit of a beneficial owner that is an individual, unless that person or undertaking is within the charge to corporation tax or a tax corresponding to corporation tax, or it has, in the prescribed format for the purposes of this legislation, elected to be treated in the same manner as an undertaking for collective investment in transferable securities within the meaning of the UCITS Directive 85/611/EEC, or it is such an entity or it is an equivalent entity established in an “**associated territory**”, or it is a legal person (not being an individual) other than certain Finnish or Swedish legal persons that are excluded from the exemption from this definition in the Directive.

Procedures relating to the reporting of details of payments of interest (or similar income) made by any person in the course of a business or profession carried on in Ireland, to beneficial owners that are individuals or to residual entities resident in another Member State or an “associated territory” and procedures relating to the reporting of details of deemed interest payments made by residual entities where the beneficial owner is an individual resident in another Member State or an “associated territory”, will apply from 1 July 2005. For the purposes of these paragraphs “associated territory” means Aruba, Netherlands Antilles, Jersey, Gibraltar, Guernsey, Isle of Man, Anguilla, British Virgin Islands, Cayman Islands, Montserrat, Turks and Caicos Islands, Andorra, Liechtenstein, Monaco, San Marino and the Swiss Confederation.

Accordingly, the Custodian, Administrator or such other entity for the purposes of the Taxation of Savings Income Directive may be required to disclose details of payments of savings interest income to investors in the Company, who are individuals or residual entities, to the Revenue Commissioners who will pass such details to the Member State where the investor resides.

Investors in each jurisdiction should consult their professional advisers on the potential tax, exchange control and other consequences of subscribing for, purchasing, holding, redeeming, exchanging or selling Shares in the Company under the laws of their country of citizenship, domicile or residence.

THE ABOVE SUMMARY IS NOT INTENDED AS TAX ADVICE NOR AS A COMPREHENSIVE DESCRIPTION OF TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO ACQUIRE, TO HOLD, OR TO DISPOSE OF THE SHARES. THIS SUMMARY DOES NOT PURPORT TO DEAL WITH THE TAX CONSEQUENCES APPLICABLE TO ALL CATEGORIES OF INVESTORS, SOME OF WHICH (SUCH AS DEALERS IN SECURITIES) MAY BE SUBJECT TO SPECIAL RULES. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISERS CONCERNING THE CONSEQUENCES OF THEIR PARTICULAR SITUATION.

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.

The Investment Management Agreement

The Company has appointed the Investment Manager under the terms of the Investment Management Agreement to provide investment management services to the Company.

The Investment Management Agreement provides, *inter alia*, that:-

- (i) the appointment of the Investment Manager shall continue and remain in force unless and until terminated upon (a) the Investment Manager ceasing to be permitted to act in its current capacity, (b) either party going into liquidation, (c) either party committing a material breach of the agreement or (d) following the appointment of a receiver or administrative receiver, *or* by either party giving to the other ninety days' notice in writing;
- (ii) The Investment Manager shall not be liable to the Company or any other party or otherwise for any loss caused to the Company or any other party by any error of judgement, by any reduction in the value of the Company or by any failure to increase that value or to secure any particular level of income therefrom unless such loss or losses arose from fraud, wilful default or negligence in the performance or non-performance of the Investment Manager's duties.

The Investment Manager shall indemnify and keep indemnified and hold harmless the Company (and each of their respective directors, officers, employees and agents) from and against any and all claims, actions, proceedings, damages, losses, liabilities, costs and expenses (including legal fees and expenses) suffered or incurred by the Company arising directly or indirectly out of any failure by the Investment Manager to properly perform and fulfil its obligations hereunder provided that the Investment Manager shall not be liable for any and all claims, actions, proceedings, damages, losses, liabilities, costs and expenses (including legal fees and expenses) suffered or incurred by the Company arising directly or indirectly out of any error of judgement or oversight or mistake of the law on the part of the Investment Manager made or committed in good faith in the performance of its duties hereunder and the Investment Manager shall not in the absence of any negligence, bad faith, wilful default or fraud be responsible for any loss or damage which the Company may sustain or suffer as the result of or in the course of the discharge of its duties hereunder; and

- (iii) the Investment Manager is entitled to payment of fees for its services and reimbursement of expenses, as more fully described in the sections headed "Fees and Expenses - Investment Management and Distribution Fees" on page 18.

