

The Directors of the Fund whose names appear on page 20 (the “Directors”), accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of the information.

CAPITAL GEARING PORTFOLIO FUND PLC

An open-ended investment company with variable capital authorised by the Central Bank as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended

Incorporated in Ireland with registered number 521475

Prospectus Dated: 14 March 2013

Important: If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. Shares are offered on the basis of the information contained in this Prospectus and the documents referred to herein.

The Fund is authorised in Ireland by the Central Bank as an investment company pursuant to the European Communities (Undertaking for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No. 352 of 2011), as amended. **The authorisation of the Fund by the Central Bank is not an endorsement or guarantee of the Fund by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus. In addition, the authorisation of the Fund by the Central Bank shall not constitute a warranty as to the performance of the Fund and the Central Bank shall not be liable for the performance or default of the Fund. Prices of units/shares in the UCITS may fall as well as rise.**

Neither the admission of Shares to the Official List and trading on the main market of the Irish Stock Exchange nor the approval of the Prospectus pursuant to the listing requirements of the Irish Stock Exchange shall constitute a warranty or representation by the Irish Stock Exchange as to either the competence of service providers to or any other party connected with the Fund or the adequacy of the information contained in the Prospectus or the suitability of the Fund for investment purposes.

Distribution of this Prospectus is not authorised in any jurisdiction after the date of publication of the first annual report of the Fund unless accompanied by a copy of such annual report and thereafter unless accompanied by a copy of the latest annual or semi-annual report. Such reports and this Prospectus together form the Prospectus for the issue of Shares. All holders of Shares are entitled to the benefit of, are bound by and are deemed to have notice of the Memorandum and Articles of Association of the Fund, copies of which are available as mentioned herein.

As of the date of this Prospectus, the Fund does not have any loan capital (including term loans) outstanding or created but unissued, or any outstanding mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptance (other than normal trade bills) or acceptance credits, obligations under finance leases, hire purchase commitments, guarantees or other contingent liabilities.

The audited annual accounts for the Fund, dated 30 April 2012, are included, in the form and context in which they are included, with the written consent of the Auditors, which has not been withdrawn, and who have authorised the contents of that part of the Prospectus. There has been no significant change in the financial or trading position of the Fund since the end of the period for which the annual accounts of the Fund, included as part of this Prospectus, have been prepared. The audited annual accounts of the Fund, which have been approved by the Directors of the Fund, in accordance with applicable law, form part of this Prospectus at Appendix C.

No person is authorised to give any information or to make any representations concerning the Fund other than as contained in this Prospectus, and any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information and representations contained in this Prospectus shall be solely at the risk of the purchaser.

The distribution of this Prospectus and the offering of the Shares in the Fund may be restricted in certain jurisdictions. This Prospectus does not constitute an offer or solicitation in a jurisdiction where to do so is unlawful or the person making the offer or solicitation is not qualified to do so or a person receiving the offer or solicitation may not lawfully do so. It is the responsibility of any person in possession of this Prospectus and of any person wishing to apply for Shares to inform himself of and to observe all applicable laws and regulations of relevant jurisdictions.

The Fund intends to apply for authorisation as a recognised collective investment scheme for the purposes of section 264 of the Financial Services and Markets Act 2000 (the "FSMA") of the United Kingdom. Please see Appendix B for relevant information. Any recipient of this Prospectus who is an authorised person may (if and to the extent it is permitted to do so by the Conduct of Business Rules applicable to it) distribute it or otherwise promote the Shares in the United Kingdom to other authorised persons or to permitted recipients but not otherwise. Any recipient of this Prospectus who is not an authorised person may not distribute it to any other person in the United Kingdom.

Shares may not be purchased or held by U.S. Persons and may not be offered or sold in any jurisdiction in which such offer or sale is not lawful or in which the person making such offer or sale is not qualified to do so or to anyone to whom it is unlawful to make such an offer or sale. None of the Shares has been, nor will be, registered under the United States Securities Act of 1933 (the "1933 Act") as amended and, except in a transaction which does not violate the 1933 Act or any other applicable United States securities laws, (including without limitation any applicable law of any of the States of the United States), none of the Shares may be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or to or for the benefit of a US Person. In addition, the Fund is not and will not be registered under the United States Investment Company Act of 1940, as amended (the "1940" Act). **This prospectus may not be offered to U.S. persons.**

Each prospective investor will be required to certify that the Shares are not being acquired directly or indirectly for a US Person for the purposes of the US securities and tax laws.

Any projections or other estimates in this document, including estimates of return or performance, are forward-looking statements and are based upon certain assumptions. Other events which were not taken into account may occur and may significantly affect the analysis. Any assumptions should not be construed to be indicative of the actual events which will occur. Actual events are difficult to predict and may depend upon factors that are beyond the Fund's control. Certain assumptions have been made to simplify the presentation and accordingly, actual results may differ, perhaps materially, from those presented. Some important factors which could cause actual results to differ materially from those in any forward-looking statements include, among others, the following: foreign-exchange developments and financial, market, economic or legal conditions. In addition, certain other information contained in this document may also constitute "forward-looking statements" which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "constitute" or "believe" or the negatives thereof or other variations thereon or comparable terminology.

The Fund reserves the right to determine conclusively whether any person is a US Person, a benefit plan investor, qualified purchaser or an accredited investor. The Fund may determine to limit or restrict ownership by a non-qualifying Shareholder after an investment in the Fund is made and to compulsorily redeem Shares held by such a Shareholder.

The Shares in the Fund have not been approved or disapproved by the United States Securities and Exchange Commission, nor any other United States Federal or State regulatory authority, and no such commission of authority has passed upon the merits, accuracy or adequacy of this document nor is it intended that any will. Any representation to the contrary is a criminal offence.

The Fund will use warrants and convertible bonds (which, for the purposes of the Central Bank's requirements, are regarded as financial derivative instruments) for investment purposes and/or efficient portfolio management purposes. No other FDIs will be used. While the prudent use of such derivatives can be beneficial, derivatives also involve risks different from the risks presented by more traditional investments. In relation to the leverage effect of investing in financial derivative instruments, see the section headed "Leverage" on page 15. The Fund will not invest principally in financial derivative instruments and the aggregate value of financial derivative instruments in the Fund will at all times be significantly lower than those of other securities.

Under the Memorandum and Articles of Association of the Fund the Directors have the power to redeem or require the transfer of Shares held by or for the account of any person in breach of the laws or requirements of any country or government authority or by any person or persons in circumstances where the holding of such Shares may, in the opinion of the Directors, result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Fund or to maintain such minimum holding of Shares as shall be prescribed from time to time by the Directors.

Potential subscribers of Shares should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of their country of citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Shares. The attention of potential subscribers is drawn to the risk factors described on page 17-19.

The receipt of dividends by Shareholders, the redemption, exchange or transfer of Shares and any distribution on a winding-up of the Fund may result in a tax liability for the Shareholders according to the tax regime applicable in their various countries of residence, citizenship or domicile. The Directors, the Fund, the Administrator, and each of the Fund's agents shall have no liability in respect of the individual tax affairs of Shareholders.

This Prospectus may be translated into other languages. Any such translation will contain all of the information contained in this Prospectus. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in such translation, the English text shall prevail.

CONTENTS

SUMMARY	Page 2
DEFINITIONS	5
THE FUND	12
Introduction	13
Investment Objective and Policy	13
Dividend Policy	15
Risk Factors	17
MANAGEMENT AND ADMINISTRATION	20
The Board of Directors	20
The Investment Manager	21
The Administrator	21
The Custodian	23
CONFLICTS OF INTEREST	26
Portfolio Transactions and Investment Managers Share Dealing	26
FEES AND EXPENSES	27
ISSUE AND REDEMPTION OF SHARES	29
Application for Shares, Minimum Investment and Currency Investment	29
Subscription Price	30
Written Confirmation of Ownership	30
Redemption Requests	30
Redemption Price	31
Mandatory Redemption of Shares	31
Transfer of Shares	32
Publication of Net Asset Value per Share	32
Temporary Suspension of Valuation, Conversion, Subscriptions and Redemptions	32
VALUATION	34
Determination of Net Asset Value	34
INVESTMENT AND BORROWING POWERS AND RESTRICTIONS	37
Investment Restrictions	37
Borrowing Policy	41
TAXATION	42
General	42
Ireland	42
United Kingdom	48
GENERAL INFORMATION	53
Incorporation and Share Capital	53
Material Contracts	53
Meetings	53
Reports	54
Termination	54
Litigation and Arbitration	54
Miscellaneous	55
Documents for Inspection	56
APPENDIX A Recognised Markets	57
APPENDIX B Financial Services and Markets Act (United Kingdom) 2000 (the “FSMA”)	58
APPENDIX C Audited annual accounts of the Fund	59

DEFINITIONS

In this Prospectus, the words and expressions listed below have the meanings set opposite them, except where the context otherwise requires:-

“£” “pounds” and “sterling”	means the pound sterling, the lawful currency of the United Kingdom;
“Administrator”	means Northern Trust International Fund Administration Services (Ireland) Limited or any person or persons for the time being duly appointed as the Fund’s Administrator with prior approval of the Central Bank;
“Articles”	means the Articles of Association of the Fund;
“Business Day”	means a day (other than Saturday or Sunday) on which the banks are open for business in Ireland and the United Kingdom;
“Central Bank”	means the Central Bank of Ireland or any successor regulator thereto;
“Central Bank Notices”	means the series of UCITS Notices issued by the Central Bank, as amended from time to time;
“Collective Investment Schemes” or “CIS”	means collective investment schemes established as UCITS and/or Collective Investment Schemes other than UCITS in which the Fund may invest;
“Connected Person”	<p>in relation to a company means:-</p> <ul style="list-style-type: none">(a) any person or company beneficially owning, directly or indirectly, 20 per cent. or more of the ordinary share capital of that company or able to exercise, directly or indirectly, 20 per cent. or more of the total votes in that company; or(b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or(c) any member of the group of which that company forms part; or(d) any director or officer of that company or of any of its Connected Persons as defined in (a), (b) or (c);
“Companies Acts”	means the Companies Acts 1963 to 2012;
“Custodian”	means Northern Trust Fiduciary Services (Ireland) Limited or any other person or persons for the time being duly appointed as the Fund’s Custodian with prior approval of the Central Bank;
“Dealing Day”	means the first Business Day of each week provided that the Directors may declare alternative or additional Dealing Days (which will be notified in advance to all Shareholders);
“Declaration”	means the form of declaration provided for under the Finance Act 2000, which all investors in the Fund must complete, declaring whether they are an Exempt Irish Resident Investor or a non-Irish resident Investor;

“Directors”	the board of directors of the Fund;
“Effective Date”	means 14 December 2012, the date on which the Fund was re-registered as an Irish company pursuant to the provisions of Section 256F of Part XIII of the Companies Act 1990 (as amended);
“EU”	means the European Union;
“euro” or “€”	means the currency introduced on 1 January 1999 at the start of the third stage of Economic and Monetary Union pursuant to the Maastricht Treaty establishing the European Union;
"Exempt Irish Investor"	means: <ul style="list-style-type: none"> (i) a pension scheme which is an exempt approved scheme within the meaning of section 774 of the Taxes Act, or a retirement annuity contract or a trust scheme to which sections 784 or 785 of the Taxes Act applies that has made a Relevant Declaration which is in the possession of the Fund prior to the occurrence of a chargeable event; (ii) a company carrying on life business within the meaning of section 706 of the Taxes Act that has made a Relevant Declaration which is in the possession of the Fund prior to the occurrence of a chargeable event; (iii) an investment undertaking within the meaning of section 739B of the Taxes Act that has made a Relevant Declaration which is in the possession of the Fund prior to the occurrence of a chargeable event; (iv) a special investment scheme within the meaning of section 737 of the Taxes Act that has made a Relevant Declaration which is in the possession of the Fund prior to the occurrence of a chargeable event; (v) a unit trust to which section 731(5)(a) of the Taxes Act applies that has made a Relevant Declaration which is in the possession of the Fund prior to the occurrence of a chargeable event; (vi) a charity being a person referred to in section 739D(6)(f)(i) of the Taxes Act that has made a Relevant Declaration which is in the possession of the Fund prior to the occurrence of a chargeable event; (vii) a qualifying management company within the meaning of section 734 (1) of the Taxes Act that has made a Relevant Declaration which is in the possession of the Fund prior to the occurrence of a chargeable event; (viii) a specified company within the meaning of section 734 (1) of the Taxes Act that has made a Relevant Declaration which is in the possession of the Fund prior to the occurrence of a chargeable event; (ix) a person exempt from income tax and capital gains tax by virtue of section 784A(2) of the Taxes Act, where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund and the “qualifying fund manager” (within the meaning of section 784A of the Taxes Act) has made a Relevant Declaration which is in the possession of

the Fund prior to the occurrence of a chargeable event;

(x) a person exempt from income tax and capital gains tax by virtue of section 848E of the Taxes Act where the Shares held are assets of a special savings incentive account and the “qualifying savings manager” (within the meaning of section 848B of the Taxes Act) that has made a Relevant Declaration which is in the possession of the Fund prior to the occurrence of a chargeable event;

(xi) a person exempt from income tax and capital gains tax by virtue of section 787I of the Taxes Act where the units held are assets of a Personal Retirement Savings Account (within the meaning of Chapter 2A of Part 30 of the Taxes Act) and the PRSA Administrator (within the meaning of Chapter 2A of the Taxes Act) has made a Relevant Declaration which is in the possession of the Fund prior to the occurrence of a chargeable event;

(xii) a credit union within the meaning of section 2 of the Credit Union Act 1997 that has made a Relevant Declaration which is in the possession of the Fund prior to the occurrence of a chargeable event;

(xiii) a company in respect of its investment in a money market fund within the meaning of Regulation (EC) No 2423/2001 of the European Central Bank of 22/11/2001, where such company is within the charge to corporation tax and has made a declaration to that effect to the Fund and has supplied details of its corporation tax reference number to the Fund;

(xiv) the National Asset Management Agency which has made a declaration to that effect to the Fund;

(xv) the National Pensions Reserve Fund Commission, or a commission investment vehicle (within the meaning given by section 2 of the National Pensions Reserve Fund Act 2000 (as amended by section 2 of the Investment of the National Pensions Reserve Fund and Miscellaneous Provisions Act 2009)) which has made a declaration to that effect to the Fund;

(xvi) the State acting through the National Pensions Reserve Fund Commission or a Commission investment vehicle (within the meaning given by section 2 of the National Pensions Reserve Fund Act 2000 (as amended by section 2 of the Investment of the National Pensions Reserve Fund and Miscellaneous Provisions Act 2009));

(xvii) a Qualifying Company that has made a Relevant Declaration to the Fund, which is in the possession of the Fund prior to the occurrence of a chargeable event and has supplied details of its corporation tax reference number to the Fund;

(xviii) an intermediary acting on behalf of persons who are neither Resident in Ireland nor Ordinarily Resident in Ireland for tax purposes or an intermediary acting on behalf of the persons Resident in Ireland listed above that has made a Relevant Declaration which is in the possession of the Fund prior to the occurrence of a chargeable event.

