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

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

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**ISEQ<sup>®</sup> EXCHANGE TRADED FUND PUBLIC LIMITED COMPANY**

*(An umbrella investment company with variable capital  
incorporated with limited liability in Ireland  
under registration number 397372)*

**PROSPECTUS**

**MANAGER**

**NCB INVESTMENT SERVICES LIMITED**

**PROMOTER**

**NCB STOCKBROKERS LIMITED**

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ISEQ<sup>®</sup> is a registered trademark of the Irish Stock Exchange.

The date of this Prospectus is 5 May 2011.

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## ISEQ<sup>®</sup> EXCHANGE TRADED FUND PUBLIC LIMITED COMPANY

### IMPORTANT INFORMATION

This Prospectus comprises information relating to ISEQ<sup>®</sup> Exchange Traded Fund public limited company (the "Company"), an open-ended investment company with variable capital organised under the laws of Ireland. It qualifies and is authorised in Ireland by the Central Bank of Ireland (the "Central Bank") as a UCITS for the purposes of the Regulations. The Company is structured as an umbrella fund in that the share capital of the Company may be divided into different classes of shares ("Shares") with one or more classes representing a separate fund ("Fund") of the Company. The creation of any Fund will require the prior approval of the Central Bank. The creation of a new class of Shares will require advance notification to the Central Bank.

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

Applications for Shares will only be considered on the basis of this Prospectus (and any relevant Supplement (see "Definitions")) and the latest published audited annual report and accounts and, if published after such report (or if the first such report has not been issued), a copy of the latest unaudited semi-annual report. These reports will form part of this Prospectus.

In relation to each class of Shares, issued or to be issued from the date of this Prospectus, an application may be made to the Irish Stock Exchange for those Shares to be admitted to listing on the Official List and trading on the Main Market of the Irish Stock Exchange. This document, together with any relevant Supplement, shall constitute Listing Particulars for the purpose of any application for listing for any such class of Shares in respect of which that Supplement is issued. Neither the admission of the relevant class of Shares to listing on the Official List and trading on the Main Market nor the approval of this Prospectus and the relevant Supplement pursuant to the listing requirements of the Irish Stock Exchange shall constitute a warranty or representation by the Irish Stock Exchange as to the competence of the service providers to or any party connected with the Company, the adequacy of information contained in this Prospectus or in the relevant Supplement or the suitability of the Company for investment purposes.

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

A separate Supplement relating to Shares comprising any Fund of the Company (or any new class thereof) will be issued at the time of the establishment of that Fund class, which Supplement may be updated from time to time. Each Supplement shall form part of and should be read in the context of and together with this Prospectus.

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

Each class of Shares will be listed on the Irish Stock Exchange and may be listed on one or more other stock exchanges. **It is anticipated that an active secondary market will develop in the Shares of the Company as a result of such listings. It is envisaged that Shares will be bought and sold by investors in the secondary market like the ordinary shares of a listed company (see Section headed "Dealing in Shares in the Secondary Markets").**

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

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

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

This Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Potential investors should inform themselves as to:

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

The Shares have not been, and will not be, registered under the 1933 Act (see "Definitions") or the securities laws of any of the states of the United States and the Shares may not be offered or sold directly or indirectly in the United States or to or for the account or benefit of any US Person (see "Definitions"), except pursuant to an exemption from, or in a transaction not subject to the regulatory requirements of, the 1933 Act and any applicable state securities laws. Any re-offer or resale of any of the Shares in the United States or to US Persons may constitute a violation of US law.

Shares may not, except pursuant to a relevant exemption, be acquired or owned by, or acquired with the assets of an ERISA Plan (see "Definitions").

Additionally, Shares may not, except pursuant to an exemption from, or in a transaction not subject to the regulatory requirements of, the 1940 Act (see "Definitions") or CEA (see "Definitions") as the case may be, be acquired by a person who is deemed to be a US Person under the 1940 Act and regulations thereunder or a person who is deemed to be a US Person under the CEA and regulations thereunder.

The Shares have not been, nor will they be, qualified for distribution to the public in Canada as no prospectus for the Company has been filed with any securities commission or regulatory authority in Canada or any province or territory thereof. This document is not, and under no circumstances is to be construed, as an advertisement or any other step in the furtherance of a public offering of Shares in Canada. No Canadian Resident (see "Definitions") may purchase or accept a transfer of Shares unless he or she is eligible to do so under applicable Canadian or provincial laws.

In order to ensure compliance with the restrictions referred to above, the Company is, accordingly, not open for investment by any US Persons (including those deemed to be US Persons under the 1940 Act and/or the CEA and regulations thereunder), or ERISA Plans (see "Definitions") except in exceptional circumstances and then only with the prior consent of the Directors. A prospective investor may be required at the time of acquiring Shares to represent that such investor is a Qualified Holder (see "Definitions") and, in particular, is not a US Person or acquiring Shares for or on behalf of a US Person or with the assets of an ERISA Plan. The granting of prior consent by the Directors to

an investment does not confer on the investor a right to acquire Shares in respect of any future or subsequent application.

Shareholders are required to notify the Registrar and Transfer Agent, Computershare Investor Services (Ireland) Limited, immediately in the event that they cease to be a Qualified Holder.

Where the Company becomes aware that any Shares are directly or beneficially owned by any person in breach of the above restrictions, it may redeem the Shares so held compulsorily and each such person who is not a Qualified Holder may be liable for any costs incurred as a result of any such redemption.

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

**Investors should be aware that the price of Shares may fall as well as rise. A redemption fee of 3% of the Net Asset Value per Share may be charged on any Cash Redemptions (as defined herein). The difference at any one time between the subscription and redemption price of Shares means that the investment should be viewed as medium to long term.**

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

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**PART I**  
**DEFINITIONS**

*"Account Opening Form"*, such account opening form as the Directors may prescribe for the purposes of opening an account in relation to the Company and/or relevant Fund(s).

*"Acts"*, the Companies Acts, 1963 to 2009 (of Ireland), as may be amended.

*"Administrator"*, State Street Fund Services (Ireland) Limited, and/or such other person as may be appointed, with the prior approval of the Central Bank, to provide administration services to the Funds, or any of them.

*"Articles"*, the Articles of Association of the Company, as amended from time to time.

*"Authorised Participant"*, such entity and/or Designated Market Maker authorised by the Manager to subscribe for or redeem Shares in a Fund on an in-kind or in specie basis.

*"Business Day"*, in relation to a Fund, such day or days as the Directors may from time to time determine.

*"Canadian Resident"*, a person resident in Canada for the purposes of Canadian income tax legislation.

*"CEA"*, the Commodity Exchange Act (of the United States), as amended.

*"Company"*, ISEQ<sup>®</sup> Exchange Traded Fund public limited company.

*"Custodian"*, State Street Custodial Services (Ireland) Limited or such other person as may be appointed, with the prior approval of the Central Bank, to act as custodian to the Company.

*"Dealing Day"*, such Business Day as the Directors may from time to time determine (with the approval of the Custodian) for dealings in a Fund, provided always that there shall be at least two Dealing Days in each calendar month.

*"Dealing Form"*, such dealing form as the Directors may prescribe for the purposes of dealing in Shares of the Company and/or relevant Fund.

*"Dematerialised Form"*, in relation to Shares, means Shares, title to which is recorded as being in uncertificated form and which may be transferred by means of a computer based settlement system in accordance with the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996 (of Ireland).

*"Designated Market Maker"*, such entity or person authorised by the Irish Stock Exchange to act as market maker.

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

*"Directive"*, Council Directive of 20 December 1985 (85/611/EEC) on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities as amended by Council Directive of 22 March 1988 (88/220/EEC), Directive No. 95/26/EC of the Council and of the European Parliament of 29 June 1995 and Directive No. 2001/108/EC of the Council and of the European Parliament of 21 January 2002, Directive No. 2001/107/EC of the Council and of the European Parliament of 21 January 2002 and Commission Directive 2007/16/EC as applicable and any amendment thereto.

*"Duties and Charges"*, in relation to any Fund, all stamp, transfer and other duties and taxes, governmental charges, brokerage, bank charges, interest, custodian or sub-custodian charges (relating to sales and purchases), transfer fees, registration fees and other duties, costs and charges whether in connection with the original acquisition, increase or decrease of the assets of the relevant

Fund or the creation, issue, sale, conversion or redemption of Shares or the sale or purchase of Investments but shall not include any commission payable to agents on sales and purchases of Shares or any commission, taxes, charges or costs which may have been taken into account in ascertaining the Net Asset Value of Shares in the relevant Fund.

*"ERISA Plan"*, (i) any retirement plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (ERISA); or, (ii) any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue code of 1986, as amended.

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

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

*"Independent Auditors"*, PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, Dublin or such other person or entity as may be appointed to provide audit and related services to the Company.

*"Index"*, in relation to a Fund, the index which the Fund will track.

*"Index Provider"*, in relation to the Company and/or relevant Fund(s), the Irish Stock Exchange and/or such other entity or person acting as an index provider to a Fund or the Company.

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

*"Investment Manager"*, State Street Global Advisors Ireland Limited and/or such other person as may be appointed, with the prior approval of the Central Bank, to provide investment management services to the Funds, or to any of them.

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

*"Manager"*, NCB Investment Services Limited, a limited liability company incorporated in Ireland.

*"Member State"*, a member state of the European Union ("EU"); the member states at the date of this Prospectus being Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

*"Net Asset Value"*, the Net Asset Value of a Fund determined in accordance with the Articles.

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

*"Promoter"*, NCB Stockbrokers Limited, a limited liability company incorporated in Ireland.

*"Prospectus"*, the prospectus for the Company issued in accordance with the requirements of the Central Bank and where the context so requires, any Supplement of the Company.

*"Qualified Holder"*, any person, corporation or entity other than (i) a US Person (including those deemed to be US Persons under the 1940 Act and CEA); (ii) an ERISA Plan; (iii) any other person, corporation or entity which cannot acquire or hold Shares without violating laws or regulations whether applicable to it or the Company or otherwise or whose holding might result (either individually or in conjunction with other Shareholders in the same circumstances) in the Company incurring any liability to taxation or suffering pecuniary disadvantages which the Company might not otherwise incur or suffer or the Company being required to register or register any class of its securities under the

laws of any jurisdiction (including, without limitation, the 1933 Act, the 1940 Act or the CEA); or (iv) a custodian, nominee, or trustee for any person, corporation or entity described in (i) to (iii) above.

*"Registrar and Transfer Agent"*, Computershare Investor Services (Ireland) Limited and or such other person as may be appointed, with the prior approval of the Central Bank, to provide administration services to the Funds, or any of them.

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

*"Regulations"*, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (S.I. No. 211 of 2003), as amended by the European Communities (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations, 2003 (S.I. No. 212 of 2003), as amended by the European Communities (Undertakings for Collective Investment in Transferable Securities) (Amendment No.2) Regulations, 2003 (S.I. No. 497 of 2003) as amended by European Communities (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2007 (S.I. No. 832 of 2007), as same may be amended.

*"Share"*, a share of no par value in the Company designated as a participating share.

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

*"Subscriber Shares"*, shares of €1 each in the capital of the Company designated as "Subscriber Shares" in the Articles and subscribed by or on behalf of the Manager for the purposes of incorporating the Company.

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

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

*"UCITS"*, an Undertaking for Collective Investment in Transferable Securities established pursuant to the Directive.

*"UCITS Notices"*, the notices issued by the Central Bank pursuant to the Regulations.

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

*"US Person"*, a national or resident of the United States (including any corporation, partnership or other entity created or organised in, or under the laws of the United States or any political subdivision thereof), or any estate or trust, other than an estate or trust the income of which derives from sources outside the United States (which is not effectively connected with the conduct of a trade or business within the United States) is not included in gross income for the purpose of computing United States federal income tax, provided, however, that the term "US Person" shall not include a branch or agency engaged in the banking or insurance business other than solely for the purpose of investing in securities under the 1933 Act.

*"Valuation Point"*, such time and day as the Directors may from time to time determine (with the consent of the Administrator) in relation to the valuation of the assets and liabilities of a Fund.

