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**If you are in any doubt about the contents of this Prospectus, the risks involved in investing in the Company or the suitability for you of an investment in the Company, you should consult your stock broker, bank manager, legal adviser, accountant or other independent financial adviser. Prices for Shares in the Company may fall as well as rise.**

The Directors of the Company, whose names appear under the heading "Management and Administration" in this Prospectus, 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.

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## **TOKIO MARINE FUNDS PLC**

An open-ended umbrella investment company with variable capital and segregated liability between Funds incorporated with limited liability in Ireland under the Companies Acts 1963 to 2009 with registration number 481763 and established as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (S.I. No. 211 of 2003), as amended.

## **P R O S P E C T U S**

**DATED 26 AUGUST, 2010**

### **Promoter**

Tokio Marine Asset Management Co. Ltd.

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This Prospectus may only be issued with one or more Supplements, each containing information relating to a separate Fund. Details relating to Classes may be dealt with in the relevant Supplement or in separate Supplements for each Class. Each Supplement shall form part of, and should be read in conjunction with, this Prospectus. To the extent that there is any inconsistency between this Prospectus and any Supplement, the relevant Supplement shall prevail.

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## **IMPORTANT INFORMATION**

This Prospectus should be read in conjunction with the Section of the Prospectus entitled "Definitions".

### **The Prospectus**

This Prospectus describes the Company, an open ended umbrella investment company incorporated with variable capital in Ireland and authorised by the Financial Regulator as a UCITS pursuant to the UCITS Regulations. The Company is structured as an umbrella fund, with segregated liability between its Funds. The Shares may be divided into different Funds, each representing a separate portfolio of assets, and further sub-divided, to denote differing characteristics attributable to particular Shares, into Classes.

The latest published annual and semi-annual reports of the Company will be supplied to Shareholders free of charge on request and will be available to the public as further described in the section of the Prospectus headed "Report and Accounts".

### **Authorisation by the Financial Regulator**

**The Company is both authorised and supervised by the Financial Regulator. 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. The authorisation of the Company is not an endorsement or guarantee of the Company by the Financial Regulator and the Financial Regulator is not responsible for the contents of this Prospectus.**

**An investment in the Company should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Investors should note that the Net Asset Value of each Fund may have a high volatility due to its investment policy and portfolio management techniques. Prices of Shares in the Company may fall as well as rise.**

**The Directors are empowered to levy a redemption charge not exceeding 3% of the Net Asset Value per Share. Details of any such charge with respect to one or more Funds will be set out in the relevant Supplement.**

**The difference at any one time between the sale price (to which may be added a sales charge or commission) and the redemption price of Shares (from which may be deducted a redemption fee) means an investment should be viewed as medium to long term.**

### **Stock Exchange Listing**

Where any of the Shares of a Fund are listed on the Irish Stock Exchange (the "Listed Shares"), as set out in the relevant Supplement, neither the admission of the Listed Units to the Official List, and to trading on the Main Securities Market of the Irish Stock Exchange, nor the approval of this Prospectus and the relevant Supplement(s) pursuant to the listing requirements of the Irish Stock Exchange, shall constitute a warranty or representation by the Irish Stock Exchange as to the competence of the

service providers to or any other party connected with the Company, the adequacy of information contained in the Prospectus and the relevant Supplement(s) or the suitability of the Company or any of its Funds for investment purposes.

The launch and listing of various Classes, in one or more Funds, may occur at different times and therefore at the time of the launch of any given Class, the pool of assets to which such Class relates may have commenced to trade. Financial information in respect of the Company will be published from time to time, and the most recently published annual and semi-annual reports will be available to potential investors upon request.

### **Restrictions on Distribution and Sale of Shares**

The distribution of this Prospectus and the offering of Shares may be restricted in certain jurisdictions. This Prospectus does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorised or the person receiving the offer or solicitation may not lawfully do so. It is the responsibility of any person in possession of this Prospectus and of any person wishing to apply for Shares to inform himself of and to observe all applicable laws and regulations of the countries of his nationality, residence, ordinary residence or domicile.

The Directors may restrict the ownership of Shares by any person, firm or corporation where such ownership would be in breach of any regulatory or legal requirement or may affect the tax status of the Company. Any restrictions applicable to a particular Fund or Class shall be specified in the relevant Supplement for such Fund or Class. Any person who is holding Shares in contravention of the restrictions set out above or, by virtue of his holding, is in breach of the laws and regulations of any competent jurisdiction or whose holding could, in the opinion of the Directors, cause the Company or any Shareholder or any Fund to incur any liability to taxation or to suffer any pecuniary disadvantage which any or all of them might not otherwise have incurred or sustained or otherwise in circumstances which the Directors believe might be prejudicial to the interests of the Shareholders, shall indemnify the Company, the Distributor, the Investment Manager, the Custodian, the Administrator and the Shareholders for any loss suffered by it or them as a result of such person or persons acquiring or holding Shares in the Company.

The Directors have the power under the Articles of Association to compulsorily redeem and / or cancel any Shares held or beneficially owned in contravention of the restrictions imposed by them as described herein.

#### United Kingdom

The Company is a recognised scheme under section 264 of the FSMA. The promotion of the Company in the United Kingdom by persons authorised to conduct investment business in the United Kingdom under the FSMA is not subject to the restrictions contained in section 238 of the FSMA. The Company provides the facilities required by the Collective Investment Schemes Sourcebook published by the FSA (which are the FSA's regulations governing such schemes) at the offices of Tokio Marine Asset Management (London) Limited, located at 150 Leadenhall Street, London EC3V 4TE, United Kingdom. The Company does not have a permanent place of business in the UK. Tokio Marine Asset Management (London) Limited is one of the Distributors.

## United States of America

None of the Shares have been, nor will be, registered under the United States Securities Act of 1933 (the "1933 Act") and, except in a transaction which does not violate the 1933 Act or any other applicable United States securities laws (including without limitation any applicable law of any of the States of the United States), none of the Shares may be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or to or for the benefit of a US Person. Neither the Company nor any Fund will be registered under the United States Investment Company Act of 1940. **Notwithstanding the foregoing prohibition on offers and sales in the United States or to or for the benefit of US Persons, the Company may make a private placement of its Shares to a limited number or category of US Persons.**

## **Reliance on this Prospectus**

Statements made in this Prospectus and any Supplement are based on the law and practice in force in the Republic of Ireland at the date of the Prospectus or Supplement as the case may be, which may be subject to change. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares in the Company shall under any circumstances constitute a representation that the affairs of the Company have not changed since the date hereof. This Prospectus will be updated by the Company to take into account any material changes from time to time and any such amendments will be notified in advance to and cleared by the Financial Regulator. Any information or representation not contained herein or given or made by any broker, salesperson or other person should be regarded as unauthorised and should accordingly not be relied upon.

Investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or other matters. You should consult your stockbroker, accountant, legal adviser, independent financial adviser or other professional adviser.

## **Risk Factors**

Investors should read and consider the section entitled "Risk Factors" before investing in the Company.

## **Translations**

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

## DIRECTORY

### TOKIO MARINE FUNDS PLC

#### Directors

Denise Kinsella  
Karl McEneff  
Tetsuya Nakamura  
Yuichi Takayama

#### Registered Office

Block 5, Harcourt Centre  
Harcourt Road  
Dublin 2  
Ireland

#### Promoter

Tokio Marine Asset  
Management Co., Ltd.  
Tokyo Ginko Kyokai Building  
1-3-1 Marunouchi  
Chiyoda-ku  
Tokyo 100-0005  
Japan

#### Administrator and Company Secretary Custodian

Daiwa Europe Fund  
Managers Ireland Limited  
Block 5  
Harcourt Centre  
Harcourt Road  
Dublin 2  
Ireland

Daiwa Europe Trustees Ireland  
Limited  
Block 5  
Harcourt Centre  
Harcourt Road  
Dublin 2  
Ireland

#### Legal Advisers, Tax Advisers and Listing Sponsor

Dillon Eustace  
33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

#### Governance Services Provider

Bridge Consulting Limited  
33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

#### Auditors

PricewaterhouseCoopers  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

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## DEFINITIONS

In this Prospectus the following words and phrases have the meanings set forth below:

All references to a specific time of day are to Irish time

"Accounting Date"	means 31 December in each year or such other date as the Directors may from time to time decide.
"Accounting Period"	means a period ending on the Accounting Date and commencing, in the case of the first such period on the date of incorporation of the Company and, in subsequent such periods, on the day following expiry of the last Accounting Period.
"Act"	means the Companies Acts 1963 to 2009 and every amendment or re-enactment of the same.
"Administrator"	means Daiwa Europe Fund Managers Ireland Limited or any successor company appointed by the Company in accordance with the requirements of the Financial Regulator.
"Administration Agreement"	means the Administration Agreement made between the Company and the Administrator, dated 19 March, 2010, as amended by a Supplemental Administration Agreement dated 26 August, 2010.
"AIMA"	means the Alternative Investment Management Association.
"Application Form"	means any application form to be completed by subscribers for Shares as prescribed by the Company from time to time.
"Articles of Association"	means the Memorandum and Articles of Association of the Company.
"Auditors"	means PricewaterhouseCoopers, Ireland.
"Base Currency"	means the currency of account of a Fund as specified in the relevant Supplement relating to that Fund.
"Business Day"	means in relation to a Fund such day or days as shall be so specified in the relevant Supplement for that Fund.



"Class"	means a particular division of Shares in a Fund.
"Company"	means Tokio Marine Funds Plc.
"Country Supplement"	means a supplement to this Prospectus specifying certain information pertaining to the offer of Shares of the Company or a Fund or Class in a particular jurisdiction or jurisdictions.
"Custodian"	means Daiwa Europe Trustees Ireland Limited or any successor company appointed by the Company and approved by the Financial Regulator as custodian of the assets of the Company.
"Custodian Agreement"	means the Custodian Agreement made between the Company and the Custodian, dated 19 March, 2010, as amended by a Supplemental Custodian Agreement dated 26 August, 2010.
"Dealing Day"	means in relation to a Fund such Business Day or Business Days as shall be determined by the Directors from time to time and specified in the relevant Supplement for that Fund, provided that there shall be at least one Dealing Day every fortnight.
"Dealing Deadline"	means in relation to a Fund, such time on any Business Day as shall be specified in the relevant Supplement for the Fund.
"Directors"	means the directors of the Company or any duly authorised committee or delegate thereof.
"Distributor"	means any one or more distributors or any successor(s) thereto appointed by the Company to act as distributor of the Shares of one or more Funds, as detailed in the relevant Supplement for each Fund.
"Distribution Agreement"	means one or more distribution agreement(s), made between the Company and the Distributor, as detailed in the relevant Supplement for each Fund.
"EEA"	means the countries for the time being comprising the European Economic Area (being, at the date of this Prospectus, the Member States of the European Union, Norway, Iceland and Liechtenstein).

"Euro" or "€"	means the lawful currency of the participating member states of the European Union which have adopted the single currency in accordance with the EC Treaty of Rome dated 25 March, 1957, as amended.
"Exempt Irish Investor"	means "Exempt Irish Investor", as defined in the Section entitled "Taxation".
"Financial Regulator"	means the Irish Financial Services Regulatory Authority.
"FSA"	means the Financial Services Authority of the UK, located at 25 The North Colonnade, Canary Wharf, London E14 5HS, United Kingdom.
"FSMA"	means the United Kingdom Financial Services and Markets Act 2000 and every amendment or re-enactment of the same.
"Fund"	means a sub-fund of the Company established by the Directors from time to time with the prior approval of the Financial Regulator, the proceeds of issue of the Shares of which are pooled separately and invested in accordance with the investment objective and policies applicable to such sub-fund.
"Governance Services Provider"	means Bridge Consulting Limited, the UCITS governance services provider.
"Initial Offer Price"	means the initial price payable for a Share as specified in the relevant Supplement for each Fund.
"Intermediary"	means "Intermediary", as defined in the section entitled "Taxation".
"Investment Manager"	means any one or more investment managers or any successor(s) thereto appointed by the Company to act as investment manager of one or more Funds, as detailed in the relevant Supplement for each Fund.
"Investment Management Agreement"	means one or more investment management agreement(s), made between the Company and the Investment Manager, as detailed in the relevant Supplement for each Fund.
"IOSCO"	means the International Organisation of Securities Commissions.

"Ireland"	means the Republic of Ireland.
"Irish Stock Exchange"	means The Irish Stock Exchange Limited.
"Irish Resident"	means "Irish Resident" as defined in the section entitled "Taxation".
"JPY" or "Japanese Yen"	means the lawful currency, for the time being, of Japan.
"Listing Particulars"	means this Prospectus, together with the relevant Supplement, which constitute the listing particulars for the purpose of listing the Listed Shares on the Irish Stock Exchange.
"Listing Sponsor"	means Dillon Eustace.
"Member"	means a Shareholder or a person who is registered as the holder of one or more non-participating shares in the Company.
"Member State"	means a member state of the European Union.
"Minimum Holding"	means the minimum number or value of Shares which must be held by Shareholders as specified in the relevant Supplement.
"Minimum Subscription"	means the minimum subscription for Shares as specified in the relevant Supplement.
"Minimum Transaction Size"	means the minimum value of subsequent subscriptions, redemptions, conversions or transfers of Shares in any Fund or Class as specified in the relevant Supplement.
"Money Market Instruments"	means instruments including, but not limited to, bankers acceptances, commercial paper, negotiable certificates of deposit and treasury bills, normally dealt in on money markets, which are liquid, have a value which can be accurately determined at any time, and which comply with the requirements of the Financial Regulator.
"Net Asset Value"	means the Net Asset Value of a Fund or attributable to a Class (as appropriate) calculated as referred to herein.
"Net Asset Value per Share"	means the Net Asset Value of a Fund divided by the number of Shares in issue in that Fund or the Net Asset

	Value attributable to a Class divided by the number of Shares issued in that Class rounded to such number of decimal places as the Directors may determine.
"OECD Member Country"	means each of Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, the UK and the United States.
"Ordinarily Resident in Ireland"	means "Ordinarily Resident in Ireland" as defined in the section entitled "Taxation".
"OTC"	means over-the-counter.
"Paying Agency Agreement"	means one or more Paying Agency Agreements made between the Company and one or more Paying Agents and dated as specified in the relevant Country Supplements to this Prospectus.
"Paying Agent"	means one or more paying agents appointed by the Company in certain jurisdictions as detailed in the relevant Country Supplements to this Prospectus.
"Prospectus"	the prospectus of the Company and any Supplements and addenda thereto issued in accordance with the requirements of the UCITS Regulations.
"Recognised Clearing System"	means "Recognised Clearing System", as defined in the section entitled "Taxation".
"Recognised Exchange"	means the stock exchanges or markets set out in Appendix II.
"Relevant Declaration"	means "Relevant Declaration", as defined in the section entitled "Taxation".
"Relevant Period"	means "Relevant Period", as defined in the section titled "Taxation".
"Share"	means a participating share or, save as otherwise provided in this Prospectus, a fraction of a participating share in the capital of the Company.

"Shareholder"	means a person who is registered as the holder of Shares in the register of Shareholders for the time being kept by or on behalf of the Company.
"Supplement"	means a supplement to this Prospectus specifying certain information in respect of a Fund and/or one or more Classes.
"Sterling" or "GBP"	means the lawful currency for the time being of the UK.
"Taxes Act"	means "Taxes Act", as defined in the section entitled "Taxation".
"UCITS"	means an Undertaking for Collective Investment in Transferable Securities established pursuant to EC Council Directive 85/611/EEC of 20 December 1985 as amended, consolidated or substituted from time to time.
"UCITS Directive"	EC Council Directive 85/611/EEC of 20 December 1985 as amended, consolidated or substituted from time to time.
"UCITS Notices"	means a notice or notices with respect to UCITS issued from time to time by the Financial Regulator as the competent authority with responsibility for the authorisation and supervision of UCITS.
"UCITS Regulations"	means the European Communities Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (S.I. No. 211 of 2003) (as amended consolidated or substituted from time to time) and any regulations or notices issued by the Financial Regulator pursuant thereto for the time being in force.
"UK"	means the United Kingdom of Great Britain and Northern Ireland.
"United States"	means the United States of America (including the States and the District of Columbia) its territories, possessions and all other areas subject to its jurisdiction.
"US Dollar" or "USD"	means United States Dollars, the lawful currency for the time being of the United States of America.
"US Person"	means (i) any natural person resident in the United States; (ii) any partnership or corporation organised or

incorporated under the laws of the United States; (iii) any estate of which any executor or administrator is a US Person; (iv) any agency or branch of a foreign entity located in the United States; (v) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person; (vi) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States; and (vii) any partnership or corporate body if: (A) organised or incorporated under the laws of any foreign jurisdiction; and (B) formed by a US Person principally for the purpose of investing in securities not registered under the Securities Act of 1933; and (viii) any other individual or entity the Directors may otherwise determine to be a US person from time to time.

"Valuation Day"

means such day as shall be specified in the relevant Supplement for each Fund.

"Valuation Point"

means such time as shall be specified in the relevant Supplement for each Fund.

## 1. THE COMPANY

### General

The Company is an open-ended investment company with variable capital, incorporated in Ireland on 8 March, 2010, under the Act with registration number 481763. The Company has been authorised by the Financial Regulator as a UCITS pursuant to the UCITS Regulations.

The Company is structured as an umbrella fund consisting of different Funds each comprising one or more Classes. The Shares issued in each Fund will rank pari passu with each other in all respects provided that they may differ as to certain matters including currency of denomination, hedging strategies, if any, applied to the currency of a particular Class, dividend policy, return of capital, the level of fees and expenses to be charged or the Minimum Subscription and Minimum Holding applicable.

The assets of each Fund will be invested separately on behalf of each Fund in accordance with the investment objective and policies of each Fund. A separate portfolio of assets is not maintained for each Class. The investment objective and policies and other details in relation to each Fund are set out in the relevant Supplement which forms part of and should be read in conjunction with this Prospectus.

The Base Currency of each Fund is specified in the relevant Supplement. At the date of this Prospectus the Company has established the Fund and Classes with the respective currencies listed below.

<b>Name of Fund</b>	<b>Class</b>	<b>Currency</b>
Tokio Marine Japanese Equity Leaders Fund	Class A	USD
	Class B	Euro
	Class C	GBP
	Class D	JPY
	Class E	USD
	Class F	GBP
Tokio Marine Japanese Equity Focus Fund	Class A	USD
	Class B	Euro
	Class C	GBP
	Class D	JPY
	Class E	USD
	Class F	GBP

Additional Funds, in respect of which a Supplement or Supplements will be issued, may be established by the Directors with the prior approval of the Financial Regulator. Additional Classes, in respect of which a Supplement or Supplements will be issued, may be established by the Directors and notified to and approved in advance by the Financial Regulator or otherwise must be created in accordance with the requirements of the Financial Regulator.

## **Investment Objective and Policies**

The specific investment objective and policy of each Fund will be set out in the relevant Supplement to this Prospectus and will be formulated by the Directors at the time of creation of the relevant Fund.

Investors should be aware that the performance of certain Funds may be measured against a specified index or benchmark and in this regard, Shareholders are directed towards the relevant Supplement which will refer to any relevant performance measurement criteria. The Company may at any time change that reference index where, for reasons outside its control, that index has been replaced, or another index or benchmark may reasonably be considered by the Company to be the appropriate standard for the relevant exposure. Such a change would represent a change in investment policy of the relevant Fund and Shareholders will be advised of any change in a reference index or benchmark if (i) made by the Directors, in advance of such a change and (ii) if made by the index or benchmark concerned, in the annual or semi-annual report of the Company issued subsequent to such change. Shareholders are advised that any change in the index or benchmark as outlined will be disclosed in the periodic reports of the Company as appropriate.

Pending investment of the proceeds of a placing or offer of Shares or where market or other factors so warrant, a Fund's assets may be invested in Money Market Instruments, including, but not limited to, certificates of deposit, floating rate notes and fixed or variable rate commercial paper listed or traded on Recognised Exchanges and in cash deposits denominated in such currency or currencies as the Investment Manager may determine.

The investment objective of a Fund may not be altered and material changes in the investment policy of a Fund may not be made without the prior written approval of all Shareholders or without prior written approval on the basis of a majority of votes cast at a meeting of the Shareholders of a particular Fund duly convened and held. A material change to the investment policy of a Fund is a change that will alter the asset type, geographic focus or risk profile of that Fund. In the event of a change of the investment objective and / or a material change to the investment policy of a Fund, on the basis of a majority of votes cast at a general meeting, Shareholders in the relevant Fund will be given reasonable notice of such change to enable them redeem their Shares prior to implementation of such a change.

The list of Recognised Exchanges on which a Fund's investments in securities and financial derivative instruments, other than permitted investments in unlisted securities and OTC derivative instruments, will be listed or traded is set out in Appendix II.

## **Eligible Assets and Investment Restrictions**

Investment of the assets of each Fund must comply with the UCITS Regulations. The Directors may impose further restrictions in respect of any Fund. The investment and borrowing restrictions applying to the Company and to each Fund are set out in Appendix I. Each Fund may also hold ancillary liquid assets.



## **Borrowing Powers**

The Company may only borrow, for liquidity purposes, on a temporary basis and the aggregate amount of such borrowings may not exceed 10% of the Net Asset Value of each Fund. Subject to this limit the Directors may exercise all borrowing powers on behalf of the Company. In accordance with the provisions of the UCITS Regulations the Company may charge its assets as security for such borrowings.