“Fund”

means Capital Gearing Portfolio Fund plc;

“Investment Manager”	means CG Asset Management Limited and any such investment manager duly appointed with the prior approval of the Central Bank in succession to CG Asset Management Limited;
“Index Linked Bonds”	means inflation linked debt instruments;
“Irish Resident”	means any person Resident in Ireland or Ordinarily Resident in Ireland;
“Irish Stock Exchange”	means the Irish Stock Exchange Limited;
“Management Share”	means a share of par value £1 in the share capital of the Fund designated as a Management Share and having no rights to participate in the profits or assets of the Fund, save for the return of par value on the winding up of the Fund;
“Memorandum and Articles of Association”	means the Memorandum and Articles of Association of the Fund;
“Minimum Holding”	means a minimum holding of £100,000 (or its equivalent in another currency) or such holding as the directors may from time to time otherwise determine;
“Money Market Instruments”	Means instruments normally dealt in on the money market which: <ul style="list-style-type: none"> (i) are liquid, i.e. capable of being converted to cash within 7 Business Days at a price closely approximating their current value; and (ii) have a value which can be accurately determined at any time.
“Net Asset Value”	means the Net Asset Value of the Fund, calculated as described herein;
“Net Asset Value per Share”	means the Net Asset Value of the Fund divided by the number of Shares in issue or deemed to be in issue;
“Official List”	means the list of securities or units admitted to the official list of the Irish Stock Exchange and published daily;
“Ordinarily Resident in Ireland”	<p>an individual who has been Resident in Ireland for three consecutive tax years becomes Ordinarily Resident in Ireland with effect from the commencement of the fourth tax year.</p> <p>An individual who has been Ordinarily Resident in Ireland ceases to be Ordinarily Resident in Ireland at the end of the third consecutive tax year in which he or she is not Resident in Ireland.</p>
“Prospectus”	means this Prospectus dated 14 March 2013 as the same may from time to time be amended and/or replaced;
“Qualifying Company”	means a qualifying company within the meaning of section 110 of the Taxes Act;
“Recognised Clearing	means any of the following clearing systems:

System”

- (i) Central Moneymarkets Office;
- (ii) Clearstream Banking SA;
- (iii) Clearstream Banking AG;
- (iv) CREST;
- (v) Depository Trust Company of New York;
- (vi) Deutsche Bank A.G. Depository and Clearing System;
- (vii) Euroclear;
- (viii) Monte Titoli SPA;
- (ix) Netherlands Central Instituut voor Giraal Effectenverkeer BV;
- (x) National Securities Clearing System;
- (xi) Sicovam SA
- (xii) SIS Sega Intersettle AG;
- (xiii) The Canadian Depository for Securities Ltd;
- (xiv) VPC AB (Sweden),
- (xv) Japan Securities Depository Centre (JASDEC), and
- (xvi) Any other system for clearing securities which is designated by the Revenue Commissioners as a recognised clearing system.

“Recognised Market”

means in relation to any investment, any stock exchange, over-the-counter market or other securities market as listed in Appendix A, which is regulated, recognised, open to the public and operates regularly. The Central Bank does not issue a list of approved markets;

“Regulations”

the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended, or any amendment thereto for the time being in force;

“Relevant Declaration”

means the declaration relevant to the Shareholder as set out in Schedule 2B of the Taxes Act;

“Relevant Period”

means, in relation to a Share in the Fund, a period of eight years beginning with the acquisition of a Share by a Shareholder and each subsequent period of eight years beginning immediately after the end of the preceding Relevant Period for as long as the Shareholder holds that Share;

“Resident in Ireland”

means:

- in the case of an individual, an individual who is resident in Ireland for tax purposes;
- in the case of a trust, a trust that is resident in Ireland for tax purposes; and
- in the case of a company, a company that is resident in Ireland for tax purposes.

An individual will be regarded as resident in Ireland for tax purposes for a particular tax year if he/she is present in Ireland: (a) for a period of at least 183 days in that tax year, or (b) for a period of at least 280 days in any two consecutive tax years, provided that the individual is resident in Ireland for at least 31 days in each tax year. In determining the number of days present

in Ireland, an individual is deemed to be present in Ireland if he/she is in the country at any time during the day.

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

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

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

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

“Revenue Commissioners”	means the Revenue Commissioners of Ireland;
“Taxable Corporate Shareholder”	means a corporate Shareholder who is not an Exempt Irish Investor and who is Resident in Ireland for the purposes of Irish tax;
“Shares”	means participating shares of no par value that may be issued by the Fund;
“Shareholder”	means a holder of Shares;
“Special Resolution”	means a resolution passed by not less than a three quarters majority of the votes cast at a meeting duly convened and held for the purpose of considering the resolution;
“Taxes Act”	means the Taxes Consolidation Act 1997 of Ireland, as amended;
“Transferable Securities”	means shares in companies and other securities equivalent to shares in companies, bonds and other forms of securitised debt and any other negotiable securities which carry the right to acquire any such Transferable Securities by subscription or exchange, other than techniques and instruments utilised for efficient portfolio management;
“UCITS”	an undertaking the sole object of which is the collective investment in Transferable Securities and/or other liquid financial assets permitted under

the Regulations of capital raised from the public and which operates on the principle of risk-spreading and the units of which are at the request of the holders repurchased or redeemed directly or indirectly out of those undertakings' assets. Action taken by a UCITS to ensure that the stock exchange value of its units does not vary significantly from their net asset value shall be regarded as equivalent to such repurchase or redemption. Other liquid financial assets include cash deposits, financial derivative instruments, other collective investment undertakings, index tracking funds and Money Market Instruments;

“United States”	means the United States of America (including the States and the District of Columbia) its territories, possessions and all other areas subject to its jurisdiction;
“US dollars” or “US\$”	means the United States Dollar, the lawful currency of the United States of America;
“US Person”	means unless otherwise determined by the Directors, a person resident in the U.S., a corporation, partnership or other entity created or organised in or under the laws of the U.S. or any person falling within the definition of the term “U.S. Person” under Regulation S promulgated under the U.S. Securities Act of 1933, as amended;
“Valuation Point”	means close of business in Dublin on the Business Day immediately preceding the relevant Dealing Day.

THE FUND

DIRECTORS AND ADMINISTRATION

Board of Directors

David Brazier
Edward Cottrell
Vernon Crowley
Alan Jeffers

Auditors

Grant Thornton
Chartered Accountants
24 – 26 City Quay
Dublin 2
Ireland

Custodian

Northern Trust Fiduciary Services
(Ireland) Limited
George's Court
54-62 Townsend Street
Dublin 2
Ireland

Legal Advisers

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

Administrator and Secretary

Northern Trust International Fund
Administration Services (Ireland) Limited
George's Court
54-62 Townsend Street
Dublin 2
Ireland

Promoter and Investment Manager

CG Asset Management Limited
25 Moorgate
London EC2R 6AY
England

Registered Office

George's Court
54-62 Townsend Street
Dublin 2
Ireland

Listing Sponsor at the Irish Stock Exchange

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

INTRODUCTION

The Fund was incorporated as CG Portfolio Fund Limited under the Companies Law (2011 Revision) of the Cayman Islands on November 6, 2001, as an exempted company with limited liability with registered number 113833.

On 27 November 2012, the Fund changed its name from CG Portfolio Fund Limited to Capital Gearing Portfolio Fund plc. Such change was made pursuant to a shareholder resolution dated 27 November 2012 and was done in order to distinguish the Fund from another fund domiciled in Ireland.

On the Effective Date, the Fund was re-registered as an open-ended investment company with variable capital under the laws of Ireland and has been authorised by the Central Bank pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No. 352 of 2011), as amended.

The authorised share capital of the Fund is 24,999 Shares of no par value and 1 Management Share of par value £1.00. The Management Share, which is legally and beneficially owned by the Investment Manager, carries the right to receive notice of, attend and vote at general meetings of the Fund (but no voting right will attach to Management Shares for so long as one or more Shares are in issue), and the right to a return of the par value thereof on a winding up, but no other rights. This Prospectus relates to the issue of voting redeemable Shares.

The Base Currency of the Fund is denominated in Sterling.

The Fund

Investment Objective and Policy

The investment objective of the Fund is to achieve long term capital growth in absolute terms.

The Fund will attempt to achieve its investment objectives by investing in a spread of closed ended investment trusts and investment companies with an exposure to smaller investment trusts and investment companies, government and corporate bonds including index-linked bonds, all listed on a Recognised Market. Through investing in investment trusts and investment companies, the Fund will obtain exposure to global and UK equity markets, real estate, infrastructure, commodities and precious metals.

The Fund may also invest in other obligations of companies listed on a Recognised Market such as preferred shares, loan stocks, convertible bonds and warrants, as well as cash and money market instruments including cash funds. Through investing in convertible bonds and warrants, the Fund may obtain exposure to global and UK equity markets and may obtain exposure to real estate, infrastructure, commodities and precious metals.

The investment objective and policy of the Fund will not change for at least three years from the date of admission of the shares to the Official List and to trading on the main market of the Irish Stock Exchange other than in exceptional circumstances and then only with the consent of the majority of the shareholders of the Fund. Any change in the investment policies will be notified to the Shareholders of the Fund. Any change in the investment objectives of the Fund and any material change in the investment policies of the Fund will require a resolution of a majority of Shareholders voting at a meeting of the shareholders of the Fund. In the event of a material change in the investment policies of the Fund on the basis of a majority of votes cast at a meeting of Shareholders in the Fund, a reasonable notification period will be provided by the Fund to enable Shareholders to redeem their Shares prior to

implementation of the change.

There can be no assurance that the Fund will achieve its investment objective.

Investment Philosophy

The Fund is intended to provide an investment opportunity for investors looking for long term capital growth. Overall asset allocation between closed ended investment trusts and investment companies, government bonds, corporate bonds (both fixed and floating rate) and cash reflects an assessment of long term value, risk and liquidity.

Initially the asset allocation of the Fund is expected to be approximately 30% in ordinary shares of investment trusts and investment companies whose underlying exposure would be global and UK equity markets, real estate, infrastructure, and commodities and precious metals. The Fund will also use exchange traded funds, warrants and convertible loan stocks and bonds to gain exposure to these assets.

Through buying the shares of closed ended investment trusts and investment companies, the Fund will be able to take advantage of the investment management skills of many investment managers and potentially profit from any contraction in the discount of the share price to the net asset value per share of the underlying investment trust or investment company.

The balance of the Fund's assets will be invested in government and corporate bonds (both fixed and floating rate), Index-Linked Bonds and other obligations of companies listed on a Recognised Market such as preferred shares and conventional loan stocks with investment in both investment grade, and below investment grade bonds. Not more than 30% of the net asset value of the Fund will be invested in below-investment-grade bonds.

On occasion cash and money market instruments will be held in anticipation of cheaper markets or better investment opportunities and may be held for extensive periods where the risks seem too great for the potential rewards. Cash may be kept on deposit with credit institutions as prescribed in the UCITS Notices, or invested in liquid assets in short term investments such as commercial paper, bankers acceptances, certificates of deposit and government securities. Such securities will be traded on Recognised Markets, will be of investment grade only and will generally be issued by a government.

As the Fund may obtain exposure to global equity and bond markets, the Investment Manager may use currency spot transactions to convert monies received in the base currency of the Fund into the currency of denomination of the underlying assets.

Convertible Bonds and Warrants

As outlined above, the Fund will use warrants and convertible bonds. Such instruments will be traded on a recognised exchange or a multilateral trading facility. Warrants and convertible bonds will be used for the purpose of enhancing returns on underlying securities and gaining exposure to markets or issuers at minimum risk to the Fund. Convertible bonds and warrants are classified by the Regulations as financial derivative instruments for UCITS purposes. Accordingly, the Fund employs a Risk Management Process which enables it to accurately measure, monitor and manage the risks associated with financial derivative instruments.

Warrants

A warrant is a certificate, usually issued along with a bond or preferred stock, entitling the holder to buy a specific amount of securities at a specific price, usually above the current market price at the time of issuance, for an extended period, anywhere from a few years to forever. In the case that the

price of the security rises to above that of the warrant's exercise price, then the investor can buy the security at the warrant's exercise price and resell it for a profit. Otherwise, the warrant will simply expire or remain unused. Warrants are listed on options exchanges and trade independently of the security with which it was issued.

Convertible bonds and convertible loan stocks

A convertible bond is a hybrid security comprising both debt and equity features. Like a straight bond (non-convertible bond), the holders of a convertible bond receives coupon payments until maturity at which point the issuer redeems the convertible bond at par. However, the holders of a convertible bond also have the option to convert the convertible bond into shares of common stock of the issuer, at a predetermined price. Convertible bonds have the following characteristics (mirroring those of other types of bonds): an issue size and issue date; a maturity date and maturity value; a face value; and a coupon. Convertible loan stock operates in the same way as convertible bonds and has the same hybrid of debt and equity features with the same conversion rights.

