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# **Impax Funds (Ireland) plc**

An open-ended investment company with variable capital incorporated in Ireland with registered number 393658 established as an umbrella fund with segregated liability between sub-funds.

## **PROSPECTUS**

28 April 2010

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## IMPORTANT INFORMATION

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

Application will be made to the Irish Stock Exchange in the applicable Supplement if the Shares issued and to be issued by a Fund are to be admitted to listing on the Irish Stock Exchange. This Prospectus and the applicable Supplement will together comprise listing particulars for the purpose of such application.

Neither the admission of the Shares to the Official List and trading on the Main Market of the Irish Stock Exchange nor the approval of this Prospectus 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 this Prospectus or the suitability of the Company for investment purposes.

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

**Investors should note that since transferable securities may depreciate as well as appreciate in value, no assurance can be given by the Company or the Directors or any of the persons referred to in this Prospectus that the Company will attain its objectives. The price of Shares, in addition to the income therefrom, may decrease as well as increase.** Accordingly, an investment should only be made where the investor is or would be in a position to sustain any loss on his or her investment. **The difference at any one time between the sale and repurchase price of the Shares of any Fund means that the investment should be regarded as medium to long term.**

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

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

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

**In order for the Directors to generate distributable profits, Shareholders should note that all or part of fees and expenses may be charged to the capital of a Fund. This may have the effect of lowering the capital value of an investment in the Company. Investors should note that by charging the expenses of the Fund to capital, the effect of this is that capital may be eroded and income will be achieved by foregoing the potential for future capital growth.**

#### **Notice for Investors in Switzerland**

##### *(i) Distribution in Switzerland*

The Swiss Federal Banking Commission (SFBC) has authorised the offering and sale of Shares in "Impax Environmental Markets (Ireland) Fund" in and from Switzerland. These funds are, however, not subject to supervision by the SFBC or any other public authority in Switzerland. Distributors offering and selling Shares of these Funds in or from Switzerland on a commercial basis must be duly authorised by the SFBC.

##### *(ii) Representative and Paying Agent*

RBC Dexia Investor Services Bank S.A., Esch-sur-Alzette, Zurich branch, Badenerstrasse 567, CH-8048 Zurich (the "Representative and Paying Agent") has been appointed as Swiss Representative pursuant to art. 123 of the Swiss Federal Act on Collective Investment Schemes ("FACIS") and as Paying Agent for Switzerland pursuant to art. 121 FACIS. The Representative represents the Company in Switzerland towards the investors and the Swiss supervisory authority without limitation.

An annual fee (currently CHF 5,000 for the Company, (which will be attributable to each Fund as the case may be) CHF 5,000 for each Fund) shall be paid to the Swiss Representative and Paying Agent and shall be borne by the Company.

##### *(iii) Information*

Free copies of the Prospectus, the Simplified Prospectus and the Articles of Association, the annual and semi-annual reports as well as any further information are available from the Representative. The Net Asset Value per Share of the Funds "excl. commission" are published on the electronic platform of Swiss Fund Data AG ([www.swissfunddata.ch](http://www.swissfunddata.ch)) on every day when Shares are issued or redeemed, but at least twice a month (on the first and third Monday (or the subsequent banking day) of the month).

Any notifications to shareholders in Switzerland, whether required in accordance with applicable Swiss law or required in the Directors' opinion, shall be published in the "Swiss Commercial Gazette" (Schweizerisches Handelsamtsblatt) and on the electronic platform of Swiss Fund Data AG ([www.swissfunddata.ch](http://www.swissfunddata.ch)).

##### *(iv) Place of Performance and Jurisdictions*

In respect of any disputes arising in relation to Shares of the Funds distributed in Switzerland, the Swiss courts shall have jurisdiction, venue being the place of the Representative. Any notifications in connection with such claims should be addressed to the Representative. Furthermore, places of performance and payment are established at the offices of the Representative.

The above provisions regarding the places of performance, jurisdiction and payment shall remain in force even if the distribution in Switzerland should be discontinued or prohibited by the SFBC.

##### *(v) Taxation*

###### *a) Turnover tax*

Where there are subscriptions of Shares through a Swiss securities dealer or where a securities dealer acts as an agent or principal in the transaction, Swiss turnover tax, which normally amounts to 0.15%, will be charged and minor stock exchange supervisory charges will be added thereto. The redemption of Shares for the purpose of cancellation is exempt from turnover tax, but the sale of Shares and the issue of new Shares arising from a conversion will not be exempt.

b) *Swiss Tax Payers*

Investors who are Swiss tax payers should consult their professional advisors regarding the tax consequences of their holding, purchasing and disposal of Shares in the Funds.

c) *EU Savings Tax*

The European Union and Switzerland have concluded an agreement providing for measures equivalent to those laid down in the Council Directive 2003/48/EC on taxation of savings income in the form of interest payments (the "Agreement"). Based on this Agreement and the relevant guidance published by the Swiss Tax Authority, the main points with regard to funds established outside Switzerland but distributed by Swiss paying agents as defined by the Agreement, can be summarised as follows:

- Swiss paying agents have to deduct a withholding tax (the retention) on interest payments to individual beneficial owners who are resident in a Member State of the European Union ("Investor").
- The Investor may opt for the voluntary disclosure instead of the retention;
- The following de minimis rules are applicable:
  - (a) income relating to entities which have invested up to 15% of their assets in so called direct and/or indirect debt claims according to art. 7 para 1 lit. a of the Agreement, shall not be considered as interest payments. As a consequence, any income distributed by a Fund or realised upon the sale, refund or redemption of the Shares of a Fund meeting this requirement, do not fall under the regulations of the Agreement;
  - (b) distributions from Funds which invest more than 15% but not more than 40% of their total assets in direct and/or indirect investments in debt claims are subject to retention. The income realised upon the sale, refund or redemption of the Shares of such a Fund is not subject to retention; and
  - (c) income distributed by a Fund or realised upon the sale, refund or redemption of Shares of a Fund investing more than 40% of its total assets in direct and/or indirect investments generating interest income covered by the Agreement is subject to retention.
- If the paying agent does not obtain the necessary information from the fund concerning the part of interest income, the total amount of the distribution is to be considered interest payment and the paying agent has to withhold the retention on the total distribution amount (Art. 7 para. 3 of the Agreement). The same rule applies on the proceeds of the sale, refund or redemption of the Shares.
- Interest payments on claims issued by debtors domiciled in Switzerland are not covered by the Agreement (with some exceptions, e.g. Swiss funds exempted from Swiss anticipatory tax).

Before investing in Impax Funds (Ireland) plc, investors for whom the qualifications of a Fund under the Agreement is of a concern, are invited to contact the paying agent.

(vi) *Reimbursements and Trailer Fees*

Each Portfolio may pay reimbursements to the following institutional investors which hold, from an economic point of view, shares for third parties:

- life insurance companies;
- pension funds and other retirement plans;
- investment foundations;
- Swiss fund management companies;
- foreign fund managements and fund management companies; and
- investment companies.

Furthermore, each Portfolio may pay trailer fees to the following distributors:

- distributors duly licensed by the Swiss Federal Banking Commission;

- fund management companies; banks, securities dealers, the Swiss Post as well as insurance companies;
- distributors which place shares with institutional investors with their own treasury department only; and
- portfolio managers.

(vii) *Binding language*

For the Shares distributed in Switzerland, only the Prospectus in German language is binding.

(viii) *Leverage*

The risk related to derivative financial instruments shall not exceed 100% of the net assets of each sub-fund. The total risk exposure of each sub-fund shall not exceed 200% of the net assets and shall not exceed 210% of the net assets of each sub-fund, taking borrowing into account.

**United Kingdom**

The Company is a recognised collective investment scheme for the purposes of Section 264 of the Financial Services and Markets Act 2000.

**United States**

None of the Shares has been, nor will be, registered under the United States Securities Act of 1933 (the “1933 Act”) as amended 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 (as defined in Regulation S under the 1933 Act). In addition, the Fund is not and will not be registered under the United States Investment Company Act of 1940, as amended (the “1940 Act”). Notwithstanding the foregoing prohibition on offers and sales in the United States or to or for the benefit of US Persons, the Fund may make a private placement of its Shares to a limited number or category of US Persons who are accredited investors (as defined in Regulation D of the 1933 Act), in circumstances that do not require the registration of the Shares under the 1933 Act or under any State securities laws or the registration of the Fund under the 1940 Act and that do not result in the assets of the Fund being considered to be assets of an employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended. There will be no public offering of Shares in the United States.

## **DIRECTORY**

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### **Directors**

Padraic O'Connor (Chairman)  
David Kempton  
Mike Kirby  
Louis FitzGerald

### **Registered Office**

Riverside One  
Sir John Rogerson's Quay  
Dublin 2  
Ireland

### **Investment Manager**

Impax Asset Management Ltd  
Mezzanine Floor  
Pegasus House  
37-43 Sackville Street  
London W1S 3EH  
United Kingdom

### **UK Facilities Agent**

Impax Asset Management Ltd  
Mezzanine Floor  
Pegasus House  
37-43 Sackville Street  
London W1S 3EH  
United Kingdom

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

RBC Dexia Investor Services Ireland Limited  
George's Quay House  
43 Townsend Street  
Dublin 2  
Ireland

### **Custodian**

RBC Dexia Investor Services Bank S.A., Dublin  
Branch  
George's Quay House  
43 Townsend Street  
Dublin 2  
Ireland

### **Project Manager and Legal Advisers in Ireland**

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

### **Legal Advisers in the United Kingdom**

CMS Cameron McKenna  
Mitre House  
160 Aldersgate Street  
London EC1A 4DD  
United Kingdom

### **Listing Sponsor at the Irish Stock Exchange**

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

### **Auditors**

Ernst & Young  
Chartered Accountants  
Ernst & Young Building  
Harcourt Centre  
Dublin 2  
Ireland

### **Company Secretary**

Mike Kirby  
Riverside One  
Sir John Rogerson's Quay  
Dublin 2  
Ireland

## DEFINITIONS

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

<b>“£” or “Sterling”</b>	means pounds sterling, the currency of the United Kingdom;
<b>“Acts”</b>	means the Companies Acts 1963 to 2005 and every statute or other provision of law modifying, extending or re-enacting them or any of them;
<b>“Administrator”</b>	means RBC Dexia Investor Services Ireland Limited or such other person or persons from time to time appointed by the Company as the administrator of the Company in accordance with the requirements of the Financial Regulator;
<b>“Administration Agreement”</b>	means the agreement dated 3 December 2004 entered into between the Company and the Administrator;
<b>“Articles of Association”</b>	means the articles of association of the Company;
<b>“Business Day”</b>	means unless determined by the Directors, a day excluding Saturday or Sunday on which banks are normally open for business in Dublin, Luxembourg and London;
<b>“Cash Deposits”</b>	means deposits (i) that are repayable on demand; or have the right to be withdrawn; and (ii) which have a maturity date of no more than twelve months;
<b>“Closing Date”</b>	means the closing date of the Initial Offer in respect of a Fund as set out in the applicable Supplement;
<b>“Collective Investment Schemes”</b>	means UCITS and/or Collective Investment Schemes other than UCITS in which the Funds may invest pursuant to Guidance Note 2/03;
<b>“Company”</b>	means Impax Funds (Ireland) plc;
<b>“Custodian”</b>	means RBC Dexia Investor Services Bank S.A., Dublin Branch, or such other person or persons from time to time appointed by the Company as the Custodian of the Company with the prior approval of the Financial Regulator;
<b>“Custodian Agreement”</b>	means the agreement dated 3 December 2004 entered into between the Company and the Custodian as novated by the Deed of Novation (Change of Custodian) dated 3 January 2006 between the Company, Dexia Banque Internationale à Luxembourg S.A., Dublin Branch and the Custodian;
<b>“Directors”</b>	means the board of directors of the Company, whose names appear on page (v);

**“Euro” or “€”**

means the currency referred to in the second sentence of Article 2 of the Council Regulation (EC) No. 974/98 of 3 May 1998 and as adopted as the single currency of the participating Member States of the European Union;

**“Exempt Irish Investor”**

means for the present purposes:

- 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 applies that has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event;
- a credit union that has made a declaration to the investment undertaking as outlined in Section 739D(6)(j) of the Taxes Act and is completed in accordance with paragraph 9B of Schedule 2B of the Taxes Act that has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event;
- a company carrying on life business within the meaning of Section 706 of the Taxes Act that has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event;
- an investment undertaking within the meaning of Section 739(B)(1) of the Taxes Act that has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event;
- a special investment scheme within the meaning of Section 737 of the Taxes Act that has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event;
- a unit trust to which Section 731(5)(a) of the Taxes Act applies that has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event;
- a charity being a person referred to in Section 739(D)(6)(f)(i) of the Taxes Act that has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event;
- a qualifying management company within the meaning of Section 734(1) of the Taxes Act

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

- a specified company within the meaning of Section 734(1) of the Taxes Act that has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event;
- a person who is exempt from income tax and capital gains tax under Section 784A(2) of the Taxes Act where the shares held are assets of an approved retirement fund or an approved minimum retirement fund that has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event;
- a qualifying savings manager within the meaning of Section 848B of the Taxes Act in respect of shares, which are assets of the special savings incentive account within the meaning of Section 848C of the Taxes Act that has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event;
- a person who is entitled to an exemption from income tax and capital gains tax under Section 787I of the Taxes Act where the shares held are assets of an approved Personal Retirement Savings Account (“PRSA”) and the PRSA administrator has made a declaration to the Company that has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event; or
- a Qualifying Company that has made a Relevant Declaration to the Company which is in the possession of the Company prior to the occurrence of a chargeable event and has supplied details of its corporation tax reference number to the Company;
- the National Pensions Reserve Fund Commission which has made a Relevant Declaration which is in the possession of the Company prior to the occurrence of a chargeable event;

**“Financial Regulator”**

means the Financial Regulator, as a constituent part of the Central Bank and Financial Services Authority of Ireland or any successor thereto;

**“FSA”**

means the Financial Services Authority of the UK;

<b>“Fund(s)”</b>	means Impax Environmental Markets (Ireland) Fund or any further fund or funds to be established by the Company;
<b>“Initial Offer”</b>	means the initial offer of Shares in a Fund as set out in the applicable Supplement;
<b>“Intermediary”</b>	means a person who (a) carries on a business which consists of, or includes, the receipt of payment from an investment undertaking on behalf of other persons, or (b) holds units in an investment undertaking on behalf of other persons;
<b>“Investment Manager”</b>	means Impax Asset Management Ltd or such other person or persons from time to time appointed by the Company as the Investment Manager of the Company in accordance with the requirements of the Financial Regulator;
<b>“Investment Management Agreement”</b>	means the agreement dated 3 December 2004 entered into between the Company and the Investment Manager;
<b>“Ireland”</b>	means the Republic of Ireland;
<b>“Irish Resident”</b>	means any person Resident or Ordinarily Resident in Ireland for tax purposes;
<b>“Irish Stock Exchange”</b>	means The Irish Stock Exchange Limited;
<b>“ISA”</b>	means an Individual Savings Account constituted pursuant to the regulations set out in Statutory Instrument 1998/1870 of the UK, as amended;
<b>“Minimum Holding”</b>	means the minimum holding in respect of any Fund as provided for in the applicable Supplement;
<b>“Minimum Subscription”</b>	means the minimum subscription in respect of any Fund as provided for in the applicable Supplement;
<b>“Money Market Instruments”</b>	means instruments normally dealt in on the money market which: <ul style="list-style-type: none"> <li>(i) are liquid, i.e. capable of being converted to cash within seven Business Days at a price closely approximating their current value; and</li> <li>(ii) have a value which can be accurately determined at any time;</li> </ul>
<b>“Net Asset Value”</b>	means the net asset value of the Company or of a Fund or of a class of Shares of a Fund as more fully described in the section headed “Valuation” on page 12;