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

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

## DIRECTORY

### Directors

The Directors of the Company, whose business address is at the registered office of the Company are as follows:  
Graham O'Brien  
Maurice O'Connell  
Donald C. Roth  
Conor O'Kelly

### Registered Office

78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### Secretary

James Sheeran  
NCB Investment Services Limited  
3 George's Dock  
IFSC  
Dublin 1  
Ireland

### Manager

NCB Investment Services Limited  
3 George's Dock  
IFSC  
Dublin 1  
Ireland

### Investment Manager

State Street Global Advisors Ireland Limited  
40 Mespil Road  
Dublin 4  
Ireland

### Promoter

NCB Stockbrokers Limited  
3 George's Dock  
IFSC  
Dublin 1  
Ireland

### Administrator

State Street Fund Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### Custodian

State Street Custodial Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### Legal Advisers to the Company as to Irish law:

William Fry  
Fitzwilton House  
Wilton Place  
Dublin 2  
Ireland

### Registrar and Transfer Agent

Computershare Investor Services (Ireland) Limited  
Heron House  
Corrig Road  
Sandyford Industrial Estate  
Dublin 18  
Ireland

### Independent Auditors and Reporting Accountant

PricewaterhouseCoopers  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

# ISEQ<sup>®</sup> EXCHANGE TRADED FUND PUBLIC LIMITED COMPANY

## Introduction

This Prospectus comprises information relating to ISEQ<sup>®</sup> Exchange Traded Fund public limited company (the "Company"), an open-ended investment company with variable capital organised under the laws of Ireland. It qualifies and is authorised in Ireland by the Central Bank of Ireland (the "Central Bank") as a UCITS for the purposes of the Regulations.

The Company is structured as an umbrella fund in that different Funds thereof may be established with the prior approval of the Central Bank. In addition, each Fund may have more than one Share class allocated to it. The Shares of each class allocated to a Fund will rank pari passu with each other in all respects except as to all or any of the following:

- (a) currency of denomination of the class;
- (b) dividend policy;
- (c) the level of fees and expenses to be charged; and
- (d) the minimum subscription and minimum redemption applicable.

The assets of each Fund will be separate from one another and will be invested in accordance with the investment objectives and policies applicable to each such Fund. The Company currently has one Fund, namely the ISEQ 20<sup>®</sup> ETF.

The base currency of each Fund will be determined by the Directors.

The Shares of any class of a Fund may normally only be subscribed for or redeemed in large multiples. For example, in the case of ISEQ 20<sup>®</sup> ETF, Shares may only normally be subscribed for or redeemed in minimum amounts of 100,000 Shares or multiples thereof. The minimum amount to be subscribed for or redeemed will be disapplied in exceptional circumstances as set out under the headings "Cash Subscriptions" and "Cash Redemptions".

No Fund will trade unless its Shares are listed on the Irish Stock Exchange. Once listed, the Shares of each class will be freely transferable in any amount in accordance with the criteria and procedures set out under the heading "Transfer of Shares" below.

## Investment Objectives and Policies

### General

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

The investment strategy of the Company is to invest primarily in securities listed on Regulated Markets as set out in Part II.

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

The investment objectives and policies for any Fund will, in the absence of unforeseen circumstances, be adhered to for at least three years following the date of admission of the initial class of Shares in a Fund to listing on the Official List and trading on the Main Market of the Irish Stock Exchange and any change during this period will be subject to the prior approval in writing of a majority of the Shareholders of the relevant Fund, or, if a general meeting of the Shareholders of such Fund is convened, by a majority of the votes cast at such meeting.

Any alteration to the investment objectives or a material change to the investment policies of any Fund at any time will be subject to the prior approval by way of a majority of the votes cast at a general meeting of the Shareholders of such Fund. In the case of a Fund which deals on a daily basis, Shareholders will be given two weeks prior written notice of the implementation of any alteration in the investment objectives or policies of a Fund to enable them to redeem their Shares prior to the implementation of such alteration. In the case of a Fund which deals on a less frequent basis, at least two Dealing Days notice will be provided.

The Investment Manager may appoint sub-investment managers to a fund of the Company in accordance with the requirements of the Central Bank. Details of any such sub investment managers will be available upon request and will be disclosed in the Company's annual/half-yearly financial statements.

#### **Investment in Financial Derivative Instruments - Efficient Portfolio Management/Direct Investment**

The Company may, on behalf of each Fund and subject to the conditions and within the limits laid down by the Central Bank, employ techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange risk or for direct investment purposes, where applicable. Such techniques and instruments are set out in Part III and may include engaging in stock lending and repurchase and reverse repurchase agreements and investing in financial derivative instruments. Where a Fund invests in financial derivative instruments for the purposes of efficient portfolio management or for direct investment purposes, full details will be disclosed in the relevant Supplement.

#### **Investment and Borrowing Restrictions**

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

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

#### **Dividend Policy**

The Directors are empowered to declare and pay dividends on any class of Shares in the Company.

Dividends, if declared, will only be paid out of a Fund's investment income return (i.e. income from dividends, interest or otherwise) or where a Fund's fees and expenses are charged to income, out of the Fund's net investment income and/or realised and unrealised profits on the disposal/revaluation of investments and other assets less realised and unrealised losses of the relevant Fund.

The timing of a dividend payment in respect of any Fund will be set out in the relevant Supplement. Any dividend paid on a Share that is not being claimed will not earn interest and, if not claimed within six years of its declaration, shall be forfeited and shall be escheated for the benefit of the relevant Fund.

#### **RISK FACTORS**

Potential investors should consider the following risk factors before investing in the Company. Additional risk factors for any Fund will be set out in the relevant Supplement.

#### **Risk Warnings**

- (a) A prospective investor should be aware that Investments are subject to normal market fluctuations and other risks inherent in investing in securities. There is no assurance that any

appreciation in the value of Investments will occur or that the investment objectives of any Fund will actually be achieved. The value of Investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in a Fund.

- (b) Depending on an investor's currency of reference, currency fluctuations between an investor's currency of reference and the base currency of the relevant Fund may adversely affect the value of an investment in the Fund.
- (c) Prospective investors are reminded that in certain circumstances their right to redeem Shares may be suspended (see under the heading "Temporary Suspensions" in this Prospectus).
- (d) A Fund will be exposed to a credit risk on parties with whom it trades and may also bear the risk of settlement default. In the event of a bankruptcy or other default, the relevant Fund could experience both delays in liquidating the underlying securities and losses including a possible decline in value of the underlying securities during the period when the relevant Fund seeks to enforce its rights thereto. This will have the effect of reducing levels of capital and income in the Fund and lack of access to income during this period together with the expense of enforcing the Fund's rights.
- (e) The market price of the Shares of a Fund will fluctuate in accordance with changes in its Net Asset Value and supply and demand on the relevant exchange. The Directors expect that the Shares will be actively traded and that a liquid market will develop. However, there is no guarantee that this will occur in practice or that the Shares of a Fund will trade at their Net Asset Value. As the Shares of any class of a Fund may be dealt in by means of subscription and redemption (albeit normally in large multiples only other than in the case of cash subscriptions and redemptions as described under the headings "Cash Subscriptions" and "Cash Redemptions" below), the Directors believe that large discounts or premiums to the Net Asset Value of a Fund should not be sustainable.
- (f) The attention of potential investors is drawn to the taxation risks associated with investing in the Company. Please see the heading "Taxation" below.
- (g) The objective of a Fund will normally be to replicate the composition of a specific Index. It should be noted that the Company is also required to comply with the standard investment and borrowing restrictions for UCITS.

This will normally require the Company (among other things) to limit holdings in a single issuer to 20% of its Net Asset Value. This limit may rise to 35% in the case of one such single issuer where it is justified by exceptional market circumstances. This could give rise to a difference between the performance of the Index and the Fund if the Index has one or more constituent holdings comprising a greater than a 20% (or 35%) weighting.

Where the weighting of a holding by the Company exceeds these limits for reasons beyond the control of the Company or as a result of the exercise of subscription rights, the Company must adopt as a priority objective for its sales transactions the remedying of that situation taking due account of the interests of Shareholders.

- (h) The Company may employ various investment techniques, such as futures contracts, contracts for differences, stock lending and repos (together "derivatives") in order to afford the protection of capital or the enhancement of investment returns. These derivative positions may be executed either on exchange or over-the-counter ("OTC"). The primary risks associated with the use of such derivatives are (i) failure to predict accurately the direction of the market movements and (ii) market risks, for example, lack of liquidity or lack of correlation between the change in the value of the underlying asset and that of the value of the Company's derivatives. These techniques may not always be possible or effective in enhancing returns or mitigating risk. The Company's investment in over-the-counter derivatives is subject to the risk of counterparty default. In addition, the Company may have to transact with counterparties on standard terms which it may not be able to negotiate.

- (i) Certain investments of the Company may be denominated in currencies other than the currency of the relevant Fund. Although the Investment Manager will seek to manage the Company's foreign exchange positions, there is no assurance that this can be performed effectively.
- (j) Changes in market and economic conditions, tax or other laws or regulations on accounting standards and/or government intervention in markets may have an adverse effect on the Company's Investments and on the Net Asset Value per Share. The likelihood of these types of adverse changes and the extent to which they may affect the business of the Company cannot be accurately predicted.
- (k) There is no restriction on the percentage of the Company's Shares which may be owned by one person or a number of connected persons. It is possible, therefore, that one person may obtain control of the Company or of a Fund.
- (l) Financial and business organisations and individuals doing business with the Company could be adversely affected if the computer systems used by its service providers or other organisations with which any of them deal do not properly process and calculate transactions as a result of systems or technologies failures.
- (m) Although each Fund will be treated as bearing its own liabilities, the Company as a whole will remain liable to third parties. All liabilities, irrespective of whatever Fund they are attributable to, shall (in the event of a winding up of the Company or a redemption of all the Shares of a Fund), unless otherwise agreed upon with the creditors, be binding on the Company as a whole and, accordingly, liabilities of one Fund may impact on and be paid out of one of more other Funds. As at the date of this Prospectus, the Directors are not aware of any such liability to which this position would apply. For further details see the heading "Allocation of Assets and Liabilities".

## **MANAGEMENT AND ADMINISTRATION**

The Directors are the founders of the Company, control the affairs of the Company and are responsible for the overall investment policy, which will be determined by them and given to the Manager from time to time. The Manager has delegated certain of its duties to the Investment Manager and Administrator.

### **The Directors**

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

***Maurice O'Connell (Irish):*** Mr O'Connell, who retired in March 2002, is a former Governor of the Central Bank of Ireland and Member of the Governing Council of the European Central Bank. From 1962 to 1994 Mr O'Connell worked in various roles in the Department of Finance. He was a Member of the EU Monetary Committee and a Director of the European Investment Bank.

***Donald C. Roth (US):*** Mr Roth has been Managing Partner of EMP Global LLC since 1992. EMP acts as Principal Adviser to six private infrastructure funds, totalling \$5.5 billion. These funds invest in equity in private infrastructure in Africa, Asia, Eastern Europe, Latin America and the Islamic World. Mr Roth served as Vice President and Treasurer of the World Bank in Washington, DC from 1988 to 1992. Prior to that, he was with Merrill Lynch for approximately 17 years, during which time, among other positions, he served as Chairman and Chief Executive, Merrill Lynch Europe Ltd. and was responsible for all business operations in Europe and the Middle East. Mr Roth serves on the Advisory Board to the Republic of Ireland's National Treasury Management Agency and as a Commissioner of the National Pension Reserve Fund of Ireland. He is a Director of Newmont Mining Corporation, a NYSE Listed company, headquartered in Denver, Colorado and the Emerging Markets Private Equity Association. Mr Roth has a B.A. in Politics from Princeton University, M.B.A. in International Finance from University of Chicago and a M.Sc. from the London School of Economics in International Monetary Economics.

**Conor O'Kelly (Irish):** Mr O'Kelly is Chief Executive of NCB Group. Mr O'Kelly joined NCB in 1995 as Head of Fixed Income Sales. He was promoted to Head of Fixed Income Division in 1998 and further promoted to Chief Executive in 1999. Prior to taking up his position in NCB, Mr O'Kelly worked for BZW New York as Head of International Bonds. He has worked for the BZW Group for a total of 8 years. Two of these years were spent in Tokyo as European Bonds Trader. Mr O'Kelly graduated with a Bachelor of Business Studies Degree from Trinity College in 1982. In 1983 he was awarded a Diploma in Statistics also from Trinity College. He attended Senshu University in Japan from 1984 to 1986 where he became a Master in Japanese Commercial Policy.

**Graham O'Brien (Irish):** Mr O'Brien is Finance Director and Company Secretary for the NCB Group. Mr O'Brien joined NCB in September 1989 as Head of Accounts. He was promoted to Finance Director in 1995. Prior to that Mr O'Brien spent five years with Deloitte & Touche, initially qualifying as a Chartered Accountant then progressing to Manager specialising in the Financial Services Area. He obtained a Bachelor of Commerce in UCD and a postgraduate Diploma in Professional Accounting also in UCD. He is a member of the Securities Institute and a registered Stockbroker.

### **The Secretary**

The Secretary of the Company is James Sheeran.

**James Sheeran (Irish):** Mr Sheeran is Head of Risk and Operations for the NCB Group. Mr Sheeran joined NCB's Finance Department in September 1987 having completed a Bachelor of Arts in Accounting and Finance from DCU. He qualified as a Chartered Certified Accountant in 1991. He was promoted to Head of Operations – Fixed Income in 1995 and to his current role in 2000. He obtained a Masters in Investment and Treasury from DCU in 1999. He is a registered Stockbroker.

