The directors of Mercer PIF Fund plc (the "Directors") listed in the Prospectus under "The Company" accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus and this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

MERCER UK CREDIT FUND

(A Fund of Mercer PIF Fund plc, an umbrella fund with segregated liability between sub-funds authorised by the Irish Financial Services Regulatory Authority pursuant to Part XIII of the Companies Act 1990)

SUPPLEMENT DATED 8 JANUARY 2010

TO PROSPECTUS DATED 1 DECEMBER 2009

MANAGER

MERCER GLOBAL INVESTMENTS MANAGEMENT LIMITED

This Supplement forms part of, and should be read in the context of, and together with the Prospectus dated 1 December 2009 (the "Prospectus") in relation to Mercer PIF Fund plc (the "Company") and contains information relating to the Mercer UK Credit Fund (the "Fund") which is a separate portfolio of the Company, which issues Class M-1 £, Class M-2 £, Class M-3 £, Class M-4 £, Class M-5 £, Class M-6 £, Class M-7 £ and Class Z-1 £ Shares (the "Shares").

This Supplement should be read in conjunction with the general description of the Company contained in the Prospectus. All information contained in the Prospectus is deemed incorporated herein. Words and expressions not specifically defined in this Supplement bear the same meaning as that attributed to them in the Prospectus. To the extent that there is any inconsistency between this Supplement and the Prospectus, this Supplement shall prevail.

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IMPORTANT INFORMATION

This Supplement shall form part of, and should be read in conjunction with, the Prospectus. Statements made in this Supplement are, except where otherwise stated, based on the law and practice currently in force in Ireland and are subject to change.

This Supplement contains information relating to the Mercer UK Credit Fund, a separate sub-fund of the Company which is authorised and regulated by the Financial Regulator pursuant to Part XIII of the Companies Act 1990.

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 Supplement and the reports referred to below 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 Supplement (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 Supplement.

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

Distribution of this Supplement is not authorised unless it is accompanied by a copy of the Prospectus and the Company's latest annual report and audited reports and/or half-yearly report and unaudited accounts (as applicable). These documents, delivered together, will comprise a complete current prospectus for the offering of Shares of the Fund.

Prospective investors should seek the advice of their legal, tax and financial advisers if they have any doubts regarding the contents of this Supplement.

An investment in the Fund should be viewed as medium to long term.

DEFINITIONS

Words and terms defined in the Prospectus have the same meaning in this Supplement unless otherwise stated herein. The Fund is established pursuant to Part XIII of the Companies Act 1990 and this Supplement shall be construed accordingly and will comply with the Financial Regulator's Notices.

For the purposes of Share dealings and valuations of the Fund, "Dealing Day" shall mean a day which is a day on which the banks in Ireland or the United Kingdom are open for normal business and such other day or days as the Directors shall from time to time determine and notify in advance to the Shareholders, provided that there shall be at least one Dealing Day in each calendar quarter.

The Net Asset Value ("NAV") per Share in respect of any Dealing Day with respect to the Fund will be calculated at 12.00 midday (Irish time) on the Business Day following the Dealing Day. The Net Asset Value per Share will be available from the office of the Administrator and through such other media as the Manager may from time to time determine and notify to Shareholders.

The "Valuation Point" as at which prices shall be used when valuing the assets of the Fund shall be such time on a Dealing Day which reflects the close of business in the markets relevant to the assets and liabilities of the Fund or such other time on that Dealing Day as the Directors may determine from time to time and notify to Shareholders. For the avoidance of doubt, the Valuation Point for any Dealing Day shall always be a time on that Dealing Day and the time at which the Net Asset Value is calculated will always be after the Dealing Deadline.

The Base Currency for the Fund shall be Sterling or such other currency as the Directors shall from time to time determine and notify to the Shareholders.

THE FUND

The Fund is a sub-fund of Mercer PIF Fund plc (the “Company”), an investment company with variable capital incorporated as a public limited company in Ireland with registered number 421024 and established as an umbrella fund with segregated liability between Sub-Funds.

In addition to the Sub-Funds listed in the Prospectus, MGI High Income UK Property Fund, MGI Diversified Alpha Fund, Mercer PIF Euro Nominal Bond Long Duration Fund, Mercer Medium Term Inflation Linked Bond Fund, Mercer Passive Euro Over 5 Year Bond Fund and Mercer Passive Global Equity Fund have also been approved by the Financial Regulator as Sub-Funds as at the date of this Supplement.

The Company offers eight classes of Shares in the Fund, being, the Class M-1 £, Class M–2 £, Class M–3 £, Class M-4 £, Class M-5 £, Class M-6 £, Class M-7 £ and Class Z–1 £ Shares. The Class Currency of the Class M-1 £, Class M–2 £, Class M-3 £, Class M-4 £, Class M-5 £, Class M-6 £, Class M-7 £ and Class Z-1 £ Shares is Sterling. The Company may also create additional classes of Shares in the Fund in the future in accordance with the requirements of the Financial Regulator.

The eight Classes are distinguished on the basis of either the Manager’s fee and/or the charges to the relevant Class (see “FEES AND EXPENSES” below). The Net Asset Value per Share for one Class may differ from the other Classes, reflecting these differing fee levels or Class Currencies and in some cases due to the initial subscription price per Share differing from the Net Asset Value per Share of Classes already in issue.

The Directors may determine to redeem all the outstanding Shares of the Fund in the event that the Fund’s NAV falls below €25 million (or its equivalent in the Base Currency for the Fund), or such other amount as may be determined by the Directors from time to time.

INVESTMENT OBJECTIVE AND POLICIES

Investment Objective

The investment objective of the Fund is to provide income and capital growth.

Investment Policy

The Fund will seek to achieve its objective by investing in bonds and fixed income securities which are primarily denominated in Sterling.

