

The Optima Protected Cell Company plc

Scheme Particulars



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Dated 22nd March 2006

THIS DOCUMENT IS IMPORTANT

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

The Optima Protected Cell Company plc (the "Fund") is an experienced investor fund and complies with the requirements of the Isle of Man Financial Supervision (Experienced Investor Fund) (Exemption) Order 1999, as amended (the "Order"). Shares are only available to persons whom Abacus Financial Services Limited considers to be sufficiently experienced to understand the risks associated with an investment in the Fund. The value of shares and the income produced by them can fall as well as rise.

The Fund is established as a protected cell company under the Protected Cell Companies Act 2004 (the "PCC Act") and each Sub-Fund of the Fund forms or will form a separate cell for the purposes of the PCC Act. This means that, under Isle of Man law and provided that the conditions of the PCC Act have been complied with, the assets attributable to each Sub-Fund will only be available to the creditors of that Sub-Fund. Prospective investors should bear in mind that the segregation of assets and liabilities in the Sub-Funds, whilst recognised and protected under Isle of Man law, may not be recognised in certain other jurisdictions in which the Fund's assets are or may be located.

The Fund is not subject to any form of regulation or approval in the Isle of Man and investors are not protected by any statutory compensation arrangements in the event of the Fund's failure. The Isle of Man Financial Supervision Commission does not vouch for the financial soundness of the Fund or for the correctness of any statements made or opinions expressed with regard to it.

These Scheme Particulars must be read in conjunction with the separate Supplementary Memoranda which set out important information in relation to the Sub-Funds.

These Scheme Particulars, which have been approved by Abacus Financial Services Limited as required by the Order, are dated 22nd March 2006.



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PRINCIPAL PARTIES AND REGISTERED OFFICE

Directors

William Morris Burgoyne

10 Riversmeade
Bromley Cross
Bolton
Lancashire
BL7 9YJ

Michael John Richardson BSc, FIA

2 Squeen Meadow
Ballaugh
Isle of Man
IM7 5BR

Meryl Bethan Thomas BSc, FIA

15A Gloucester Street
Clifton
Bristol
BS8 4JF

David Connor

Apartment 6, Third Floor
Erinville Apartments
The Promenade
Port Erin
Isle of Man
IM9 6AG

Robert Thomas Dursley Stott OBE, JP, MA, FSI

32 The Crofts
Castletown
Isle of Man
IM9 1LZ

Secretary

Andrew John Ashworth

Sixty Circular Road
Douglas
Isle of Man
IM1 1SA

Custodian

The Royal Bank of Scotland Trust Company (I.O.M.) Limited

Royal Bank House
2 Victoria Street
Douglas
Isle of Man
IM99 1NJ

Administrator

Abacus Financial Services Limited

Sixty Circular Road
Douglas
Isle of Man
IM1 1SA

Tel: (44) 1624 689600

Fax: (44) 1624 689602

e-mail: afsl@abacusiom.com

Registered Office

Sixty Circular Road
Douglas
Isle of Man
IM1 1SA

Promoter

International Product Distribution Inc.

Akara Building
24 De Castro Street
Wickhams Cay 1
Road Town
Tortola
British Virgin Islands

Legal Advisers

Cains Advocates Limited

Old Bank Chambers
15-19 Athol Street
Douglas
Isle of Man
IM1 1LB

Auditors

PricewaterhouseCoopers

Sixty Circular Road
Douglas
Isle of Man
IM1 1SA



DEFINITIONS

In these Scheme Particulars and each Supplementary Memorandum (unless otherwise defined), the following words and expressions shall have the following meanings:

Administrator

Abacus Financial Services Limited, brief details of which are contained in Section 9;

Calculation Agent

the party responsible for determining a value for a nominal unit in a series of Notes on a monthly basis, brief details of such person being set out in the relevant Supplementary Memorandum; in the case of the Notes in which the Series 4 Sub-Funds are to invest, the Calculation Agent is Barclays Capital Securities Limited, a wholly owned subsidiary of Barclays Bank Plc;

Closing Date

the date after which subscriptions in a Sub-Fund (other than switches in from another Sub-Fund) will no longer be accepted, determined as set out in section 6 of the relevant Supplementary Memorandum;

Custodian

The Royal Bank of Scotland Trust Company (I.O.M.) Limited, brief details of which are contained in Section 10;

Dealing Day

has the meaning set out in Section 23;

Dealing Reference Date

the first business day of the calendar month in which it is desired or requested that the relevant dealing takes place (such dealing being, in the case of an application for Shares, the issue or allotment of Shares and, in the case of a redemption request, the redemption or repurchase of Shares) or, if for whatever reason the dealing does not take place in the calendar month in which it is desired or requested to take place, the first business day of the next calendar month;

Experienced Investor

in terms of the Order, a person who is sufficiently experienced to understand the risks associated with an investment in the Fund;

Fund

The Optima Protected Cell Company plc, an Isle of Man incorporated open-ended investment company in the form of a protected cell company constituted as an experienced investor fund under the terms of the Order;

Gearing Bank(s)

the bank(s) or other financial institution(s) specified as such in relation to a Select Sub-Fund in the relevant Supplementary Memorandum;

Initial Offer

the initial offer of shares in a Sub-Fund as described in Section 5 and in Section 5 of the relevant Supplementary Memorandum;

Management Shares

management shares of £1.00 each in the capital of the Fund;

Nominal Shares

nominal shares of £0.001 each in the capital of the Fund;

Non-Select Sub-Funds

Sub-Funds which are not Select Sub-Funds;

Notes

a series of notes issued as part of a structured note programme or another form of structured investment instrument or product in which a Sub-Fund invests, further details of which are contained in section 8 of the relevant Supplementary Memorandum;

Notes Issuer

the financial institution which is the issuer of Notes in which the Directors have determined that a Sub-Fund or Sub-Funds should invest, brief details of such financial institution being set out in the relevant Supplementary Memorandum; in the case of the Notes in which the Series 4 Sub-Funds are to invest, the Notes Issuer is Barclays Bank Plc;

Notes Maturity Date

the maturity date of a series of Notes, as specified in the relevant Supplementary Memorandum;

Offer Price

has the meaning set in Section 23;

Order

the Isle of Man Financial Supervision (Experienced Investor Fund) (Exemption) Order 1999, as amended;

PCC Act

the Protected Cell Companies Act 2004;

Promoter

International Product Distribution Inc, brief details of which are contained in Section 8;

Promoter's Contribution

the contribution to be made by the Promoter to the fees and expenses of the Fund and/or any Sub-Fund as outlined in Section 30H and any Supplementary Memorandum;

Redemption Price

has the meaning set out in Section 23;

Reporting Day

has the meaning set out in Section 22;

Section

means a section of these Scheme Particulars;

Select Sub-Fund

a Sub-Fund which is specified as such in the relevant Supplementary Memorandum, each being a Sub-Fund which gears up investments in it by 100 per cent (or such other percentage as may be specified in the relevant Supplementary Memorandum) to invest in Notes, with the principal and costs of borrowing, including interest, on the gearing loan being repaid on early redemption or on maturity of the relevant Notes on the relevant Notes Maturity Date;

DEFINITIONS

Series 4 Sub-Funds

the seven sub-funds with which the Fund was initially established, being the Euro Series 4 Select Sub-Fund, the Sterling Series 4 Select Sub-Fund, the Dollar Series 4 Select Sub-Fund, the Euro Series 4 Managed Guaranteed Sub-Fund, the Sterling Series 4 Managed Guaranteed Sub-Fund, the Dollar Series 4 Managed Guaranteed Sub-Fund and the Euro Series 4 Growth Sub-Fund;

Shares

participating redeemable preference shares of £0.001 each in the capital of the Fund;

Sub-Fund

a sub-fund of the Fund as described in these Scheme Particulars and in a Supplementary Memorandum, each of which is or will be a separate cell of the Fund for the purposes of the PCC Act;

Supplementary Memorandum

a memorandum, supplemental to these Scheme Particulars, which sets out details of one or more Sub-Funds, whether such memorandum is set out in an Appendix to these Scheme Particulars or forms a separate document;

Unclassified Shares

unclassified shares of £0.001 each in the capital of the Fund; and

Valuation Day

has the meaning set out in Section 22.

All references in these Scheme Particulars or in any Supplementary Memorandum to "US Dollars", "dollars" or "\$" are to the lawful currency for the time being of the United States of America, to "Sterling" or "£" are to the lawful currency for the time being of the United Kingdom and to "Euros" or "€" are to the lawful currency of those members of the European Union who have elected to adopt the European euro.



PART 1: THE FUND AND THE PRINCIPAL PARTIES

1. Introduction

The Fund is an Isle of Man incorporated open-ended investment company in the form of a protected cell company under the PCC Act. It is an experienced investor fund under the Order and, as such, is available only to Experienced Investors.

The Fund is designed to provide investors with potentially high levels of capital growth over the medium to long term, but with defined levels of underlying return, by offering the opportunity to invest in notes or other structured investment instruments or products issued by financial institutions.

The Fund has initially been established with seven Sub-Funds, but additional Sub-Funds may be created in the future. It is intended that the majority of the assets of each Sub-Fund will be utilised to purchase Notes.

These Scheme Particulars contain information common to all Sub-Funds in relation to the Fund, the Sub-Funds, the Notes and the investment objectives and policies in relation to the Sub-Funds. Information specific to each Sub-Fund is set out in a Supplementary Memorandum in relation to that Sub-Fund, including (but not limited to) details of:

- key features;
- the Initial Offer and Closing Date;
- the relevant series of Notes;
- the portfolio of funds (if any) underlying the relevant series of Notes;
- whether or not the relevant Sub-Fund is a Select Sub-Fund;
- whether or not the relevant Sub-Fund has the target redemption feature and, if so, details of that feature and the Trigger Prices;
- dealing procedures;
- gearing arrangements (if any);
- specific risk factors; and
- application form(s).

The Supplementary Memoranda in respect of the Series 4 Sub-Funds are attached to these Scheme Particulars in the form of an Appendix, but Supplementary Memoranda in respect of Sub-Funds created in the future are likely to be issued in the form of separate documents. None of the Supplementary Memoranda will be a stand alone document and each of them will have to be read in conjunction with these Scheme Particulars. The Fund's annual accounts for each financial period will contain details of all of the Sub-Funds in existence at the date of those accounts.

The attention of prospective investors is particularly drawn to the Risk Factors set out in Section 28 of these Scheme Particulars and any additional risk factors set out in any relevant Supplementary Memorandum.

Prospective investors should note that none of the Sub-Funds, and, in particular, none of the Select Sub-Funds, are intended to be a short term investment. The impact of redemption penalties and other charges or deductions upon redemption would have a significant adverse effect on the amount received by way of net proceeds of redemption in these circumstances.

