Silk

Simplified Sales Prospectus

Silk – African Lions Fund

Investment fund comprising one or more subfunds (*fonds commun de placement à compartiments multiples*)
in accordance with the law of the Grand Duchy of Luxembourg

This Simplified Sales Prospectus is merely a summary of the key investor information on the **Silk – African Lions Fund**. More detailed information on this subfund can be found in the most recent Full Sales Prospectus (plus annexes) and the Fund Management Regulations. The legal basis for the purchase of units in the fund is the aforementioned documentation in conjunction with the most recently published annual report, the balance sheet date of which must date back no more than sixteen months. If the balance sheet date of this annual report dates back more than eight months, the half-yearly report also forms the legal basis for the purchase of units in the fund. By purchasing a unit, the investor recognises this documentation as well as all approved and published amendments thereto.

1. The fund

The **Silk – African Lions Fund** ("Subfund") is a subfund of **Silk** ("Fund"), an investment fund established in accordance with part I of the Luxembourg Law of 20 December 2002 on Undertakings for Collective Investment ("Law of 2002"), which was established on *1 October 2008* in the legal form of a fonds commun de placement à compartiments multiples and is managed by IPConcept Fund Management S.A. The Fund currently includes two further subfunds in addition to this one.

2. Overview of the subfund

Subfund currency	Euro	
Duration of the Subfund	Unlimited	
Unit class	**R class**	**I class**
Initial subscription period	1 March to 26 March2009	
Initial issue price	€100	€100
Payment of the initial issue price	30 March 2009	
Minimum initial investment	€100	€50,000
Minimum subsequent investment	None	None
Calculation of unit price	On every bank working day in the Grand Duchy of Luxembourg with the exception of 24 and 31 December each year	
Unit class currency	Euro	Euro
Denomination	Bearer units are documented in global certificates; registered units are entered in the unit register.	
Income	Reinvested	Reinvested
WKN ISIN	A0RAC3 LU0389403337	A0RAC4 LU0389403410
Financial year	1 August – 31 July	
First financial year	Inception of fund on 31 July 2009	
Financial reports	1st half-yearly report: 31 January 2010 1st annual report: 31 July 2009 The first report to be published will be the report for the period to 31 July 2009.	
Publication of Fund Management Regulations	12 December 2008	
Latest publication of the Fund Management Regulations	30 October 2009	

3. Publication of unit prices, issue prices and redemption prices

The latest unit prices, issue prices, redemption prices and all other information for investors can be obtained at any time from the registered offices of the fund management company or the depositary or from the paying agents or any selling agent. Issue prices and redemption prices are also published in the *Tageblatt* newspaper on every stock market trading day in the Grand Duchy of Luxembourg. In addition, these prices are published on the fund management company's website at www.ipc.lu.

4. The subfund's investment objectives and policy

Investment objectives

The investment objective for the **Silk – African Lions Fund** ("Subfund") is to achieve an appropriate return commensurate with the investment risk.

Investment policy

To achieve these investment objectives, the assets in the **Silk – African Lions Fund** Subfund are mainly invested in shares from the African continent in accordance with the principle of risk-spreading.

The Subfund may also invest in further transferable securities as defined in article 41 (1) a) to d) of the Luxembourg Law of 20 December 2002. The definition of the term 'transferable securities' in this context includes the following instruments traded in regulated markets:

- Equities
- Bonds and money-market instruments
- Certificates

These certificates are for legally permitted underlyings such as equities, bonds, investment fund units, financial indices and currencies. They may, however, also be certificates for other underlyings provided these do not have any derivative components (Delta 1 certificates) and the certificates also do not lead to a physical delivery of the underlying.

- **other structured products** (e.g. warrant bonds, option bonds, convertible bonds)

The investments shall be focussed on Egypt, Ghana, Kenya, Mauritius, Morocco, Nigeria, South Africa, Tunisia and Zambia. The Supervisory Board guarantees to the Fund Management Company that these are regulated markets or markets as defined in article 4 no. 1 a) of the Fund Management Regulations.
In addition the Subfund may invest up to 10 per cent of the assets of the Subfund in stocks that are not listed on a stock exchange or traded on another regulated market.