The Administration Agreement

The Company has appointed the Administrator under the terms of the Administration Agreement to carry on the general administration and accounting of the Company and to act as registrar and transfer agent to the Company.

The Administration Agreement provides, *inter alia*, that:

- (i) the appointment of the Administrator will continue in full force and effect until terminated immediately upon (a) the winding-up of or appointment of an administrator, examiner or receiver to either party, (b) either party committing a material breach of the Administration Agreement that is not remedied, if capable of remedy, within 30 days, (c) the continued performance of the Administration Agreement ceasing to be lawful or (d) the authorisation of the Company being revoked by the Financial Regulator, *or* by either party giving to the other not less than 90 days' written notice;
- (ii) the Company will hold harmless and indemnify the Administrator against all actions,

proceedings, claims, costs, demands and expenses which may be brought against, suffered or incurred directly by the Administrator by reason of its performance or non-performance of its obligations and duties under the terms of the Administration Agreement (other than due to the Administrator's wilful default or negligence); and

- (iii) the Administrator is entitled to payment of fees for its services and reimbursement of expenses, as more fully described in the section headed "Fees and Expenses – Custodian and Administration Fees" on page 19.

The Custodian Agreement

The Company has appointed the Custodian under the terms of the Custodian Agreement to act as Custodian of the Company's assets.

The Custodian Agreement provides, *inter alia*, that:

- (i) the appointment of the Custodian will continue in full force and effect until terminated immediately upon (a) the winding-up of or appointment of an administrator, examiner or receiver to either party, (b) either party committing a material breach of the Custodian Agreement that is not remedied, if capable of remedy, within 30 days or (c) the continued performance of the Custodian Agreement ceasing to be lawful, *or* by either party giving to the other not less than 90 days' written notice;
- (ii) the Company will hold harmless and indemnify the Custodian against all actions, proceedings, claims, costs, demands and reasonable expenses which may be brought against, suffered or incurred by the Custodian by reason of its performance or non-performance of its obligations or duties under the terms of the Custodian Agreement other than in circumstances where the Custodian has failed to exercise due care and diligence in the discharge of its duties and will be liable to the Company and the Shareholders for any loss suffered as a result of the Custodian's unjustifiable failure to perform its obligations or its improper performance of them; and
- (iii) the Custodian is entitled to payment of fees for its services and reimbursement of expenses, as more fully described in the section headed "Fees and Expenses - Custodian and Administration Fees" on page 19.

The Distribution Agreement

The Company has appointed the Distributor of the Shares under the terms of the Distribution Agreement dated 12 October 2006.

The Distribution Agreement provides, *inter alia*, that:-

- (i) the appointment of the Distributor shall continue and remain in force unless and until terminated by either party; (a) going into liquidation; (b) committing a material breach of its obligations under the agreement; (c) becoming technically insolvent; or (d) by either party giving to the other ninety days' notice in writing;
- (ii) each party to the Distribution Agreement shall keep the other indemnified from and against all actions, proceedings, claims, losses, damages, liabilities, fees and expenses which may be suffered or incurred, whether directly or indirectly, by the other party under the Distribution Agreement except to the extent arising from wilful default, fraud or negligence by such other party; and
- (iii) the Distributor is entitled to payment of fees for its services and reimbursement of expenses, as more fully described in the section headed "Fees and Expenses – Investment Management and Distribution Fees" on page 18.

GENERAL INFORMATION

Share Capital

The Company was incorporated in Ireland as a public limited company on 28 September 2006 with registered number 427248 under the Acts. It has an authorised capital of 100,000,300,000 divided into 100,000,000,000 Participating Shares of no par value and 300,000 Subscriber Shares of €1.00 each. As only Participating Shares can represent an interest in a Fund, the Subscriber Shares have no entitlement or interest in such a Fund. At the date of this Prospectus, the issued share capital of the Company is 2 Subscriber Shares issued for the purpose of the incorporation and authorisation of the Company.

Memorandum and Articles of Association

Clause (3) of the Memorandum and Articles of Association provides, *inter alia*, that the sole object of the Company is the collective investment in transferable securities and/or in other liquid financial assets as permitted by the Regulations of capital raised from the public, operating on the principle of risk spreading.

The Articles of Association contain provisions to the following effect:-

(a) *Issue of Shares*

The Directors are authorised to exercise all the powers of the Company to offer, allot or otherwise deal with or dispose of “relevant securities” within the meaning of Section 20 of the (Irish) Companies (Amendment) Act 1983 up to an amount equal to the authorised but as yet unissued share capital of the Company.