Leverage

As the investment by the Fund in financial derivative instruments is limited to warrants and convertible bonds, which are non-complex instruments, the Fund is considered to be non-sophisticated. Accordingly, the Fund's exposure to financial derivative instruments can be calculated using the 'commitment approach' as permitted under the Central Bank's Guidance Note 3/03. As a general rule, a UCITS cannot have global exposure greater than its net asset value. In the context of a non-sophisticated fund such as the Fund using the commitment approach to calculate its global exposure, total exposure is defined as the net asset value of the fund and its global exposure. This figure may therefore not be greater than 200% of net asset value.

Volatility

Given the investment objective and policy of the Fund, it is anticipated that a medium level of volatility will apply to the Fund under normal market conditions. However, there is no guarantee that such a level of volatility will be achieved or can be maintained.

Dividend Policy

It is the intention of the Directors to declare annual dividends in respect of each share class of the Fund, subject to the availability of lawfully distributable profits. Such profits may include the Fund's accumulated net income plus the net of accumulated realised gains less realised and unrealised losses. For the avoidance of doubt, distributions may be paid out of realised gains earned in the current accounting period or prior accounting periods. The Directors of the Fund applied for and have been granted approval by HMRC for the Fund to be treated as a Reporting Fund for the purposes of The Offshore Funds (Tax) Regulations 2009 ("Offshore Funds Regulations") from 1 May 2011. Although the Directors have obtained reporting fund status for the Fund, there can be no guarantee that the requirements of HMRC will be met in the future.

Under the reporting fund regime, there is no requirement for distributions to be made, however, it is the Directors' intention that dividends sufficient to equate to the level of reportable income will be paid. Although the Directors will endeavour to ensure that dividends will be paid, there can be no guarantee that this will be the case.

Dividends will be paid by electronic transfer to a Shareholder's bank account at the Shareholder's

expense.

The Fund will go “ex-dividend” on the first valuation following 30 April of each year, and a distribution will be paid to Shareholders on the register at the close of business on 30 April of each year, on or before 31 May in the same year.

RISK FACTORS

Investors in the Fund should understand that all investments involve risks. The following are some of the risks of investing in the Fund, but the list does not purport to be exhaustive. The Fund will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

Investment Risk

Potential investors should note that the investments of the Fund are subject to market fluctuations and there can be no assurance that any appreciation in value will occur. The value of investments and the income from them, and therefore the value of, and income from the Shares, can go down as well as up and an investor may not get back the amount he invests. Investors should also be aware that the difference at any one time between the Subscription and Redemption Prices of the Shares means that an investment in the Fund should be viewed as long term. Changes in exchange rates between currencies may also cause the value of the investments to diminish or increase.

Share Prices of Investment Trusts and Closed-Ended Investment Companies

The share prices of investment trusts and closed-ended investment companies typically stand at a discount to their net asset value per share. Such discounts may persist for long periods and/or widen.

The Net Asset Value of the Shares will reflect the current market value of the shares of investment trusts, closed-ended investment companies and other securities in which the Fund invests. The shares of certain investment trusts and closed-ended investment companies in which the Fund invests may be valued in the market at a premium to their own net asset value per share. In such cases, the share price of such investment trusts and/or closed-ended investment companies may eventually decline to a discount to their net asset value per share.

Investment trusts and closed-ended investment companies may borrow or otherwise gear their exposure to their investments. Investment in such companies will tend to have more volatile results than investment in companies without gearing.

Foreign Currency and Exchange Rates

The Fund's assets may be invested in securities denominated in a foreign currency. The value of the assets of the Fund and its income, as measured in sterling, may be affected by fluctuations in currency rates and exchange control regulations.

Dependence on the Investment Manager

The Investment Manager is responsible for investing the assets of the Fund. The success of the Fund depends upon the ability of the Investment Manager to develop and implement investment strategies that achieve the Fund's investment objectives.

Limited Diversification

The Fund will seek to diversify its assets through investments in various securities. Such diversification may not be achieved as a result of insufficient investment opportunities or insufficient investable assets as a result of redemptions or insufficient subscriptions by Shareholders of the Fund. In addition, although the diversification of the Fund's investments in a variety of securities and industries is intended

to reduce the Fund's exposure to adverse events associated with specific issuers or industries, the number of investments may be limited. As a consequence, returns as a whole may be adversely affected by the unfavourable performance of even a single investment.

Counterparty and Broker Credit Risk

The Fund will be exposed to the credit risk of the counterparties or the brokers and dealers and exchanges through which, it deals, whether it engages in exchange-traded or off-exchange transactions. The Fund may be subject to risk of loss of its assets held by a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of the Fund, or the bankruptcy of an exchange clearing house.

Custodian Risk

In the event of the Custodian (or any sub-custodian) being insolvent, wound up, put into receivership, administration, examination or any other analogous event occurring, there may be delays in having any assets held in custody by such entity returned to the Fund (which could consequently result in losses or damage to shareholders of the Fund).

Liquidity Risk

Investors should be aware that there are no guarantees concerning liquidity for investors in the Fund. They should be aware that despite all investments of the Fund being tradeable on recognised markets, there may be delays to the sale of investments, particularly at times of market stress. Furthermore, a portion of the Fund will be invested in smaller investment trusts which may be less liquid than larger investment trusts.

Derivative Risk

The primary risks associated with the use of derivatives are (i) failure to predict accurately the direction of market movements and (ii) market risks, for example lack of liquidity or lack of correlation between the change in the value of the underlying asset and that of the value of the Fund's derivatives.

Legal Risk

The application of a law or regulation that has not been anticipated or that arises because contracts are not legally enforceable or documented correctly could result in a loss to the Fund.

Settlement Risk

The Fund may be exposed to a credit risk on parties with whom it trades. There can be no guarantee of the operation or performance of settlement, clearing and registration of transactions in some markets, particularly emerging markets. Where organised securities markets and banking and telecommunications systems are underdeveloped, concerns inevitably arise in relation to settlement, clearing and registration of transactions in securities where these are acquired other than as direct investments. Furthermore, due to local postal and banking systems, no guarantee can be given that all entitlements attaching to securities acquired by the Fund, including those related to dividends, can be realised.

Taxation

The attention of potential investors is drawn to the tax risk associated with investing in the Fund. Any change in the Fund's tax status or in taxation legislation could affect the value of the investments held by the Fund and could affect the return to investors. Potential investors and Shareholders of the Fund should note that the statements on taxation, which are set out in the Prospectus are based on advice which has been received by the Directors regarding the law and practice in force in the relevant jurisdiction as at the date of the Prospectus. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the Fund will endure indefinitely. The attention of potential investors is drawn to the tax risk associated with investing in the Fund. See section headed "Taxation" on page 43 in the Prospectus

MANAGEMENT AND ADMINISTRATION

The Board of Directors

The Board of Directors is responsible for managing the business affairs of the Fund in accordance with the Articles of Association. The Directors may delegate certain functions to the Investment Manager and other parties, subject to supervision and direction by the Directors.

The Directors are listed below with their principal occupations. They have delegated the day-to-day administration of the Fund to the Administrator and, consequently, none of the Directors is an executive director.

Directors and Secretary

- **David Brazier.** He commenced his career in investment management with Hill Samuel & Co Limited in 1964 where he managed self-administered pension funds and, subsequently, authorised unit trusts. In 1972 he joined Joseph Sebag & Co and became a private client partner in 1974. For twenty years he worked for Cazenove & Co becoming a Partner in 1984 in the Private Client Department, culminating in the position of Partner in Charge of international clients and the Cazenove Jersey office. Mr Brazier was also Chairman of the Cazenove Global Equity Fund, a Dublin-based investment fund, and was a member of the Board of General Consolidated Investment Trust before it was wound up in 1997. In April 2001, he and Peter Spiller, set up CG Asset Management Limited and he retired on 31 August 2012 from this company. He is also a Director of CG Portfolio Fund plc.
- **Vernon Crowley.** He is a graduate of Trinity College Dublin (Dublin University) and a member of the Institute of Chartered Accountants in Ireland, having obtained his qualification with KPMG in Dublin. He is currently Financial Controller of Independent Pictures and is a former Board member of the Irish Cancer Society. He is also a Director of CG Portfolio Fund plc.
- **Alan Jeffers.** He is a chartered accountant and former council member of the Institute of Chartered Accountants in Ireland. Mr. Jeffers was a Director of the Hibernian Group plc until April 2001. Mr. Jeffers was previously Managing Director of Avenue Investment Company, an investment holding company in Ireland, and Financial Controller and Assistant Managing Director of Jefferson Smurfit Group from 1968 to 1973. He is Chairman of Dipcot Holdings Ltd, and a Director of Banking Automation Limited and several companies operating in the International Financial Services Centre. He is also a Director of CG Portfolio Fund plc.
- **Edward Cottrell.** Mr Cottrell joined Cazenove & Co in 1986 becoming a partner in 1997. During this time he held positions as a senior director of institutional portfolios and head of pan European equities. He joined CG Asset Management Limited in September 2007 after leaving Cazenove Capital Management in June 2007. He holds the position of director and his responsibilities include compliance, client liaison and corporate management. He is also a Director of CG Portfolio Fund plc.

The business address of all the Directors for the purposes of the Fund is the Fund's registered address.

No Director of the Fund has: (i) any convictions in relation to indictable offences; or (ii) been bankrupt or the subject of any involuntary arrangements, or has had a receiver appointed to any asset of such Director; or (iii) been a director of any company which, whilst he was a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangements, or made any composition or

arrangements with its creditors generally or with any class of its creditors; or (iv) been a partner of any partnership, which while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or (v) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or (vi) been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any company.

The secretary of the Fund is Northern Trust International Fund Administration Services (Ireland) Limited.

The Articles of Association do not stipulate a retirement age for Directors and do not provide for retirement of Directors by rotation. The Articles of Association provide that a Director may be a party to any transaction or arrangement with the Fund or in which the Fund is interested provided that he has disclosed to the Directors the nature and extent of any material interest which he may have.

The Promoter and Investment Manager

CG Asset Management Limited (“CGAM”) acts as promoter and Investment Manager to the Fund. CGAM was appointed as investment manager to the Fund pursuant to an agreement dated 6 November 2001. The parties have decided to put in place a new investment management agreement to reflect UCITS requirements and the existing investment management agreement will terminate upon entry into of the new Investment Management Agreement.

CGAM will advise the Fund on all investment decisions. The Investment Management Agreement dated 14 December 2012 between the Fund and the Investment Manager provides that the Investment Manager shall be responsible for the investment of the Fund’s assets. The Investment Management Agreement shall continue in force until terminated by either party on ninety days’ notice in writing to the other party. Notwithstanding the foregoing, the Fund may at any time terminate the Investment Management Agreement in the event of the insolvency of the Investment Manager or in the event that the Investment Manager is no longer permitted to perform its obligations under applicable law. Either party may terminate the Investment Management Agreement in the event that the other party fails to remedy any material breach within thirty days of being requested in writing to do so.

The Investment Manager was incorporated in England on 13th December 2000. Its registered office is at 25 Moorgate, London EC2R 6AY, England. As of 1 October 2012, the Investment Manager had approximately £1.7 billion in assets under management. It is regulated by the Financial Services Authority and is authorised to conduct investment business in the United Kingdom by virtue of such membership. Its principal business is to provide investment management and advisory services to the Fund, a U.K. authorised investment trust and another Irish domiciled UCITS.

The Fund has agreed to indemnify the Investment Manager from and against all costs, charges, liabilities, and expenses incurred by it pursuant to or in connection with the Investment Management Agreement or directly or indirectly from any act or omission in the course of, or in connection with the services provided by the Investment Manager or from any breach of the Investment Management Agreement by the Investment Manager provided that such cost, charge or liability or expense is not due to the negligence, wilful default or fraud of the Investment Manager.

The Administrator

Northern Trust International Fund Administration Services (Ireland) Limited was appointed to act as the administrator of the Fund’s assets pursuant to an administration agreement dated 6 November 2001. A new Administration Agreement will be put in place between the parties to reflect UCITS requirements and the existing agreement will then be terminated. The Administrator is a private

limited liability company incorporated in Ireland on 15 June 1990 and is wholly owned by Northern Trust Corporation. Northern Trust Corporation and its subsidiaries comprise the Northern Trust Group, one of the world's leading providers of global custody and administration services to institutional and personal investors. As at 30 September 2012 the Northern Trust Group's assets under custody and administration totalled in excess of US\$4.8 trillion.

The new Administration Agreement between the Fund and the Administrator dated 14 December 2012 includes provisions to the following effect:

The Administrator will keep on behalf of the Fund at the Administrator's premises in Ireland such books, records and statements as may be required and reasonably necessary to give a complete record of all transactions carried out on behalf of the Fund.

The duties to be performed by the Administrator on behalf of the Fund shall include:-

- (a) the general administration of the Fund and receiving and dealing with applications, repurchases, notices and correspondence on behalf of the Fund including operating the bank accounts of the Fund as required;
- (b) the determination of the number of Shares which are issued and outstanding from time to time;
- (c) the calculation of the Net Asset Value, Net Asset Value per Share and subscription and redemption prices of the Shares as appropriate;
- (d) ensuring that persons who are not qualified to hold Shares are not registered as holders of the Shares or that Shares held by such persons are compulsorily repurchased;
- (e) applying Irish withholding tax in respect of transactions in shares by and distributions paid to Shareholders who do not provide the Fund with the appropriate declarations of exemption from withholding tax or non-residency in Ireland as prescribed by the Irish Revenue Commissioners, provided the Administrator shall not be required to question or verify the proper execution or validity or any such declaration received;
- (f) the publication of the price of the Shares as required by the Fund;
- (g) the calculation of the fees of the Custodian, the Administrator, the Investment Manager and any other service provider to the Fund;
- (h) keeping the records and accounts of the Fund in such manner as will enable the Fund to publish the yearly and half-yearly reports and accounts of the Fund;
- (i) preparing for the approval of the Directors the yearly and half-yearly reports and accounts of the Fund;
- (j) advising and assisting with compliance by the Fund with the reporting requirements of the Central Bank;
- (k) advising and assisting the Fund with performing all relevant anti-money laundering procedures and "know your customer" due diligence and enquiries applicable to applicants for Shares in the Fund and Shareholders;
- (l) the safe-keeping, preparation and forwarding to shareholders in the Fund, or to the order of such shareholders, of cheques, statements, notices and other documents which the Fund is

required to issue or serve;

- (m) acting as registrar;
- (n) sending to, or to the order of, the persons entitled thereto to all payments due in connection with the repurchase of Shares;
- (o) acting as Secretary of the Fund;
- (p) instructing the Custodian as to the payment of amounts payable by the Fund and the currencies in which the same are so payable; and
- (q) liaising with and accepting instructions from the Fund, and the Investment Manager in connection with the performance of the Administrator's obligations and duties.