The Subfund may also acquire the following assets, along with the other assets as stated in **article 4 no. 3** of the Fund Management Regulations**:** .

- Stocks that are not listed on a stock exchange or traded on another regulated market
- open regulated real estate and hedge funds,
- non-directive-compliant regulated commodities funds,
- Delta-1 certificates to commodities, precious metals, hedge funds and real estate open ETFs to precious metals

The Fund is allowed to invest up to 10 per cent of its net assets in units of undertakings for collective investment in transferable securities (UCITS) and undertakings for collective investment (UCIs) as defined in article 41 (1) e) of the Law of 20 December 2002 ("Target Funds").

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The target funds may be diversified funds, equities, bonds, money-market instruments, participation certificates, convertible bond funds or funds n one or more commodities futures, precious metals or commodities indices, country or sector funds or funds focused on a specific issuer, currency or term.

In general, a maximum of 49 per cent of the net assets of the Subfund may be invested in liquid funds. However, depending on the market position, up to 100 per cent of the assets of the Fund may be held in liquid funds subject to the legally permissible (short-term) limits and a deviation from the above-mentioned investment principles is permitted.

To achieve the aforementioned investment objectives the Subfund will also use derivatives such as futures, options and swaps for both investment and hedging purposes, providing that the underlying assets qualify as instruments within the meaning of article 4 (2) a) to h) of the Fund Management Regulations or are financial indices, interest rates, exchange rates, or currencies. Financial indices in the aforementioned sense include indices on currencies, exchange rates, interest rates, asset prices, total returns and interest-rate indices and, in particular, indices on bonds, equities, commodities, commodity futures, and precious metals.

The aforementioned financial indices comply with the provisions of article 9 of the *Règlement Grand Ducal* of 8 February 2008.

5. Risk profile of the subfund

The composition of the Subfund's portfolio presents a very high level of overall risk, but also the potential for very high returns.

The risks in the Subfund assets primarily comprise country, transfer, currency, credit, and share price, as well as risks stemming from changes in market interest rates.

Because the countries in whose transferable securities the Subfund is mainly invested are Egypt, Ghana, Kenya, Mauritius, Morocco, Nigeria, Zambia, South Africa and Tunisia, the investments in the Subfund are also subject to the risks described below.

Risks arising from investments in Egypt, Ghana, Kenya, Mauritius, Morocco, Nigeria, Zambia, South Africa and Tunisia (emerging markets)

The term 'emerging markets' is used to denote countries that are in the process of developing economically and/or politically, which may give rise to additional risks that could impact on the Fund's performance.

There is a risk of the introduction of government restrictions on foreign investors, forced expropriation, nationalisation or adverse political events (e.g. coups in conjunction with changes in the prevailing legal system).

Furthermore, transferable securities traded in these countries may be impaired by low liquidity, heightened market volatility, poor transparency and greater financial risks. A further risk is the often inadequate regulation and supervision of stock markets in the developing countries.

In addition, the possibility cannot be ruled out that exchange-rate movements, stock market controls, taxation, restrictions on foreign investments and capital outflows could impair securities' marketability and the resultant income.

Moreover, the settlement of transactions in assets from these countries may give rise to a heightened risk to the detriment of investors, in particular because in these countries it may not be generally possible or customary for transferable securities to be delivered concurrently with payment. Furthermore, emerging markets' legal and regulatory frameworks and their accounting, auditing and financial reporting standards may fall well short of the usual international standards. In addition, these countries may involve a heightened custody risk, which may especially result from the different ways in which ownership of assets is acquired.

Risks arising from investments in derivative financial instruments

For hedging purposes and in order to manage the portfolio efficiently, the Subfund may also make use of derivative financial instruments (derivatives) within the limits specified by article 4 of the Fund Management Regulations. Such derivatives can be purchased if the underlying instrument involves transferable securities, money market instruments, financial indices, interest rates, exchange rates or currencies in which investments by the Subfund are permitted by the investment policy.

To this end, the Subfund may enter into transactions in instruments such as options, financial futures, currency futures, swaps and instruments for the management of credit risk.