2. Directors and Secretary

The directors of the Fund are:

Morris Burgoyne

Previously employed by Barclays Bank, Johannesburg and within the taxation department of Arthur Anderson, Johannesburg, and currently managing director of Policy Register (International) Limited; instrumental in the forming of The Association of Policy Traders. Resident in the United Kingdom;

David Connor ACII, Dip PFS

An Associate Member of the Chartered Insurance Institute and Member of the Personal Finance Society and previously an Associate Director of Cardales Chartered Surveyors and Thesis Asset Management International Limited; closely involved in the development of offshore property fund sales within the intermediary sector both in the United Kingdom and worldwide. Resident in the Isle of Man;

Michael Richardson BSc, FIA

An actuary, formerly chief executive of Scottish Life International and previously chairman of Clerical Medical International. Resident in the Isle of Man;

Dursley Stott O.B.E., J.P., M.A., F.S.I.

Past chairman of R. L. Stott & Co, Stockbrokers, a member of The London Stock Exchange and later a fellow of The Securities Institute; formerly chairman of the local board of Sun Alliance Insurance Company Limited and Barclays Unicorn (Isle of Man) Limited. Resident in the Isle of Man;

Meryl Thomas BSc, FIA

An Actuary with previous life office experience gained at Clerical Medical and HBOS Financial Services, specialising in financial modelling, valuations and offshore business.

In addition to being directors of the Fund, each of David Connor and Meryl Thomas is a shareholder in the Promoter and Michael Richardson has an interest in a trust which is a shareholder in the Promoter.

The company secretary of the Fund is Andrew John Ashworth, who is also a director of the Administrator.

3. The Fund

The Fund was incorporated with registered number 115899C on 15th March 2006 under the Isle of Man Companies Acts 1931 to 2004 as a public company limited by shares and as a protected cell company under the PCC Act. It is an open-ended investment company with unlimited duration and is an experienced investor fund for the purposes of the Order.

As a protected cell company, the Fund can create separate cells for the purpose of segregating and protecting the assets of each cell. Each of the Series 4 Sub-Funds has been created as a separate cell and it is intended that each Sub-Fund created by the Fund in the future will also be created as a separate cell. This means that, under Isle of Man law and provided that the conditions of the PCC Act have been complied with, the assets attributable to each Sub-Fund will only be available to the creditors of that Sub-Fund.

The Fund is not, and need not be, an authorised person for the purposes of the Isle of Man Financial Supervision Act 1988.

The registered office and principal place of business of the Fund are at Sixty Circular Road, Douglas, Isle of Man IM1 1SA.

4. The Sub-Funds

The Fund has been established with seven Series 4 Sub-Funds: the Euro Series 4 Select Sub-Fund, the Sterling Series 4 Select Sub-Fund, the Dollar Series 4 Select Sub-Fund, the Euro Series 4 Managed Guaranteed Sub-Fund, the Sterling Series 4 Managed Guaranteed Sub-Fund, the

Dollar Series 4 Managed Guaranteed Sub-Fund and the Euro Series 4 Growth Sub-Fund. The Euro Series 4 Select Sub-Fund, the Sterling Series 4 Select Sub-Fund and the Dollar Series 4 Select Sub-Fund are Select Sub-Funds.

A Supplementary Memorandum in respect of the Euro Series 4 Select Sub-Fund, the Sterling Series 4 Select Sub-Fund, the Dollar Series 4 Select Sub-Fund, the Euro Series 4 Managed Guaranteed Sub-Fund, the Sterling Series 4 Managed Guaranteed Sub-Fund and the Dollar Series 4 Managed Guaranteed Sub-Fund forms Part 1 of the Appendix to these Scheme Particulars and a Supplementary Memorandum in respect of the Euro Series 4 Growth Sub-Fund forms Part 2 of the Appendix.

It is intended that additional Sub-Funds will be created in the future and that the Fund will issue Supplementary Memoranda setting out details of such additional Sub-Funds. It is likely that each such Supplementary Memorandum will be issued as a separate document to be read in conjunction with these Scheme Particulars.

The nominal value of the Shares in each Sub-Fund will be denominated in sterling, but the net asset value of each Sub-Fund will be calculated in the currency specified in the relevant Supplementary Memorandum and Shares in each Sub-Fund will be issued, sold, redeemed and repurchased in that currency.

It is intended that the majority of the assets of each Sub-Fund will be utilised to purchase Notes. Sub-Funds whose assets are valued and whose Shares are issued, sold, redeemed and repurchased in euros will invest in the euro denominated Notes, Sub-Funds whose assets are valued and whose Shares are issued, sold, redeemed and repurchased in sterling will invest in the sterling denominated Notes and Sub-Funds whose assets are valued and whose Shares are issued, sold, redeemed and repurchased in dollars will invest in the dollar denominated Notes. If Sub-Funds are created in the future whose Shares are issued, sold, redeemed and repurchased in currencies other than euros, sterling or dollars, they will invest in new Notes denominated in the relevant currencies.

The Select Sub-Funds offer the potential to gear up the initial investment by 100 per cent (or such other percentage as may be specified in the relevant Supplementary Memorandum) using bank facilities to provide increased potential upside returns over the medium to long term; the initial investment and gearing loan are invested in the relevant series of Notes, with the principal and costs of borrowing, including interest, on the gearing loan being repaid on early redemption or on maturity of the Notes on the relevant Notes Maturity Date. Although such gearing arrangements offer potentially enhanced returns to investors, they involve a corresponding reduction in the proportion of the investment covered by any guaranteed level of returns and therefore increased investment risk. Details of the levels of gearing in each Select Sub-Fund and other details of the relevant gearing arrangements are set out in the relevant Supplementary Memorandum. Sub-Funds other than the Select Sub-Funds will not be subject to, or benefit from, any gearing.

Certain of the Sub-Funds have a target redemption feature, as described in Section 7 and in the relevant Supplementary Memorandum.

Switching between Sub-Funds is permitted. However, switching from one Sub-Fund ("the Old Sub-Fund") into another Sub-Fund ("the New Sub-Fund") involves the redemption of Shares in the Old Sub-Fund and the subscription for Shares in the New Sub-Fund and is subject to any specific conditions set out in any relevant Supplementary Memorandum and is also subject to a minimum switch amount which is sufficient to allow the Old Sub-Fund to meet any minimum requirement for the redemption of Notes and to allow the New Sub-Fund to meet any minimum requirement for the subscription or purchase of Notes. In addition, where the New Sub-Fund is a Select Sub-Fund, switching is

subject to the New Sub-Fund being able to raise the necessary gearing finance in respect of the inward switch.

The attention of investors is drawn to the fact that, in order to switch into a new Sub-Fund, an investor's holding of Shares in the original Sub-Fund needs to be redeemed. Any such switch will therefore be subject to all of the restrictions, disadvantages and risks described elsewhere in these Scheme Particulars in relation to redemptions, particularly redemptions prior to the maturity of the underlying Notes and redemptions of Shares in Select Sub-Funds.

Investors should also note that switching into a Sub-Fund whose Closing Date has passed may result in a dilution of any guaranteed level of return from the underlying Notes.

5. Initial Offer

An initial offer of Shares in each Sub-Fund will take place during the period specified in section 5 of the relevant Supplementary Memorandum and, during such initial offer, Shares in the relevant Sub-Fund will be available for subscription at the price per Share so specified in such Supplementary Memorandum. The subscription price in each case will be represented by £0.001 nominal value and the remainder will comprise share premium.

6. Closing Date

Following the end of the relevant Initial Offer, Shares in a Sub-Fund will, subject to certain limitations, be available for purchase, redemption or repurchase on any Dealing Day at prices in the currency of the relevant Sub-Fund calculated, generally, by reference to the net asset value of the relevant Sub-Fund.

However, no further applications for Shares in a Sub-Fund (except in connection with a switch from another Sub-Fund) will be accepted after the Closing Date in respect of that Sub-Fund determined in the manner set out in section 6 of the relevant Supplementary Memorandum.

7. Target Redemption Feature

Certain Sub-Funds have a target redemption feature to enable investors to realise the increase in the value of their investment if, during certain specified trigger periods, the "reference price" in relation to the relevant series of Notes reaches a specified level. Details of the target redemption feature are set out in the Supplementary Memoranda relating to those Sub-Funds.

8. Promoter

The promoter of the Fund is International Product Distribution Inc., which is a company incorporated with limited liability in the British Virgin Islands.

The Promoter's registered office and principal place of business is at Akara Building, 24 De Castro Street, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands.

The Promoter is a special purpose vehicle formed to act as a financial intermediary for the Fund and is owned by a number of individuals and entities involved in the investment industry. The Promoter is also the promoter of The Optima Series 2 Fund plc and The Optima Series 3 Fund plc.

Under the terms of the promoters agreement between the Promoter and the Fund, the Promoter will act as a financial intermediary for the Fund and will underwrite certain costs of the Fund. The Promoter will not be liable to the Fund for any loss liability, damage, costs or expense (including reasonable legal fees and expenses) arising from any omissions of or actions taken by the Promoter under the agreement unless due to bad faith, wilful default, fraud or negligence on the part of the Promoter.



9. Administrator

The administrator of the Fund is Abacus Financial Services Limited.

Abacus Financial Services Limited is a private limited company incorporated in the Isle of Man with number 69975C on 9th September 1994 with unlimited duration under the Companies Acts 1931 to 1993 of the Isle of Man.

The directors of the Administrator are Stephen Thomas Moorhouse, John Hatcliffe Cannell, Christopher John Talavera, Michael John MacBain and Stewart Henderson Fleming, all of whom are chartered accountants, and Andrew Ashworth. The registered office and principal place of business of the Administrator in the Isle of Man is at Sixty Circular Road, Douglas, Isle of Man IM1 1SA.

The Administrator is wholly owned by Abacus Holdings Limited, a company controlled by the directors of the Administrator.

The Administrator is the holder of an investment business licence issued under section 3 of the Investment Business Act 1991 of the Isle of Man and, as such, is an authorised person licensed to conduct investment business by the Isle of Man Government Financial Supervision Commission. In addition, the Administrator has been approved by the Isle of Man Government Financial Supervision Commission to manage and administer experienced investor funds constituted in accordance with the Order.

The principal activity of the Administrator is to act as manager or administrator of collective investment schemes and to provide management and administration services in relation to collective investment schemes. In addition to providing management and administration services to the Fund, the Administrator currently manages or administers a number of other funds.

Under the administration agreement between the Fund and the Administrator, the Administrator will, subject to the control and supervision of, and review by, the directors, deal with the management and administration of the Fund. The Administrator has power to act so as to contract on behalf of or otherwise bind the Fund, subject to the terms of the administration agreement.

10. Custodian

The custodian of the Fund is The Royal Bank of Scotland Trust Company (I.O.M.) Limited.

The Royal Bank of Scotland Trust Company (I.O.M.) Limited is a limited liability company incorporated in the Isle of Man on 1st May 1973. The Custodian's registered office and principal place of business is at Royal Bank House, 2 Victoria Street, Douglas, Isle of Man IM99 1NJ.

The Custodian has an authorised share capital of £5 million, of which £1 million is fully paid up, and is a subsidiary of The Royal Bank of Scotland Group plc, a company incorporated in Scotland.

The principal business activity of the Custodian is the provision of custodial, trustee and associated banking services. It is registered with the Isle of Man Financial Supervision Commission for banking and investment business and holds a banking licence under section 6 of the Isle of Man Banking Act 1998.