MLRO

The Administrator has nominated one of its senior employees, Martin Travers, to act as money laundering reporting officer for the Fund and the Fund has appointed Martin Travers to act as the designated money laundering reporting officer for the Fund.

In addition to fees for its services as Administrator, the Fund shall pay or reimburse the Administrator in respect of all out-of-pocket expenses reasonably incurred by it.

The Administrator will not be liable to the Fund or any other person for any loss, damages, liabilities and all reasonable proper costs and expenses ("Losses") whatsoever and howsoever incurred by any of them as a result of the performance or non-performance by the Administrator of its obligations and duties hereunder save where such Losses are the direct result of the Administrator's fraud, wilful default or negligence.

In the Administration Agreement, the Fund undertakes to hold harmless and indemnify the Administrator against all actions, proceedings, claims, costs, demands and expenses which may be brought against, suffered or incurred by the Administrator by reason of its performance or non-performance of its obligations and duties (other than due to the Administrator's wilful default, fraud or negligence).

The Administration Agreement shall continue in full force and effect until terminated by either party by ninety days' notice in writing.

The Custodian

Northern Trust Fiduciary Services (Ireland) Limited has been appointed to act as custodian of the Fund's assets pursuant to the Custodian Agreement dated 14 December 2012.

Northern Trust Fiduciary Services (Ireland) Limited was appointed Custodian to the Fund pursuant to the custodian agreement dated 6 November 2001. The Fund and the Custodian have agreed to put in place a new Custodian Agreement to replace the existing agreement in order to reflect the UCITS requirements. The Custodian is a private limited liability company incorporated in Ireland on 5 July 1990. Its main activity is the provision of custodial services to collective investment schemes. The Custodian is wholly owned by Northern Trust Corporation. Northern Trust Corporation and its subsidiaries comprise the Northern Trust Group, one of the world's leading providers of global custody and administration services to institutional and personal investors. As at 30 September 2012, the Northern Trust Group's assets under custody and administration totalled in excess of US\$4.8 trillion.

The Custodian's functions are fully outlined in the Custodian Agreement. In summary, during the continuance of its appointment the Custodian on behalf of the Fund:-

- (a) shall carry out the instructions of the Fund and the Investment Manager provided such instructions are proper instructions;
- (b) shall ensure that any consideration payable in respect of any transaction involving any investments in the Fund is remitted to the Custodian within time limits which accord with acceptable market practice in the context of the particular transaction;
- (c) shall hold for the account of the Fund, pay out or deal with all uninvested monies of the Fund on behalf of the Fund in such manner as may from time to time be stipulated by proper instructions;
- (d) shall ensure that the investments of the Fund are segregated from the proprietary assets of the Custodian and any sub-custodian appointed by it;
- (e) shall upon receipt of proper instructions, transfer, exchange or deliver securities or other assets forming part of the investments, or cause the transfer, exchange or delivery of such securities or other assets:-
 - (i) in connection with the purchase or sale of such securities or other assets; or
 - (ii) upon conversion of such securities or other assets for any reason other than sale into other securities, assets or cash; or
 - (iii) as security for any loan or indebtedness incurred by the Fund, provided that the Custodian and its authorised agents shall be under no responsibility for investments transferred or delivered to any third party for such purpose; or
 - (iv) for the purpose of exercising any right whatsoever with respect to such securities or other assets; or
- (e) upon the termination of the Custodian Agreement to the succeeding custodian (if any) or as directed by the Fund; or
- (f) pay or cause to be paid the cash in its custody as margin deposits, for the payment of fees or disbursements owed by the Fund, for deposit to the account of the Fund with any bank or other financial institution;
- (g) shall collect, receive and transfer to the Fund all income and other payments of any kind accruing to the Fund in respect of its investments;
- (h) shall on receipt from the Fund of a statement of repurchase of Shares specifying the number of Shares to be repurchased, the relevant repurchase price(s), the total amount payable and the currency or currencies in which the relevant payments are to be made pay to amount due in the relevant currency (on behalf of the Fund) to the persons entitled thereto;
- (i) shall keep or cause to be kept at its premises in Ireland such books, records and statements as may be reasonably necessary to give a complete record of all the investments and documents held and transactions carried out by it on behalf of the Fund;

- (j) shall on receipt of any notice or documentation relating to any of the investments forward the same to the Fund or deal with the same in accordance with the directions given by the Fund from time to time;
- (k) shall, if so required by the Fund, and at the expense of the Fund, execute and deliver or cause to be executed and delivered to the Fund or as it may direct such powers of attorney or proxies as may reasonably be required authorising such attorneys or proxies to exercise any rights conferred by, or otherwise act in respect of, all or any part of the investments;
- (l) may procure the provision of banking facilities or procure an associated company or subsidiary company (whether direct or indirect) to act as bank and provide banking facilities (including foreign exchange transactions both at spot and on a forward basis as required) for the Fund; and
- (m) shall, if so instructed by proper instructions, pay or claim any tax charges or reliefs as the Custodian has been advised are payable or available to be claimed on behalf of the Fund.

In addition to fees for its services as Custodian the Fund shall pay or reimburse the Custodian in respect of all out-of-pocket expenses reasonably incurred by it.

In the absence of its unjustifiable failure to perform its obligations or its improper performance of them the Custodian will not be liable to the Fund or the Shareholders for any loss whatsoever and howsoever incurred by any of them as a result of the performance or non-performance by the Custodian of its obligations and duties hereunder.

The Fund undertakes to hold harmless and indemnify the Custodian against all actions, proceedings, claims, costs, demands and expenses which may be brought against, suffered or incurred by the Custodian by reason of its performance or non-performance of its obligations and duties under the terms of the Custodian Agreement (other than due to the Custodian's unjustifiable failure to perform its obligations or its improper performance of them).

The Custodian may, with the consent of the board of Directors and at the expense of the Fund, appoint sub-custodians, agents or delegates ("Correspondents") to perform in whole or in part any of the duties and discretions of the Custodian (including in such appointment powers of sub-delegation)(other than the duties described as Custodian duties in the applicable markets from time to time issued by the Central Bank and disclosed in the agreement). The Custodian will exercise reasonable skill, care and diligence in the selection, appointment and monitoring of such Correspondents and will be responsible to the Fund, for the duration of any agreement with a Correspondent, for satisfying itself periodically as to the ongoing suitability of such Correspondent to provide custodial services to the Custodian. The Custodian Agreement shall continue in effect until terminated by either party giving ninety days' notice in writing.

CONFLICTS OF INTEREST

The Investment Manager, the Custodian, the Administrator, the Directors, their affiliates, officers and shareholders (collectively “the parties”) are or may be involved in other financial, investment and professional activities or transactions, in particular stockbroking services, which may on occasion involve or cause a potential or actual conflict of interest with the investment management and operation of the Fund. These include management of other funds, purchases and sales of securities, investment and management counselling, brokerage services and serving as directors, officers, advisers or agents of other funds and accounts or other companies, including companies in which the Fund may invest. In particular, it is envisaged that the Investment Manager will be involved in advising and managing other investment funds and accounts which have similar or overlapping investment objectives to or with the Fund. Each of the parties will respectively ensure that the performance of their respective duties will not be impaired by any such involvement that they may have and that any conflicts which may arise will be resolved fairly. The Directors will use reasonable endeavours to ensure that any conflict of interest is resolved fairly and in the interests of Shareholders.

Portfolio Transactions and Investment Manager's Share Dealing

The Investment Manager, the Custodian, the Administrator, and any entity related to the Investment Manager, the Custodian or the Administrator may:

- (i) become the owner of Shares and hold, dispose or otherwise deal with Shares as if that person were not such a person; or
- (ii) deal in property of any description on that person's individual account notwithstanding the fact that property of that description is included in the property of the Fund; or
- (iii) act as principal or agent in the sale or purchase of property to or from the Custodian for the account of the Fund without that person having to account to any other such person, to the Shareholders or to any of them for any profits or benefits made by or derived from or in connection with any such transaction, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arms length and in the best interests of Shareholders:
 - (a) a certified valuation of such transaction by a person approved by the Custodian as independent and competent has been obtained, or
 - (b) such transaction has been executed on best terms on and under the rules of an organised investment exchange, or
 - (c) where (a) and (b) are not practical and in the best interests of the Shareholders, such transaction has been executed on terms which the Custodian is satisfied conform with the principle that such transactions be carried out as if effected on normal commercial terms negotiated at arms length.

FEES AND EXPENSES

The following fees and expenses will be borne by the Fund, unless otherwise provided:-

Investment Management Fees

The Investment Manager shall receive a total fee of 1.25% per annum of the Net Asset Value of the Fund calculated monthly based on the Net Asset Value of the Fund at the end of the month and payable monthly in arrears. The Investment Manager shall also be reimbursed any out-of pocket expenses incurred.

Administration Fees

The Administrator's fee shall not exceed 0.15% per annum of the average Net Asset Value of the Fund during the year, accrued daily and payable monthly in arrears, subject to a minimum fee of £2,500 per month. In addition, the Administrator shall be reimbursed for any out-of-pocket expenses incurred.

Custodian Fees

The Custodian's fee for the Fund shall not exceed 0.03% per annum of the Net Asset Value of the Fund, accrued daily and payable monthly in arrears. In addition, the Custodian shall be entitled to recover, from the Fund, transaction charges and out-of-pocket expenses, which charges and expenses shall be at normal commercial rates.

Directors' Fees

The Articles of Association provide that the Directors shall be entitled to a fee by way of remuneration for their services at a rate to be determined from time to time by the Directors, but so that the aggregate amount of the Directors' remuneration in any one year shall not exceed €60,000.

Other Expenses

The Investment Manager, the Custodian and the Administrator are entitled to recover from the Fund, as appropriate, reasonable out-of-pocket expenses, incurred in the performance of their duties out of the assets of the Fund. The Fund will bear:

- (i) all stamp duty (other than any payable by an applicant for Shares or a Shareholder) or other tax or duty which may be levied or payable from time to time on or in respect of the Fund or on creation or issue of Shares or arising in any other circumstance;
- (ii) all fiscal and purchase or fiscal and sale charges arising on any acquisition or disposal of investments;
- (iii) all expenses incurred in relation to the registration of any investments into and transfer of any investments out of the name of the Fund or the Custodian, or any sub-custodian or their nominees or the holding of any investment or the custody of investments and/or any documents or title thereto (including bank charges, insurance of documents of title against loss in shipment, transit or otherwise) and charges made by the registrar or agents of the Custodian or any sub-custodian for acceptance of documents for safe custody, retention and/or delivery;
- (iv) all expenses incurred in the collection of income and administration of the Fund;
- (v) all costs and expenses of and incidental to preparing resolutions of Shareholders for the

purpose of securing that the Fund conforms to legislation coming into force after the date of the incorporation of the Fund (including costs and expenses incurred in the holding of a meeting of Shareholders, where necessary);

- (vi) all taxation payable in respect of the holdings of, or dealings with, or income from the Fund relating to such Fund's property and in respect of allocation and distribution of income to Shareholders other than tax liabilities of Shareholders or tax withheld on account of Shareholders' tax liability;
- (vii) all costs and expenses other than items which the Investment Manager agrees to bear (including legal, accountancy, and other professional charges and printing costs) incurred by the Investment Manager, the Custodian or the Administrator in setting up the Fund shall, if the Fund thinks fit, be amortised over such period as it may, with the approval of the Custodian, determine;
- (viii) all stationery, printing and postage costs in connection with the preparation and distribution of cheques, warrants, tax certificates, statements, accounts and reports made, issued or despatched pursuant to the Articles;
- (ix) the fees and expenses of the auditors of the Fund and any ongoing legal fees and expenses incurred on behalf of the Fund;
- (x) any fees payable by the Fund to any regulatory authority in any other country or territory, the costs and expenses (including legal, accountancy and other professional charges and printing costs) incurred in meeting on a continuing basis the notification, registration and other requirements of each such regulatory authority, and any fees and expenses of representatives or facilities agents in any such other country or territory;
- (xi) all regulatory fees payable to the Central Bank fees and costs relating to the listing or de-listing of the Shares in the Fund on any stock exchange;
- (xii) all fees and costs relating to a scheme of reconstruction and amalgamation (to the extent it has not been agreed that such expenses should be borne by other parties) under which the Fund acquires property;
- (xiii) all fees and expenses incurred in connection with the redomiciliation of the Fund as an Irish entity, the preparation and publication of this Prospectus and all legal costs and out-of-pocket expenses, including any VAT payable; and
- (xiii) all costs and expenses incurred by the Fund, the Custodian, the Investment Manager, the Administrator and any of their appointees which are permitted by the Articles.

ISSUE AND REDEMPTION OF SHARES

Application for Shares, Minimum Investment and Currency of Investment

Offer

Applications for Shares should be received by the Administrator by close of business (Irish time) on the Business Day preceding the relevant Dealing Day. For all initial applications for Shares, investors should complete the application form (available from the Administrator) and send it to the Administrator by post, courier, or fax (with the original to follow promptly thereafter). Any application for Shares in the Fund after the initial application may be accepted by fax. Unless otherwise agreed by the Fund and the Administrator, subscription monies must be received by the Administrator, for the account of the Fund, by electronic transfer by no later than 5.00pm (Irish time), on the second Business Day after the relevant Dealing Day. If payment in full has not been received by the time stipulated above, the application may be refused and the Shares allotted will be cancelled. Unless otherwise agreed with the Administrator, Shares will be issued on the relevant Dealing Day. Foreign currency subscriptions may be accepted, at the discretion of the Directors.