Derivatives are used as part of an efficient portfolio management strategy to optimise returns on the Subfund's assets.

6. Profile of the typical investor in the subfund

Investors should have a long-term investment horizon. The very high level of returns they expect is matched by their highly pronounced risk tolerance.
They are willing to accept very high levels of risk in terms of country, transfer, exchange rates, creditworthiness, share prices and market interest rates.

7. Performance of the subfund

As the Fund was launched in March 2009, no performance track record is available at present.

8. Issue, redemption and exchange of units

Investors can purchase, exchange or redeem units in the Subfund on any valuation day in Luxembourg. Applications to this effect can be submitted to the fund management company, the depositary, the registrar and transfer agent, the selling agent or the paying agents. Completed applications received by 5pm on a valuation day will be settled at the issue or redemption price for the following valuation day, providing the funds for the subscribed units are available. In all cases, the fund management company will ensure that the issue, redemption and exchange of units are settled on the basis of a unit price that is unknown to the investor. However, if there is a suspicion that an investor is engaged in late trading, the fund management company may refuse to accept the subscription application until the applicant has removed all doubt in relation to this application.

Investing in the subfunds is considered to be a long-term commitment. The systematic buying and selling of units by an investor for the purposes of exploiting timing differences and/or conceivable weaknesses or imperfections in the system for determining net asset value (generally referred to as 'market timing') can harm the interests of other investors. The fund management company does not accept this kind of arbitrage activity. To prevent such practices, the fund management company therefore reserves the right to reject, cancel or suspend a subscription application or exchange order from an investor if it suspects that the investor is engaging in market timing. In such cases, the fund management company will take appropriate action to protect the other investors in the relevant subfund.

Completed applications received after 5pm on a valuation day will be settled at the issue or redemption price for the next valuation day but one, providing the funds for the subscribed units are available. Applications for registered units will only be deemed to have been received once they have been received by the registrar and transfer agent. In the case of bearer units, applications will be deemed to have been received once they have been received by the depositary.

9. Costs associated with the subfund

Costs paid by the unitholders to the Fund Management Company	**R class**	**I class**
Front-end fee	Up to 5%	Up to 5%
Redemption charge	None	
Unit exchange commission (related to the unit price of the units to be purchased;	Not applicable for units exchanged between either subfunds or unit classes	
Recurrent costs charged to the Subfund's assets (These fees are calculated as a percentage of the Subfund's assets and are charged to the Subfund in full plus any applicable value-	**R class**	**I class**

added tax (VAT). Unless otherwise stated, the fees are paid monthly in arrears.)		
Management fee	Up to 2.09% p.a.	Up to 1.59% p.a
	plus €500 per month	
Performance fee paid to the Fund Management Company (calculated daily and paid every six months)	**i**Up to 20 per cent of the amount by which the increase in the value of the Subfund's net assets exceeds 4 per cent; this amount includes the units in issue and is calculated daily and paid every six months.	
	The increase in the Subfund's assets represents the difference between the net Subfund assets at the end of the respective six-month period (adjusted for inflows and outflows of funds) and the highest level of its net assets at the end of the previous six-month period (high-water-mark principle). The increase in the Subfund's assets at the end of the first six-month period represents the difference between the value of these net assets and the net Subfund assets at the end of the initial subscription period *pro rata temporis*. If the value of the Subfund's net assets decreases on balance in any six-month period, this decrease is carried forward to the following six-month period for the purposes of calculating the performance fee, which means that no performance fee will be paid until the net decrease in the value of the Subfund's assets has been fully offset.	
Fund management fee (paid from the management fee) In addition, the fund manager receives the performance fee paid to the Fund Management Company from the net Subfund assets.	Up to 2.00% p.a.	Up to 1.50% p.a.
Depositary fee	Up to 0.09% p.a. with a minimum of €1,500 per month	
Central administration fee	Up to 0.03% p.a. plus €1,550 per month	
Registrar and transfer agent fee	Up to €2,400 p.a.	
Maximum management fee for Target Funds	3% p.a.	