The price at which Shares shall be issued shall be determined by reference to the Net Asset Value of the relevant Fund calculated as at the relevant Valuation Point.

The Directors may, with the prior approval of the Financial Regulator, establish new Funds. The Directors have the power to issue different classes of Shares in each Fund.

(b) *Rights of Subscriber Shares*

As the Subscriber Shares are not Participating Shares (and as such do not represent any interest in a Fund) they do not entitle the holders thereof to participate in the dividends of any Fund.

Each holder of Subscriber Shares is entitled to attend and vote at any general meeting provided that any holder of Subscriber Shares shall not be entitled to vote at any such general meeting at any time that Shares in issue are held by two or more Shareholders. In the event of a winding-up or dissolution of the Company, the Subscriber Shares have the entitlements referred to under “Winding Up” below.

(c) *Variation of Rights*

The rights attached to any class of Share may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of 75 per cent. 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 that class. The provisions of the Articles of Association relating to general meetings shall apply to every such separate general meeting but the necessary quorum at any such meeting shall be two persons holding or representing by proxy at least one third of the issued Shares of the class in question. Any holder of Shares of the class in question present in person or by proxy may demand a poll.

(d) *Voting Rights of Shares*

Subject to disenfranchisement in the event of non-compliance with any notice requiring disclosure of the beneficial ownership of Shares, the Articles of Association provide that on a show of hands at a general meeting of the Company, at a meeting of holders of Shares in a particular Fund or at a meeting of holders of Shares of a particular class, every holder of Shares present in person or by proxy shall have one vote and on a poll every holder of Shares who is present in person or by proxy shall have one vote in respect of each whole Share held by him.

(e) *Change in Share Capital*

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

(f) *Directors' Interests*

A Director may hold any other office or place of profit under the Company in conjunction with his office of Director on such terms as to tenure of office, and otherwise as the Directors may determine.

No Director or intending Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company or in which the Company is interested, in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established. A Director who is in any way, whether directly or indirectly, interested in such a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest if his interest then exists, or in any other case at the first meeting of the Directors after he becomes so interested. A general notice given by a Director to the effect that he is a member of a specified company, society or firm and is to be regarded as interested in all transactions with such company, society or firm shall be a sufficient declaration of interest, and after such general notice it shall not be necessary to give any special notice relating to any subsequent transaction with such company or firm, provided that either the notice is given at a meeting of the Directors or the Director giving the notice takes reasonable steps to secure that it is brought up and read at the next meeting of the Directors after it is given.

Any Director may act by himself or through his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

Any Director may continue to be or become a director, managing director, manager or other officer or member of any company promoted by the Company or in which the Company may be interested, and no such Director shall be accountable for any remuneration or other benefits received by him as a director, managing director, manager, or other officer or member of any such other company. The Directors may exercise the voting power conferred by the shares in any other company held or owned by the Company or exercisable by them as directors of such other company, in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the directors, managing directors, managers or other officers of such company, or voting or providing for the payment of remuneration to directors, managing directors, managers or other officers of such company).

(g) *Borrowing Powers*

Subject to the Regulations, the Directors may exercise all of the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property and assets both

present and future and 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.

(h) *Retirement of Directors*

The Directors shall not be required to retire by rotation or by virtue of their attaining a certain age.

(i) *Transfer of Shares*

All transfers of Shares shall be effected by transfer in writing in any usual or common form or in any other form approved by the Directors but need not be under seal.

The Directors may decline to register any transfer of Shares in respect of which the Company has a lien or where the transfer would be in breach of the law or requirements mentioned in the Prospectus or the applicable Supplement. 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 30 days in any year.

The Directors may decline to recognise any transfer of Shares unless the instrument of transfer is deposited at the Company's registered office or such other place as the Directors may reasonably require and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and the instrument of transfer relates to Shares of one class only.

(j) *Dividends*

The Articles of Association permit the Directors to declare on the Shares or on any class of Shares such dividends, including interim dividends, as appear to the Directors to be justified. The Directors may, with the sanction of the Company in a general meeting, satisfy any dividend due to holders of the Shares, in whole or in part, by distributing to them in specie any of the assets of the Company and, in particular, any investments to which the Company is entitled provided that, where the share capital is divided into different classes of Shares, any such distributions to the holders of one class of Shares shall not materially prejudice the interests of the holders of the other classes of Shares. Alternatively, if a holder does not wish to receive a dividend by way of in specie distribution, it may require the Directors to realise such investments necessary in order to effect the relevant distribution.