<b>“OECD”</b>	means the Organisation for Economic Co-operation and Development whose current members are the Member States of the European Union (other than Bulgaria, Cyprus, Estonia, Latvia, Lithuania, Malta and Romania) plus, Australia, Canada, Korea, New Zealand, Switzerland, the US, Iceland, Japan, Mexico, Norway and Turkey;
<b>“Official List”</b>	means the official list of the Irish Stock Exchange;
<b>“Ordinarily Resident in Ireland”</b>	<p>means for the present purposes:</p> <ul style="list-style-type: none"> <li>• in the case of an individual, an individual who is ordinarily resident in Ireland for tax purposes; and</li> <li>• in the case of a trust, a trust that is ordinarily resident in Ireland for tax purposes.</li> </ul> <p>An individual will be regarded as ordinarily resident in Ireland for a particular tax year if he/she has been an Irish Resident for the previous three tax years. An individual will remain ordinarily resident in Ireland until he/she has been non-Irish Resident for three consecutive tax years;</p>
<b>“Participating Share”</b>	means a participating share in the capital of the Company of no par value, issued subject to, and in accordance with the Acts, the Regulations and the Memorandum and Articles of Association of the Company;
<b>“PEP”</b>	means a Personal Equity Plan constituted pursuant to the regulations set out in Statutory Instrument 1989/469 of the UK, as amended;
<b>“Performance Fee”</b>	means any performance fee payable by a Fund to the Investment Manager as set out in the applicable Supplement;
<b>“Qualifying Company”</b>	means a qualifying company within the meaning of section 110 of the Taxes Act;
<b>“Recognised Clearing System”</b>	<p>includes any of the following clearing systems;</p> <ul style="list-style-type: none"> <li>• Central Moneymarkets Office;</li> <li>• Clearstream Banking SA;</li> <li>• Clearstream Banking AG;</li> <li>• CREST;</li> <li>• Depository Trust Company of New York;</li> <li>• Deutsche Bank A.G., Depository and Clearing System;</li> <li>• Euroclear;</li> </ul>

	<ul style="list-style-type: none"> <li>• Japan Securities Depository Centre (JASDEC);</li> <li>• Monte Titoli SPA;</li> <li>• Netherlands Centraal Instituut voor Giraal Effectenverkeer BV;</li> <li>• National Securities Clearing System;</li> <li>• Sicovam SA;</li> <li>• SIS Sega Intersettle AG;</li> <li>• The Canadian Depository for Securities Ltd;</li> <li>• VPC AB (Sweden); and</li> <li>• Any other system for clearing securities which is designated by order of the Revenue Commissioners of Ireland as a recognised clearing system;</li> </ul>
<b>“Redemption Date”</b>	means the relevant Business Day on which the Shares in a Fund can be redeemed as set out in the applicable Supplement;
<b>“Recognised Market”</b>	means any regulated stock exchange or market which is provided for in the Articles of Association, details of which are set out in Appendix II to this Prospectus;
<b>“Regulations”</b>	means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003, as amended by the European Communities (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations, 2003 or any subsequent amendment thereto;
<b>“Relevant Declaration”</b>	means the declaration relevant to the Shareholder as set out in Schedule 2B of the Taxes Act;
<b>“Relevant Period”</b>	means, in relation to a Share in the Company, a period of eight years beginning with the acquisition of a Share by a Shareholder and each subsequent period of eight years beginning immediately after the end of the preceding Relevant Period for as long as the Shareholder holds that Share;
<b>“Resident in Ireland”</b>	means for the present purposes: <ul style="list-style-type: none"> <li>• in the case of an individual, an individual who is resident in Ireland for tax purposes;</li> <li>• in the case of a trust, a trust that is resident in Ireland for tax purposes; and</li> <li>• in the case of company, a company that is resident in Ireland for tax purposes.</li> </ul>

An individual will be regarded as resident in Ireland for a particular tax year if the individual is present in Ireland for; (1) 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 tax year.

A trust will generally be Resident in Ireland where all of the trustees are resident in Ireland for tax purposes.

A company incorporated in Ireland will be regarded for all purposes of Irish tax legislation as being Resident in Ireland. However, a company will not, necessarily, be so regarded if it is a “relevant company” and either carries on a trade in Ireland or it is related to a company that carries on a trade in Ireland. A relevant company is a company:

- (i) that is under the “control,” directly or indirectly, of a person or persons who is or are:
  - by virtue of the law of any relevant territory, resident for the purposes of tax in the relevant territory or territories; and
  - not under the control, directly or indirectly, of a person who is, or persons who are, not so resident, or
- (ii) that is, or is related to, a company the principal class of shares of which is substantially and regularly traded on one or more recognised stock exchange in a relevant territory or territories.

It should be noted that the determination of a company who is resident for tax purposes can be complex in certain cases and declarants are referred to the specific legislative positions contained in Section 23A of the Taxes Consolidation Act, 1997;

<b>“Share(s)”</b>	means the Participating Shares of no par value in the capital of the Company;
<b>“Shareholder”</b>	means a holder of Shares in the Company;
<b>“Subscriber Share”</b>	means a subscriber share of €1.00 each in the capital of the Company;
<b>“Subscription Date”</b>	means the relevant Business Day on which Shares in a Fund can be purchased as set out in the applicable Supplement;

<b>“Supplement”</b>	means a supplement to this Prospectus containing information relating to a particular Fund;
<b>“Taxes Act”</b>	means the Taxes Consolidation Act 1997 of Ireland (as amended);
<b>“Transferable Securities”</b>	means shares in companies and other securities equivalent to shares in companies, bonds and other forms of securitised debt, and any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange other than techniques and instruments utilised for efficient portfolio management;
<b>“UCITS”</b>	means an undertaking the sole object of which is the collective investment in either or both (i) Transferable Securities, (ii) other liquid financial assets of capital raised from the public, and which operates on the principle of risk-spreading, and the units/shares of which are at request of the holders repurchased or redeemed directly or indirectly out of those undertakings’ assets. Action taken by a UCITS to ensure that the stock exchange value of its units does not vary significantly from their net asset value shall be regarded as equivalent to such repurchase or redemption. Other liquid financial assets include cash deposits, financial derivative instruments, other collective investment undertakings, index tracking funds and Money Market Instruments;
<b>“UCITS Notices”</b>	means the series of UCITS notices, memorandums, guidelines and letters issued by the Financial Regulator;
<b>“United Kingdom” or “UK”</b>	means the United Kingdom of Great Britain and Northern Ireland;
<b>“UK Facilities Agent”</b>	means Impax Asset Management Ltd or such other person or persons from time to time appointed by the Company to provide facilities to UK investors as required by the FSA;
<b>“United States” or “US”</b>	means the United States of America, as defined in Regulation S under the 1933 Act;
<b>“US\$” or “US Dollars”</b>	means US dollars, the lawful currency of the United States;
<b>“Valuation Date”</b>	means the relevant Business Day on which the Net Asset Value of a Fund is calculated as set out in the applicable Supplement. For the avoidance of doubt, there will be a valuation date in respect of each Subscription Date and Redemption Date; and
<b>“Valuation Point”</b>	means the relevant time in respect of each Valuation Date at which the Net Asset Value of a Fund is calculated as set out in the applicable

Supplement.

## **TABLE OF CONTENTS**

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### **THE COMPANY**

Introduction	1
Investment Objectives, Policies and Restrictions	1
Dividend Policy	1
General Risk Factors	2

### **MANAGEMENT AND ADMINISTRATION**

The Directors of the Company	4
The Investment Manager	4
UK Facilities Agent	4
The Administrator	5
The Custodian	5
Conflicts of Interest	5

### **SUBSCRIPTIONS, TRANSFERS AND REDEMPTIONS**

Subscriptions	7
Staggered Listings of Share Classes	8
Transfers	8
Redemptions	9
Conversion of Shares	9
Deferral of Redemptions	10
Compulsory Redemptions	10
Suspension of Subscriptions, Transfers Conversions and Redemptions	10
Investor Restrictions	10
Abusive Trading Practices	11

### **VALUATION**

Net Asset Value	12
Allocation of Assets and Liabilities	12
Valuation Principles	13
Suspension of Valuation	14
Publication of Net Asset Value	15

### **FEES AND EXPENSES**

Investment Management Fee	16
Performance Fee	16
Administration Fee	16
Custodian Fee	16
Directors' Remuneration	16
Establishment Expenses	16
Other Expenses	16

### **TAXATION**

Ireland	18
United Kingdom	<b>Error! Bookmark not defined.</b>

<b>MATERIAL CONTRACTS</b>		
The Investment Management Agreement		27
The Administration Agreement		27
The Custodian Agreement		28
<b>GENERAL INFORMATION</b>		
Share Capital		29
Memorandum & Articles of Association		29
Reports		33
Inspection of Documents		33
Miscellaneous		33
<b>APPENDIX I</b>	Investment and Borrowing Restrictions	35
<b>APPENDIX II</b>	List of Recognised Markets	40

## **THE COMPANY**

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### **Introduction**

The Company was incorporated on 15 November 2004 with registered number 393658 as an open-ended umbrella-type investment company with variable capital with segregated liability between sub-funds. It is authorised in Ireland by the Financial Regulator as a UCITS pursuant to the Regulations. The liability of the members is limited.

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

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

Details of any Fund or Funds created in the future shall be as set out in the applicable Supplement in accordance with the requirements of the Financial Regulator. The applicable Supplement shall form part of, and should be read in conjunction with, this Prospectus.

At the date hereof, the current Funds of the Company are Impax Environmental Markets (Ireland) Fund and Impax Asian Environmental Markets (Ireland) Fund.

The Company is denominated in Sterling.

### **Investment Objectives, Policies and Restrictions**

The assets of each Fund will be invested in accordance with the investment objectives and policies of that Fund as set out in the applicable Supplement. The Company and its Directors, in consultation with the Investment Manager, are responsible for the formulation of the investment policy of each Fund and any subsequent change to that policy. Each Fund is subject to the investment and borrowing restrictions contained in the Regulations and UCITS Notices as set out in Appendix I. Additional restrictions (if any) relevant to each Fund will be as set out in the applicable Supplement.

The Company is authorised in Ireland by the Financial Regulator as a UCITS. Pursuant to the Regulations, a UCITS is permitted to invest in Transferable Securities, Collective Investment Schemes, Cash Deposits, Money Market Instruments and exchange traded and/or OTC derivatives. UCITS may also be established as index tracking funds in the case of funds wishing to replicate an index. Details of the types of investments in respect of each Fund will be set out in the applicable Supplement.

In the absence of unforeseen circumstances, the investment objective and policies of a Fund will be adhered to for a minimum of three years following admission of the Shares to the Official List and trading on the Main Market of the Irish Stock Exchange where it is intended that Shares of a Fund will be admitted to the Official List and trading on the Main Market of the Irish Stock Exchange. Any changes in the investment objective or policies of a Fund will only be made in exceptional circumstances and then only with the prior approval of the majority of the Shareholders of the Fund. In the event of a change of investment objective or policy of a Fund, a reasonable notification period shall be given to Shareholders to enable them, if they choose to do so, to redeem their Shares in the relevant Fund prior to the implementation of these changes.

### **Dividend Policy**

Any dividend payment in respect of a Fund shall be made in accordance with the dividend policy of that

Fund as set out in the applicable Supplement.

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

### **General Risk Factors**

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

#### *Investment Objective*

There is no guarantee that the investment objective as set out in the Supplement of a particular Fund will be achieved.

#### *Market fluctuations*

Potential investors should note that the investments of each Fund are subject to market fluctuations and that there can be no assurance that any appreciation in value will occur. The value of investments and the income from them, and therefore the value of, and income from the Shares, can go down as well as up and an investor may not get back the amount invested.

#### *Currency risk*

Changes in exchange rates between currencies may also cause the value of the investments to diminish or increase. As subscription monies and redemption monies may be paid in a currency other than the base currency of a Fund, investors should be aware that there is an exchange rate risk if such other currencies depreciate against the base currency and consequently they may not realise the full amount of their investment in a Fund.

#### *Cross liability between funds*

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

#### *Expenses Charged to Capital*

Shareholders should note that all or part of expenses may be charged to the capital of a Fund in order to enhance distribution levels. This will have the effect of lowering the capital value of an investment in a Fund.

#### *Substantial repurchases*

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

#### *Taxation*

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

potential investors is drawn to the tax risks associated with investing in the Company, particularly the section headed “Taxation” starting on page 18.

*Temporary suspension*

Investors are reminded that in certain circumstances their right to redeem or convert Shares may be temporarily suspended.

*Dependence on the principals of the Investment Manager*

The principals of the Investment Manager have authority to control the investment management of the Company. If, for any reason, the Investment Manager were to lose the services of these individuals, the Company might be adversely affected.

*Performance fee*

Any Performance Fee paid to the Investment Manager may create an incentive for the Investment Manager to cause a Fund to make investments that are riskier or more speculative than would be the case if there was no Performance Fee in place.

Any Performance Fee payable by the Company will be based on net realised and net unrealised gains and losses as at the end of each performance period. As a result the Performance Fee will be paid in respect of unrealised gains which may subsequently never be realised.

*Political and/or regulatory risks*

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

*Controlling Shareholder*

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

## MANAGEMENT AND ADMINISTRATION

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### The Directors of the Company

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

The following are the Directors of the Company:

**Padraic O'Connor (Chairman and Resident in Ireland)** is currently a director of Eircom plc, ACC Bank and a number of other companies. Until 1999 he was Managing Director of NCB Group which he joined in 1987 as Chief Economist. Prior to joining NCB he was Markets Strategist with IBI Treasury. He worked in various economist roles with the Central Bank of Ireland between 1975 and 1987. While with NCB, he was a member of the Executive Committee of Financial Services Industry Association and of the Board of the Irish Stock Exchange.

**David Kempton** is an engineer by profession and has held a number of quoted and private company directorships since 2003 whilst running a portfolio of quoted and private investments. He established Forrest Recruitment Ltd, a company supplying secretarial temporaries and recruiting middle management, as a 30% owner and non-executive Director. In 1990, as a sole proprietor, he established Kempton Holdings, a private investment company. He continues to work with these two companies. He has also served as a Director of NHS Trust – Merseyside and Cheshire Ambulance Trust from 1992 to 1994. Mr. Kempton established Endoscopy Services Ltd, a company specialising in endoscopy, fiberoptics and mirco lens technology, in 1990. This company was sold in 1998. In addition to Forrest Recruitment Ltd and Kempton Holdings, Mr. Kempton currently is a non-executive director of Neptune-Calculus VCT, Hartest Group plc, Hawksmoor Investment Management, and EGS Energy.

**Mike Kirby (Resident in Ireland)** is Managing Principal at KB Associates, a firm which provides a range of advisory and project management services to the promoters of offshore mutual funds. He has previously held senior positions at Bank of New York (previously RBS Trust Bank) (1995-2000) and as a Director of Royal Bank of Scotland's global custody operations in Jersey. Prior to this he was a Vice President with JP Morgan (previously Chase Manhattan Bank) (1993-1995) in London. He was responsible for the establishment of Daiwa Securities fund administration business in Dublin (1989-1993). Most recently (2000-2002) he was a Senior Vice President of MiFund Inc, a privately owned mutual funds supermarket. Mr. Kirby is a Fellow of the Institute of Chartered Accountants in Ireland and is a founder member of the Dublin Funds Industry Association.

