

**TIBURON FUNDS PLC (THE "COMPANY")**  
**TIBURON TAURUS FUND (THE "FUND")**

**Supplement dated 2 December, 2013 to the Prospectus for the Company dated 2 December, 2013**

This Supplement contains information relating specifically to Tiburon Taurus Fund (the "Fund"), a sub-fund of Tiburon Funds plc (the "Company"), an open-ended umbrella type investment company with segregated liability between Funds authorised by the Central Bank on 15 June, 2006 as a UCITS pursuant to the UCITS Regulations. At the date of this Supplement there exist two other sub-funds of the Company, Tiburon Taipan Fund and Tiburon Taiko Fund.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 2 December, 2013 (the "Prospectus").**

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

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.** Investors should read and consider the section entitled "Risk Factors" before investing in the Fund.

**1. Interpretation**

The expressions below shall have the following meanings:

"Asia Pacific ex-Japan"	shall be deemed to comprise Australia, Bangladesh Cambodia, China, Hong Kong, India, Indonesia, Korea, Laos, Malaysia, Mongolia, Myanmar, New Zealand, Pakistan, Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam.
"Business Day"	means any day (except Saturday or Sunday) on which banks in Dublin, London and New York are generally open for business or such other day or days as may be determined by the Directors and notified to Shareholders in advance.
"Convertible Bond"	means a corporate bond that can be exchanged, at the option of the holder, for a specific number of shares of the relevant company's preferred stock or common stock.
"Dealing Day"	means each Business Day, or such other day or days as may be determined by the Directors and notified in advance to

Shareholders provided that there shall be at least one Dealing Day in each fortnight.

"Redemption Dealing Deadline" means 12.00 noon (Irish time) on the Valuation Day or such other time as the Directors may determine and notify in advance to Shareholders or otherwise provided always that the Redemption Dealing Deadline precedes the Valuation Point.

"Subscription Dealing Deadline" means 12.00 noon (Irish time) on the Valuation Day or such other time as the Directors may determine and notify in advance to Shareholders or otherwise provided always that the Subscription Dealing Deadline precedes the Valuation Point.

"Valuation Point" means 11.59 p.m. (Irish time) on the Valuation Day or such other time as the Directors may determine and notify in advance to Shareholders provided, always, that the relevant Subscription and/or Redemption Dealing Deadline falls before the Valuation Point.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## **2. Base Currency**

The Base Currency of the Fund is US Dollars.

## **3. Share Classes**

<i>Name</i>	<i>Denomination</i>
Class A USD	USD
Class B EUR hedged	EUR
Class C GBP hedged	GBP
Class D GBP	GBP

There are currently four Classes of Shares in the Fund as shown above.

The Directors may create further Classes of Shares in the Fund, in accordance with the requirements of the Central Bank, to which different levels of subscription fees and expenses (including the management fee), Minimum Subscription, Minimum Holding, designated currency, hedging strategy (if any) applied to the designated currency of the Class, distribution policy and such other features as the Directors in consultation with the Investment Manager may determine may be applicable.

## **4. Share Class Hedging**

The Fund may enter into any currency hedging arrangements, in an attempt to hedge the exposure of the Class C GBP hedged and Class B EUR hedged against the Base Currency. The benefits, losses and expenses relating to such currency hedging arrangements shall be for the account of the relevant Share Class. Where the Investment Manager seeks to hedge against currency

fluctuations, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the Investment Manager. The Fund will not permit over hedged positions to exceed 105% of the Net Asset Value of a hedged Class. Hedged positions will be kept under review to ensure that over hedged positions do not exceed 105% of the Net Asset Value of a hedged Class. This review will incorporate a procedure to ensure that positions materially in excess of 100% will not be carried forward from month to month.

No assurance can be given that such currency hedging arrangements, if conducted, will be successful. Such currency hedging arrangements may substantially limit Shareholders in Class C GBP hedged and Class B EUR hedged from benefiting if the denominated currency of Class C GBP hedged and Class B EUR hedged falls against the Fund's Base Currency.

The exposure of the Class D GBP against the Base Currency will not be hedged. Hence, the value of the Class D GBP expressed in Sterling will be subject to exchange rate risk in relation to the Base Currency of the Fund.

## **5. Investment Objective**

The Fund's investment objective is to maximise absolute returns with moderate volatility.