Any dividend unclaimed after a period of twelve years from the date of declaration of such dividend shall be forfeited and shall revert to the relevant Fund.

(k) *Redemption of Shares*

If it shall come to the notice of the Directors that any Shares are owned directly or beneficially by any person in breach of any law or requirement of any country or governmental authority or by virtue of which such person is not qualified to hold such Shares or who belongs, or may belong to, or is comprised in, or may be comprised in, a class of persons designated by the Directors as above, the Directors may give notice to such person requiring him to transfer such Shares to a person who is qualified or entitled to own the same or to give a request in writing for the redemption of such Shares in accordance with paragraph (i) above. If any person upon whom such a notice is served does not within 30 days after such notice transfer his Shares to a person qualified to own the same or establish to the satisfaction of the Directors (whose judgement shall be final and binding) that he is qualified, entitled and permitted to own the Shares, he shall be deemed upon the expiration of 30 days to have given a request in writing for the redemption of all his Shares.

(l) *Winding Up*

The Articles contain provisions to the following effect:-

- (i) If the Company shall be wound up, the liquidator shall apply the assets of the Company in such manner and order as he thinks fit in satisfaction of creditors' claims. The liquidator shall in relation to the assets available for distribution among the members make in the books of the Company such transfers thereof to and from Funds as may be necessary in order that the effective burden of such creditors' claims may be shared between the holders of Shares of different classes in such proportions as the liquidator in his absolute discretion may think equitable.
- (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 class of a sum in the currency in which that class is designated (or in any other currency selected by the liquidator) as nearly as possible equal (at a rate of exchange determined by the liquidator) to the Net Asset Value of the Shares of such class held by such holders respectively as at the date of commencement to wind up, provided that there are sufficient assets available in the relevant Fund to enable such payments to be made. In the event that, as regards any class of Shares, there are insufficient assets available in the relevant Fund to enable such payment to be made, recourse shall be had:-
- first, to the assets of the Company not comprised within any of the Funds; and
 - second, to the assets remaining in the Funds for the other classes of Shares (after payment to the holders of the Shares of the classes to which they relate of the amounts to which they are respectively entitled under this paragraph (a)) pro rata to the total value of such assets remaining within each such Fund;
- (b) second, in the payment to the holders of the Subscriber Shares of sums up to the nominal amount paid thereon out of the assets of the Company not comprised within any of the Funds remaining after any recourse thereto under paragraph (ii)(a) above. In the event that there are insufficient assets as aforesaid to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the Funds;
- (c) third, in the payment to the holders of each class of Shares of any balance then remaining in the relevant Fund, such payment being made in proportion to the number of Shares of that class held; and
- (d) fourth, in the payment to the holders of the Shares of any balance then remaining and not comprised within any of the Funds, such payment being made in proportion to the number of Shares held.
- (iii) If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the court), then the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Acts 1963 to 2005, 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 holders of different classes of Shares. The value of such assets will be the same amount that would be received by a member for settlement in cash. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Shareholders 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 holder shall be compelled to accept any assets in respect of which there is liability. For the avoidance of doubt, if the special resolution above is passed, each member is entitled to elect on a winding-up whether or not he wishes to receive a distribution in specie or a cash distribution made in accordance with the provisions of paragraph (ii) above. However, in the absence of a member electing to

receive a distribution in specie on winding-up, such member shall receive a cash distribution payment in accordance with the provisions of paragraph (ii) above.

Reports

The financial year-end of the Company is 30 September in each year. The annual report of the Company, incorporating audited financial statements in respect of each Fund, will be published within four months of the financial year end to which it relates. The first such year-end of the Company will be 30 September 2007. The financial statements of the Company will be maintained in Euro.

Unaudited interim financial reports for the Company will be made up to 31 March each year and will be published within two months of the date on which such report is made up. The first interim report will be made up to 31 March 2007.

The annual and interim financial reports will be sent to all Shareholders and to the Financial Regulator upon publication.