Applicants are required to certify that Shares applied for are not being acquired directly or indirectly in violation of any applicable law, nor by or on behalf of a U.S. Person. Any costs incurred by the Fund as a result of an investor's failure to transmit cleared funds by the relevant deadline will be borne by the investor.

The Administrator on behalf of the Fund reserves the right to reject in whole or in part any application for Shares or to request further details or evidence of identity from an applicant for Shares. Where an application for Shares is rejected, the subscription monies will normally be returned to the applicant, at the applicant's sole risk, within five Business Days of the date of such application.

Where the amount subscribed for Shares is not equivalent to an exact number of Shares, fractions of Shares may be issued up to three decimal places and any excess subscription monies shall be retained for the benefit of the Fund.

Alternatively, at the discretion of a Director of the Fund and with the prior agreement of the Custodian, partial or full settlement for the allotment of Shares, may be made *in specie* by the transfer to the Fund, of such an amount of transferable securities as are equal in value to the total subscription amount. The Shares issued by means of an *in specie* subscription should equate to the amount of Shares which would have been issued if a cash subscription had been made. The *in specie* assets will be valued in accordance with the provisions of the Memorandum and Articles of Association and the assets so transferred must be investments which the Fund would be entitled to hold in accordance with its investment objectives, policies and restrictions. The Directors retain the discretion to refuse any such application for *in specie* transfer and will do so in circumstances where they believe that any such subscription is likely to prejudice existing Shareholders.

At the date of this Prospectus, the minimum initial investment per Shareholder in the Fund is £100,000 (or its equivalent in another currency) and the minimum subsequent investment is £50,000 (or its equivalent in another currency). The Directors reserve the right to vary the minimum initial investment or the minimum subsequent investment in the future and may choose to waive these minima if considered appropriate. This minimum initial investment also applies to transferees. The creation of any further classes of shares in the Fund must be effected in accordance with the requirements of the Central Bank.

Subscription Price

The subscription price per Share shall be the relevant Net Asset Value per Share at each Valuation Point. There may be added to the subscription price a premium of 5% to be paid to the Investment Manager for its absolute use and benefit. The subscription price per Share may also include a charge of up to 1.5% of the Net Asset Value per Share to cover the charges, duties and other costs involved in purchasing investments in the Fund. Any such charge will become part of the assets of the Fund and may be waived by the Directors in their absolute discretion. The Fund's current Net Asset Value per Share is available on request at the registered office of the Administrator.

Please note that the Fund was initially incorporated as CG Portfolio Fund Limited on November 6, 2001 in the Cayman Islands. On 27 November 2012, the Fund changed its name to Capital Gearing Portfolio Fund plc. On the Effective Date, the Fund was re-registered as an open-ended investment company with variable capital under the laws of Ireland and has been authorised by the Central Bank pursuant to the Regulations.

Written Confirmation of Ownership

The Administrator will be responsible for maintaining the Fund's register of Shareholders in which all issues, redemptions and transfers of Shares will be recorded. Shares will be issued in registered form and written confirmation of ownership will normally be issued within 2 Business Days but the Administrator will not issue individual share certificates in respect of Shares. A Share may be registered in a single name or in up to four joint names. The register of Shareholders will be available for inspection at the office of the Administrator during normal business hours, and a duplicate register will be kept at the registered office of the Fund. Any amendment to an investor's registration details and payment instructions will only be effected upon receipt of an original written request together with a bank statement or a banker's reference.

Redemption Requests

Shareholders may request that Shares be redeemed on any Dealing Day by sending a written redemption request to be received by the Administrator on behalf of the Fund at least 5 days prior to the Dealing Day on which the redemption is to take place (the "**Redemption Dealing Deadline**"), failing which the Fund may hold over redemption requests until the following Dealing Day and Shares will be redeemed at the relevant Net Asset Value per Share. The Directors may, in their absolute discretion, accept redemption requests after the Redemption Dealing Deadline provided always that such requests are received before the Valuation Point.

Any redemption of Shares may be accepted by fax where payment is being made to the Shareholders account. In any event, no monies will actually be paid until the Administrator is in receipt of and has accepted the original application form in respect of the initial subscription and all supporting documentation is in order to the Administrator's satisfaction including AML documentation and completion of AML procedures described under the heading "Money Laundering" on page 33. Shares will be redeemed at the relevant redemption price applicable on that Dealing Day.

If redemption requests to be effected on any Dealing Day exceed 10% of the Shares in issue, the Fund may scale down the redemption requests rateably and defer the excess redemption requests to subsequent Dealing Days. Any deferred redemption requests shall be treated in priority to any redemption requests subsequently received. Redemption requests may be sent by post or facsimile.

A request for a partial redemption of Shares may be refused, or the holding may be redeemed in its entirety, if, as a result of such partial redemption, the Shareholder's holding in the Fund would be less than £100,000.

Redemption Price

Shares shall be redeemed at the applicable Net Asset Value per Share determined at the Valuation Point for the relevant Dealing Day on which redemption is effected. In calculating the redemption price the Directors may, on any Dealing Day when there are net redemptions, include an anti-dilution levy of up to 1% of the Net Asset Value per Share (excluding the amount of such charge) to cover the charges, duties and other costs involved in redeeming investments in the Fund and to preserve the value of the underlying assets of the Fund. Any such charge will become part of the assets of the Fund.

All payments of redemption monies shall be made by electronic transfer at the Shareholder's expense to the Shareholder's account details provided in the Application Form. Redemption monies will normally be paid within ten Business Days; however, no redemption payment will be made until the original Application Form and all relevant supporting documentation in respect of the initial investment has been received and the Administrator is satisfied that all necessary anti-money laundering checks have been completed in full.

The Directors may in their discretion satisfy all or part of the redemption price by transferring securities of the Fund to a Shareholder in satisfaction of the redemption monies payable. Investments will only be sold by the Fund at the request of the Shareholder making such repurchase request.

Mandatory Redemption of Shares and Forfeiture of Dividend

If a redemption of Shares causes the value of a Shareholder's holding to fall below £100,000 in the Fund, the Fund may compulsorily redeem the whole of that Shareholder's remaining holding at the Net Asset Value per Share on the next Dealing Day following the Directors' determination. Before doing so, the Fund shall notify the Shareholder in writing and allow the Shareholder thirty days in which to purchase additional Shares to meet the Minimum Holding.

The Shares may not be offered, issued or transferred to any person who, in the opinion of the Directors, is a "Restricted Person". A "Restricted Person" is a person whose holding in the Fund or the Fund would result in the following: (a) in breach of the law or requirements of any country or governmental authority; or (b) in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other person or persons, connected or not, or any other circumstance appearing to the Directors to be relevant) which in the opinion of the Directors might result in the Fund incurring any liability to taxation or suffering any other pecuniary, fiscal or regulatory disadvantage which the Fund might not otherwise incur or suffer or would result in the Fund being required to register under any applicable US securities laws.

Shareholders are required to notify the Administrator immediately in the event that they become U.S. Persons. Shareholders who become U.S. Persons may be required to dispose of their Shares to non-U.S. Persons. The Fund reserves the right to redeem any Shares which are or become owned, directly or indirectly, by a U.S. Person or if the holding of the Shares by any person is unlawful or detrimental to the interests of the Fund or other Shareholders.

On the occurrence of any of the following events (or if the Directors in their absolute discretion see fit) all outstanding Shares may be compulsorily redeemed by the Fund:

- (a) the Net Asset Value of the Fund is less than £10,000,000 on four consecutive Dealing Days; or
- (b) the Fund receives written notice from the Investment Manager stating that the Investment Manager believes the investment objectives of the Fund are no longer reasonably achievable in accordance with the investment policies promulgated in this Prospectus; or

- (c) any law is passed which in the judgment of the Directors renders it illegal or impracticable for the Fund to continue its operations.

In the event that the Directors of the Fund determine that the Fund's Shares or an interest therein have been issued, sold or transferred to a Restricted Person, the Fund may exercise its rights under its Articles of Association to compel such Shareholders to redeem such Shares.

The Articles of Association of the Fund provide that any unclaimed dividends may be forfeited after six years and on forfeiture will form part of the assets of the Fund.

Transfer of Shares

All transfers of Shares must be effected by transfer in writing in any usual or common form, and every form of transfer shall state the full name and address of the transferor and the transferee. Transferees are required to submit an original application form and all relevant supporting documentation for the purpose of making the declarations contained therein. The instrument of transfer of a Share shall be signed by or on behalf of the transferor. The transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the share register. The Directors may decline to register any transfer of Shares if in consequence of such transfer the transferor or transferee would hold Shares below the Minimum Holding or would otherwise infringe the restrictions on holding Shares outlined above. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided that such registration shall not be suspended for more than forty-five days in any year.

Shares in the Fund are freely transferable, provided however that the Directors shall have power to impose such restrictions on purchases and on transfers as they may think necessary for the purpose of ensuring that no Shares are acquired or held by any person in breach of the law or requirements of any country or governmental authority or by any person or persons in circumstances where the holding of such Shares (whether directly or indirectly) may, in the opinion of the Directors, result in regulatory, pecuniary, legal, taxation or material administrative disadvantage to the Fund. The Fund does not currently propose to charge a fee on the transfer of Shares.

Publication of the Net Asset Value per Share

Except where the determination of the Net Asset Value per Share has been suspended, in the circumstances described below, the Net Asset Value per Share shall be published in the Financial Times on a weekly basis and also made available on request at the registered office of the Administrator during normal office hours. The Net Asset Value per Share will also be available on Bloomberg and Reuters. The Net Asset Value per Share will be notified by the Administrator to the Irish Stock Exchange immediately upon its calculation for inclusion within the Official List.

Temporary Suspension of Valuations, Conversions, Subscriptions and Redemptions

The Directors may temporarily suspend the determination of the Net Asset Value per Share and the conversion, subscription or redemption of the Shares in the event that:

- (a) during any period when any Recognised Market on which a substantial part of the Investments of the Fund are quoted, listed or dealt in is closed otherwise than for ordinary holidays; and or
- (b) during any period when dealings on any such Recognised Market are restricted or suspended; and/or

- (c) there exists any state of affairs as a result of which disposal of investments by the Fund is not reasonably practicable, or determination of the Net Asset Value is impossible, or disposal of investments by the Fund might seriously prejudice its Shareholders; and/or
- (d) a breakdown occurs in the means of communication normally employed in the valuation of investments or if for any other reason the Directors are of the opinion that the value of any significant investment cannot reasonably be promptly and accurately ascertained; and/or
- (e) during any period during which the Custodian is unable to repatriate funds required for making payments due on redemption of Shares or during which the realization of Investments or other assets or the transfer of funds involved in such realization cannot, in the opinion of the Directors, be effected at normal prices or normal rates of exchange; and/or
- (f) the conversion and remittance of funds involved in the realisation or acquisition of investments (whether actual or hypothetical for valuation purposes), or the issue or redemption of Shares, could not in the opinion of the Directors be carried out at normal rates of exchange without undue delay; and/or
- (g) the issue of Shares would, in the opinion of the Directors, result in the violation of any applicable law.

Any such temporary suspension shall be notified in writing to the Custodian, the Irish Stock Exchange and the Central Bank immediately and, the Shareholders shall be notified if, in the opinion of the Directors, the suspension is likely to exceed fourteen days. Where possible all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

Money Laundering

Measures aimed towards prevention of money laundering may require a subscriber to verify his/her identity to the Fund.

The Administrator will notify applicants if proof of identity is required. By way of example, an individual may be required to produce a copy of a passport or an identification card duly certified by a public authority such as a notary public, the police or the ambassador in their country of residence, together with two items of evidence of their address such as a utility bill or a bank statement. In the case of corporate applicants this may require production of a certified copy of the Certificate of Incorporation (and any change of name), Memorandum and Articles of Association (or equivalent), and the names and addresses of all directors and beneficial owners.

The details given are by way of example only and the Administrator reserves the right to request such documentation as is necessary to verify the identity of the applicant.

VALUATION

Determination of Net Asset Value

The Administrator will calculate the Net Asset Value of the Fund, and the Net Asset Value per Share of the Fund as at the Valuation Point in respect of each Dealing Day, in accordance with the Articles of Association and this Prospectus.

The Net Asset Value of the Fund is calculated by ascertaining the value of the total assets of the Fund less the total liabilities of the Fund. The Net Asset Value per Share of the Fund is calculated by dividing the Net Asset Value of the Fund by the number of Shares in that Fund in issue at the relevant Valuation Point.

Where the Fund contains different Share classes, the Net Asset Value of each Share class will be determined by dividing the total assets of the Fund attributable to that class as at the Valuation Point on that Dealing Day, less liabilities attributable to that class as at the Valuation Point on that Dealing Day by the total number of Shares in that class which are in issue as at the Valuation Point. The Net Asset Value of the Fund will be notified to the Irish Stock Exchange immediately upon calculation.

Net Asset Value per Share shall be expressed in sterling. Currencies or values in currencies other than pounds shall be translated at prevailing exchange rates as determined by the Directors. The determination shall be made on the basis of generally accepted accounting principles consistently applied using the accrual method and the Directors shall determine which generally accepted accounting principles shall be applied. The subscription price per Share may also include a charge of up to 1% to cover the charges, duties and other costs involved in purchasing investments in the Fund.

The value of the assets and liabilities shall be determined as hereinafter provided by reference to the latest prices and values available, and the Directors may rely upon any reputable system for the determination of prices, exchange rates or values for the purpose thereof.