### **The Manager**

The Company has appointed NCB Investment Services Limited as its manager pursuant to the Management Agreement between the Company and the Manager dated 18 April 2005. Under the terms of the Management Agreement, the Manager has responsibility for the management and administration of the Company's affairs and the distribution of the Shares, subject to the overall supervision and control of the Directors.

The Manager has delegated:

- (a) the performance of the investment management functions in respect of the Company to the Investment Manager;
- (b) the administrative functions (apart from registrar and transfer agency services) to the Administrator;
- (c) the registrar and transfer agency functions to the Registrar and Transfer Agent; and
- (d) the promotion and distribution functions of the Promoter.

The Manager is a private company limited by shares and was incorporated in Ireland on 4 February 2005. It is ultimately a wholly owned subsidiary of NCB Stockbrokers Limited. The Manager's main business is the provision of fund management and administration services to collective investment schemes such as the Company. The Manager has an issued and fully paid up share capital of €125,000. The directors of the Manager are: Conor O'Kelly and Graham O'Brien, details of whom are set out above.

### **The Promoter**

The Manager has appointed NCB Stockbrokers Limited to act as the promoter and distributor of the Company pursuant to the Promoter and Distributor Agreement between the Manager and the Promoter dated 18 April 2005. Under the terms of the Promoter and Distributor Agreement, the Promoter has responsibility for the promotion of the Company's affairs and distribution of the Shares, subject to the overall supervision and control of the Manager.

The Promoter, NCB Stockbrokers Limited, is Ireland's leading independent securities firm with interests in institutional equities and fixed income, wealth management, corporate finance, private equity, alternative investments and funds listing & specialist securities. Founded over 25 years ago, NCB is owned in the majority by its senior executives and staff. The Quinn Group, which is one of Ireland's largest privately owned companies, has a shareholding of approximately 24%. NCB Stockbrokers Limited is a member of the Irish Stock Exchange and the London Stock Exchange. It is authorised by the Central Bank of Ireland under the Stock Exchange Act 1995.

### **The Investment Manager**

The Manager has delegated responsibility for the investment and re-investment of the assets of the Fund to State Street Global Advisors Ireland Limited pursuant to the Investment Management Agreement dated 18 April 2005. The Investment Manager will be responsible to the Manager in regard to the management of the investment of the assets of the Fund in accordance with the investment objectives and policies described in this Prospectus and any relevant Supplement, subject to the overall supervision and direction of the Manager.

The Investment Manager, State Street Global Advisors Ireland Limited, is a private company limited by shares and was incorporated in Ireland in 1966. It is an indirect wholly-owned subsidiary of State Street Corporation. The Investment Management Agreement provides that the appointment of the Investment Manager will continue in force unless and until terminated by either party giving to the other not less than 90 days written notice although in certain circumstances (e.g. the insolvency of either party, unremedied breach after notice, etc.) the Investment Management Agreement may be terminated forthwith by notice in writing by either party to the other. The Investment Management Agreement contains indemnities in favour of the Investment Manager other than matters arising by reason of fraud, wilful default or negligence in the performance of its duties and obligations and provisions regarding the Investment Manager's legal responsibilities.

### **The Administrator**

The Company has appointed State Street Fund Services (Ireland) Limited pursuant to the Administration Agreement. The Administrator is responsible for performing the day-to-day administration of the Company and for providing fund accounting for the Company, including the calculation of the Net Asset Value and the Net Asset Value per Share and for providing registration, transfer agency and related services to the Company.

The Administrator was incorporated as a private limited company in Ireland on 23 March 1992, and is ultimately owned by State Street Corporation. The authorised share capital of State Street Fund Services (Ireland) Limited is Stg£5,000,000 with an issued and paid up share capital of Stg£350,000.

State Street Corporation is a leading world-wide specialist in providing sophisticated global investors with investment servicing and investment management. State Street Corporation is headquartered in Boston, Massachusetts, U.S.A. and trades on the New York Stock Exchange under the system "STT".

### **Registrar and Transfer Agent**

The Manager has delegated the responsibilities as registrar and transfer agent to Computershare Investor Services (Ireland) Limited pursuant to the Agreement for the Provision of Registry and Transfer Agent Services dated 18 April 2005 between the Company, the Registrar and Transfer Agent, the Manager and the Administrator.

The Registrar and Transfer Agent is a limited liability company incorporated in Ireland on 10 October, 1995 and is, ultimately, a wholly owned subsidiary of Computershare Limited, an Australian company. Computershare is a leading financial services and technology provider to the global securities industry, providing services and solutions to listed companies, investors, employees, exchanges and other financial institutions.

## **The Custodian**

The Company has appointed State Street Custodial Services (Ireland) Limited as custodian of all of its assets pursuant to the Custody Agreement dated 18 April 2005.

The Custodian is a private limited company incorporated in Ireland and has its registered office at 78 Sir John Rogerson's Quay, Dublin 2, Ireland. The principal activity of the Custodian is to act as custodian and trustee of the assets of collective investment schemes. The Custodian is ultimately owned by State Street Corporation. The Custodian was incorporated to provide trustee and custodial services to collective investment schemes. The Custodian is regulated by the Central Bank.

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 its obligations or its improper performance of its obligations. The Company shall indemnify and hold harmless the Custodian against all actions, proceedings, claims, costs, demands and expenses (including legal and professional expenses) which may be brought against, suffered or incurred by the Custodian in the performance of its duties under the Custodian Agreement save where any such actions, proceedings, claims, costs, demands or expenses arise as a result of its unjustifiable failure to perform its obligations or its improper performance of its obligations.

## **Conflicts of Interest**

Due to the widespread operations undertaken by the Directors, the Manager, the Promoter, the Investment Manager, the Administrator, the Registrar and Transfer Agent and the Custodian and (where applicable) their respective holding companies, subsidiaries and affiliates (each an "Interested Party") conflicts of interest may arise. Subject to the provisions below the Interested Parties may effect transactions where those conflicts arise and shall not (subject as below) be liable to account for any profit, commission or other remuneration arising.

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

In addition, the following conflicts of interest may arise.

- (a) 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.
- (b) An Interested Party may acquire, hold or dispose of Investments notwithstanding that such Investments had been acquired or disposed of by or on behalf of the Company by virtue of a transaction effected by the Company in which the Interested Party was concerned provided that the acquisition by an Interested Party of such Investments is effected on normal commercial terms negotiated on an arm's length basis and such Investments held by the Company are acquired on the best terms reasonably obtainable having regard to the interests of the Company.
- (c) An Interested Party may deal with the Company as principal or as agent, provided that:
  - (i) there is obtained a certified valuation of the transaction by a person approved by the Custodian (or the Directors in the case of a transaction with the Custodian) as independent and competent; or
  - (ii) the transaction is executed on best terms reasonably obtainable on an organised investment exchange in accordance with the rules of such exchange; or
  - (iii) where (a) and (b) are not practical, execution is on terms which the Custodian (or the Directors in the case of a transaction with the Custodian) is satisfied conforms with the principle that the transaction is in the best interest of the Shareholders

and is carried out as if effected on normal commercial terms negotiated at arm's length.

- (d) Certain of the Directors of the Company are or may in the future be connected with the Manager, the Promoter, the Index Provider and their affiliates. However, in their capacity as Directors of the Company they will function as persons with independent fiduciary duties and will not be subject to the control of the Manager, the Promoter and the Index Provider. For the avoidance of doubt, the Directors shall not be liable to account to the Company in respect of such conflict for example as a result of receiving remuneration as directors or employees of the Manager, the Promoter or Index Provider.
- (e) The Investment Manager's fee is based on a percentage of the Net Asset Value of each Fund. The Investment Manager may provide valuation services to the Administrator (to assist in calculating the Net Asset Value of a Fund) in relation to Investments which are not listed or traded on a Regulated Market.
- (f) The Company may invest in other collective investment schemes (which may be operated and/or managed by an Interested Party). Where a commission is received by the Manager by virtue of an investment by the Company in the units/shares of any collective investment scheme, such commission will be paid into the property of the relevant Fund.
- (g) The Company may purchase or hold an Investment the issuer of which is an Interested Party or where an Interested Party is its adviser or banker.

#### **Meetings**

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

#### **Accounts and Information**

The Company's accounting period will end on 31 December in each year and half yearly financial statements will be prepared to each 30 June.

Annual reports and audited financial statements will be published within four months of the end of the financial period to which they relate i.e. by 30 April in each year. Copies of the unaudited half yearly reports will also be published within two months of the end of the half year period to which they relate i.e. by 31 August in each year. Both of these reports will be sent to the Companies Announcements Office of the Irish Stock Exchange within the same time periods. Once available, the latest audited information will be sent to any prospective investor on request

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

## **VALUATION, SUBSCRIPTIONS AND REDEMPTIONS**

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

The Net Asset Value of each Fund is expressed in its base currency. The calculation of the Net Asset Value of each Fund and of each class of Shares within a Fund will be carried out by the Administrator in accordance with the requirements of the Articles, and details are set out under the heading "Statutory and General Information" below. Except when the determination of the Net Asset Value of any Fund has been suspended or postponed in the circumstances set out under the heading "Temporary Suspensions" below, the calculation of the Net Asset Value of each Fund, the Net Asset Value of each class and the Net Asset Value per Share will be prepared as at each Valuation Point and will be available to Shareholders on request. The Net Asset Value per Share of each class shall be available at the offices of the Administrator during normal business hours on each Business Day and notified by the Administrator to the Irish Stock Exchange and made available on their website ([www.ise.ie](http://www.ise.ie)). The Net Asset Value of any class of Shares within a Fund will be determined by deducting the share of liabilities of that class from its share of the assets of the Fund. The Net Asset Value of each Share of each class will be determined by dividing the Net Asset Value of the class by the number of Shares of that class.

### **Subscriptions**

#### **General**

The Company has absolute discretion to accept or reject in whole or in part any application for Shares without assigning any reason therefor. The Company may impose such restrictions as it believes necessary to ensure that no Shares are acquired by persons who are not Qualified Holders or expose the Company to adverse tax or regulatory consequences.

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

All Shares will be evidenced by entry on the Company's register of Shareholders and confirmations of ownership in writing will be issued by the Administrator to Shareholders who acquire their Shares by way of subscription directly with the Company and by the Registrar and Transfer Agent to Shareholders who acquire their Shares by way of transfer on the secondary market. Shares may only be issued fully paid up. Any amendments to be made to a Shareholder's registration details and/or payment instructions will only be effected on receipt of original documentation.

Shares in a Fund will be issued in Dematerialised Form (for example in CREST). Accordingly, no Share certificates will be issued.

#### **Subscription by way of Transfer of Investments**

The Company will only issue Shares of any class by way of sale for a price to be satisfied partly by the transfer of Investments and partly for cash (the "Cash Component"). Subscriptions made in this manner will be known as "in-kind" or "in specie" subscriptions and may only be made by an Authorised Participant. The Investment Manager will publish a file (the "Portfolio Composition File") setting out the form of Investments and Cash Component which may be transferred to a Fund in satisfaction of the price of Shares thereof. The Cash Component may comprise an amount representing accrued income, which would be payable as a dividend, attributable to Shareholders, or an amount to equalise any difference between the value of the Investments and the Net Asset Value per Share of the class for which subscriptions are being made, and/or an amount in respect of any Duties and Charges payable by the Company in respect of the transfer and registration of the part-payment Investments.

The Investment Manager's current intention is that the Portfolio Composition File will normally stipulate that the Investments must be in the form of the constituents of the Index of the Fund subscribed for, in the proportions set down in that Index. A draft Portfolio Composition File in respect of any Dealing Day will be published on [www.ncb.ie](http://www.ncb.ie) on the Dealing Day. The final Portfolio

Composition File for that Dealing Day will be published on the next following Business Day. The Portfolio Composition File may be amended by the Investment Manager on any Dealing Day at its discretion.

No Shares shall be issued until the applicant has completed and delivered to the Administrator an Account Opening Form and Dealing Form as prescribed by the Directors and satisfied all the requirements of the Directors and Manager as to such person's application, including, but not limited to, requirements on the applicant's creditworthiness. The Account Opening Form will apply to all subsequent applications and redemptions and need not be resubmitted. A Dealing Form must be completed and submitted for all subscriptions and redemptions.

Subject to the above requirement, applicants may apply for Shares by facsimile or written application to the Administrator, under such conditions as the Company may from time to time prescribe. Except as determined by the Company, all applications in whatever form shall be irrevocable.

### **Procedure for the Purchase of Shares**

Applications for Shares must normally be received and accepted and all arrangements relating to the exchange of Investments must be completed by such time, with reference to a Dealing Day, as the Company may determine and set out in the Supplement.