Inspection of Documents

Copies of the following documents are available for inspection and may be obtained, during normal business hours at the registered office of the Company:-

- (i) this Prospectus (and any Supplement attached thereto);
- (ii) the Memorandum and Articles of Association of the Company and any instrument amending the aforesaid document;
- (iii) the Simplified Prospectus;
- (iv) the most recently published annual or interim report;
- (v) the material contracts of the Company;
- (vi) the Regulations;
- (vii) the UCITS Notices; and
- (viii) a memorandum for each of the Directors detailing the names of all the companies and partnerships of which they have been a director or partner at any time in the last five years, together with an indication of whether or not they are still a director or partner.

Copies of the documents listed in (i) to (iv) above are available free of charge at the registered office of the Company.

Miscellaneous

As at the date of this Prospectus:-

- (a) since incorporation, the Company has not been engaged in any litigation or arbitration and no litigation or claim is known to the Directors to be pending or threatened against it which may have a significant effect on the Company or its financial position;
- (b) the Company has no loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase commitments, guarantees or other contingent liabilities;
- (c) there are no existing or proposed Directors' service contracts;
- (d) none of the Directors, or their spouses, or any connected person has any interest in the share

capital of the Company or any options in respect of such capital;

- (e) no Director nor any connected person has any interest, beneficial or non-beneficial, in the Shares of the Company nor any options in respect of such Shares;
- (f) Subject to the foregoing paragraph, a Director may vote in respect of any contract, appointment or arrangement in which he is interested and he shall be counted in the quorum present at the meeting; and
- (g) 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 of his assets; or (iii) been a director of any company which, while he was a director with an executive function or within twelve 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 arrangement with its creditors generally or with any class of its creditors; or (iv) been a partner of any partnership, which while he was a partner or within twelve 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; or (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 any company.

APPENDICES

APPENDIX I

INVESTMENT AND BORROWING RESTRICTIONS

Each Fund of the Company will be subject to the investment and borrowing restrictions that are set out in the Regulations and the UCITS Notices. Additional restrictions (if any) relevant to a Fund will be set out in the applicable Supplement.

1. Investments of the Company are confined to:-

- (a) Transferable Securities and Money Market Instruments which are either admitted to official listing on a stock exchange in a Member State of the European Union or non-Member State of the European Union or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State of the European Union or non-Member State of the European Union;
- (b) recently issued Transferable Securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year;
- (c) Money Market Instruments, as defined in the UCITS Notices, other than those dealt on a regulated market;
- (d) units of UCITS;
- (e) units of non-UCITS as set out in the Financial Regulator's Guidance Note 2/03;
- (f) deposits with credit institutions as prescribed in the UCITS Notices; and
- (g) financial derivative instruments as prescribed in the UCITS Notices.

2. Investment Restrictions

- (a) A Fund may invest no more than 10 per cent. of its Net Asset Value in Transferable Securities and Money Market Instruments other than those referred to in paragraph 1.
- (b) A Fund may invest no more than 10 per cent. of its Net Asset Value in recently issued Transferable Securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.(a)) within a year. This restriction will not apply in relation to investment by a Fund in certain US securities known as Rule 144A securities provided that:-
 - (i) the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and
 - (ii) the securities are not illiquid securities i.e. they may be realised by a Fund within seven days at the price, or approximately at the price, at which they are valued on behalf of the Fund.
- (c) A Fund may invest no more than 10 per cent. of its Net Asset Value 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 per cent. is less than 40 per cent..
- (d) The limit of 10 per cent. (in (c)) is raised to 25 per cent. in the case of bonds that are issued by a credit institution which has its registered office in a Member State of the European Union and is subject by law to special public supervision designed to protect bond-holders. If a Fund invests more than 5 per cent. of its Net Asset Value in these bonds issued by one

issuer, the total value of these investments may not exceed 80 per cent. of the Net Asset Value of the Fund.

- (e) The limit of 10 per cent. (in (c)) is raised to 35 per cent. if the Transferable Securities or Money Market Instruments are issued or guaranteed by a Member State of the European Union or its local authorities or by a non- Member State of the European Union or public international body of which one or more Member States of the European Union are members.
- (f) The Transferable Securities and Money Market Instruments referred to in (d) and (e) shall not be taken into account for the purpose of applying the limit of 40 per cent. referred to in (c).
- (g) A Fund may not invest more than 20 per cent. of its Net Asset Value in deposits made with the same credit institution.