## **Adherence to Investment and Borrowing Restrictions**

The Company will, with respect to each Fund, adhere to any investment or borrowing restrictions herein, subject to the UCITS Regulations.

Where Shares of a particular Fund have been listed on the Irish Stock Exchange, the Directors will ensure that, in the absence of unforeseen circumstances, and for so long as such Shares are listed on the Irish Stock Exchange, the relevant Fund will adhere to the material investment objective and investment policies of that Fund for at least three years following the admission of such Shares to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange.

## **Changes to Investment and Borrowing Restrictions**

It is intended that the Company shall have the power (subject to the prior approval of the Financial Regulator) to avail itself of any change in the investment and borrowing restrictions specified in the UCITS Regulations which would permit investment by the Company in securities, derivative instruments or in any other forms of investment in which investment is at the date of this Prospectus restricted or prohibited under the UCITS Regulations. Any changes to the investment and borrowing restrictions will be disclosed in an updated Prospectus and may not be made without the prior written approval of all Shareholders or without prior written approval on the basis of a majority of votes cast at a meeting of the Shareholders of a particular Fund duly convened and held.

## **Efficient Portfolio Management**

The Company may, on behalf of each Fund, subject to the requirements of the Financial Regulator, engage in techniques and instruments relating to transferable securities and Money Market Instruments for efficient portfolio management purposes provided that the exposure to the underlying assets does not exceed in aggregate the investment limits set out in Appendix I. Efficient portfolio management transactions relating to the assets of the Company may be entered into by the Investment Manager with one or more of the following aims: (i) the reduction or stabilisation of risk; (ii) the reduction of cost with no increase or a minimal increase in risk; and / or (iii) the generation of additional capital or income for the Fund with a level of risk consistent with the risk profile of the Fund and the diversification requirements in accordance with the Financial Regulator's UCITS Notice 9 "Eligible Assets and Investment Restrictions" and as disclosed in Appendix I to the Prospectus. Such techniques and instruments may include foreign exchange transactions which alter the currency characteristics of transferable securities held by the Fund. Such techniques and instruments are set out in Appendix III to the Prospectus.

The Company may also employ (subject to the conditions and within the limits laid down by the Financial Regulator) techniques and instruments intended to provide protection against exchange and / or interest rate risks in the context of the management of its assets and liabilities. The techniques and instruments which the Company may use on behalf of any Fund include, but are not limited to those set out in Appendix III and, if applicable to a particular Fund, those set out in the relevant Supplement.

In relation to efficient portfolio management operations, the Investment Manager will seek to ensure that the techniques and instruments entered into for the purposes of efficient portfolio management are realised in a cost effective manner.

For the purpose of providing margin or collateral in respect of transactions in techniques and instruments, the Company may transfer, mortgage, charge or encumber any assets or cash forming part of the relevant Fund in accordance with normal market practice.

### **Hedged Classes**

The Company may (but is not obliged to) enter into certain currency related transactions in order to hedge the currency exposure of the assets of a Fund attributable to a particular Class into the currency of denomination of the relevant Class for the purposes of efficient portfolio management. In addition, a Class designated in a currency other than the Base Currency may be hedged against exchange rate fluctuation risks between the designated currency of the Class and the Base Currency. Any financial instruments used to implement such strategies with respect to one or more Classes shall be assets / liabilities of a Fund as a whole but will be attributable to the relevant Class(es) and the gains / losses on and the costs of the relevant financial instruments will accrue solely to the relevant Class. Where a Class of Shares is to be hedged, this will be disclosed in the Supplement for the Fund in which such Class is issued. Any currency exposure of a Class may not be combined with or offset against that of any other Class of a Fund. The currency exposure of the assets attributable to a Class may not be allocated to other Classes. Where the Investment Manager seeks to hedge against currency fluctuations, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the Company. However, over-hedged positions will not exceed 105% of the Net Asset Value and hedged positions will be kept under review to ensure that positions in excess of 100% of Net Asset Value will not be carried forward from month to month. To the extent that hedging is successful for a particular Class the performance of the Class is likely to move in line with the performance of the underlying assets with the result that investors in that Class will not gain if the Class currency falls against the Base Currency and / or the currency in which the assets of the particular Fund are denominated.

### **Financial Derivative Instruments**

**The Company may invest in financial derivative instruments including equivalent cash settled instruments dealt in on a Recognised Exchange and / or in OTC derivative instruments in each case under and in accordance with conditions or requirements imposed by the Financial Regulator.** The financial derivative instruments in which the Company may invest and the expected effect of investment in such financial derivative instruments on the risk profile of a Fund are disclosed in Appendix III hereto. The purpose of any such investment will be disclosed in the Supplement for the

relevant Fund. If other financial derivative instruments may be invested in for a particular Fund, such instruments and their expected effect on the risk profile of such Fund and the extent to which a Fund may be leveraged through the use of financial derivative instruments will be disclosed in the relevant Supplement.

The Company will employ a risk management process which will enable it to accurately measure, monitor and manage the risks attached to financial derivative positions and details of this process have been provided to the Financial Regulator. The Company will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to and cleared by the Financial Regulator. The Company will provide to Shareholders, on request, supplementary information relating to the risk management methods employed by the Company including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

For the purpose of providing margin or collateral in respect of transactions in financial derivative instruments, the Company may transfer, mortgage, charge or encumber any assets or cash forming part of the relevant Fund in accordance with normal market practice.

### **Dividend Policy**

The dividend policy and information on the declaration and payment of dividends for each Fund will be specified in the relevant Supplement. The Articles of Association of the Company empower the Directors to declare dividends in respect of any Shares in the Company out of the net income of the Company (whether in the form of dividends, interest or otherwise) and net realised and unrealised gains (i.e. realised and unrealised gains net of all realised and unrealised losses) less accrued expenses of the Company, subject to certain adjustments.

### **Publication of Net Asset Value per Share**

The most up-to-date Net Asset Value per Share of each Fund is published, following calculation, on the following website: [www.daiwagas.com](http://www.daiwagas.com) and, in the case of listed Funds, will be notified to the Irish Stock Exchange immediately following calculation. In addition, the Net Asset Value per Share of each Fund may also be published on industry standard financial reporting websites, such as Bloomberg and Reuters. The most up-to-date Net Asset Value per Share of each Fund may also be obtained from the Administrator during normal business hours and may also be published in such newspaper or journal as the Directors in their sole discretion may determine and notify to Shareholders.

## 2. RISK FACTORS

The risks described herein should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in a Fund. Potential investors should be aware that an investment in a Fund may be exposed to other risks of an exceptional nature from time to time. Investment in the Company carries with it a degree of risk. Different risks may apply to different Funds and / or Classes. Details of specific risks attaching to a particular Fund or Class which are additional to those described in this section will be disclosed in the relevant Supplement. Prospective investors should review this Prospectus and the relevant Supplement carefully and in its entirety and consult with their professional and financial advisers before making an application for Shares. Prospective investors are advised that the value of Shares and the income from them may go down as well as up and, accordingly, an investor may not get back the full amount invested. An investment should only be made by persons who can sustain a loss on their investment. Past performance of the Company or any Fund should not be relied upon as an indicator of future performance. The difference at any one time between the sale price (to which may be added a sales charge or commission) and the redemption price of Shares (from which may be deducted a redemption fee) means an investment should be viewed as medium to long term. The attention of potential investors is drawn to the taxation risks associated with investing in the Company. Please refer to the Section of the Prospectus entitled "Taxation". The securities and instruments in which the Company invests are subject to normal market fluctuations and other risks inherent in investing in such investments and there can be no assurance that any appreciation in value will occur.

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

### **Absence of Regulation; Counterparty Default**

In general, there is less government regulation and supervision of transactions in the OTC markets (in which currencies, spot and option contracts, certain options on currencies and swaps are generally traded) than of transactions entered into on Recognised Exchanges. In addition, many of the protections afforded to participants on some Recognised Exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with OTC transactions. OTC options are not regulated. OTC options are non-exchange traded option agreements, which are specifically tailored to the needs of an individual investor. These options enable the user to structure precisely the date, market level and amount of a given position. The counterparty for these agreements will be the specific firm involved in the transaction rather than a Recognised Exchange and accordingly the bankruptcy or default of a counterparty with which the Fund trades OTC options could result in substantial losses to the Fund. In addition, a counterparty may not settle a transaction in accordance with its terms and conditions because the contract is not legally enforceable or because it does not accurately reflect the intention of the parties or because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. To the extent that a counterparty defaults on its obligation and the Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Counterparty exposure will be in accordance with the Fund's investment restrictions. Regardless of

the measures the Fund may implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Fund will not sustain losses on the transactions as a result.

### **Accounting, Auditing and Financial Reporting Standards**

The accounting, auditing and financial reporting standards of many of the countries in which a Fund may invest may be less extensive than those applicable to US and European Union companies.

### **Amortised Cost Method**

Some or all of the investments of certain Funds may be valued at amortised cost. Investors' attention is drawn to the Section of the Prospectus entitled "Calculation of Net Asset Value" for further information.

### **Counterparty Risk**

Each Fund may have credit exposure to counterparties by virtue of positions in swaps, repurchase transactions, forward exchange rate and other financial or derivative contracts held by the Fund. To the extent that a counterparty defaults on its obligation and the Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights.

The Funds will also be exposed to a credit risk on parties with whom it trades securities, and may also bear the risk of settlement default, in particular in relation to debt securities such as bonds, notes and similar debt obligations or instruments.

### **Changes in Interest Rates**

The value of Shares may be affected by substantial adverse movements in interest rates.

### **Cross-Liability for other Funds**

The Company is established as an umbrella fund with segregated liability between Funds. Under Irish law the assets of one Fund are not available to satisfy the liabilities of or attributable to another Fund. However, the Company may operate or have assets in countries other than Ireland which may not recognise segregated liability between Funds and there is no guarantee that creditors of one Fund will not seek to enforce one Fund's obligations against another Fund.

### **Currency Risk**

Assets of a Fund may be denominated in a currency other than the Base Currency of the Fund and changes in the exchange rate between the Base Currency and the currency of the asset may lead to a depreciation of the value of the Fund's assets as expressed in the Base Currency. It may not be possible or practical to hedge against such exchange rate risk. The Investment Manager may, but is not obliged to, mitigate this risk by using financial instruments.

Funds may from time to time enter into currency exchange transactions either on a spot basis or by buying currency exchange forward contracts. Funds will not enter into forward contracts for speculative purposes. Neither spot transactions nor forward currency exchange contracts eliminate fluctuations in the prices of a Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. Performance of a Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by a Fund may not correspond with the securities positions held.

A Fund may enter into currency exchange transactions and / or use techniques and instruments to seek to protect against fluctuation in the relative value of its portfolio positions as a result of changes in currency exchange rates or interest rates between the trade and settlement dates of specific securities transactions or anticipated securities transactions. Although these transactions are intended to minimise the risk of loss due to a decline in the value of hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. The successful execution of a hedging strategy which matches exactly the profile of the investments of any Fund cannot be assured. It may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the assets from the anticipated decline in value of the portfolio positions as a result of such fluctuations.

## **Derivatives, Techniques and Instruments Risk**

### General

The prices of derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and national and international political and economic events, changes in local laws and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets 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. The use of techniques and instruments also involves certain special risks, including (1) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, (2) imperfect correlation between the hedging instruments and the securities or market sectors being hedged, (3) the fact that skills needed to use these instruments are different from those needed to select the Fund's securities and (4) the possible absence of a liquid market for any particular instrument at any particular time, and (5) possible impediments to effective portfolio management or the ability to meet redemption.

### Credit Risk

There can be no assurance that issuers of the securities or other instruments in which a Fund invests

will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or instruments or payments due on such securities or instruments. Funds will also be exposed to a credit risk in relation to the counterparties with whom they transact or place margin or collateral in respect of transactions in financial derivative instruments and may bear the risk of counterparty default.

#### Correlation Risk

The prices of financial derivative instruments may be imperfectly correlated to the prices of the underlying securities, for example, because of transaction costs and interest rate movements. The prices of exchange traded financial derivative instruments may also be subject to changes in price due to supply and demand factors.

#### Market Risk

Some of the Recognised Exchanges in which a Fund may purchase financial derivative instruments may prove to be illiquid, insufficiently liquid or highly volatile from time to time. This may affect the price at which a Fund may liquidate positions to meet redemption requests or other funding requirements.

#### Legal Risk

The use of OTC derivatives, such as forward contracts, swap agreements and contracts for difference, will expose the Funds to the risk that the legal documentation of the contract may not accurately reflect the intention of the parties.

#### Liquidity of Futures Contracts

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a Fund from liquidating unfavourable positions.

#### Forward Trading

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Market illiquidity or disruption could result in major losses to a Fund.

## Foreign Exchange Transactions

Where a Fund utilises derivatives which alter the currency exposure characteristics of transferable securities held by the Fund the performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with the securities positions held.

## **Exchange Control and Repatriation Risk**

It may not be possible for Funds to repatriate capital, dividends, interest and other income from certain countries, or it may require government consents to do so. Funds could be adversely affected by the introduction of, or delays in, or refusal to grant any such consent for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Economic or political conditions could lead to the revocation or variation of consent granted prior to investment being made in any particular country or to the imposition of new restrictions.

## **Futures and Options Trading is Speculative and Volatile**

Substantial risks are involved in trading futures, forward and option contracts and various other instruments in which the Fund intends to trade. Certain of the instruments in which the Fund may invest are interest and foreign exchange rate sensitive, which means that their value and, consequently, the Net Asset Value, will fluctuate as interest and / or foreign exchange rates fluctuate. The Fund's performance, therefore, will depend in part on its ability to anticipate and respond to such fluctuations in market interest rates, and to utilise appropriate strategies to maximize returns to the Fund, while attempting to minimize the associated risks to its investment capital. Variance in the degree of volatility of the market from the Fund's expectations may produce significant losses to the Fund.

## **Global Financial Market Crisis and Governmental Intervention**

Global financial markets are currently undergoing pervasive and fundamental disruptions and dramatic instability. The extent to which the underlying causes of instability are pervasive throughout global financial markets and have the potential to cause further instability is not yet clear but these underlying causes have led to extensive and unprecedented governmental intervention. Regulators in many jurisdictions have implemented or proposed a number of wide-ranging emergency regulatory measures. Such intervention has in certain cases been implemented on an "emergency" basis without much or any notice with the consequence that some market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions has been suddenly and / or substantially eliminated. In addition, due to the uncertain stability of global financial institutions, the security of assets held by any financial institution cannot be guaranteed, notwithstanding the terms of any agreement with such institution. Given the complexities of the global financial markets and the limited time frame within which governments have been able to take action, these interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies. It is impossible to predict with certainty what additional interim or permanent governmental restrictions may be imposed on the markets and / or the



effect of such restrictions on ability of any Fund to implement its investment objective / investment policy. However, the Directors of the Company believe that there is a likelihood of increased regulation of the global financial markets, and that such increased regulation could be materially detrimental to the performance of the Funds.

### **Investment Manager Valuation Risk**

The Administrator may consult the Investment Manager with respect to the valuation of certain investments. There is an inherent conflict of interest between the involvement of the Investment Manager in determining the valuation price of each Fund's investments and the Investment Manager's other duties and responsibilities in relation to the Funds. In particular, the fees paid to the Investment Manager are based on the Net Asset Value of the relevant Fund and as such the fees payable to the Investment Manager would increase if the Net Asset Value of the relevant Fund increased.

### **Investment Return**

Investment performance information is not necessarily indicative of each Fund's future performance. The economic and financial performance, and fiscal and monetary management of certain countries, have registered favourable growth and stability during the past five years. There is, however, no guarantee that these levels of economic growth and stability will continue in the future. Accordingly, a Fund's future performance may not replicate the past investment performance of similar types of investments supervised by the Investment Manager.

### **Liquidity Risk**

Not all securities or instruments invested in by the Funds will be listed or rated and consequently liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. The Funds may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity. This risk may be more significant in markets which are deemed to be emerging or developing markets.

### **Listing**

A listing of Shares of a Fund or Class on the Irish Stock Exchange will not necessarily provide liquidity to investors.

### **Market Capitalisation Risk**

The securities of small-to-medium-sized (by market capitalisation) companies, or financial instruments related to such securities, may have a more limited market than the securities of larger companies and may involve greater risks and volatility than investments in larger companies. Accordingly, it may be more difficult to effect sales of such securities at an advantageous time or without a substantial drop in price than securities of a company with a large market capitalisation and broad trading market. In addition, securities of small-to-medium-sized companies may have greater price volatility as they are generally more vulnerable to adverse market factors such as unfavourable economic reports.

Companies with smaller market capitalisations may be at an earlier stage of development, may be subject to greater business risks, may have limited product lines, limited financial resources and less depth in management than more established companies. In addition, these companies may have difficulty withstanding competition from larger more established companies in their industries. The securities of companies with smaller market capitalisations may be thinly traded (and therefore have to be sold at a discount from current market prices or sold in small lots over an extended period of time), may be followed by fewer investment research analysts and may be subject to wider price swings and thus may create a greater chance of loss than investing in securities of larger capitalisation companies. In addition, transaction costs in smaller capitalisation stocks may be higher than those of larger capitalisation companies.

### **Market Disruptions**

A Fund may incur major losses in the event of disrupted markets and other extraordinary events which may affect markets in a way that is not consistent with historical pricing relationships. The risk of loss from a disconnect with historical prices is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to a Fund from its banks, dealers and other counterparties will typically be reduced in disrupted markets. Such a reduction may result in substantial losses to such Fund. A sudden restriction of credit by the dealer community has resulted in forced liquidations and major losses for a number of investment funds and other vehicles. Because market disruptions and losses in one sector can cause ripple effects in other sectors, many investment funds and other vehicles have suffered heavy losses even though they were not necessarily heavily invested in credit-related investments. A financial exchange may from time to time suspend or limit trading. Such a suspension could render it difficult or impossible for any of the Funds to liquidate affected positions and thereby expose the Funds to losses. There is also no assurance that off-exchange markets will remain liquid enough for the Funds to close out positions.

### **Market Risk**

Some of the Recognised Exchanges in which a Fund may invest may be less well-regulated than those in developed markets and may prove to be illiquid, insufficiently liquid or highly volatile from time to time. This may affect the price at which a Fund may liquidate positions to meet redemption requests or other funding requirements.

### **Necessity for Counterparty Trading Relationships**

Participants in the OTC currency market typically enter into transactions only with those counterparties which they believe to be sufficiently creditworthy, unless the counterparty provides margin, collateral, letters of credit or other credit enhancements. While the Company believes that the Company will be able to establish the necessary counterparty business relationships to permit a Fund to effect transactions in the OTC currency market and other counterparty markets, including the swaps market, there can be no assurance that it will be able to do so. An inability to establish such relationships would limit a Fund's activities and could require a Fund to conduct a more substantial portion of such activities in the futures markets. Moreover, the counterparties with which a Fund

expects to establish such relationships will not be obligated to maintain the credit lines extended to a Fund, and such counterparties could decide to reduce or terminate such credit lines at their discretion.

### **OTC Markets Risk**

Where any Fund acquires securities on OTC markets, there is no guarantee that the Fund will be able to realise the fair value of such securities due to their tendency to have limited liquidity and comparatively high price volatility.

### **Emerging Markets Risk**

Certain Funds may invest in equity securities of companies in emerging markets. Such securities may involve a high degree of risk and may be considered speculative. Risks include (i) greater risk of expropriation, confiscatory taxation, nationalisation, and social, political and economic instability; (ii) the small current size of the markets for securities of emerging markets issuers and the currently low or non-existent volume of trading, resulting in lack of liquidity and in price volatility, (iii) certain national policies which may restrict a Fund's investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; and (iv) the absence of developed legal structures governing private or foreign investment and private property.

### **Political, Regulatory, Settlement and Sub-Custodial Risk**

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 on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain countries in which investment may be made may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As some of the Funds may invest in markets where the trading, settlement and custodial systems are not fully developed, such as emerging or developing markets, the assets of a Fund which are traded in such markets and which have been entrusted to sub-custodians in such markets may be exposed to settlement and sub-custodian risks risk in circumstances in which the Custodian will have no liability. These risks may be more significant in markets which are deemed to be emerging or developing markets.

### **Redemption Risk**

Large redemptions of Shares in a Fund might result in a Fund being forced to sell assets at a time and price at which it would normally prefer not to dispose of those assets.

### **Reliability of Credit Ratings**

Rating agencies are private entities that provide ratings of the credit quality of fixed income securities. Ratings assigned by a rating agency are not absolute standards of credit quality and do not evaluate market risks. Rating agencies may fail to make timely changes in credit ratings and an issuer's current financial condition may be better or worse than a rating indicates. A Fund will not necessarily sell a

security when its rating is reduced below its rating at the time of purchase. The Investment Manager does not rely solely on credit ratings, and develop their own analysis of issuer credit quality. In the event that the rating services assign different ratings to the same security, the Investment Manager will determine which rating they believe best reflects the security's quality and risk at that time, which may be the higher of the several assigned ratings. Credit ratings may not always be an accurate or reliable measure of the strength of the securities / investments being invested in. Where such credit ratings prove inaccurate or unreliable losses may be incurred by any Fund which has invested in such securities / investments.