The Fund will invest at least two-thirds of its assets in a diversified portfolio of Sterling denominated fixed income securities of varying maturities. The Fund will invest primarily in investment grade securities but may invest up to 10% of its assets in fixed income securities that are rated lower than Baa by Moody’s Investor Services (“Moody’s”) or lower than BBB by Standards & Poor’s (“S&P”). At least two thirds of the Fund’s assets will be invested in securities that are listed, traded or dealt in on a Recognised Market in the OECD. The Fund may also acquire units/shares of fixed income investment funds such as investment companies, investment limited partnerships and unit trusts or their equivalents which fall within the categories of such funds set out in Guidance Note 2/03 listed on Recognised Markets. Such collective investment schemes will be regulated investment funds, will not charge annual management fees of in excess of 3% of those underlying funds’ respective net asset values and will be domiciled in OECD countries. The Fund may invest no more than 40% of its Net Asset Value in aggregate in such regulated collective investment schemes.

The types of fixed income securities in which the Fund can invest include securities issued or guaranteed by EU Member States and non-EU Member States, their sub-divisions, agencies or instrumentalities, corporate debt securities and corporate commercial paper, mortgage-backed and other asset backed securities which are transferable securities that are collateralised by receivables or other assets, inflation indexed bonds issued both by governments and corporations, securities of international agencies or supranational entities, debt securities whose interest is, in the opinion of bond counsel for the issuer at the time of the issuance, exempt from US federal income tax (municipal bonds), freely transferable and unleveraged structured notes, including securitised loan participations, freely transferable and unleveraged hybrid securities which are derivatives that combine a traditional stock or bond with an option or forward contract. The fixed income securities may have fixed, variable or floating rates of interest and may vary inversely with respect to a reference rate.

The Fund may also invest in inflation-protected securities, including, without limitation, U.S. Treasury Inflation-Protected Securities, and stripped mortgage securities. Please see the “INFLATION PROTECTED SECURITIES RISKS” and “INTEREST ONLY SECURITIES” sections contained in “SPECIAL CONSIDERATIONS AND RISK FACTORS” in this Supplement.

Subject to the provisions set forth in Appendix II and Appendix III to the Prospectus, the Fund may also use derivative instruments such as futures, options, swap agreements (which may be listed or over the counter) and may also enter into currency forward contracts. Such derivative instruments may be used for (i) for hedging purposes; and/or (ii) for short term investment purposes. The derivative instruments to be utilised by the Fund may include individual name credit default swaps and iTraxx credit default swap contracts (based on the iTraxx credit default swap indices owned, managed, compiled and published by International Index Company). The Fund shall enter into credit default swap contracts as protection buyer but may also act as protection seller, where it shall receive payment for guaranteeing the creditworthiness of the reference entity to the buyer. The Fund may also invest in UK and non-UK government bond futures and currency forwards.

The expected effect of utilising financial derivative instruments for hedging purposes is a reduction in the volatility of the Fund’s Net Asset Value and the expected effect of utilising financial derivative instruments for short term investment purposes is an increase in the volatility of the Fund’s Net Asset Value.

The Fund may be leveraged up to 10% of its Net Asset Value through the use of derivative instruments.

The Fund will not invest more than 20% of its Net Asset Value in securities, which are not traded in or dealt on a Recognised Market and will not invest more than 10% of its Net Asset Value securities issued by emerging market governments.

Investors should note that there can be no guarantee that the Fund will achieve its investment objective.

INVESTMENT MANAGER AND SUB-INVESTMENT MANAGERS

The Manager has appointed the Investment Manager as investment manager to the Fund. The Investment Manager is an indirect, wholly-owned subsidiary of Marsh & McLennan Companies, Inc. and commenced operations on 18 August 2006. The Investment Manager is an affiliate of Mercer Investment Consulting Limited, an investment consultant with more than 30 years experience reviewing, rating and recommending investment managers for institutional clients.

The Investment Manager may appoint one or more Sub-Investment Managers in respect of the Fund. Information relating to the Sub-Investment Managers appointed by the Investment Manager is available upon request to the Investment Manager. Furthermore, details of all Sub-Investment Managers appointed (if any) will be disclosed in the most recent financial reports of the Company. The fees of the Sub-Investment Manager(s) shall be paid out of the fees of the Investment Manager.

BORROWING POLICY

Notwithstanding the Prospectus, the Fund may not grant loans or act as guarantor on behalf of third parties or borrow money except for short-term borrowings not to exceed one year in an amount not exceeding 25 per cent of its net assets.

HOW TO BUY SHARES

Class M-1 £ Shares, Class M-2 £ Shares, Class M-3 £ Shares, Class M-4 £ Shares, Class M-5 £ Shares, Class M-6 £ Shares, Class M-7 £ Shares and Class Z-1 £ Shares in the Fund are available for subscription at the initial price of £100 per Share. Shares in the Fund are available from 9.00 a.m. (Irish time) on 22 January 2010 until the Closing Date which in the case of such Shares is 25 January 2010 or such other date as the Directors may determine and notify to the Financial Regulator (the "Closing Date"), subject to receipt by the Company in the manner described below of applications and subscription proceeds by 5.00 p.m. (Irish time) on the Closing Date.

Thereafter Class M-1 £ Shares, Class M-2 £ Shares, Class M-3 £ Shares, Class M-4 £ Shares, Class M-5 £ Shares, Class M-6 £ Shares, Class M-7 £ Shares and Class Z-1 £ Shares will be issued at their Net Asset Value per Share on each Dealing Day.