Deposits with any one credit institution, other than credit institutions authorised in the European Economic Area (the “EEA”) or credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988, held as ancillary liquidity, must not exceed 10 per cent. of its Net Asset Value.

This limit may be raised to 20 per cent. in the case of deposits made with the Custodian.

- (h) The risk exposure of a Fund to a counterparty to an OTC derivative may not exceed 5 per cent. of its Net Asset Value.

This limit is raised to 10 per cent. in the case of credit institutions authorised in the EEA or credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988.

- (i) Notwithstanding paragraphs (c), (g) and (h) above, a combination of the following issued by, or made or undertaken with, the same body may not exceed 20 per cent. of its Net Asset Value:-

- (i) investments in Transferable Securities or Money Market Instruments;
- (ii) deposits; and/or
- (iii) counterparty risk exposures arising from OTC derivatives transactions.

- (j) The limits referred to in (c), (d), (e), (g), (h) and (i) above may not be combined, so that exposure to a single body shall not exceed 35 per cent. of the relevant Fund’s Net Asset Value.

- (k) Group companies are regarded as a single issuer for the purposes of (c), (d), (e), (g), (h) and (i). However, a limit of 20 per cent. of net assets may be applied to investment in Transferable Securities and Money Market Instruments within the same group.

- (l) A Fund may invest up to 100 per cent. of its Net Asset Value in different Transferable Securities and Money Market Instruments issued or guaranteed by any EU Member State, its local authorities, non-EU Member States or public international body of which one or more EU Member States are members.

The individual issuers will 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.

A Fund must hold securities from at least six different issuers, with securities from any one issuer not exceeding 30 per cent. of its Net Asset Value.

3. **Investment in a Collective Investment Schemes (“CIS”)**

- (a) When a Fund invests in the shares of other CIS that are managed, directly or by delegation, by the Investment Manager or by any other company with which the Investment Manager is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge management, subscription, conversion or redemption fees on account of the Funds investment in the shares of such other CIS.
- (b) Where a commission (including a rebated commission) is received by the Investment Manager by virtue of an investment in the shares of another CIS, this commission must be paid into the property of the Fund.
- (c) A Fund may not invest more than 10 per cent. of its assets in other CIS.
- (d) The CIS are prohibited from investing more than 10 per cent. of net assets in other CIS.

4. **Index Tracking Funds**

- (a) A Fund may invest up to 20 per cent. of its Net Asset Value in shares and/or debt securities issued by the same body where the investment policy of the Fund is to replicate an index which satisfies the criteria set out in the Notices and is recognised by the Financial Regulator.
- (b) The limit in (a) may be raised to 35 per cent., and applied to a single issuer, where this is justified by exceptional market conditions.

5. **General Provisions**

- (a) 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.
- (b) A Fund may acquire no more than:-
 - (i) 10 per cent. of the non-voting shares of any single issuing body;
 - (ii) 10 per cent. of the debt securities of any single issuing body;

- (iii) 25 per cent. of the shares of any single CIS; or
- (iv) 10 per cent. of the Money Market Instruments of any single issuing body.

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.

- (c) Paragraphs 5(a) and 5(b) above shall not be applicable to:-
 - (i) Transferable Securities and Money Market Instruments issued or guaranteed by an EU Member State or its local authorities;
 - (ii) Transferable Securities and Money Market Instruments issued or guaranteed by a non- EU Member State;
 - (iii) Transferable Securities and Money Market Instruments issued by public international bodies of which one or more EU Member States are members;
 - (iv) shares held by a Fund in the capital of a company incorporated in a non-EU Member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that state, where under the legislation of that state such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that state. This waiver is applicable only if in its investment policies the company from the non-EU Member State complies with the limits laid down in 2(c) to 2(k), 3(a), 3(b), 5(a), 5(b), 5(d), 5(e) and 5(f), and provided that where these limits are exceeded, paragraphs 5(e) and 5(f) below are observed; or
 - (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 shares at shareholders' request exclusively on their behalf.
- (d) Funds 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.
- (e) The Financial Regulator may allow recently authorised Funds to derogate from the provisions of 2(c) to 2(l), 3(a), 3(b) 4(a) and 4(b) for six months following the date of their authorisation, provided they observe the principle of risk spreading.
- (f) If the limits laid down herein are exceeded for reasons beyond the control of a Fund, or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its Shareholders.
- (g) The Investment Manager may not carry out uncovered sales of:-
 - (i) Transferable Securities;
 - (ii) Money Market Instruments;
 - (iii) shares of CIS; or
 - (iv) financial derivative instruments.
- (h) A Fund may hold ancillary liquid assets.