Under the terms of the custodian agreement between the Fund and the Custodian, the Custodian is responsible for the custody of the subscription monies on their receipt from the Administrator and, following the investment of subscription monies, is responsible for the custody of the assets of each Sub-Fund which are held to the order of or registered in the name of the relevant Sub-Fund or the Custodian. Under the terms of the agreement, the Custodian may appoint sub-custodians, agents or delegates ("correspondents") to hold the assets of each Sub-Fund and the Custodian will not be liable for any loss

suffered by the Fund in connection with the subject matter of the agreement, unless such loss arises from the negligence, wilful default or fraud of the Custodian or any of its correspondents.

The involvement of the Custodian as custodian of the Fund is not to be taken as an endorsement by the Custodian of the Fund or its investment objectives or policies.

11. Auditors

PricewaterhouseCoopers, Chartered Accountants, of Sixty Circular Road, Douglas, Isle of Man IM1 1SA have been appointed as auditors to the Fund.

12. Registrar

The functions of registrar will be performed by the Administrator.

PART 2: THE CONSTITUTION OF THE FUND AND ITS SHARES

13. Constitution

The Fund is a protected cell company under the PCC Act and is an experienced investor fund constituted in accordance with the Order.

14. The Fund's Share Capital

A. Share Capital

The Fund has an authorised share capital of £50,100 divided into 100 Management Shares, all of which have been subscribed in full in cash by or on behalf of the Promoter and 50,000,000 Unclassified Shares, available for issue as Shares or as Nominal Shares.

Each Share is issued by reference to a specific Sub-Fund and Shares issued by reference to each Sub-Fund form a class of Shares separate and distinct from Shares issued by reference to each other Sub-Fund. Each Sub-Fund has been or will be created as a separate cell for the purposes of the PCC Act.

The Series 4 Sub-Funds are:

- The Euro Series 4 Select Sub-Fund;
- The Sterling Series 4 Select Sub-Fund;
- The Dollar Series 4 Select Sub-Fund;
- The Euro Series 4 Managed Guaranteed Sub-Fund;
- The Sterling Series 4 Managed Guaranteed Sub-Fund;
- The Dollar Series 4 Managed Guaranteed Sub-Fund; and
- The Euro Series 4 Growth Sub-Fund.

The directors of the Fund may create additional Sub-Funds at any time with such investment objectives, policies and restrictions as they may consider appropriate.

B. Characteristics of Shares in the Fund

The types of shares in the capital of the Fund and their principal characteristics are as follows:

Shares

The Shares confer the right to a proportionate share in the property of the Sub-Fund to which they relate and to its dividend income, if any. Shares do not generally carry the right to vote at general meetings. For the rights of holders of Shares on a winding up, see Section 31D.

Management Shares

The Management Shares exist to comply with Isle of Man law, which requires that the Shares have a preference over another class of capital in order to be redeemable. Management Shares, which carry no right to dividend, can only be issued at par to the Promoter or its associates. At general meetings of shareholders, on a show of hands every holder of a Management Share present in person or by proxy shall have one vote and on a poll every holder present in person or by proxy shall have one vote for each Management Share held. For the rights of holders of Management Shares on a winding-up, see Section 31D.

Nominal Shares

Nominal Shares will only be issued at par to the Administrator or its associates for the purpose of providing funds for the redemption of the nominal value of Shares. For the rights of holders on a winding up, see Section 31D. Nominal Shares may be converted into Shares, but carry no other rights.

Unclassified Shares

These may be issued either as Shares or as Nominal Shares.

C. Contract Notes

Proof of purchase of Shares will be evidenced by the issue of a contract note to shareholders (with duplicates to shareholders' authorised agents, if appointed). No share certificates will be issued.

D. Issue of Shares

The Administrator is authorised without limitation to issue Shares at any time without reserving preferential subscription rights to existing shareholders.

Fractions of Shares may be issued at the discretion of the Administrator, if it appears that this is in the interests of shareholders. If it is decided not to issue fractions of Shares, any subscription monies representing less than one Share will not be returned to the subscriber, but will be retained for the benefit of the Sub-Fund to which the Shares relate.

The Administrator may register Shares jointly in the names of not more than four holders should they so require. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of holders. In the case of joint holders, the Administrator and the directors may accept instructions which it reasonably believes to be from any one of them.

The rights attached to Shares are deemed to be varied by the creation, allotment or issue of any shares (other than Management Shares or Shares of the same class) ranking in priority to or *pari passu* with them in relation to participation in the profits or assets of the Sub-Fund to which they relate.

Subject to the preceding paragraph, the rights conferred upon the holders of Shares shall not, unless otherwise expressly provided by the terms of issue of the Shares, be deemed to be varied by (among other things) the creation, allotment, issue or redemption of further Shares ranking *pari passu* therewith or by the conversion of Nominal Shares into Shares.

15. Qualified Holders

The Administrator may determine whether or not any particular person or class of person should become or remain the holder of Shares.

In particular, the Administrator will not permit a person to become or remain the holder of Shares if that person is not an Experienced Investor or if the Administrator is of the opinion that the holding of Shares by such person may be in breach of any governmental regulation or announcement or would otherwise render the Fund liable to taxation

for which it would otherwise not be liable. As a consequence, with very limited exceptions, persons treated as resident in the Isle of Man for taxation purposes will not be permitted to hold Shares.

No new participant, whether by virtue of subscription or transfer of any interest in the Fund, will be recognised and no such subscription or transfer will be effected unless and until such person has delivered or arranged for the delivery of a signed declaration in a form satisfactory to the Administrator acknowledging (among other things) that the new participant or transferee is an Experienced Investor and has read and understood these Scheme Particulars and any relevant Supplementary Memorandum. The required form of declaration is set out in each form of application for Shares.

16. The Register of Shareholders

The register of holders of shares in the Fund is available for inspection at the offices of the Administrator.

17. Dividends, Meetings, Reports and Accounting Basis

A. Dividends

It is not anticipated that any of the Sub-Funds will receive any substantial amounts by way of income and it is not intended that any of the Sub-Funds will distribute by way of dividend any income that it does receive, although the directors of the Fund may in their discretion do so.

B. Meetings

The annual general meeting of shareholders of the Fund will be held in the Isle of Man each year, but only the holders of Management Shares will generally be entitled to vote thereat. General meetings of shareholders will be held at such date, time and place as are indicated in the notices convening such meetings.

C. Reports

Financial periods of the Fund end on 31st August in each year, being the Fund's annual accounting date; the first such period will end on 31st August 2007. The annual report containing the audited financial accounts of the Fund will be sent to all shareholders within six months of the end of the financial period. Annual reports will also be available at the Fund's registered office at least 21 days before each annual general meeting.

Copies of all financial reports, constitutional documents (and amendments, if any) and the latest Scheme Particulars of the Fund and any Supplementary Memorandum may be obtained from the registered office of the Fund and the Administrator. Copies of all reports are available free of charge.

D. Accounting Basis

The financial statements of the Fund will be prepared on a columnar basis, with a separate column for each Sub-Fund and an aggregated total column.

PART 3:

THE FUND'S INVESTMENTS

18. The Investment Objective and Policy

The Fund is designed to provide investors with potentially high levels of capital growth over the medium to long term, but with defined levels of underlying return, by offering the opportunity to invest in Notes.

Section 19A contains further general details of the Notes and section 8 of each Supplementary Memorandum sets out details of the particular series of Notes in which the relevant Sub-Fund or Sub-Funds intend(s)



to invest. Further details of the gearing arrangements in respect of the Select Sub-Funds are set out in Section 21 and in section 10 of the Supplementary Memorandum in relation to each Select Sub-Fund.

Section 28 sets out certain risk factors in relation to an investment in the Fund and each Supplementary Memorandum sets out additional risk factors (if any) applicable to the Sub-Fund or Sub-Funds to which such Supplementary Memorandum relates.

Prospective investors should note that none of the Sub-Funds, and, in particular, none of the Select Sub-Funds, are intended to be a short term investment. The impact of redemption penalties and other charges upon redemption would have a significant adverse effect on the amount received by way of net proceeds of redemption in these circumstances.

The directors of the Fund have responsibility for the investment policy of the Fund and of each Sub-Fund and it is intended that the majority of the assets of each Sub-Fund will be invested in a series of Notes denominated in the same currency as the Sub-Fund.

19. The Fund's Investments

A. The Notes

In relation to the Series 4 Sub-Funds and the Notes in which they invest, the Notes Issuer is Barclays Bank Plc and the Calculation Agent is Barclays Capital Securities Limited. The directors may determine that future Sub-Funds should invest in Notes issued by another financial institution or financial institutions. Where this is the case, brief details of the relevant Notes Issuer and Calculation Agent will be set out in the corresponding Supplementary Memorandum.

Further details of the relevant series of Notes that form the underlying investment of a Sub-Fund are contained or referred to in the Supplementary Memorandum relating to that Sub-Fund.

B. The Portfolios of Funds

Underlying each series of the Notes, there will normally be an investment in a currency hedged portfolio of funds.

Each such portfolio will consist of:

- funds selected by the directors of the Fund; and
- financial instruments to provide currency hedging arrangements to negate any volatility associated with currency fluctuations on the funds when compared to the base currency of the relevant series of Notes.

Further details of the initial allocation within the relevant portfolio of funds and of the managers of those underlying funds (if applicable) will be set out in section 9 of the Supplementary Memorandum in relation to each Sub-Fund.

20. Investment Policies

Each Sub-Fund will invest primarily in a series of Notes denominated in the same currency as that Sub-Fund. Apart from any interest rate hedging instruments and any retained cash, the Sub-Funds will not invest in anything other than the Notes.

Where necessary to finance redemptions of Shares, a Select Sub-Fund will redeem such number or value of Notes as may be necessary to satisfy the minimum redemption requirements of the relevant series of Notes and to finance the minimum gearing loan repayment requirements. To the extent that the proceeds of redemption of such Notes are not immediately required to finance redemptions of Shares, they will be retained by the relevant Select Sub-Fund in cash and used to finance future redemptions.

The directors will ensure that, except as outlined above, each Sub-Fund is normally fully invested.

Each Sub-Fund may only place deposits with, purchase certificates of deposit, commercial paper, negotiable receipts, notes, bonds, certificates or other documents evidencing the deposit of a sum of money issued by, or purchase bills of exchange accepted by, a bank or banks approved by the Custodian.

All investments will be made after provision for marketing and sales fees.

21. Gearing Arrangements – Select Sub-Funds

The directors have the power to borrow, for the account of each Select Sub-Fund, an amount equal to 100 per cent of each sum invested in such Sub-Fund (or such other percentage as may be specified in the relevant Supplementary Memorandum). Details of the levels of gearing in each Select Sub-Fund and other details of the relevant gearing arrangements are set out in the relevant Supplementary Memorandum.

It is intended that each subscription into a Select Sub-Fund will be matched by a gearing loan equal to 100 per cent of the relevant subscription (or such other percentage as may be specified in the relevant Supplementary Memorandum). The majority of the subscription monies and the gearing loan will be invested in Notes.