Class M-1 £ Shares, Class M-2 £ Shares, Class M-3 £ Shares, Class M-4 £ Shares, Class M-5 £ Shares, Class M-6 £ Shares, Class M-7 £ Shares and Class Z-1 £ Shares will be denominated in Sterling. Class Z-1 £ are offered primarily to clients of the Investment Manager or its affiliates pursuant to an investment management agreement. The Sub-Funds of the Company and any other fund for which the Manager or any of its affiliates may serve as manager or investment manager may also invest in Class Z-1 £ Shares. Please consult the Manager for further information.

Orders for Shares of all Classes of the Fund that are received and accepted by or on behalf of the Administrator or the Company at the address specified in the Application Form prior to 1.00 p.m. (Irish time) on the relevant Dealing Day (the "Dealing Deadline") will be processed at the offering price determined in respect of that Dealing Day. Orders to subscribe for Shares received and accepted by or on behalf of the Administrator or the Company after the Dealing Deadline for the Fund will be processed at the offering price determined in respect of the next Dealing Day. All subscriptions are irrevocable. It is the responsibility of the Distributor and financial intermediaries, as appointed in accordance with the requirements of the Financial Regulator, to ensure that orders placed through them are transmitted onwards to the Administrator on a timely basis.

Payment should be made in the Class Currency by electronic transfer to the account specified in the Application Form so as to arrive by 5:00 p.m. (Irish time) three clear Business Days following the relevant Dealing Day, or such later time as the Directors may from time to time determine. No interest shall be payable on funds received by the Company in advance of the deadline set out herein for the receipt of subscription monies.

Where the Company or the Administrator has received a duly completed Application Form by the Dealing Deadline but the Company, or the Custodian for the account of the Company, has not received the cleared subscription monies by the Dealing Deadline, the Company may accept the subscription, and provisionally allot Shares, subject to the receipt of the cleared subscription monies within three days of the Dealing Deadline, or at such later time as the Directors may from time to time determine. In the event that subscription monies are not received by the Company, or the Custodian for the account of the Company, before the Dealing Deadline, but the subscription is accepted, the Company may temporarily borrow an amount equal to the subscription monies and invest such monies in accordance with the investment objective and policies of the Fund. Once the subscription monies are received, the Fund will use such subscription monies to repay the relevant borrowings and, where subscription monies are not received within three days of the Dealing Deadline, the Fund reserves the right to charge that investor interest on such outstanding subscription monies at normal commercial rates. In addition the investor shall indemnify the Company for any losses, costs or expenses suffered directly or indirectly by the Company or the Fund as a result of the investor's failure to pay for Shares applied for by the due date set forth in the Prospectus and this Supplement. The Company reserves the right to cancel the provisional allotment of the relevant Shares in those circumstances. In computing any losses covered under this paragraph, account shall be taken, where appropriate, of any movement in the price of the Shares concerned between the transaction date and cancellation of the transaction or redemption of the Shares, and of the costs incurred by the Company or the Fund in taking proceedings against the applicant.

For additional information concerning subscriptions, please consult "Investing in Shares" in the Prospectus.

Subject to acceptance of the application within the period set out above, a contract note evidencing ownership of Shares will be available to successful applicants for Shares within five Business Days of the relevant Dealing Day.

Duties and Charges

To enable the Fund to recover the cost of investing Fund assets upon an investor's subscription for Shares each Shareholder may pay duties and charges of up to 3% of the subscription proceeds as applicable. The duties and charges will be paid to the Fund for the benefit of all Shareholders and will not be paid to the Manager or Investment Manager. The duties and charges will be deducted from subscription proceeds and will correspondingly reduce the number of Shares purchased by the investor. Investors should note that duties and charges will only be paid on net subscriptions on any Dealing Day.

HOW TO REDEEM SHARES

Shareholders may redeem their Shares by mail, fax or in certain circumstances and where agreed in advance by the Manager and the Administrator, by electronic communication. Shareholders may request the Company to redeem their Shares on and with effect from any Dealing Day at a price based on the relevant Net Asset Value per Share in respect of such Dealing Day, less any duties and charges.

Save where specified herein, the redemption notice will be irrevocable upon receipt by the Administrator and must be given in writing and received by the Administrator by the Dealing Deadline. Redemption proceeds will generally be remitted by the Administrator no later than four Business Days after the relevant Dealing Day. Any amendments to a Shareholder's registration details or payment instructions will only be effected on receipt of original documentation.

Save where expressly provided herein or in the Prospectus, an Application Form forwarded by mail, fax or electronic communication, must be received by the Company, c/o the Administrator, at the address specified in the Application Form not later than 1:00 pm (Irish time) on the relevant Dealing Day (the "Dealing Deadline").

No redemption payments will be made until the original subscription documentation required by the Company has been received by the Administrator (including any documents in connection with anti-money laundering procedures) and the anti-money laundering procedures have been completed.

Requests received after the Dealing Deadline on a Dealing Day shall be processed as at the next Dealing Day. All requests for redemption must be endorsed by the record owner(s) exactly as the Shares are registered. In addition, in some cases the Administrator may require the furnishing of additional documents such as where the Shares are registered in the name of a corporation, partnership or fiduciary.

Duties and Charges

To enable the Fund to recover the cost of liquidating Fund assets upon a Shareholder's redemption of Shares, each Shareholder may pay duties and charges of up to 3% of the redemption proceeds. The duties and charges will be paid to the Fund for the benefit of all Shareholders and will not be paid to the Manager or Investment Manager. The duties and charges will be deducted from redemption proceeds and will correspondingly reduce the amounts received by a Shareholder upon redeeming its Shares from the Fund. Investors should note that duties and charges will only be paid on net redemptions on any Dealing Day.

Suspension and Deferral of Redemptions:

In certain circumstances, as set out in the Prospectus, the Company may in turn suspend redemption of Shares as of the applicable Dealing Day. Nevertheless, the Directors undertake to use their best efforts to anticipate redemption requests.