In the event that the applicant fails to deliver one or more of the part-payment Investments set out in the Portfolio Composition File to the Company by the designated time, the Company may require the applicant to pay to it a sum equal to the value of such Investments as at the Valuation Point on the relevant Dealing Day plus any Duties and Charges associated with the purchase by the Company of those Investments plus an administration fee of 1% of the value of the stock purchased. In the event that the actual cost to the Company of acquiring the Investments (including Duties and Charges) exceeds the value plus Duties and Charges as referred to above plus the administration fee, the applicant shall reimburse the Company the difference on demand. The Manager will have the right to sell or redeem all or part of the applicant's holding of Shares in the Fund (or any other Fund of the Company) in order to meet some or all of these charges.

Subscriptions will be dealt on a forward pricing basis, i.e. by reference to the subscription price for Shares calculated as at the Valuation Point on the relevant Dealing Day. Any applications received after the relevant time will normally be held over until the next Dealing Day but may be accepted for dealing on the relevant Dealing Day (at the discretion of the Manager) provided they are received prior to the Valuation Point.

### **Subscription Price**

The subscription price shall be the Net Asset Value per Share plus any associated Duties and Charges (subject to any additional payments in the event of failure to deliver as described above). Shares will not be issued at a discount to their Net Asset Value.

### **Minimum Subscriptions**

Subscriptions (both initial and subsequent) for each class shall be for such minimum number of Shares as the Manager may determine and set out in the relevant Supplement. Such number may be reduced in any case at the discretion of the Manager and will not apply in the case of cash subscriptions as outlined below under the heading "Cash Subscriptions".

### **Cash Subscriptions**

Where subscriptions are made entirely for cash and are not satisfied partly by the transfer of Investments and partly for cash as outlined under the heading "Subscriptions by way of Transfer of Investments", no minimum subscription amount will apply in respect of these pure cash subscriptions and a subscription charge of 3% of the Net Asset Value per Share together with all reasonable out of pocket expenses incurred by the Administrator (which will amount to 0.25% of the value of the cash subscription or €500 whichever is the higher) may be charged at the Directors' discretion.

## **Redemptions**

### **Redemption by way of Transfer of Investments**

Shares will be redeemed on every Dealing Day (save during any period when the calculation of the Net Asset Value is suspended) at the Net Asset Value per Share. Except as provided below, the Company will only redeem Shares of any Fund by way of transferring Investments and cash as set out in the Portfolio Composition File (see the heading entitled "Subscriptions by way of Transfer of Investments" above). Redemptions made in this manner will be known as "in-kind" or "in specie" redemptions and may only be made by an Authorised Participant.

No redemption will be made until the Shareholder has completed and delivered to the Administrator a Dealing Form and satisfied all the requirements of the Directors and the Manager as to such Shareholder's redemption request. Payment of redemption proceeds in respect of redemption requests made by fax will only be made to the Shareholder's account on record.

Subject to the above requirements, Shareholders may request redemption by facsimile or written application to the Administrator, under such conditions as the Manager will from time to time prescribe. Except as determined by the Manager, all redemption requests in whatever form shall be irrevocable.

At the request of a Shareholder making a redemption request, the Company shall sell the securities and the proceeds of sale (less any costs incurred in connection with such sale) shall be transmitted to the Shareholder.

The Company shall be entitled to net applications for subscription and redemption requests received from any Shareholder on any Dealing Day. Duties and Charges will however be applied in relation to all subscription and redemption requests processed.

### **Redemption Dividend**

The Company may pay an amount representing accrued income, which would be payable as a dividend, to a Shareholder upon redemption. The amount will reflect accrued income in the Net Asset Value of the relevant Shares and will be paid along with the redemption proceeds.

### **Timing of Request for Redemption**

Redemption requests in respect of the relevant Fund must be received within such period as the Directors may determine as set out in the relevant Supplement.

If the redemption request is received after the time specified for redemption on a particular Dealing Day, it shall (unless otherwise determined by the Investment Manager), be treated as a request for redemption on the next Dealing Day. Shares will be redeemed at the redemption price calculated at the Valuation Point on the relevant Dealing Day.

### **Redemption Price**

The redemption price shall be the Net Asset Value per Share less any associated Duties and Charges.

## **Minimum Redemptions**

Except as provided under the headings "Cash Redemptions" or "Compulsory Redemption" below, the Manager shall determine the minimum number of Shares of any class which may be redeemed by a Shareholder in any one redemption. Such number will be set out in the relevant Supplement and may be reduced in any case at the discretion of the Manager.

## **Cash Redemptions**

Shareholders may redeem Shares for cash (a "Cash Redemption") in which case no minimum redemption amount shall apply. Shareholders wishing to redeem for cash should notify the Administrator in writing and make arrangements for the transfer of their Shares into the Company's account at CREST on a date to be agreed with the Administrator. The date on which these Shares are received into the Company's account will become the effective date for the redemption (the "Redemption Effective Date").

The redemption price for a Cash Redemption shall be the Net Asset Value per Share calculated at the Valuation Point one Business Day after the Redemption Effective Date less any Duties and Charges. The Company is empowered to charge a redemption fee of 3% of the Net Asset Value per Share. This fee may be waived in whole or in part at the discretion of the Directors.

Redemption proceeds for Cash Redemptions will normally be paid by cheque in the base currency of the Fund redeemed. Cheques will normally be mailed to the registered address of the Shareholder or by bank transfer to the bank account detailed on the Account Opening Form not later than four Business Days after the Redemption Effective Date.

## **Compulsory Redemption**

If the Company becomes aware that any Shares are or might be held by a person who is not a Qualified Holder, or may give rise to a regulatory, pecuniary, legal, taxation or material administrative disadvantage which the Company and its shareholders as a whole might not otherwise have incurred or suffered, it may redeem such Shares on notice in writing to the Shareholder concerned. The Investments which would otherwise have been transferred to the Shareholder will be liquidated by the Manager and the Shareholder will receive the proceeds less any costs incurred. In addition, any such person who is not a Qualified Holder may be liable for any costs in effecting such redemption and such costs shall be deducted from the redemption proceeds.

## **Payments to Shareholders**

Except as provided under the heading "Cash Redemptions" above, amounts payable by way of transfer of Investments shall be settled or paid within such period as is set out in the Supplement provided that this is not later than ten Business Days after delivery of the Redemption Request.

## **Dealing in Shares in the Secondary Market**

The Shares will be listed on the Irish Stock Exchange and may be listed on one or more other stock exchanges. The purpose of the listing is to enable investors to buy and sell Shares on the secondary market in smaller quantities than would be possible if they were to subscribe and/or redeem Shares through the Company without having to incur the subscription and/or redemption charge of 3% of the Net Asset Value per Share together with all reasonable out of pocket expenses incurred by the Administrator in the case of cash subscriptions. The Authorised Participants who subscribe for and redeem Shares in the Company on an in specie or in kind basis may also act as a Designated Market Maker to the Fund so that a liquid and efficient secondary market will exist to meet the retail demand for such Shares. The operation of such a secondary market will enable persons who are not Authorised Participants or not able or willing to subscribe for and redeem Shares and thus incur the charges referred to above, to buy Shares from or sell Shares to other retail investors or market makers or other Authorised Participants at prices which should approximate the Net Asset Value per Share. The settlement of trades in Shares on the Irish Stock Exchange will be through the facilities of one or more recognised clearing and settlement systems as set out in the relevant Supplement. Investors in the secondary market should be aware that the market price of a Share listed or traded

on the Irish Stock Exchange may not reflect the Net Asset Value per Share. Any transactions in the Shares of the Company on the Irish Stock Exchange will be subject to the customary brokerage commissions and/or transfer taxes associated with the trading and settlement through the Irish Stock Exchange.

### **Total Redemption**

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

- (a) if the holders of 75% in value of the relevant class approve of the redemption at a meeting of the Shareholders thereof of which not more than twelve and not less than four weeks notice has been given;
- (b) at the discretion of the Directors, after the first anniversary of the first issue of Shares of the relevant class if the Net Asset Value of the Fund falls below €10,000,000 for a period of three consecutive months; or
- (c) at the discretion of the Directors, if the Fund ceases to be listed on a stock exchange.

All the Shares of the Company shall be redeemed by not less than one month nor more than three months' notice to Shareholders if, within 90 days from the date of the Custodian serving notice of termination of the Custody Agreement, another custodian acceptable to the Company and the Central Bank has not been appointed to act as custodian.

### **Switching**

Shareholders of a Fund may switch to such other Fund or Funds, and on such terms (including switching charges) as the Directors may permit. The minimum number of Shares of a class of a Fund which may be switched for Shares of a class of another Fund shall be such number as the Manager may determine. Such number may be reduced in any case at the discretion of the Manager. Shareholders of the class of Shares of each of the Funds in existence at the date of this Prospectus may switch to the existing class of Shares of the other Funds of the Company. On the establishment of any new Fund, the Manager shall specify the switching rights relating to such Fund. The Company may impose a fee on the switching of any Shares between Funds of a maximum of 5% of the Net Asset Value of each Share to be switched.

### **Temporary Suspensions**

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

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

Investments or other assets of the relevant Fund cannot reasonably or fairly be ascertained;

- (d) during the whole or any part of any period when the Company is unable to repatriate funds required for the purpose of making redemption payments or when such payments cannot, in the opinion of the Directors, be effected at normal prices or normal rates of exchange or during which there are difficulties or it is envisaged that there will be difficulties, in the transfer of monies or assets required for subscriptions, redemptions or trading; or
- (e) upon the publication of a notice convening a general meeting of Shareholders for the purpose of resolving to wind up the Company.

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

If total requests for redemption or switching on any Dealing Day for any Fund exceed 10% of the Net Asset Value of that Fund, each redemption or switching request in respect of Shares in such Fund may, at the discretion of the Manager, be reduced so that the total number of Shares of such Fund for redemption or switching on that Dealing Day shall not exceed 10% of the Net Asset Value of that Fund. Any redemption or switching request so reduced shall be carried forward to the next Dealing Day and effected in priority to subsequent redemption or switching requests on the following (and, if necessary, subsequent) Dealing Day(s). If redemption or switching requests are so carried forward, the Manager shall procure that the Shareholders whose dealings are affected thereby are promptly informed.

In the event of any suspension as set out above, the Company will publish such fact in the publication(s) in which Share prices are being published and will immediately (and in any event during the Business Day on which the suspension occurred) notify the Central Bank, the Irish Stock Exchange and any other competent authority in a Member State or other country in which Shares are marketed.

#### **TRANSFER OF SHARES**

Shares are (save as hereinafter specified) freely transferable subject to and in accordance with the rules of the relevant settlement system. The Company may decline to register any transfer of a Share to a person who is not a Qualified Holder or where such transfer might expose the Company, or the Shareholders as a whole, to regulatory, pecuniary, legal, taxation or material administrative disadvantages which the Company would not otherwise have incurred or suffered.

Dealings in Shares will be for settlement against the register of Shareholders maintained by the Registrar and Transfer Agent.

The Articles permit the holding and transfer of Shares in Dematerialised Form and the Company will apply for the Shares of each class to be admitted as participating securities to relevant computer based settlement systems. This will enable investors to hold Shares in, and to settle transactions in Shares through such systems. Applicants dealing in settlement systems may be required to provide a representation that they are Qualified Holders.

## **FEES AND EXPENSES**

### **Establishment Expenses**

The fees and expenses relating to the establishment and listing of the Company on the Irish Stock Exchange have been borne by the Company.

Each Fund and class of Shares created in the future will bear its own direct establishment costs and the costs of listing its Shares on the relevant exchange and such costs may be amortised over such period, on such terms and in such manner as the Directors (with the consent of the Custodian) may deem fair and equitable. Details of any such costs will be set out in the Supplement for the relevant Fund.

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

### **Service Providers' Fees**

The Manager is entitled to charge a fee calculated as a percentage per annum of the Net Asset Value of each Fund together with any Value Added Tax payable thereon subject to a minimum fee. The maximum fee to which the Manager will be entitled will be 0.75% per annum of the Net Asset Value of each Fund subject to a minimum fee of €250,000 per annum. Details in relation to each Fund will be set out in the relevant Supplement. The Manager will be responsible for discharging, from its fee, all fees of the Investment Manager, the Administrator, the Custodian, the Promoter and the Index Provider together with all reasonable out of pocket expenses of such service providers (excluding sub-custodial fees and expenses, which will be at commercial rates and will be paid by the Company, and transaction related charges of the Administrator and the Custodian which will be paid for by the relevant Fund) and different percentages of the above fees may be charged to different share classes of the same Fund.

These fees will be accrued daily based on the daily Net Asset Value of the relevant class and will be paid monthly in arrears.