## **6. Investment Policy**

The Fund will pursue its investment objective by investing both long and synthetically short in listed equities of companies in Asia Pacific ex-Japan. For these purposes a company is considered to be in Asia Pacific ex-Japan if (i) it is incorporated under the laws of a country within the region; (ii) it derives at least 50% of its revenues or profits from goods produced or sold, investments made or services performed in the region; (iii) it has at least 50% of its assets located within the region; or (iv) the main trading market for its securities is in a country within the region. At all times the Fund aims to be well diversified across the major countries, currencies and sectors in Asia Pacific ex-Japan. It is expected that the Fund will typically hold between 30 and 70 different positions at any given time. As at the date of this Supplement, the Fund is not investing in Bangladesh, Cambodia, Laos, Mongolia, Myanmar or Vietnam but may do so in future if suitable opportunities are identified by the Investment Manager.

The industrial sectors that are likely to be represented in the portfolio include but are not limited to energy, materials, industrials, consumer discretionary, consumer staples, health care, financials, information technology, telecommunication services and utilities.

Australasia has been included specifically to give access to liquid opportunities in assets less correlated with the banking, property and technology markets elsewhere in the region in areas such as basic industries, media, gaming and medical technology.

The Fund will seek to achieve its objective by investing mainly in listed equities, total return swaps, contracts for difference ("CFDs") and index futures and may from time to time also invest in Convertible Bonds, unlisted equities, listed and unlisted debt securities, options, warrants, collective investment schemes, closed-end funds and cash and use spot and forward foreign exchange transactions. It may also use non-Asia Pacific ex-Japan securities, single stock futures

and equity index futures to hedge or add value to securities or themes within the Asia Pacific ex-Japan region. A description of how these securities, both long and synthetically short, are selected and held is set out under “Investment Philosophy and Approach”. On the long side there will be a preference for cheap companies (relative to their histories, peers and position in the business cycle) in industries with robust franchises. On the synthetically short side there will be a preference for expensive stocks, preferably in more commoditised industries.

The Fund may also invest in certain companies using American Depositary Receipts, Global Depositary Receipts or LEPOs on the underlying securities (see below under ‘Financial Derivative Instruments’), where such investment represents a more practical, efficient or less costly way of gaining exposure to the relevant security or market.

Volatility will be managed by the use of long and synthetically short equity positions as well as index and stock-specific derivatives.

The Fund may invest no more than 10% of its Net Asset Value in other UCITS and/or non-UCITS collective investment schemes (including exchange traded funds (“ETFs”) deemed to be collective investment schemes).

#### *Financial Derivative Instruments*

The Fund may invest in financial derivative instruments for investment and/or hedging purposes under and in accordance with conditions or requirements imposed by the Central Bank. The types of financial derivative instrument in which the Fund may invest and the purposes of each such investment are as follows:

*Futures:* The Fund may employ equity index futures (both long and short) to supplement its equity positions and to manage volatility. It may also enter into single stock futures and equity index futures to hedge or add value to securities or themes within the Asia Pacific ex-Japan region.

*Total return swaps and CFDs:* The Fund may enter into total return swaps or CFDs to provide exposure to a security or an index in a more cost efficient manner than a direct investment or where direct investment in the underlying security would be subject to regulatory restrictions e.g. the China A share market (as at the date of this Supplement). It is anticipated that the counterparties to the Fund for such transactions will be internationally recognised investment banks or brokers. Such counterparties will not have any discretion over the composition or management of the Fund’s portfolio. The Fund will where practicable diversify its exposure to counterparties by trading with several internationally recognised investment banks or brokers at any given time. Total return swaps and CFDs will be priced on a daily basis by reference to the price of the underlying security or index.

*LEPOs:* The Fund may also invest in transferable securities with embedded derivatives such as equity warrants, low exercise price options (“LEPOs”) or P-notes which in the view of the Investment Manager offer an efficient means of providing the Fund with exposure to equity securities listed or traded on a Recognised Exchange in Asia Pacific ex-Japan. These products typically aim to provide economic exposure to the underlying security without the associated tax and administrative burdens of investing in the local market. The Fund will not receive any legal or

beneficial interest in the underlying security. These instruments must be listed on a Recognised Exchange set out in Appendix I to the Prospectus.

*Options:* Options may also be used for hedging purposes.

*Forwards:* The Fund may use forward currency contracts for hedging purposes.

Risks associated with the use of financial derivative instruments are detailed in the Prospectus at the section entitled "Risk Factors". It is not anticipated that the Fund shall receive collateral in respect of OTC financial derivative transactions.