If outstanding redemption requests from Shareholders on any Dealing Day total in aggregate 10% or more of the NAV of the Fund on such Dealing Day, the Directors, in consultation with the Investment Manager, shall be entitled at their discretion to refuse to redeem such number of Shares in issue on that Dealing Day in respect of which redemption requests have been received in excess of 10% of the NAV of the Fund as the Directors shall determine. If the Directors refuse to redeem Shares for this reason, the requests for redemption shall be reduced rateably and the Shares to which each redemption request relates which are not redeemed shall be redeemed on each subsequent Dealing Day in priority to any request received thereafter, provided that the Company shall not be obliged to redeem Shares representing more than 10% of the NAV of the Fund outstanding on any Dealing Day, until all the Shares to which the original request related have been redeemed. A Shareholder may withdraw his redemption request by notice in writing to the Administrator if the Directors exercise their discretion to refuse to redeem any Shares to which the request relates.

The Company may, at the discretion of the Directors and with the consent of the redeeming Shareholder, satisfy requests for redemption of Shares in the Fund by transfer to those Shareholders of assets of the Fund in-specie, provided any such distributions in specie will not materially prejudice the remaining or redeeming Shareholders. Any such asset allocation is subject to the approval of the Investment Manager and the Custodian. Shareholders who receive redemption proceeds in specie will be responsible for liquidating any securities received, including bearing any transaction costs involved in the sale of such securities.

Notwithstanding the above, if any Shareholder requests the redemption of Shares equal to 5% or more of the NAV of the Fund on any Dealing Day, the Directors may, at their absolute discretion, distribute underlying investments rather than cash in satisfaction of the redemption provided that any such distribution shall not materially prejudice the interests of other Shareholders. In such circumstances, the relevant Shareholder will have the right to instruct the Directors to procure the sale of such underlying investments on their behalf in which case the Shareholder will receive the proceeds net of all fiscal duties and charges incurred in connection with the sale of such underlying investments.

Dealing size/ Restriction on holdings

The Directors or the Manager may, at their entire discretion, cause all the Shares outstanding to be redeemed if the NAV of the Fund falls below €25 million (or its equivalent in the Base Currency of the Fund), or such other amount as may be determined by the Directors, or if the Directors or Manager consider it necessary for such discretionary redemption to take place in the interests of Shareholders. In such circumstances, the Administrator will issue a redemption notice and the Shares will be redeemed as of the next Dealing Day following the redemption date specified by the Administrator in the redemption notice. Any redemption requests received by the Administrator prior to this Dealing Day, but which remain outstanding, will become immediately suspended and no further redemptions will take place following the issue of the redemption notice. So far as is possible in the circumstances, the Administrator shall notify the Shareholders in writing of such redemptions no less than 30 days prior to such an event. In order to receive the redemption proceeds, Shareholders will be required to acknowledge to the Administrator receipt of the redemption notice describing their shareholdings.

Investors may apply to withdraw the whole of their investment at any time. Unless a redemption notice specifies a particular number of Shares to be redeemed it will be deemed to apply in respect of the total holding of the Shareholder.

For additional information concerning redemptions and restrictions thereon, please consult "Investing in Shares" in the Prospectus.

HOW TO EXCHANGE OR TRANSFER SHARES

Generally, Shareholders may exchange Shares in the Fund for Shares of the same Class in another Sub-Fund on any Dealing Day. An exchange request will be treated as an order to redeem the Shares held prior to the exchange and a purchase order for new Shares with the redemption proceeds. The original Shares will be redeemed at their Net Asset Value per Share and the new Shares will be issued at the Net Asset Value per Share of the corresponding Class of the applicable Sub-Fund. Exchange requests for Shares must be made through the Distributor in accordance with such detailed instructions regarding exchange procedures as are furnished by the Distributor.

No exchange fee will be charged by the Company or the Manager.

Transfers of Shares must be effected by submission of an original Stock Transfer Form. Every form of transfer must state the full name and address of each of the transferor and the transferee and must be signed by or on behalf of the transferor. The Directors (or the Administrator on their behalf) may decline to register any transfer of Shares unless the transfer form is deposited at the registered office of the Company, or such other place as the Directors may reasonably require, accompanied by such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain the holder of the Shares until the name of the transferee is entered in the register of Shareholders. A transfer of Shares will not be registered unless the transferee, if not an existing Shareholder, has completed an Application Form (and has provided any documents in connection with anti-money laundering procedures) to the satisfaction of the Directors or their delegates and the anti-money laundering procedures have been completed.

For additional information concerning exchanges and restrictions thereon, please consult "Investing in Shares" in the Prospectus.

Shares are freely transferable and may not be subject to any transfer restrictions or compulsory redemption save where the holding of such Shares may result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Company or its Shareholders as a whole, or where such transfer would result in a Shareholder falling below the specified minimum holding. To avoid such regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Company or its Shareholders as a whole, transfers of Shares are subject to the prior approval of the Directors or the Administrator on their behalf. A proposed transferee may be required to provide such representations, warranties or documentation as the Directors may require in relation to the above matters. In the event that the Company does not receive a Declaration in respect of a transferee, the Company will be required to deduct appropriate tax in respect of any payment to the transferee or any sale, transfer, cancellation, redemption, repurchase, cancellation or other payment in respect of the Shares as described in the section headed "Taxation" in the Prospectus.

DIVIDEND POLICY

The Directors have determined to reinvest all net income and net realised capital gains of the Company. Accordingly, no dividends will be paid in respect of any Class of Shares of the Fund and all net income and net realised capital gains of the Fund will be reflected in the Net Asset Value per Share for the Fund.