10. Taxation

Fund assets invested in the Grand Duchy of Luxembourg are subject to a tax (*taxe d'abonnement*) that is currently payable at the rate of 0.05 per cent per annum of the Fund's net assets reported at the end of each quarter. If the Fund's assets are invested in other Luxembourg investment funds that are themselves already subject to the *taxe d'abonnement*, the proportion of Fund assets invested in this way is exempt from the tax.

The income earned by the Fund from the investment of its assets is not taxed in the Grand Duchy of Luxembourg. However, this income may be subject to withholding tax in countries in which the Fund's assets are invested. In such cases, the depositary and the fund management company are not under any obligation to obtain tax certificates.

Taxation of investors' income from units held in the fund

Since 1 July 2005, the Grand Duchy of Luxembourg has levied a withholding tax as part of its implementation of Directive 2003/48/EC on the taxation of savings income in the form of interest payments ("Directive"). This withholding tax relates to certain interest income paid in Luxembourg to individuals domiciled in another member state of the European Union for tax purposes. In certain circumstances, this withholding tax may also affect interest income from an investment fund.

By adopting this Directive, the EU member states agreed that all interest payments should be taxed in accordance with the legislation of the country of domicile. To this end, the member states agreed that information should automatically be shared between national tax authorities. In a derogation, it was agreed that, for a transition period, Luxembourg would not participate in the automatic exchange of information agreed by the other states. In its place, Luxembourg introduced a withholding tax on interest income. Up to 30 June 20011, this withholding tax is levied at a rate of 20 per cent on the interest payment. Thereafter, the rate from 1 July 2011 will be 35 per cent. The amount will be paid over anonymously to the Luxembourg tax authorities, and the investor will be issued with a tax certificate to this effect. Investors can then use this certificate to offset the paid withholding tax in full against their tax liability in their country of domicile. The deduction of withholding tax can be avoided by issuing an authorisation for voluntary participation in the sharing of information between national tax authorities or by submitting a certificate of exemption from withholding tax issued by the tax authorities in the country of domicile.

Furthermore, investors who are not domiciled in the Grand Duchy of Luxembourg or who do not maintain a permanent establishment in that country are not liable to pay income tax, inheritance tax or wealth tax on their units or income from units in the Grand Duchy of Luxembourg. In such cases, investors are subject to their relevant national tax legislation.

Since 1 January 2006, individuals who are resident in the Grand Duchy of Luxembourg and who are not domiciled in another country for tax purposes have been liable to pay a flat-rate withholding tax of 10 per cent on interest income as specified in the Directive as a result of the Luxembourg law on the implementation of the Directive. In certain circumstances, this withholding tax may also affect interest income from an investment fund. At the same time, the Grand Duchy of Luxembourg abolished wealth tax.

Potential investors should obtain further information on the laws and regulations applicable to the purchase, ownership and redemption of units and, if necessary, seek professional advice.

11. Further information

Further information and the latest Sales Prospectus (plus annexes), the Fund Management Regulations, the Simplified Sales Prospectuses and the relevant annual and half-yearly reports can be obtained by investors free of charge at any time from the registered offices of the fund management company or depositary or from any paying agent.

12. Addresses

Fund management company: IPConcept Fund Management S.A., 4, rue Thomas Edison, 1445 Luxembourg-Strassen, Luxembourg

Regulatory authority: *Commission de Surveillance du Secteur Financier*, 110, route d'Arlon, 2991 Luxembourg

Fund manager: Silk Invest Limited, 4 Lombard Street, London EC3V 9HD, United Kingdom

Depositary and central administrative agent: DZ BANK International S.A., 4, rue Thomas Edison, 1445 Luxembourg-Strassen, Luxembourg

Registrar and transfer agent: DZ BANK International S.A., 4, rue Thomas Edison, 1445 Luxembourg-Strassen, Luxembourg

Independent auditors: KPMG Audit S.à r.l., 9, allée Scheffer, 2120 Luxembourg

Paying agent in Luxembourg: DZ BANK International S.A., 4, rue Thomas Edison, 1445 Luxembourg-Strassen, Luxembourg

Promoter: IPConcept Fund Management S.A., 4, rue Thomas Edison, 1445 Luxembourg-Strassen, Luxembourg