**Louis FitzGerald (Resident in Ireland)** is a Chartered Accountant with a broad range of commercial experience. In 1997 he co-founded Airtricity Holdings Limited ("Airtricity") and was Chief Financial Officer up to 2003 and Corporate development Director until he retired in 2008. He also was Chairman of the Investment and Risk Management committees at Airtricity. He is currently a member of the Advisory Board of the Community Foundation of Ireland and is Ambassador/Trustee of the KORU Foundation.

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

### The Investment Manager

The Company has appointed Impax Asset Management Limited as investment manager pursuant to the Investment Management Agreement.

The Investment Manager was incorporated in the UK on 16 June 1998. The authorised share capital of the Investment Manager is £10,000 (ordinary shares only) and total shareholder funds are in excess of £5,000,000. It is engaged in the business of, *inter alia*, providing investment management and advisory services to and in respect of collective investment undertakings, investment companies, limited partnerships and other investment facilities. The Investment Manager currently manages or advises funds totalling in excess of £1 billion.

The Investment Manager is a wholly-owned subsidiary of Impax Asset Management Group plc. Impax Asset Management Group plc is a public limited company incorporated on 11 October 1996. The shares of Impax Asset Management Group plc are quoted on the Alternative Investment Market of the London Stock Exchange.

### **UK Facilities Agent**

The Investment Manager will also act as the UK Facilities Agent of the Company and will provide general facilities to UK investors as required by Rule 9.4.1R of the UK Financial Services New Authority's Collective Investment Schemes Sourcebook. These include facilities for inspection and the obtaining, free of charge, of the documents referred to in "Inspection of Documents" on page 31 and where details can be obtained on the price, redemption and payment of Shares. UK investors may also lodge any complaint relating to the operation of the Company with the UK Facilities Agent.

### **The Administrator**

The Company has appointed RBC Dexia Investor Services Ireland Limited (formerly Dexia Fund Services Dublin Limited) as administrator, registrar and transfer agent pursuant to the Administration Agreement. The Administrator will have responsibility for the administration of the Company's affairs including the calculation of the Net Asset Value and preparation of the accounts of the Company, subject to the overall supervision of the Directors.

The Administrator is a private limited company incorporated in Ireland on 31 January 1997. It is a wholly-owned subsidiary of RBC Dexia Investor Services Bank S.A. 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.

### **The Custodian**

The Company has appointed RBC Dexia Investor Services Bank S.A., Dublin, as custodian of its assets pursuant to the Custodian Agreement. The Custodian provides safe custody for the Company's assets, which will be held under the control of the Custodian.

The Custodian is a company incorporated with limited liability in Luxembourg on 30 March 1994. It is owned up to 99.99% by RBC Dexia Investor Services Limited, a joint venture between Royal Bank of Canada and Dexia S.A. The head office of RBC Dexia Investor Services Limited is 14 Porte de France, L-4360 Esch-sur-Alzette, Luxembourg. The main activity of the Custodian is to act as trustee and custodian of collective investment schemes such as the Company.

The liability of the Custodian will not be affected by the fact that it has entrusted to a third party some or all of its assets in its safe-keeping. The Company and the Custodian acknowledge that the Financial Regulator considers that, in order for the Custodian to discharge its responsibility under the Regulations, the Custodian must exercise care and diligence in choosing and appointing a third party as safe-keeping agent, so as to ensure that the third party has and maintains the expertise, competence and standing appropriate to discharge the responsibilities concerned. The Custodian must maintain an appropriate level of supervision over the safe-keeping agent and make appropriate inquiries from time to time to confirm that the obligations of the agent continue to be competently discharged. This does not purport to be a legal interpretation by the Financial Regulator of the Regulations.

The Custodian will be liable to the Company and the Shareholders for any loss suffered by them as a result of its unjustifiable failure to perform or its improper performance of its obligations. The Custodian shall exercise reasonable care in the performance of its duties. The Custodian will not be personally liable for any taxes or other governmental charges imposed upon or in respect of the investments or upon the interest thereon.]

### **Conflicts of Interest**

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

The Investment Manager, the Administrator, the Custodian and the Directors may provide similar services to others provided that the services they provide to the Company are not impaired thereby. An interested party may acquire or dispose of any investment notwithstanding that the same or similar investments may be owned by or for the account of or otherwise connected with the Company. Furthermore, an interested party may acquire, hold or dispose of investments notwithstanding that such investments had been acquired or disposed of by or on behalf of the Company by virtue of a transaction effected by the Company in which the interested party was concerned provided that the acquisition or disposal by an interested party of such investments is effected on normal commercial terms as if negotiated on an arm's length basis and the investments held by the Company are acquired in the best interests of the Shareholders.

Dealings will be deemed to have been effected on normal commercial terms negotiated at arm's length if: (1) a certified valuation of a transaction by a person approved by the Custodian as independent and competent is obtained; or (2) the transaction is executed on best terms on an organised investment exchange in accordance with the rules of such exchange; or (3) where (1) and (2) are not practical, the transaction is executed on terms which the Custodian is, or the Directors in the case of a transaction involving the Custodian are, satisfied are normal commercial terms negotiated at arm's length and are in the best interests of Shareholders.

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

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

In rendering services to any accounts other than that of the Company which it may have at present or in the future, the Investment Manager is obliged to follow FSA rules as to the fair allocation of investments across the various accounts.

In circumstances where the Investment Manager is the "competent person" for valuing assets, appointed by the Directors and approved for the purpose by the Custodian (as provided for at (4)(b), (d) and (e) under "Valuation Principles" at the section entitled "VALUATION" below), Shareholders are reminded that the Investment Manager's fee will increase as the value for a Fund increases. Valuations provided by any "competent person" must always, however, be estimated with good care and in good faith.

## **SUBSCRIPTIONS, TRANSFERS AND REDEMPTIONS**

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### **Subscriptions**

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

After the relevant Closing Date for each Fund, the Company may offer Shares in each Fund on each Subscription Date at an issue price equal to the Net Asset Value per Share of the relevant Fund on each Valuation Date. During the period of continuous net subscriptions, a charge of up to one per cent. of the Net Asset Value per Share may be added, at the discretion of the Directors, to the purchase price per Share, to cover the charges, duties and other costs involved in purchasing investments in the underlying investments of the relevant Fund. The charge is intended to protect existing and continuing Shareholders against the dilution of the value of their investment on account of these charges.

In addition, the Directors may in their absolute discretion charge a subscription fee, payable to the Investment Manager, of up to five per cent. of the gross cash amount subscribed. Where the amount subscribed for Shares is not equivalent to an exact number of Shares, fractions of Shares may be issued and will be rounded to the third decimal place.

The UK Facilities Agent may, if required, receive applications for Shares. Any applications for Shares received by the UK Facilities Agent will be passed, as soon as possible, to the Administrator.

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

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

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

Measures aimed at the prevention of money laundering may require an applicant to provide verification of identity to the Administrator.

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

Shares will not be issued until such time as the Administrator has received and is satisfied with all the information and documentation required to verify the identity of the applicant. This may result in Shares being issued on a Subscription Date subsequent to the Subscription Date on which an applicant initially wished to have Shares issued to him. It is further acknowledged that the Administrator shall be held harmless by the applicant against any loss arising as a result of the failure to process the subscription if such information as has been requested by the Administrator has not been provided by the applicant. In addition, the Directors may refuse to process a redemption request until proper information has been provided including any relevant money laundering documentation.

Shares will be issued upon: (i) the fulfilment of the conditions for acceptable subscriptions to the satisfaction of the Administrator; and (ii) receipt of cleared funds by the Company and the Administrator within the relevant cut-off time specified in the applicable Supplement. Failure by the Company to receive cleared funds within the relevant cut-off time will result in the cancellation of the relevant Subscription. Any gains or losses incurred by the Company as a result of the cancellation of

the Shares shall be for the account of the relevant Fund.

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

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

Shares will be issued in registered form. A contract note, which will constitute a written confirmation of ownership of the Shares to which it relates, will be sent to each successful applicant within two Business Days of the Subscription Date on which the application is being processed. The contract note will detail the number of Shares to which it relates, the class of Shares to which it relates, the Fund to which it relates and the price at which the Shares have been issued. Share certificates will not be issued. Shareholders will not be entered onto the register of Shareholders if they subscribe for less than the Minimum Subscription (or such other amount as the Directors have in their absolute discretion determined).

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

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

#### **Staggered Listings of Share Classes**

The launch and listing of various classes of Shares within a Fund may occur at different times and, therefore, at the time of the launch of given classes of Shares, the pool of assets to which a given class of Shares relates may have commenced trading. Where relevant, further information in this regard will be available in the interim and annual reports of the Fund which are sent to Shareholders and which will be made available to potential investors upon request.

#### **Transfers**

A Shareholder may transfer all or any of his Shares by an instrument in writing in the usual or common form or in any other form as the Directors may approve. The transferor shall be deemed to remain the holder of any Shares that it proposes to transfer until the name of the transferee is entered in the Company's register of members in respect of those Shares. In respect of the Shares, each transferee will be required to provide the same information, representations and warranties to the Company and the Administrator as are required from any applicant for Shares.

The Company and the Administrator will be required to account for tax on the value of the Shares transferred at the applicable rate unless it has received from the transferor a declaration in the

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

### **Redemptions**

After the relevant Closing Date for each Fund, the Company may accept requests for redemptions on each Redemption Date at a price equal to the Net Asset Value per Share of the relevant Fund on such Redemption Date. During any period of continuous net redemptions, the redemption price per Share may be reduced, at the discretion of the Directors, by a charge of up to one per cent. of the Net Asset Value per Share in respect of each Fund to cover the charges, duties and other costs involved in redeeming investments in the underlying property of the relevant Fund. The charge is intended to protect existing and continuing Shareholders against the dilution of the value of their investment on account of these charges.

The UK Facilities Agent may, if required, receive requests for the redemption of Shares and payment of redemption proceeds.

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

Requests for the redemption of Shares should be sent directly to the Administrator. Redemption requests may be sent by post or facsimile but redemption proceeds will not be remitted until the Administrator has received the original of the redemption request including any relevant money laundering documentation. In addition, the Directors may refuse to process a redemption request until proper information has been provided.

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

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

### **Conversion of Shares**

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

Conversion will take place in accordance with the following formula:

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

where:-

- NSH = the number of Shares which will be issued in the new Fund;
- OSH = the number of the Shares to be converted;
- RP = the Net Asset Value of the Shares to be converted after deducting the redemption fee, if any; and
- SP = the issue price of Shares in the new Fund on that Business Day after deducting the subscription fee, if any.

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

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

### **Deferral of Redemptions**

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

### **Compulsory Redemptions**

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

### **Suspension of Subscriptions, Transfers, Conversions and Redemptions**

Subscriptions, transfers, conversions and redemptions for any Fund will be suspended for as long as the calculation of the Net Asset Value of that Fund is suspended as more fully described in the section headed "Valuation - Suspension of Valuation" on page 14.

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

### **Investor Restrictions**

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

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

#### **Abusive Trading Practices**

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

## **VALUATION**

### **Net Asset Value**

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

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

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

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

### **Allocation of Assets and Liabilities**

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

- (a) the proceeds from the issue of each Share shall be applied in the books and records of the Fund established for that Share, and the assets less the liabilities plus income less expenditure attributable thereto shall be applied to such Fund subject to the provisions of the Articles of Association;
- (b) where any asset is derived from another asset (whether cash or otherwise), the derived asset shall be applied to the same Fund as the assets from which it was derived and on each revaluation of an asset the increase or diminution in value shall be applied to the relevant Fund;
- (c) in the case of any asset which the Directors do not consider as attributable to a particular Fund, the Directors shall have discretion, subject to the approval of the Custodian, to determine the basis upon which any such asset shall be allocated between Funds and the Directors shall have the power at any time, subject to the approval of the Custodian, to vary such basis provided that the approval of the Custodian shall not be required in any such case where the asset is allocated between all Funds pro rata to their net asset values at the time when the allocation is made;
- (d) the Directors shall have the discretion, subject to the approval of the Custodian, to determine the basis upon which any liability (which, without limitation, may include all operating expenses of the Company such as stamp duties, taxes, brokerage or other expenses of acquiring and disposing of investments, the fees and expenses of the auditors and legal advisers, the costs of printing and distributing reports, accounts and any prospectus, publishing prices and any relevant registration fees etc.) shall be allocated between Funds (including conditions as to the subsequent re-allocation thereof if circumstances so permit) and shall have the power at any time and from time to time to vary such basis, provided that

the approval of the Custodian shall not be required in any such case where a liability is allocated between the Funds pro rata to their Net Asset Values; and

- (e) subject to the approval of the Custodian, the Directors may transfer any assets to and from Funds if, as a result of a creditor proceeding against certain of the assets of the Company or otherwise, a liability would be borne in a different manner from that in which it would have been borne under paragraph (d) above or in any similar circumstances.

### **Valuation Principles**

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

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

Point is not representative of the value of the assets, the value will be the probable realisation value, estimated with care and in good faith by such competent person as may be appointed by the Directors and approved for the purpose by the Custodian;

- (c) exchange traded futures and options contracts (including index futures) shall be valued at the settlement price as determined by the market in question. If such market price is not available, the value shall be the probable realisation value estimated by an independent party approved for the purpose by the Custodian. Off-exchange derivative contracts shall be valued by the counterparty on a daily basis. The valuation must be approved or verified weekly by a third party who is independent of the counterparty and who is approved for the purpose by the Custodian. Forward exchange contracts shall be valued by reference to the price at which a new forward contract of the same size and maturity could be undertaken;
  - (d) at any time when dealing prices are not available in respect of assets listed, quoted or dealt in on a Recognised Market in each case on the Recognised Market on which these assets are traded or admitted for trading (being the Recognised Market which is the sole or in the opinion of the Directors the principal Recognised Market on which the investment in question is listed, quoted or dealt in), the value of the assets will be the probable realisation value estimated with care and in good faith by such competent person as may be appointed by the Directors and approved for the purpose by the Custodian;
  - (e) any investments or assets not listed, quoted or dealt in on a Recognised Market shall, be valued at the probable realisation value as determined with care and in good faith by such competent persons as may be appointed by the Directors and approved for the purpose by the Custodian;
  - (f) securities listed or traded on a Recognised Market but acquired or traded at a premium or at a discount outside or off the relevant market may be valued, taking into account the level of premium or discount at the date of the valuation. The Custodian must ensure that the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security;
  - (g) cash shall be valued at face value (together with accrued interest to the relevant Valuation Date) unless, in the opinion of the Directors, any adjustment should be made to reflect the value thereof in the context of currency, marketability, dealing costs and/or such other considerations as are deemed relevant;
  - (h) the value of units or shares or other similar participation in any Collective Investment Scheme shall be valued at the latest mid-market price or the last available Net Asset Value as published by the Collective Investment Scheme; and
  - (i) notwithstanding the foregoing the Directors may permit some other method of valuation to be used for any particular asset if they consider that such valuation better reflects the fair value of that asset, such other method to be approved by the Custodian.
- (5) Currencies or values in currencies other than in the currency of designation of a particular Fund shall unless the Directors determine otherwise be converted or translated at the rate which the Investment Manager after consulting with, or in accordance with, the method approved by the Custodian may consider appropriate having regard (*inter alia*) to any premium or discount which may be relevant and to costs of exchange into the currency of designation of that Fund.