SPECIAL CONSIDERATIONS AND RISK FACTORS

Investors should be aware of the risks of the Fund including, but not limited to, the risks described in the "SPECIAL CONSIDERATIONS AND RISK FACTORS" section of the Prospectus and below. Investment in the Fund is suitable only for persons who are in a position to take such a risk. There can be no assurance that the Fund will achieve its investment objective.

INTEREST RATE RISK

The fixed-income securities in which the Fund may invest are interest rate sensitive and may be subject to price volatility due to such factors including, but not limited to, changes in interest rates, market perception of the creditworthiness of the issuer and general market liquidity. The magnitude of these fluctuations will be greater when the maturity of the outstanding securities is longer. An increase in interest rates will generally reduce the value of fixed-income securities, while a decline in interest rates will generally increase the value of fixed-income securities. When interest rates are falling the inflow of net new money to the Fund from the continuous sale of Shares in the Fund tends to be invested in instruments producing lower yields than the balance of the obligations held by the Fund, thereby reducing the Fund's current yield. In periods of rising interest rates the opposite can be expected to occur.

The performance of the Fund will therefore depend in part on the ability of the Investment Manager or its delegate(s) to anticipate and respond to such fluctuations in market interest rates and to utilise appropriate strategies to maximise returns, while attempting to minimise the associated risks to investment capital.

RECENT VOLATILITY IN THE CREDIT MARKETS

Although market values in fixed income securities have recently increased from their previous lows, there is a risk that the market values of such securities may continue to be volatile and possibly suffer material declines. The market value of fixed income securities has been fluctuating significantly with, among other things, the financial condition of the obligors on or issuers of such securities, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry, and changes in prevailing interest rates.

No assurance can be given as to the present or future value of the securities held by the Fund at any time. Future periods of uncertainty in the world economy and the possibility of increased volatility and default rates in certain financial markets may also adversely affect the price and liquidity of the securities held by the Fund.

CORPORATE DEBT SECURITIES

Corporate debt securities are subject to the risk of an issuer's inability to meet principal and interest payments on the obligation (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). Lower rated or unrated securities are more likely to react to developments affecting market and credit risk than more highly rated securities, which react primarily to movements in the general level of interest rates. The Investment Manager or its delegate(s) will consider both credit risk and market risk in making investment decisions for the Fund.

The timing of purchase and sale transactions in debt obligations may result in capital appreciation or depreciation because the value of debt obligations generally varies inversely with prevailing interest rates

GOVERNMENT SECURITIES

Certain government securities are supported by the full faith and credit of their respective jurisdictions of issue. Others are not supported by the full faith and credit of their respective jurisdictions of issue but are supported by: (i) the right of the issuer to borrow from a government body of the jurisdiction of issue; (ii) the discretionary authority of a governing body of their respective jurisdictions of issue to purchase the issuing body's obligations, or (iii) only the credit of the issuer. No assurance can be given to investors in Sub-Funds which may invest in such securities that the relevant government will provide financial support in the future to government agencies, authorities or instrumentalities that are not supported by the full faith and credit of their respective governments.

UNDERLYING FUNDS WHICH ARE LEVERAGED

The underlying funds in which the Fund may invest may utilise leverage in their investment programs. Such leverage may take the form of loans for borrowed money, trading on margin, derivative instruments that are inherently leveraged, including among others forward contracts, futures contracts, swaps and repurchase agreements, and other forms of direct and indirect borrowings, increasing the volatility of the underlying fund's investments. The use of leverage by the underlying funds may substantially increase the adverse impact to which the investment portfolios of the underlying funds may be subject. The level of interest rates generally, and the rates at which the underlying funds can borrow in particular, can affect the operating results of the underlying funds and, consequently, the return achieved by the Fund in respect of such investment.

Underlying funds may pledge, charge, lend, hypothecate and/or re hypothecate their assets to obtain additional financing.

LOAN PARTICIPATIONS

Participations typically will result in the Fund having a contractual relationship only with the lender, not with the borrower. The Fund will have the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the participation and only upon receipt by the lender of the payments from the borrower. In connection with purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any rights of set-off against the borrower, and the Fund may not directly benefit from any collateral supporting the loan in which it has purchased the participation. As a result, the Fund will assume the credit risk of both the borrower and the lender that is selling the participation. In the event of the insolvency of the lender selling a participation, the Fund may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower.

The Fund may have difficulty disposing of participations. The liquidity of such instruments is limited, and they may be sold only to a limited number of institutional investors. The lack of a liquid secondary market could have an adverse impact on the value of such securities and on the Fund's ability to dispose of particular participations when necessary to meet its liquidity needs or in response to a specific economic event, such as a deterioration in the creditworthiness of the borrower. The lack of a liquid secondary market for participations also may make it more difficult for the Investment Manager or its delegate(s) to assign a value to those securities for the purposes of valuing the Fund's portfolio and calculating its Net Asset Value.

LOWER QUALITY AND LOWER RATED DEBT SECURITIES

Debt securities rated in the fourth highest category by S&P or Moody's or given equivalent credit ratings by other recognised rating agencies, although considered investment grade, may possess speculative characteristics, and changes in economic or other conditions are more likely to impair the ability of their issuers to make interest and principal payments than is the case with respect to issuers of higher grade debt securities.

Generally, medium or lower rated securities and unrated securities of comparable quality offer a higher current yield than is offered by higher rated securities, but also: (i) are likely have some quality and protective characteristics that, in the judgement of the rating organisations, are outweighed by large uncertainties or major risk exposures to adverse conditions; and (ii) are predominantly speculative with respect to the issuers capacity to pay interest and repay principal in accordance with the terms of the obligation. The market values of certain of these securities also tend to be more sensitive to individual corporate developments and changes in economic conditions than higher quality bonds. In addition, medium and lower rated securities and comparable unrated securities generally present a higher degree of credit risk. The risk of loss due to default by these issuers is significantly greater because medium and lower rated securities and unrated securities of comparable quality generally are unsecured and frequently are subordinated to the prior payment of senior indebtedness. In light of these risks, the Investment Manager or its delegate(s), in evaluating the creditworthiness of an issue, whether rated or unrated, take various factors into consideration, which may include, as applicable, the issuer's financial resources, its sensitivity to economic conditions and trends, the ability of the issuer's management and regulatory matters.