### **Reliability of Information**

There is no assurance that the sources of the information concerning the targeted countries are wholly reliable. Official statistics may be produced on a basis different to that used in developed countries. Any statements relating to some of the targeted countries must therefore be subject to some degree of uncertainty due to doubts about the reliability of available official and public information.

### **Securities Lending Risk**

As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral provided in connection with such transaction will be called upon. The value of the collateral will be maintained to equal or exceed the value of the securities transferred. However there is a risk that the value of the collateral may fall below the value of the securities transferred. In addition, as a Fund may invest cash collateral received, subject to the conditions and within the limits laid down by the Financial Regulator, a Fund investing collateral will be exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security.

### **Share Currency Designation Risk**

A Class of Shares of a Fund may be designated in a currency other than the Base Currency of the Fund. Changes in the exchange rate between the Base Currency and such designated currency may lead to a depreciation of the value of such Shares as expressed in the designated currency. The Fund's Investment Manager may try but is not obliged to mitigate this risk by using financial instruments such as those described under the heading "Currency Risk", provided that such instruments shall not result in over hedged positions exceeding 105% of the Net Asset Value attributable to the relevant Class of Shares of the Fund and hedged positions materially in excess of 100% of Net Asset Value will not be carried forward from month to month. Investors should be aware that this strategy may substantially limit Shareholders of the relevant Class from benefiting if the designated currency falls against the Base Currency and / or the currency / currencies in which the assets of the Fund are denominated. In such circumstances Shareholders of the relevant Class of Shares of the Fund may be exposed to fluctuations in the Net Asset Value per Share reflecting the gains / losses on and the costs of the relevant financial instruments. Financial instruments used to implement such strategies shall be assets / liabilities of the Fund as a whole. However, the gains / losses on and the costs of the relevant financial instruments will accrue solely to the relevant Class of Shares of the Fund.

**Valuation Risk**

A Fund may invest some of its assets in illiquid and / or unquoted securities or instruments. Such investments or instruments will be valued by the Directors or their delegate in good faith in consultation with the Investment Manager as to their probable realisation value. Such investments are inherently difficult to value and are the subject of substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales or "close-out" prices of such securities.

**Risk Factors Not Exhaustive**

The investment risks set out in this Prospectus do not purport to be exhaustive and potential investors should be aware that an investment in the Company or any Fund may be exposed to risks of an exceptional nature from time to time.

### **3. MANAGEMENT AND ADMINISTRATION**

The Directors manage the affairs of the Company and are responsible for the formulation of the investment objective and the investment policy of each Fund. The Directors have delegated certain of their duties to the Administrator, the Custodian, the Investment Manager and the Distributor. In addition, the Company has engaged the Governance Services Provider to provide certain services to assist the Directors in carrying out the UCITS management functions specified by the Financial Regulator.

#### **Directors**

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

#### **Denise Kinsella (Irish)**

Denise Kinsella is a non-executive director of a number of investment funds / financial services companies. Ms. Kinsella is qualified as a solicitor and was a partner with Dillon Eustace from 1999 to 2005, specialising in financial services law, in particular investment funds and banking and security, and was responsible for advising a number of major domestic and internationally ranked financial institutions on investment, banking and financial services. Prior to joining Dillon Eustace, Ms. Kinsella was employed by Bank of Ireland Group for 11 years, where she held a number of senior executive roles including Director of Legal Affairs and Director of Client Services in Bank of Ireland Securities Services, and Senior Manager in Bank of Ireland Asset Management. Ms. Kinsella is a former Chairman of the Irish Funds Industry Association and she has also chaired its legal and regulatory sub-committee. Ms. Kinsella has also participated on a number of funds industry working groups. Ms. Kinsella holds a BA (Mod) Degree in Legal Science from Trinity College Dublin (1983) and was admitted as a solicitor by the Law Society of Ireland in 1987.

#### **Karl McEneff (Irish)**

Karl McEneff is managing director of Daiwa Securities Trust Europe Limited, Ireland, which specialises in the provision of global asset fund services to the international asset management market. Mr. McEneff was a founding member of Daiwa's Irish operations in 1990 and has held various senior managerial positions within Daiwa since 1990. Mr. McEneff has played a leading role in the development of Daiwa's initiatives for the servicing of offshore funds, particularly in the specialist area of hedge and alternative investment funds. Mr. McEneff is a non-executive director of a number of investment funds. Prior to joining Daiwa, Mr. McEneff worked with Davy Stockbrokers from 1983 to 1990 and with Allied Irish Banks from 1972 to 1983.

#### **Tetsuya Nakamura (Japanese)**

Tetsuya Nakamura is the Head of Global Marketing of the Institutional Business Division at Tokio Marine Asset Management Co., Ltd. Mr. Nakamura took up this position in February 2009. Previously, Mr. Nakamura served as President & Representative Director of Ishin Hotel REIT Management Co., Ltd. from February 2007 to February 2009 and worked on the start-up operations for a hotel J-REIT.

From February 2003 to January 2007, Mr. Nakamura served as a member of the Board at Millea-Real-Estate-Risk Management Co., Ltd., which has now been renamed Tokio Marine Property Investment Co., Ltd., and acted as Head of Investment Management and Head of Planning & Administration. Mr. Nakamura also worked as senior executive in the area of online brokerage at Charles Schwab Tokio Marine Securities, Co., Ltd. and debt & equity originations at Yamaichi Securities Co., Ltd. Mr. Nakamura graduated from Hitotsubashi University (1983) with Bachelor of Commerce and has also received an MBA from the University of Chicago (1989).

### **Yuichi Takayama (Japanese)**

Yuichi Takayama is the Chief Executive Officer of Tokio Marine Asset Management (London) Limited (TMAL). Mr. Takayama took up this position in June 2008. Prior to joining TMAL, Mr. Takayama worked for Mizuho Trust and Banking Co., Ltd and The Chuo Mitsui Trust and Banking Co., Ltd as a portfolio manager of European equity fund for 13 years in total. He has been working in the UK since June 1998 focusing on the investment management business. Mr. Takayama holds BA in Economics from Keio University, Tokyo (1990) and an MBA from Cass Business School City University London (2000).

The address of the Directors is the registered office of the Company.

None of the Directors have had any convictions in relation to indictable offences, been involved in any bankruptcies, individual voluntary arrangements, receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company or partnership voluntary arrangements, any composition or arrangements with its creditors generally or any class of its creditors of any company where they were a director or partner with an executive function, nor have had any public criticisms by statutory or regulatory authorities (including recognised professional bodies) nor has any director ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

### **The Promoter**

The Promoter of the Company is Tokio Marine Asset Management Co. Ltd. The Promoter is a private limited company incorporated under the laws of Japan on 9 December, 1985 and is regulated by the Japanese Financial Services Agency in the conduct of financial services and investment management activities.

### **Investment Manager**

Pursuant to one or more Investment Management Agreements, as detailed in each of the Supplements to this Prospectus, the Company has appointed Investment Manager(s) for each of the Funds, as set out in each of the Supplements to this Prospectus.

Each Investment Management Agreement provides that the Investment Manager(s) of each Fund will manage the portfolio of each Fund in conformity with the investment objectives, investment policies, investment restrictions and borrowing restrictions of each Fund, as set out in the relevant Supplement.

Each Investment Manager is free to render investment management services to others and to engage in other activities.

Each Investment Manager may delegate its duties and obligations to sub-investment managers.

### **Administrator**

The Company has appointed Daiwa Europe Fund Managers Ireland Limited as its administrator, transfer agent and registrar, pursuant to the terms of the Administration Agreement. The Administrator is responsible, under the supervision of the Directors, for providing administrative services required in connection with the Company's operations, including maintaining the financial records of the Company, compiling and publishing the Net Asset Value of the Company and the Net Asset Value per Share, providing registrar and transfer agent services in connection with the issue, transfer and redemption of Shares and collecting subscription payments and disbursing redemption payments.

The Administrator is a limited liability company incorporated in Ireland on 25 April 1995. The Administrator's registered and head office is at the address specified in the Directory. The Administrator's ultimate parent is Daiwa Securities Group Inc. The Administrator's principal business is the provision of fund administration, accounting, registration, transfer agency and related shareholder services to collective investment schemes and investment funds.

### **Custodian**

The Company has appointed Daiwa Europe Trustees Ireland Limited as custodian of all of its assets pursuant to the Custodian Agreement. The Custodian is responsible for the safekeeping of all the assets of the Company received by the Custodian or on its behalf, in accordance with the terms of the Custodian Agreement, the Articles of Association and the UCITS Notices.

The Custodian is a limited liability company incorporated in Ireland on 14 January, 1993. The Custodian is a wholly owned subsidiary of Daiwa Securities Trust Europe Limited which is ultimately owned by Daiwa Securities Group Inc. The Custodian's registered and head office is at the address specified in the Directory. The principal activity of the Custodian is to provide trustee and custodial functions for investment funds such as the Company and other portfolios. The Custodian has been authorised by the Financial Regulator to carry on the business of custodial operations involving the safe keeping and administration of investment instruments under the Investment Intermediaries Act 1995.

The Custodian will be obliged, inter alia, to ensure that the issue and repurchase of Shares in the Company is carried out in accordance with the relevant legislation and the Articles of Association. The Custodian will carry out the instructions of the Company unless they conflict with the UCITS Regulations or the Articles of Association. The Custodian is also obliged to enquire into the conduct of the Company in each financial year and report thereon to the Shareholders.

The Custodian has power to delegate the whole or any part of its custodial functions but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Company and the Custodian acknowledge that the Financial Regulator considers



that in order for the Custodian to discharge its responsibility under the UCITS Regulations, the Custodian must exercise care and diligence in the selection of sub-custodians as safekeeping agents so as to ensure they have and maintain the expertise, competence and standing appropriate to discharge their responsibilities as sub-custodians. The Custodian must maintain an appropriate level of supervision over sub-custodians and make appropriate enquiries, periodically, to confirm that their obligations continue to be competently discharged. This, however, does not purport to be a legal interpretation of the UCITS Regulations or the corresponding provisions of the UCITS Directive.

### **Distributor**

Pursuant to one or more Distribution Agreements, as detailed in each of the Supplements to this Prospectus, the Company has appointed Distributors(s) to act as distributors of the Shares of each of the Funds, as set out in each of the Supplements to this Prospectus.

Each Distributor has authority to delegate some or all of its duties as distributor to sub-distributors in accordance with the requirements of the Financial Regulator.

### **Governance Services Provider**

The Company has appointed Bridge Consulting Limited to provide services to assist the Directors in carrying out the governance functions specified by the Financial Regulator in relation to a UCITS.

The Governance Services Provider is a private limited company incorporated in Ireland on 1 March, 2005, under registration number 398390. The Governance Services Providers principal business is the provision of business advisory and governance services to collective investment schemes and investment management firms.

### **Paying Agents / Representatives / Sub-Distributors**

Local laws / regulations in EEA Member States may require the appointment of paying agents / representatives / distributors / correspondent banks ("Paying Agents") and maintenance of accounts by such Paying Agents through which subscription and redemption monies or dividends may be paid. Shareholders who choose or are obliged under local regulations to pay or receive subscription or redemption monies or dividends via an intermediate entity rather than directly to the Custodian (e.g. a Paying Agent in a local jurisdiction) bear a credit risk against that intermediate entity with respect to (a) subscription monies prior to the transmission of such monies to the Custodian for the account of the Company or the relevant Fund and (b) redemption monies payable by such intermediate entity to the relevant Shareholder. Fees and expenses of Paying Agents appointed by the Company, which will be at normal commercial rates, will be borne by the Company or the Fund in respect of which a Paying Agent has been appointed.

Country Supplements dealing with matters pertaining to Shareholders in jurisdictions in which Paying Agents are appointed may be prepared for circulation to such Shareholders and, if so, a summary of the material provisions of the agreements appointing the Paying Agents will be included in the relevant Country Supplements.

All Shareholders of the Company or the Fund on whose behalf a Paying Agent is appointed may avail of the services provided by Paying Agents appointed by or on behalf of the Company.

Details of any Paying Agents appointed are contained in the relevant Country Supplements to this Prospectus and will be updated upon the appointment or termination of appointment of Paying Agents.

### **Conflicts of Interest**

The Directors, the Investment Manager, the Distributor, the Administrator, the Custodian, the Governance Services Provider, and their respective affiliates, officers, directors and shareholders, employees and agents (collectively the "Parties") are or may be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with the management of the Company and / or their respective roles with respect to the Company. These activities may include managing or advising other funds, purchases and sales of securities, banking and investment management services, brokerage services, valuation of unlisted securities and OTC derivatives (in circumstances in which fees payable to the entity valuing such securities may increase as the value of assets increases) and serving as directors, officers, advisers or agents of other funds or companies, including funds or companies in which the Company may invest. In particular, the Investment Manager may advise or manage other Funds and other collective investment schemes in which a Fund may invest or which have similar or overlapping investment objectives to or with the Company or its Funds.

Each of the Parties will use its reasonable endeavours to ensure that the performance of their respective duties will not be impaired by any such involvement they may have and that any conflicts which may arise will be resolved fairly.

There is no prohibition on transactions with the Company by the Investment Manager, the Administrator, the Custodian, the Distributor, the Governance Services Provider or entities related to each of the Investment Manager, the Administrator, the Custodian, the Distributor or the Governance Services Provider including, without limitation, holding, disposing or otherwise dealing with Shares issued by or property of the Company and none of them shall have any obligation to account to the Company for any profits or benefits made by or derived from or in connection with any such transaction provided that such transactions are consistent with the best interests of Shareholders and dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis as provided in UCITS 14 (1) and (2) and

- (a) a person approved by the Custodian as independent and competent (or in the case of a transaction involving the Custodian, the Directors) certifies the price at which the relevant transaction is effected is fair; or
- (b) the relevant transaction is executed on best terms reasonably obtainable on an organised investment exchange or other regulated market in accordance with the rules of such exchange or market; or
- (c) where the conditions set out in (a) and (b) above are not practical, the relevant transaction is executed on terms which the Custodian is (or in the case of a transaction involving the

Custodian, the Directors are) satisfied conform with normal commercial terms negotiated at arm's length and are consistent with the best interests of Shareholders.

The Investment Manager or an associated company of the Investment Manager may invest in Shares so that a Fund or Class may have a viable minimum size or is able to operate more efficiently. In such circumstances the Investment Manager or its associated company may hold a high proportion of the Shares of a Fund or Class in issue.

Details of interests of the Directors are set out in the Section of the Prospectus entitled "Statutory and General Information".

### **Soft Commissions**

The Investment Manager may effect transactions with or through the agency of another person with whom the Investment Manager or an entity affiliated to the Investment Manager has arrangements under which that person will, from time to time, provide to or procure for the Investment Manager and / or an affiliated party goods, services or other benefits such as research and advisory services, specialised computer hardware or software. No direct payment may be made for such goods or services but the Investment Manager may undertake to place business with that person provided that person has agreed to provide best execution with respect to such business and the services provided must be of a type which assists in the provision of investment services to the Company.

A report will be included in the Company's annual and semi-annual reports describing the Investment Manager's soft commission practices.

### **Cash / Commission Rebates and Fee Sharing**

Where the Investment Manager, or any of its delegates, successfully negotiates the recapture of a portion of the commissions charged by brokers or dealers in connection with the purchase and / or sale of securities, financial derivative instruments or techniques and instruments for the Company or a Fund, the rebated commission shall be paid to the Company or the relevant Fund as the case may be. The Investment Manager or its delegates may be paid / reimbursed out of the assets of the Company or the relevant Fund for reasonable properly vouched costs and expenses directly incurred by the Investment Manager or its delegates in this regard.

## **4. FEES AND EXPENSES**

### **Establishment Expenses**

All fees and expenses relating to the incorporation, establishment and authorisation of the Company and the approval of the initial sub-fund of the Company; Tokio Marine Japanese Equity Leaders Fund, including the fees of the Company's professional advisers and the fees and expenses incurred in listing the Shares of the Tokio Marine Japanese Equity Leaders Fund on the Irish Stock Exchange and registering them for sale in various markets are being borne by the Tokio Marine Japanese Equity Leaders Fund. Such fees and expenses amounted to approximately JPY 7 million and may be amortised over the first five Accounting Periods of the Company or such other period as the Directors may determine and in such manner as the Directors in their absolute discretion deem fair and may be subject to such adjustment following the establishment of new Funds as the Directors may determine.

### **Operating Expenses and Fees**

The Company will pay all its operating expenses and the fees hereinafter described as being payable by the Company. Expenses paid by the Company throughout the duration of the Company, in addition to fees and expenses payable to the Directors, the Administrator, the Custodian, the Investment Manager, the Distributor, the Governance Services Provider, and any Paying Agents appointed by or on behalf of the Company include, but are not limited to, brokerage and banking commissions and charges, fees and expenses of pricing services, legal and other professional advisory fees, company secretarial fees, Companies Registration Office filings and statutory fees, regulatory fees, auditing fees, translation and accounting expenses, interest on borrowings, taxes and governmental expenses applicable to the Company, costs of preparation, translation, printing and distribution of reports and notices, all marketing material and advertisements and periodic update of the Prospectus, Irish Stock Exchange listing fees, all expenses in connection with registration, listing and distribution of the Company and Shares issued or to be issued, expenses of Shareholders meetings, Directors' insurance premia, expenses of the publication and distribution of the Net Asset Value, clerical costs of issue or redemption of Shares, postage, telephone, facsimile and telex expenses and any other expenses in each case together with any applicable value added tax. Any such expenses may be deferred and amortised by the Company in accordance with standard accounting practice, at the discretion of the Directors. While this is not in accordance with Accounting Standards issued by the Accounting Standards Board, and may result in the audit opinion on the annual report being qualified in this regard, the Directors believe that such amortisation would be fair and equitable to investors. An estimated accrual for operating expenses of the Company will be provided for in the calculation of the Net Asset Value of each Fund. Operating expenses and the fees and expenses of service providers which are payable by the Company shall be borne by all Funds in proportion to the Net Asset Value of the relevant Fund or attributable to the relevant Class provided that fees and expenses directly or indirectly attributable to a particular Fund or Class shall be borne solely by the relevant Fund or Class.

### **Administrator's Fees**

The fees and expenses of the Administrator for acting as administrator, transfer agent and registrar, payable by the Company out of the assets of the relevant Fund, shall be set out in the relevant Supplement.

The Administrator also acts as the company secretary to the Company and shall be entitled to an annual fee of JPY 1,578,000, payable semi-annually, in advance, out of the assets of the Company.

Additional fees may be charged in certain circumstances, as follows:

- (i) each additional meeting of the board of Directors (in excess of 4 per year): JPY 112,000
- (ii) each additional general meeting of Shareholders (in excess of 1 per year): JPY 58,000
- (iii) each additional written resolution (in excess of 2 per calendar month): JPY 11,000

### **Custodian's Fees**

The fees and expenses of the Custodian, payable by the Company out of the assets of the relevant Fund, shall be set out in the relevant Supplement.

### **Investment Manager's Fees**

The Company shall pay the Investment Manager an annual fee in respect of each Fund, out of the assets of the relevant Fund, at a rate set out in each Supplement. The Investment Manager may be paid different fees for investment management, including performance fees, in respect of individual Classes, as disclosed in the relevant Supplement, which may be higher or lower than the fees applicable to other Classes. Information in relation to the fees applicable to other Classes in a particular Fund shall be made available by the Distributor on request. The Investment Manager shall be entitled to be reimbursed by the Company, out of the assets of the relevant Fund, for reasonable out of pocket expenses incurred by it and any VAT on fees and expenses payable to or by it.

Where the Investment Manager, or any of its delegates, successfully negotiates the recapture of a portion of the commissions charged by brokers or dealers in connection with the purchase and / or sale of assets on behalf of a Fund, the rebated commission shall be paid to the Custodian for the account of the relevant Fund.

### **Governance Services Provider's Fees**

The Company shall pay an annual fee to the Governance Services Provider of Euro 18,125, which shall include the provision of services to the Company for two Funds. An additional annual fee will be payable in respect of each subsequently established Fund. Such fees will be subject to annual review and shall accrue and be payable quarterly in arrears.

The Company may also be required to discharge any out-of-pocket expenses incurred by the Governance Services Provider in the provision of services to the Company, such as courier charges and travel costs and expenses. All fees and expenses shall be subject to VAT.

### **Paying Agent's Fees**

Fees and expenses of Paying Agents appointed by the Company, which will be at normal commercial rates, together with VAT, if any, thereon, will be borne by the Company or the Fund in respect of

which a Paying Agent has been appointed.

All Shareholders of the Company or the Fund on whose behalf a Paying Agent is appointed may avail of the services provided by Paying Agents appointed by or on behalf of the Company.

### **Distributor's Fees**

The Company shall pay the Distributor an annual fee in respect of each Fund, out of the assets of the relevant Fund, at a rate set out in each Supplement. The Distributor shall be entitled to be reimbursed by the Company, out of the assets of the relevant Fund, for reasonable out of pocket expenses incurred by it and any VAT on fees and expenses payable to or by it.

### **Redemption Fee**

Shareholders may be subject to a redemption fee of up to 3%, calculated as a percentage of redemption monies as specified in the relevant Supplement. It is not the current intention of the Directors to charge a redemption fee. If it is at any stage in the future proposed to charge a redemption fee, reasonable notice shall be given to Shareholders. In the event of a redemption fee being charged, Shareholders should view their investment as medium to long-term.