#### *Risk Management Process*

The Investment Manager is required under the UCITS Regulations to employ a risk management process which will enable it to accurately monitor, manage and measure, the risks attached to financial derivative positions. The Investment Manager will use the commitment method, which is one of the two methods permitted under the UCITS Regulations for this purpose, and details of this process have been provided to the Central Bank. The Investment Manager will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been reviewed and cleared of comment by the Central Bank.

#### *Policy in relation to leverage and global exposure*

Any additional exposure created by the use of financial derivative instruments will not exceed the Net Asset Value of the Fund. Global exposure and leverage, measured under the commitment approach, shall not exceed 100% of the Net Asset Value of the Fund on a permanent basis.

## **7. Investment Philosophy and Approach**

### *Philosophy*

The Investment Manager believes that large swings in the valuation level of Asia Pacific ex-Japan equities are driven by macro-economic cycles: both real and monetary. The macro environment to a large degree determines the price multiple that investors are willing to pay for equities in the region and in addition macro-economic conditions influence the direction and level of company fundamentals (earnings, cash flow, asset value) albeit that management can magnify or mitigate these influences through their actions. Superior risk adjusted returns can be derived by combining macro analysis with valuation work to maximise exposure when valuations are at their greatest variation from likely macro outcomes.

### *Process and approach*

The Investment Manager will seek to profit from both long and synthetically short investment opportunities by identifying listed equities that are mispriced relative to the macro conditions that the Investment Manager foresees prevailing over the medium term.

There are two major strands to the investment process: macro-economic analysis and valuation work.

#### *Macro-economic analysis*

The Investment Manager continuously analyses both the external and endogenous macro-economic environment. The emphasis of the analysis is on factors that will impact company level fundamentals such as corporate profits and net asset value or the valuation level that investors pay for corporate fundamentals. Key drivers of corporate fundamentals include the GDP and industrial production growth, exchange rate movements and commodity prices. Factors that may impact the multiple that investors pay include money supply growth and interest rates as well as future growth. In emerging markets or countries where exchange rates are fixed, balance of payments and international investment position analysis assumes a high level of importance. Demographic and political considerations are also taken into account.

The Investment Manager recognises that while some macro variables are of constant importance to the future performance of equities in Asia Pacific ex-Japan, each cycle has different risks and drivers. Some areas of analysis that were important in previous cycles are of diminished importance in future cycles.

#### *Valuation analysis*

The forecasting of macro outcomes in isolation is not an aim in itself. Superior risk adjusted returns come from matching macro-economic analysis with equity valuations to isolate countries and sectors where there is a stark difference between likely outcomes and what is currently discounted by prices. To this end the Investment Manager uses a wide range of valuation metrics to deduce implied expectations from share prices. The appropriateness of different valuation metrics varies from industry to industry and also over the course of a cycle. Some of the metrics used include but are not limited to: economic value added relative to invested capital; price to replacement cost; dividend yield; discounted cash flow; and price / NAV. Although at certain points of the cycle valuations reach extremes whereby it is possible to say that in an absolute and intrinsic sense certain equities in Asia Pacific ex-Japan are cheap or expensive, much of the time the analysis focuses on implied expectations. Here dividend discount models can be used to derive growth expectations or implied rates of return.

#### *Portfolio construction*

The macro analysis and valuation work result in a short list of potential long and synthetic- short themes which could be at a regional, country sector or stock specific level. The key constant that they all have in common is that current prices are implying an outcome that, for reasons stemming from the Investment Manager's macro analysis, is unlikely to come to fruition.

These themes are then analysed in more detail with particular scrutiny given to the cross correlation that they may have in the future; the possible returns that could accrue to the Fund from the theme and the risks and potential losses should the outcome not be as expected.

The instruments through which a theme is to be expressed are chosen with reference to the risk and liquidity profile of the Fund. The Investment Manager has a preference, where possible and appropriate, to diversify away most stock specific risk from a theme by expressing the investment idea through a number of lines in the portfolio.

Technical analysis is used to help with the timing of the implementation of themes.

## **8. Profile of a Typical Investor**

The Fund is suitable for investors who plan to invest for at least five years and who are willing to accept the risks and volatility associated with investing in listed equities of companies in Asia Pacific ex-Japan.