The market value of securities in lower rated categories is more volatile than that of higher quality securities, and the markets in which medium and lower rated or unrated securities are traded are more limited than those in which higher rated securities are traded. The existence of limited markets may make it more difficult to obtain accurate market quotations for purposes of valuing the securities held by, and calculating the Net Asset Value of, the Fund. Moreover, the lack of a liquid trading market may restrict the availability of securities for purchase and may also have the effect of limiting the ability of the Fund to sell securities at their fair value either to meet withdrawal requests or to respond to changes in the economic or the financial markets.

Lower rated debt obligations also present risks based on payment exceptions. If an issuer calls the obligation for redemption, the obligation may have to replaced with a lower yielding security, resulting in a decreased return for investors. In the event of rising interest rates the value of the securities held by the Fund may decline proportionately more than higher rated securities. If the Fund experiences unexpected net withdrawals, higher rated bonds may have to be sold, resulting in a decline in the overall credit quality of the securities held by the Fund and increasing the exposure of the Fund to the risks of lower rated securities.

Subsequent to purchase, an issue of securities may cease to be rated or its rating may be reduced below the minimum required for purchase by Fund. Neither event requires sale of these securities by the Fund, but the Investment Manager or its delegate(s) considers the event in its determination of whether the securities should continue to be held.

The Fund may invest in securities which are not investment grade. Such securities may have a higher yield than securities with an investment grade rating, but are more likely to react to developments affecting market and credit risk than such higher rated securities, which primarily react to movements in the general level of interest rates. Lower rated or unrated securities are generally subject to a greater default risk than such higher rated securities.

SUPRANATIONAL ENTITIES

The Fund may invest in debt securities issued by supranational organisations. As supranational organisations do not possess taxing authority, they are dependent upon their members' continued support in order to meet interest and principal payments.

SOVEREIGN DEBT

Investments in sovereign debt securities of Emerging Markets involve special risks. The issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due in accordance with the terms of such debt. Periods of economic uncertainty may result in the volatility of market prices of sovereign debt, and in turn the Fund's Net Asset Value, to a greater extent than the volatility inherent in developed market debt securities.

A sovereign debtor's willingness or ability to repay principal and pay interest in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the sovereign debtor's policy toward principal international lenders and the political constraints to which a sovereign debtor may be subject. Emerging Markets could default on their sovereign debt. Such sovereign debtors also may be dependent on expected disbursements from foreign governments, multilateral agencies and other entities abroad to reduce principal and interest arrears on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a sovereign debtor's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due, may result in the cancellation of such third parties' commitments to lend funds to the sovereign debtor, which may further impair such debtor's ability or willingness to service its debts in a timely manner.

The occurrence of political, social or diplomatic changes in one or more countries issuing sovereign debt could adversely affect a Fund's investments. Emerging Markets are faced with social and political issues and some have experienced high rates of inflation in recent years and have extensive internal debt. Among other effects, high inflation and internal debt service requirements may adversely affect the cost and availability of future domestic sovereign borrowing to finance governmental programs, and may have other adverse social, political and economic consequences. Political changes or a deterioration of a country's domestic economy or balance of trade may affect the willingness of countries to service their sovereign debt.

The ability of Emerging Markets to make timely payments on their sovereign debt securities is likely to be influenced strongly by a country's balance of trade and its access to trade and other international credits. A country whose exports are concentrated in a few commodities could be vulnerable to a decline in the international prices of one or more of such commodities. Increased protectionism on the part of a country's trading partners could also adversely affect its exports. Such events could diminish a country's trade account surplus, if any. To the extent that a country receives payments for its exports in currencies other than hard currencies, its ability to make hard currency payments could be affected.

Investors should also be aware that certain sovereign debt instruments in which a Fund may invest involve great risk. Sovereign debt obligations issued by Emerging Markets generally are deemed to be the equivalent in terms of quality to securities rated below investment grade by a Recognised Rating Agency. Such securities are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk. Some of such securities, with respect to which the issuer currently may not be paying interest or may be in payment default, may be comparable to securities rated D by S&P or C by Moody's. A Fund may have difficulty disposing of and valuing certain sovereign debt obligations because there may be a limited trading market for such securities. Because there may be no liquid secondary market for many of these securities, the Investment Manager anticipates that such securities could be sold only to a limited number of dealers or institutional investors.

INFLATION PROTECTED SECURITIES RISKS

The value of inflation-protected securities ("IPS"), including U.S. Treasury Inflation-Protected Securities ("U.S. TIPS"), generally fluctuates in response to changes in real interest rates. Real interest rates are tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increase at a faster rate than inflation, real interest rates might rise, leading to a decrease in value of IPS. Conversely, if inflation rises at a faster rate than nominal interest rates, real interest rates might decline, leading to an increase in value of IPS.

If the Fund purchases IPS in the secondary market whose principal values have been adjusted upward due to inflation since issuance, the Fund may experience a loss if there is a subsequent period of deflation. Additionally, if the Fund purchases IPS in the secondary market whose price has been adjusted upward due to real interest rates increasing, the Fund may experience a loss if real interest rates subsequently increase. If inflation is lower than expected during the period the Fund holds an IPS, the Fund may earn less on the security than on a conventional bond. If the Fund sells U.S. TIPS in the secondary market prior to maturity however, the Fund may experience a loss.