### **Conversion Fee**

The Articles of Association authorise the Directors to charge a fee on the conversion of Shares in any Fund to Shares in another Fund up to a maximum of 5% of Net Asset Value of Shares in the original Fund. It is not the current intention of the Directors to charge a conversion fee. If it is at any stage in the future proposed to charge a conversion fee, reasonable notice shall be given to Shareholders.

### **Anti-Dilution Levy / Duties and Charges**

The Company reserves the right to impose an "anti-dilution levy", representing a provision for market spreads (the difference between the prices at which assets are valued and / or bought or sold), duties and charges and other dealing costs relating to the acquisition or disposal of assets and to preserve the value of the underlying assets of a Fund, in the event of receipt for processing of net subscription or redemption requests exceeding 1% of the Net Asset Value of a Fund including subscriptions and / or redemptions which would be effected as a result of requests for conversion from one Fund into another Fund. Any such provision will be an additional charge payable by the relevant Shareholder(s) in the case of net subscription requests exceeding 1% of the Net Asset Value of the Fund and will be an additional charge deducted from the redemption proceeds payable to the relevant Shareholder(s) in the case of net redemption requests exceeding 1% of the Net Asset Value of the Fund, including the price of Shares issued or redeemed as a result of requests for conversion.

The Company may also apply a provision for market spreads and duties and charges in any other case where it considers such a provision to be in the best interests of a Fund and in accordance with the requirements of the Financial Regulator.

Any such sums will be paid into the account of the relevant Fund.

## **Directors' Fees**

The Articles of Association authorise the Directors to charge a fee for their services at a rate determined by the Directors. The Directors have determined that they shall receive a fee for their services up to a maximum fee per Director of Euro 20,000 per annum, or such other maximum amount as may be determined by the Directors and disclosed in the Prospectus or in the Company's annual report. Any increase in the maximum permitted fee will be notified to Shareholders in advance. The Directors may be entitled to special remuneration if called upon to perform any special or extra services to the Company. Mr. Nakamura and Mr. Takayama have agreed to waive any fees due to them for acting as Directors of the Company. All Directors will be entitled to reimbursement by the Company of expenses properly incurred in connection with the business of the Company or the discharge of their duties. The fees and expenses of the Directors may be subject to VAT.

## **Allocation of Fees and Expenses**

All fees, expenses, duties and charges will be charged to the relevant Fund and within such Fund to the Classes in respect of which they were incurred. Where an expense is not considered by the Directors to be attributable to any one Fund, the expense will normally be allocated to all Funds in proportion to the Net Asset Value of the Funds or otherwise on such basis as the Directors deem fair and equitable. In the case of any fees or expenses of a regular or recurring nature, such as audit fees, the Directors may calculate such fees or expenses on an estimated figure for yearly or other periods in advance and accrue them in equal proportions over any period.

## **Fee Increases**

The rates of fees for the provision of services to any Fund or Class may be increased within the maximum levels stated above so long as reasonable written notice of the new rate(s) is given to Shareholders of the relevant Fund or Class in accordance with the requirements of the Financial Regulator.

## 5. THE SHARES

### General

Shares may be issued on any Dealing Day. Shares issued in a Fund or Class will be in registered form and denominated in the Base Currency specified in the relevant Supplement for the relevant Fund or a currency attributable to the particular Class. Where a Class of Shares is denominated in a currency other than the Base Currency of a Fund, that Class may be hedged or unhedged, as disclosed in the relevant Supplement for the relevant Class. Where a Class is to be unhedged, currency conversion will take place on subscriptions, redemptions and distributions at prevailing interest rates. Where a Class of Shares is to be hedged, the Company shall employ the hedging policy as more particularly set out herein. Shares will have no par value and will first be issued on the first Dealing Day after expiry of the initial offer period specified in the relevant Supplement at the Initial Offer Price as specified in the relevant Supplement. Thereafter Shares shall be issued at the Net Asset Value per Share.

Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

The Directors may decline to accept any application for Shares without giving any reason and may restrict the ownership of Shares by any person, firm or corporation in certain circumstances including where such ownership would be in breach of any regulatory or legal requirement or might affect the tax status of the Company or might result in the Company suffering certain disadvantages which it might not otherwise suffer. Any restrictions applicable to a particular Fund or Class shall be specified in the relevant Supplement for such Fund or Class. Any person who holds Shares in contravention of restrictions imposed by the Directors or, by virtue of his holding, is in breach of the laws and regulations of any applicable jurisdiction or whose holding could, in the opinion of the Directors, cause the Company to incur any liability to taxation or to suffer any pecuniary disadvantage which it or the Shareholders or any or all of them might not otherwise have incurred or sustained or otherwise in circumstances which the Directors believe might be prejudicial to the interests of the Shareholders, shall indemnify the Company, the Investment Manager, the Distributor, the Custodian, the Administrator and Shareholders for any loss suffered by it or them as a result of such person or persons acquiring or holding Shares in the Company.

The Directors have power under the Articles of Association to compulsorily redeem and / or cancel any Shares held or beneficially owned in contravention of any restrictions imposed by them or in breach of any law or regulation.

While Shares will generally not be issued or transferred to any US Person, the Directors may authorise the purchase by or transfer to a US Person in their discretion. The Directors will seek reasonable assurances that such purchase or transfer does not violate United States securities laws, e.g., require the Shares to be registered under the 1933 Act or the Company or any Fund to be registered under the United States Investment Company Act of 1940 or result in adverse tax consequences to the Company or the non-US Shareholders. Each investor who is a US Person will



be required to provide such representations, warranties or documentation as may be required to ensure that these requirements are met prior to the issue of Shares.

None of the Company, the Investment Manager, the Distributor, the Administrator or the Custodian or any of their respective directors, officers, employees or agents will be responsible or liable for the authenticity of instructions from Shareholders reasonably believed to be genuine and shall not be liable for any losses, costs or expenses arising out of or in conjunction with any unauthorised or fraudulent instructions. The Administrator shall, however, employ reasonable procedures to confirm that instructions are genuine.

### **Abusive Trading Practices / Market Timing**

The Directors generally encourage investors to invest in the Funds as part of a long-term investment strategy and discourages excessive or short term or abusive trading practices. Such activities, sometimes referred to as "market timing", may have a detrimental effect on the Funds and Shareholders. For example, depending upon various factors such as the size of the Fund and the amount of its assets maintained in cash, short-term or excessive trading by Shareholders may interfere with the efficient management of the Fund's portfolio, increased transaction costs and taxes and may harm the performance of the Fund.

The Directors seek to deter and prevent abusive trading practices and to reduce these risks, through several methods, including the following:

- (i) to the extent that there is a delay between a change in the value of a Fund's portfolio holdings and the time when that change is reflected in the Net Asset Value per Share, a Fund is exposed to the risk that investors may seek to exploit this delay by purchasing or redeeming Shares at a Net Asset Value which does not reflect appropriate fair value prices. The Directors seek to deter and prevent this activity, sometimes referred to as "stale price arbitrage", by the appropriate use of its power to adjust the value of any investment having regard to relevant considerations in order to reflect the fair value of such investment.
- (ii) the Directors may monitor Shareholder account activities in order to detect and prevent excessive and disruptive trading practices and reserves the right to exercise its discretion to reject any subscription or conversion transaction without assigning any reason therefore and without payment of compensation if, in its judgement, the transaction may adversely affect the interest of a Fund or its Shareholders. The Directors may also monitor Shareholder account activities for any patterns of frequent purchases and sales that appear to be made in response to short-term fluctuations in the Net Asset Value per Share and may take such action as it deems appropriate to restrict such activities including, if it so determines, levying a redemption fee of up to 3% per cent of the Net Asset Value of Shares the subject of a redemption request.

There can be no assurances that abusive trading practices can be mitigated or eliminated. For example nominee accounts in which purchases and sales of Shares by multiple investors may be aggregated for dealing with the Fund on a net basis, conceal the identity of underlying investors in a Fund which makes it more difficult for the Directors and their delegates to identify abusive trading

practices.

### **Application for Shares**

The terms and conditions applicable to an application for the issue of Shares in a Fund or Class and the Initial Price thereof together with subscription and settlement details and procedures and the time for receipt of applications will be specified in the Supplement for the relevant Fund or Class. Application Forms may be obtained from the Administrator. The Minimum Subscription, Minimum Holding and Minimum Transaction Size for Shares are set out in the Supplement for each Fund. The time limit in which payment for subscriptions must be made shall be set out in the Supplement for the relevant Fund. In the event that payment for Shares has not been received by the relevant time, the application may be refused. In such a case, and notwithstanding any such refusal, the Company may charge the applicant for any resulting loss incurred by the Fund.

The Company, or the Administrator, on behalf of the Company, may reject any application in whole or in part without giving any reason for such rejection in which event the subscription monies or any balance thereof will be returned without interest, expenses or compensation to the applicant by transfer to the applicant's designated account or by post at the applicant's risk.

### **In Specie Subscription**

The Company may allot Shares in any Fund or Class on terms that settlement shall be made by the vesting in the Company of assets of the type in which the subscription monies for the relevant Shares may be invested, in accordance with the investment objective, investment policy and investment restrictions of the relevant Fund and otherwise upon such terms as the Company may think fit provided that:

- (i) no Shares shall be issued until the relevant assets have been vested or arrangements are made to vest the relevant assets with the Custodian;
- (ii) any such exchange shall be effected on terms that the number of Shares to be issued shall be the number which would have been issued for a cash amount equal to the value of the relevant assets, as calculated in accordance the valuation provisions set out in the section of the Prospectus headed "Net Asset Value and Valuation of Assets" below, including such sum as the Company may consider represents an appropriate provision for duties and charges arising in connection with the vesting of the relevant assets;
- (iii) the assets to be transferred to the Company shall be valued by applying the valuation provisions set out in the section of the Prospectus headed "Net Asset Value and Valuation of Assets" below;
- (iv) there may be paid to the incoming Shareholder, out of the assets of the relevant Fund, a sum in cash equal to the value at the current price of any fraction of a Share excluded from the calculation aforesaid; and
- (v) the Custodian shall be satisfied that the terms of such exchange shall not be such as are likely to result in any material prejudice to the existing Shareholders.

## Anti-Money Laundering and Countering Terrorist Financing Measures

The Criminal Justice (Money Laundering and Terrorist Financing) Act, 2010 imposes obligations on both the Company and the Administrator to implement risk based and adequate measures to verify the identity and address of all Shareholders and any beneficial owner on whose behalf a Shareholder holds Shares. The application of this risk based approach dictates that in certain circumstances the Administrator will be required to apply enhanced customer due diligence to certain investor types. The Administrator reserves the right to request, at the time of an application for Shares and at any time whilst an investor holds Shares, including at the time of redemption of such Shares, such information as may be necessary to verify the identity and address of that Shareholder and any beneficial owner on whose behalf such Shares are held.

Typically the Administrator will require customer due diligence documentation prior to the investor's first application to subscribe for Shares. However, as a result of regulatory changes or in relation to a redemption, or otherwise, the Administrator may require continuing due diligence to be carried out and accordingly the Administrator reserves the right to request any information at any time as may be necessary to verify the identity of a Shareholder or any beneficial owner of Shares.

The Directors have authorised the Administrator to request such information and documentation as it considers is necessary to verify the identity and address of any applicant. Where a subscription is being made through a regulated intermediary, and the intermediary operates within a country recognised by applicable law as having anti-money laundering regulations equivalent to Ireland, the Administrator may be entitled to rely on written representations from the regulated intermediary with respect to the underlying prospective investor, but may also have to conduct ongoing monitoring of the investor for anti-money laundering purposes.

The Administrator will notify prospective investors as to the types of evidence of their identity that are required. By way of example only, an individual shall be required to produce a copy of a passport or identification card duly certified by a particular person or entity (such as a lawyer or notary public), together with evidence of their address (such as a utility bill or bank statement). A corporate subscriber must produce a certified copy of its certificate of incorporation (including any name change) and memorandum and articles of association (or equivalent) as well as the names and residential and business addresses of all directors and certain beneficial owners.

The details given above are by way of example only and the Administrator will request such information and documentation as it considers is necessary to verify the identity and address of each applicant. In the event of delay or failure by the applicant to produce any information required by the Administrator to verify the applicant's identity, the Administrator may refuse to accept the application and the subscription funds relating thereto, or may refuse to process a redemption request, until proper information has been provided. Any subscription funds received may be returned without interest to the account from which such funds were originally debited. Prospective investors should note specifically that where redemption proceeds are requested to be remitted to an account which is not in the name of the investor, the Administrator reserves the right to request such information as may be reasonably necessary in order to verify the identity and address of the investor and the owner of the account to which the redemption proceeds will be paid. Redemption proceeds will not be paid to a third party account if the investor and owner of the account fail to provide such information.

Each applicant acknowledges and agrees that the Administrator shall be held harmless against any loss arising as a result of a failure to process such investor's subscription application or redemption request if such information and documentation as has been requested by the Administrator has not been provided by such applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Company, the Directors or the Administrator on their behalf may refuse to accept the application or cancel any Shares issued. The applicant shall bear any cost, loss or expense suffered by the Company, the Directors or the Administrator as a result of the applicant failing to provide the required information. In addition, in the event that a Shareholder has failed to comply with the Administrator's anti-money laundering procedures, any dividend payable by the Company to such Shareholder will be automatically reinvested, notwithstanding any election to the contrary made by such Shareholder.

#### Data Protection

Prospective investors should note that by completing the Application Form they are providing personal information to the Company, which may constitute personal data within the meaning of data protection legislation in Ireland. This data will be used for the purposes of client identification, administration, statistical analysis, market research, to comply with any applicable legal or regulatory requirements and, if an applicant's consent is given, for direct marketing purposes. Data may be disclosed to third parties including regulatory bodies, tax authorities in accordance with the European Savings Directive, delegates, advisers and service providers of the Company and their or the Company's duly authorised agents and any of their respective related, associated or affiliated companies wherever located (including outside the EEA) for the purposes specified. By signing the application form, investors consent to the obtaining, holding, use, disclosure and processing of data for any one or more of the purposes set out in the application form. Investors have a right to obtain a copy of their personal data kept by the Company on payment of a fee and the right to rectify any inaccuracies in personal data held by the Company.

#### **Redemption of Shares**

Shareholders may redeem their Shares on and with effect from any Dealing Day at the Net Asset Value per Share for that Class calculated on or with respect to the relevant Dealing Day in accordance with the procedures specified in the relevant Supplement (save during any period when the calculation of Net Asset Value is suspended). The minimum value of Shares which may be redeemed in any one redemption transaction is specified in the relevant Supplement for each Fund. If the redemption of part only of a Shareholder's shareholding would leave the Shareholder holding less than the Minimum Holding for the relevant Fund, the Company or its delegate may, if it thinks fit, redeem the whole of that Shareholder's holding.

Shares will not receive or be credited with any dividend declared on or after the Dealing Day on which they were redeemed.

#### Redemption Gate

If the number of Shares to be redeemed on any Dealing Day equals one tenth or more of the total

number of Shares of a Fund in issue on that day the Directors or their delegate may at their discretion refuse to redeem any Shares in excess of one tenth of the total number of Shares in issue as aforesaid and, if they so refuse, the requests for redemption on such Dealing Day shall be reduced pro rata and Shares which are not redeemed by reason of such refusal shall be treated as if a request for redemption had been made in respect of each subsequent Dealing Day until all Shares to which the original request related have been redeemed. Redemption requests which have been carried forward from an earlier Dealing Day shall (subject always to the foregoing limits) be complied with in priority to later requests.

#### In Specie Redemption

The Company may, with the consent of the individual Shareholders, satisfy any request for redemption of Shares by the transfer in specie to those Shareholders of assets of the relevant Fund having a value equal to the redemption price for the Shares redeemed as if the redemption proceeds were paid in cash less any redemption charge and other expenses of the transfer. A determination to provide redemption in specie may be solely at the discretion of the Company where the redeeming Shareholder requests redemption of a number of Shares that represents 5% or more of the Net Asset Value of the relevant Fund provided that any such Shareholder requesting redemption shall be entitled to request the sale of any asset or assets proposed to be distributed in specie and the distribution to such Shareholder of the cash proceeds of such sale less the costs of such sale which shall be borne by the relevant Shareholder. The nature and type of assets to be transferred in specie to each Shareholder shall be determined by the Directors (subject to the approval of the Custodian as to the allocation of assets) on such basis as the Directors in their discretion shall deem equitable and not prejudicial to the interests of the remaining Shareholders in the relevant Fund or Class.

#### Compulsory Redemption of Shares / Deduction of Tax

Shareholders are required to notify the Administrator immediately if they become US Persons or persons who are otherwise subject to restrictions on ownership as set out herein and such Shareholders may be required to redeem or transfer their Shares. The Company may redeem any Shares which are or become owned, directly or indirectly, by or for the benefit of any person in breach of any restrictions on ownership from time to time as set out herein or if the holding of Shares by any person is unlawful or is likely to result or results in any tax, fiscal, legal, regulatory, pecuniary liability or material administrative disadvantage to the Company, the Shareholders as a whole or the relevant Fund. The Company may also redeem any Shares held by any person who holds less than the Minimum Holding or does not, within seven days of a request by or on behalf of the Manager, supply any information or declaration required under the terms hereof to be furnished. Any such redemption will be effected on a Dealing Day at the Net Asset Value per Share calculated on or with respect to the relevant Dealing Day on which the Shares are to be redeemed. The Company may apply the proceeds of such compulsory redemption in the discharge of any taxation or withholding tax arising as a result of the holding or beneficial ownership of Shares by a Shareholder including any interest or penalties payable thereon. The attention of investors in relation to the section of the prospectus entitled "Taxation" and in particular the section therein headed "Irish Taxation" which details circumstances in which the Company shall be entitled to deduct from payments to Shareholders who are resident or ordinarily resident in Ireland amounts in respect of liability of to Irish taxation including any penalties and interest thereon and / or compulsorily redeem Shares to discharge such liability.

Relevant Shareholders will indemnify and keep the Company indemnified against loss arising to the Company by reason of the Company becoming liable to account for tax on the happening of an event giving rise to a charge to taxation.

#### Total Redemption of Shares

All of the Shares of any Class or any Fund may be redeemed:

- (a) on the giving by the Company of not less than four nor more than twelve weeks' notice expiring on a Dealing Day to Shareholders of the relevant Fund or Class of its intention to redeem such Shares; or
- (b) if the holders of 75% in value of the relevant Class or Fund resolve at a meeting of the Shareholders duly convened and held that such Shares should be redeemed.

The Directors may resolve in their absolute discretion to retain sufficient monies prior to effecting a total redemption of Shares to cover the costs associated with the subsequent termination of a Fund or Class or the liquidation of the Company.

#### **Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and Minimum Transaction Size requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class (the "Original Fund") to Shares in another Fund or Class or another Class in the same Fund (the "New Fund") in accordance with the formula and procedures specified below. Requests for conversion of Shares should be made to the Administrator by facsimile or written communication or such other means as may be permitted by the Directors and should include such information as may be specified from time to time by the Directors or their delegate. Requests for conversion should be received prior to the earlier of the Dealing Deadline for redemptions in the Original Fund and the Dealing Deadline for subscriptions in the New Fund. Any applications received after such time will be dealt with on the next Dealing Day which is a dealing day for the relevant Funds, unless the Directors in their absolute discretion and in exceptional circumstances otherwise determine, provided such applications are received prior to the Valuation Point. Conversion requests will only be accepted where cleared funds and completed documents are in place from original subscriptions.

Where a conversion request would result in a Shareholder holding a number of Shares of either the Original Fund or the New Fund which would be less than the Minimum Holding for the relevant Fund, the Manager or its delegate may, if it thinks fit, convert the whole of the holding in the Original Fund to Shares in the New Fund or refuse to effect any conversion from the Original Fund.

Fractions of Shares which shall not be less than 0.0001 of a Share may be issued by the Company on conversion where the value of Shares converted from the Original Fund are not sufficient to purchase an integral number of Shares in the New Fund and any balance representing less than 0.0001 of a Share will be retained by the Company in order to defray administration costs.

The number of Shares of the New Fund to be issued will be calculated in accordance with the

following formula:

$$S = \frac{(R \times NAV \times ER) - F}{SP}$$

where

S is the number of Shares of the New Fund to be allotted.

R is the number of Shares in the Original Fund to be redeemed.

NAV is the Net Asset Value per Share of the Original Fund at the Valuation Point on the relevant Dealing Day.

ER is the currency conversion factor (if any) as determined by the Administrator.

F is the conversion charge (if any) of up to 5% of the Net Asset Value of the Shares to be issued in the New Fund.

SP is the Net Asset Value per Share of the New Fund at the Valuation Point on the relevant Dealing Day.

#### Withdrawal of Conversion Requests

Conversion requests may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of a suspension of calculation of the Net Asset Value of the Funds in respect of which the conversion request was made.