## **9. Offer**

### *Initial Offer Price*

Shares were offered during the initial offer period for each Class at the Initial Price of US\$ 1,000 for Class A USD, €1,000 for Class B EUR hedged, £1,000 for Class C GBP hedged and Class D GBP.

After closing of the initial offer period Shares in the relevant Classes of the Fund were issued at the Net Asset Value per Share.

### *Minimum Subscription*

The Minimum Subscription is US\$15,000 for Class A USD, €10,000 for Class B EUR hedged, £10,000 for Class C GBP hedged and Class D GBP.

### *Minimum Holding*

The Minimum Holding is US\$3,000 for Class A USD, €2,000 for Class B EUR hedged, £2,000 for Class C GBP hedged and Class D GBP.

The Directors reserve the right to differentiate between Shareholders and to waive or reduce the Minimum Subscription and Minimum Holding in their discretion.

## **10. Application for Shares**

Applications for Shares may be made through the Administrator on behalf of the Company. Applications received by the Administrator prior to the Subscription Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any subscription Application Forms received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless in exceptional circumstances the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Subscription Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for that Dealing Day.

Initial applications should be made using a signed original Application Form obtained from the Administrator, the Distributor or any sub-distributor but subsequent applications may, if the Directors so determine, be made electronically, by telefax or by telephone subject to prompt transmission to the Administrator of the original signed Application Form and such other papers (such as documentation relating to money laundering prevention checks) as may be required by the Directors or their delegate. Shares will be allotted but not registered until receipt of original documentation. Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator electronically, by telefax or by telephone without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Directors or their delegate. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

#### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than 0.01 of a Share (or such other number as the Directors may determine in their absolute discretion).

Subscription monies, representing less than 0.01 of a Share (or such other number as the Directors may determine in their absolute discretion) will not be returned to the investor but will be retained by the Company in order to defray administration costs.

#### *Method of Payment*

Subscription payments net of all bank charges should be paid by telegraphic transfer to the bank account specified in the Application Form. Other methods of payment are subject to the prior approval of the Administrator. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

#### *Currency of Payment*

Subscription monies are payable in the Base Currency or the currency of denomination of the relevant Class. However, the Company may accept payment in such other currencies as the Directors may agree at the prevailing exchange rate. The cost and risk of converting currency will be borne by the investor.

#### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds for the account of the Company on or before the relevant Dealing Day. Notwithstanding this, the Directors shall have discretion to extend the deadline for receipt of cleared funds to within three (3) Business Days after the Dealing Day provided that the Directors reserve the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in cleared funds in respect of a



subscription has not been received by the relevant time, the subscription shall be held in abeyance and shall be effective on the next succeeding Dealing Day following receipt of the relevant subscription monies.

#### *Confirmation of Ownership*

Confirmation of each purchase of Shares will be sent to Shareholders within two (2) Business Days of the purchase being made. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

### **11. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator on behalf of the Company electronically, by telephone, by facsimile or by written communication and should include such information as may be specified from time to time by the Directors or their delegate. Requests for redemption received prior to the Redemption Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Redemption Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless, in exceptional circumstances, the Directors in their absolute discretion determine otherwise provided such requests are received prior to the Valuation Point for that Dealing Day. Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original subscriptions. No redemption payment will be made to an investor until an original redemption request together with the original subscription application form and all documentation required by or on behalf of the Company (including any documents in connection with anti-money laundering/terrorist financing procedures) has been received from the investor and the anti-money laundering/terrorist financing procedures have been completed.

In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares having a Net Asset Value less than the Minimum Holding, the Company may, if it thinks fit, redeem the whole of the Shareholder's holding.

#### *Method of Payment*

Redemption payments will be made to the bank account detailed in the Application Form or as subsequently notified in writing to the Administrator. Redemption payments following processing of instruments received will only be made to the account of record of a Shareholder. Any wire transfer charges incurred as a result of redemption payments shall be borne by the Shareholders.

#### *Currency of Payment*

Shareholders will normally be repaid in the currency of denomination of the relevant Class of Shares. If, however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) on behalf of and for the account, risk and expense of the Shareholder.

### *Timing of Payment*

Redemption proceeds in respect of Shares will be paid within three (3) Business Days of the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Administrator.

### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

### *Compulsory/Total Redemption*

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings "Compulsory Redemption of Shares/Deduction of Tax" and "Total Redemption of Shares".

## **12. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements (i.e. subsequent subscription requirements) (if applicable) of the relevant fund or Classes, Shareholders may convert some or all of their Shares in one fund or Class to Shares in another fund or Class or another Class in the same fund in accordance with the procedures specified in the Prospectus under the heading "Conversion of Shares".