The investments held by the Fund will be valued in accordance with the following methods:

- (a) Cash shall be valued at face value (plus accrued interest to the relevant Valuation Point) unless, in the opinion of the Directors, any adjustment is necessary in order to reflect the fair value thereof.
- (b) Save as otherwise herein provided investments or assets listed, quoted or dealt in on a Recognised Market shall be valued at the last traded price in each case on the Recognised Market on which these assets are traded or admitted for trading (being the Recognised Market which is the sole or in the opinion of the Directors the principal Recognised Market on which the investment in question is listed, quoted or dealt in). If the last traded price for the assets is not representative in the sole opinion of the Directors of the value of the assets, the value will be the probable realisation value, estimated with care and in good faith by such competent person as may be appointed by the Directors and approved for the purpose by the Custodian.
- (c) At any time when prices are not available in respect of assets listed, quoted or dealt in on a Recognised Market in each case on the Recognised Market on which these assets are traded or admitted for trading (being the Recognised Market which is the sole or in the opinion of the Directors the principal Recognised Market on which the investment in question is listed, quoted or dealt in), the value of the assets will be the probable realisation value estimated with care and in good faith by such competent person as may be appointed by the Directors and approved for the purpose by the Custodian.

- (d) Any investments or assets not listed, quoted or dealt in on a Recognised Market shall be valued at the probable realisation value as estimated with care and in good faith by such competent persons as may be appointed by the Directors and approved for the purpose by the Custodian.
- (e) Securities listed or traded on a Recognised Market but acquired or traded at a premium or at a discount outside or off the relevant market may be valued, taking into account the level of premium or discount at the date of the valuation with the approval of the Custodian. The Custodian shall ensure that the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security.
- (f) The value of units or shares or other similar participation in any collective investment scheme shall be valued at the latest bid price or, if unavailable, the last available net asset value as published by the collective investment scheme.
- (g) Notwithstanding the foregoing the Directors may permit some other method of valuation to be used for any particular asset if they consider that such valuation better reflects the fair value of that asset, such other method to be approved by the Custodian.
- (h) The value of an asset may be adjusted by the Directors where such an adjustment is considered necessary to reflect the fair value in the context of currency, marketability, dealing costs and/or such other considerations which are deemed relevant
- (i) Forward foreign exchange contracts will be valued in accordance with paragraph (k) below, or, alternatively by reference to freely available market quotations. If such freely available market quotations are used, there is no requirement to have such prices independently verified or reconciled to the counterparty valuation on a monthly basis;
- (j) Derivative instruments dealt in on a market shall be calculated at the settlement price as determined by the market in question, provided that where it is not the practice of the relevant market to quote a settlement price or if such settlement price is not available for any reason, such value shall be the probable realisation value estimated with care and in good faith by the Directors or a competent person appointed by the Directors and approved for the purpose by the Custodian;
- (k) Off-exchange derivative contracts shall be valued by the Company on a daily basis but this valuation may be based on the counterparty's valuation. The valuation must be approved or verified weekly by a third party who is independent of the counterparty and who is appointed by the Directors and approved for the purpose by the Custodian. An alternative valuation may also be used. Where an alternative valuation is used, the following conditions will be satisfied:
- the Company will follow international best practice and adhere to the principles on valuation of OTC instruments established by bodies such as IOSCO and AIMA;
 - the alternative valuation is that provided by a competent person appointed by the Company and approved for the purpose by the Custodian or a valuation by any other means provided that the method of valuation is approved by the Custodian; and
 - the alternative valuation must be reconciled to the counterparty valuation on a monthly basis. Where significant differences arise these must be promptly investigated and explained;

In calculating the value of any investment the Administrator may rely upon such automatic pricing services as it shall reasonably determine or as the Investment Manager may provide or, if so instructed by the Directors, it may use information provided by particular pricing services, brokers, market makers and other intermediaries. In such circumstances, the Administrator shall not, in the absence of fraud, negligence or wilful default on its part, be liable for any loss suffered by reason of any error in the calculation of the value of any investment resulting from any inaccuracy in the information provided by any such pricing service, broker, market maker or other intermediary.

INVESTMENT AND BORROWING POWERS AND RESTRICTIONS

General

The principal investment and borrowing powers and restrictions applying to the Fund are set out below. These are, however, subject to provisions contained in the Regulations and the notices issued by the Central Bank.

1 Permitted Investments

Investments of the Fund are confined to:

- 1.1 Transferable Securities and Money Market Instruments as prescribed in the UCITS notices which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.
- 1.2 Recently issued Transferable Securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
- 1.3 Money Market Instruments, other than those dealt on a regulated market.
- 1.4 Units of UCITS.
- 1.5 Units of non-UCITS as set out in the Central Bank's Guidance Note 2/03.
- 1.6 Deposits with credit institutions as prescribed in the UCITS Notices.
- 1.7 Financial derivative instruments as prescribed in the UCITS Notices.

2 Investment Restrictions

- 2.1 The Fund may invest no more than 10% of net assets in Transferable Securities and Money Market Instruments other than those referred to in paragraph 1.
- 2.2 The Fund may invest no more than 10% of net assets in recently issued Transferable Securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. However, the Fund may invest no more than 10% of net assets in these securities. This restriction will not apply in relation to investment by the Fund in certain US securities known as Rule 144A securities provided that:
 - the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and
 - the securities are not illiquid securities i.e. they may be realised by the Fund within seven days at the price, or approximately at the price, at which they are valued by the Fund.
- 2.3 The Fund may invest no more than 10% of net assets in Transferable Securities or Money Market Instruments issued by the same body provided that the total value of Transferable Securities and Money Market Instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.

- 2.4 The limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If the Fund invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the net asset value of such Fund.
- 2.5 The limit of 10% (in 2.3) is raised to 35% if the Transferable Securities or Money Market Instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
- 2.6 The Transferable Securities and Money Market Instruments referred to in 2.4. and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.
- 2.7 The Fund may not invest more than 20% of net assets in deposits made with the same credit institution.

Deposits with any one credit institution, other than (i) credit institutions authorised in the EEA; (ii) credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; and (iii) a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand; held as ancillary liquidity, must not exceed 10% of net assets.

This limit may be raised to 20% in the case of deposits made with the trustee/custodian.

- 2.8 The risk exposure of the Fund to a counterparty to an OTC derivative may not exceed 5% of net assets.

This limit is raised to 10% in the case of (i) credit institutions authorised in the EEA; (ii) credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; and (iii) a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.

- 2.9 Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:
- investments in Transferable Securities or Money Market Instruments;
 - deposits, and/or
 - counterparty risk exposures arising from OTC derivatives transactions.

- 2.10 The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.

- 2.11 Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets may be applied to investment in Transferable Securities and Money Market Instruments within the same group.

- 2.12 The Fund may invest up to 100% of net assets in different Transferable Securities and Money Market Instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.

The individual issuers must be listed in the prospectus and may be drawn from the following list:

OECD Governments (provided the relevant issues are investment grade)
 European Investment Bank
 European Bank for Reconstruction and Development
 International Finance Corporation
 International Monetary Fund
 Euratom
 The Asian Development Bank
 European Central Bank
 Council of Europe
 Eurofima
 African Development Bank
 International Bank for Reconstruction and Development (The World Bank)
 The Inter American Development Bank
 European Union
 Federal National Mortgage Association (Fannie Mae)
 Federal Home Loan Mortgage Corporation (Freddie Mac)
 Government National Mortgage Association (Ginnie Mae)
 Student Loan Marketing Association (Sallie Mae)
 Federal Home Loan Bank
 Federal Farm Credit Bank
 Tennessee Valley Authority

The Fund must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.

2.13 The Fund may hold ancillary liquid assets.

3 Investment in Collective Investment Schemes (“CIS”)

3.1 The Fund may not invest more than 10% of net assets in collective investment schemes (CIS).

3.2 Investment in non-UCITS may not, in aggregate, exceed 10% of the Fund’s net assets.

3.3 If the Fund invests in the units of other CIS that are managed, directly or by delegation, by the Investment Manager or by any other company with which the Investment Manager is linked by common management or control, or by a substantial direct or indirect holding, the Investment Manager or other company may not charge subscription, conversion or redemption fees on account of such Fund’s investment in the units of such other CIS.

3.4 Where a commission (including a rebated commission) is received by the Fund’s Investment Manager by virtue of an investment in the units of another CIS, this commission must be paid into the property of such Fund.

4 Index Tracking UCITS

4.1 The Fund may invest up to 20% of net assets in shares and/or debt securities issued by the same body where the investment policy of the Fund is to replicate an index which satisfies the criteria set out in the UCITS Notices and is recognised by the Central Bank.

4.2 The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.

5 General Provisions

- 5.1 An investment company, or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- 5.2 The Fund may acquire no more than:
- (i) 10% of the non-voting shares of any single issuing body;
 - (ii) 10% of the debt securities of any single issuing body;
 - (iii) 25% of the units of any single CIS;
 - (iv) 10% of the money market instruments of any single issuing body.

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

- 5.3 5.1 and 5.2 shall not be applicable to:
- (i) Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or its local authorities;
 - (ii) Transferable Securities and Money Market Instruments issued or guaranteed by a non-Member State;
 - (iii) Transferable Securities and Money Market Instruments issued by public international bodies of which one or more Member States are members;
 - (iv) shares held by a UCITS in the capital of a company incorporated in a non-member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the UCITS can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the Fund from the non-Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 5.1 and 5.2, and provided that where these limits are exceeded, 5.5 and 5.6 are observed;
 - (v) shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.
- 5.4 The Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to Transferable Securities or Money Market Instruments which form part of their assets.
- 5.5 The Central Bank may allow a recently authorised Fund to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2 4.1 and 4.2 for six months following the date of authorisation of the Fund, provided the Fund observes the principle of risk spreading.
- 5.6 If the limits laid down herein are exceeded for reasons beyond the control of the Fund, or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.
- 5.7 Neither an investment company, nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of:
- Transferable Securities;
 - Money Market Instruments¹;
 - units of CIS; or
 - financial derivative instruments.

¹ Any short selling of money market instruments by the Fund is prohibited.

6 Financial Derivative Instruments

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

Borrowing Policy

The Fund may only borrow amounts which in aggregate do not exceed 10 per cent of the net assets of the Fund. Such borrowings may only be made on a temporary basis.

The Fund may acquire foreign currency by means of a “back-to-back” loan. Foreign currency acquired in this manner is not classed as borrowings for the purposes of the borrowing restriction contained in Regulation 103 provided that the offsetting deposit (i) is denominated in the base currency of the Fund; and (ii) equals or exceeds the value of the foreign currency loan outstanding. However, where the foreign currency borrowings exceed the value of the back to back deposit, any excess is regarded as borrowing for the purposes of Regulation 103. Without prejudice to the powers of the Fund to invest in transferable securities, the Fund may not lend or act as guarantor on behalf of third parties.

TAXATION

GENERAL

The taxation of income and capital gains of the Fund and of the Shareholders is subject to the fiscal laws and practices of Ireland, of the countries in which the Fund invests and of the jurisdictions in which Shareholders are resident or otherwise subject to tax.

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

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

Taxation in Ireland

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

Taxation of the Fund

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

Chargeable events

Chargeable events include;

- the payment of a distribution;
- the redemption, repurchase, cancellation or transfer of Shares;
- the appropriation or cancellation of Shares for the purposes of meeting the tax arising on the transfer by a Shareholder, by way of sale or otherwise of entitlement to a Share; and
- the ending of a Relevant Period.

However, the following events are not chargeable events;

- any transaction in relation to or in respect of Shares held in a Recognised Clearing System;
- an exchange on an arm's length basis with the Fund of Shares representing one Fund for another Fund of the Fund;
- an exchange on an arm's length basis with the Fund of Shares in the Fund for other Shares in the Fund;

- the transfer by a Shareholder of entitlement to a Share where the transfer is between spouses or civil partners, (subject to certain conditions this exemption may also apply to transfers between former spouses or civil partners); the transferee spouse or civil partner is treated as having acquired the Share at its original cost to the transferring spouse or civil partner;
- an exchange of Shares arising on a “scheme of reconstruction or amalgamation” (within the meaning of section 739H(1) and 739H(1A) of the Taxes Act) of the Fund or other investment undertaking(s), subject to certain conditions being fulfilled; or
- the cancellation of Shares arising in relation to a scheme of amalgamation within the meaning of Section 739HA(1) of the Taxes Act.

A chargeable event will not give rise to an obligation for the Fund to account for the appropriate tax if:

- (i) the chargeable event occurs solely on account of an exchange of Shares arising on a scheme of amalgamation within the meaning of Section 739D (8C) of the Taxes Act, subject to certain conditions being fulfilled;
- (ii) the chargeable event occurs solely on account of an exchange of Shares arising on a scheme of migration and amalgamation within the meaning of Section 739D (8D) of the Taxes Act, subject to certain conditions being fulfilled; or
- (iii) the chargeable event occurs solely on account of a scheme of migration within the meaning of Section 739D (8E) of the Taxes Act, subject to certain conditions being fulfilled.

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

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

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

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

Exemption from Irish tax arising on chargeable events

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

- in the case of Shareholders who are Resident in Ireland or Ordinarily Resident in Ireland, they are Exempt Irish Investors; or
- in the case of Shareholders who are neither Resident in Ireland nor Ordinarily Resident in Ireland, either (i) each Shareholder has made a Relevant Declaration to the Fund prior to the chargeable event and the Fund has no reason to believe that the Relevant Declaration is incorrect or no longer correct; or (ii) the Fund is in possession of a written notice of approval from the Revenue Commissioners to the effect that section 739D(7) of the Taxes Act is deemed to have been complied with in respect of the Shareholder and that approval has not been withdrawn.

Tax payable

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

In the case of chargeable events other than a chargeable event arising on a transfer or the ending of a Relevant Period, any tax arising is deducted from the relevant payments (distribution/ repurchase payments/ cancellation/ redemption payments) to the Shareholders.

In the case of a chargeable event arising as a result of a transfer of Shares or the ending of a Relevant Period or any other chargeable event arising that does not give rise to a payment to be made by the Fund to a Shareholder, the Fund is entitled to cancel or appropriate sufficient Shares of the Shareholder to meet the tax liability of that Shareholder.