The Manager's fee shall be exclusive of any fee, which will be at normal commercial rates, to which it may be entitled in relation to securities lending arrangements with the Company. Details of any securities lending fees received by the Manager and/or the Company will be disclosed in the semi-annual and annual financial statements of the Company and will be reviewed annually by the board of Directors. The Company will be invoiced for any such fees payable to the Manager.

### **Subscription and Redemption Fees**

No subscription fee will be charged except under the circumstances set out under the heading "Cash Subscriptions" in which case a subscription fee of 3% of the Net Asset Value per Share together with all reasonable out of pocket expenses incurred by the Administrator may be charged at the Directors' discretion.

Under normal circumstances, no redemption fee will be charged except as provided for under the heading "Cash Redemptions" above in which case a redemption fee of 3% of the Net Asset Value per Share may be charged at the Directors' discretion. However, the Company may charge a redemption fee of up to 2% of the Net Asset Value per Share if it has reason to believe that any Shareholder requesting redemption is attempting any form of arbitrage on the Shares in the relevant Fund which is detrimental to the Fund as a whole. Such redemption fee will not be charged in respect of a Cash Redemption.

### **Directors' Fees**

The Directors shall be entitled to a fee and remuneration for their services at a rate to be determined from time to time by the Directors provided that no one Director may be paid in excess of €20,000 in any one financial year without the approval of the Board of Directors. Any increase in Directors' fees will be notified in advance to Shareholders. The Directors may also be paid, inter alia, for travelling,

hotel and other expenses properly incurred by them in attending meetings of the Directors or in connection with the business of the Company.

### **Operational Expenses**

The Company may pay out of the assets of each Fund:

#### **General Expenses**

- (a) the fees of the Manager and its expenses which are not discharged out of the Manager's fee (as described above);
- (b) any fees in respect of circulating details of the Net Asset Value (including publishing prices) and Net Asset Value per Share;
- (c) rating fees (if any), fees of any Index Provider and the fees of any regulatory authority;
- (d) fees and expenses of the auditors, tax, legal and other professional advisers of the Company in respect of routine and/or recurring matters;
- (e) fees connected with listing of Shares on any stock exchange and maintaining secondary market facilities in the Shares;
- (f) fees and expenses in connection with provision of transfer agency and registrar services to the Company including, without limitation, the transfer of Shares in the Company to, from or within CREST or any other system for the registration and transfer of dematerialised securities.
- (g) fees and expenses in connection with the distribution of Shares and/or costs of registration of the Company in Ireland and in jurisdictions outside Ireland;
- (h) costs of preparing, printing and distributing the Prospectus and Supplements, reports, accounts and any explanatory memoranda;
- (i) any necessary translation fees;
- (j) any costs incurred as a result of periodic updates of the Prospectus of the Company, any Supplements, or of a change in law or the introduction of any new law (including any costs incurred as a result of compliance with any applicable code, whether or not having the force of law);
- (k) any other fees and expenses relating to the management and administration of the Company or attributable to the Company's investments;
- (l) in respect of each financial year of the Company in which expenses are being determined, such proportion (if any) of the establishment and reconstruction expenses as are being amortised in that year.

#### **Transactional Expenses**

- (a) stamp, transfer or similar duties;
- (b) taxes and contingent liabilities as determined from time to time by the Directors;
- (c) brokerage or other expenses of acquiring and disposing of Investments.

## ALLOCATION OF ASSETS AND LIABILITIES

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

- (a) the records and accounts of each Fund shall be maintained separately in the base currency of the relevant Fund;
- (b) the assets of each Fund shall belong exclusively to that Fund, shall be segregated in the records of the Custodian from the assets of other Funds, shall not be used to discharge directly or indirectly the liabilities of or claims against any other Fund and shall not be available for any such purpose unless the assets of the other Fund are insufficient to satisfy its liabilities;
- (c) the proceeds from the issue of each class of Shares shall be applied to the relevant Fund established for that class of Shares, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund subject to the provisions of the Articles;
- (d) where any asset is derived from another asset, the derived asset shall be applied to the same Fund as the assets from which it was derived, and on each revaluation of an asset the increase or diminution in value shall be applied to the relevant Fund;
- (e) in the case where an asset or a liability of the Company cannot be considered as being attributable to a particular Fund, the Directors shall have the discretion to determine the basis upon which such asset or liability shall be allocated between the Funds and the Directors shall have power at any time and from time to time to vary such basis.

All liabilities, irrespective of whatever Fund they are attributable to, shall (in the event of a winding up of the Company or a redemption of all of the Shares of the Company or all the Shares of any Fund), unless otherwise agreed upon with the creditors, be binding on the Company as a whole. As at the date of the document the Directors are not aware of any such existing or contingent liability.

## TAXATION

### General

***The information given is not exhaustive and does not constitute legal or tax advice. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, switching or disposing of Shares under the laws of the jurisdictions in which they may be subject to tax.***

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

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

### Irish Taxation

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

#### Definitions

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

#### “Courts Service”

The Courts Services is responsible for the administration of monies under the control or subject to the order of the Courts.

#### “Irish Resident”

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

The following definitions have been issued by the Irish Revenue in relation to the residence of individuals and companies:

#### Residence – Individual

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

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

Presence in a tax year by an individual of not more than 30 days in Ireland will not be reckoned for the purpose of applying the two year test. For any period up to and including 31 December 2008 presence in Ireland for a day means the personal presence of an individual at the end of the day

(midnight). From 1 January 2009 presence in Ireland for a day means the personal presence of an individual at any point during that day.

#### Residence – Company

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

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

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

#### **“Irish Ordinary Resident”**

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

The following definition has been issued by Irish Revenue in relation to the ordinary residence of individuals:

The term “ordinary residence” as distinct from “residence”, relates to a person's normal pattern of life and denotes residence in a place with some degree of continuity.

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

An individual who has been ordinarily resident in Ireland ceases to be ordinarily resident at the end of the third consecutive tax year in which s/he is not resident. Thus, an individual who is resident and ordinarily resident in Ireland in the tax year 1 January 2009 to 31 December 2009 and departs from Ireland in that tax year will remain ordinarily resident up to the end of the tax year 1 January 2012 to 31 December 2012.

#### **“Exempted Irish Investor”**

means:

- (a) 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 Section 785 of the Taxes Act applies;
- (b) a company carrying on life business within the meaning of Section 706 of the Taxes Act;
- (c) an investment undertaking within the meaning of Section 739B(1) of the Taxes Act;
- (d) a special investment scheme within the meaning of Section 737 of the Taxes Act;
- (e) a unit trust to which Section 731(5)(a) of the Taxes Act applies;
- (f) a charity being a person referred to in Section 739D(6)(f)(i) of the Taxes Act;

- (g) a qualifying management company within the meaning of Section 739B of the Taxes Act;
- (h) a person who is entitled to exemption from income tax and capital gains tax under Section 784A(2) of the Taxes Act where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- (i) a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the Taxes Act and the Shares are assets of a PRSA;
- (j) a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- (k) the National Pensions Reserve Fund;
- (l) a company that is or will be within the charge to corporation tax in accordance with Section 110(2) of the Taxes Act in respect of payments made to it by the Company; and
- (m) any other Irish Resident or Irish Ordinary Resident who may be permitted to own Shares under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the Company or jeopardising tax exemptions associated with the Company giving rise to a charge to tax in the Company.

provided that a Relevant Declaration is in place.

**“Intermediary”**

means a person who:

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

**“Ireland”**, means the Republic of Ireland/the State.

**“Personal Portfolio Investment Undertaking”**, means an investment undertaking ,under the terms of which some or all of the property of the undertaking may be, or was, selected by, or the selection of some or all of the property may be, or was , influenced by:

- (a) the investor;
- (b) a person acting on behalf of the investor;
- (c) a person connected with the investor;
- (d) a person connected with a person acting on behalf of the investor;
- (e) the investor and a person connected with the investor;
- (f) a person acting on behalf of both the investors and a person connected with the investor.

An investment undertaking is not a personal portfolio investment undertaking if the only property which may be or has been selected was available to the public at the time that the property is available for selection by an investor and is clearly identified in the investment undertaking's marketing or other promotional material. The investment undertaking must also deal with all investors on a non-discriminatory basis. In the case of investments deriving 50% or more of their value from land, any investment made by an individual is limited to 1% of the total capital required.

**“Relevant Declaration”**, means the declaration relevant to the Shareholder as set out in Schedule 2B of the Taxes Act.

**“Relevant Period”**, means a period of 8 years beginning with the acquisition of a Share by a Shareholder and each subsequent period of 8 years beginning immediately after the preceding relevant period.

### **The Company**

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

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

However, tax can arise on the happening of a “chargeable event” in the Company. A chargeable event includes any distribution payments to Shareholders or any encashment, redemption, cancellation or transfer of Shares or appropriation or cancellation of Shares of a Shareholder by the Company for the purposes of meeting the amount of tax payable on a gain arising on a transfer. No tax will arise on the Company in respect of chargeable events in respect of a Shareholder who is neither Irish Resident nor Irish Ordinary Resident at the time of the chargeable event provided that a Relevant Declaration is in place and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct. Following changes introduced by Finance Act 2010, investment undertakings will no longer be required to obtain Relevant Declarations from Shareholders who are neither Irish Resident nor Irish Ordinary Resident where the investment undertaking is not actively marketed to Irish investors and the Irish Revenue have given the investment undertaking the appropriate approval. With effect from 3 April 2010 a chargeable event will not arise if at the time of the chargeable event appropriate equivalent measures have been put in place by the Company to ensure that Shareholders in the Company are neither Irish Resident nor Irish Ordinary Resident and the Company has received approval from the Irish Revenue Commissioners to this effect and the approval has not been withdrawn. In the absence of a Relevant Declaration there is a presumption that the investor is Irish Resident or Irish Ordinary Resident. A chargeable event does not include:

- (a) any transactions (which might otherwise be a chargeable event) in relation to Shares held in a recognised clearing system as designated by order of the Irish Revenue Commissioners; (in this regard CREST has been designated as a “recognised clearing system” and it is the current intention of the Directors that all Shares in the Company will be held in CREST or another recognised clearing system);
- (b) a transfer by a Shareholder of the entitlement to a Share where the transfer is between spouses and former spouses, subject to certain conditions;
- (c) an exchange by a Shareholder, effected by way of an arm’s length bargain where no payment is made to the Shareholders, of Shares in the Company for other Shares in the Company; or
- (d) an exchange of Shares arising on a qualifying amalgamation or reconstruction (within the meaning of Section 739H of the Taxes Act) of the Company with another investment undertaking.

Following legislative changes in the Finance Act 2006, the holding of Shares at the end of a Relevant Period will also constitute a chargeable event. In the case of Shares held in a recognised clearing system, no chargeable event is deemed to arise and the Shareholders may have to account for the appropriate tax arising at the end of a Relevant Period on a self-assessment basis. In all other cases, Finance Act 2008 provides that where the value of the Shares held by non-exempt Irish Shareholders is less than 10% of the value of the total Shares of the Company, the Company will not be obliged to deduct tax on the happening of such a chargeable event, provided they elect to report certain information to the Revenue Commissioners and the Shareholder. In such circumstances, the Shareholder will have to account for the appropriate tax arising on the happening of the chargeable

event on a self-assessment basis. To the extent that any tax arises on such a chargeable event, such tax will be allowed as a credit against any tax payable on the subsequent encashment, redemption, cancellation or transfer of the relevant Shares. Should an excess payment of appropriate tax arise on the redemption of Shares as a result of tax paid on an earlier deemed chargeable event, the Company, on election, is not obliged to process the refund arising on behalf of a relevant Shareholder provided the value of the Shares held by non-exempt Irish Shareholders does not exceed 15% of the total value of the Shares in the Company. Instead the Shareholder should seek such a repayment directly from the Revenue Commissioners. Finance Act 2008 also provides for the making of an irrevocable election by the Company to value the Units on 30 June or 31 December immediately prior to the end of the Relevant Period, rather than on the date of the end of the Relevant Period itself.

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

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

- (a) Shareholders whose shares are held in a recognised clearing system
- (b) Shareholders who are neither Irish Residents nor Irish Ordinary Residents and the Shares are not held in a recognised clearing system; and
- (c) Shareholders who are either Irish Residents or Irish Ordinary Residents and the Shares are not held in a recognised clearing system.

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

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

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

## **Shareholders**

### **(a) Shareholders whose shares are held in a recognised clearing system**

Where Shares are held in a recognised clearing system such as CREST, the obligation falls on the Shareholder (rather than the Company) to self-account for any tax arising on a chargeable event. In the case of an individual tax currently at the rate of 27% should be accounted for by the Shareholder in respect of a distribution where payments are made annually or at more frequent intervals. Similarly, tax currently at the rate of 30% should be accounted for on any other distribution or gain arising to the Shareholder on an encashment, redemption or transfer

of Shares by a Shareholder. Where the investment constitutes a personal portfolio investment undertaking (“PPIU”) the tax on payments shall be made in accordance with the rates outlined in Section (c) below.