Conversions will be subject to a charge of up to 3% of the Net Asset Value of the converting Shares at the discretion of the Directors.

## **13. Suspension of Dealing**

Shares may not be issued, redeemed or converted during any period when the calculation of the Net Asset Value of the Fund is suspended in the manner described in the Prospectus under the heading "Suspension of Valuation of Assets". Applicants for Shares and Shareholders requesting redemption and/or conversion of Shares will be notified of such suspension and, unless withdrawn, applications for Shares will be considered and requests for redemption and/or conversion will be processed as at the next Dealing Day following the ending of such suspension.

## **14. Fees and Expenses**

At the date of issue of this Supplement, the fees and expenses attributable to (i) the establishment and organisation of the Company as detailed in the section of the Prospectus headed "Establishment Expenses" and (ii) the fees and expenses relating to the establishment of the Fund have been fully amortised. The Fund shall bear its attributable portion of the fees and operating expenses of the Company which are set out in detail under the heading "Fees and Expenses" in the Prospectus. The fees payable out of the Fund's assets are as follows:

### ***Administrator and Custodian***

Administration and registration services are provided in respect of the Fund and the Company by Northern Trust International Fund Administration Services (Ireland) Limited. The Custodian of the Fund is Northern Trust Fiduciary Services (Ireland) Limited.

Further details concerning the specific fees of the Administrator and Registrar and the Custodian appear under "Fees And Expenses" in the Prospectus.

### ***Investment Management Fees***

The Investment Manager is entitled to receive an investment management fee which shall be calculated and payable monthly in arrears of up to 1.5% of the Net Asset Value of each Class.

The Investment Manager shall be entitled to be reimbursed by the Company for reasonable out of pocket expenses incurred by it and any VAT on fees and expenses payable to or by it.

### ***Performance Fee***

In addition to the annual fee specified above, the Investment Manager is entitled to receive a performance fee (the "Performance Fee") in respect of the Shares of each Class of the Fund payable in arrears in respect of each Performance Period (as defined below).

The performance periods of the Fund (each a "Performance Period") comprise successive annual periods. The first Performance Period for each currency Class of Shares of the Fund will commence at the close of the initial offer period for each currency Class and end on 31 December 2010. Subsequent Performance Periods will commence immediately following the last day of the preceding Performance Period and end on the next following Calculation Day. "Calculation Day" for these purposes means:

- (a) the last Business Day in each calendar year; or
- (b) the date of termination of the Investment Management Agreement ; or
- (c) such other date on which the Company, the Fund or a currency Class may be terminated or cease trading.

The Performance Fee accrues on each Dealing Day, is payable annually in arrears in respect of each Performance Period and is calculated in accordance with the rules set out below.

In order for a Performance Fee to be payable in respect of a Performance Period, the Net Asset Value per Share of the relevant currency Class on the last Business Day of the relevant Performance Period (the "Final Net Asset Value per Share") must exceed the High Watermark in respect of Shares of the relevant currency Class. Where the High Watermark is exceeded, the Performance Fee payable per Share of the relevant currency Class is equal to 20 per cent of the amount by which the Final Net Asset Value per Share of the relevant currency Class exceeds the

High Watermark. The total Performance Fee payable will be an amount equal to the Performance Fee per Share of the relevant currency Class (calculated as above).

The High Watermark for the first Performance Period of each currency Class of Shares shall be the Initial Price for the relevant currency Class. The High Watermark for subsequent Performance Periods is the highest Net Asset Value per Share of the relevant currency Class on the last Business Day of the latest preceding Performance Period in respect of which a Performance Fee has been paid.

For the purpose of calculating the Performance Fee, the Net Asset Value per Share of each currency Class will be calculated after deducting the investment management fee payable to the Investment Manager in respect of the relevant currency Class for the relevant Performance Period (described above) and after adding back any net income distributed to Shareholders in respect of the Performance Period since the payment of the last Performance Fee but without accounting for the Performance Fee payable by the Company in respect of the relevant Performance Period.

The amount of investment management fees and Performance Fees earned by the Investment Manager in respect of any Performance Period will be retained regardless of the subsequent performance of the Fund. If the determination of the Net Asset Value per Share of the relevant currency Class is suspended on any Calculation Day, the calculation of the investment management fees and Performance Fees on that date will be based upon the next available determination of the Net Asset Value per Share and the amount of any investment management fees and Performance Fees accrued will be adjusted accordingly.