#### **Suspension of Valuation**

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

- (a) any period when any of the principal markets or stock exchanges on which a substantial part of the investments of the relevant Fund are quoted is closed, other than for ordinary holidays, or during which dealings thereon are restricted or suspended;
- (b) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of a substantial part of the investments of the relevant Fund is not reasonably practicable without this being seriously detrimental to the interests of the Shareholders in the relevant Fund or if, in the opinion of the Directors, the Net Asset Value of the relevant Fund cannot be fairly calculated; or
- (c) any breakdown in the means of communication normally employed in determining the value of the investments of the relevant Fund or when for any reason the current prices on any market of a substantial part of the investments of the relevant Fund cannot be promptly and accurately ascertained.

Any such suspension will be notified to the Financial Regulator and the Irish Stock Exchange (for each class of Shares admitted to the Official List and trading on the Main Market of the Irish Stock Exchange) immediately and, where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

#### **Publication of the Net Asset Value**

The Net Asset Value per Share of each Fund as calculated for each Valuation Point will be published daily in the Financial Times and such other media as the Directors may from time to time determine. The Net Asset Value per Share will be available from the Administrator and will also be available to UK investors from the UK Facilities Agent. Such information is published for information only; it is not an invitation to subscribe for, redeem or convert Shares at that Net Asset Value.

The Administrator will communicate the Net Asset Value per Share to the Irish Stock Exchange immediately upon calculation for each class of Shares admitted to the Official List and trading on the Main Market of the Irish Stock Exchange.

## **FEES AND EXPENSES**

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### **Investment Management Fee**

Under the provisions of the Investment Management Agreement, each Fund or class of Shares will pay the Investment Manager a fee in respect of its duties as investment manager of that Fund or class of Shares. Details of such fees will be as set out in the applicable Supplement.

### **Performance Fee**

Under the provisions of the Investment Management Agreement, a Performance Fee may be payable to the Investment Manager in respect of each class of Shares in a Fund as set out in the relevant Supplement. Details of such fees will be as set out in the applicable Supplement.

### **Administration Fee**

Under the provisions of the Administration Agreement, each Fund or class of Shares will pay the Administrator a fee in respect of its duties as Administrator of that Fund or class of Shares. Details of such fees will be as set out in the applicable Supplement.

### **Custodian Fee**

Under the provisions of the Custodian Agreement, each Fund or class of Shares will pay the Custodian a fee in respect of its duties as Custodian of that Fund or class of Shares. Details of such fees will be as set out in the applicable Supplement.

### **Directors' Remuneration**

The Directors shall be entitled to a fee in remuneration for their services at a rate to be determined from time to time by the Directors, but so that the aggregate amount of Directors' remuneration in any one year shall not exceed €80,000. The Directors may also be paid all travelling, hotel and other expenses, properly incurred by them, in attending and returning from meetings of the Directors or general meetings of the Company or in connection with the business of the Company. The Directors may in addition to such remuneration as aforesaid grant special remuneration to any Director who, being called upon, shall perform any special or extra services to or at the request of the Company.

### **Establishment Expenses**

The fees and expenses incurred in connection with the establishment of the Company and the initial Fund, the costs incurred in connection with obtaining a listing for the Shares of the initial Fund on the Irish Stock Exchange, the preparation and publication of this Prospectus and the Supplement attached hereto, and all legal costs and out-of-pocket expenses related thereto did not exceed €120,000. Such expenses were amortised on a straight-line basis in the accounts of the Company over the first 60 months of the Company's operations. While this is not in accordance with applicable accounting standards generally accepted in Ireland and the UK and may result in the audit opinion on the annual report being qualified in this regard, the Directors believe that such amortisation was fair and equitable to investors. Any Funds of the Company which may be established subsequent to the initial Fund may, at the absolute discretion of the Directors, be allocated such portion of the formation expenses as the Directors consider to be fair in the circumstances. Details of the establishment expenses relating to Funds created in the future, if any, will be set out in the applicable Supplement. For the avoidance of doubt, therefore, the amount of establishment expenses set out above, namely €120,000, may be exceeded with the creation of subsequent Funds.

### **Other Expenses**

The Company will also pay the following costs and expenses:

- (i) all out-of-pocket expenses payable to the Investment Manager, the Administrator and the Custodian (including VAT thereon). Such out-of-pocket expenses may include transaction charges provided that they are charged at normal commercial rates. Any expenses incurred in

relation to a particular Fund will be applied to that Fund. Expenses incurred in relation to more than one Funds will be applied pro-rata across the relevant Funds;

- (ii) all stamp duty (other than any payable by an applicant for Shares or by a Shareholder) or other tax or duty which may be levied or payable from time to time on or in respect of the Company or on creation or issue of Shares or arising in any other circumstance;
- (iii) all fiscal and purchase or fiscal and sale charges arising on any acquisition or disposal of investments;
- (iv) all expenses incurred in relation to the registration of any investments into and transfer of any investments out of the name of the Company or its nominees or the holding of any investment or the custody of investments and/or any Prospectus or title thereto (including bank charges, insurance of documents of title against loss in shipment, transit or otherwise);
- (v) all expenses incurred in the collection of income of the Company;
- (vi) all costs and expenses of and incidental to preparing resolutions of Shareholders for the purpose of securing that the Company conforms to legislation coming into force after the date of the incorporation of the Company (including costs and expenses incurred in the holding of a meeting of Shareholders, where necessary);
- (vii) all taxation payable in respect of the holding of or dealings with or income from the Company relating to the Company's property and in respect of allocation and distribution of income to Shareholders other than tax of Shareholders or tax withheld on account of Shareholders' tax liability;
- (viii) all commissions, stamp duty, value added tax and other costs and expenses of or incidental to any acquisition, holding, realisation or other dealing in investments, foreign exchange options, financial futures, contracts for differences or any other derivative instruments or the provision of cover or margin therefore or in respect thereof or in connection therewith;
- (ix) all stationery, printing and postage costs in connection with the preparation and distribution of cheques, warrants, tax certificates, statements, accounts and reports made, issued or despatched pursuant to the Articles of Association;
- (x) the fees and expenses of the auditors, tax and legal advisers and other professional advisers of the Company;
- (xi) all fees and expenses in connection with the marketing and advertising of the Company;
- (xii) any fees payable by the Company to any regulatory authority in any other country or territory, the costs and expenses (including legal, accountancy and other professional charges and printing costs) incurred in meeting on a continuing basis the notification, registration and other requirements of each such regulatory authority, and any fees and expenses of representatives or facilities agents in any such other country or territory;
- (xiii) all fees and costs relating to the listing or de-listing of Shares in the Company on the Irish Stock Exchange or on any other stock exchange;
- (xiv) all fees and costs relating to a scheme of reconstruction and amalgamation (to the extent it has not been agreed that such expenses should be borne by other parties) under which the Company acquires investments;
- (xv) all other costs and expenses incurred by the Company and any of its appointees which are permitted by the Articles of Association; and
- (xvi) fees in respect of company secretarial services.

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

## **TAXATION**

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

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

### **Ireland**

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

### **Taxation outside of Ireland**

The income and gains of the Company from its securities and assets may suffer withholding tax of the territory where such income and gains arise, which may not be reclaimable in those territories. The Company, in certain circumstances, may not be able to benefit from the applicable reduced rates of withholding tax provided in double taxation agreements between Ireland and such territories. This is because a number of Ireland's double taxation agreements, where applied by territories on a strict basis, are available only to persons who are liable to tax in Ireland. The transactions of the Company will not be liable to Irish tax if all transactions contemplated are exempt as described below.

### **Taxation in Ireland**

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

### **Taxation of the Company**

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

#### ***Chargeable events***

Chargeable events include;

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

However, the following events are not chargeable events;

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

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

The ending of a Relevant Period will not give rise to an obligation for the Company to account for the appropriate tax if:

- (i) immediately before the chargeable event the value of the number of Shares in the Company, in respect of which any gains arising would be treated as arising to the Company, on the happening of a chargeable event is less than 10 per cent of the value of the total number of Shares in the Company at that time; and
- (ii) the Company has made an election, in writing, to the Revenue Commissioners that it will make in respect of each year of assessment a statement (including where it is the case, a statement with a nil amount) to the Revenue Commissioners in electronic format approved by them, on or before 31 March in the year following the year of assessment, which specifies in respect of each Shareholder;
  - (a) the name and address of the Shareholder;
  - (b) the value at the end of the year of assessment of the Shares to which the Shareholder is entitled at that time; and
  - (c) such other information as the Revenue Commissioners may require.

The Company is obliged to notify the Shareholders concerned, in writing, if such an election has been made. Where a Shareholder receives such a notification, that Shareholder is deemed to be a chargeable person for the purposes of sections 951 and 1084 of the Taxes Act and is required to prepare and deliver to the Revenue Commissioners a return of income on or before the specified return date for that chargeable period. The return of income shall include the following details:

- (i) the name and address of the Company; and
- (ii) the gains arising on the chargeable event.

***Exemption from Irish tax arising on chargeable events***

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

- in the case of Shareholders who are Resident in Ireland or Ordinarily Resident in Ireland, they are Exempt Irish Residents; or
- in the case of Shareholders who are neither Resident in Ireland nor Ordinarily Resident in Ireland, each Shareholder has made a Relevant Declaration to the Company prior to the

chargeable event and the Company has no reason to believe that the Relevant Declaration is incorrect or no longer correct.

### ***Tax payable***

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

- where the chargeable event is a distribution, where payments are made annually or at more frequent intervals, Irish income tax is payable at a rate of 25 per cent;
- where the chargeable event is not a distribution where payments are made annually or at more frequent intervals, Irish income tax is payable at a rate of 28 per cent.

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

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

### ***Dividend withholding tax***

Distributions paid by the Company are not subject to Irish dividend withholding tax provided the Company continues to be a collective investment undertaking as defined in Section 172A(1) of the Taxes Act.

Dividends received by the Company from investment in Irish equities may be subject to Irish dividend withholding tax (currently 20 per cent). However, where the Company makes an appropriate declaration pursuant to paragraph 6, Schedule 2A of the Taxes Act to the payer that it is a collective investment undertaking within the meaning of section 172A(1) of the Taxes Act, it will be entitled to receive such dividends without deduction of tax.

### ***Stamp Duty***

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

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

### **Taxation of Shareholders in Ireland**

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

### **Corporate Shareholder who is Resident in Ireland**

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

#### ***Shares held as stock in trade***

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

#### ***Shares held as an investment***

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

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

Corporate Shareholders who are Resident in Ireland who receive distributions in respect of Shares (where such payments are made annually or at more frequent intervals) from which tax has been deducted will be treated as having received an annual payment chargeable to tax under Case IV of Schedule D from which tax had been deducted. Accordingly a 25 per cent. rate of corporation tax applies. As the Company will have deducted tax a rate of 25 per cent in respect of those payments, no further tax payment is required.

Corporate Shareholders who are Resident in Ireland who receive payments in respect of Shares (other than distributions which are made annually or at more frequent intervals) from which tax has been deducted will not be subject to further Irish tax on the payments received. Tax will be deducted by the Company at a rate of 28 per cent. However, where the Shares are not denominated in Euro, such Shareholders may also be liable to corporation tax on foreign currency gains upon the cancellation, redemption, repurchase or transfer of Shares.

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

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

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

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

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

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

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

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

- Where the payment is a distribution that is made annually or at more frequent intervals, the payment will be taxable at the rate of 25 per cent.
- Any other payment in respect of Shares will be subject to tax at the rate of 28 per cent. However, where the payment is in respect of the cancellation, redemption, repurchase or transfer of Shares or the ending of a Relevant Period, such payment shall be reduced by the amount of the consideration in money or money's worth given by the Shareholder for the acquisition of the Shares. Also, where the Shares are not denominated in Euro, such Shareholders may also be liable to capital gains tax on foreign currency gains upon such cancellation, redemption, repurchase or transfer.

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

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

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

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

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

### **Refunds of Tax withheld**

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

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

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

Under current law and practice and on the basis that the Company qualifies as an investment undertaking under Section 739B of the Taxes Act, where a Share is comprised in a gift or inheritance,

it will be exempt under section 75 of the Capital Acquisitions Tax Consolidation Act 2003 from Irish capital acquisitions tax, (currently 25 per cent.) provided:

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

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

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

On 3 June, 2003, the European Council of Economics and Finance Ministers adopted EU Council Directive 2003/48/EC on the taxation of savings income. Under the Directive, Member States are required since 1 July, 2005 to provide to the tax authorities of another Member State details of payments of interest (or similar income which may include distributions by a Fund) paid by a person within its jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The Directive has been enacted into Irish legislation.

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

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

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

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

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

## **United Kingdom**

### *The Company*

It is intended that the Company will be resident for tax purposes outside the UK. Accordingly, and provided that the Company does not carry on a trade in the UK through a permanent establishment situated therein that constitutes an assessable "UK representative" for UK taxation purposes, the Company will not be subject to UK corporation tax on income and capital gains arising from its activities. The Directors and the Investment Manager each intend that the respective affairs of the Company and the Investment Manager are conducted so that no such assessable "UK Representative" will arise insofar as this is within their respective control. In particular, it is the intention that the conditions for the application of the investment management exemption under Schedule 26 Finance Act 2003 will be satisfied but it cannot be guaranteed that the conditions necessary to prevent any such assessable "UK representative" coming into being will at all times be satisfied.

Interest and other income received by the Company which has a UK source may be subject to withholding taxes in the UK.

### *Shareholders (other than those holding Shares through an ISA)*

Each Fund will constitute an "offshore fund" for the purposes of the UK Offshore Funds Tax Regulations 2009 ("the Regulations"). Under this legislation, any gain arising on the sale, disposal or redemption of shares in an offshore fund (or on conversion from one fund to another within an umbrella fund) held by persons who are resident or ordinarily resident in the UK for tax purposes will be taxed at the time of such sale, disposal, redemption or conversion as income and not as a capital gain.

This does not apply, however, where a Fund is a "reporting fund" throughout the period during which the shares have been held.

The Directors have applied on behalf of the Fund to HM Revenue and Customs to be a reporting fund for the purposes of the Regulations with effect from 1 January 2010. Upon acceptance of the application, the Fund will remain a reporting fund provided it complies with the ongoing requirements of the regime, including reporting 100 per cent of reportable income on an annual basis to investors. The Fund will only leave the reporting fund regime if either the Fund notifies HMRC prospectively that it no longer wishes to remain a reporting fund, or through serious or persistent breaches of the Regulations.

Provided the Fund remains a reporting fund throughout an investor's period of holding an interest in the Fund, any gain realised upon disposal of the shares will be treated as a capital gain which will be subject to capital gains tax for individuals and corporation tax for corporate investors. Shareholders who are individuals will therefore be able to benefit from the lower capital gains tax rate and the capital gains tax annual exempt amount. Indexation allowance will be available for corporate investors, in the case of individuals who are UK resident but domiciled for UK tax purposes outside the UK and who have successfully claimed to be, or automatically qualified to be, taxed on a remittance basis, any capital gain or offshore income gain will be subject to UK tax only to the extent that the gain is or is deemed to be, remitted to the UK.

Subject to their personal circumstances, individual Shareholders resident in the United Kingdom for taxation purposes will be liable to UK income tax under Chapter 4 Part 4 of the Income Tax (Trading and Other Income) Act 2005 in respect of dividends or other distributions of income by the Company,

whether or not such distributions are reinvested in further Shares of the Company. For corporate investors, any distributions received from the Company should be exempt from corporation tax under Part 9A of the Corporation Tax Act 2009 ("CTA"), subject to the various conditions of Chapter 2 of Part 9A CTA being met. For share classes which are reporting funds under the Regulations, any excess of reportable income over distributions reported to investors under these Regulations will be taxed in the same way as a distribution.