Each gearing loan will be attributable to a particular Select Sub-Fund. As each Sub-Fund is a separate cell for the purposes of the PCC Act, this means that, under Isle of Man law, the Gearing Bank will only be entitled to have recourse to the assets of the relevant Select Sub-Fund in seeking repayment of a gearing loan and will not be entitled to have recourse to the assets of any other Sub-Fund for that purpose.

It is anticipated that each gearing loan drawdown will be in the form of a variable rate facility. In respect of each gearing loan drawdown, the Fund (on behalf of the relevant Select Sub-Fund) may enter into interest rate hedging arrangements with a view to ensuring that each Select Sub-Fund has sufficient assets to repay the principal and interest on the indebtedness attributable to it. Because of the anticipated long term nature of the proposed interest rate hedging arrangements, it is possible that hedging breakage costs and loan breakage costs will be incurred where gearing loans are repaid in advance of maturity and hedging contracts are required to be broken in order to finance the redemption of Shares (including redemptions as a result of the target redemption feature referred to in Section 7). In such circumstances, the breakage costs will be passed on to the shareholders effecting such redemptions.

PART 4: VALUATION AND DEALING

22. Net Asset Value

The assets of each Sub-Fund will be valued in the Isle of Man as at 5 p.m. on the last business day of each calendar month and on such other occasions as the directors may determine (each a "Valuation Day"). On or before the fourth business day following the day in each calendar month upon which the Calculation Agent receives information from the managers of the relevant underlying funds as at a Valuation Day (each a "Reporting Day"), the Calculation Agent will deliver to the Administrator a valuation of the relevant series of Notes as at such Valuation Day. Such valuation shall be in the form of a percentage of nominal value.

The net asset value of each Select Sub-Fund as at each Valuation Day will be calculated by: multiplying the nominal value of the Notes held by such Sub-Fund by the percentage stated in the most recent Calculation Agent valuation; adding the value of any cash deposits; adding the amortised marketing and sales fees (see below); taking into account any capitalised facility costs (including, to the extent that such costs have been incurred by the Fund and not recovered by the Fund out of the proceeds of sales of assets or by deduction from the proceeds of redemption of Shares: early repayment penalties or acceleration fees; arrangement fees paid to any Gearing Bank; any financial consultancy fees paid by the Fund in connection with any gearing arrangements; any drawdown transaction costs paid or payable to any Gearing Bank or its advisers; and any other similar or related costs in connection with any gearing arrangements); and then deducting from the resultant figure the outstanding principal, accrued interest and other accrued costs on the indebtedness attributable to the relevant Select Sub-Fund (whether owed to the Gearing Bank or to the Promoter).

The net asset value of each Non-Select Sub-Fund as at each Valuation Day will be calculated by: multiplying the nominal value of the Notes held by such Sub-Fund by the percentage stated in the most recent Calculation Agent valuation; adding the value of any cash deposits; adding the amortised marketing and sales costs (see below); and then deducting from the resultant figure the outstanding principal, accrued interest and other accrued costs on the indebtedness attributable to the relevant Non-Select Sub-Fund owed to the Promoter.

For the purposes of calculating the net asset value of a Sub-Fund, the total amount payable in respect of Shares of that Sub-Fund which have been redeemed or whose allotment has been cancelled will, from the time at which such Shares are deemed to cease to be in issue until such amount is paid to the redeeming shareholder, be deemed to be a liability of the relevant Sub-Fund.

For the purposes of calculating the net asset value of a Sub-Fund, marketing and sales costs (including introductory fees paid to introducers via the Promoter) of up to 8 per cent of the gross amount invested in Notes (including subscription monies and any gearing loan advance) will be amortised over a period of five years. Marketing and sales costs are deducted from the gross amount invested in Notes prior to the purchase of Notes. For the purposes of the statutory accounts, such costs will be written off as incurred and a reconciliation to the net asset value of a Sub-Fund will be contained in the statutory accounts.

Any redemption penalties or other penalties or charges payable by investors will be retained by the relevant Sub-Fund and, where appropriate, charged to deferred acquisition costs or, where costs have been borne by the Promoter as outlined in Section 30 or in the relevant Supplementary Memorandum, applied in reimbursement of the Promoter.

In addition, the directors may, in their discretion, apply such adjustment in respect of the breakage costs of any hedging contract which the Fund is required to break in order to effect any redemption as they may consider appropriate in the circumstances.

23. Offer Price and Redemption Price

From the expiry of the Initial Offer in respect of a Sub-Fund until the Closing Date of that Sub-Fund, Shares in that Sub-Fund will generally be issued, on the tenth business day following the related Reporting Day (each a "Dealing Day"), at a price determined by dividing the net asset value of the relevant Sub-Fund (by reference to the most recent valuation provided by the Calculation Agent) by the number of Shares of the relevant Sub-Fund in issue or deemed to be in issue, rounded down to the nearest one tenth of a penny (the "Offer Price").

Shares will normally be redeemed on a Dealing Day at a redemption price ("the Redemption Price") equal to the current Offer Price less 1

per cent of the Offer Price on the basis of which the Shareholder originally invested in the relevant Shares.

Redemptions may be subject to redemption penalties, charges, breakage costs and restrictions as outlined in Section 25E and in section 11B of any relevant Supplementary Memorandum. Special provisions apply in relation to the determination of the Redemption Price for redemptions of Shares in a Sub-Fund which has the target redemption feature when that feature is triggered (see the relevant Supplementary Memorandum).

On the redemption of Shares, the nominal value of each Share will be financed by the issue of a Nominal Share (for which, during the currency of the Administration Agreement, the Administrator has agreed to subscribe). A holder of Nominal Shares is entitled at any time to convert such shares into Shares in a Sub-Fund on any Dealing Day by paying to the relevant Sub-Fund the difference between the current Offer Price for Shares in that Sub-Fund and the nominal value of the Nominal Shares converted.

24. Suspension of Valuation and Dealing

The Fund's directors may suspend the allocation, issue, repurchase and cancellation of Shares of a Sub-Fund and the calculation of the net asset value per Share of that Sub-Fund, if the Fund's directors are of the opinion that there is good and sufficient reason to do so. The Administrator shall cease the allocation, issue, repurchase and cancellation of Shares of the relevant Sub-Fund forthwith upon such suspension.

Shareholders who have requested a redemption or repurchase of their Shares will be notified in writing of any such suspension within seven days of their request (unless an additional Dealing Day is designated within five days following such suspension) and will be promptly notified upon termination of such suspension. The beginning and end of any period of suspension (except for customary closing of stock exchanges for not more than three days) will be made known at the registered office of the Fund and notified to any shareholders affected (unless an additional Dealing Day is designated within five days following such suspension).

25. Dealing Procedures

A. Dealing


Following expiry of the Initial Offer in respect of a Sub-Fund, Shares in that Sub-Fund will be dealt in at prices based upon the value of the underlying investments of the relevant Sub-Fund.

Issues, purchases, redemptions and repurchases of Shares will take place on Dealing Days, subject to a restriction on redemptions of Shares in the first year following their date of issue. The directors of the Fund have discretion to designate alternative or additional Dealing Days at any time. Redemptions of Shares may be subject to penalties and charges, as described in Section 25E and in section 11B of any relevant Supplementary Memorandum.

Transactions will normally take place at the current Offer Price (in the case of issues or purchases) or Redemption Price (in the case of redemptions or repurchases) on the relevant Dealing Day (or, if no price is available at that time, due to a suspension or revaluation, at the next available price).

The Administrator reserves the right to reject any application to purchase any Shares or to redeem any Shares if this would result in a shareholding which is below the required minimum level or if the deal value is below the minimum dealing level (see Section 26).

The directors of the Fund wish to ensure that subscription monies are invested as promptly as possible in order that Shares track as closely as possible the value of the underlying investments and that investors



receive the benefit (if any) of the performance of those investments as quickly as possible. Therefore, notwithstanding that the applicant will not be a shareholder of the relevant Sub-Fund but subject to any limitations arising out of the minimum Notes investment amount referred to in Section 19A, the Sub-Fund will use that applicant's subscription monies for investment during the period between the receipt thereof and the date when the Shares are actually issued.

In these circumstances, the applicant is deemed to have made an irrevocable interest free loan of the subscription monies to the relevant Sub-Fund for these purposes. Upon the applicable Dealing Day, the Fund will repay the loan and apply the proceeds in the purchase or subscription of the appropriate number of Shares, based on the prices on the relevant Dealing Day. The applicant will not receive any interest on the loan, but will be treated as participating in the profits of the Sub-Fund from the relevant Dealing Day.

In the event that the relevant Sub-Fund is wound up before the investor is issued with Shares, the investor's claim against the Sub-Fund under the loan shall rank *pari passu* with the claims of other unsecured creditors. In such circumstances, the sole entitlement of such investor will be to repayment of his subscription monies and he shall not be entitled to the benefit of the increase in net asset value (if any) of the relevant Sub-Fund from the date of subscription to the date of winding up.

The particular attention of investors is drawn to Section 28 (Risk Factors), which contains important information in relation to redemptions, including details of restrictions on redemption and penalties and charges which apply in specific circumstances, and to any specific risk factors referred to in any relevant Supplementary Memorandum.

B. Currency of Payment and Foreign Exchange Transactions

Where payments in respect of purchase or redemption of Shares are tendered or requested in a freely transferable currency other than the currency of the relevant Sub-Fund, the necessary foreign exchange transaction will be arranged by the Administrator for the account of, and at the expense of, the applicant at the time the application is received and accepted. The Administrator will take no responsibility for the rate of exchange obtained.

C. Communications

All communications regarding the issue, purchase, redemption or repurchase of Shares must be made to the Administrator whose details appear in Section 35B.

D. Application Procedure

In order to be processed on a particular Dealing Day, applications for Shares in a Sub-Fund should be made to the Administrator by the deadline specified in section 11B of the relevant Supplementary Memorandum. In addition, applications are conditional on the Administrator being in receipt of cleared funds by the further deadline specified in section 11B of the relevant Supplementary Memorandum and are subject to certain restrictions as set out below.

Unless the Fund's directors in their absolute discretion determine otherwise in any case, applications for the issue or purchase of Shares of a Sub-Fund received after the relevant deadline, or in respect of which cleared funds have not been received by the relevant deadline, will be held over until the Dealing Day following the next Dealing Reference Date and, on acceptance by the Administrator and subject to the restriction set out above, will be dealt with at the Offer Price ruling on that day. Interest will not be paid on monies awaiting investment.

Applications should be made by completing the appropriate Application Form provided and sending it to the Administrator by post or by fax (followed by post) duly completed. An acknowledgement of the

investment will be made by the issue of a contract note, which will be sent to the applicant with a duplicate to the applicant's authorised agent, if one is appointed. Payment for Shares may be made by cheque, bankers draft or telegraphic transfer.

Applications made by persons who are not Experienced Investors will be rejected.

No applications for Shares in a Sub-Fund will be accepted after the Closing Date for that Sub-Fund, except in connection with a switch from another Sub-Fund.

Applications for Shares are subject to the Anti-Money Laundering provisions set out in Section 34B. Further details of the application procedure generally are set out in Section 35 and details of any specific application requirements for each Sub-Fund are set out in section 11A of the Supplementary Memorandum in relation to that Sub-Fund.