#### *Adjustments*

If an investor subscribes for Shares at a time when the Net Asset Value per Share is other than the Peak Net Asset Value per Share (as defined below), certain adjustments will be made to reduce inequities that could otherwise result to the subscriber or to the Investment Manager. The Peak Net Asset Value per Share (“High Water Mark”) is the greater of (i) the Initial Price and (ii) the Net Asset Value per Share in effect immediately after the end of a Performance Period in respect of which a Performance Fee (other than a Performance Fee Redemption, as defined below) was charged.

If Shares are subscribed for at a time when the Net Asset Value per Share is less than the Peak Net Asset Value per Share, the investor will be required to pay a Performance Fee with respect to any subsequent appreciation in the value of those Shares. With respect to any appreciation in the value of those Shares from the Net Asset Value per Share at the date of subscription up to the Peak Net Asset Value per Share, the Performance Fee will be charged at the end of each Performance Period by repurchasing at the Net Asset Value per Share (calculated as at the end of the Performance Period) such number of the investor’s Shares as have an aggregate Net Asset Value (after accrual for any Performance Fee) equal to 20 per cent of any such appreciation (a “Performance Fee Redemption”). The Administrator shall calculate the number of Shares to be redeemed. The aggregate Net Asset Value of the Shares so redeemed will be paid to the Investment Manager as a Performance Fee. Performance Fee Redemptions are employed to ensure that the Fund maintains a uniform Net Asset Value per Share. As regards the investor’s remaining Shares, any appreciation in the Net Asset Value per Share of those Shares above the

Peak Net Asset Value per Share will be charged a Performance Fee in the normal manner described above.

If Shares are subscribed for at a time when the Net Asset Value per Share is greater than the Peak Net Asset Value per Share, the investor will be required to pay an amount in excess of the then current Net Asset Value per Share equal to 20 per cent of the difference between the then current Net Asset Value per Share (before accrual for the Performance Fee) and the High Water Mark. At the date of subscription an 'Equalisation Credit' will be issued which is equal to the value of this overpayment at the time of subscription. The Equalisation Credit will equal the Performance Fee per Share accrued with respect to the other Shares in the Fund (the "Maximum Equalisation Credit"). The Equalisation Credit is payable to account for the fact that the Net Asset Value per Share has been reduced to reflect an accrued Performance Fee to be borne by existing Shareholders and serves as a credit against Performance Fees that might otherwise be payable by the Fund but that should not, in equity, be charged against the Shareholder making the subscription because, as to such Shares, no favourable performance has yet occurred. The Equalisation Credit ensures that all holders of Shares have the same amount of capital at risk per Share.

The additional amount invested as the Equalisation Credit will be at risk in the relevant Share Class and will therefore appreciate or depreciate based on the performance of the Share Class subsequent to the issue of the relevant Shares but will never exceed the Maximum Equalisation Credit. In the event of a decline as at any Dealing Day in the Net Asset Value per Share of the Shares, the Equalisation Credit will also be reduced by an amount equal to twenty per cent of the difference between the Net Asset Value per Share (before accrual for the Performance Fee) at the date of issue and as at that Dealing Day. Any subsequent appreciation in the Net Asset Value per Share will result in the recapture of any reduction in the Equalisation Credit but only to the extent of the previously reduced Equalisation Credit up to the Maximum Equalisation Credit.

At the end of each Performance Period, if a Performance Fee has been charged, that portion of the Equalisation Credit equal to twenty per cent of the excess, multiplied by the number of Shares subscribed for by the Shareholder, will be applied to subscribe for additional Shares for the Shareholder. Additional Shares will continue to be so subscribed for at the end of each Performance Period until the Equalisation Credit, as it may have appreciated or depreciated in the Share Class after the original subscription for Shares was made, has been fully applied. If the Shareholder redeems his Shares before the Equalisation Credit has been fully applied, the Shareholder will receive additional redemption proceeds equal to the Equalisation Credit then remaining multiplied by a fraction, the numerator of which is the number of Shares being redeemed and the denominator of which is the number of Shares held by the Shareholder immediately prior to the redemption in respect of which an Equalisation Credit was paid on subscription. If the Net Asset Value per Share at the end of a Performance Period is less than the Net Asset Value per Share at which the Shareholder subscribed for the Shares during that Performance Period, the Shareholder will not pay any Performance Fees except to the extent required in accordance with paragraph (2) above. This method of calculation is intended to ensure so far as possible that (i) any Performance Fee paid to the Investment Manager is charged only to those Shares which have appreciated in value, (ii) all holders of Shares of the same Class have the same amount per Share at risk in the Fund and (iii) all Shares of the same Class have the same Net Asset Value per Share.