Shareholders should be aware that if persons who are resident in the United Kingdom (or certain persons connected with residents of the United Kingdom) have the power to secure that the affairs of the Fund are conducted in accordance with their wishes, the Fund may be a "controlled foreign company" for the purposes of Chapter IV Part XVII of ICTA. It may also be a controlled foreign company where the Fund is at least 40 per cent. controlled by a UK resident person and at least 40 per cent (but no more than 55 per cent.) controlled by a non-UK resident person. This would mean that any company which, either alone or together with connected or associated persons, is entitled to 25 per cent or more of the Fund's profits apportioned in accordance with Chapter IV could be taxed on its share of the Fund's profits unless, as is currently intended, one of the exemptions is met under section 748 of Income and Corporate Taxes Act 1988. UK resident companies entitled to 25 per cent, or more of the chargeable profits of the Fund should take their own specific professional advice.

The attention of Shareholders is drawn to the provisions of Section 13 of the UK Taxation of Chargeable Gains Act 1992. Under this section, if the Fund would have been a close company were it resident in the UK, holders of more than a ten per cent interest in the Fund could be assessed to UK tax on their share of the Fund's capital gains.

The attention of individual Shareholders ordinarily resident in the UK for taxation purposes is drawn to Chapter 2 of Part 13 of the Income Tax Act 2007. These provisions are aimed at preventing the avoidance of income tax by individuals through transactions resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad and may render them liable to taxation in respect of undistributed income and profits of the Fund on an annual basis.

#### *Shareholders (holding Shares through an ISA)*

The Directors intend that Shares of each Fund will qualify for inclusion within the stocks and shares component of an ISA provided that the ISA manager has acquired the Shares by purchase in the market or by application for Shares publicly offered for sale or subscription as the Company is authorised as a UCITS and has received recognition pursuant to Section 264 of the Financial Services and Markets Act 2000 as a recognised scheme for the purposes of Section 264 of the Financial Services and Markets Act 2000.

Dividends on Shares held within an ISA are exempt from income tax. Capital gains on the disposal of Shares held within an ISA are exempt from capital gains tax.

#### *Stamp Duty and Stamp Duty Reserve Tax*

A charge to UK stamp duty will only arise where the instrument of transfer or document evidencing a transfer is executed in the UK or there is a matter or thing to be done in the UK. The term matter or thing is wide and may include paying or receiving cash in a UK bank account.

Where a charge to stamp duty arises in the UK this will generally be at the rate of 0.5 per cent, of the consideration for the transfer, rounded up to the nearest £5. Notwithstanding this, provided that there is a separate instrument of transfer (or document evidencing the transfer) there should be no mechanism for enforcing the stamp duty and it should be noted that it is not a condition to lodging any such transfer with the Registrar in Ireland that UK stamp duty be paid on the transfer.

The Shares should not be regarded as "chargeable securities" for the purposes of UK stamp duty reserve tax and, accordingly, no stamp duty reserve tax should be chargeable in respect of agreements for their transfer.

**THE ABOVE SUMMARY IS NOT INTENDED AS TAX ADVICE NOR AS A COMPREHENSIVE DESCRIPTION OF TAX CONSIDERATIONS THAT MAY BE**

**RELEVANT TO A DECISION TO ACQUIRE, TO HOLD, OR TO DISPOSE OF THE SHARES. THIS SUMMARY DOES NOT PURPORT TO DEAL WITH THE TAX CONSEQUENCES APPLICABLE TO ALL CATEGORIES OF INVESTORS, SOME OF WHICH (SUCH AS DEALERS IN SECURITIES) MAY BE SUBJECT TO SPECIAL RULES. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISERS CONCERNING THE CONSEQUENCES OF THEIR PARTICULAR SITUATION.**

## **MATERIAL CONTRACTS**

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

### **The Investment Management Agreement**

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

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

- (i) the appointment of the Investment Manager shall continue and remain in force unless and until terminated upon either party (a) going into liquidation, (b) ceasing to be permitted to act in its current capacity, (c) committing a material breach of the agreement or (d) following the appointment of an administrator/examiner, *or* by either party giving to the other six months' notice in writing;
- (ii) the Company agrees to hold harmless and indemnify the Investment Manager from and against all actions, proceedings, claims and costs, demands and expenses incidental thereto which may be brought against, suffered or incurred by the Investment Manager by reason of the performance of its duties in accordance with the terms of the Investment Management Agreement in each case including all reasonable legal, professional and other expenses properly incurred in connection therewith, except such as shall result or arise from fraud, bad faith, wilful default, breach of the Investment Management Agreement, negligence or any breach of the Financial Service and Markets Act, 2000 of the UK (the "FSMA") on the part of the Investment Manager or any breach by the Investment Manager of the Regulations, the FSMA or under any regulatory arrangements made or established under or pursuant to the FSMA and to which the Investment Manager is subject (including the FSA Rules); and
- (iii) the Investment Manager is entitled to payment of fees for its services and reimbursement of expenses, as more fully described in the sections headed "Fees and Expenses - Investment Management Fee" and "Fees and Expenses - Performance Fee" on page 16.

### **The Administration Agreement**

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

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

- (i) the appointment of the Administrator shall continue and remain in force unless and until terminated immediately upon either party (a) going into liquidation, (b) ceasing to be permitted to act in its current capacity, (c) committing a material breach of the agreement or (d) following the appointment of an administrator/examiner, *or* by either party giving to the other not less than 90 days' written notice;
- (ii) the Company shall indemnify the Administrator against all actions, claims, costs, damages, liabilities and expenses incurred by the Administrator, its Directors, officers, shareholders, employees, servants or agents in the performance of any of its obligations or duties under the Administration Agreement including, without limitation, complying with any proper instructions otherwise than due to the fraud, bad faith, negligence, recklessness or wilful default of the Administrator, its Directors, officers, employees, servants or agents in the performance of any of its obligations or duties under the Administration Agreement. Any indemnity expressly given to the Administrator under the Administration Agreement shall be in addition to, and without prejudice to, any indemnity allowed at law; and
- (iii) the Administrator is entitled to payment of fees for its services and reimbursement of expenses, as more fully described in the section headed "Fees and Expenses - Administration

Fee” on page 16.

### **The Custodian Agreement**

The Company has appointed the Custodian under the terms of an agreement dated 3 December 2004, as novated by the Deed of Novation (Change of Custodian) dated 3 January 2006 between the Company, Dexia Banque Internationale à Luxembourg S.A., Dublin Branch and the Custodian (the “**Custodian Agreement**”) to act as Custodian of the Company’s assets.

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

- (i) the appointment of the Custodian shall continue and remain in force unless and until terminated immediately upon either party (a) going into liquidation, (b) ceasing to be permitted to act in its current capacity, or (c) committing a material breach of the agreement, *or* by either party giving to the other not less than 90 days’ written notice;
- (ii) the Company agrees to indemnify and keep indemnified the Custodian, its directors, officers, employees and Shareholders from and against any and all actions, proceedings, claims, costs, demands and expenses (including, without limitation, legal fees (agreed by the Investment Manager) and other costs, charges and expenses in enforcing or attempting to enforce this indemnity) which may be brought against, suffered or incurred by the Custodian other than those resulting from the unjustifiable failure to perform its obligations or its improper performance of such obligations; and
- (iii) the Custodian is entitled to payment of fees for its services and reimbursement of expenses, as more fully described in the section headed “Fees and Expenses - Custodian Fee” on page 16.

## GENERAL INFORMATION

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### Share Capital

The Company was incorporated in Ireland as a public limited company on 15 November 2004 with registered number 393658 under the Companies Acts, 1963 to 2009. It has an authorised capital of 100,000,300,000 divided into 100,000,000,000 Participating Shares of no par value and 300,000 Subscriber Shares of €1.00 each. As only Participating Shares can represent an interest in a Fund, the Subscriber Shares have no entitlement or interest in such a Fund. At the date of this Prospectus, the issued share capital of the Company is 300,000 Subscriber Shares issued for the purpose of the incorporation and authorisation of the Company.

### Memorandum and Articles of Association

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

The Articles of Association contain provisions to the following effect:

(a) *Issue of Shares*

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

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

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

(b) *Rights of Subscriber Shares*

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

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

(c) *Variation of Rights*

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

(d) *Voting Rights of Shares*

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

(e) *Change in Share Capital*

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

(f) *Directors' Interests*

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

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

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

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

(g) *Borrowing Powers*

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

present and future and uncalled capital or any part thereof, and to issue debentures, debenture stock or other securities, whether outright or as collateral security for any debt liability or obligation of the Company.

(h) *Retirement of Directors*

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

(i) *Transfer of Shares*

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

The Directors may decline to register any transfer of Shares in respect of which the Company has a lien or where the transfer would be in breach of the law or requirements mentioned in the Prospectus or the applicable Supplement. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine provided always that such registration shall not be suspended for more than 30 days in any year.

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

(j) *Dividends*

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

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

(k) *Redemption of Shares*

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

(l) *Winding Up*

The Articles contain provisions to the following effect:

- (i) If the Company shall be wound up, the liquidator shall apply the assets of the Company in such manner and order as he thinks fit in satisfaction of creditors' claims. The liquidator shall in relation to the assets available for distribution among the members make in the books of the Company such transfers thereof to and from Funds as may be necessary in order that the effective burden of such creditors' claims may be shared between the holders of Shares of different classes in such proportions as the liquidator in his absolute discretion may think equitable provided always that, in doing so, the liquidator shall comply with, and be bound by, the segregated liability provisions contained in the Acts and Article 21 of the Articles of Association.
- (ii) The assets available for distribution among the Shareholders shall then be applied in the following priority:
- (a) first, in the payment to the holders of the Shares of each class of a sum in the currency in which that class is designated (or in any other currency selected by the liquidator) as nearly as possible equal (at a rate of exchange determined by the liquidator) to the Net Asset Value of the Shares of such class held by such holders respectively as at the date of commencement to wind up, provided that there are sufficient assets available in the relevant Fund to enable such payments to be made. In the event that, as regards any class of Shares, there are insufficient assets available in the relevant Fund to enable such payment to be made, recourse shall be had:
- first, to the assets of the Company not comprised within any of the Funds; and
  - second, to the assets remaining in the Funds for the other classes of Shares (after payment to the holders of the Shares of the classes to which they relate of the amounts to which they are respectively entitled under this paragraph (a)) pro rata to the total value of such assets remaining within each such Fund;
- (b) second, in the payment to the holders of the Subscriber Shares of sums up to the nominal amount paid thereon out of the assets of the Company not comprised within any of the Funds remaining after any recourse thereto under paragraph (ii)(a) above. In the event that there are insufficient assets as aforesaid to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the Funds;
- (c) third, in the payment to the holders of each class of Shares of any balance then remaining in the relevant Fund, such payment being made in proportion to the number of Shares of that class held; and
- (d) fourth, in the payment to the holders of the Shares of any balance then remaining and not comprised within any of the Funds, such payment being made in proportion to the number of Shares held.
- (iii) If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the court), then the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Acts 1963 to 2005, divide among the members *in specie* the whole or any part of the assets of the Company, and whether or not the assets shall consist of property of a single kind and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between the holders of different classes of Shares. The value of such assets will be the same amount that would be received by a member for settlement in cash. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator, with the like authority, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no holder shall be compelled to accept any assets in respect of which there is liability. For the avoidance of doubt, if the special resolution above is

passed, each member is entitled to elect on a winding-up whether or not he wishes to receive a distribution in specie or a cash distribution made in accordance with the provisions of paragraph (ii) above. However, in the absence of a member electing to receive a distribution in specie on winding-up, such member shall receive a cash distribution payment in accordance with the provisions of paragraph (ii) above.

## **Reports**

The financial year-end of the Company is 31 December in each year. The annual report of the Company, incorporating audited financial statements in respect of each Fund, will be published within four months of the financial year end to which it relates. The financial statements of the Company will be maintained in Sterling.

Unaudited interim financial reports for the Company will be made up to 30 June each year and will be published within two months of the date on which such report is made up.

The annual and interim financial reports will be sent to all Shareholders and to the Financial Regulator upon publication. Where Shares of a Fund are admitted to the Official List and trading on the Main Market of the Irish Stock Exchange, the annual and interim financial reports will also be sent to the Irish Stock Exchange upon publication.

The Company will provide certain tax information to US taxable investors on an annual basis.

## **Inspection of Documents**

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

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

Copies of the documents listed in (i), (ii) and (vi) above are available free of charge at the registered office of the Company.

For UK investors, copies of documents (i) to (iv) above will also be available for inspection and obtainable free of charge during normal business hours at the offices of the UK Facilities Agent.

## **Miscellaneous**

As at the date of this Prospectus:

- (a) since incorporation, the Company has not been engaged in any litigation or arbitration and no litigation or claim is known to the Directors to be pending or threatened against it which may have a significant effect on the Company or its financial position;

- (b) the Company has no loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase commitments, guarantees or other contingent liabilities;
- (c) there are no existing or proposed Directors' service contracts;
- (d) none of the Directors, or their spouses, or any connected person has any interest in the share capital of the Company or any options in respect of such capital;
- (e) no Director nor any connected person has any interest, beneficial or non-beneficial, in the Shares of the Company nor any options in respect of such Shares;
- (f) no Director has any direct or indirect interest in any contract or arrangement which was either unusual in its nature or significant to the business of the Company in the current financial year and remains outstanding;
- (g) subject to the foregoing paragraph, a Director may vote in respect of any contract, appointment or arrangement in which he is interested and he shall be counted in the quorum present at the meeting; and
- (h) no Director has: (i) any unspent convictions in relation to indictable offences; or (ii) been bankrupt or the subject of an involuntary arrangement, or has had a receiver appointed to any of his assets; or (iii) been a director of any company which, while he was a director with an executive function or within twelve months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangement with its creditors generally or with any class of its creditors; or (iv) been a partner of any partnership, which while he was a partner or within twelve months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or (v) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or (vi) been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any company.

**APPENDIX I**

**INVESTMENT AND BORROWING RESTRICTIONS**

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

**1. Investments of the Company are confined to:**

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

**2. Investment Restrictions**

- (a) A Fund may invest no more than ten per cent. of its Net Asset Value in Transferable Securities and Money Market Instruments other than those referred to in paragraph 1.
- (b) A Fund may invest no more than ten per cent. of its Net Asset Value in recently issued Transferable Securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.(a)) within a year. This restriction will not apply in relation to investment by a Fund in certain US securities known as Rule 144A securities provided that:
  - (i) the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and
  - (ii) the securities are not illiquid securities i.e. they may be realised by a Fund within seven days at the price, or approximately at the price, at which they are valued on behalf of the Fund.
- (c) A Fund may invest no more than ten per cent. of its Net Asset Value in Transferable Securities or Money Market Instruments issued by the same body provided that the total value of Transferable Securities and Money Market Instruments held in the issuing bodies in each of which it invests more than 5 per cent. is less than 40 per cent.
- (d) The limit of ten per cent. (in (c)) is raised to 25 per cent. in the case of bonds that are issued by a credit institution which has its registered office in a Member State of the European Union and is subject by law to special public supervision designed to protect bond-holders. If a Fund invests more than five per cent. of its Net Asset Value in these bonds issued by one issuer, the total value of these investments may not exceed 80 per cent. of the Net Asset Value of the Fund.

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

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

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

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

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

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

- (i) investments in Transferable Securities or Money Market Instruments; and/or
- (ii) deposits.