#### **Net Asset Value and Valuation of Assets**

The Net Asset Value of each Fund or, if there are different Classes within a Fund, each Class, will be calculated by the Administrator as at the Valuation Point on or with respect to each Dealing Day in accordance with the Articles of Association. The Net Asset Value of a Fund shall be determined as at the Valuation Point for the relevant Dealing Day by valuing the assets of the relevant Fund (including income accrued but not collected) and deducting the liabilities of the relevant Fund (including a provision for duties and charges, accrued expenses and fees, including those to be incurred in the event of a subsequent termination of a Fund or liquidation of the Company and all other liabilities). The Net Asset Value attributable to a Class shall be determined as at the Valuation Point for the relevant Dealing Day by calculating that portion of the Net Asset Value of the relevant Fund attributable to the relevant Class as at the Valuation Point subject to adjustment to take account of assets and / or liabilities attributable to the Class. The Net Asset Value of a Fund will be expressed in the Base Currency of the Fund, or in such other currency as the Directors may determine either generally or in relation to a particular Class or in a specific case. Where the Net Asset Value attributable to a Class is expressed in currency other than the Base Currency of the relevant Fund such Net Asset Value will be subject to exchange rate risk in relation to the Base Currency.

The Net Asset Value per Share shall be calculated as at the Valuation Point on or with respect to each Dealing Day by dividing the Net Asset Value of the relevant Fund or attributable to a Class by the total number of Shares in issue or deemed to be in issue in the Fund or Class at the relevant Valuation Point and rounding the resulting total to two (2) decimal places in the case of USD, GBP or Euro Share Classes and to a whole JPY value in the case of JPY Share Classes.

In determining the Net Asset Value of the Company and each Fund:

- (a) Investments which are quoted, listed or traded on a Recognised Exchange, save as hereinafter provided at (d), (e), (f), (g), (h) and (i), will be valued at last traded prices. Where an investment is listed or dealt in on more than one Recognised Exchange the relevant exchange or market shall be the principal stock exchange or market on which the investment is listed or dealt on or the exchange or market which the Directors determine provides the fairest criteria in determining a value for the relevant investment. Investments listed or traded on a Recognised Exchange, but acquired or traded at a premium or at a discount outside or off the relevant exchange or market, may be valued taking into account the level of premium or discount at the Valuation Point provided that the Custodian shall be satisfied that the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the investment.
- (b) The value of any investment which is not quoted, listed or dealt in on a Recognised Exchange, or which is so quoted, listed or dealt but for which no such quotation or value is available or the available quotation or value is not representative of the fair market value shall be the probable realisation value as estimated with care and good faith by (i) the Directors or (ii) a competent person, firm or corporation (including the Investment Manager) selected by the Directors and approved for the purpose by the Custodian or (iii) any other means provided that the value is approved by the Custodian. Where reliable market quotations are not available for fixed income securities the value of such investments may be determined using matrix methodology compiled by the Directors whereby such investments are valued by reference to the valuation of other investments which are comparable in rating, yield, due date and other characteristics.
- (c) Cash in hand or on deposit will be valued at its nominal / face value plus accrued interest, where applicable, to the end of the relevant day on which the Valuation Point occurs.
- (d) Derivative contracts traded on a regulated market, including, without limitation, futures and options contracts and index futures, shall be valued at the settlement price as determined by the market. If the settlement price is not available, the value shall be the probable realisation value estimated with care and in good faith by (i) the Directors or (ii) a competent person firm or corporation (including the Investment Manager) selected by the Directors and approved for the purpose by the Custodian or (iii) any other means provided that the value is approved by the Custodian. OTC derivative contracts including, without limitation, swap contracts and swaptions will be valued daily either (i) on the basis of a quotation provided by the relevant counterparty and such valuation shall be approved or verified at least weekly by a party who is approved for the purpose by the Custodian and who is independent of the counterparty (the "Counterparty Valuation"); or (ii) using an alternative valuation provided by a competent



person appointed by the Directors and approved for the purpose by the Custodian or a valuation by any other means provided that the value is approved by the Custodian (the "Alternative Valuation"). Where such Alternative Valuation method is used the Company will follow international best practise and adhere to the principles on valuation of OTC instruments established by bodies such as IOSCO and AIMA and will be reconciled to the Counterparty Valuation on a monthly basis. Where significant differences arise these will be promptly investigated and explained.

- (e) Forward foreign exchange and interest rate swap contracts shall be valued in the same manner as OTC derivatives contracts or by reference to freely available market quotations.
- (f) Notwithstanding paragraph (a) above the pricing hierarchy adopted by the Administrator for the shares / units of a collective investment scheme is (in descending order of preference) as follows: (1) the latest available net asset value per share or unit, as published by the relevant collective investment scheme; (2) the latest bid prices per share or unit, as published by the relevant collective investment scheme; or (3) if listed or traded on a Recognised Exchange, in accordance with (a) above.
- (g) In the case of a Fund which is a money market fund the Directors may use the amortised cost method of valuation where the investments are valued at their acquisition cost, adjusted for amortisation of premium or accretion of discount on the investments provided; (A) the money market fund is restricted to investments which comply with the following criteria: (i) have a maturity at issuance of up to and including 397 days; (ii) have a residual maturity of up to and including 397 days; (iii) undergo regular yield adjustments in line with money market conditions at least every 397 days; and / or (iv) the risk profile, including credit and interest rate risks, corresponds to that of financial instruments which have a maturity of up to and including 397 days or are subject to a yield adjustment at least every 397 days and which in the case of (iii) and (iv) also meet with the final maturity requirements of the relevant rating agency; (B) the weighted average maturity of the portfolio does not exceed 60 days. The Directors or their delegates shall review or cause a review to be carried out weekly of discrepancies between the market value and the amortised value of the Money Market Instruments and ensure escalation procedures in accordance with the requirements of the Financial Regulator are put in place to address material discrepancies.
- (h) The Directors may value Money Market Instruments in a Fund which is not a money market fund using an amortised cost method of valuation, in accordance with the requirements of the Financial Regulator.
- (i) The Directors may, with the approval of the Custodian, adjust the value of any investment if having regard to its currency, marketability, applicable interest rates, anticipated rates of dividend, maturity, liquidity or any other relevant considerations, they consider that such adjustment is required to reflect the fair value thereof.
- (j) Any value expressed otherwise than in the Base Currency of the relevant Fund shall be converted into the Base Currency of the relevant Fund at the prevailing exchange rate.

- (k) Where the value of any investment is not ascertainable as described above, the value shall be the probable realisation value estimated by the Directors with care and in good faith or by a competent person approved for the purpose by the Custodian.
- (l) If the Directors deem it necessary a specific investment may be valued under an alternative method of valuation approved by the Custodian.

Notwithstanding the above, in calculating the value of any investment the Directors, or the Administrator, as their delegate, may rely upon such automatic pricing services as it may in its absolute discretion determine. For an investment for which a price is not available from such an automated source, the Directors or the Administrator may, in their absolute discretion, use information provided by other suitable independent sources, independent brokers, market makers, other intermediaries or any third parties. The Directors or the Administrator shall not, in any circumstances, be liable for any loss suffered by reason of any error in the calculation of the value of any investment resulting from any inaccuracy in the information provided by any such pricing service, broker, market maker or other intermediary.

The Directors have delegated to the Administrator the determination of Net Asset Value of each Class of Shares.

In calculating the value of assets of the Company and each Fund the following principles will apply:

- (a) the valuation policy selected by the Directors shall be applied consistently with respect to the Company and, as appropriate, individual Funds for so long as the Company or Funds, as the case may be, are operated on a going concern basis, and there will be consistency in the valuation policies adopted throughout the various categories of investments;
- (b) Every Share agreed to be issued by the Directors with respect to each Dealing Day shall be deemed to be in issue at the Valuation Point for the relevant Dealing Day and the assets of the relevant Fund shall be deemed to include not only cash and property in the hands of the Custodian but also the amount of any cash or other property to be received in respect of Shares agreed to be issued after deducting therefrom (in the case of Shares agreed to be issued for cash) or providing for preliminary charges;
- (c) where investments have been agreed to be purchased or sold but such purchase or sale has not been completed, such investments shall be included or excluded and the gross purchase or net sale consideration excluded or included as the case may require as if such purchase or sale had been duly completed unless the Directors have reason to believe such purchase or sale will not be completed;
- (d) there shall be added to the assets of the relevant Fund any actual or estimated amount of any taxation of a capital nature which may be recoverable by the Company which is attributable to that Fund;
- (e) there shall be added to the assets of each relevant Fund a sum representing any interest, dividends or other income accrued but not received and a sum representing unamortised

expenses unless the Directors are of the opinion that such interest, dividends or other income are unlikely to be paid or received in full in which case the value thereof shall be arrived at after making such discount as the Directors or their delegate (with the approval of the Custodian) may consider appropriate in such case to reflect the true value thereof;

- (f) there shall be added to the assets of each relevant Fund the total amount (on a receipts or accruals basis, as determined by the Directors) of any claims for repayment of any taxation levied on income or capital gains including claims in respect of double taxation relief; and
- (g) where notice of the redemption of Shares has been received by the Company with respect to a Dealing Day and the redemption of such Shares has not been completed, the Shares to be redeemed shall be deemed not to be in issue at the Valuation Point and the value of the assets of the relevant Fund shall be deemed to be reduced by the amount payable upon such redemption;
- (h) there shall be deducted from the assets of the relevant Fund:
  - (i) the total amount of any actual or estimated liabilities properly payable out of the assets of the relevant Fund including any and all outstanding borrowings of the Company in respect of the relevant Fund, interest, fees and expenses payable on such borrowings and any estimated liability for tax and such amount in respect of contingent or projected expenses as the Directors consider fair and reasonable as of the relevant Valuation Point;
  - (ii) such sum in respect of tax (if any) on income or capital gains realised on the investments of the relevant Fund as in the estimate of the Directors will become payable;
  - (iii) the amount (if any) of any distribution declared but not distributed in respect thereof;
  - (iv) the remuneration, fees and expenses of the Administrator, the Custodian, the Investment Manager, the Governance Services Provider, any Distributor or Paying Agent and any other providers of services to the Company accrued but remaining unpaid together with a sum equal to the value added tax chargeable thereon (if any);
  - (v) the total amount (whether actual or estimated by the Directors) of any other liabilities properly payable out of the assets of the relevant Fund (including all establishment, operational and ongoing administrative fees, costs and expenses) as of the relevant Valuation Point;
  - (vi) an amount as of the relevant Valuation Point representing the projected liability of the relevant Fund in respect of costs and expenses to be incurred by the relevant Fund in the event of a subsequent liquidation;
  - (vii) an amount as of the relevant Valuation Point representing the projected liability of the relevant calls on Shares in respect of any warrants issued and / or options written by

the relevant Fund or Class of Shares; and

- (viii) any other liability which may properly be deducted.

In the absence of negligence, fraud or wilful default, every decision taken by the Directors or any committee of the Directors or any duly authorised person on behalf of the Company in determining the value of any investment or calculating the Net Asset Value of a Fund or Class or where relevant Series or the Net Asset Value per Share shall be final and binding on the Company and on present, past or future Shareholders.

### **Suspension of Valuation of Assets**

The Directors may at any time and from time to time temporarily suspend the determination of the Net Asset Value of any Fund or attributable to a Class and the issue, conversion and redemption of Shares in any Fund or Class:

- (a) during the whole or part of any period (other than for ordinary holidays or customary weekends) when any of the Recognised Exchanges on which the relevant Fund's investments are quoted, listed, traded or dealt are closed or during which dealings therein are restricted or suspended or trading is suspended or restricted;
- (b) during the whole or part of any period when circumstances outside the control of the Directors exist as a result of which any disposal or valuation of investments of the Fund is not reasonably practicable or would be detrimental to the interests of Shareholders or it is not possible to transfer monies involved in the acquisition or disposition of investments to or from the relevant account of the Company;
- (c) during the whole or any part of any period when any breakdown occurs in the means of communication normally employed in determining the value of any of the relevant Fund's investments;
- (d) during the whole or any part of any period when for any reason the value of any of the Fund's investments cannot be reasonably, promptly or accurately ascertained;
- (e) during the whole or any part of any period when subscription proceeds cannot be transmitted to or from the account of any Fund or the Company is unable to repatriate funds required for making redemption payments or when such payments cannot, in the opinion of the Directors, be carried out at normal rates of exchange;
- (f) upon mutual agreement between the Company and the Custodian for the purpose of winding up the Company or terminating any Fund; or
- (g) if any other reason makes it impossible or impracticable to determine the value of a substantial portion of the investments or the Company or any Fund.

Any suspension of valuation shall be notified to the Financial Regulator, the Irish Stock Exchange,

with respect to any Fund or Class which is listed, and the Custodian without delay and, in any event, within the same Dealing Day. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

The Financial Regulator may also require that the Company temporarily suspends the determination of the Net Asset Value and the issue and redemption of Shares in a Fund if it decides that it is in the best interests of the general public and the Shareholders to do so.

### **Dividends and Distributions**

The Directors are empowered to declare and pay dividends on Shares issued in any Class or Fund in the Company. The dividend policy for each Fund or Class will be set out in the relevant Supplement.

### **Taxation on the Occurrence of Certain Events**

The attention of investors is drawn to the section of the Prospectus headed "Taxation" and in particular the taxation liability arising on the occurrence of certain events such as the encashment, redemption or transfer of Shares by or payment of dividends to Shareholders who are resident or ordinarily resident in Ireland. If the Company becomes liable to account for tax including any interest or penalties thereon if an event giving rise to a tax liability occurs, the Company shall be entitled to deduct such amount from the payment arising on such event or to compulsorily redeem or cancel such number of Shares held by the Shareholder or the beneficial owner of the Shares as have a value sufficient after the deduction of any redemption charges to discharge any such liability. The relevant Shareholder shall indemnify and keep the Company indemnified against any loss arising to the Company by reason of the Company becoming liable to account for tax and any interest or penalties thereon on the happening of an event giving rise to a tax liability including if no such deduction, appropriation or cancellation has been made.

## 6. TAXATION

### General

The Sections below on Irish and UK taxation are brief summaries of the tax advice received by the Directors relating to current law and practice which may be subject to change and interpretation.

The information given below is not exhaustive and does not constitute legal or tax advice and prospective investors should consult their own professional advisers on the possible tax consequences of buying, selling, converting, holding or redeeming Shares under the laws of the jurisdictions in which they may be subject to tax. Investors are also advised to inform themselves as to any exchange control regulations applicable in their country of residence.

Generally the tax consequences of acquiring, holding, converting, redeeming or disposing of Shares in the Company will depend on the relevant laws of the jurisdiction to which the Shareholder is subject. These consequences will vary with the law and practice of the Shareholder's country of residence, domicile or incorporation and with the Shareholders personal circumstances.

The following is a brief summary of certain aspects of Irish taxation law and practice relevant to the transactions contemplated in this Prospectus. It is based on the law and practice and official interpretation currently in effect, all of which are subject to change.

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

### Irish Taxation

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

#### ***Definitions***

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

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

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

An individual will be regarded as being resident in Ireland for a tax year if he / she is present in Ireland: (1) for a period of at least 183 days in that tax year; or (2) for a period of at least 280 days in any two consecutive tax years, provided that the individual is resident in Ireland for at least 31 days in each period. In determining days present in Ireland, an individual is deemed to be present if he / she is in Ireland at any time during the day. This new test takes effect from 1 January 2009 (previously in determining days present in Ireland an individual was deemed to be present if he / she was in Ireland at the end of the day (midnight)).

A trust will generally be Irish resident where the trustee is resident in Ireland or a majority of the trustees (if more than one) are resident in Ireland.

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

- the company or a related company carries on a trade in Ireland, and either the company is ultimately controlled by persons resident in EU Member States or in countries with which Ireland has a double taxation treaty, or the company or a related company are quoted companies on a recognised Stock Exchange in the EU or in a treaty country under a double taxation treaty between Ireland and that country;
- or
- the company is regarded as not resident in Ireland under a double taxation treaty between Ireland and another country.

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

### ***"Ordinarily Resident in Ireland"***

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

An individual will be regarded as ordinarily resident for a particular tax year if he / she has been Irish Resident for the three previous consecutive tax years (i.e. he / she becomes ordinarily resident with effect from the commencement of the fourth tax year). An individual will remain ordinarily resident in Ireland until he / she has been non-Irish Resident for three consecutive tax years. Thus, an individual who is resident and ordinarily resident in Ireland in the tax year 1 January 2010 to 31 December 2010 and departs from Ireland in that tax year will remain ordinarily resident up to the end of the tax year 1 January 2013 to 31 December 2013.

The concept of a trust's ordinary residence is somewhat obscure and linked to its tax residence.

### ***"Exempt Irish Investor"***

- a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the Taxes Act or a retirement annuity contract or a trust scheme to which Section 784 or 785 of the Taxes Act applies;
- a company carrying on life business within the meaning of Section 706 of the Taxes Act;
- an investment undertaking within the meaning of Section 739B(1) of the Taxes Act;
- a special investment scheme within the meaning of Section 737 of the Taxes Act;
- a charity being a person referred to in Section 739D(6)(f)(i) of the Taxes Act;
- a unit trust to which Section 731(5)(a) of the Taxes Act applies;
- a qualifying fund manager within the meaning of Section 784A(1)(a) of the Taxes Act where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- a qualifying savings manager within the meaning of Section 848B of the Taxes Act in respect of Shares which are assets of a special savings incentive account within the meaning of Section 848C of the Taxes Act;
- a qualifying management company within the meaning of Section 739B of the Taxes Act;
- a personal retirement savings account ("PRSA") administrator acting on behalf of a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the Taxes Act and the Shares are assets of a PRSA;
- a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- the National Pensions Reserve Fund Commission;
- a company which is within the charge to corporation tax in accordance with Section 110(2) of the Taxes Act in respect of payments made to it by the Company; or
- any other Irish Resident or persons who are 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 Company or jeopardising tax exemptions associated with the Company giving rise to a charge to tax in the Company;

provided that they have correctly completed the Relevant Declaration.

### ***"Intermediary"***

means a person who:

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

***"Ireland"*** means the Republic of Ireland

### ***"Recognised Clearing System"***

means Bank One NA, Depository and Clearing Centre, Clearstream Banking AG, Clearstream Banking SA, CREST, Depository Trust Company of New York, Euroclear, National Securities Clearing System, Sicovam SA, SIS Sega Intersettle AG or any other system for clearing shares / units which is



designated for the purposes of Chapter 1A in Part 27 of the Taxes Act, by the Irish Revenue Commissioners as a recognised clearing system.

**"Relevant Declaration"**

means the declaration relevant to the Shareholder as set out in Schedule 2B of the Taxes Act.

**"Relevant Period"**

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

**"Taxes Act",**

means the Taxes Consolidation Act, 1997 (of Ireland) as amended.

\* \* \* \* \*

**The Company**

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

The Directors have been advised that the Company qualifies as an investment undertaking as defined in Section 739B(1) of the Taxes Act. Under current Irish law and practice, the Company is not chargeable to Irish tax on its income and gains.

However, tax can arise on the happening of a "chargeable event" in the Company. A chargeable event includes any distribution payments to Shareholders or any encashment, redemption, cancellation, transfer or deemed disposal (a deemed disposal will occur at the expiration of a Relevant Period) of Shares. No tax will arise on the Company in respect of chargeable events in respect of a Shareholder who is neither Irish Resident nor Ordinarily Resident in Ireland at the time of the chargeable event provided that a Relevant Declaration is in place and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct. In the absence of a Relevant Declaration there is a presumption that the investor is Irish Resident or Ordinarily Resident in Ireland. A chargeable event does not include:

- An exchange by a Shareholder, effected by way of an arms length bargain where no payment is made to the Shareholder, of Shares in the Company for other Shares in the Company;
- Any transactions (which might otherwise be a chargeable event) in relation to shares held in a Recognised Clearing System as designated by order of the Irish Revenue Commissioners;
- A transfer by a Shareholder of the entitlement to a Share where the transfer is between spouses and former spouses, subject to certain conditions; or
- An exchange of Shares arising on a qualifying amalgamation or reconstruction (within the

meaning of Section 739H of the Taxes Act) of the Company with another investment undertaking.

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

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

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

No Irish stamp duty will be payable by the Company on the conveyance or transfer of stock or marketable securities provided that the stock or marketable securities in question have not been issued by a company registered in Ireland and provided that the conveyance or transfer does not relate to any immovable property situated in Ireland or any right over or interest in such property or to any stocks or marketable securities of a company (other than a company which is an investment undertaking within the meaning of Section 739B(1) of the Taxes Act) which is registered in Ireland.

### ***Shareholders Tax***

#### *Shares Which Are Held In A Recognised Clearing System*

Any payments to a Shareholder or any encashment, redemption, cancellation or transfer of Shares held in a Recognised Clearing System will not give rise to a chargeable event in the Company (there is however ambiguity in the legislation as to whether the rules outlined in this paragraph with regard to Shares held in a Recognised Clearing System, apply in the case of chargeable events arising on a deemed disposal, therefore, as previously advised, Shareholders should seek their own tax advice in this regard). Thus the Company will not have to deduct any Irish taxes on such payments regardless of whether they are held by Shareholders who are Irish Residents or Ordinarily Resident in Ireland, or whether a non-resident Shareholder has made a Relevant Declaration. However, Shareholders who are Irish Resident or Ordinarily Resident in Ireland or who are not Irish Resident or Ordinarily Resident in Ireland but whose Shares are attributable to a branch or agency in Ireland may still have a liability to account for Irish tax on a distribution or encashment, redemption or transfer of their Shares.