E. Redemption Procedure

Each Sub-Fund will generally redeem Shares on any Dealing Day. However, redemptions of Shares in the first year following their date of issue will not generally be permitted, unless specifically approved by the Fund's directors in their absolute discretion, and redemptions of Shares are subject to certain limitations, as outlined below.

Requests to redeem Shares in a Sub-Fund should be made to the Administrator by the deadline specified in section 11B of the Supplementary Memorandum for that Sub-Fund and may be made by telephone, facsimile or in writing. Telephone and facsimile requests must be immediately confirmed in writing. Each redemption request must specify the name and personal account number of the holder of Shares and the number of Shares to be redeemed.

Requests for redemption received before the deadline for dealing on a particular Dealing Day will, save as outlined below and subject to acceptance by the Administrator, be dealt with at the relevant Redemption Price ruling on the Dealing Day upon which redemption is requested. Requests for the redemption of Shares received after that deadline will be held over until the Dealing Day following the next Dealing Reference Date and, on acceptance by the Administrator and subject to the limitations outlined below, will be dealt with at the Redemption Price ruling on that Dealing Day.

Upon receipt of a redemption request, the Fund will seek to redeem Notes to the appropriate value and the Fund shall be under no obligation to redeem the relevant Shares unless and until it has received the redemption monies in respect of the corresponding Notes.

The appropriate value of Notes to be redeemed in order to finance redemptions of Shares shall normally be determined as follows:

- in the case of redemption requests in respect of Non-Select Sub-Funds where the net proceeds of redemption (when aggregated with any other sums advanced by the Promoter in respect of the relevant Sub-Fund and not repaid) are less than the minimum Notes redemption amount, the value of Notes to be redeemed shall be nil on the basis that the redemption will be financed by way of a loan from the Promoter;
- in the case of redemption requests in respect of Non-Select Sub-Funds where the net proceeds of redemption (when aggregated with any other sums advanced by the Promoter in respect of the relevant Sub-Fund and not repaid) are equal to or more than the minimum Notes redemption amount, the value of Notes to be redeemed shall be such amount as is necessary to settle the net proceeds of redemption (subject to the Promoter financing any fractional units of Notes in order to ensure that the Fund is able to remain fully invested in Notes to the extent required);

- in the case of redemption requests in respect of Select Sub-Funds, the value of Notes to be redeemed shall be such amount as shall be sufficient to fund the redemption proceeds of the relevant Shares and any required gearing loan repayment.

Notwithstanding the parameters outlined above, the directors have absolute discretion to determine the appropriate value of Notes that they consider should be redeemed at any time.

As well as financing redemptions of Shares in Non-Select Sub-Funds as outlined above, the Promoter may also finance redemptions of Shares in the same way in other circumstances where the directors consider it appropriate or desirable.

Where Notes are redeemed prior to the relevant Notes Maturity Date, any guaranteed level of return will not apply and the relevant Sub-Fund may receive less than the amount of its original corresponding investment in Notes with a consequential reduction in the redemption proceeds payable to a redeeming shareholder.

Save where the directors of the Fund in their absolute discretion determine otherwise, redemptions of Shares will be subject to a redemption penalty calculated as a percentage of the gross amount invested in Notes (including subscription monies and any gearing loan advance, but prior to the deduction of sales and marketing fees) in respect of the relevant Shares. Details of the redemption penalties applicable to redemptions of Shares in a particular Sub-Fund are set out in section 11B of the Supplementary Memorandum in relation to that Sub-Fund.

The amount of any redemption penalty and the differential charge spread between the Offer Price and the Redemption Price (as set out in Section 23) are intended to cover reimbursement of the relevant Sub-Fund for marketing fees and expenses and introducers' fees which may have been paid via the Promoter on the initial allotment of the Shares in question and any early close out fee or similar charge in relation to the Notes and will be credited to the Sub-Fund whose Shares have been redeemed.

In addition to any redemption penalty, redemptions may also be subject to further deductions in respect of: hedging breakage costs; early repayment penalties or acceleration fees; arrangement fees paid to any Gearing Bank; any financial consultancy fees paid by the Fund in connection with any gearing arrangements; any drawdown transaction costs paid or payable to any Gearing Bank or its advisers; and any other similar or related costs in connection with any gearing arrangements. Where any such costs have been borne by the Promoter, deductions may be made from redemption proceeds to the extent required in order to reimburse the Promoter. The directors may apportion such costs or reimbursement amounts between redeeming shareholders as they reasonably consider appropriate.

Where a request for redemption is received in respect of part of a shareholder's holding of Shares, such application will be treated as an application that the Shares first subscribed shall be those first redeemed.

Requests to redeem, once made, may normally only be withdrawn in the event of a suspension or deferral of the redemption of Shares.

The Administrator may redeem compulsorily the Shares of any shareholder by not less than 30 days' prior written notice to that shareholder. Shares in Sub-Funds which have the target redemption feature are also subject to compulsory redemption when that feature is triggered, as described in Section 7 and in the relevant Supplementary Memorandum.

If so specified in the Supplementary Memorandum relating to a Sub-Fund, Shares in that Sub-Fund may be subject to compulsory redemption in the event that subscription monies received do not reach

a certain level within a stated period after the launch of the Sub-Fund. Further details of the redemption procedure for each Sub-Fund are set out in section 11B of the Supplementary Memorandum in relation to that Sub-Fund.

Please ensure that before making any decision as to whether or not to invest in the Fund you consider the Risk Factors set out in Section 28 and the Risk Factors set out in section 13 of the relevant Supplementary Memorandum

F. Settlement

Payment of the redemption proceeds (net of any redemption penalties, charges and/or interest rate hedging breakage costs, if applicable) will normally be made to the relevant shareholder within five business days of receipt by the Fund of the redemption proceeds of the relevant Notes, subject to the Fund having received the required written instructions from the redeeming Shareholder. However, in the case of redemptions of Shares in Select Sub-Funds, there may be a further delay until such time as the Fund has received notice of the amount required by way of repayment of principal, accrued interest and charges on any gearing loan.

Such payments will normally be made in the currency of the relevant Sub-Fund, or in a freely transferable currency as requested by the shareholder. Any costs in respect of currency conversions will be borne by the shareholder.

Redemption proceeds will be sent by telegraphic transfer at the expense and risk of the shareholder (in the case of joint registered shareholders, the first named registered shareholder) to the credit of the bank account of the first-named registered shareholder or by cheque (at the request of the shareholder).

26. Minimum Investment

Each Sub-Fund is or will be subject to minimum investment levels, details of which will be contained in the Supplementary Memorandum relating to the relevant Sub-Fund.

27. Transfers

The transfer of Shares may normally be effected by delivery to the Administrator of an instrument of transfer in a form acceptable to the Administrator together with a specimen signature of the transferee. The register of shareholders may be inspected at the registered office of the Fund.

No transfer will be registered unless and until the transferee has delivered a signed declaration acknowledging, among other things, that the transferee is an Experienced Investor, has read and understood the Scheme Particulars and any relevant Supplementary Memorandum and has complied with the Administrator's requirements for the provision of information relating to the verification of identity as detailed in Section 35C.

PART 5: RISK FACTORS

28. Risk Factors

Returns on an investment in a Sub-Fund are not guaranteed by the Fund. Prospective shareholders should consider the risks attached to an investment in a Sub-Fund including, but not limited to, those indicated below and any set out in the Supplementary Memorandum in relation to any Sub-Fund in which a prospective investor is considering an investment. Consideration should be given to whether such risks are suitable for them and prospective shareholders should ensure that they fully understand the contents of these Scheme Particulars and any relevant Supplementary Memorandum.



In particular, an investment in a Sub-Fund is not intended as a short term investment. The impact of redemption penalties upon redemption would have a significant adverse effect on the amount received by way of net proceeds of redemption in these circumstances.

The majority of the assets of each Sub-Fund are intended to be invested in Notes. The performance of each Sub-Fund is therefore dependent upon the performance of the relevant series of Notes. The performance of a series of Notes may in turn be largely dependent on the performance of any investments underlying the Sub-Fund. Investment decisions made in relation to Notes and/or any underlying investments may not prove to have been successful or correct.

It is the intention that Notes are purchased by the Sub-Funds; investors in the Fund will not have a direct holding in Notes. The Notes Issuer and the Calculation Agent are not promoting or endorsing the Fund or any Sub-Fund and do not guarantee the returns on an investment in a Sub-Fund.

Any references in these Scheme Particulars and in any Supplementary Memorandum to "guaranteed" returns are to returns on the Notes and do not take into account the impact of the costs of gearing in relation to the Select Sub-Funds.

Any guaranteed return on the Notes applies only on their maturity on the relevant Notes Maturity Date and not on earlier redemption of any Notes or of any Shares. It relates only to payment obligations of the Notes Issuer and is not a guarantee of performance of the underlying funds or a guarantee that a Sub-Fund, as a holder of Notes, will receive any amounts in excess of the initial investment in Notes. Prospective investors should be aware that, if Notes are not held to maturity or are otherwise redeemed early, there is no guaranteed payment or other principal protection. Investors may receive less than their original investment.

The Notes also entail credit risk in the Notes Issuer; in the event of the Notes Issuer's default, a holder of Notes will rank as an unsecured creditor and consequently any amounts invested would be at risk.

To the extent that the Notes Issuer is unable or unwilling to redeem any of the Notes, the Fund will be unable to redeem a corresponding value of Shares. There are also other circumstances in which the ability to redeem Shares may be restricted.

Compulsory redemptions of Shares may also be made by the Administrator, as described in Section 25E.

Redemptions of shares in the first year following their date of issue will not generally be permitted, unless specifically approved by the Fund's directors in their absolute discretion.

Investment in Select Sub-Funds includes gearing of 100 per cent of the investment made (or such other percentage as may be specified in the relevant Supplementary Memorandum). The Fund intends to enter into interest rate hedging arrangements, which may include fixing the rate, capping the rate or any other strategy considered appropriate by the directors. The primary objective of the interest rate hedging will be to ensure that the risk of adverse interest rate movements in the future does not affect the ability of the relevant Select Sub-Fund to repay the loan and associated costs, including interest payments. However, there is a risk that, following repayments of loan capital, interest and costs of borrowing on the gearing loan, the redemption proceeds before or on maturity could be considerably lower than the initial investment.

Notwithstanding that the interest rate risk is intended to be hedged, it is possible that the hedging strategy employed will involve an arrangement whereby the relevant Select Sub-Fund pays a higher short term interest rate in return for long term certainty or alternatively allows the Sub Fund to benefit from short term rates up to a given level

of interest rates. From this perspective, investors in the Select Sub-Funds may be exposed to an element of interest rate risk.