- (j) The limits referred to in (c), (d), (e), (g), (h) and (i) above may not be combined, so that exposure to a single body shall not exceed 35 per cent. of the relevant Fund's Net Asset Value.
- (k) Group companies are regarded as a single issuer for the purposes of (c), (d), (e), (g), (h) and (i). However, a limit of 20 per cent. of net assets may be applied to investment in Transferable Securities and Money Market Instruments within the same group.
- (l) A Fund may invest up to 100 per cent. of its Net Asset Value in different Transferable Securities and Money Market Instruments issued or guaranteed by any EU Member State, its local authorities, non-EU Member States or public international body of which one or more EU Member States are members.

The individual issuers will be drawn from the following list:

- OECD Governments (provided the relevant issues are investment grade);
- European Investment Bank;
- European Bank for Reconstruction and Development;
- International Finance Corporation;
- International Monetary Fund;
- Euratom;
- The Asian Development Bank;
- European Central Bank;
- Council of Europe;

- Eurofima;
- African Development Bank;
- International Bank for Reconstruction and Development (The World Bank);
- The Inter American Development Bank;
- European Union;
- Federal National Mortgage Association (Fannie Mae);
- Federal Home Loan Mortgage Corporation (Freddie Mac);
- Government National Mortgage Association (Ginnie Mae);
- Student Loan Marketing Association (Sallie Mae);
- Federal Home Loan Bank;
- Federal Farm Credit Bank; and
- Tennessee Valley Authority.

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

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

- (a) A Fund may not invest, in aggregate, more than 10 per cent. of its Net Asset Value in CIS. Each CIS, in turn, must be prohibited from investing more than 10 per cent. of net assets in other open-ended CIS.
- (b) Investment in non-UCITS may not, in aggregate, exceed 30 per cent. of the Net Asset Value of the Fund.
- (c) When a Fund invests in the shares of other CIS that are managed, directly or by delegation, by the Investment Manager or by any other company with which the Investment Manager is linked by common management or control, or by a substantial direct or indirect holding of more than 10% of the voting rights or capital, that management company or other company may not charge subscription, conversion, investment management, administration, custodian, or redemption fees on account of the Funds investment in the shares of such other CIS.
- (d) Where a commission (including a rebated commission) is received by the Investment Manager by virtue of an investment in the shares of another CIS, this commission must be paid into the property of the Fund.

### **4. Index Tracking Funds**

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

### **5. General Provisions**

- (a) An investment company, or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- (b) A Fund may acquire no more than:
  - (i) ten per cent. of the non-voting shares of any single issuing body;
  - (ii) ten per cent. of the debt securities of any single issuing body;

(iii) twenty five per cent. of the shares of any single CIS; or

(iv) ten per cent. of the Money Market Instruments of any single issuing body.

The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if, at that time, the gross amount of the debt securities or of the Money Market Instruments, or the net amount of the securities in issue cannot be calculated.

(c) Paragraphs 5(a) and 5(b) above shall not be applicable to:

(i) Transferable Securities and Money Market Instruments issued or guaranteed by an EU Member State or its local authorities;

(ii) Transferable Securities and Money Market Instruments issued or guaranteed by a non- EU Member State;

(iii) Transferable Securities and Money Market Instruments issued by public international bodies of which one or more EU Member States are members;

(iv) shares held by a Fund in the capital of a company incorporated in a non-EU Member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that state, where under the legislation of that state such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that state. This waiver is applicable only if in its investment policies the company from the non-EU Member State complies with the limits laid down in 2(c) to 2(k), 3(a), 3(b), 5(a), 5(b), 5(d), 5(e) and 5(f), and provided that where these limits are exceeded, paragraphs 5(e) and 5(f) below are observed; or

(v) shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of shares at shareholders' request exclusively on their behalf.

(d) Funds need not comply with the investment restrictions herein when exercising subscription rights attaching to Transferable Securities or Money Market Instruments which form part of their assets.

(e) The Financial Regulator may allow recently authorised Funds to derogate from the provisions of 2(c) to 2(l), 3(a), 3(b) 4(a) and 4(b) for six months following the date of their authorisation, provided they observe the principle of risk spreading.

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

(g) The Investment Manager may not carry out uncovered sales of:

(i) Transferable Securities;

(ii) Money Market Instruments;

(iii) shares of CIS; or

(iv) financial derivative instruments.

(h) A Fund may hold ancillary liquid assets.

## **6. Financial Derivative Instruments**

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

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

## **7. Borrowing Restrictions**

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

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## APPENDIX II

### LIST OF RECOGNISED MARKETS

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

- (a) all stock exchanges in a Member States of the European Union;
- (b) a stock exchange located within the US, Canada, Japan, Norway, Switzerland, Australia, New Zealand or Hong Kong;
- (c) any stock exchange included on the following list:-
  - Argentina - Bolsa de Comercio de Buenos Aires
  - Brazil - Bolsa de Valores de Sao Paulo and Bolsa de Valores de Rio de Janeiro
  - Chile - Bolsa de Comercio de Santiago and Bolsa Electronica de Chile
  - China - Shanghai Securities Exchange and Shenzhen Stock Exchange
  - India - Mumbai Stock Exchange and National Stock Exchange of India
  - Indonesia - Jakarta Stock Exchange and Surabaya Stock Exchange
  - Israel - Tel-Aviv Stock Exchange
  - Korea - Korea Exchange
  - Malaysia - Bursa Malaysia
  - Mexico - Bolsa Mexicana de Valores
  - Philippines - Philippine Stock Exchange
  - Singapore - Singapore Stock Exchange
  - South Africa - JSE Securities Exchange
  - Taiwan - Taiwan Stock Exchange
  - Thailand - Stock Exchange of Thailand
  - Turkey - Istanbul Stock Exchange
  - Vietnam - Vietnam Stock Exchange, Hanoi Stock Exchange and Ho Chi Minh City Securities Trading Center
- (d) the market organised by the members of the International Securities Market Association;
- (e) the market conducted by the "listed money market institutions" as described in the Financial Services Authority publication "The Regulation of Wholesale Cash and OTC Derivatives Markets": (The Grey Paper);
- (f) AIM - the Alternative Investment Market in the UK, currently regulated and operated by the London Stock Exchange;
- (g) the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan;
- (h) NASDAQ in the US;
- (i) the market in US government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York;
- (j) the over the counter market in the US regulated by the National Association of Securities Dealers Inc.;
- (k) the French market for "Titres de Créance Negotiable (over-the-counter market in negotiable debt instruments);
- (l) NASDAQ Europe is a recently formed market and the general level of liquidity may not compare favourable to that found on more established exchanges; and

- (m) the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada.

These exchanges and markets are listed in the Articles of Association and in accordance with the requirements of the Financial Regulator, which does not issue a list of approved markets.

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# **Impax Funds (Ireland) plc**

(the “Company”)

An open-ended investment company with variable capital incorporated in Ireland with registered number 393658 established as an umbrella fund with segregated liability between sub-funds.

## **Impax Environmental Markets (Ireland) Fund**

(the “Fund”)

### **SUPPLEMENT TO PROSPECTUS**

28 April 2010

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This Supplement supercedes the Supplements dated 9 May 2007 and 5 November 2008. Impax Environmental Markets (Ireland) Fund is a Fund of Impax Funds (Ireland) plc, an investment company with variable capital established pursuant to the Regulations as an umbrella fund with segregated liability between sub-funds in which different Funds may be created from time to time. Six classes of Shares in the Fund are offered through this Supplement, the Sterling 'A' Shares, the Euro 'A' Shares, the US Dollar 'A' Shares, the Sterling 'B' Shares, the Euro 'B' Shares and the US Dollar 'B' Shares.

Application has been made to the Irish Stock Exchange for all of the Shares issued and to be issued in the Fund to be admitted to listing on the Irish Stock Exchange. No application has been made for the Shares to be listed on any other stock exchange.

Neither the admission of the Shares to the Official List nor the approval of the Prospectus 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 service providers to or any other party connected with the Company, the adequacy of information contained in the Prospectus or the suitability of the Company for investment purposes.

A description of Impax Funds (Ireland) plc, its management and administration, taxation and risk factors is contained in the Prospectus.

**This Supplement relates to Impax Environmental Markets (Ireland) Fund.**

**The Prospectus together with this Supplement constitutes listing particulars (“Listing Particulars”) for the purpose of admission of the Shares of the Company to the Official List of the Irish Stock Exchange. The information contained in this Supplement should be read in the context of, and together with, the information contained in the Prospectus, and distribution of this Supplement is not authorised unless accompanied by or supplied in conjunction with a copy of the Prospectus.**

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

The Company currently has one other sub-fund, namely, Impax Asian Environmental Markets (Ireland) Fund.

Unless otherwise stated, all capitalised terms shall have the same meaning herein as in the Prospectus.

**Notice for Investors in Switzerland**

*Compliance with Swiss Federal Banking Commission (“SFBC”) Regulations*

The SFBC requires that not less than two thirds of the Fund’s assets (after deduction of ancillary liquid assets) will be invested in Environmental Markets Companies (as defined below). The Investment Manager confirms that the Fund will invest at least two thirds of the Fund’s assets (after deduction of ancillary liquid assets) directly in Environmental Markets Companies in accordance with the investment policy set out below. The Investment Manager further confirms that the Fund will comply with the SFBC requirement that investment in assets other than Environmental Markets Companies shall not exceed one third of the Fund’s assets (after deduction of ancillary liquid assets). Investments by the Fund in assets other than Environmental Markets Companies, in accordance with the investment policy set out below, will be confined to:

- Transferable Securities and Money Market Instruments either admitted to official listing on a stock exchange in a Member State of the European Union or non-Member State of the European Union or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State of the European Union or non-Member State of the European Union of issuers which do not qualify as Environmental Markets Companies;

## **Section I: General**

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- recently issued Transferable Securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year of issuers which do not qualify as Environmental Markets Companies;
- Money Market Instruments, as defined in the UCITS Notices, other than those dealt on a regulated market of issuers which do not qualify as Environmental Markets Companies;
- units of UCITS;
- units of non-UCITS as set out in the Financial Regulator's Guidance Note 2/03; and
- deposits with credit institutions as prescribed in the UCITS Notices.

The SFBC permits investment of up to 30 per cent. of the Net Asset Value of the Fund in Collective Investment Schemes. The Investment Manager confirms that it is not the current intention of the Fund to invest in Collective Investment Schemes. In the event that the Fund decides to invest in Collective Investment Schemes in the future (Shareholder approval having first been sought) the Prospectus will be updated accordingly and such investments will be restricted to 20 per cent. of the Net Asset Value of the Fund.

## Contents

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### SECTION I: GENERAL

Definitions	4
The Fund	6
Investment Objective	6
Investment Policy	6
Environmental Markets	7
Investment and Borrowing restrictions	6
Dividend Policy	8
Risk Factors	9
Taxation	9
Subscriptions	9
Redemptions	10
Establishment Expenses	10
Administration Fee	11
Custodian Fee	11
Miscellaneous	11

### SECTION II: STERLING 'A' SHARES

Definitions	12
Offer	12
Investment Management Fee	12

### SECTION III: EURO 'A' SHARES

Definitions	13
Offer	13
Investment Management Fee	13

### SECTION IV: US DOLLAR 'A' SHARES

Definitions	14
Offer	14
Investment Management Fee	14

### SECTION V: STERLING 'B' SHARES

Definitions	15
Offer	15
Investment Management Fee	15

### SECTION VI: EURO 'B' SHARES

Definitions	16
Offer	16
Investment Management Fee	16

### SECTION VII: US DOLLAR 'B' SHARES

Definitions	17
Offer	17
Investment Management Fee	17

## Section I: General

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### DEFINITIONS

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

<b>“Euro ‘A’ Shares”</b>	means the class of Shares in the Fund, which are denominated in Euro and which are intended for purchase primarily by institutions or individuals who can invest at least the Euro equivalent of £500,000 in the Fund (or such other amount as the Directors may in their absolute discretion determine);
<b>“Euro ‘B’ Shares”</b>	means the class of Shares in the Fund, which are denominated in Euro and which are intended for purchase by investors who can invest at least the Euro equivalent of £1,000 in the Fund (or such other amount as the Directors may in their absolute discretion determine);
<b>“Fund”</b>	means Impax Environmental Markets (Ireland) Fund comprising six classes of Shares, the Sterling ‘A’ Shares, the Euro ‘A’ Shares, the US Dollar ‘A’ Shares, the Sterling ‘B’ Shares, the Euro ‘B’ Shares and the US Dollar ‘B’ Shares;
<b>“Prospectus”</b>	means the prospectus of the Company dated 28 April 2010 and all relevant supplements and revisions thereto;
<b>“Redemption Date”</b>	means every Business Day;
<b>“Shares”</b>	means the Sterling ‘A’ Shares, the Euro ‘A’ Shares, the US Dollar ‘A’ Shares, the Sterling ‘B’ Shares, the Euro ‘B’ Shares and the US Dollar ‘B’ Shares;
<b>“Sterling ‘A’ Shares”</b>	means the class of Shares in the Fund, which are denominated in Sterling and which are intended for purchase primarily by institutions or individuals who can invest at least £500,000 in the Fund (or such other amount as the Directors may in their absolute discretion determine);
<b>“Sterling ‘B’ Shares”</b>	means the class of Shares in the Fund, which are denominated in Sterling and which are intended for purchase by investors who can invest at least £1,000 in the Fund (or such other amount as the Directors may in their absolute discretion determine);
<b>“Subscription Date”</b>	means every Business Day;
<b>“Supplement”</b>	means this supplement;
<b>“US Dollar ‘A’ Shares”</b>	means the class of Shares in the Fund, which are denominated in US Dollar and which are intended for purchase primarily by institutions or individuals who can invest at least the US Dollar equivalent of £500,000 in the Fund (or such other

## Section I: General

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	amount as the Directors may in their absolute discretion determine);
<b>“US Dollar ‘B’ Shares”</b>	means the class of Shares in the Fund, which are denominated in US Dollar and which are intended for purchase by investors who can invest at least the US Dollar equivalent of £1,000 in the Fund (or such other amount as the Directors may in their absolute discretion determine);
<b>“Valuation Date”</b>	means every Business Day; and
<b>“Valuation Point”</b>	means close of business in the primary markets in which the Fund invests on the Business Day preceding the relevant Valuation Date.

## **Section I: General**

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### **The Fund**

This Supplement is issued in connection with the offer of the Impax Environmental Markets (Ireland) Fund which has six classes of Shares, namely the Sterling 'A' Shares, the Euro 'A' Shares, the US Dollar 'A' Shares, the Sterling 'B' Shares, the Euro 'B' Shares, and the US Dollar 'B' Shares. The Directors of the Company may create new classes of Shares in the Fund from time to time, provided that the creation of any such new class of Shares is notified in advance to the Financial Regulator. A separate pool of assets will not be maintained for each class of Shares.

The Fund is denominated in Sterling.

### **Investment Objective**

The Fund is being formed to enable investors to benefit from rapid and sustained growth anticipated by the Investment Manager in the markets for cleaner or more efficient delivery of basic services of energy, water and waste.

### **Investment Policy**

The Investment Manager will pursue the Investment Objective by ensuring that investments will be made predominantly in quoted companies which provide, utilise, implement or advise upon technology-based systems, products or services in environmental markets, particularly those of alternative energy and energy efficiency, water treatment and pollution control, and waste technology and resource management ("Environmental Markets Companies").