The Custodian shall verify the calculation of the Performance Fee as at each Calculation Day.

**Where performance fees are payable by the Fund, these will be based on net realised and net unrealised gains and losses as at each payment date. As a result, performance fees may be paid on unrealised gains which may subsequently never be realised.**

### ***Preliminary Fee***

It is not the Distributor's current intention to levy a preliminary charge on Shareholders. However, the Directors or Distributor and any sub-distributor are empowered to levy a preliminary charge up to a maximum of 5% of the Net Asset Value of the Shares purchased by the particular Shareholder. The Distributor and any sub-distributor will give not less than one month's notice to Shareholders of their intention to introduce a preliminary charge.

### ***Redemption Fee***

The Directors may impose a redemption fee of up to 3% of the Net Asset Value of each Share redeemed. The Directors may, at their sole discretion, charge such fee, waive such fee or differentiate between applicants as to the amount of such fee within the permitted limits. Any such fee shall be payable to the Fund for its absolute use and benefit.

## **15. Dividends and Distributions**

The Directors have discretion from time to time to declare such dividends as may appear to them to be justified out of the net income accruing to the Fund in respect of each Class of Shares.

All Classes of the Fund have been recognised as reporting funds for United Kingdom tax purposes by HM Revenue and Customs (reporting fund status, once granted, does not require annual renewal). Under the reporting funds regime, a fund may apply to HM Revenue and Customs to be certified as a reporting fund where the fund reports to UK investors their share of the fund's income in a period, irrespective of whether such income is distributed. Details of the reporting fund status of each Class, including the date on which that Class entered the reporting fund regime, can be found on the website of HM Revenue and Customs at <http://www.hmrc.gov.uk/cisc/offshore-funds.htm>.

Although the Directors currently intend to take all steps that are practicable and are consistent with applicable laws, regulatory requirements and the investment objective and policy of the Fund to ensure that certification is obtained in respect of each Accounting Period (as referred to in the "United Kingdom Taxation" section in the main body of the Prospectus), it must be appreciated that no assurance can be given as to whether certification will, in practice, be obtained in respect of any particular Accounting Period, especially since the exact conditions that must be fulfilled to obtain or maintain that certification (including the proper method of computing United Kingdom equivalent profits) may be affected by changes in HM Revenue and Customs practice or by subsequent changes to the relevant provisions of the legislation or administrative practice.

Dividends, if declared will normally be declared in April and will be paid within two months of declaration.

Unless otherwise indicated by Shareholders by ticking the relevant box on the Application Form, all dividends will be automatically reinvested in the following manner:- any dividends on each Class of Shares shall be paid by the Company into an account in the name of the Custodian for the account of the relevant Shareholders. The amount standing to the credit of this account shall not be an asset of the Fund and will be immediately transferred, pursuant to a standing instruction, from the aforementioned account, to be invested in the Fund. The Net Asset Value per Share will not change as a result of the above reinvestment process.

Dividends may be paid out of the net income of the Fund. Dividends which are not claimed or collected within six years of payment shall revert to and form part of the assets of the Fund. Dividends will be paid by telegraphic transfer at the expense of Shareholders.

Where the amount of any distribution payable to an individual Shareholder would be less than US\$100.00 / €100.00 / £100.00, such distribution shall be automatically re-invested in the manner set forth above. A preliminary charge or redemption fee shall not be deducted from such amount.

The Directors may at any time determine to change the policy of the Fund with respect to distribution. If the Directors so determine full details of any such change will be disclosed in an updated Prospectus or Supplement and all Shareholders will be notified in advance of such change becoming effective.

## **16. Risk Factors**

The Fund's investment strategy is speculative and entails substantial risks. There can be no assurance that the investment objective of the fund will be achieved, and results may vary substantially over time. You should be aware that synthetic short selling and the use of derivatives could, in certain circumstances, substantially increase the impact of adverse market conditions on the fund's net asset value.

The attention of investors is drawn to the "Risk Factors" section in the section of the Prospectus entitled "The Company".