If real interest rates rise (i.e., if interest rates rise for reasons other than inflation (for example, due to changes in currency exchange rates)), the value of the IPS in the Fund's portfolio will decline. Moreover, because the principal amount of IPS would be adjusted downward during a period of deflation, the Fund will be subject to deflation risk with respect to its investments in these securities. IPS are tied to indices that are calculated based on the rates of inflation for prior periods. There can be no assurance that such indices will accurately measure the real rate of inflation.

Additionally, the market for IPS may be less developed or liquid, and more volatile, than certain other securities markets.

MORTGAGE RELATED SECURITIES

The Fund may invest in mortgage related securities, which include certain risks. The monthly cash flow from the underlying loans may not be sufficient to meet the monthly payment requirements of the mortgage related security. Prepayment of principal by the mortgagors or mortgage foreclosures shorten the term of the underlying mortgage pool for a mortgage related security. The occurrence of mortgage prepayments is affected by the level of interest rates, general economic conditions, the location and age of the mortgage and other social and demographic conditions. In periods of rising interest rates, the rate of prepayment tends to decrease, thereby lengthening the average life of a pool of mortgage related securities. Conversely, in periods of falling interest rates the rate of prepayment tends to increase, thereby shortening the average life of a pool. Reinvestment of prepayments may occur at higher or lower interest rates than the original investment, thus affecting yield. Because prepayments of principal generally occur when interest rates are declining, the proceeds of prepayments must be invested. If this occurs, the Fund's yield correspondingly declines. Thus, mortgage related securities have less potential for capital appreciation in periods of falling interest rates than other fixed income securities of comparable maturity, and they have a higher risk of decline in market value in periods of rising interest rates. To the extent that mortgage related securities are purchased at a premium, unscheduled prepayments, which are made at par, result in a loss equal to any unamortised premium.

INTEREST ONLY SECURITIES

Stripped mortgage securities have greater volatility than other types of mortgage securities. Although stripped mortgage securities are purchased and sold by institutional investors through several investment banking firms acting as brokers or dealers, the market for such securities has not yet been fully developed. Accordingly, stripped mortgage securities are generally illiquid.

The yield to maturity on interest only securities and principal only securities that are purchased at a substantial premium or discount generally are extremely sensitive not only to changes in prevailing interest rates but also to the rate of principal payments (including prepayments) on the related underlying mortgage assets, and a rapid rate of principal payments may have a material adverse effect on such securities' yield to maturity. If the underlying mortgage assets experience greater than anticipated prepayments of principal, the Fund may fail to fully recoup its initial investment in these securities even if the securities have received the highest rating by a nationally recognised statistical rating organisations.

SWAP AGREEMENTS

The Investment Manager may enter into swap agreements on behalf of the Fund. Swap agreements are privately negotiated over-the-counter derivative products in which two parties agree to exchange payment streams that may be calculated in relation to a rate, index, instrument, or certain securities and a particular "notional amount." Swaps can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Swaps may be subject to various types of risks, including market risk, liquidity risk, structuring risk, tax risk, and the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty. The Fund may incur a loss if a counterparty were to default on its obligations. However, the Fund is likely to mitigate much of this risk by receiving collateral with a value at least equal to the exposure of each counterparty. Subject to minimum transaction limits, it is likely that the level of collateral will be updated on each Business Day.

FEES AND EXPENSES

A management fee shall be charged to each Class of the Fund in the amount set out below under "MANAGEMENT FEES". The aggregate fees and expenses of the Manager, Administrator, Custodian, Distributor and Investment Manager (which shall accrue daily and be payable monthly in arrears) will not exceed 300 basis points per annum of the Net Asset Value of the Fund. The Manager shall be responsible for the payment of the Investment Manager's fee and the Distributor's fee (including reasonable out of pocket expenses) out of the management fee. The fees and expenses of the Administrator and the Custodian (including reasonable out of pocket expenses) shall be paid by the Company out of the assets of the Fund. The Manager has, however, currently undertaken to limit the Annual Expenses (as defined below) attributable to each Class within the Fund to such amount in respect of each Class as is set out under "VOLUNTARY CAP" below.

The fees of the Sub-Investment Manager(s) shall be paid out of the fees of the Investment Manager.

The Manager, when it also acts as the manager to an underlying fund in which the Fund invests, will not charge any preliminary or initial charge to the Fund, in relation to investments by the Fund in an underlying fund. Any commission received by the Manager by virtue of an investment in the shares of underlying funds will be paid into the property of the Fund.

MANAGEMENT FEES

Class M-1 £ Shares

The Company will pay the Manager management fees of 0.40% per annum of the average daily Net Asset value of the Fund attributable to the Class M-1 £ Shares accruing daily and payable monthly in arrears on the last Dealing Day of each month payable in Sterling.

Class M-2 £ Shares

The Company will pay the Manager management fees of 0.60% per annum of the average daily Net Asset value of the Fund attributable to the Class M-2 £ Shares accruing daily and payable monthly in arrears on the last Dealing Day of each month payable in Sterling.

Class M-3 £ Shares

The Company will pay the Manager management fees of 0.65% per annum of the average daily Net Asset value of the Fund attributable to the Class M-3 £ Shares accruing daily and payable monthly in arrears on the last Dealing Day of each month payable in Sterling.

Class M-4 £ Shares

The Company will pay the Manager management fees of 0.70% per annum of the average daily Net Asset value of the Fund attributable to the Class M-4 £ Shares accruing daily and payable monthly in arrears on the last Dealing Day of each month payable in Sterling.

Class M-5 £ Shares

The Company will pay the Manager management fees of 0.80% per annum of the average daily Net Asset value of the Fund attributable to the Class M-5 £ Shares accruing daily and payable monthly in arrears on the last Dealing Day of each month payable in Sterling.