### **Environmental Markets Portfolio**

The Investment Manager will invest the assets of the Fund in accordance with the Investment Objective and subject to the investment restrictions described in Appendix I of the Prospectus. The portfolio will predominantly comprise companies in environmental markets the shares of which are quoted on Recognised Markets. The Fund may also invest from time to time in such companies which are not quoted but which are regarded as candidates for flotation, provided such investments do not exceed ten per cent. of the Fund's Net Asset Value (excluding borrowings). As part of any investment in pre-IPO companies, the Fund may be issued with warrants. The Fund may not invest more than 5% of its Net Asset Value in warrants.

Environmental markets have developed as a result of three principal factors: governmental policies to liberalise basic service industries; legislation designed to reduce or reverse environmental damage; and falling costs of technology. These three factors have created demand from global utilities, multinationals, government agencies and individuals for new technologies and infrastructure solutions. In addition, there has been considerable corporate activity in the sector which has created shareholder value either through consolidation of companies emerging in the new sectors or acquisitions by large multinationals (e.g. General Electric) that have identified environmental markets as an important strategic sector. Finally, the recent rise in energy and commodity prices together with growing concerns over climate change and the availability of clean water highlight the need for alternative solutions to meet the rapidly increasing resource needs of the world's population.

#### *Market Liberalisation*

There has been a clear trend for governments of industrial nations to liberalise basic services in an effort to improve value for money, increase consumer choice and access capital from the private sector. For example, following the privatisation of the airline and telecommunications sectors, and building on experience in Scandinavia, the UK government restructured the power sector in the 1990s, starting with generation, transmission and distribution, and eventually lifting restrictions on householders' choice of supplier. This liberalisation has led to opportunities for private sector companies which offer more efficient solutions.

#### *Environmental Policy*

## **Section I: General**

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In order to reduce damage caused by industrial activity and consumer behaviour, governments have introduced environmental legislation. Early environmental laws such as the Clean Air Act (1970) in the United States focused on “command and control” instruments, in which operators have to meet absolute limits on emissions or adopt best available technology. This method is still common particularly for controlling water pollution. Governments have also implemented policy based on economic instruments such as taxes, charges and tradable “permits to pollute”, which offer operators more flexibility and scope for innovation. A particularly successful example is the Clean Air Act Amendments (1990) in the United States which led to a market in permits to emit sulphur dioxide and brought down the cost of compliance significantly. The European Union Emissions Trading Scheme, in operation since 2005, uses a similar mechanism to reduce carbon dioxide emissions. In the waste and recycling sector, legislation based on the principle of producer responsibility is being used in Europe and the United States to promote increased recycling of products such as end of life vehicles and electrical and electronic equipment. On a global level, in the aftermath of the financial crisis, USD 500 billion in economic stimulus money has been targeted at environmental markets, expected to underpin legislative targets and to contribute to a resumption of secular growth.

### *Falling Costs of Technology*

The cost of technology used by companies in environmental markets has fallen, in some cases dramatically, providing price competitiveness as well as added value. There are examples in both electricity generation (wind turbines) and water treatment (membranes) where the technology costs have dropped by over 80 per cent. since 1980.

### **Environmental Markets**

In the opinion of the Investment Manager, three primary environmental markets addressed by the Fund are as follows.

#### *Alternative Energy and Energy Efficiency*

Government liberalisation of power markets, particularly to improve value for money, has led to the creation of several new market segments. Power generators concerned about the long-term price and availability of oil and gas, and responding to government targets and incentives are investing in alternative technologies. Following severe power failures in North America and Europe in recent years, demand for uninterruptible power systems and stand alone power systems based on batteries, wind, solar, micro-turbines or fuel cells has risen.

Existing and planned government initiatives have strengthened evolving markets. For example, in the United States federal tax incentives and cash grants (boosted by the American Recovery and Reinvestment Act, or stimulus, of 2009), coupled with state-level renewable energy targets have helped sector growth. In Europe, the Renewables Directive stipulates that 20% of the region’s energy needs is sourced from renewables by 2020. In Asia, the Chinese government has a renewable energy target of 15% by 2020.

The Investment Manager has identified several key technologies and businesses that are benefiting from the changing dynamics in the energy sector including renewable energy, “smart grid” technologies, cleaner vehicles, power electronics, and energy efficient lighting as well as longer term solutions such as fuel cells, superconductors and second generation biofuels.

#### *Water Treatment and Pollution Control*

Although the private sector has run water services in many countries for several decades, the rate of liberalisation has increased significantly in recent years. French, British, German and US water utilities now dominate international bids for the provision of water supply, sewerage and treatment infrastructure, creating opportunities for environmental markets companies. The water market is estimated to be growing at between 5 and 10 per cent. per annum, and these utilities are looking to strengthen their water technology portfolios either through direct purchase or licensing.

In an attempt to cope with water shortages and levels of pollution from industry and agriculture governments continue to introduce water regulations. In Europe, the Water Framework Directive

## **Section I: General**

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(2000) aims to achieve sustainable management of inland and coastal waters by 2015, and in the United States funding for water infrastructure improvements has remained a high priority. Regulations governing industrial and utility infrastructure continue to tighten and operators are obligated to increase their level of investment in new equipment (e.g. leak detection, actuators, gas sensors and emissions monitoring) and improve the economic, environmental and safety performance of their assets.

In addition to the technologies mentioned above, other growth markets identified by the Investment Manager include filtration, desalination, water meters, stormwater management and products and services that enhance water infrastructure. The companies operating in these markets are typically profitable and many of them are achieving high margins.

### *Waste Technologies and Resource Management*

Throughout most developed countries, liberalisation of waste treatment and disposal has encouraged the introduction of competition into waste management. As in the water sector, public sector tenders for private sector waste services are now common, and the bidders, which are typically large companies, generate demand from companies in environmental markets.

Rising volumes of waste and planning restrictions for disposal facilities have increased the pressure in developed countries to find alternative solutions, and governments have used environmental legislation to guide the restructuring of waste markets. The European Union Framework Directive on Waste (2006) aims to increase the re-use and recycling of household waste materials to 50% by 2020. In the UK, the imposition of a landfill tax (driven by a European directive) has encouraged waste producers to reduce volumes and seek alternative solutions such as recycling, composting and waste-to-energy. The hazardous waste market is also changing with new legislation both in the European Union and North America to control the disposal of waste electrical and electronic equipment and end-of-life vehicles; companies with appropriate technologies and/or the required environmental licences and permits are generally able to generate strong returns by servicing these markets.

The Investment Manager has identified many innovative business models in the waste sector including power generation using waste, clinical waste treatment, vehicle recycling and composting, while the Fund's investment universe also includes recycling companies operating in the waste oil, paper/carton-board and metals markets. The environmental consultancy market, which is growing strongly worldwide and has considerable potential for consolidation, is of particular interest.

### **Investment and Borrowing Restrictions**

The Fund is subject to the investment and borrowing restrictions as set out in Appendix I of the Prospectus. It is not the current intention of the Fund to invest in Collective Investment Schemes or Financial Derivative Instruments (for either investment purposes or for the purposes of efficient portfolio management) or that forward foreign exchange contracts will be used for any reason.

In the event that the Fund decides to invest in Financial Derivative Instruments (for either investment purposes or for the purposes of efficient portfolio management), Shareholder approval will first be sought. In addition, as the Fund may hold warrants from time to time as part of its investment in pre-IPO companies, the Investment Manager will employ a risk management process which will enable it to monitor and measure the risks attached to warrants, and details of this process will be provided to the Financial Regulator. The Investment Manager will not utilise derivative positions which have not been included in the risk management process until such time as a revised risk management process has been submitted and approved by the Financial Regulator. The Investment Manager will provide on request to Shareholders supplementary information relating to the risk management methods employed by the Investment Manager including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments of a Fund.

### **Dividend Policy**

The net amount of all realised and unrealised gains (less unrealised and realised losses) arising on the disposal of investments shall not be distributed but shall form part of the assets of the Fund. Owing to the fact that the expenses of the Fund are in the first instance payable out of income, it is not anticipated that the net income of the Fund or any dividends will be significant.

## **Section I: General**

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For the accounting period ending 31 December 2009, if sufficient net income after expenses is available in the Fund, the Directors intend to make a single distribution to Shareholders of substantially the whole of the net income of the Fund (in accordance with the requirements of the Company's UK expected status as a "distributing fund"). In such an event, the Company will go "ex-dividend" on 31 March in the year immediately following the year end in respect of which a dividend is being declared, and the distribution will be paid to Shareholders on the register at the close of business on 31 March of that year, on or before 31 May. For the accounting period ending 31 December 2010 and thereafter, the Directors have no intention of making a distribution.

Unless a Shareholder elects otherwise, any distributions will be applied in the purchase of further Shares (or fractions thereof) as applicable. Shareholders may write to the Administrator to elect to receive distributions in cash. Any such cash payments will be payable to the account specified by Shareholders on the application form.

### **Risk Factors**

**Investors' attention is drawn to the risk factors set out in the Prospectus and to the following additional risk factors.**

- Governmental liberalisation of basic services and increased environmental legislation may not occur at the anticipated rate.
- The costs of technology in environmental markets may not continue to fall or may not maintain price competitiveness.
- The Fund's portfolio will include a number of relatively newly established companies and companies whose future is dependent on widespread adoption of their products and services.
- Many of the Fund's investments will be denominated in currencies other than the currency of the Share class purchased by the investor and, therefore, the Net Asset Value of the Fund may be affected by currency movements.
- The valuations of companies in environmental markets may remain at current levels or may fall.

### **Taxation**

Any change in the Fund's tax status or in taxation legislation could affect the value of the investments held by the Fund and could affect the return to investors. Potential investors and Shareholders should note that the statements on taxation, which are set out herein are based on advice which has been received by the Directors regarding the law and practice in force in the relevant jurisdiction as at the date of this Supplement. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the Fund will endure indefinitely. The attention of potential investors is drawn to the tax risk associated with investing in the Fund. See sections headed 'Taxation – United Kingdom' and 'Taxation- Ireland' in the Prospectus.

### **Subscriptions**

Monies subscribed for each class should be in the denominated currency of the relevant share class. Foreign currency subscribed will be converted to the denominated currency of the relevant share class at the rate (whether official or otherwise) which the Administrator deems appropriate in the circumstances. Such applications will not be processed until cleared funds are confirmed by the Administrator on the Business Day following receipt of the cleared funds. Any delay will be at the expense of the relevant Shareholder.

Shares will be available for subscription at the Net Asset Value on each Subscription Date. Applicants must subscribe the relevant Minimum Subscription (in the case of an applicant's first subscription into the Fund) or in the case of a Shareholder applying for further Shares, the Minimum Subsequent Subscription as set out herein.

## **Section I: General**

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The completed application form together with cleared funds (notwithstanding relevant currency deadlines) must be received by the Administrator no later than 5.00pm (Dublin time) on the Business Day preceding the relevant Subscription Date. The application form should be sent to the Administrator by post, delivery or fax (with the original to follow soon after). Currency deadline timings, which may vary from time to time, are set out in the application form.

With the prior agreement of, and subject to the discretion of the Manager, subscription monies may be received, on the fifth Business Day immediately following the relevant Subscription Date. The Manager shall only issue shares in the Company upon receipt of the cleared funds from the applicant(s).

Application forms not received by 5.00pm (Dublin time) on the Business Day preceding the relevant Subscription Date or incorrectly completed application forms shall, subject to the discretion of the Directors, be held over and applied on the next following Subscription Date or until such time as a properly completed application form is received by the Administrator on the date on which it is processed.

### **Redemptions**

Shares will be redeemable at the option of the Shareholder on each Redemption Date except in the circumstances described herein and in the Prospectus. Following the relevant Closing Date, Shares may be redeemed at the Net Asset Value on each Redemption Date. Requests for redemption may be made by post, delivery or fax (with the original to follow as soon as is possible) to the Administrator on a completed redemption request (which is available on request from the Administrator or the UK Facilities Agent) so as to be received by no later than 5.00pm (Dublin time) on the Business Day immediately preceding the relevant Redemption Date on which the Shares are to be redeemed. Shares will be redeemed at the Net Asset Value as calculated on the relevant Redemption Date.

Redemption request forms not received by this time shall be held over and applied on the next following Redemption Date. A request for a partial redemption of Shares will be refused, or the holding may be redeemed in its entirety, if, as a result of such partial redemption, the aggregate Net Asset Value of the Shares maintained by the Shareholder would be less than the Minimum Holding specified in the relevant section herein.

Settlement for redemptions will normally be made by telegraphic transfer or other form of bank transfer to the bank account of the Shareholder specified in the application form (at the Shareholder's risk) three Business Days from receipt by the Administrator of the correct repurchase documentation and in any event within ten days of the Redemption Date on which the redemption request has been processed. No payments to third parties will be effected.

Redemption proceeds will not be remitted until the Administrator has received the original of the redemption request form. In addition, if an original redemption request form including payment details has not been received prior to the date on which the redemption proceeds are to be paid, payment will be delayed. Redemption proceeds will not be paid where an original application form has not been previously received from the investor. No redemption payment may be made from that holding until the original application form has been received from the Shareholder and all documentation required by the Administrator including any documents in connection with anti-money laundering procedures have been received.

As set out in the Prospectus, the Directors also reserve the right to the compulsory redemption of all Shares held by Shareholder if the aggregate Net Asset Value of the Shares held by the Shareholder is less than the Minimum Holding specified herein. Prior to any compulsory redemption of Shares, the Administrator will notify the Shareholders in writing and allow such Shareholder thirty days to purchase additional Shares to meet this minimum requirement.

### **Establishment Expenses**

The fees and expenses incurred in connection with the establishment of the Fund, the costs incurred in connection with obtaining a listing for the Shares of the Fund on the Irish Stock Exchange, the preparation and publication of the Prospectus and all legal costs and out-of-pocket expenses related

## **Section I: General**

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thereto did not exceed €20,000. Such expenses were amortised on a straight-line basis in the accounts of the Company over the first 60 months of the Fund's operations. While this is not in accordance with applicable accounting standards generally accepted in Ireland and the United Kingdom, 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.

The expenses incurred in connection with the establishment of the Company are as set out in the section headed Fees and Expenses in the Prospectus. As the Fund is the initial fund established by the Company, all of these fees and expenses are initially being borne by the Fund. Any Funds of the Company which may be established at a later date may, at the absolute discretion of the Directors, be allocated such portion of the formation expenses of the Company as the Directors consider to be fair in the circumstances.

### **Administration Fee**

The Administrator will be entitled to an annual fee payable by the Fund of an amount not exceeding 0.04% of the Net Asset Value of the Fund (plus VAT, if any). The Administrator is entitled to receive a minimum annual fee of €38,000. Such fees will be accrued daily and are payable monthly in arrears. The Administrator will also be entitled to the payment of fees for acting as Registrar and Transfer Agent and transaction charges (which are charged at normal commercial rates), which are based on transactions undertaken by the Fund, the number of subscriptions, redemptions, exchanges and transfer of Shares processed by the Administrator and time spent on company shareholder servicing duties and to the reimbursement of operating expenses. The Administrator shall also be entitled to be repaid for all its out-of-pocket expenses incurred on behalf of the Fund, which shall include reasonable legal fees (agreed by the Investment Manager), courier fees, telecommunications and expenses.