Where the Shareholder has not correctly included the income in their tax return, the normal rates apply (i.e. up to 41% or up to 68% (i.e. marginal rate plus 27%) in the case of an investment that constitutes a PPIU).

It should be noted that a Relevant Declaration or approval in relation to the equivalent measures under Finance Act 2010 provisions is not required to be made where the Shares, the subject of the application for subscription or registration of transfer on a transfer of Shares, are held in CREST or in another recognised clearing system so designated by the Irish Revenue Commissioners. As at the date of this prospectus all of the Shares are held in CREST and it is the intention of the Directors that this will continue to be the case. If in the future, the Directors permit Shares to be held in certificated form outside CREST or another recognised clearing system, prospective investors for Shares on subscription and proposed transferees of Shares will be required to complete a Relevant Declaration as a pre-requisite to being issued Shares in the Company or being registered as a transferee of the Shares (as the case may be). A Relevant Declaration will not be required to be completed in this regard where the Company has received approval under the Finance Act 2010 provisions where appropriate equivalent measures have been put in place.

Where the shares are not held for the purpose of a trade carried on by a company a gain arising on the disposal of Shares by a Shareholder cannot be offset by a loss on the disposal of Shares by a Shareholder or by losses arising from the disposal of other assets which are subject to Capital Gains Tax. Losses arising on the disposal of Shares by a Shareholder cannot be offset against income or gains arising from the disposal of assets which are subject to Capital Gains Tax.

For the purposes of a Shareholder completing their annual tax return income and gains arising on Shares in the Company are treated as income and gains arising on an Offshore Fund.

To the extent that any Shares are not held in a Recognised Clearing System, the following tax consequences will arise on a chargeable event.

**(b) Shareholders who are neither Irish Residents nor Irish Ordinary Residents and the Shares are not held in a recognised clearing system**

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

To the extent that a Shareholder is acting as an Intermediary on behalf of persons who are neither Irish Residents nor Irish Ordinary Residents, no tax will have to be deducted by the Company on the occasion of a chargeable event provided that the Intermediary has made a Relevant Declaration that the Intermediary is acting on behalf of such persons and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct or if the Company has received approval from the Irish Revenue Commissioners that appropriate equivalent measures are in place and this approval has not been withdrawn.

Shareholders who are neither Irish Residents nor Irish Ordinary Residents and who have made a Relevant Declaration in respect of which the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct or if the Company has received approval from the Irish Revenue Commissioners that appropriate equivalent measures are in place and this approval has not been withdrawn, will not be liable to Irish tax in respect of income from their Shares and gains made on the disposal of their Shares. However, any corporate Shareholder which is not Irish Resident and which holds Shares directly or indirectly by or for a trading branch or agency in Ireland will be liable to Irish tax on income from the Shares or gains made on disposal of its Shares.

Where a Relevant Declaration is required but is not provided to the Company by a Shareholder and tax is subsequently deducted by the Company on the occurrence of a chargeable event, Irish legislation provides for a refund of such tax only to companies within the charge to Irish corporation tax, to certain incapacitated persons and in certain other limited circumstances.

**(c) Shareholders who are Irish Residents or Irish Ordinary Residents and the shares are not held in a recognised clearing system**

Unless a Shareholder is an Exempted Irish Investor (as defined above) makes a Relevant Declaration to that effect and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct, or if the Company has obtained approval from the Irish Revenue Commissioners that appropriate equivalent measures are in place and this approval has not been withdrawn or unless the Shares are purchased by the Courts Service, tax currently at the rate of 27% will be required to be deducted by the Company from a distribution where payments are made annually or at more frequent intervals to a Shareholder who is Irish Resident or Irish Ordinary Resident. Similarly, tax currently at the rate of 30% will have to be deducted by the Company on any other distribution or gain arising to the Shareholder (other than an Exempted Irish Investor who has made a Relevant Declaration or in respect of whom the Irish Revenue Commissioners have confirmed appropriate equivalent measures are in place) on an encashment, redemption or transfer of Shares by a Shareholder who is Irish Resident or Irish Ordinary Resident. Tax will also have to be deducted in respect of Shares held at the end of a Relevant Period (in respect of any excess in value over the cost of the relevant Shares) to the extent that the Shareholder is Irish Resident or Irish Ordinary Resident and is not an Exempted Irish Investor who has made a Relevant Declaration or in respect of whom the Irish Revenue Commissioners have given approval that appropriate equivalent measures are in place and this approval has not been withdrawn.

The Finance Act 2007 introduced provisions regarding the taxation of Irish Resident individuals or individuals Ordinarily Resident in Ireland who hold Shares in a Personal Portfolio Investment Undertaking ("PPIU"). Essentially, an investment undertaking will be considered a PPIU in relation to a specific investor where that investor has influence over the selection of some or all of the property held by the investment undertaking, either directly or through persons acting on behalf of or connected to the investor. Any gain arising on a chargeable event in relation to an investment undertaking which is a PPIU in respect of an individual and where that chargeable event occurs on or after 20 February 2007, will be taxed at the standard rate of income plus 30% (currently 50%). Specific exemptions apply where the property invested has been clearly identified in the investment undertaking's marketing and promotional literature and the investment is widely marketed to the public. Further restrictions may be required in the case of investments in land or unquoted shares deriving their value from land.

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

Irish Resident corporate Shareholders who receive distributions (where payments are made annually or at more frequent intervals) from which tax has been deducted will be treated as

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

Any Shareholder who is Irish Resident or Irish Ordinary Resident and receives a distribution or receives a gain on an encashment, redemption, cancellation or transfer from which tax has not been deducted by the Company may be liable to income tax or corporation tax on the amount of such distribution or gain.

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

The EU has adopted EC Directive 2003/48/EC regarding the taxation of savings income. The Directive requires Member States and certain other relevant territories to provide to the tax authorities of other Member States details of payments of interest (which may include distributions or redemption payments by collective investment funds) or other similar income paid by a paying agent to an individual or to certain other persons in another Member State, except that Austria, Belgium, Luxembourg, and certain non-EU territories may instead impose a withholding system for a transitional period unless during such period they elect otherwise.

For the purposes of the Directive, interest payments include income distributions made by certain collective investment funds (in the case of EU domiciled funds, the Directive currently only applies to UCITS), to the extent that the fund has invested more than 15% of its assets directly or indirectly in interest bearing securities and income realised upon the sale, refund or redemption of fund units to the extent that the fund has invested 25% of its assets directly or indirectly in interest bearing securities.

### **Capital Acquisitions Tax**

The disposal of Shares will not be subject to Irish gift or inheritance tax (Capital Acquisitions Tax), provided that the Company falls within the definition of investment undertaking (within the meaning of Section 739B of the Taxes Act), and that:

- (a) at the date of the gift or inheritance, the donee or successor is neither domiciled nor ordinarily resident in Ireland;
- (b) at the date of the disposition, the Shareholder disposing of the Shares is neither domiciled nor ordinarily resident in Ireland; and
- (c) the Shares are comprised in the gift or inheritance at the date of such gift or inheritance and at the valuation date.

## STATUTORY AND GENERAL INFORMATION

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

- (a) The Company was incorporated in Ireland on 7 February 2005 as an investment company with variable capital with limited liability under registration number 397372.
- (b) The registered office of the Company is presently at 78 Sir John Rogerson's Quay, Dublin 2.
- (c) On incorporation the authorised share capital of the Company was €40,000 divided into 40,000 Subscriber Shares of a par value of €1 each and 500,000,000,000 Shares of no par value. Two Subscriber Shares were issued to nominees of the Manager on incorporation. All Subscriber Shares were issued for cash at par. The Subscriber Shares do not form part of the share capital of any Fund of the Company.

These Subscriber Shares may be repurchased by the Company at any time. The repurchase price will be €1 per Subscriber Share.

- (e) As of the date of this Prospectus, no capital of the Company is under option or is agreed, conditionally or unconditionally to be put under option.
- (f) Neither the Subscriber Shares nor the Shares carry pre-emption rights.

### 2. Share Rights

- (a) Subscriber Shares

The holders of the Subscriber Shares shall:

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

- (b) Shares

The holders of Shares shall:

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

### 3. Voting Rights

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

Subject to any special terms as to voting upon which any Shares may be issued or may for the time being be held, at any general meeting on a show of hands every holder of Shares who (being an individual) is present in person or (being a corporation) is present by duly authorised representative shall have one vote. On a poll every such holder present as aforesaid or by proxy shall have one vote for every Share held.

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

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

#### **4. Memorandum of Association**

The Memorandum of Association of the Company provides that the Company's sole object is the collective investment in transferable securities and/or other liquid financial assets referred to in Regulation 45 of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003 (SI No. 211 of 2003), as amended by the European Communities (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2003 (SI No. 212 of 2003), as amended by the European Communities (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2007 (SI No. 832 of 2007) as same may be amended of capital raised from the public operating on the principle of spreading investment risk in accordance with the Regulations. The object of the Company is set out in full in Clause 3 of the Memorandum of Association which is available for inspection at the registered office of the Company.

#### **5. Articles of Association**

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

##### *Alteration of Share Capital*

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

##### *Issues of Shares*

The Shares shall be at the disposal of the Directors and they may (subject to the provisions of the Acts) allot, offer or otherwise deal with or dispose of them to such persons, at such times and on such terms as they may consider in the best interests of the Company. Existing Shareholders have no rights of pre-emption in respect of the issue of further Shares.

##### *Variation of Rights*

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

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

#### *Directors*

- (a) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director, and may act in a professional capacity to the Company on such terms as the Directors may determine.
- (b) Subject to the provisions of the Acts, and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director notwithstanding his office:
  - (i) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or any subsidiary or associated company thereof;
  - (ii) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company or any subsidiary or associated company thereof is otherwise interested; and
  - (iii) shall not be accountable, by reason of his office, to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.
- (c) A Director shall not generally be permitted to vote at a meeting of the Directors or a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest which is material or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum present at a meeting in relation to any such resolution on which he is not entitled to vote. Notwithstanding the foregoing, a Director shall be entitled to vote (and be counted in the quorum) in respect of resolutions concerning certain matters in which he has an interest including (inter alia) any proposal concerning any other company in which he is interested, directly or indirectly, provided that he is not the holder of or beneficially interested in 10% or more of the issued shares of any class of such company or of the voting rights available to members of such company (or of a third company through which his interest is derived). Any such holding will be treated as a material interest for all purposes.
- (d) There is no provision in the Articles requiring a Director to retire by reason of age limit and there is no share qualification for Directors.
- (e) The number of Directors shall not be less than two (2) and not more than five (5).
- (f) The quorum for meetings of Directors may be fixed by the Directors and unless so fixed shall be two (2).
- (g) The office of Director shall be vacated in any of the following circumstances:
  - (i) if he ceases to be a Director by virtue of any provisions of the Acts or becomes prohibited by law from being a Director;
  - (ii) if he becomes a bankrupt or makes any arrangement or composition with his creditors generally;
  - (iii) if in the opinion of a majority of his co-Directors he becomes incapable by reason of mental disorder of discharging his duties as a Director;

- (iv) if he resigns from his office by notice to the Company;
- (v) if he is convicted of an indictable offence and the Directors determine that as a result of such conviction he should cease to be a Director;
- (vi) if by a resolution of his co-Directors he is requested to vacate office;
- (vii) if the Company by ordinary resolution so determines;
- (viii) if he shall for more than six (6) consecutive months have been absent without permission of the Directors from any meetings of the Directors held during that period and the Directors pass a resolution that he has by reason of such absence vacated office.

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

#### *Borrowing Powers*

The Directors may exercise all the powers of the Company to borrow or raise money (including the power to borrow for the purpose of repurchasing shares) in accordance with the provisions of the Regulations.

#### *Dividends*

No dividends are payable on the Subscriber Shares.