As outlined in Section 25E, in the event of a redemption of Shares in a Select Sub-Fund (including redemptions as a result of the target redemption feature referred to in Section 7), the Fund may have to redeem Notes in excess of the amount required simply to redeem the relevant Shares, for example in order to meet minimum gearing loan repayment requirements. In such circumstances, the redeeming shareholder will also be liable to the Fund for any costs incurred by the Fund as a result of breaking and resetting the interest rate hedging instruments entered into by the Fund and other costs as outlined elsewhere in these Scheme Particulars. Certain of these costs are entirely variable and dependent upon the prevailing market conditions. In addition there is a risk that the Directors, at their discretion, may impose an additional redemption penalty (including redemptions as a result of the target redemption feature referred to in Section 7) in respect of events not foreseen at the date of these scheme particulars; such unforeseen events would include, but is not limited to, taxation and legislation changes; additional redemption penalties in such circumstances would be in addition to those set out in these Scheme Particulars and attaching Supplementary Memoranda.

It is likely that repayment of gearing loans will only be permitted in minimum tranches of specified amounts. Where the amount of the gearing loan to be repaid in connection with the redemption requests in respect of Shares in a Select Sub-Fund received on any Dealing Day is less than such minimum level, the Fund will redeem sufficient Notes to finance the redemption price of the relevant Shares and to repay the corresponding amount of gearing loan together with interest and charges. The gearing loan repayment amount will then be held on deposit until such time as that amount, together with all other such amounts, aggregates the minimum repayment amount as aforesaid, whereupon the aggregate amount will be repaid to the Gearing Bank. During such periods, the sums so held on deposit will not be invested in Notes and, to that extent, the relevant Select Sub-Fund will not be fully invested.

Changes in interest rates may make zero coupon bonds more expensive to acquire and the composition of the portfolio of investments underlying the Notes may have to be rebalanced in favour of zero coupon bonds and away from funds earlier than would otherwise be the case; this is likely to have an adverse effect on the performance of the Notes.

If any investments underlying a series of Notes have underperformed, then the closer the relevant Sub-Funds get to maturity, the more expensive any "guarantees" in the Notes become to provide. In such circumstances, the composition of any portfolio of investments underlying the Notes is more likely to be rebalanced in favour of zero coupon bonds and away from funds in order to secure any "guarantees" on the Notes.

In certain circumstances, unrelated to interest rates or the maturity of the Notes, assets in the portfolio of investments underlying the Notes may be reallocated to zero coupon bonds; this is likely to have an adverse effect on the performance of the Notes.

The price of the Shares may go down as well as up due to market fluctuations and other considerations. This and the Fund's charging structure may be contributory factors to an investor receiving less than the amount of the original investment on a redemption of Shares.

The net proceeds of the target redemption procedure may be more or less than that calculated by simply multiplying the relevant Reference Price by the number of Shares held, as a result of (among other things) the impact of the settlement of indebtedness, interest, charges and breakage costs and the fact that the price of the Notes may change as

a result of movements in the value of the underlying investments between the date on which the Trigger Price was achieved and the date of redemption of the Notes.

The Fund is a newly incorporated company with no operating history.

The Fund is established as a protected cell company under the PCC Act and each Sub-Fund forms or will form a separate cell for the purposes of the PCC Act. This means that, under Isle of Man law and provided that the conditions of the PCC Act have been complied with, the assets attributable to each Sub-Fund will only be available to the creditors of that Sub-Fund. However, prospective investors should bear in mind that the segregation of assets and liabilities in the Sub-Funds, whilst recognised and protected under Isle of Man law, may not be recognised in certain other jurisdictions in which the Fund's assets are or may be located.

None of the Sub-Funds are intended to be a complete investment programme.

An investment in the Fund is not protected against the effects of inflation.

Sub-Funds and the underlying series of Notes may be priced in sterling, US dollars and euros. Although it is anticipated that the Notes will incorporate appropriate currency hedging arrangements, such arrangements may not be available on acceptable terms and there may be an element of currency exchange risk. In addition, to the extent that hedging contracts have to be broken in order to finance redemptions, it is likely that breakage costs will be suffered that will be reflected in the value of the Notes.

The Fund, the Promoter and their officers and agents are responsible for ensuring compliance with all applicable laws and regulations which may apply in respect of the sale or marketing of the Notes in any jurisdiction, including compliance with any registration or notification requirements. Neither the administrator, nor the Notes Issuer nor the Calculation Agent nor any of their affiliates or subsidiaries has any such responsibility nor will they incur any liability in the event of any such non-compliance.

If the assets of the Fund reduce to below a certain level, the Fund may reach such a size that its ongoing running costs make it uneconomic for the Fund to continue. In such circumstances, the directors will be forced to wind up the Fund, notwithstanding the fact that such action may result in the imposition of charges and penalties which would not otherwise be applicable.

There is a theoretical possibility in exceptional circumstances that, in the event of an unforeseen and extraordinary rise in the level of interest rates, the gearing applied to the Select Sub-Funds will be less than 100 per cent (or such other percentage as may be specified in the relevant Supplementary Memorandum).

Because switching from one Sub-Fund to another Sub-Fund involves the redemption of the relevant holding of Shares in the original Sub-Fund, all of the risk factors relating to redemptions apply equally to switching.

In addition to being directors of the Fund, David Connor and Meryl Thomas are shareholders in the Promoter and Michael Richardson has an interest in a trust which is a shareholder in the Promoter. There may, therefore, be potential for conflicts of interest to arise, but the directors of the Fund and the Administrator will always endeavour to ensure that the interests of the shareholders of the Fund are protected.

PART 6: OTHER INFORMATION

29. Taxation

The following summary is based on the law and practice currently in force in the Isle of Man and is subject to changes therein.

A. General

The statements on taxation below are intended to be a general summary of certain Isle of Man tax consequences that may result to the Fund and shareholders. The statements relate to shareholders holding Shares as an investment (as opposed to an acquisition by a dealer) and are based on the law and practice in force in the Isle of Man at the date of this document. 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 in the Fund is made will endure indefinitely.

Prospective shareholders should familiarise themselves with and, where appropriate, take advice on the laws and regulations (such as those relating to taxation and exchange controls) applicable to the subscription for, and the holding and realisation of, Shares in the places of their citizenship, residence and domicile. The tax consequences for each shareholder of acquiring, holding, redeeming or disposing of Shares will depend upon the relevant laws of any jurisdiction to which the shareholder is subject. Investors and prospective investors in the Fund should seek their own professional advice as to this, as well as to any relevant exchange control or other laws and regulations.

Taxation law and practice and the levels and bases of and reliefs from taxation relating to the Fund and to shareholders may change from time to time.

B. Isle of Man

Application has been made to the Isle of Man Assessor of Income Tax for the Fund to be exempt from taxation in the Isle of Man for the tax year 2005/2006 under the provisions of the Income Tax (Exempt Companies) Act 1984. The fee payable for this exemption is £475. The directors also intend to apply for exemption in respect of the tax year 2006/2007, which is the last tax year for which exemption from income tax will be available.

No persons treated as resident in the Isle of Man for Manx taxation purposes may hold any Shares in the Fund save for persons who are exempt under the Income Tax (Exempt Insurance Companies) Act 1981, the Income Tax (Exempt Companies) Act 1984, Part II of the International Business Act 1994 or the Limited Liability Companies Act 1996. Trustees of Isle of Man settlements, the income of which arises outside the Isle of Man (or from certain approved sources within the Isle of Man which includes income arising from Isle of Man exempt companies) and which have no Isle of Man resident beneficiaries are currently regarded by the Isle of Man Assessor of Income Tax as not resident in the Isle of Man.

With effect from 6th April 2006, substantially all Isle of Man companies will be subject to a zero rate of taxation. The Fund will be taxed at the zero rate with effect from 6th April 2007.

The Isle of Man does not levy taxes on capital inheritances, capital gains, gifts or sales of shares. No Isle of Man tax will be withheld in respect of the payment of any dividends or redemption proceeds. There are no current exchange control restrictions in the Isle of Man.

Amounts payable to the Fund in respect of its underlying investments may be subject to the withholding and other taxes of the jurisdictions where these investments are made. The Fund will aim to minimise taxation on its income and gains to the extent that the directors consider reasonable.



30. Charges and Expenses

A. Fees on Notes

In relation to each Sub-Fund, the Administrator will typically receive from the Calculation Agent a basic fee equal to a percentage per annum of the value (as indicated by the most recent valuation) of the Notes held by the relevant Sub-Fund at the relevant time, with the fee being paid quarterly in arrears.

In relation to each Sub-Fund, the Administrator will typically also receive from the Calculation Agent an additional fee equal to a percentage per annum of the value (as indicated by the most recent valuation) of the Notes held by the relevant Sub-Fund at the relevant time, with the fee being paid quarterly in arrears.

Details of the fees in relation to a particular series of Notes are set out in the relevant Supplementary Memorandum.

B. Administrator's Remuneration

(1) Non-Select Sub-Funds

Out of the fees received by it as referred to in Section 30A in respect of Non-Select Sub-Funds, the Administrator will typically:

- (a) be entitled to retain an amount equal to a percentage per annum of the value of Notes held by each Non-Select Sub-Fund at the relevant time;
- (b) be entitled to retain an amount equal to any agreed additional fees of the Administrator in connection with attendance at extra board meetings, mailshots, material amendments to Scheme Particulars and Supplementary Memoranda and unusual transactions (as referred to in paragraphs 30B(3)(i) to (iv)) to the extent that such additional fees are attributable to the Non-Select Sub-Funds on the basis set out below;
- (c) pay the remuneration (if any) which is payable to the Custodian in respect of the Non-Select Sub-Funds; and
- (d) pay the balance to the Promoter.

Details of the Administrator's remuneration in respect of a particular Non-Select Sub-Fund are set out in the relevant Supplementary Memorandum.

(2) Select Sub-Funds

Out of the fees received by it as referred to in Section 30A in respect of Select Sub-Funds, the Administrator will typically:

- (a) be entitled to retain an amount equal to a percentage per annum of the value of Notes held by each Select Sub-Fund at the relevant time;
- (b) pay the Percentage Fee (if any) which is payable to the Custodian in respect of the Select Sub-Funds; and
- (c) pay the balance to the Promoter.

Details of the Administrator's remuneration in respect of a particular Select Sub-Fund are set out in the relevant Supplementary Memorandum.

(3) Other Administrator's Fees

In addition to the fees received by the Administrator as referred to in Section 30A, the Administrator will be entitled to receive the following fees:

- (i) £250 for each board meeting at which a representative of the Administrator attends in excess of 4 per annum;

- (ii) £500 in respect of certain mailshots to the holders of Shares;

- (iii) £3,000 for any substantial amendment to these Scheme Particulars or any other document utilised by the Fund in connection with the offering of the Shares; and

- (iv) in respect of any transaction which is not part of the normal course of administration of the Fund, a charge based on time reasonably spent by the Administrator's officers and employees at the Administrator's hourly charging rates in force from time to time.

Where any of the Administrator's fees detailed in this Section 30B(3) relate to a particular Sub-Fund, they shall be attributed to that Sub-Fund. In all other cases, such fees shall be apportioned between, and attributed to, each Sub-Fund on a pro rata basis calculated by reference to the value of the Notes held by each Sub-Fund. Where such fees are attributed to Non-Select Sub-Funds, they will be settled in the manner described in Section 30B(1)(b). Where such fees are attributed to Select Sub-Funds they will be settled out of the assets of the relevant Select Sub-Fund, save where they form part of the Promoter's Contribution.