### **Custodian Fee**

The Custodian shall be entitled to receive an annual custodian fee payable by the Fund of an amount not exceeding 0.25% of the Net Asset Value of the Fund. This amount includes sub-custodian fees. Such fee shall be subject to an annual minimum fee of €5,000 (plus VAT, if any) for the Fund as a whole. In addition to the annual custodian fee, the Custodian shall be entitled to the payment of certain charges (at normal commercial rates) based on transactions undertaken by the Fund. Such fees shall accrue daily and be payable monthly in arrears. The Custodian has confirmed to the Fund that the custody and handling charges of the sub-custodians will not exceed normal commercial rates. The Custodian shall also be entitled to be reimbursed for reasonable out-of-pocket expenses properly incurred by it including telephone and fax charges, stamp duties and registration fees.

Further charges and expenses of the Fund are set out in the "Fees and Expenses" section of the Prospectus on page 16. The charges and expenses apply to the Fund, save as set out herein.

### **Miscellaneous**

As at the date hereof:

- (i) none of the Directors, their spouses or any connected person has any interest in the share capital of the Company or any options in respect of such capital;
- (ii) none of the Directors or any connected person has any interest, beneficial or non-beneficial, in the share capital of the Company or any options in respect of such capital; and
- (iii) the Fund does not have any loan capital (including term loans) outstanding or created but unissued, or any outstanding mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptance (other than normal trade bills) or acceptance credits, obligations under finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

## **Section II: Sterling ‘A’ Shares**

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### **Definitions**

The following definitions apply throughout this section of the Supplement unless the context requires otherwise:

<b>“Minimum Holding”</b>	means, in relation to the Sterling ‘A’ Shares, a minimum holding of £50,000 or such lesser amount as may be agreed by the Directors;
<b>“Minimum Subscription”</b>	means, in relation to the Sterling ‘A’ Shares, a minimum subscription of £500,000 or such lesser amount as may be agreed by the Directors; and
<b>“Minimum Subsequent Subscription”</b>	means, in relation to Sterling ‘A’ Shares, the Minimum Subsequent Subscription of £50,000 or such lesser amount as may be agreed by the Directors.

### **Offer**

Shares may be subscribed for in the manner set out in Section I herein. Investors, in the case of an initial subscription into the Fund, must subscribe for at least the Minimum Subscription amount and existing Shareholders will be required to subscribe for at least the Minimum Subsequent Subscription amount.

The Directors may, in their absolute discretion, charge a subscription fee, payable to the Investment Manager, of up to one per cent. of the gross cash amount subscribed. Where the amount subscribed for Sterling ‘A’ Shares is not equivalent to an exact number of Sterling ‘A’ Shares, fractions of Sterling ‘A’ Shares may be issued rounded to the third decimal place.

Except in the event of unusual trading activity (i.e. in the case of continuous net subscriptions or net redemptions), it is not the intention of the Directors to levy a charge on subscriptions or redemptions to cover charges, duties and other costs involved in buying or selling investments in the underlying investments of the Fund.

The Sterling ‘A’ Shares were admitted to the Official List of the Irish Stock Exchange on 9 December 2004. The Sterling ‘A’ Shares will not be listed on any other stock exchange. The Directors do not expect that an active secondary market will develop in the Sterling ‘A’ Shares.

### **Investment Management Fee**

Under the provisions of the Investment Management Agreement, the Fund will pay the Investment Manager a fee of one per cent. per annum of the Net Asset Value of the Sterling ‘A’ Shares as of the relevant Valuation Date. The investment management fee will accrue daily and will be payable monthly in arrears (and pro rata for lesser periods). The Company will pay all out-of-pocket expenses incurred by the Investment Manager (including VAT thereon). Such out-of-pocket expenses may include transaction charges provided that they are charged at normal commercial rates and incurred by the Investment Manager in the performance of its duties under the Investment Management Agreement.

### **Section III: Euro ‘A’ Shares**

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#### **Definitions**

The following definitions apply throughout this section of the Supplement unless the context requires otherwise:

<b>“Minimum Holding”</b>	means, in relation to the Euro ‘A’ Shares, a minimum holding of the Euro equivalent of £50,000 or such lesser amount as may be agreed by the Directors;
<b>“Minimum Subscription”</b>	means, in relation to the Euro ‘A’ Shares, a minimum subscription of the Euro equivalent of £500,000 or such lesser amount as may be agreed by the Directors; and
<b>“Minimum Subsequent Subscription”</b>	means, in relation to the Euro ‘A’ Shares, the Minimum Subsequent Subscription of the Euro equivalent of £50,000 or such lesser amount as may be agreed by the Directors.

#### **Offer**

Shares may be subscribed for in the manner set out in Section I herein. Investors, in the case of an initial subscription into the Fund, must subscribe for at least the Minimum Subscription amount and existing Shareholders will be required to subscribe for at least the Minimum Subsequent Subscription amount.

The Directors may, in their absolute discretion, charge a subscription fee, payable to the Investment Manager, of up to one per cent. of the gross cash amount subscribed. Where the amount subscribed for Euro ‘A’ Shares is not equivalent to an exact number of Euro ‘A’ Shares, fractions of Euro ‘A’ Shares may be issued rounded to the third decimal place.

Except in the event of unusual trading activity (i.e. in the case of continuous net subscriptions or net redemptions), it is not the intention of the Directors to levy a charge on subscriptions or redemptions to cover charges, duties and other costs involved in buying or selling investments in the underlying investments of the Fund.

The Euro ‘A’ Shares were admitted to the Official List of the Irish Stock Exchange on 16 December 2004. The Euro ‘A’ Shares will not be listed on any other stock exchange. The Directors do not expect that an active secondary market will develop in the Euro ‘A’ Shares.

#### **Investment Management Fee**

Under the provisions of the Investment Management Agreement, the Fund will pay the Investment Manager a fee of one per cent. per annum of the Net Asset Value of the Euro ‘A’ Shares as of the relevant Valuation Date. The investment management fee will accrue daily and will be payable monthly in arrears (and pro rata for lesser periods). The Company will pay all out-of-pocket expenses incurred by the Investment Manager (including VAT thereon). Such out-of-pocket expenses may include transaction charges provided that they are charged at normal commercial rates and incurred by the Investment Manager in the performance of its duties under the Investment Management Agreement.

## **Section IV: US Dollar ‘A’ Shares**

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### **Definitions**

The following definitions apply throughout this section of the Supplement unless the context requires otherwise:

<b>“Minimum Holding”</b>	means, in relation to the US Dollar ‘A’ Shares, a minimum holding of the US Dollar equivalent of £50,000 or such lesser amount as may be agreed by the Directors;
<b>“Minimum Subscription”</b>	means, in relation to the US Dollar ‘A’ Shares, a minimum subscription of the US Dollar equivalent of £500,000 or such lesser amount as may be agreed by the Directors; and
<b>“Minimum Subsequent Subscription”</b>	means, in relation to the US Dollar ‘A’ Shares, the Minimum Subsequent Subscription of the US Dollar equivalent of £50,000 or such lesser amount as may be agreed by the Directors.

### **Offer**

Shares may be subscribed for in the manner set out in Section I herein. Investors, in the case of an initial subscription into the Fund, must subscribe for at least the Minimum Subscription amount and existing Shareholders will be required to subscribe for at least the Minimum Subsequent Subscription amount.

The Directors may, in their absolute discretion, charge a subscription fee, payable to the Investment Manager, of up to one per cent. of the gross cash amount subscribed. Where the amount subscribed for US Dollar ‘A’ Shares is not equivalent to an exact number of US Dollar ‘A’ Shares, fractions of US Dollar ‘A’ Shares may be issued rounded to the third decimal place.

Except in the event of unusual trading activity (i.e. in the case of continuous net subscriptions or net redemptions), it is not the intention of the Directors to levy a charge on subscriptions or redemptions to cover charges, duties and other costs involved in buying or selling investments in the underlying investments of the Fund.

The US Dollar ‘A’ Shares were admitted to the Official List of the Irish Stock Exchange on 7 January 2005. The US Dollar ‘A’ Shares will not be listed on any other stock exchange. The Directors do not expect that an active secondary market will develop in the US Dollar ‘A’ Shares.

### **Investment Management Fee**

Under the provisions of the Investment Management Agreement, the Fund will pay the Investment Manager a fee of one per cent. per annum of the Net Asset Value of the US Dollar ‘A’ Shares as of the relevant Valuation Date. The investment management fee will accrue daily and will be payable monthly in arrears (and pro rata for lesser periods). The Company will pay all out-of-pocket expenses incurred by the Investment Manager (including VAT thereon). Such out-of-pocket expenses may include transaction charges provided that they are charged at normal commercial rates and incurred by the Investment Manager in the performance of its duties under the Investment Management Agreement.

## **Section V: Sterling ‘B’ Shares**

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### **Definitions**

The following definitions apply throughout this section of the Supplement unless the context requires otherwise:

<b>“Minimum Holding”</b>	means, in relation to the Sterling ‘B’ Shares, a minimum holding of £1,000 or such lesser amount as may be agreed by the Directors;
<b>“Minimum Subscription”</b>	means, in relation to the Sterling ‘B’ Shares, a minimum subscription of £1,000 or such lesser amount as may be agreed by the Directors; and
<b>“Minimum Subsequent Subscription”</b>	means, in relation to Sterling ‘B’ Shares, the Minimum Subsequent Subscription of £1,000 or such lesser amount as may be agreed by the Directors.

### **Offer**

Investors, in the case of an initial subscription into the Fund, must subscribe for at least the Minimum Subscription amount and existing Shareholders will be required to subscribe for at least the Minimum Subsequent Subscription amount.

The Directors may, in their absolute discretion, charge a subscription fee, payable to the Investment Manager, of up to five per cent. of the gross cash amount subscribed. Where the amount subscribed for Sterling ‘B’ Shares is not equivalent to an exact number of Sterling ‘B’ Shares, fractions of Sterling ‘B’ Shares may be issued rounded to the third decimal place.

Except in the event of unusual trading activity (i.e. in the case of continuous net subscriptions or net redemptions), it is not the intention of the Directors to levy a charge on subscriptions or redemptions to cover charges, duties and other costs involved in buying or selling investments in the underlying investments of the Fund.

The Sterling ‘B’ Shares were admitted to the Official List of the Irish Stock Exchange on 9 December 2004. The Sterling ‘B’ Shares will not be listed on any other stock exchange. The Directors do not expect that an active secondary market will develop in the Sterling ‘B’ Shares.

### **Investment Management Fee**

Under the provisions of the Investment Management Agreement, the Fund will pay the Investment Manager a fee of 1.5 per cent. per annum of the Net Asset Value of the Sterling ‘B’ Shares as of the relevant Valuation Date. The investment management fee will accrue daily and will be payable monthly in arrears (and pro rata for lesser periods). The Company will pay all out-of-pocket expenses incurred by the Investment Manager (including VAT thereon). Such out-of-pocket expenses may include transaction charges provided that they are charged at normal commercial rates and incurred by the Investment Manager in the performance of its duties under the Investment Management Agreement.

## Section VI: Euro ‘B’ Shares

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### Definitions

The following definitions apply throughout this section of the Supplement unless the context requires otherwise:

<b>“Minimum Holding”</b>	means, in relation to the Euro ‘B’ Shares, a minimum holding of the Euro equivalent of £1,000 or such lesser amount as may be agreed by the Directors;
<b>“Minimum Subscription”</b>	means, in relation to the Euro ‘B’ Shares, a minimum subscription of the Euro equivalent of £1,000 or such lesser amount as may be agreed by the Directors; and
<b>“Minimum Subsequent Subscription”</b>	means, in relation to the Euro ‘B’ Shares, the Minimum Subsequent Subscription of the Euro equivalent of £1,000 or such lesser amount as may be agreed by the Directors.

### Offer

Shares may be subscribed for in the manner set out in Section I herein. Investors, in the case of an initial subscription into the Fund, must subscribe for at least the Minimum Subscription amount and existing Shareholders will be required to subscribe for at least the Minimum Subsequent Subscription amount.

The Directors may, in their absolute discretion, charge a subscription fee, payable to the Investment Manager, of up to five per cent. of the gross cash amount subscribed. Where the amount subscribed for Euro ‘B’ Shares is not equivalent to an exact number of Euro ‘B’ Shares, fractions of Euro ‘B’ Shares may be issued rounded to the third decimal place.

Except in the event of unusual trading activity (i.e. in the case of continuous net subscriptions or net redemptions), it is not the intention of the Directors to levy a charge on subscriptions or redemptions to cover charges, duties and other costs involved in buying or selling investments in the underlying investments of the Fund.

The Euro ‘B’ Shares were admitted to the Official List of the Irish Stock Exchange on 7 December 2005. The Euro ‘B’ Shares will not be listed on any other stock exchange. The Directors do not expect that an active secondary market will develop in the Euro ‘B’ Shares.

### Investment Management Fee

Under the provisions of the Investment Management Agreement, the Fund will pay the Investment Manager a fee of 1.5 per cent. per annum of the Net Asset Value of the Euro ‘B’ Shares as of the relevant Valuation Date. The investment management fee will accrue daily and will be payable monthly in arrears (and pro rata for lesser periods). The Company will pay all out-of-pocket expenses incurred by the Investment Manager (including VAT thereon). Such out-of-pocket expenses may include transaction charges provided that they are charged at normal commercial rates and incurred by the Investment Manager in the performance of its duties under the Investment Management Agreement.

## **Section VII: US Dollar ‘B’ Shares**

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### **Definitions**

The following definitions apply throughout this section of the Supplement unless the context requires otherwise:

<b>“Minimum Holding”</b>	means, in relation to the US Dollar ‘B’ Shares, a minimum holding of the US Dollar equivalent of £1,000 or such lesser amount as may be agreed by the Directors;
<b>“Minimum Subscription”</b>	means, in relation to the US Dollar ‘B’ Shares, a minimum subscription of the US Dollar equivalent of £1,000 or such lesser amount as may be agreed by the Directors; and
<b>“Minimum Subsequent Subscription”</b>	means, in relation to the US Dollar ‘B’ Shares, the Minimum Subsequent Subscription of the US Dollar equivalent of £1,000 or such lesser amount as may be agreed by the Directors.

### **Offer**

Shares may be subscribed for in the manner set out in Section 1 herein. Investors, in the case of an initial subscription into the Fund, must subscribe for at least the Minimum Subscription amount and existing Shareholders will be required to subscribe for at least the Minimum Subsequent Subscription amount.

The Directors may, in their absolute discretion, charge a subscription fee, payable to the Investment Manager, of up to five per cent. of the gross cash amount subscribed. Where the amount subscribed for US Dollar ‘B’ Shares is not equivalent to an exact number of US Dollar ‘B’ Shares, fractions of US Dollar ‘B’ Shares may be issued rounded to the third decimal place.

Except in the event of unusual trading activity (i.e. in the case of continuous net subscriptions or net redemptions), it is not the intention of the Directors to levy a charge on subscriptions or redemptions to cover charges, duties and other costs involved in buying or selling investments in the underlying investments of the Fund.

The US Dollar ‘B’ Shares were admitted to the Official List of the Irish Stock Exchange on 30 November 2005. The US Dollar ‘B’ Shares will not be listed on any other stock exchange. The Directors do not expect that an active secondary market will develop in the US Dollar ‘B’ Shares.

### **Investment Management Fee**

Under the provisions of the Investment Management Agreement, the Fund will pay the Investment Manager a fee of 1.5 per cent. per annum of the Net Asset Value of the US Dollar ‘B’ Shares as of the relevant Valuation Date. The investment management fee will accrue daily and will be payable monthly in arrears (and pro rata for lesser periods). The Company will pay all out-of-pocket expenses incurred by the Investment Manager (including VAT thereon). Such out-of-pocket expenses may include transaction charges provided that they are charged at normal commercial rates and incurred by the Investment Manager in the performance of its duties under the Investment Management Agreement.