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

#### *Distribution of assets on a liquidation*

- (a) If the Company shall be wound up, the liquidator shall, subject to the provisions of the Acts, apply the assets of the Company in such manner as he thinks fit in satisfaction of creditors' claims. The liquidator, in relation to the assets available for distribution among the members, may make in the books of the Company such transfers thereof to and from Funds as may be necessary 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.
- (b) The assets available for distribution among the members shall then be applied in the following priority:
  - (i) firstly, in the payment to the holders of the Shares of each class of each Fund 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 payment to be made. In the event that, as regards any class of Shares, there are insufficient assets available in the relevant Fund to enable such payment to be made recourse shall be had:

- A. first, to the assets of the Company not comprised within any of the Funds; and
  - B. 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 (i)) pro rata to the total value of such assets remaining within each such Fund;
- (ii) secondly, in the payment to the holders of the Subscriber Shares of sums up to the nominal amount paid thereon out of the assets of the Company not comprised within any Funds remaining after any recourse thereto under sub-paragraph (i) 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;
  - (iii) thirdly, 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 held;
  - (iv) fourthly, in the payment to the holders of the Shares of any balance then remaining and not comprised within any of the Funds, such payment being made in proportion to the value of each Fund and within each Fund to the value of each class and in proportion to number of Shares held in each class.
- (c) If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Acts, divide among the members in specie the whole or any part of the assets of the Company, and whether or not the assets shall consist of property of a single kind, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any assets in respect of which there is liability and any member may instruct the liquidator to sell any assets, to which he is entitled, on his behalf.

#### *Indemnities*

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

#### *Calculation of Net Asset Value*

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

- (a) The Net Asset Value of each Fund shall be the value of all the assets comprised in the Fund less all the liabilities attributable to the Fund and subject to the Regulations.
- (b) The assets of the Company shall be deemed to include (i) all cash in hand, on deposit or on call including any interest accrued thereon and all accounts receivable, (ii) all bills, demand notes, certificates of deposit and promissory notes, (iii) all bonds, forward currency transactions, time notes, shares, stock, units of or participation in collective investment schemes/ mutual funds, debentures, debenture stock, subscription rights, warrants, futures contracts, options contracts, swap contracts, contracts for differences,

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

- (c) The valuation principles to be used in valuing the Company's assets are as follows:
- (i) the value of an Investment which is quoted, listed or normally dealt in on a Regulated Market shall (save in the specific cases set out in paragraphs (iii), (viii) and (ix)) in respect of Funds that replicate the ISEQ 20<sup>®</sup> Index be the last price determined in the closing auction or if no such price is determined for a security the last traded order book price before the Valuation Point ("closing auction" and "last traded order book price" being the last traded prices for securities comprising the ISEQ 20<sup>®</sup> Index which prices will exclude any prices referable to over-the-counter trades in those securities), or, in respect of any other Fund, the closing bid price before the Valuation Point, provided that:
    - A. if an Investment is quoted, listed or normally dealt in on more than one Regulated Market, the Directors may, in their absolute discretion, select any one of such markets for the foregoing purposes (provided that the Directors have determined that such market constitutes the main market for such Investment or provides the fairest criteria for valuing such securities) and once selected a market shall be used for future calculations of the Net Asset Value with respect to that Investment unless the Directors otherwise determine; and
    - B. in the case of any Investment which is quoted, listed or normally dealt in on a Regulated Market but in respect of which for any reason, prices on that market may not be available at any relevant time, or, in the opinion of the Directors, may not be representative, the value therefor shall be the probable realisation value thereof estimated with care and in good faith by a competent person, firm or association making a market in such Investment (approved for the purpose by the Custodian) and/or any other competent person, in the opinion of the Directors (and approved for the purpose by the Custodian);
  - (ii) the value of any Investment which is not quoted, listed or normally dealt in on a Regulated Market shall be the probable realisable value estimated with care and in good faith by a competent person, firm or association making a market in such Investment (approved for the purpose by the Custodian) and/or any other competent person, in the opinion of the Directors (and approved for the purpose by the Custodian);
  - (iii) the value of any Investment which is a unit of or participation in an open-ended collective investment scheme/mutual fund shall be the latest available net asset value of such unit/participation;
  - (iv) the value of any cash in hand, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof unless in any case the Directors are of the opinion that the

same is unlikely to be paid or received in full in which case the value thereof shall be arrived at after making such discount as the Directors (with the approval of the Custodian) may consider appropriate in such case to reflect the true value thereof;

- (v) deposits shall be valued at their principal amount plus accrued interest from the date on which the same were acquired or made;
- (vi) treasury bills shall be valued at the middle market dealing price on the market on which same are traded or admitted to trading as at the Valuation Point, provided that where such price is not available, same shall be valued at the probable realisation value estimated with care and good faith by a competent person (approved for the purpose by the Custodian);
- (vii) bonds, notes, debenture stocks, certificates of deposit, bank acceptances, trade bills and similar assets shall be valued at the latest available middle market dealing price on the market on which these assets are traded or admitted for trading (being the market which is the sole market or in the opinion of the Directors the principal market on which the assets in question are quoted or dealt in) plus any interest accrued thereon from the date on which same were acquired;
- (viii) forward foreign exchange contracts will be valued by reference to the price at the Valuation Point at which a new forward contract of the same size and maturity could be undertaken;
- (ix) the value of any futures contracts and options which are dealt in on a Regulated Market shall be the settlement price as determined by the market in question, provided that if such settlement price is not available for any reason or is unrepresentative, same shall be valued at the probable realisation value estimated with care and good faith by a competent person (approved for the purpose by the Custodian);
- (x) the value of any OTC derivative contracts shall be :
  - A. the quotation from the counterparty provided that such quotation is provided on at least a daily basis and verified at least weekly by a person independent of the counterparty and who is approved for the purpose by the Custodian; or
  - B. an alternative method of valuation as the Directors may determine in accordance with the requirements of the Central Bank. This may be calculated by the Company or an independent pricing vendor (which may be a party related to but independent of the counterparty which does not rely on the same pricing models employed by the counterparty) provided that where an alternative valuation is used (i.e. a valuation that is provided by a competent person appointed by the Manager or Directors and approved for that purpose by the Custodian (or a valuation by any other means provided that the value is approved by the Custodian)), the valuation principles employed must follow best international practice established by bodies such as IOSCO (International Organisation of Securities Commission) and AIMA (the Alternative Investment Management Association) and any such valuation shall be reconciled to that of the counterparty on a monthly basis. Where significant differences arise on the monthly reconciliation, these will be promptly investigated and explained;
- (xi) notwithstanding any of the foregoing sub-paragraphs, the Directors with the approval of the Custodian may adjust the value of any Investment if, having regard to currency, applicable rate of interest, maturity, marketability and/or such other considerations as they may deem relevant, they consider that such adjustment is required to reflect the fair value thereof;
- (xii) if in any case a particular value is not ascertainable as above provided or if the Directors shall consider that some other method of valuation better reflects the fair

value of the relevant Investment then in such case the method of valuation of the relevant Investment shall be such as the Directors shall decide with the approval of the Custodian;

- (xiii) notwithstanding the foregoing, where at any time of any valuation any asset of the Company has been realised or contracted to be realised there shall be included in the assets of the Company in place of such asset the net amount receivable by the Company in respect thereof provided that if such amount is not then known exactly then its value shall be the net amount estimated by the Directors as receivable by the Company and provided that the method of valuation is approved by the Custodian.
- (d) Any certificate as to Net Asset Value of Shares given in good faith (and in the absence of negligence or manifest error) by or on behalf of the Directors shall be binding on all parties.

#### 6. **Circumstances of a Winding Up**

The Company shall be wound up in the following circumstances:

- (a) by the passing of a special resolution for a winding-up;
- (b) where the Company suspends its business for a year;
- (c) where the number of members falls below the statutory minimum (currently 2);
- (d) where the Company is unable to pay its debts and a liquidator has been appointed;
- (e) where the appropriate court in Ireland is of the opinion that the Company's affairs and the powers of the Directors have been exercised in a manner oppressive to members;
- (f) where the appropriate court in Ireland is of the opinion that it is just and equitable that the Company should be wound up.

#### 7. **Anti-Money Laundering**

The Company and the Manager have legal responsibilities and/or responsibilities to regulators for compliance with applicable anti-money laundering regulations around the world and, for that reason, potential subscribers for Shares may be asked for proof of identity, and/or to fulfil other requirements. Until satisfactory proof of identity is provided and/or those requirements are fulfilled, the Company reserves the right to withhold issuance and redemption of Shares.

In case of delay or failure to provide satisfactory proof of identity, the Company and the Manager may take such action as they see fit including the right to redeem issued Shares compulsorily.

#### 8. **Commissions**

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

#### 9. **Directors' and Other Interests**

- (a) Mr Donald C Roth holds 25,728 ordinary shares in the ISEQ 20<sup>®</sup> ETF, a Fund of the Company. No other Director or any connected person has any interest in the Shares or any options in respect of such Shares.

For the purposes of this paragraph "connected person" means in respect of any Director:

- (i) his spouse, child or step-child;
  - (ii) a person acting in his capacity as the trustee of any trust, the principal beneficiaries of which are the Director, his spouse or any of his children or step-children or any body corporate which he controls;
  - (iii) a partner of the Director; or
  - (iv) a company controlled by that Director.
- (b) Save for the contracts listed in paragraph 11 below, no Director is materially interested in any contract or arrangement subsisting at the date hereof which is unusual in its nature and conditions or significant in relation to the business of the Company.
- (c) No loan or guarantee has been provided by the Company to any Director.
- (d) Mr O'Kelly is a Director of the Manager.
- (e) Mr O'Kelly is an employee of NCB Stockbrokers Limited, the parent of the Manager.
- (f) No Director:
- (i) has any unspent convictions;
  - (ii) has become bankrupt or entered into any voluntary arrangement;
  - (iii) has been a director of any company or a partner of any firm which, at that time or within twelve months after his ceasing to become a director or a partner (as the case may be), had a receiver appointed or went into compulsory liquidation, or creditors voluntary liquidation or went into administration, or entered into company or partnership voluntary arrangements or made any composition or arrangement with its creditors;
  - (iv) has owned an asset or been a partner of a partnership owning an asset over which a receiver has been appointed at that time or within twelve months after his ceasing to be a partner; or
  - (v) has had any public criticism against him by any statutory or regulatory authority (including recognised professional bodies) or has been disqualified by a court from acting as a director or acting in the management or conduct of the affairs of any company.

## 10. **Litigation**

The Company is not and has not been engaged in any litigation or arbitration proceedings and the Directors are not aware of any litigation or claim pending or threatened by or against the Company since its incorporation.

## 11. **Material Contracts**

- (a) The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and are, or may be, material. Save as set out below the Company has not entered into any other contract (not being a contract entered into in the ordinary course of business) which contains any provision under which the Company has any obligations or entitlement which is material to the Company as at the date of this Prospectus:
- (i) the Management Agreement dated 18 April 2005 between the Company and the Manager. The Management Agreement provides that the appointment of the Manager will continue in force unless and until terminated by either party giving to

the other not less than 90 days written notice although in certain circumstances, such as the insolvency of either party or unremedied breach after notice, the Agreement may be terminated forthwith by notice in writing by either party to the other. The Management Agreement contains indemnities in favour of the Manager other than in respect of matters arising by reason of its fraud, bad faith, wilful default or negligence in the performance of its duties and obligations, and provisions regarding the Manager's legal responsibilities. The Manager is entitled to charge a fee calculated as a percentage of the Net Asset Value of each Fund.