6. Financial Derivative Instruments

Funds may invest in Financial Derivative Instruments dealt in over-the-counter markets provided that the following are adhered to:-

- (a) The Fund's global exposure (as prescribed in the UCITS) relating to Financial Derivative Instruments must not exceed its total Net Asset Value;
- (b) Position exposure to the underlying assets of the Financial Derivative Instruments, including embedded Financial Derivative Instruments in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, does not exceed the investment limits set out in the UCITS. (This provision does not apply in the case of index based Financial Derivative Instruments provided the underlying index is one which meets with the criteria set out in the UCITS Notices);
- (c) The Fund may invest in Financial Derivative Instruments 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 Financial Regulator; and
- (d) Investments in Financial Derivative Instruments are subject to the conditions and limits laid down by the Financial Regulator.

7. Borrowing Restriction

Each Fund may borrow amounts by way of short term loans not exceeding 10 per cent. of its net assets provided that such borrowing is on a temporary basis.

APPENDIX II

LIST OF RECOGNISED MARKETS

With the exception of permitted investments in unlisted securities, the Company's investments will be restricted to securities listed or traded on exchanges and markets listed below:-

1. All stock exchanges:-

- In a Member State:-

Austria	Estonia	Hungary	Luxembourg	Slovakia
Belgium	Finland	Ireland	Malta	Slovenia
Cyprus	France	Italy	Netherlands	Spain
Czech Republic	Germany	Latvia	Poland	Sweden
Denmark	Greece	Lithuania	Portugal	UK

- In a Member State of the European Economic Area (EEA) (excluding Iceland and Liechtenstein)
Norway

- In any of the following countries:-

US	Australia
Canada	New Zealand
Japan	Hong Kong
Switzerland	

2. Any stock exchange included on the following list:-

Argentina	Buenos Aires Stock Exchange, Mercado Abierto Electronico S.A., Mercado De Valores de Buenas Aires S.A., Mercado a Termino de Buenas Aires S.A., Bolsa de Comercio de Cordoba, Bolsa de Comercio Rosario and Bolsa de Comercio de Mendoza S.A.
Brazil	Bolsa de Valores de Sao Paulo
Bulgaria	Bulgarian Stock Exchange
Chile	Santiago Stock Exchange, La Bolsa Electronica de Chile
China	Shanghai Stock Exchange and Shenzhen Stock Exchange
Croatia	Zagreb Stock Exchange
Egypt	Cairo and Alexandria Stock Exchange
India	National Stock Exchange and Mumbai Stock Exchange
Indonesia	Jakarta Stock Exchange
Israel	Tel Aviv Stock Exchange
Jordan	Amman Stock Exchange
Korea	Korea Exchange
Malaysia	Bursa Malaysia Stock Exchange
Mauritius	Stock Exchange of Mauritius Ltd
Mexico	Bolsa Mexicana de Valores, SA.de.cv
Morocco	Casablanca Stock Exchange
Pakistan	Karachi Stock Exchange
Peru	Bolsa de Valores de Lima
Philippines	Philippines Stock Exchange
Romania	Bucharest Stock Exchange
Singapore	Singapore Exchange
South Africa	JSE Securities Exchange
Taiwan	Taiwan Stock Exchange
Thailand	Stock Exchange of Thailand
Turkey	Istanbul Stock Exchange

3. The derivative markets approved in an EEA Member State;
4. The market organised by the members of the International Capital Market Association;
5. The market conducted by the 'listed money market institutions' as described in the Financial Services Authority publication 'The Regulation of Wholesale Cash and OTC Derivatives Markets' (The Grey Paper);
6. JASDAQ Securities Exchange;
7. The market in US government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York;
8. The over-the-counter market in the US regulated by the National Association of Securities Dealers Inc;
9. The French market for 'Titres de Creance Negotiable' (over-the-counter market in negotiable debt instruments); and
10. The over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada. These exchanges and markets are listed in the Articles of Association and in accordance with the requirements of the Financial Regulator, which does not issue a list of approved markets.

This list of Recognised Markets is listed in accordance with the requirements of the Financial Regulator, which does not issue a list of approved markets.