(4) Administrator's Minimum Fees

The aggregate fees to be retained by the Administrator in respect of a Sub-Fund or series of Sub-Funds will typically be subject to a minimum amount. Details of that minimum amount and of any arrangements to make up any shortfall will be set out in the relevant Supplementary Memorandum.

C. Custodian's Remuneration

The Custodian's remuneration will typically comprise:

- a percentage per annum of the net asset value of each Sub-Fund ("the Percentage Fee");
- a transaction fee of £75 per deal; and
- tariff charges for banking services.

The Custodian's remuneration and charges will accrue quarterly in arrears and will be payable within thirty days following the end of the relevant calendar quarter. Where any of the Custodian's remuneration and charges relate to a particular Sub-Fund, they shall be attributed to that Sub-Fund. In all other cases, such remuneration and charges shall be apportioned between, and attributed to, each Sub-Fund on a pro rata basis calculated by reference to the value of the Notes held by each Sub-Fund.

(1) Non-Select Sub-Funds

The Custodian's remuneration and charges in respect of Non-Select Sub-Funds will be settled in the manner set out in Section 30B(1)(c).

(2) Select Sub-Funds

The Custodian's remuneration and charges in respect of Select Sub-Funds will be settled as follows:

- (a) the Percentage Fee, in the manner set out in Section 30B(2)(b); and
- (b) all other fees and charges, by the relevant Select Sub-Fund, except where they form part of the Promoter's Contribution.

(3) Custodian's Minimum Fees

Details of the Custodian's remuneration in respect of a particular Sub-Fund are set out in the relevant Supplementary Memorandum.

The aggregate fees to be retained by the Custodian in respect of a Sub-Fund or series of Sub-Funds will typically be subject to a minimum amount. Details of that minimum amount and of any arrangements to

make up any shortfall will be set out in the relevant Supplementary Memorandum.

D. Directors' Fees and Expenses

Save as mentioned below, each director of the Fund will be entitled to receive the following annual director's fee:

- while the aggregate net asset values of the Sub-Funds are less than or equal to £20 million, £3,000;
- while the aggregate net asset values of the Sub-Funds are between £20 million and £60 million, £4,500;
- while the aggregate net asset values of the Sub-Funds are over £60 million, £7,000.

Michael Richardson, David Connor and Meryl Thomas have waived their entitlement to directors' fees until such time as the aggregate net asset values of the Sub-Funds are in excess of £10 million.

In addition to the fees outlined above, each director of the Fund will be entitled to be reimbursed reasonable travel and accommodation expenses incurred by him or her (as the case may be) in connection with his or her attendance at meetings in relation to the Fund.

The directors shall not be entitled to any remuneration at any time when the underlying investments of the Notes do not include an allocation in the portfolio of funds.

The directors' fees and expenses shall be apportioned between, and attributed to, each Sub-Fund on a pro rata basis calculated by reference to the value of the Notes held by each Sub-Fund.

The Promoter will meet the cost of the directors' fees and expenses attributable to the Non-Select Sub-Funds. The directors' fees and expenses attributable to any of the Select Sub-Funds shall be borne by the relevant Select Sub-Funds, except where they form part of the Promoter's Contribution.

E. General Expenses

The following costs and expenses are to be paid out of the property of the Select Sub-Funds: the repayment of principal and the payment of interest on borrowings in relation to the Select Sub-Funds; charges incurred in negotiating, effecting or varying the terms of such borrowings; arrangement fees in respect of such borrowings; and costs arising in connection with the associated security arrangements. Such costs and expenses will be attributed to the Select Sub-Funds in respect of which the relevant borrowings were incurred pro rata to the amount of such borrowings.

The arrangement fees in relation to such borrowings and certain costs arising in connection with the associated security arrangements will initially be met by the Promoter, until such time as the aggregate nominal value of the Notes held by the Select Sub-Funds first exceeds £5 million, whereupon the Fund will take on responsibility for paying such fees and costs. The Promoter shall be entitled to reimbursement of the amount paid by it on behalf of the Fund in respect of such fees and costs. Such fees and costs and the obligation to reimburse the Promoter in respect thereof will be attributed to the Select Sub-Funds in respect of which the relevant borrowings were incurred pro rata to the amount of such borrowings.

The following expenses of the Fund will be apportioned between, and attributed to, the Sub-Funds as set out below:

- (a) the costs and expenses incurred in obtaining a listing or authorisation for the Shares on any stock exchange or in publishing the Offer and/or Redemption Prices;
- (b) any costs incurred in modifying the principal constitutional

documents of the Fund;

- (c) the costs incurred in the preparation and publication of any scheme particulars, any substituted or supplementary scheme particulars and any supplementary memoranda;
- (d) any costs incurred in respect of meetings of shareholders;
- (e) (except to the extent already addressed in the charges referred to in Section 30C) any charges reasonably incurred by the Custodian in depositing any part of the property of the Sub-Funds in safe-keeping in a country or territory outside the Isle of Man;
- (f) (except to the extent already addressed in the charges referred to in Section 30C) expenses and disbursements of the Custodian incurred in connection with its duties as Custodian of the Fund, including:
 - (i) the fees, expenses and disbursements of any agent appointed by the Custodian in connection with its duties in relation to the Sub-Funds;
 - (ii) the fees, expenses and disbursements of any legal or accountancy adviser, valuer, broker or other professional person appointed by the Custodian in connection with its duties in relation to the Fund;
 - (iii) all other expenses and disbursements bona fide incurred by the Custodian in connection with the Fund;
- (g) the fees and expenses of the auditor of the Fund and the Sub-Funds;
- (h) the costs incurred in publishing annual and interim reports;
- (i) the costs incurred in keeping the register;
- (j) the additional costs incurred in administering the Fund and the Sub-Funds (except to the extent already addressed in the charges referred to in Section 30B);
- (k) expenses and disbursements of the Administrator incurred in connection with its duties as administrator of the Fund;
- (l) the fees of the Financial Supervision Commission or of any regulatory authority in a country or territory outside the Isle of Man in which Shares are or may be marketed.

Where any such expenses relate to a particular Sub-Fund, they shall be attributed to that Sub-Fund. In all other cases, such expenses shall be apportioned between, and attributed to, each Sub-Fund on a pro rata basis calculated by reference to the value of the Notes held by each Sub-Fund.

Any such expenses attributable to the Non-Select Sub-Funds shall be settled by the Promoter. Any such expenses attributable to any of the Select Sub-Funds shall be settled out of the assets of the relevant Select Sub-Fund, except where they form part of the Promoter's Contribution.

F. Allocation of Charges and Expenses

Subject to and for the purposes of the PCC Act and subject to any specific provision in these Scheme Particulars or in any relevant Supplementary Memorandum, any expenses which are paid out of the assets of the Fund (and any sums received which are not attributable to one Sub-Fund only) shall be allocated amongst the Sub-Funds in such a way as the Administrator considers to be fair to shareholders in the various Sub-Funds. Expenses may be paid out of income or capital at the discretion of the Administrator.



G. Value Added Tax

All fees and charges will, where appropriate, be subject to VAT in the United Kingdom or the Isle of Man, currently levied at 17.5 per cent. Such VAT will be attributed to the Sub-Fund to which the relevant fees and charges are attributable and will be settled by the party responsible for settling the relevant fees and charges.

H. Promoter's Contribution

Until the aggregate value of Notes of a Select Sub-Fund or Select Sub-Funds exceeds the threshold set out in the relevant Supplementary Memorandum, the Promoter shall bear the remuneration, fees and expenses referred to in Sections 30B, C, D and E as being obligations of the Select Sub-Funds. Once the aggregate value of Notes of the relevant Sub-Fund or Sub-Funds is in excess of the relevant threshold, the Promoter shall no longer be required to bear such remuneration, fees and expenses and shall be entitled to be reimbursed such sums as it shall have expended in settling such remuneration, fees and expenses out of the assets of the Select Sub-Funds in twenty-four equal monthly installments.

The Promoter shall also bear the preliminary expenses in relation to each Sub-Fund or group of Sub-Funds as set out in the relevant Supplementary Memoranda. Once the aggregate value of Notes of the relevant Sub-Fund or Sub-Funds exceeds the threshold set out in the relevant Supplementary Memorandum, the Promoter shall be entitled to partial or full reimbursement of such preliminary expenses out of the assets of the Select Sub-Funds in twenty-four equal monthly installments. The Promoter will not be reimbursed in respect of preliminary expenses attributable to the Non-Select Sub-Funds. For the purposes of calculating the net asset value of the Select Sub-Funds, the amount of such preliminary expenses shall be amortised over five years.

31. General Information

A. Directors

The board of directors of the Fund shall be composed of at least two persons. Directors may be removed or replaced at any time by resolution of the holders of Management Shares. There is no age limit or share qualification for directors.

The Fund's directors are vested with all powers to perform all acts necessary or useful for accomplishing the Fund's investment objectives.

To the extent permitted by the Companies Acts 1931 to 2004, the Fund may indemnify any director or officer out of the property of the Fund against all losses or liabilities which he or she may sustain or incur in relation thereto.

At no time will a majority of the Fund's directors be resident in the United Kingdom nor will a meeting of its directors be validly constituted unless a majority of the directors present at the meeting is not resident in the United Kingdom nor will the board of directors meet in the United Kingdom.

B. Dealings in Shares by the Administrator

Subject to the taxation status of the Fund not being prejudiced thereby, the Administrator may, as principal, acquire and hold Shares and may at its sole discretion satisfy, in whole or in part, an application or request:

- (a) for the purpose of the buying of Shares by the applicant, by effecting a transfer to the applicant of Shares owned by the Administrator at a price determined by it, but in no circumstances to be greater than the relevant Offer Price;
- (b) for the purpose of a redemption of Shares by a shareholder, by buying such Shares from the shareholder at a price determined by the Administrator, but in no circumstances to be at a price less than the relevant Redemption Price (less any redemption penalties and breakage and other costs that would be payable or deductible in the case of a redemption).

The Administrator is under no obligation to account to the Fund or to the shareholders for any profit which it makes on the issue of Shares or on the re-issue or cancellation of Shares which it has repurchased.

C. Amendment to the Fund's Articles of Association

The Fund's Articles of Association may be amended at any time by a special resolution of a meeting of the holders of Management Shares subject to the quorum and voting requirements provided by Isle of Man law.

Written notice to shareholders of the effectiveness of each amendment to the Articles of Association shall be provided with the next statement of account following its adoption. Such notice shall either state the text of any amendment or shall summarise its content and contain a commitment to send the complete text of the amendment to any shareholder upon request.

D. Winding up

The Fund may be wound up if a special resolution of the holders of Management Shares so determines.

On a winding-up, a liquidator will be required firstly to discharge the liabilities of each Sub-Fund out of the assets comprised in that Sub-Fund. Liabilities not attributable to any particular Sub-Fund will be discharged out of any assets of the Fund which are not attributable to any particular Sub-Fund.