To the extent any Shares are not held in a Recognised Clearing System at the time of a chargeable event (and subject to the point made in the previous paragraph in relation to a chargeable event arising on a deemed disposal), the following tax consequences will typically arise on a chargeable

event.

***Shareholders who are neither Irish Residents nor Ordinarily Resident in Ireland***

The Company will not have to deduct tax on the occasion of a chargeable event in respect of a Shareholder if (a) the Shareholder is neither Irish Resident nor Ordinarily Resident in Ireland, (b) the Shareholder has made a Relevant Declaration on or about the time when the Shares are applied for or acquired by the shareholder and (c) the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct. In the absence of a Relevant Declaration (provided in a timely manner) tax will arise on the happening of a chargeable event in the Company regardless of the fact that a Shareholder is neither Irish Resident nor Ordinarily Resident in Ireland. The appropriate tax that will be deducted is as described below.

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

Shareholders who are neither Irish Residents nor Ordinarily Resident in Ireland and who have made Relevant Declarations in respect of which the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct, will not be liable to Irish tax in respect of income from their Shares and gains made on the disposal of their Shares. However, any corporate Shareholder which is not Irish Resident and which holds Shares directly or indirectly by or for a trading branch or agency in Ireland will be liable to Irish tax on income from their Shares or gains made on disposals of the Shares.

Where tax is withheld by the Company on the basis that no Relevant Declaration has been filed with the Company by the Shareholder, Irish legislation provides for a refund of tax only to companies within the charge to Irish corporation tax, to certain incapacitated persons and in certain other limited circumstances.

***Shareholders who are Irish Residents or Ordinarily Resident in Ireland***

Unless a Shareholder is an Exempt Irish Investor and makes a Relevant Declaration to that effect and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct or unless the Shares are purchased by the Courts Service, tax at the rate of 25% will be required to be deducted by the Company from a distribution (where payments are made annually or at more frequent intervals) to a Shareholder who is Irish Resident or Ordinarily Resident in Ireland. Similarly, tax at the rate of 28% will have to be deducted by the Company on any other distribution or gain arising to the Shareholder (other than an Exempt Irish Investor who has made a Relevant Declaration) on an encashment, redemption, cancellation, transfer or deemed disposal (see below) of Shares by a Shareholder who is Irish Resident or Ordinarily Resident in Ireland.

The Finance Act 2006 introduced rules (which were subsequently amended by the Finance Act 2008) in relation to an automatic exit tax for Shareholders who are Irish Resident or Ordinarily Resident in Ireland in respect of Shares held by them in the Company at the ending of a Relevant Period. Such Shareholders (both companies and individuals) will be deemed to have disposed of their Shares (“deemed disposal”) at the expiration of that Relevant Period and will be charged to tax at the rate of 28% on any deemed gain (calculated without the benefit of indexation relief) accruing to them based on the increased value (if any) of the Shares since purchase or since the previous exit tax applied, whichever is later.

For the purposes of calculating if any further tax arises on a subsequent chargeable event (other than chargeable events arising from the ending of a subsequent Relevant Period or where payments are made annually or at more frequent intervals), the preceding deemed disposal is initially ignored and the appropriate tax calculated as normal. Upon calculation of this tax, credit is immediately given against this tax for any tax paid as a result of the preceding deemed disposal. Where the tax arising on the subsequent chargeable event is greater than that which arose on the preceding deemed disposal, the Company will have to deduct the difference. Where the tax arising on the subsequent chargeable event is less than that which arose on the preceding deemed disposal, the Company will refund the Shareholder for the excess (subject to the paragraph headed “15% threshold” below).

#### *10% Threshold*

The Company will not have to deduct tax (“exit tax”) in respect of this deemed disposal where the value of the chargeable Shares (i.e. those Shares held by Shareholders to whom the declaration procedures do not apply) in the Company (or in the sub-fund within an umbrella scheme) is less than 10% of the value of the total Shares in the Company (or in the sub-fund) and the Company has made an election to report certain details in respect of each affected Shareholder to Revenue (the “Affected Unit Holder”) in each year that the de minimis limit applies. In such a situation the obligation to account for the tax on any gain arising on a deemed disposal will be the responsibility of the Shareholder on a self assessment basis (“self-assessors”) as opposed to the Company or Fund (or their service providers). The Company is deemed to have made the election to report once it has advised the Affected Unit Holders in writing that it will make the required report.

#### *15 % Threshold*

As previously stated where the tax arising on the subsequent chargeable event is less than that which arose on the preceding deemed disposal (e.g. due to a subsequent loss on an actual disposal), the Company will refund the Shareholder the excess. Where however immediately before the subsequent chargeable event, the value of chargeable Shares in the Company (or in the Fund) does not exceed 15% of the value of the total Shares, the Company (or Fund) may elect to have any excess tax arising repaid directly by Revenue to the Shareholder. The Company is deemed to have made this election once it notifies the Shareholder in writing that any repayment due will be made directly by Revenue on receipt of a claim by the Shareholder.

#### *Other*

To avoid multiple deemed disposal events for multiple Shares an irrevocable election under Section

739D(5B) can be made by the Company to value the Shares held at 30 June or 31 December of each year prior to the deemed disposal occurring. While the legislation is ambiguous, it is generally understood that the intention is to permit a fund to group shares in six month batches and thereby make it easier to calculate the exit tax by avoiding having to carry out valuations at various dates during the year resulting in a large administrative burden.

The Irish Revenue Commissioners recently provided updated investment undertaking guidance notes which deal with the practical aspects of how the above calculations / objectives will be accomplished.

Shareholders (depending on their own personal tax position) who are Irish Resident or Ordinarily Resident in Ireland may still be required to pay tax or further tax on a distribution or gain arising on an encashment, redemption, cancellation, transfer or deemed disposal of their Shares. Alternatively they may be entitled to a refund of all or part of any tax deducted by the Company on a chargeable event.

### ***Personal Portfolio Investment Undertakings***

The Finance Act, 2007 introduced new provisions regarding the taxation of Irish Resident individuals or Ordinarily Resident in Ireland individuals who hold shares in investment undertakings. These provisions introduced the concept of a personal portfolio investment undertaking ("PPIU"). Essentially, an investment undertaking will be considered a PPIU in relation to a specific investor where that investor can influence the selection of some or all of the property held by the investment undertaking. Depending on individuals' circumstances, an investment undertaking may be considered a PPIU in relation to some, none or all individual investors i.e. it will only be a PPIU in respect of those individuals' who can "influence" selection. Any gain arising on a chargeable event in relation to an investment undertaking which is a PPIU in respect of an individual that gave rise to the chargeable event and occurs on or after 20 February, 2007, will be taxed at the standard rate plus 28 per cent (currently 48%). Specific exemptions apply where the property invested in has been widely marketed and made available to the public or for non-property investments entered into by the investment undertaking. Further restrictions may be required in the case of investments in land or unquoted shares deriving their value from land.

For the avoidance of doubt the above PPIU provisions are not relevant for Shareholders who are (i) neither Irish Resident nor Ordinarily Resident in Ireland, or (ii) Exempt Irish Investors, provided in both cases a Relevant Declaration is in place in respect of each such Shareholder and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct.

### ***Capital Acquisitions Tax***

The disposal of Shares may be subject to Irish gift or inheritance tax (Capital Acquisitions Tax). However, provided that the Company falls within the definition of investment undertaking (within the meaning of Section 739B(1) of the Taxes Act), the disposal of Shares by a Shareholder is not liable to Capital Acquisitions Tax provided that (a) at the date of the gift or inheritance, the donee or successor is neither domiciled nor Ordinarily Resident in Ireland; (b) at the date of the disposition, the Shareholder disposing ("disponer") of the Shares is neither domiciled nor Ordinarily Resident in Ireland; and (c) the Shares are comprised in the gift or inheritance at the date of such gift or

inheritance and at the valuation date.

With regard to Irish tax residency for Capital Acquisitions Tax purposes, special rules apply for non-Irish domiciled persons. A non-Irish domiciled donee or disponent will not be deemed to be resident or ordinarily resident in Ireland at the relevant date unless;

- (i) that person has been resident in Ireland for the 5 consecutive years of assessment immediately preceding the year of assessment in which that date falls; and
- (ii) that person is either resident or ordinarily resident in Ireland on that date.

### **Finance Act, 2010 (the "Act")**

The Act has introduced new measures to amend the rules with regard to Relevant Declarations. Currently no tax will arise on an investment undertaking in respect of chargeable events in respect of a shareholder who is neither Irish Resident nor Ordinarily Resident in Ireland at the time of the chargeable event provided that a Relevant Declaration is in place and the investment undertaking is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct. In the absence of a Relevant Declaration there is a presumption that the investor is Irish Resident or Ordinarily Resident in Ireland. The Act however contains measures that will permit the above exemption in respect of shareholders who are not Irish Resident nor Ordinarily Resident in Ireland to apply where appropriate equivalent measures are put in place by the investment undertaking to ensure that the shareholder are not Irish Resident nor Ordinarily Resident in Ireland and the investment undertaking has received approval from the Revenue Commissioners in this regard.

These aforementioned appropriate 'equivalent measures' are in the process of being agreed with Revenue.

### **United Kingdom Taxation**

#### ***The Company***

The Directors intend to manage the affairs of the Company in such a way that it is not resident in the UK for UK tax purposes. In these circumstances, and, provided that the Company is not treated as carrying on a trade in the UK through a fixed place of business or an agent which constitutes a "permanent establishment" in the UK, the Company will not be subject to UK tax on its profits and gains (other than withholding tax on any interest or certain other income which has a UK source).

#### ***Shareholders***

Shareholders who are resident or ordinarily resident in the UK for taxation purposes should be aware that their Shares will constitute "material interests" in an "offshore fund" for the purposes of the United Kingdom Offshore Funds (Tax) Regulations 2009 (the "Regulations"). Each Class of Shares in the Company is expected to constitute an "offshore fund" for the purposes of the above mentioned tax regime. Where such a Shareholder holds such a material interest, any gain arising to that person on the sale, redemption or other disposal of that interest (including a deemed disposal on death) will be

taxed at the time of such sale, redemption or other disposal as income and not as capital gain, unless the offshore fund has been certified by HM Revenue and Customs ("HMRC"), the UK Revenue authority, as a "reporting fund" throughout the period during which that person has held that interest.

The Directors intend to make an application to HMRC to obtain reporting status for a limited number of Classes of Shares, in each case as specified in the relevant Supplement. Where no application for reporting fund status is made, or where a Class of Shares did not have reporting fund status throughout the period of investment by a relevant Shareholder, any gain realised by UK resident or ordinarily resident Shareholders on a sale, redemption or other disposal of their Shares (including a deemed disposal on death) will be taxed as income and not as capital gains. The precise consequences of such treatment will depend upon the particular tax position of each such Shareholder.

For those Classes of Shares where the Directors of the Company intend to obtain reporting fund status, subject to satisfying certain conditions (such as the relevant Class having had reporting fund status throughout the period of investment by a relevant Shareholder), any gains arising to Shareholders resident or ordinarily resident in the UK on a sale, redemption or other disposal of their Shares would be taxed as capital gains. The precise consequences of such treatment will depend upon the particular tax position of each Shareholder. Further, under the Regulations, a reporting fund is required to provide each Shareholder in the relevant Class of Shares, for each Accounting Period, a report of the income of the Class for that Accounting Period which is attributable to the Shareholder's interest (whether or not such income has been distributed), and such reported income is treated as an additional distribution made by the Class to the Shareholder. A UK resident or ordinarily resident Shareholder in the relevant Class of Shares will therefore (subject to their particular UK tax position) be potentially subject to UK tax on that reported income as if such reported income were a distribution upon their Shares. These rules are complex and Shareholders or potential investors are advised to consult their own tax advisers. Further, there can be no guarantee that the relevant conditions to achieve or maintain "reporting" status will be satisfied at all times.

Shareholders who are within the charge to UK corporation tax should be aware that where such an investor holds a "material interest" in an "offshore fund" and that offshore fund fails, at any time in an accounting period in which the Shareholder holds its material interest, to satisfy the "non-qualifying investments test", the Shareholder is required to treat its material interest for that accounting period as if it were rights under a creditor relationship for the purposes of the "loan relationships" regime (which governs the UK taxation of most forms of corporate debt) contained in the UK Corporation Tax Act 2009. Each Class of Shares is expected to constitute a material interest in an offshore fund for this purpose. An offshore fund fails to satisfy the non-qualifying investments test at any time when its investments consist as to more than 60 per cent by market value of, inter alia, government and corporate debt securities, money placed at interest or holdings in unit trust schemes or offshore funds which do not themselves satisfy the non-qualifying investments test. The investment policies of the Company (or any Fund) could fail the non-qualifying investments test. Shareholders within the charge to UK corporation tax would in these circumstances be required to account for their interest in the relevant Fund under the loan relationships regime, in which case all returns on their Shares in the relevant Accounting Period (including gains and losses) would be taxed or relieved as income receipt or expense on a fair value basis. Such Shareholders might therefore, depending upon their particular circumstances, incur a charge to UK corporation tax on an unrealised increase in the value of their

Shares (or obtain relief against UK corporation tax for an unrealised diminution in the value of their Shares).

Subject to their personal circumstances, Shareholders resident in the UK for taxation purposes will generally be liable to UK income tax or corporation tax in respect of dividends or other distributions of the relevant Fund, whether or not such distributions are reinvested. However, under changes introduced in the Finance Act 2009, UK resident corporate Shareholders may be exempt from taxation on dividends, depending on their circumstances and subject to certain conditions being satisfied. Further, UK resident individual Shareholders may be eligible for a tax credit, depending on their circumstances and certain conditions being satisfied, equal to one ninth of the amount of the dividend, which may be available for set-off against their UK income tax liability.

An exchange of Shares for Shares in a different Fund, or for a different Class of Shares in the same Fund, may result in UK resident or ordinarily resident Shareholder who exchanges Shares in these circumstances being treated as making a disposal of Shares giving rise to a chargeable gain or allowable loss for UK tax purposes. However, whether or not such an exchange gives rise to a chargeable disposal will depend on the precise circumstances as not all exchanges of Shares are expected to give rise to a taxable event. Further, special tax rules exist governing the exchange of Shares of a "reporting" Class of Shares into a "non-reporting" Class of Shares, and vice versa. The rules described in this paragraph are complex and Shareholders and potential investors are advised to consult their own tax advisers.

The attention of individuals ordinarily resident in the UK for taxation purposes is drawn to the provisions of section sections 714 to 751 (inclusive) of the UK Income Tax Act 2007, which may render them liable to income tax in respect of the undistributed income of the Company.

If the Company is controlled for UK taxation purposes by persons (whether companies, individuals or others) who are resident in the UK for these purposes, or is controlled by two persons, one of whom is resident in the UK for these purposes and has at least 40 per cent. of the interests, rights and powers by which the two persons together control the Company and the other of whom has at least 40 per cent and not more than 55 per cent of such interests, rights and powers, the Company will be a "controlled foreign company" for the purposes of Chapter IV of Part XVII of ICTA. Where a UK resident company, either alone or together with persons connected or associated with it for UK taxation purposes, has an interest in 25 per cent. or more of the "chargeable profits" of a controlled foreign company, the UK resident company may be subject to UK taxation on an amount calculated by reference to its proportionate interest in those chargeable profits. The chargeable profits of a controlled foreign company do not include its capital gains. Shareholders who are UK resident companies should therefore be aware that they may in some circumstances be subject to UK tax an amount calculated by reference to undistributed profits of the Company.

The attention of persons resident or ordinarily resident in the UK for taxation purposes (and who, if individuals, are also domiciled in the UK for those purposes) is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 ("Section 13"). Section 13 applies to a "participator" in the Company for UK taxation purposes (which term includes a Shareholder) if, at a time when any gain accrues to the Company which constitutes a chargeable gain for those purposes, the Company is itself controlled by a sufficiently small number of persons so as to render the Company a body



corporate that would, were it to have been resident in the UK for taxation purposes, be a "close" company for those purposes. The provisions of Section 13 could, if applied, result in such a Shareholder being treated for the purposes of UK taxation of chargeable gains as if a part of any chargeable gain accruing to the Company had accrued to the Shareholder directly, that part being equal to the proportion of the gain that corresponds to that Shareholder's proportionate interest in the Company as a "participator". No liability under Section 13 could be incurred by such a Shareholder, however, where such a proportion does not exceed one-tenth of the gain.

No UK stamp duty or stamp duty reserve tax ("SDRT") will be payable on the issue of the Shares. An agreement to transfer Shares should not be subject to SDRT provided the Shares are not and will not be registered in any register of the Company kept in the UK. An instrument transferring Shares in the Company will, if executed in the UK, be liable to ad valorem stamp duty at the rate of 0.5% of the consideration paid, rounded up to the nearest GBP 5.

### **European Savings Directive**

Dividends and other distributions made by the Company, together with payment of the proceeds of sale and / or redemption of Shares in the Company, may in future (depending on the investment portfolio of the Company and the location of the paying agent – the definition of a paying agent for the purposes of the Savings Directive is not necessarily the same person who may legally be regarded as the paying agent) be subject to the exchange of information regime or withholding tax imposed by EU Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments. If a payment is made to a Shareholder who is an individual resident in a Member State of the European Union (or a "residual entity" established in a Member State) by a paying agent resident in another Member State (or in certain circumstances the same Member State of the Shareholder) then the Directive may apply. The Directive applies to payments of "interest" (which may include distributions or redemption payments by collective investment funds) made on or after 1 July 2005, applicants for Shares in the Company will be requested to provide certain information as required under the Directive. It should be noted that the imposition of exchange of information and / or withholding tax on payments made to certain individuals and residual entities resident in an EU Member State also applies to those resident or located in any of the following countries; Anguilla, Aruba, British Virgin Islands, Cayman Island, Guernsey, Isle of Man, Jersey, Montserrat, Netherlands Antilles and Turks and Caicos Islands.

For the purposes of the Directive, interest payments include income distributions made by certain collective investment funds (in the case of EU domiciled funds, the Directive currently only applies to UCITS), to the extent that the Company has invested more than 15% of its assets directly or indirectly in interest bearing securities and income realised upon the sale, repurchase or redemption of Shares to the extent that the Company has invested 40% of its assets directly or indirectly in interest bearing securities.

Finally, the following countries, Andorra, Liechtenstein, Monaco, San Marino and Switzerland, will not be participating in automatic exchange of information. To the extent that they will exchange information it will be on a request basis only. Their participation is confined to imposing a withholding tax.

## **General**

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

## **7. GENERAL INFORMATION**

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

- (a) The Company was incorporated in Ireland on 8 March, 2010, as a variable capital investment company with limited liability and segregated liability between Funds, under registration number 481763. The Company has no subsidiaries.
- (b) The registered office of the Company is as stated in the Directory at the front of this Prospectus.
- (c) Clause 3 of the memorandum of association of the Company provides that the Company's sole object is the collective investment in either of both transferable securities and other liquid financial assets referred to in Regulation 45 of the UCITS Regulations of capital raised from the public and the Company operates on the principle of risk spreading.
- (d) The authorised share capital of the Company is 300,000 redeemable non-participating shares of no par value and 500,000,000,000 participating Shares of no par value. Non-Participating Shares do not entitle the holders thereof to any dividend and on a winding up entitle the holders thereof to receive the consideration paid therefor but do not otherwise entitle them to participate in the assets of the Company. The Directors have the power to allot shares in the capital of the Company on such terms and in such manner as they may think fit. There are 300,000 non-participating shares currently in issue.
- (e) No share capital of the Company has been put under option nor has any share capital been agreed (conditionally or unconditionally) to be put under option.
- (f) As at the date of this Prospectus no Fund has commenced operations and no accounts therefor have been made up and no dividends have been declared.

### **2. Variation of Share Rights and Pre-Emption Rights**

- (a) The rights attaching to the Shares issued in any Class or Fund may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the Shareholders of three-quarters of the issued Shares of that Class or Fund, or with the sanction of an ordinary resolution passed at a general meeting of the Shareholders of that Class or Fund.
- (b) A resolution in writing signed by all the Shareholders and holders of non-participating shares for the time being entitled to attend and vote on such resolution at a general meeting of the Company shall be as valid and effective for all purposes as if the resolution had been passed at a general meeting of the Company duly convened and held and if described as a special resolution shall be deemed to be a special resolution.
- (c) The rights attaching to the Shares shall not be deemed to be varied by the creation, allotment or issue of any further Shares ranking *pari passu* with Shares already in issue.

- (d) There are no rights of pre-emption upon the issue of Shares in the Company.