To the extent that any tax is paid on a chargeable event that occurs solely as a consequence of the ending of a Relevant Period, such tax will be allowed as a credit or paid by the Fund to the Shareholder on the happening of a subsequent chargeable event in accordance with the provisions of section 739E of the Taxes Act.

The relevant Shareholder shall indemnify the Fund against any loss arising to the Fund by reason of the Fund becoming liable to account for tax on the happening of a chargeable event if no such appropriation, cancellation or deduction is made.

Dividend withholding tax

Distributions paid by the Fund are not subject to Irish dividend withholding tax provided the Fund continues to be a collective investment undertaking as defined in section 172A(1) of the Taxes Act (which definition includes an investment undertaking within the meaning of section 739B of the Taxes Act).

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

Stamp Duty

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

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

Taxation of Shareholders in Ireland

Interpretation

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

Corporate Shareholder who is Resident in Ireland

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

Shares held as stock in trade

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

Shares held as an investment

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

- Tax withheld by the Fund

Taxable Corporate Shareholders who receive payments in respect of Shares from which tax has been deducted will not be subject to further Irish tax on the payments received. Tax will be deducted by the Fund at a rate of 25 per cent. However, where the Shares are not denominated in Euro, such Shareholders may also be liable to corporation tax on foreign currency gains upon the cancellation, redemption, repurchase or transfer of Shares.

- Tax not withheld by the Fund

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

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

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

- Tax withheld by the Fund

Non-corporate Shareholders who are Resident in Ireland or Ordinarily Resident in Ireland will not be subject to further Irish tax on income from their Shares or gains made on the disposal of their Shares where tax has been deducted by the Fund on payments received. Tax will be deducted by the Fund as follows;

- where the chargeable event is a distribution, where payments are made annually or at more frequent intervals, Irish income tax is payable at a rate of 30 per cent;
- where the chargeable event is not a distribution where payments are made annually or at more frequent intervals, Irish income tax is payable at a rate of 33 per cent.

However, where the Shares are not denominated in Euro, such Shareholders may also be liable to capital gains tax on foreign currency gains upon the cancellation, redemption, repurchase or transfer of Shares.

- Tax not withheld by the Fund

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

- Where the payment is a distribution that is made annually or at more frequent intervals, the payment will be taxable at a rate of 30 per cent.
- Any other payment in respect of Shares will be subject to tax at a rate of 33 per cent.

However, where the payment is in respect of the cancellation, redemption, repurchase or transfer of Shares or the ending of a Relevant Period, such payment shall be reduced by the amount of the consideration in money or money's worth given by the Shareholder for the acquisition of the Shares. Also, where the Shares are not denominated in Euro, such Shareholders may also be liable to capital gains tax on foreign currency gains upon such cancellation, redemption, repurchase or transfer.

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

Exempt Irish Investors or Shareholders who are not Resident in Ireland nor Ordinarily Resident in Ireland

Exempt Irish Investors will not be subject to Irish tax on income from their Shares or gains made on the disposal of their Shares.

Shareholders who are neither Resident in Ireland nor Ordinarily Resident in Ireland will not be subject to Irish tax on income from their Shares or gains made on the disposal of their Shares, provided either (i): each Shareholder has made a Relevant Declaration to the Fund prior to the chargeable event and the Fund has no reason to believe that the Relevant Declaration is incorrect or no longer correct; or (ii) the Fund is in possession of a written notice of approval from the Revenue Commissioners to the effect that section 739D(7) of the Taxes Act is deemed to have been complied with in respect of the Shareholder and that approval has not been withdrawn.

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

Refunds of Tax withheld

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

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

Capital Acquisitions Tax

Under current law and practice and on the basis that the Fund qualifies as an investment undertaking under section 739B of the Taxes Act, where a Share is comprised in a gift or inheritance, it will be exempt under section 75 of the Capital Acquisitions Tax Consolidation Act 2003 from Irish capital acquisitions tax (currently 30 per cent.) provided:

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

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

European Union Taxation of Savings Income Directive

On 3 June, 2003, the European Council of Economics and Finance Ministers adopted EU Council Directive 2003/48/EC on the taxation of savings income. Under the Directive, Member States are required since 1 July, 2005 to provide to the tax authorities of another Member State details of payments of interest (or similar income which may include distributions by the Fund) paid by a person within its jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Belgium adopted an information system from 1 January 2010. The Directive has been enacted into Irish legislation.

Since 1 January 2004, where any person in the course of a business or profession carried on in Ireland

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

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

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

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

The European Commission has announced proposals to amend the Directive in order to improve its effectiveness. The proposed amendments, if implemented, would extend the scope of the Directive so as to cover a wider range of income similar to interest and payments made through certain types of entity (whether or not established in a Member State) for the ultimate benefit of an E.U. resident individual.

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

THE ABOVE SUMMARY IS NOT INTENDED AS TAX ADVICE NOR AS A COMPREHENSIVE DESCRIPTION OF TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO ACQUIRE, TO HOLD, OR TO DISPOSE OF THE SHARES. THIS SUMMARY DOES NOT PURPORT TO DEAL WITH THE TAX CONSEQUENCES APPLICABLE TO ALL CATEGORIES OF INVESTORS, SOME OF WHICH (SUCH AS DEALERS IN SECURITIES) MAY BE SUBJECT TO SPECIAL RULES. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISERS CONCERNING THE CONSEQUENCES OF THEIR PARTICULAR SITUATION.

UNITED KINGDOM

The Fund

It is intended that the Fund will be resident for tax purposes outside the United Kingdom. Accordingly, and provided that the Fund does not carry on a trade in the United Kingdom through a permanent establishment situated therein, the Fund will not be subject to United Kingdom corporation tax on income and capital gains arising to it. The Directors and the Investment Manager each intend that the respective affairs of the Fund and the Investment Manager are conducted so that no such permanent establishment will arise insofar as this is within their respective control. However, it cannot be guaranteed that the necessary conditions will at all times be satisfied.

Certain interest and other income received by the Fund which has a United Kingdom source may be subject to withholding taxes in the United Kingdom.

Shareholders

United Kingdom Shareholders (whether individual or corporate) should note that each individual share class of a Fund will be treated as a separate "offshore fund" for United Kingdom tax purposes under the definition contained in the Taxation (International and Other Provisions) Act 2010.

With effect from 1 December 2009, there are new rules concerning offshore funds, the provisions of which are laid out in The Offshore Funds (Tax) Regulations 2009 ("Offshore Funds Regulations"). From that date, the introduction of the reporting fund regime has replaced the distributing fund regime, subject to transitional rules. Where an offshore fund has been previously granted distributing fund status for the purposes of Chapter V, Part XVII of the Income and Corporation Taxes Act 1988 ("ICTA 1988") there will be no impact on Shareholders of the transition from distributing fund status to reporting fund status. The Fund has been certified as a distributing fund for all periods up to and including 30 April 2011.

The reporting fund regime operates by reference to whether a fund opts into the reporting fund regime ("reporting funds") or not ("non-reporting funds"). The Offshore Funds Regulations provide that if an investor, resident or ordinarily resident in the United Kingdom for taxation purposes, holds an interest in an offshore fund that is a non-reporting fund, any gain accruing to that investor upon the sale, or other disposal of that interest, will normally be charged to United Kingdom tax as income, rather than a capital gain. Where such gains are taxed as income, no relief will be available for capital gains tax exemptions or other reliefs.

Alternatively, where such an investor holds an interest in an offshore fund that has been granted reporting fund status, any gain accruing upon sale or other disposal of the interest will be subject to United Kingdom tax as a capital gain, rather than as income, with relief for any accumulated or reinvested profits which have already been charged to United Kingdom income tax or corporation tax on income (including where such profits are exempt from United Kingdom corporation tax).

Whereas certification as a distributing fund was granted retrospectively, the reporting fund regime requires an offshore fund to seek advance approval from HM Revenue and Customs ("HMRC") to be treated as a reporting fund. Once an offshore fund has been granted reporting fund status, it maintains that status for so long as it continues to satisfy the conditions to be a reporting fund, without an application for further certification by HMRC.

The Directors of the Fund applied for and have been granted approval by HMRC for the Fund to be treated as a Reporting Fund for the purposes of the Offshore Funds Regulations from 1 May 2011. Although the Directors have obtained reporting fund status for the Fund, there can be no guarantee that the requirements of HMRC will be met in the future.

In such a case where an offshore fund is a non-reporting fund for part of the time during which an investor holds an interest in the fund, there are elections available which can potentially be made by the investor in order to pro-rate any gain upon disposal, the effect of which is that the portion of the gain arising during the time when the offshore fund is a reporting fund is taxed as a capital gain. Such elections must be made within specified times from the date of change in status of the fund.

Under the reporting fund regime, United Kingdom Shareholders will be subject to tax on any sums distributed by the Fund, together with a deemed distribution of any excess of reported income over the sums distributed. Reported income is calculated after specified adjustments have been made to the net revenue/expense after taxation disclosed in the accounts for the Fund and reported income may be more or less than the net revenue/expense so disclosed. The Directors will make available details of distributed income and any excess income for the Fund via a suitable method to be determined.

Taxation of income

Subject to their personal circumstances, Shareholders resident in the United Kingdom for taxation purposes will be liable to United Kingdom income tax or corporation tax (subject to the provisions governing the taxation of foreign profits) on dividends paid or other distributions of income made by the Fund whether or not such distributions are reinvested in the Fund, together with a deemed distribution of any excess of reported income over the sums distributed.

A United Kingdom individual who is resident, or an eligible non-United Kingdom resident (e.g. an individual opting to be taxed on a remittance basis), that receives a relevant income distribution made by a non-United Kingdom resident company is entitled to a non-refundable tax credit equal to one-ninth of the amount of the grossed up distribution. The non-refundable tax credit is available in respect of distributions (including any sums treated as an excess of reported income) from offshore funds unless the offshore fund fails to meet the qualifying investments test at any time in the relevant period.

An offshore fund fails to meet the qualifying investments test if the market value of the fund's qualifying investments exceeds 60% of the market value of all the assets of the fund (excluding cash awaiting investment). Where an offshore fund fails to meet the qualifying investments test the distribution is treated as interest under Chapter 2 of Part 4 of the Income Tax (Trading and Other Income) Act 2005. It is possible that the Fund may, from time to time, fail to meet the qualifying investments test.

“Qualifying investments” are broadly defined as those which yield a return directly or indirectly in the form of interest.

With effect from 1 July 2009, under the Finance Act 2009 ("FA 2009") where a dividend is received by a company which is resident in the United Kingdom and is a small company, that dividend will normally be exempt from corporation tax provided the payer is a resident of a qualifying territory. For the purposes of this legislation the Fund is a resident of a qualifying territory. Where a dividend is received by a company which is resident in the United Kingdom and is not a small company, that dividend will be exempt from corporation tax if the distribution falls into an exempt class. For the purposes of this legislation the exempt classes include distributions from controlled companies, distributions in respect of non- redeemable ordinary shares and distributions in respect of portfolio holdings where the recipient holds less than 10 per cent of the issued share capital of the payer.

The attention of corporate shareholders is drawn to the provisions of Chapter III of Part VI of the Corporation Taxes Act 2009 (“CTA 2009”) which provides that if, at any time in an accounting period a corporate shareholder holds an interest in an offshore fund, and there is a time in that period when the Fund fails to meet the qualifying investments test, the interest held by such a corporate investor will be treated for that accounting period as if it were rights under a creditor relationship for the purposes of the rules for the taxation of corporate debt contained in CTA 2009. Should these provisions apply, all returns on any holding of shares owned by a corporate investor subject to United Kingdom corporation tax in respect of the holding would be taxed or relieved as an income receipt or expense on a “mark to market” basis. Accordingly such an investor may, depending on its own circumstances, incur a charge to United Kingdom corporation tax on an unrealised increase in the value of its holding of shares (and likewise obtain relief against United Kingdom corporation tax for an unrealised reduction in the value of its holding of shares).

Taxation of individuals not domiciled in the United Kingdom

Shareholders who are individuals resident or ordinarily resident but not domiciled in the United Kingdom will be liable to tax on disposals on a remittance basis in certain circumstances. Individuals who have been United Kingdom resident but non-United Kingdom domiciled or non-United Kingdom ordinarily resident for at least seven of the nine tax years immediately preceding the relevant tax year will, in order to retain the benefit of the remittance basis of taxation, be obliged to pay an annual charge of £30,000 to HMRC. In addition, from the tax year 2012-13 onwards, individuals who have been United Kingdom resident but non-United Kingdom domiciled or non-United Kingdom ordinarily resident for at least twelve of the fourteen tax years immediately preceding the relevant tax year will, in order to retain the benefit of the remittance basis of taxation, be obliged to pay the higher level of annual charge of £50,000 to HMRC. If no claim for the remittance basis to apply is made by the individual Shareholder, this will result in such individuals becoming subject to United Kingdom tax on their worldwide income and gains.

Anti-avoidance provisions

Shareholders who are individuals ordinarily resident in the United Kingdom for taxation purposes may be impacted by Chapter II of Part XIII of the Income Tax Act 2007 ("ITA 2007"). These provisions are aimed at preventing the avoidance of income tax by individuals through the transfer of assets resulting in income becoming payable to persons (including companies) resident or domiciled outside the United Kingdom and may render them liable to income tax in respect of the undistributed income or profits of the Fund on an annual basis, where the income has not already been attributed to the individual under a separate provision. However the provisions will not apply to Shareholders if they can demonstrate that it would not be reasonable to conclude that avoiding liability to United Kingdom taxation was the purpose or one of the purposes of his investment in the Fund. The anti-avoidance provisions will also not apply if it can be demonstrated that all relevant transactions were genuinely commercial, carried out for the purposes of a trade or business and on arm's length terms. It must also be demonstrated that it would not be reasonable to conclude that any of the relevant transactions was more than incidental to the purpose of avoiding liability to taxation.

This legislation is currently the subject of an HMRC consultation, with the intention that draft legislation will be included in Finance Bill 2013, to have retrospective effect from 6 April 2012.