- (ii) the Custody Agreement dated 18 April 2005 and Novation to the Custody Agreement dated 13 August 2008 between the Company, the Manager and the Custodian. The Custody Agreement and Novation to the Custody Agreement are to be read and construed as one agreement. The Custody Agreement provides that the appointment of the Custodian shall continue for an initial term of two years (the "Initial Term"). After the expiry of the Initial Term, the Custody Agreement shall automatically renew for successive one year terms (each a "Renewal Term") unless notice of non renewal is delivered by the non renewing party to the other party no later than 90 days prior to the expiry of the Initial Term or the relevant Renewal Term. In certain circumstances (e.g. the insolvency of any party, unremedied breach after notice, etc.) the Custody Agreement may be terminated forthwith by notice in writing by any party to the other party. The Custody Agreement contains indemnities in favour of the Custodian other than in respect of matters arising by reason of the unjustifiable failure of the Custodian (or any of its directors, officers, servants or employees) to perform its obligations under the Custody Agreement or its improper performance of them. The Custodian's fees are being met by the Manager.
- (b) The following contracts, not being entered into in the ordinary course of business have been entered into by the Manager in relation to the Company and are, or may be, material:
- (i) the Investment Management Agreement dated 18 April 2005 between the Manager and the Investment Manager. The Investment Management Agreement provides that the appointment of the Investment Manager will continue in force unless and until terminated by either party giving to the other not less than 90 days written notice, although in certain circumstances, such as the insolvency of either party or unremedied breach after notice, the Agreement may be terminated forthwith by notice in writing by either party to the other. The Investment Management Agreement allows the Investment Manager to delegate any of its functions under the Investment Management Agreement to State Street Global Advisors. The Investment Manager may also appoint sub-investment managers in accordance with the requirements of the Central Bank. The Investment Management Agreement contains indemnities in favour of the Investment Manager other than matters arising by reason of its fraud, bad faith, wilful default or negligence in the carrying out of its duties and obligations and provisions regarding the Investment Manager's legal responsibilities;
  - (ii) the Administration Agreement dated 18 April 2005 and Novation to the Administration Agreement dated 13 August 2008 between the Manager and the Administrator. The Administration Agreement and Novation to the Administration Agreement are to be read and construed as one agreement. The Administration Agreement provides that the appointment of the Administrator shall continue for an initial term of two years (the "Initial Term"). After the expiry of the Initial Term, the Administration Agreement shall automatically renew for successive one year terms (each a "Renewal Term") unless notice of non renewal is delivered by the non renewing party to the other party no later than 90 days prior to the expiry of the Initial Term or the relevant Renewal Term. In certain circumstances (e.g. the insolvency of any party, unremedied breach after notice, etc.) the Administration Agreement may be terminated forthwith by notice in writing by any party to the other party. The Administration Agreement contains indemnities in favour of the

Administrator other than in respect of matters arising by reason of its negligence, fraud or wilful default in the performance or non-performance of its duties and obligations, and provisions regarding the Administrator's legal responsibilities;

- (iii) the Agreement for the provision of Registry and Transfer Agent Services dated 18 April 2005 between the Company, the Registrar and Transfer Agent, the Manager and the Administrator. This Agreement provides that the appointment of the Registrar and Transfer Agent will continue in force unless and until terminated by either the Manager or the Registrar and Transfer Agent giving to the other parties not less than 30 days written notice although in certain circumstances such as the insolvency of any party, unremedied breach after notice, the Agreement may be terminated forthwith by notice in writing by either such party to the others. The Agreement contains indemnities in favour of the Registrar and Transfer Agent other than in respect of matters arising by reason of its fraud, negligence, wilful default or breach of contract in the performance of its duties and obligations, and provisions regarding its responsibilities.
- (iv) the Promoter and Distributor Agreement dated 18 April 2005 between the Manager and the Promoter. The Promoter and Distributor Agreement provides that the appointment of the Promoter will continue in force unless and until terminated by either party giving to the other not less than 90 days written notice although in certain circumstances, such as the insolvency of either party or unremedied breach after notice, the Agreement may be terminated forthwith by notice in writing by either party to the other. The Promoter and Distributor Agreement contains indemnities in favour of the Promoter other than in respect of matters arising by reason of its fraud, bad faith, wilful default or negligence in the performance of its duties and obligations, and provisions regarding the Promoter's legal responsibilities.
- (v) the Trade Mark Licence Agreement dated 20 December 2007 between the Irish Stock Exchange Limited, the Company and the Manager. The Trade Mark Licence Agreement relates to the use by the Company of the trademark ISEQ®. The Trade Mark Licence Agreement contains indemnities in favour of the Irish Stock Exchange Limited against any and all liability, loss, damages, costs, legal costs, professional and other expenses of any nature whatsoever incurred or suffered by the Irish Stock Exchange Limited arising out of the performance or non performance by the Company of its duties under the Trade Mark Licence Agreement.

## 12. Miscellaneous

- (a) The Company does not have as at the date of this Prospectus any loan capital (including term loans) outstanding or created but unissued, or any outstanding mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings, including bank overdraft, liabilities under acceptances or acceptance credits, obligations under finance leases, hire purchase, commitments, guarantees or other contingent liabilities.
- (b) The Company does not have, nor has it had since its incorporation, any employees.
- (c) The Company has not and does not intend to purchase or acquire nor agree to purchase or acquire any real property.

## 13. Inspection of Documents

Copies of the following documents will be available for inspection at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) for a period of fourteen days from the date hereof, free of charge, at the registered offices of the Company in Dublin:

- (a) the Memorandum and Articles of Association of the Company;

- (b) the material contracts referred to at paragraph 11 above;
- (c) the Regulations;
- (d) the Central Bank Notices relating to UCITS funds;
- (e) the Acts;
- (f) the latest annual and semi-annual reports of the Company (when issued); and
- (g) a list of all directorships and partnerships, past and present, held by the Directors, in the last 5 years.

The documents listed at (a) and (g) may be obtained, on request free of charge, from the Administrator.

## PART II

### Stock Exchanges and Regulated Markets

With the exception of permitted investment in unlisted securities, investment will be restricted to those stock exchanges and markets listed below in this Prospectus or any Supplement thereto or revision thereof. The list is currently as follows:

#### 1. Stock Exchanges

Stock exchanges in any Member State, Norway, Iceland or Liechtenstein, Australia, Canada, Japan, Hong Kong, New Zealand, Switzerland or the United States.

#### 2. Markets

The following regulated markets:

- (a) any derivative market within the European Economic Area ("EEA") (i.e. Member States, Norway, Iceland and Liechtenstein) on which Financial Derivative Instruments are traded;
- (b) the markets organised by the International Capital Market Association;
- (c) the market conducted by "listed money market institutions" as described in the Bank of England publication "The Regulation of the Wholesale Cash and OTC Derivatives Markets (in Sterling, foreign currency and bullion)";
- (d) the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan;
- (e) NASDAQ in the United States;
- (f) the market in US government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York;
- (g) the over-the-counter market in the United States regulated by the Financial Industry Regulatory Authority (previously known as the National Association of Securities Dealers Inc.);
- (h) the French market for "Titres de Creance Negotiable" (over-the-counter market in negotiable debt instruments);
- (i) the over-the-counter market in Canadian Government Bonds, regulated by the Investment Industry Regulatory Organisation of Canada (previously known as the Investment Dealers Association of Canada).

The above markets are set out in the Articles of Association and are listed in accordance with the requirements of the Central Bank, it being noted the Central Bank does not issue a list of approved markets or stock exchanges.

## PART III

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

The following provisions apply whenever a Fund proposes to engage in transactions in FDI where the transactions are for investment purposes (and such intention is disclosed in the Fund's investment policy) or for the purposes of the efficient portfolio management of the Fund. The Company shall employ a risk management process to enable it to accurately measure, monitor and manage, on a continuous basis, the risk of all open derivative positions and their contribution to the overall risk profile of a Fund's portfolio. The Company will, on request, provide supplemental information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investment.

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

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

#### Efficient Portfolio Management - Other Techniques and Instruments

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

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

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

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

The Company may enter into repurchase/reverse repurchase agreements and stock lending agreements subject to the conditions and limits set out in the Notices and in accordance with the requirements of the Central Bank.

3. When Issued, Delayed Delivery and Forward Commitment Securities.

The Company may invest in securities on a when-issued, delayed delivery and forward commitment basis and such securities will be taken into consideration in calculating a Fund's investment restriction limits.

## PART IV

### Investment and Borrowing Restrictions

Investment of the assets of the relevant Fund must comply with the Regulations. The Regulations provide:

<b>1</b>	<b>Permitted Investments</b>
	Investments of each Fund are confined to:
<b>1.1</b>	Transferable securities and money market instruments which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.
<b>1.2</b>	Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
<b>1.3</b>	Money market instruments, as defined in the UCITS Notices, other than those dealt on a regulated market.
<b>1.4</b>	Units of UCITS.
<b>1.5</b>	<b><u>Units of Non-UCITS as set out in the Central Bank's Guidance Note 2/03.</u></b>
<b>1.6</b>	Deposits with credit institutions as prescribed in the UCITS Notices.
<b>1.7</b>	Financial derivative instruments as prescribed in the UCITS Notices.
<b>2</b>	<b>Investment Restrictions</b>
<b>2.1</b>	Each Fund may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
<b>2.2</b>	Each Fund may invest no more than 10% of net assets in recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. This restriction will not apply in relation to investment by a Fund in certain US securities known as Rule 144A securities provided that: <ul style="list-style-type: none"> <li>- the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and</li> <li>- the securities are not illiquid securities i.e. they may be realised by the UCITS within seven days at the price, or approximately at the price, at which they are valued by the Fund.</li> </ul>
<b>2.3</b>	Subject to paragraph 4, each Fund may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
<b>2.4</b>	The limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a Fund invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the net asset value of the Fund. <b>This restriction need not be included unless it is intended to avail of this provision and reference must be made to the fact that this requires the prior approval of the Central Bank.</b>
<b>2.5</b>	The limit of 10% (in 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.

2.6	The transferable securities and money market instruments referred to in 2.4 and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.
2.7	<p>Each Fund may not invest more than 20% of net assets in deposits made with the same credit institution.</p> <p>Deposits with any one credit institution, other than a credit institution authorised in the EEA or a credit institution authorised within a signatory state (other than an EEA member state) to the Basle Capital Convergence Agreement of July 1998 (Switzerland, Canada, Japan, United States) or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand), held as ancillary liquidity, must not exceed 10% of net assets.</p> <p>This limit may be raised to 20% in the case of deposits made with the trustee/custodian.</p>
2.8	<p>The risk exposure of a Fund to a counterparty to an OTC derivative may not exceed 5% of net assets.</p> <p>This limit is raised to 10% in the case of a credit institution authorised in the EEA or a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1998 (Switzerland, Canada, Japan, United States) or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand),</p>
2.9	<p>Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:</p> <ul style="list-style-type: none"> <li>- investments in transferable securities or money market instruments;</li> <li>- deposits, and/or</li> <li>- counterparty risk exposures arising from OTC derivatives transactions.</li> </ul>
2.10	The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.
2.11	Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.
2.12	<p>Each Fund may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.</p> <p>The individual issuers must be listed in the prospectus and may be drawn from the following list:</p> <p>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, Tennessee Valley Authority.</p> <p>Each Fund must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.</p>
<b>3</b>	<b>Investment in Collective Investment Schemes ("CIS")</b>
3.1	Investments made by a Fund in units of a UCITS or other collective investment undertaking may not exceed, in aggregate, 10% of the assets of the Fund.

3.2	When a Fund invests in the units of other CIS that are managed, directly or by delegation, by the Manager or by any other company with which the Manager is linked by common management or control, or by a substantial direct or indirect holding, the Manager or other company may not charge subscription, conversion or redemption fees on account of the Fund's investment in the units of such other CIS.
3.3	Where a commission (including a rebated commission) is received by the Manager/Investment Manager by virtue of an investment in the units of another CIS, this commission must be paid into the property of the Fund.
<b>4</b>	<b>Index Tracking UCITS</b>
4.1	A Fund may invest up to 20% of net assets in shares and/or debt securities issued by the same body where the investment policy of the Fund is to replicate an index which satisfies the criteria set out in the Notices and is recognised by the Central Bank.
4.2	The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.
<b>5</b>	<b>General Provisions</b>
5.1	An investment company, or management company acting in connection with all of the funds it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
5.2	<p>A Fund may acquire no more than:</p> <ul style="list-style-type: none"> <li>(i) 10% of the non-voting shares of any single issuing body;</li> <li>(ii) 10% of the debt securities of any single issuing body;</li> <li>(iii) 25% of the units of any single CIS;</li> <li>(iv) 10% of the money market instruments of any single issuing body.</li> </ul> <p>NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.</p>
5.3	<p>5.1 and 5.2 shall not be applicable to:</p> <ul style="list-style-type: none"> <li>(i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;</li> <li>(ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;</li> <li>(iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;</li> <li>(iv) shares held by a Fund in the capital of a company incorporated in a non-member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed.</li> <li>(v) Shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.</li> </ul>
5.4	A Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
5.5	The Central Bank may allow recently authorised Funds to derogate from the provisions of 2.3 to 2.12, 3.1, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.
5.6	If the limits laid down herein are exceeded for reasons beyond the control of a 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.
<b>5.7</b>	Neither an investment company, nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of: <ul style="list-style-type: none"> <li>- transferable securities;*</li> <li>- money market instruments;</li> <li>- units of CIS; or</li> <li>- financial derivative instruments.</li> </ul>
<b>5.8</b>	A Fund may hold ancillary liquid assets.
	* any short selling of money market instruments by UCITS is prohibited.

### **Borrowing Restrictions**

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

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

## **PART V**

### **Index Disclaimer**

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Although the Irish Stock Exchange shall obtain information for inclusion in or for use in the calculation of any ISEQ<sup>®</sup> Index from sources which the Irish Stock Exchange considers reliable, the Irish Stock Exchange does not guarantee the accuracy and/or the completeness of the indices or any data included therein. The Irish Stock Exchange makes no warranty, express or implied, as to investment results to be obtained by the Company or its shareholders or any other person or entity from the use of any ISEQ<sup>®</sup> Index or any data included therein. The Irish Stock Exchange in making or compiling any ISEQ<sup>®</sup> Index shall have no liability for any errors, omissions or interruptions of or in connection with the indices or any data included therein. The Irish Stock Exchange hereby expressly disclaims all warranties of merchantability or fitness for a particular purpose with respect to any ISEQ<sup>®</sup> Index or any data included therein and in no event shall the Irish Stock Exchange have any liability to any party for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.