### **3. Voting Rights**

The following rules relating to voting rights apply:

- (a) Fractions of Shares do not carry voting rights.
- (b) Every Shareholder or holder of non-participating shares present in person or by proxy who votes on a show of hands shall be entitled to one vote.
- (c) The chairman of a general meeting of a Fund or Class or any Shareholder of a Fund or Class present in person or by proxy at a meeting of a Fund or Class may demand a poll. The chairman of a general meeting of the Company or at least two members present in person or by proxy or any Shareholder or Shareholders present in person or by proxy representing at least one tenth of the Shares in issue having the right to vote at such meeting may demand a poll.
- (d) On a poll every Shareholder present in person or by proxy shall be entitled to one vote in respect of each Share held by him and every holder of non-participating shares shall be entitled to one vote in respect of all non-participating shares held by him. A Shareholder entitled to more than one vote need not cast all his votes or cast all the votes he uses in the same way.
- (e) In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.
- (f) Any person (whether a Shareholder or not) may be appointed to act as a proxy; a Shareholder may appoint more than one proxy to attend on the same occasion.
- (g) Any instrument appointing a proxy must be deposited at the registered office, not less than 48 hours before the meeting or at such other place or by such other means and by such time as is specified in the notice convening the meeting. The Directors may at the expense of the Company send by post or otherwise to the Shareholders instruments of proxy (with or without prepaid postage for their return) and may either leave blank the appointment of the proxy or nominate one or more of the Directors or any other person to act as proxy.
- (h) To be passed, ordinary resolutions of the Company or of the Shareholders of a particular Fund or Class will require a simple majority of the votes cast by the Shareholders voting in person or by proxy at the meeting at which the resolution is proposed. Special resolutions of the Company or of the Shareholders of a particular Fund or Class will require a majority of not less than 75% of the Shareholders present in person or by proxy and voting in general meeting in order to pass a special resolution including a resolution to amend the Articles of Association.

#### **4. Meetings**

- (a) The Directors may convene extraordinary general meetings of the Company at any time. The Directors shall convene an annual general meeting within nine months of the end of each Accounting Period.
- (b) Not less than twenty one days notice of every annual general meeting and any meeting convened for the passing of a special resolution must be given to Shareholders and fourteen days' notice must be given in the case of any other general meeting.
- (c) Two Members present either in person or by proxy shall be a quorum for a general meeting provided that the quorum for a general meeting convened to consider any alteration to the Class rights of Shares shall be two Shareholders holding or representing by proxy at least one third of the issued Shares of the relevant Fund or Class. If within half an hour after the time appointed for a meeting a quorum is not present the meeting, if convened on the requisition of or by Shareholders, shall be dissolved. In any other case it shall stand adjourned to the same time, day and place in the next week or to such other day and at such other time and place as the Directors may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Members present shall be a quorum and in the case of a meeting of a Fund or Class convened to consider the variation of rights of Shareholders in such Fund or Class the quorum shall be one Shareholder holding Shares of the Fund or Class in question or his proxy. All general meetings will be held in Ireland.
- (d) The foregoing provisions with respect to the convening and conduct of meetings shall save as otherwise specified with respect to meetings of Funds or Classes and, subject to the Act, have effect with respect to separate meetings of each Fund or Class at which a resolution varying the rights of Shareholders in such Fund or Class is tabled.

#### **5. Reports and Accounts**

The Company will prepare an annual report and audited accounts as of 31 December in each year and a semi-annual report and unaudited accounts as of 30 June in each year with the first annual report to be made up to 31 December, 2010 and the first semi-annual report to be made up to 30 June, 2010. The accounts of the Company will be prepared in accordance with International Financial Reporting Standards. The audited annual report and accounts will be published within four (4) months of the Company's financial year end and its semi-annual report will be published within two (2) months of the end of the semi-annual period and in each case will be offered to subscribers before conclusion of a contract and supplied to Shareholders free of charge on request and will be available to the public at the registered office of the Administrator. The annual report and semi-annual report will be circulated to the Irish Stock Exchange and Shareholders within six (6) months and four (4) months' respectively of the end of the relevant financial period. The periodic reports and the Articles of Association may be obtained from the Administrator.

## 6. Communications and Notices to Shareholders

Communications and Notices to Shareholders or the first named of joint Shareholders shall be deemed to have been duly given as follows:

MEANS OF DISPATCH	DEEMED RECEIVED
Delivery by Hand	: The day of delivery or next following working day if delivered outside usual business hours.
Post	: 48 hours after posting.
Fax	: The day on which a positive transmission receipt is received.
Electronically	: The day on which the electronic transmission has been sent to the electronic information system designated by a Shareholder.
Publication of Notice or Advertisement of Notice	: The day of publication in a daily newspaper circulating in the country or countries where shares are marketed.

## 7. Transfer of Shares

- (a) Transfers of Shares may be effected in writing in any usual or common form, signed by or on behalf of the transferor and every transfer shall state the full name and address of the transferor and transferee.
- (b) The Directors may from time to time specify a fee for the registration of instruments of transfer provided that the maximum fee may not exceed 5% of the Net Asset Value of the Shares subject to the transfer on the Dealing Day immediately preceding the date of the transfer.

The Directors may decline to register any transfer of Shares if:

- (i) in consequence of such transfer the transferor or the transferee would hold a number of Shares less than the Minimum Holding;
- (ii) all applicable taxes and / or stamp duties have not been paid in respect of the instrument of transfer;
- (iii) the instrument of transfer is not deposited at the registered office of the Company or such other place as the Directors may reasonably require, accompanied by the certificate for the Shares to which it relates, such evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, such relevant information and declarations as the Directors may reasonably require from

the transferee including, without limitation, information and declarations of the type which may be requested from an applicant for Shares in the Company and such fee as may from time to time be specified by the Directors for the registration of any instrument of transfer; or

(iv) they are aware or reasonably believe the transfer would result in the beneficial ownership of such Shares by a person in contravention of any restrictions on ownership as set out herein or might result in legal, regulatory, pecuniary, taxation or material administrative disadvantage to the Company or the relevant Fund or the Shareholders as a whole.

(c) The registration of transfers may be suspended for such periods as the Directors may determine provided always that each registration may not be suspended for more than 30 days.

## **8. Directors**

The following is a summary of the principal provisions in the Articles of Association relating to the Directors:

(a) Unless otherwise determined by an ordinary resolution of the Company in general meeting, the number of Directors shall not be less than two nor more than nine.

(b) A Director need not be a Shareholder.

(c) The Articles of Association contain no provisions requiring Directors to retire on attaining a particular age or to retire on rotation.

(d) A Director may vote and be counted in the quorum at a meeting to consider the appointment or the fixing or variation of the terms of appointment of any Director to any office or employment with the Company or any company in which the Company is interested, but a Director may not vote or be counted in the quorum on a resolution concerning his own appointment.

(e) The Directors of the Company for the time being are entitled to such remuneration as may be determined by the Directors and disclosed in the Prospectus or in the annual report for the Company and may be reimbursed all reasonable travel, hotel and other expenses incurred in connection with the business of the Company or the discharge of their duties and may be entitled to additional remuneration if called upon to perform any special or extra services to or at the request of the Company.

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

(g) No Director shall be disqualified by his office from contracting with the Company as vendor,

purchaser or otherwise, nor shall any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director who is 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, but the nature of his interest must be declared by him at the meeting of the Directors at which the proposal to enter into the contract or agreement is first considered or, if the Director in question was not at the date of that meeting interested in the proposed contract or arrangement, at the next Directors' meeting held after he becomes so interested. A general notice in writing given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract or arrangement which may thereafter be made with that company or firm is deemed to be a sufficient declaration of interest in relation to any contract or arrangement so made.

- (h) A Director may not vote in respect of any resolution or any contract or arrangement or any proposal whatsoever in which he has any material interest or a duty which conflicts with the interests of the Company and shall not be counted in the quorum at a meeting in relation to any resolution upon which he is debarred from voting unless the Directors resolve otherwise. However, a Director may vote and be counted in quorum in respect of any proposal concerning any other company in which he is interested directly or indirectly, whether as an officer or shareholder or otherwise, provided that he is not the holder of 5 per cent or more of the issued shares of any class of such company or of the voting rights available to members of such company. A Director may also vote and be counted in the quorum in respect of any proposal concerning an offer of Shares in which he is interested as a participant in an underwriting or sub-underwriting arrangement and may also vote in respect of the giving of any security, guarantee or indemnity in respect of money lent by the Director to the Company or in respect of the giving of any security, guarantee or indemnity to a third party in respect of a debt obligation of the Company for which the Director has assumed responsibility in whole or in respect of the purchase of directors' and officers' liability insurance.
  
- (i) The office of a Director shall be vacated in any of the following events namely:
  - (i) if he resigns his office by notice in writing signed by him and left at the registered office of the Company;
  - (ii) if he becomes bankrupt or makes any arrangement or composition with his creditors generally;
  - (iii) if he becomes of unsound mind;
  - (iv) if he is absent from meetings of the Directors for six successive months without leave expressed by a resolution of the Directors and the Directors resolve that his office be vacated;
  - (v) if he ceases to be a Director by virtue of, or becomes prohibited or restricted from being a Director by reason of, an order made under the provisions of any law or



enactment;

- (vi) if he is requested by a majority of the other Directors (not being less than two in number) to vacate office; or
- (vii) if he is removed from office by ordinary resolution of the Company.

## **9. Directors' Interests**

- (a) None of the Directors has or has had any direct interest in the promotion of the Company or in any transaction effected by the Company which is unusual in its nature or conditions or is significant to the business of the Company up to the date of this Prospectus or in any contracts or arrangements of the Company subsisting at the date hereof other than:
  - (i) Mr. Tetsuya Nakamura is General Manager of the Promoter;
  - (ii) Mr. Yuichi Takayama is Chief Executive Officer of the Distributor; and
  - (iii) Mr. Karl McEneff is Managing Director of the Administrator.
- (b) No present Director or any connected person has any interests beneficial or non-beneficial in the share capital of the Company.
- (c) None of the Directors has a service contract with the Company nor are any such service contracts proposed.

## **10. Winding Up**

- (a) The Company or, where relevant, a Fund may be wound up if:
  - (i) At any time after the first anniversary of the incorporation of the Company or the establishment of a Fund, the Net Asset Value of the Company or a Fund falls below JPY 500 million on each Dealing Day for a period of six consecutive weeks and the Shareholders of the Company or where relevant Fund resolve by ordinary resolution to wind up the Company or the Fund;
  - (ii) Within a period of three months from the date on which (a) the Custodian notifies the Company of its desire to retire in accordance with the terms of the Custodian Agreement and has not withdrawn notice of its intention to so retire, (b) the appointment of the Custodian is terminated by the Company in accordance with the terms of the Custodian Agreement, or (c) the Custodian ceases to be approved by the Financial Regulator to act as a custodian; no new Custodian has been appointed, the Directors shall instruct the Secretary to forthwith convene an extraordinary general meeting of the Company at which there shall be proposed an ordinary resolution to wind up the Company. Notwithstanding anything set out above, the Custodian's appointment shall only terminate on revocation of the Company's

authorisation by the Financial Regulator or on the appointment of a successor custodian;

- (iii) The Shareholders of the Company or where relevant Fund resolve by ordinary resolution that the Company or a Fund by reason of its liabilities cannot continue its business and that it be wound up;
  - (iv) The Shareholders of the Company or where relevant Fund resolve by special resolution to wind up the Company or Fund.
- (b) In the event of a winding up, the liquidator shall firstly apply the assets of each Fund in such manner and order as he thinks fit in satisfaction of creditors' claims.
- (c) The liquidator shall apply the assets of each Fund in satisfaction of liabilities incurred on behalf of or attributable to such Fund and shall not apply the assets of any Fund in satisfaction of any liabilities incurred on behalf of or attributable to any other Fund.
- (d) The assets available for distribution among the Shareholders shall be applied in the following priority:
- (i) firstly, in the payment to the Shareholders of each Class or Fund of a sum in the Base Currency (or in any other currency selected and at such rate of exchange as determined by the liquidator) as nearly as possible equal to the Net Asset Value of the Shares of the relevant Class or Fund held by such Shareholders respectively as at the date of commencement of winding up;
  - (ii) secondly in the case of the winding up of the Company, in the payment to the holders of non-participating shares of sums up to the consideration paid in respect thereof provided that if there are insufficient assets to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the Funds;
  - (iii) thirdly, in the payment to the Shareholders of each Class or Fund of any balance then remaining in the relevant Fund, in proportion to the number of Shares held in the relevant Class or Fund; and
  - (iv) fourthly in the case of the winding up of the Company, any balance then remaining and not attributable to any Fund or Class shall be apportioned between the Funds and Classes pro-rata to the Net Asset Value of each Fund or Class immediately prior to any distribution to Shareholders and the amounts so apportioned shall be paid to Shareholders pro-rata to the number of Shares in that Fund or Class held by them.
- (e) The liquidator may, with the authority of an ordinary resolution of the Company or where relevant Fund, divide among the Shareholders (pro rata to the value of their respective shareholdings in the Company or where relevant Fund) in specie the whole or any part of the assets of the Company or where relevant Fund and whether or not the assets shall consist of property of a single kind provided that any Shareholder shall be entitled to request the sale of

any asset or assets proposed to be so distributed and the distribution to such Shareholder of the cash proceeds of such sale. The costs of any such sale shall be borne by the relevant Shareholder. The liquidator may, with like authority, vest any part of the assets of the Company or where relevant Fund in trustees upon such trusts for the benefit of Shareholders as the liquidator shall think fit and the liquidation of the Company or Fund may be closed and the Company or the Fund dissolved, provided that no Shareholder shall be compelled to accept any asset in respect of which there is any liability. Further the liquidator may with like authority transfer the whole or part of the assets of the Company or Fund to a company or collective investment scheme (the "Transferee Company") on terms that Shareholders in the Company or where relevant Fund shall receive from the Transferee Company shares or units in the Transferee Company of equivalent value to their shareholdings in the Company or the Fund.

- (f) Notwithstanding any other provision contained in the Memorandum and Articles of Association of the Company, should the Directors at any time and in their absolute discretion resolve that it would be in the best interests of the Shareholders to wind up the Company or where relevant a Fund, the Secretary shall forthwith at the Directors' request convene an extraordinary general meeting of the Company or Fund at which there shall be presented a proposal to appoint a liquidator to wind up the Company or Fund and if so appointed, the liquidator shall distribute the assets of the Company or Fund in accordance with the Memorandum and Articles of Association of the Company.

## **11. Indemnities and Insurance**

The Directors (including alternates), the Secretary and other officers of the Company and its former directors and officers shall be indemnified by the Company against losses and expenses to which any such person may become liable by reason of any contract entered into or any act or thing done by him as such officer in the discharge of his duties (other than in the case of fraud, negligence or wilful default). The Company acting through the Directors is empowered under the Articles of Association to purchase and maintain for the benefit of persons who are or were at any time Directors or officers of the Company insurance against any liability incurred by such persons in respect of any act or omission in the execution of their duties or exercise of their powers.

## **12. General**

- (a) As at the date of this Prospectus, the Company has no loan capital (including term loans) outstanding or created but unissued nor any mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, finance leases, hire purchase commitments, guarantees, other commitments or contingent liabilities.
- (b) No share or loan capital of the Company is subject to an option or is agreed, conditionally or unconditionally, to be made the subject of an option.
- (c) The Company does not have, nor has it had since incorporation, any employees.

- (d) The Company does not intend to purchase or acquire nor agree to purchase or acquire any property.
- (e) The rights conferred on Shareholders by virtue of their shareholdings are governed by the Articles of Association, the general law of Ireland and the Act.
- (f) The Company is not engaged in any litigation or arbitration and no litigation or claim is known by the Directors to be pending or threatened against the Company.
- (g) The Company has no subsidiaries.
- (h) Dividends which remain unclaimed for six years from the date on which they become payable will be forfeited. On forfeiture such dividends will become part of the assets of the Fund to which they relate. No dividend or other amount payable to any Shareholder shall bear interest against the Company.
- (i) No person has any preferential right to subscribe for any authorised but unissued capital of the Company.

### **13. Material Contracts**

The following contracts which are or may be material have been entered into otherwise than in the ordinary course of business:

- (a) **Administration Agreement** between the Company and the Administrator dated 19 March, 2010, as amended by a Supplemental Administration Agreement dated 26 August, 2010, under which the Administrator was appointed as Administrator to manage and administer the affairs of the Company on behalf of the Directors, subject to the terms and conditions of the Administration Agreement and subject to the overall supervision of the Directors. The Administration Agreement may be terminated by either party on ninety (90) days written notice or forthwith by notice in writing in certain circumstances such as the insolvency of either party or unremedied breach after notice. The Administrator has the power to delegate its duties with the prior approval of the Financial Regulator and the Company provided that the minimum activities required by the Financial Regulator to be carried out in Ireland are performed in Ireland. The Administration Agreement provides that the Company shall, out of the assets of the relevant Fund, indemnify the Administrator, its directors, officers and employees, against all losses, damages, liabilities, expenses and claims incurred directly by the Administrator in the performance of its duties and obligations under the Administration Agreement other than due to the negligence, fraud, bad faith, recklessness or wilful default of the Administrator in the performance of its duties and obligations.
- (b) **Custodian Agreement** between the Company and the Custodian dated 19 March, 2010, as amended by a Supplemental Custodian Agreement dated 26 August, 2010, under which the Custodian was appointed as custodian of the Company's assets subject to the overall supervision of the Directors. The Custodian Agreement may be terminated by either party on

ninety (90) days written notice or forthwith by notice in writing in certain circumstances such as the insolvency of either party or unremedied breach after notice provided that the Custodian shall continue to act as custodian until a successor custodian approved by the Financial Regulator is appointed by the Company or the Company's authorisation by the Financial Regulator is revoked. The Custodian has the power to delegate its duties but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Custodian Agreement provides that the Company shall, out of the assets of the relevant Fund, indemnify the Custodian and its directors, officers, servants, agents and employees against and hold them harmless from any actions, proceedings, damages, claims, costs, demands, losses, liabilities and expenses including legal and professional expenses brought against or suffered or incurred by the Custodian in the performance of its duties other than due to the unjustifiable failure of the Custodian to perform its obligations or its improper performance of them.

The Investment Management Agreement(s) between the Company and the relevant Investment Manager(s) of each of the Funds will be detailed in the relevant Supplements hereto.

Additional material contracts, where specific to a certain Fund, or certain Funds, will be detailed in the relevant Supplements hereto.

#### **14. Documents Available for Inspection**

Copies of the following documents, which are available for information only and do not form part of this document, may be inspected at the registered office of the Company in Ireland during normal business hours on any Business Day or at the offices of the Listing Sponsor for a period of at least 14 days from the date of this Prospectus:

- (a) The Memorandum and Articles of Association of the Company (copies of which may be obtained free of charge from the Administrator).
- (b) The Act and the UCITS Regulations.
- (c) The material contracts detailed above and, where relevant, in each Supplement.
- (d) Once published, the latest annual and semi-annual reports of the Company (copies of which may be obtained from either the Distributor or the Administrator free of charge).
- (e) A list of the directorships and partnerships which the Directors of the Company have held in the last 5 years together with an indication as to whether they are still directors or partners.

Copies of the Prospectus and Simplified Prospectus may also be obtained by Shareholders from the Administrator or the Distributor.

## APPENDIX I

### PERMITTED INVESTMENTS AND INVESTMENT RESTRICTIONS

<b>1</b>	<b>Permitted Investments</b>
	Investments of each Fund are confined to:
<b>1.1</b>	Transferable securities and money market instruments, as prescribed in the UCITS Notices, which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.
<b>1.2</b>	Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
<b>1.3</b>	Money market instruments, as defined in the UCITS Notices, other than those dealt on a regulated market.
<b>1.4</b>	Shares / units of UCITS.
<b>1.5</b>	Shares / units of non-UCITS as set out in the Financial Regulator's Guidance Note 2/03.
<b>1.6</b>	Deposits with credit institutions as prescribed in the UCITS Notices.
<b>1.7</b>	Financial derivative instruments as prescribed in the UCITS Notices.
<b>2</b>	<b>Investment Restrictions</b>
<b>2.1</b>	Each Fund may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
<b>2.2</b>	Each Fund may invest no more than 10% of net assets in recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. This restriction will not apply in relation to investment by a Fund in certain US securities known as Rule 144A securities provided that: <ul style="list-style-type: none"> <li>- the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and</li> <li>- the securities are not illiquid securities i.e. they may be realised by the Fund within seven days at the price, or approximately at the price, at which they are valued by the Company.</li> </ul>
<b>2.3</b>	Each Fund may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.

- 2.4** The limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a Fund invests more than 5% of its Net Asset Value in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the Net Asset Value of the UCITS. Where it is proposed to make use of this paragraph 2.4 the prior approval of the Financial Regulator is required.
- 2.5** The limit of 10% (in 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
- 2.6** The transferable securities and money market instruments referred to in 2.4 and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.
- 2.7** A Fund may not invest more than 20% of net assets in deposits made with the same credit institution.
- Deposits with any one credit institution, other than
- a credit institution authorised in the EEA (European Union Member States, Norway, Iceland, Liechtenstein);
  - a credit institution authorised within a signatory state (other than an EEA Member State) to the Basel Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States); or
  - a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand
- held as ancillary liquidity, must not exceed 10% of net assets.
- This limit may be raised to 20% in the case of deposits made with the custodian.
- 2.8** The risk exposure of a Fund to a counterparty to an OTC derivative may not exceed 5% of its Net Assets Value.
- This limit is raised to 10% in the case of a credit institution authorised in the EEA or a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.
- 2.9** Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:
- investments in transferable securities or money market instruments;
  - deposits, and / or
  - counterparty risk exposures arising from OTC derivatives transactions.