The attention of persons resident or ordinarily resident in the United Kingdom for taxation purposes (and who, if individuals, are also domiciled in the United Kingdom for those purposes) is drawn to the provisions of Section 13 of the Taxation of Chargeable Gains Act 1992 ("Section 13"). Section 13 applies to a "participator" for United Kingdom taxation purposes (which term includes a Shareholder) if at any time when a gain accrues to the Fund which constitutes a chargeable gain for those purposes, the Fund is itself controlled by a sufficiently small number of persons so as to render the Fund a body corporate that would, were it to have been resident in the United Kingdom for taxation purposes, be a "close" company for those purposes. The provisions of Section 13 could, if applied, result in any such person who is a "participator" in the Fund being treated for the purposes of United Kingdom taxation of chargeable gains as if a part of any chargeable gain accruing to the Fund had accrued to that person directly, that part being equal to the proportion of the gain that corresponds to that person's proportionate interest in the Fund as a "participator". No liability under Section 13 could be incurred by such a person however, where such proportion does not exceed one-tenth of the gain.

This legislation is also the subject of an HMRC consultation, with the intention that draft legislation will be included in Finance Bill 2013, to have retrospective effect from 6 April 2012.

Chapter IV of Part XVII of the Income and Corporation Taxes Act 1988 ("ICTA 1988") subjects UK resident companies to tax on the profits of companies not so resident in which they have an interest. The current provisions affect UK resident companies which, hold alone or together with certain other associated persons, shares which confer a right to at least 25 per cent of the profits of a non-resident company where that non-resident company is controlled by persons who are resident in the UK and is

subject to a lower level of taxation in its territory of residence. The legislation provides for certain exceptions including an exception for a company which implements an “acceptable distribution policy” which broadly requires the Fund to distribute annually 90 per cent. of its net chargeable profits as calculated for UK tax purposes. Whilst it is likely that the Fund will satisfy the “acceptable distribution” test, and indeed United Kingdom Shareholders will be subject to tax on deemed distributions of any excess of reported income over the sums distributed, UK resident companies holding a right to 25 per cent. or more of the profits of the Fund (directly or indirectly) should take their own specific professional taxation advice. These provisions are not directed towards the taxation of capital gains.

The "controlled foreign company" legislation has been extensively updated and the revised regulations apply for accounting periods beginning on or after 1 January 2013. It is recommended that UK corporate investors who may be affected consult their own taxation advisors.

Stamp Duty and Stamp Duty Reserve Tax

Transfers of shares which are executed in the United Kingdom or where there is any connection with the United Kingdom, such as the purchaser being a United Kingdom resident, are technically liable to United Kingdom stamp duty at the rate of 0.5 per cent on transfer. However, this liability may effectively be avoided by ensuring that any transfer document is executed and retained outside the United Kingdom. No United Kingdom stamp duty should have to be paid if this is done. No Stamp Duty Reserve Tax (“SDRT”) is payable on any agreement to transfer the shares because they are not “chargeable securities” for United Kingdom SDRT purposes.

Profits and property in Ireland

The attention of UK resident non-UK domiciled investors, and Commonwealth and Irish investors not ordinarily resident in the UK, is drawn to the provision of Section 68 ICTA 1988. This section provides that, subject to special provisions, such investors are chargeable to income tax on an arising basis on property situated and profits arising in Ireland.

Shareholders should note that other aspects of United Kingdom taxation legislation may also be relevant to their investment in the Fund.

GENERAL INFORMATION

Incorporation and Share Capital

Clause 2 of the Memorandum of Association of the Fund provides that the Fund's sole object is the collective investment in transferable securities of capital raised from the public and which operates on the principle of risk spreading.

At the date hereof:

- (i) the authorised share capital of the Fund is 24,999 Shares each of no par value and one Management Share of £1.
- (ii) the Management Share does not entitle the holder to any dividend and on a winding up entitle the holder to receive the amount paid up thereon but not otherwise to participate in the assets of the Fund;
- (iii) the Fund may by ordinary resolution of all shareholders increase its authorised share capital, consolidate and divide all or any of its share capital into shares of larger amount or sub-divide its shares or any of them into shares of smaller amount. The Fund may, by special resolution of all shareholders, reduce its issued share capital.

Material Contracts

The following contracts, details of which are set out in the section entitled "Management and Administration", have been entered into and are, or may be, material:

- a) The Custodian Agreement dated 14 December 2012 between the Fund and the Custodian pursuant to which the latter acts as Custodian to the Fund.
- b) The Investment Management Agreement dated 14 December 2012 between the Fund and the Investment Manager pursuant to which the latter acts as Investment Manager to the Fund.
- c) The Administration Agreement dated 14 December 2012 between the Fund and the Administrator pursuant to which the latter acts as Administrator to the Fund.

Meetings

All general meetings of the Fund shall be held in Ireland. In each year the Fund shall hold a general meeting as its annual general meeting. No resolution shall be passed at any general meeting as a special resolution of the Fund to alter the provisions contained in the memorandum of association without the prior written approval of the Central Bank. Each holder of Management Shares is entitled to attend and vote at any general meeting where there are no Shares in issue. When Shares are in issue, each holder of ten or more Management Shares and each holder of Shares is entitled to attend and vote at any general meeting provided that any holder of Management Shares shall not be entitled to attend or vote at any general meeting at any time that Shares in issue are held by more than one Shareholder. For all purposes the quorum for a general meeting shall be not less than two Shareholders present in person or by proxy and entitled to vote. If within half an hour from the time appointed for the general meeting a quorum is not present the general meeting shall be dissolved. A proxy may attend on behalf of any Shareholder. An instrument of proxy shall be in any common form or in such other form as the Directors may approve.

Notice shall be given in respect of each general meeting of the Fund. The notice shall specify the venue and time of the meeting and the business to be transacted at the meeting.

Reports

In each year the Directors shall cause to be prepared an annual report and audited annual accounts for the Fund. These will be forwarded to Shareholders at least twenty-one days before the annual general meeting or within four months of the end of the Fund's financial year, whichever is the earlier. In addition, the Fund shall prepare and circulate to Shareholders within two months of the end of the relevant period a half yearly report which shall include unaudited half yearly accounts for the Fund.

Annual accounts shall be made up to 30 April in each year. The unaudited half-yearly accounts of the Fund shall be made every 31 October.

Audited annual reports and unaudited half-yearly reports incorporating financial statements shall be posted to each Shareholder at his registered address free of charge and will be made available for inspection at the registered office of the Administrator and the Fund.

Termination

The Fund may be wound up by a special resolution of the Fund passed at a general meeting of the Fund. A special resolution requires at least 75% of the votes cast at the meeting to be voted in favour of the resolution in question. The winding up would be governed by the applicable provisions of the Companies Acts. The assets available for distribution among the holders of the Shares would be distributed in a winding up in accordance with their respective interests in the Fund. The Liquidator may, with the authority of a special resolution, divide among the Shareholders in specie the whole of any part of the assets of the Fund. For the avoidance of doubt, if the special resolution referred to above is passed, each Shareholder is entitled to elect on winding-up whether or not he wishes to receive a distribution in specie or a distribution in cash. However, in the absence of a Shareholder electing to receive a distribution in specie on winding-up, such Shareholder shall receive his relevant distribution in cash in accordance with his respective interests in the Fund.

Litigation and Arbitration

The Fund is not engaged in any legal or arbitration proceedings and no legal or arbitration proceedings are known to the Directors to be pending or threatened by or against the Fund.

Directors' Interests

- (a) A Director may hold any other office or place of profit under the Fund in conjunction with his office of Director on such terms as to tenure of office, and otherwise as the Directors may determine.
- (b) No Director or intending Director shall be disqualified by his office from contracting with the Fund either as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Fund or in which the Fund is interested, in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Fund for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established. A Director who is in any way, whether directly or indirectly, interested in such a contract or arrangement or proposed contract or arrangement with the Fund shall declare the nature of his interest at the meeting of the Directors at which the question of entering into a contract or arrangement is first taken into consideration, if his interest then exists, or in any other case at the first meeting of the Directors after he becomes so interested. A general notice given by a Director to the effect that he is a member of a specified company, society or firm and is to be regarded as interested in all transactions with such company, society or firm shall be a sufficient declaration of interest under this Article, and after such general notice it shall not be necessary to give any special notice relating to any subsequent transaction with such company or firm, provided that either the notice is given at a meeting of the Directors

or the Director giving the notice takes reasonable steps to secure that it is brought up and read at the next meeting of the Directors after it is given.

- (c) Subject to paragraph (b) above, a Director may vote in respect of any contact, appointment or arrangement in which he is interested and he shall be counted in the quorum present at the meeting.
- (d) Any Director may act by himself or through his firm in a professional capacity for the Fund, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

Miscellaneous

- (i) The Directors confirm and report that the Fund was initially incorporated as CG Portfolio Fund Limited on 6 November 2001 in the Cayman Islands. On 27 November 2012, the Fund changed its name to Capital Gearing Portfolio Fund plc. On the Effective Date, the Fund was re-registered as an open-ended investment company with variable capital under the laws of Ireland and has been authorised by the Central Bank pursuant to the Regulations.
- (ii) The Fund is not engaged in any legal or arbitration proceedings and no legal or arbitration proceedings are known to the Directors to be pending or threatened by or against the Fund.
- (iii) There are no service contracts in existence between the Fund and any of its Directors, nor are any such contracts proposed.
- (iv) Save as disclosed herein, at the date of this document, none of the Directors, their spouses, or their infant children, or any connected person has any interest, direct or indirect, in any Shares or in any assets which have been or are proposed to be acquired or disposed of by, or issued to, the Fund and none of the Directors, except as described herein, is materially interested in any contract or arrangement subsisting at the date of this document which is unusual in its nature and conditions or significant in relation to the business of the Fund.

CAPITAL GEARING PORTFOLIO FUND PLC Directors' holdings in the Fund as at 5th October 2012

Name	Number of Shares Held
Mr David Brazier	132.112
Mrs Tara Brazier	49.477
Mr Derick Sheridan (David Brazier's Father-in-law)	12.004
Mr Edward Cottrell	7.406
Mr Edward Cottrell's Children:	
Mr Alexander Cottrell	0.839
Miss Matilda Cottrell	0.839

- (v) At the date of this document, the Fund has no loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under

acceptances or acceptance credits, finance leases, hire purchase commitments, guarantees or contingent liabilities.

- (vi) Save as disclosed herein in the section entitled "Expenses", no commissions, discounts, brokerage or other special terms have been granted by the Fund in relation to Shares issued by the Fund.
- (vii) The Fund does not have, nor has it had since its incorporation, any employees.
- (viii) The Directors may exercise all of the powers of the Fund to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and to issue debentures and other securities.
- (ix) No share or loan capital of the Fund is under option or is agreed conditionally or unconditionally to be put under option.
- (x) As at the date of this document there are no outstanding warrants or debt securities created or issued by the Fund.
- (xi) Shares in the Fund are being issued pursuant to a resolution of the Directors as provided for in the Articles of Association.

Documents for Inspection

The following documents are available free of charge and are available for inspection during normal business hours on weekdays (Saturdays and public holidays excepted) at the registered office of the Fund:

- (a) Certificate of incorporation of the Fund and Memorandum and Articles of Association of the Fund; and
- (b) the material contracts referred to on page 54 above; and
- (c) the latest available annual and semi-annual reports of the Fund (where issued); and
- (d) the Regulations and Central Bank Notices; and
- (e) a memorandum for each of the Directors detailing names of all the companies and partnerships of which they have been a director or partner at any time in the previous five years, together with an indication of whether or not they are still a director or partner.

APPENDIX A

RECOGNISED MARKETS

with the exception of permitted investments in unlisted securities or in units of open-ended collective investment schemes, the Fund's investments will be restricted to securities listed or traded on exchanges and markets which are listed as follows;

- (a) all stock exchanges in a member state of the European Union;
- (b) all stock exchanges in a member state of the European Economic Area ("EEA") (Norway, Iceland and Liechtenstein);
- (c) a stock exchange located within the United States of America, Canada, Japan, Switzerland, Australia, New Zealand and Hong Kong;
- (d) the Johannesburg Stock Exchange in South Africa, the Stock Exchange of Singapore, the Mexican Stock Exchange, the Stock Exchange of Thailand and the Korea Stock Exchange;
- (e) the market organised by the members of the International Capital Market Association (formerly the Association of International Bond Dealers (AIBD));
- (f) the market in the UK conducted by the "listed money market institutions" as described in the Financial Services Authority publication "The Regulation of the Wholesale Cash and OTC Derivatives markets", "The Grey Paper" as amended from time to time;
- (g) AIM - the Alternative Investment Market in the UK, regulated and operated by the London Stock Exchange;
- (h) the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan;
- (i) NASDAQ in the United States;
- (j) the market in US government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York;
- (k) the over the counter market in the United States of America regulated by the National Association of Securities Dealers Inc.;
- (l) The French market for "Titres de Creance Negotiable (over-the-counter market in negotiable debt instruments);
- (m) NASDAQ Europe (is a recently formed market and the general level of liquidity may not compare favourably to that found on more established exchanges); and
- (n) the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada.

The markets/exchanges are listed in accordance with the requirements of the Central Bank, which does not issue a list of approved markets.

The markets and exchanges are provided for in the Memorandum and Articles of Association.

APPENDIX B

Financial Services and Markets Act (United Kingdom) 2000 (the “FSMA”)

It is intended that the Fund will apply to the Financial Services Authority (the “FSA”) for recognition of the Capital Gearing Portfolio Fund plc (the “scheme”) as a recognised scheme for the purposes of section 264 of the FSMA.

For the purposes of recognition of the Fund by the FSA in the United Kingdom, the principal place of business of CG Asset Management Limited in the United Kingdom will be 25 Moorgate, London EC2R 6AY at which copies of the prospectus and the constitutional documentation, the annual and semi-annual accounts and information on the sale and purchase of shares in the Fund may be inspected. If recognition is granted by the FSA, it is intended that investors will be redeem shares and receive the proceeds of redemption from the same address.

APPENDIX C

Audited annual accounts of the Fund