Class M-6 £ Shares

The Company will pay the Manager management fees of 0.90% per annum of the average daily Net Asset value of the Fund attributable to the Class M-6 £ Shares accruing daily and payable monthly in arrears on the last Dealing Day of each month payable in Sterling.

Class M-7 £ Shares

The Company will pay the Manager management fees of 1.20% per annum of the average daily Net Asset value of the Fund attributable to the Class M-7 £ Shares accruing daily and payable monthly in arrears on the last Dealing Day of each month payable in Sterling.

Class Z-1 £ Shares

The Company will not pay the Manager any management fees and will not pay any Investment Management fees in respect of the average daily Net Asset Value of the Fund attributable to the Net Asset Value of the Class Z-1£ Shares.

DUTIES AND CHARGES

To enable the Fund to recover the cost of investing Fund assets upon an investor's subscription for Shares and the cost of liquidating Fund assets upon a Shareholder’s redemption of Shares, each Shareholder may pay duties and charges of up to 3% of the subscription proceeds or redemption proceeds, as applicable. The duties and charges will be paid to the Fund for the benefit of all Shareholders and will not be paid to the Manager or Investment Manager. The duties and charges will be deducted from subscription proceeds and will correspondingly reduce the number of Shares purchased by the investor. The duties and charges will be deducted from redemption proceeds and will correspondingly reduce the amounts received by a Shareholder upon redeeming its Shares from the Fund. Investors should note that duties and charges will only be paid on net subscriptions and redemptions on any Dealing Day.

ESTABLISHMENT AND OPERATING EXPENSES

Costs and expenses incurred in the operation of the Fund, other than those expressly assumed by the Manager as described below, will also be borne out of the assets of the Fund, including without limitation, registration fees and other expenses relating to regulatory, supervisory or fiscal authorities in various jurisdictions, management, investment management, administrative and custodial services; Directors' fees and expenses; client service fees; writing, typesetting and printing the Prospectus and Supplement, sales, literature and other documents for investors; taxes and commissions; issuing, purchasing, repurchasing and redeeming Shares; transfer agents, dividend dispersing agents, Shareholder servicing agents and registrars; printing, mailing, auditing, accounting and legal expenses; reports to Shareholders and governmental agencies; meetings of Shareholders and proxy solicitations therefore (if any); insurance premiums; association and membership dues; and such non-recurring and extraordinary items as may arise.

Expenses of the Company will be allocated to the Sub-Funds to which, in the opinion of the Directors, they relate. If an expense is not readily attributable to any particular Sub-Fund, the expense will be allocated to all Sub-Funds pro rata to the value of the Net Asset Value of the relevant Sub-Fund.

Except in respect of Class Z-1 £ Shares, the Manager shall be responsible for discharging the fees of the Investment Manager out of its own fees. The Manager may rebate any or all of its management fees to brokers and other third parties investing in Shares or providing services in connection with the solicitation of subscriptions for Shares. Notwithstanding the foregoing, the Manager, in its discretion, may waive payment or reduce the amount of its fees at any time.

The Fund's formation expenses will not be borne out of the assets of the Fund and shall be borne by the Investment Manager.

Investors should refer to the "Fees and Expenses" section of the Prospectus for Directors fees and any other fees that may be payable and which are not specifically mentioned here.

VOLUNTARY CAP

The Manager currently has undertaken to limit the Annual Expenses (as defined below) attributable to each Class within the Fund as follows: 0.54% per annum of the average daily net assets of the Class M-1 £ Shares, 0.74% per annum of the average daily net assets of the Class M-2 £ Shares, 0.79% per annum of the average daily net assets of the Class M-3 £ Shares, 0.84% per annum of the average daily net assets of the Class M-4 £ Shares, 0.94% per annum of the average daily net assets of the Class M-5 £ Shares, 1.04% per annum of the average daily net assets of the Class M-6 £ Shares, 1.34% per annum of the average daily net assets of the Class M-7 £ Shares and 0.14% per annum of the average daily net assets of the Class Z-1£ Shares (the "Voluntary Cap"). Annual Expenses will accrue daily and be paid monthly in arrears. To achieve this Voluntary Cap, the Manager will absorb, either directly by waiving a portion of its fees or by reimbursement to the account of the relevant class of the Fund, any Annual Expenses over the applicable Voluntary Cap that may arise. As each Voluntary Cap has been agreed to by the Manager on a voluntary basis, the Manager may from time to time increase or decrease the Voluntary Cap in respect of any particular Class of the Fund subject to a maximum of 3.00% per annum in each Class of the Fund, by notice in writing to the Company in which case the Company will notify the Shareholders of the relevant Class.

For the purposes of this Section, "Annual Expenses" attributable to each Class means the management, investment management, sub-investment management, custodial, administration, distribution, transfer agency, annual audit and ordinary legal fees. The organisational expenses of the Company will also be included in the Annual Expenses for this purpose, but the Manager may be reimbursed an amount equal to the amount of the organisational expenses in the manner described below. Not included within the Annual Expenses subject to the Voluntary Cap, however, are all other expenses, including, without limitation, any taxes, (including but not limited to any withholding tax applicable to portfolio securities or distributions to Shareholders and the costs related thereto), brokerage and spreads, interest on borrowing, insurance premiums, the costs associated with registering the Fund or the Shares with any governmental or regulatory authority, or with any regulated stock exchange or market, the costs associated with obtaining and maintaining a rating from an internationally recognised rating agency and extraordinary expenses. If in any of the first three accounting periods of the Company, the Annual Expenses incurred are lower than the Voluntary Cap, the Manager shall be entitled to receive payments from the Company which in aggregate are equal to the amount of the organisational expenses incurred by the Company, provided that no such payments made shall result in the Voluntary Cap being exceeded. The Manager's right to receive such payments shall expire after the third accounting period.