<p><b>2.10</b></p> <p><b>2.11</b></p> <p><b>2.12</b></p>	<p>The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.</p> <p>Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.</p> <p>Each Fund may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members, 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), Federal Home Loan Bank, Federal Farm Credit Bank, or Tennessee Valley Authority. Each Fund must hold securities from at least 6 different issuers, with securities from any one issue not exceeding 30% of net assets.</p>
<p><b>3</b></p>	<p><b>Investment in Collective Investment Schemes ("CIS")</b></p>
<p><b>3.1</b></p> <p><b>3.2</b></p> <p><b>3.3</b></p> <p><b>3.4</b></p> <p><b>3.5</b></p> <p><b>3.6</b></p>	<p>A Fund may not invest more than 20% of net assets in any one CIS.</p> <p>Investment in non-UCITS may not, in aggregate, exceed 30% of the Fund's Net Asset Value.</p> <p>A CIS in which a Fund invests in may not invest more that 10% of its net assets in other open-ended CIS.</p> <p>If a Fund invests in the shares / units of another CIS that is managed, directly or by delegation, by the manager of the Company (in the event of a manager being appointed) or by any other company with which the manager of the Company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the Fund's investment in the shares / units of such other CIS.</p> <p>Where a commission (including a rebated commission) is received by the Investment Manager by virtue of an investment in the shares / units of another CIS, this commission must be paid into the property of the relevant Fund.</p> <p>Investment by a Fund in another Fund of the Company is subject to the following additional provisions:</p> <ul style="list-style-type: none"> <li>- investment must not be made in a Fund which itself holds shares in other Funds within</li> </ul>



	<p>the Company; and</p> <p>- the investing Fund may not charge an annual management fee in respect of that portion of its assets invested in other Funds within the Company. This provision is also applicable to the annual fee charged by the Investment Manager where such fee is paid directly out of the assets of the Fund.</p>
<b>4</b>	<b>Index Tracking UCITS</b>
<b>4.1</b>	Each Fund may invest up to 20% of its Net Asset Value in shares and / or debt securities issued by the same body where the investment policy of the relevant Fund is to replicate an index which satisfies the criteria set out in the UCITS Notices and is recognised by the Financial Regulator
<b>4.2</b>	The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.
<b>5</b>	<b>General Provisions</b>
<b>5.1</b>	Each Fund may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
<b>5.2</b>	<p>Each Fund may acquire no more than:</p> <p>(i) 10% of the non-voting shares of any single issuing body;</p> <p>(ii) 10% of the debt securities of any single issuing body;</p> <p>(iii) 25% of the shares / units of any single CIS;</p> <p>(iv) 10% of the Money Market Instruments of any single issuing body.</p> <p>NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.</p>
<b>5.3</b>	<p>5.1 and 5.2 shall not be applicable to:</p> <p>(i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;</p> <p>(ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;</p> <p>(iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;</p> <p>(iv) shares held by a Fund in the capital of a company incorporated in a non-member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that</p>

	<p>where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed.</p> <p>(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.</p>
<b>5.4</b>	Each Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
<b>5.5</b>	The Financial Regulator may allow recently authorised Funds to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.
<b>5.6</b>	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 unitholders.
<b>5.7</b>	<p>Each Fund may not carry out uncovered sales of:</p> <ul style="list-style-type: none"> <li>- transferable securities;</li> <li>- Money Market Instruments;</li> <li>- shares / units of CIS; or</li> <li>- financial derivative instruments.</li> </ul>
<b>5.8</b>	Each Fund may hold ancillary liquid assets.
<b>6</b>	<b>Financial Derivative Instruments ("FDIs")</b>
<b>6.1</b>	The Company's global exposure (as prescribed in the UCITS Notices) relating to FDI must not exceed its total Net Asset Value.
<b>6.2</b>	Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the UCITS Notices. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the UCITS Notices.)
<b>6.3</b>	Each Fund may invest in FDIs dealt OTC provided that the counterparties to such transactions are institutions subject to prudential supervision and belonging to categories approved by the Financial Regulator.
<b>6.4</b>	Investment in FDIs are subject to the conditions and limits laid down by the Financial Regulator

<b>7.</b>	<b>Restrictions on Borrowing and Lending</b>
<b>(a)</b>	Each Fund may borrow up to 10% of its Net Asset Value provided such borrowing is on a temporary basis. Each Fund may charge its assets as security for such borrowings.
<b>(b)</b>	Each Fund may acquire foreign currency by means of a "back to back" loan agreement. Foreign currency obtained in this manner is not classified as borrowing for the purposes of the borrowing restrictions set out at (a) above provided that the offsetting deposit: <ul style="list-style-type: none"> <li>(i) is denominated in the base currency of the Fund; and</li> <li>(ii) equals or exceeds the value of the foreign currency loan outstanding.</li> </ul>

The Company will, with respect to each Fund, adhere to any investment or borrowing restrictions imposed by the Irish Stock Exchange for so long as the Shares in a Fund are listed on the Irish Stock Exchange and any criteria necessary to obtain and / or maintain any credit rating in respect of any Shares or Class in the Company, subject to the UCITS Regulations.

It is intended that the Company shall have the power (subject to the prior approval of the Financial Regulator and as disclosed in an updated Prospectus) to avail itself of any change in the investment and borrowing restrictions laid down in the UCITS Regulations which would permit investment by the Company in securities, derivative instruments or in any other forms of investment in which investment is at the date of this Prospectus restricted or prohibited under the UCITS Regulations.

## APPENDIX II

### RECOGNISED EXCHANGES

The following is a list of regulated stock exchanges and markets on which a Fund's investments in securities and financial derivative instruments other than permitted investment in unlisted securities and OTC derivative instruments, will be listed or traded and is set out in accordance with the requirements of the Financial Regulator. With the exception of permitted investments in unlisted securities (and OTC derivative instruments) investment in securities and derivative instruments will be restricted to the stock exchanges and markets listed below. The Financial Regulator does not issue a list of approved stock exchanges or markets.

(i) any stock exchange which is:

- located in any Member State of the European Union; or
- located in any Member State of the European Economic Area (European Union, Norway, Iceland and Liechtenstein); or
- located in any of the following countries:

Australia  
Canada  
Hong Kong  
Japan  
New Zealand  
Switzerland  
United States of America

(ii) any of the following stock exchanges or markets:

Argentina	-	Bolsa de Comercio de Buenos Aires
Argentina	-	Bolsa de Comercio de Cordoba
Argentina	-	Bolsa de Comercio de Rosario
Bahrain	-	Bahrain Stock Exchange
Bangladesh	-	Dhaka Stock Exchange
Bangladesh	-	Chittagong Stock Exchange
Bermuda	-	Bermuda Stock Exchange
Bolivia	-	Bolsa Boliviana de Valores S.A
Botswana	-	Botswana Stock Exchange
Brazil	-	Bolsa de Valores do Rio de Janeiro
Brazil	-	Bolsa de Mercadorias e Futuros
Chile	-	Bolsa de Comercio de Santiago
Chile	-	Bolsa Electronica de Chile
China		
(Peoples' Rep. of –		

Shanghai)	-	Shanghai Stock Exchange
China		
(Peoples' Rep. of –		
Shenzhen)	-	Shenzhen Stock Exchange
Colombia	-	Bolsa de Bogota
Colombia	-	Bolsa de Medellin
Colombia	-	Bolsa de Occidents
Costa Rica	-	Bolsa Nacional de Valores
Croatia	-	Zagreb Stock Exchange
Ecuador	-	Guayaquil Stock Exchange
Ecuador	-	Quito Stock Exchange
Egypt	-	Cairo and Alexandria Stock Exchange
Ghana	-	Ghana Stock Exchange
India	-	Bangalore Stock Exchange
India	-	Delhi Stock Exchange
India	-	Mumbai Stock Exchange
India	-	National Stock Exchange of India
Indonesia	-	Indonesia Stock Exchange
Israel	-	Tel-Aviv Stock Exchange
Ivory Coast	-	Bourse des Valeurs d'Abidjan
Jamaica	-	Jamaican Stock Exchange
Jordan	-	Amman Stock Exchange
Kazakhstan (Rep. Of)	-	Central Asian Stock Exchange
Kazakhstan (Rep. Of)	-	Kazakhstan Stock Exchange
Kenya	-	Nairobi Stock Exchange
Lebanon	-	Beirut Stock Exchange
Malaysia	-	Kuala Lumpur Stock Exchange
Mauritius	-	Stock Exchange of Mauritius
Mexico	-	Bolsa Mexicana de Valores
Morocco	-	Societe de la Bourse des Valeurs de Casablanca
Namibia	-	Namibian Stock Exchange
Nigeria	-	Nigerian Stock Exchange
Pakistan	-	Islamabad Stock Exchange
Pakistan	-	Karachi Stock Exchange
Pakistan	-	Lahore Stock Exchange
Peru	-	Bolsa de Valores de Lima
Philippines	-	Philippine Stock Exchange
Singapore	-	Singapore Stock Exchange
South Africa	-	JSE Securities Exchange
South Korea	-	Korean Stock Exchange
	-	KOSDAQ Market
Sri Lanka	-	Colombo Stock Exchange
Taiwan		
(Republic of China)	-	Taiwan Stock Exchange Corporation
Thailand	-	Stock Exchange of Thailand
Tunisia	-	Bourse des Valeurs Mobilieres de Tunis

Turkey	-	Istanbul Stock Exchange
Ukraine	-	Ukrainian Stock Exchange
Uruguay	-	Electronica de Valores de Montevideo
Venezuela	-	Caracas Stock Exchange
Venezuela	-	Venezuela Electronic Stock Exchange
Vietnam	-	Ho Chi Minh City Securities Trading Center
Zimbabwe	-	Zimbabwe Stock Exchange
Zambia	-	Lusaka Stock Exchange

(iii) any of the following markets:

MICEX;

RTS;

the market organised by the International Securities Market Association;

the market conducted by the "listed money market institutions", as described in the Financial Services Authority publication "The Investment Business Interim Prudential Sourcebook (which replaces the "Grey Paper") as amended from time to time;

AIM - the Alternative Investment Market in the UK regulated and operated by the London Stock Exchange;

NASDAQ in the United States;

The market in US government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York;

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

The French market for Titres de Créances Négotiables (OTC market in negotiable debt instruments);

the OTC market in Canadian Government Bonds, regulated by the Investment Industry Regulatory Organisation of Canada; and

SESDAQ (the second tier of the Singapore Stock Exchange).

(iv) All stock exchanges listed in (i) and (ii) above on which permitted financial derivative instruments may be listed or traded and the following derivatives exchanges:

All derivatives exchanges in a Member State of the European Economic Area (European Union, Norway, Iceland, Liechtenstein)

in the United States of America, the

- American Stock Exchange
- Chicago Stock Exchange
- Chicago Board of Trade
- Chicago Board Options Exchange
- Chicago Mercantile Exchange
- USFE (US Futures Exchange)
- New York Futures Exchange
- New York Board of Trade
- New York Mercantile Exchange
- New York Stock Exchange
- Pacific Exchange
- Philadelphia Stock Exchange
- SWX Swiss Exchange US

in Canada, the

- Montreal Exchange
- Toronto Stock Exchange

in China, the Shanghai Futures Exchange

in Hong Kong, the Hong Kong Futures Exchange

in Japan, the

- Osaka Securities Exchange
- Tokyo Financial Exchange
- Tokyo Stock Exchange
- Central Japan Commodity Exchange
- Tokyo Commodity Exchange

in Singapore, on the

- Singapore Exchange
- Singapore Commodity Exchange

In Switzerland, on the

- Swiss Options & Financial Futures Exchange
- EUREX
  
- the Taiwan Futures Exchange
- Kuala Lumpur Options and Financial Futures Exchange

- Jakarta Futures Exchange
- Korea Futures Exchange
- Australian Stock Exchange
- Sydney Futures Exchange
- the Bolsa de Mercadorias & Futuros, Brazil
- the Mexican Derivatives Exchange (MEXDER)
- the South African Futures Exchange

For the purposes only of determining the value of the assets of a Fund, the term "Recognised Exchange" shall be deemed to include, in relation to any derivatives contract utilised by a Fund, any organised exchange or market on which such contract is regularly traded.



## APPENDIX III

### FINANCIAL DERIVATIVE INSTRUMENTS

#### 1. Investment in Financial Derivative Instruments

A Fund may use financial derivative instruments for investment purposes and / or use financial derivative instruments traded on a Recognised Exchange and / or on OTC markets to attempt to hedge or reduce the overall risk of its investments, enhance performance and / or to manage interest rate and exchange rate risk. A Fund's ability to invest in and use these instruments and strategies may be limited by market conditions, regulatory limits and tax considerations and these strategies may be used only in accordance with the investment objectives of the relevant Fund.

The financial derivative instruments which the Company may invest in on behalf of each Fund, and the expected effect of investment in such financial derivative instruments on the risk profile of a Fund are set out below. In addition the attention of investors is drawn to the section of the Prospectus and each Supplement headed "Efficient Portfolio Management" and the risks described under the headings "Derivatives and Techniques and Instruments Risk" and "Currency Risk" in the Risk Factors section of the Prospectus and, if applicable to a particular Fund, the relevant Supplement.

The Investment Manager may use futures, forwards (including forward rate agreements), options (both writing and purchasing), swaps (including interest, exchange rate, credit default and total return swaps) and contracts for difference, including both exchange traded and over the counter derivative instruments, as described below:

##### Futures

A future is a standardised, transferable, exchange-traded contract that requires delivery of a commodity, bond, currency, or stock index, at a specified price, on a specified future date.

The Investment Manager may enter into single stock and index futures contracts to hedge against changes in the values of equity securities held by a Fund or markets to which a Fund is exposed or to take out hedges against changes in interest or currency rates which may have an impact on a Fund. Alternatively, interest rate futures may be used to manage overall portfolio duration.

The Investment Manager may use futures contracts as a means of gaining exposure to particular securities or markets on a short to medium term basis in advance of making a decision to purchase a particular security or to reallocate assets on a longer term basis. In addition, the Investment Manager may use futures to reduce exposure to a market in advance of raising cash from asset sales to fund redemptions from a Fund.

The Investment Manager may also use futures contracts to take a directional view on particular securities or markets within a Fund's investment universe where, in the Investment Manager's view, those securities or markets are overpriced or likely to enter into a downward phase of the investment cycle.

## Forwards

A forward is a contract obligating one party to buy and another party to sell a financial instrument, equity or currency at a specific future date.

The Investment Manager may enter into forward currency contracts to purchase or sell a specific currency at a future date at a price set at the time of the contract. FX forwards may be used to hedge the currency exposures of securities denominated in a currency other than the base currency of a Fund and to hedge against changes in interest and currency rates which may have an impact on a Fund. The Investment Manager may use one currency (or a basket of currencies) to hedge against adverse changes in the value of another currency (or a basket of currencies) when exchange rates between the two currencies are positively correlated.

## Options

An option is the right, but not the obligation, to buy (in the case of a call option) or sell (in the case of a put option) a specific amount of a given stock, currency, index, or debt, at a specified price (the strike price) during a specified period of time.

Call options may be used to gain exposure to specific securities and put options may be used to hedge against downside risk. Options may also be purchased to hedge against currency and interest rate risk and the Investment Manager may write put options and covered call options to generate additional revenues for a Fund. Call options can provide an efficient, liquid and effective mechanism for taking position in securities. This allows a Fund to benefit from future gains in the value of a security without the need to purchase and hold the security. A Fund may also purchase call options on currencies to protect against exchange risks. The Investment Manager will not write uncovered call options.

## Swaps

Swap agreements are two-party contracts for periods ranging from a few weeks to more than one year. In a standard swap transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realised on particular agreed investments or instruments.

In an equity swap, the gross returns to be exchanged or "swapped" between the parties are generally calculated with respect to a "notional amount", i.e. the return or increase in value of a particular equity security or "basket" of securities or securities index. Total return swap agreements may be used to gain exposure to particular securities or securities markets in instances where it is not possible or not economic to do so through the underlying security or through an exchange traded futures contract. A Fund may utilise total return swap contracts in respect of securities and securities indices whereby the Fund typically exchanges floating interest rate cash flows for fixed cash flows based on the total return of an equity or equity index or could exchange a fixed cash flow based on the total return of an equity or fixed income instrument or a securities index for floating interest rate cash flows. These contracts allow a Fund to manage its exposures to certain securities or securities indices. For these instruments a Fund's return will be based on the movement of interest rates relative to the return on the relevant security or index.

Swaps may also be used to hedge against currency and interest rate risk or to manage the Fund's interest rate duration and convexity.

In respect of currencies a Fund may utilise currency swap contracts where the Fund may exchange currencies at a fixed rate of exchange for currencies at a floating rate of exchange or currencies at a floating rate of exchange for currencies at a fixed rate of exchange. These contracts allow the Fund to manage its exposures to currencies in which it holds investment. For these instruments the Fund's return is based on the movement of currency exchange rates relative to a fixed currency amount agreed by the parties.

In respect of interest rates the Fund may utilise interest rate swap contracts where the Fund may exchange floating interest rate cash flows for fixed interest rate cash flows or fixed interest rate cash flows for floating interest rate cash flows. These contracts allow the Fund to manage its interest rate exposures. For these instruments the Fund's return is based on the movement of interest rates relative to a fixed rate agreed by the parties.

Credit swaps may be used to manage credit exposures. A Fund may enter into credit default swap agreements. The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. If an event of default occurs, the seller must pay the buyer the full notional value, or "par value", of the reference obligation in exchange for the reference obligation. A Fund may be either the buyer or seller in a credit default swap transaction. If a Fund is a buyer and no event of default occurs, the Fund will lose its investment and recover nothing. However, if an event of default occurs, the Fund (if the buyer) will receive the full notional value of the reference obligation that may have little or no value. As a seller, the Fund receives a fixed rate of income throughout the term of the contract, which typically is between six months and three years, provided that there is no default event. If an event of default occurs, the seller must pay the buyer the full notional value of the reference obligation.

#### Contracts for Difference

Contracts for differences are contracts between two parties that mirror the situation of trading a security, without actually buying or selling the security. The two parties make a contract that the seller will pay the buyer the difference in price after a certain period of time if the designated security's price increases, and the buyer will in return pay the seller the difference in price if the security's price decreases.

Contracts for difference ("CFDs") (also known as synthetic swaps) can be used to secure a profit or avoid a loss by reference to fluctuations in the value or price of equities or financial instruments or in an index of such equities or financial instruments. An equity CFD is a derivative instrument designed to replicate the economic performance and the cash flows of a conventional share investment.

Contracts for difference may be used either as a substitute for direct investment in the underlying equity security or as an alternative to and for the same purposes as futures and options, particularly in cases where there is no futures contract available in relation to a specific security, or where an index

option or index future represents an inefficient method of gaining exposure because of pricing risk or the risk of delta or beta mismatches.

## **2. Efficient Portfolio Management**

Each Fund may engage in transactions in financial derivative instruments for the purposes of efficient portfolio management and / or to protect against exchange risks within the conditions and limits laid down by the Financial Regulator from time to time. Efficient portfolio management transactions relating to the assets of the Company may be entered into by the Investment Manager with one or more of the following aims: (i) the reduction or stabilisation of risk; (ii) the reduction of cost with no increase or a minimal increase in risk; and / or (iii) the generation of additional capital or income for a Fund with a level of risk consistent with the risk profile of the relevant Fund and the diversification requirements in accordance with the Financial Regulator's UCITS Notice 9 "Eligible Assets and Investment Restrictions" and as disclosed in Appendix I to the Prospectus. In relation to efficient portfolio management operations the Investment Manager will look to ensure that the techniques and instruments used are economically appropriate in that they will be realised in a cost-effective way. Such transactions may include foreign exchange transactions which alter the currency characteristics of transferable securities held by the relevant Fund. Such techniques and instruments include but are not limited to futures, options, forward foreign exchange contracts, interest and exchange rate swap contracts, stocklending and repurchase and reverse repurchase agreements and when issued and / or delayed delivery securities.

### **When Issued / Delayed Delivery Securities**

A Fund may purchase or sell securities on a when-issued or delayed-delivery basis for the purposes of efficient portfolio management. In this instance payment for and delivery of securities takes place in the future at a stated price in order to secure what is considered to be an advantageous price and yield to the Fund at the time of entering into the transaction. Securities are considered "delayed delivery" securities when traded in the secondary market, or "when-issued" securities if they are an initial issuance of securities. Delayed delivery securities (which will not begin to accrue interest until the settlement date) and when-issued securities will be recorded as assets of the Fund and will be subject to risks of market value fluctuations. The purchase price of delayed delivery and when-issued securities will be recorded as a liability of the Fund until settlement date and when issued or delivered as the case may be such securities will be taken into account when calculating the limits set out in Appendix I under the heading Investment Restrictions.

### **Repurchase / Reverse Repurchase and Stocklending Arrangements for the Purposes of Efficient Portfolio Management**

Subject to the conditions and limits set out in the UCITS Notices, a Fund may use repurchase agreements, reverse repurchase agreements and / or stock lending agreements to generate additional income for the relevant Fund. Repurchase agreements are transactions in which one party sells a security to the other party with a simultaneous agreement to repurchase the security at a fixed future date at a stipulated price reflecting a market rate of interest unrelated to the coupon rate of the securities. A reverse repurchase agreement is a transaction whereby a Fund purchases securities from a counterparty and simultaneously commits to resell the securities to the counterparty at an

agreed upon date and price. A stock lending arrangement is an arrangement whereby title to the "loaned" securities is transferred by a "lender" to a "borrower" with the borrower contracting to deliver "equivalent securities" to the lender at a later date.