The assets available for distribution among the Shareholders after the settlement of liabilities will be applied as follows:

- (a) firstly, the Shares in respect of each Sub-Fund shall entitle the holders thereof, *pari passu* with any further shares created to rank *pari passu* therewith as regards capital:
 - (i) in the event that the surplus assets of the relevant Sub-Fund are insufficient, to the repayment from the surplus assets of the Fund which are not attributable to any particular Sub-Fund (*pari passu* with the holders of Shares of any other Sub-Fund in an equivalent position) of the nominal value thereof in priority to any return of capital on any other class of shares; or
 - (ii) otherwise, to the repayment from the surplus assets of the relevant Sub-Fund of the nominal amount paid up on the Shares of that Sub-Fund and (subject to the prior repayment of the nominal amount paid up on any Nominal Shares attributable to that Sub-Fund) to participate in the surplus assets of that Sub-Fund;
- (b) secondly, in the repayment *pari passu* to the holders of the Nominal Shares of sums up to the nominal amount paid up thereon;
- (c) thirdly, in the repayment *pari passu* to the holders of the Management Shares of sums up to the nominal amount paid up thereon;
- (d) fourthly, in the payment to holders of Shares of any surplus of assets of the Fund then remaining, such payment being made in proportion to the nominal amounts paid up on such Shares;
- (e) fifthly, in the payment to the holders of the Nominal Shares of any balance then remaining, in proportion to the nominal amounts paid up on such Nominal Shares.

Where the net asset value of any Sub-Fund is zero or is negative, or where in the opinion of the directors any Sub-Fund is dormant, the directors shall have discretion to take all such actions in relation to that Sub-Fund as they deem appropriate, which may include the dissolution of such Sub-Fund.

E. Listing and Publication of Dealing Price

The Shares are not presently quoted or listed on any stock exchange and no such listing is currently intended. However, the Offer Price and/or Redemption Price may be published in the relevant sections of the Financial Times, Reuters, Bloomberg or other agencies.

F. Business Day and Time

References in these Scheme Particulars and any Supplementary Memorandum to a 'business day' means a day other than a Saturday or Sunday or a day which is a public holiday in the Isle of Man or a day falling within a period of suspension of the determination of the net asset value of Shares, as described in Section 24. References in these Scheme Particulars and any Supplementary Memorandum to time are to time in the Isle of Man.

G. Data Protection

Shareholders' details may be passed by and between the Fund, the Promoter, the Administrator and the Custodian in order to enable those persons to perform their designated functions in relation to the Fund. In addition, the names of Shareholders will be added to a mailing list which may be used by the Promoter to send details of new and existing products. If Shareholders do not want to receive such details, they should notify the Promoter in writing.

32. Material Agreements

The Fund has entered into agreements dated 21st March 2006 with:

- (a) the Promoter, whereby the Promoter agrees to act as a financial intermediary for the Fund and to underwrite certain costs of the Fund in return for the consideration described above;
- (b) the Administrator, whereby the Administrator agrees to provide management and administration services to the Fund in return for the consideration described above; and
- (c) the Custodian, whereby the Custodian agrees to provide custodian services in return for the consideration described above.

The agreement referred to at (a) above is terminable at any time upon notice by the Fund or the Promoter, the agreement referred to at (b) above is terminable upon 180 days' notice by either party and the agreement referred to at (c) above is terminable upon ninety days' notice by either party. The agreements contain indemnities in favour of the Promoter, the Administrator and the Custodian generally in the absence of negligence, fraud or wilful default on their part.

Details of any agreements entered into by the Fund in relation to a particular Sub-Fund or Sub-Funds or any variation to the above agreements in connection with a particular Sub-Fund or Sub-Funds will be outlined in the relevant Supplementary Memorandum.

Shareholders will generally be given at least 30 days' advance notice of any proposal to change the Administrator or Custodian or to vary materially the agreements set out above or the fee arrangements described in these Scheme Particulars or in any Supplementary Memorandum.

PART 7:

DIRECTORS' RESPONSIBILITIES, CONSENTS, ETC

33. Directors' Responsibilities, Consents, etc.

The Fund's directors are responsible for the information contained in this document and in each Supplementary Memorandum. To the best of the knowledge and belief of such directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document and in each Supplementary Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The directors of the Fund accept responsibility accordingly.

Statements made in this document and in each Supplementary Memorandum are based on the law and practice currently in force in the Isle of Man and are subject to changes in those laws.

The distribution of this document and the offering of the Shares may be restricted in certain jurisdictions. It is the responsibility of any person in possession of this document and any persons wishing to make application for Shares pursuant to this document to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions. Prospective applicants for Shares should inform themselves as to the legal requirements and consequences of applying for, holding and disposing of Shares and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

This document does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer is not qualified to do so to anyone to whom it is unlawful to make such offer or solicitation.

The Fund is an unregulated collective investment scheme as defined in the United Kingdom Financial Services and Markets Act 2000 (the "FSMA"). It has not been authorised or otherwise approved by the United Kingdom Financial Services Authority and, as an unregulated scheme, it cannot be marketed in the United Kingdom to the general public. This document can therefore be issued in the United Kingdom only to persons regulated under the FSMA to carry on investment business and to other categories of investor to whom unregulated collective investment schemes can be marketed without contravening section 238 of the FSMA. The issue of this document in the United Kingdom to any other person in connection with the offer of Shares is an offence. The protections offered by the FSMA do not apply to the Fund and compensation under the United Kingdom Financial Services Compensation Scheme will not be available.

The Shares have not been registered under the United States Securities Act of 1933 and, except in a transaction which does not violate such Act, may not 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 United States person (within the meaning of Regulation S promulgated under the said Act).

The Shares may only be acquired by persons who qualify as Experienced Investors.

For the avoidance of doubt, neither the Notes Issuer nor the Calculation Agent nor any of their affiliates or subsidiaries shall have any responsibility or liability for the distribution of this document and the offering of the Shares in any jurisdiction.



PART 8: APPLICATION

34. Disclosure Statement and Anti-Money Laundering Provisions

A. Disclosure Statement

By applying for Shares, applicants are deemed to make the following acknowledgements, confirmations, commitments, warranties and undertakings to the Fund and to the Administrator:

- (1) I/We acknowledge receipt of the current Scheme Particulars of the Fund and the Supplementary Memorandum in respect of each Sub-Fund in which I/we am/are applying or subscribing for shares, each of which I/we have carefully considered in advance of my/our application and have taken particular note of the investment policy and, in particular, the risk factors relating thereto.
- (2) I/We hereby confirm that my/our application is made solely on the terms of the current Scheme Particulars of the Fund and the Supplementary Memorandum in respect of each Sub-Fund in which I/we am/are applying or subscribing for shares and subject to the Fund's Memorandum and Articles of Association.
- (3) I/We acknowledge that any financial intermediary who advised me/us in relation to this application did so as my/our advisor and was not an agent of or acting on behalf of the Fund and/or the Promoter.
- (4) I/We confirm that I/we have the authority to make the investment pursuant to the Application Form whether this investment is my/our own or is made on behalf of another person or institution and I/we confirm that I/we have the right and authority to request redemption of shares of the Fund and that I/we will comply with the redemption instructions set out in the Scheme Particulars and/or any relevant Supplementary Memorandum.
- (5) The Administrator is hereby authorised and instructed to accept and execute any instructions in respect of the Shares to which my/our application relates and the Administrator and the Fund may rely conclusively upon and shall incur no liability in acting upon such notice, request, consent, instruction or other instrument believed by either of them in good faith to be genuine or to be signed by the proper person(s) or duly authorised or properly made.
- (6) I/We irrevocably apply for such number of shares (including fractions) at a price determined in accordance with the Scheme Particulars and/or any relevant Supplementary Memorandum as may be purchased with the amount subscribed. I/We hereby undertake and agree to accept any number of Shares in respect of which my/our application may be accepted. I/We acknowledge that the Fund reserves the right to reject any application in whole or in part and to restrict or prevent the ownership of shares by any person, firm or corporation in the circumstances outlined in the Scheme Particulars and/or any relevant Supplementary Memorandum.
- (7) On demand I/we (jointly and severally) promise to pay to the Fund or order the sum of the amount subscribed and pledge the subscribed Shares as security for payment of all sums due hereunder. I/We note that the Fund's Articles of Association contain provisions enabling forfeiture of Shares in the event of non-payment of my subscription.
- (8) I/We warrant that the acceptance of my/our application to subscribe for Shares together with the appropriate remittance will

not breach any applicable money laundering rules and regulations and I/we undertake to provide verification of my/our identity reasonably satisfactory to the Administrator, if so requested. I/We shall hold the Fund and the Administrator and any other party including the other shareholders harmless and indemnified against any loss arising due to the process of this application if such information as has been required has not been provided by me/us or if, by virtue of my/our holding, I/we are in breach of the laws and regulations of any competent jurisdiction.

- (9) (Applicable where there are joint shareholders) We direct that on the death of one of us, the Shares for which we apply be held in the name of and to the order of the survivor(s) of us or the executors and/or administrator of such survivor and we authorise the Administrator and the directors to accept instructions (including redemption requests) in accordance with the signing authority on the Application Form, save that, where that authority indicated "all of us", it shall be interpreted after the death of one of us as meaning all of the survivors.
- (10) I/We declare that the Shares subscribed for are not being acquired directly or indirectly by a person who is resident in the Isle of Man for the purposes of taxation.
- (11) I/We certify that the Shares are not being acquired directly or indirectly by a US Person (as defined by regulation S of the United States Securities Act of 1933), nor in violation of any applicable law. In particular, (i) I/we understand that the Fund has not been and will not be registered under the United States Investment Company Act of 1940, as amended, and that the Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any State of the United States and, unless described otherwise in the Scheme Particulars and/or any relevant Supplementary Memorandum, the Shares may not be offered, sold, transferred, assigned or delivered, directly or indirectly, in the United States or to a US Person at any time; and (ii) I am not/none of us is a US Person.
- (12) I/We agree to notify the Administrator in writing immediately if I/we become aware that any of the above representations is no longer complete and accurate in all respects and agree immediately either to redeem, or tender to the Fund for repurchase, a sufficient number of Shares to allow the representations to be made.
- (13) I/We acknowledge that the Fund is a protected cell company for the purposes of the PCC Act and that, in respect of my investment in any Sub-Fund, I/we shall have no recourse to the assets attributable to any other Sub-Fund.
- (14) I/We consent for the purposes of the PCC Act to the creation by the Fund of any security interest in respect of assets attributable to any Sub-Fund in which I/we hold Shares.
- (15) I/We warrant to the Fund and to the Administrator that no applicable money laundering rules and regulations will be breached by the acceptance of my/our application or of the related remittance.
- (16) I/We undertake to the Fund and the Administrator that I/we shall provide to the Administrator such verification of identity as the Administrator may reasonably require.

B. Anti Money-Laundering Provisions

All subscriptions must comply with all applicable money laundering rules and regulations. The Administrator may, at its absolute discretion, require verification of identity from any person applying to subscribe for Shares (an 'applicant').

Unless the Fund in its absolute discretion shall otherwise determine, the obligation of the Fund to allot Shares to an applicant is conditional on the Administrator being provided with such evidence within a reasonable time (as determined by the directors) after a request therefor. Accordingly, if this condition is not fulfilled or waived by the Fund, the application by and any allotment of Shares to the applicant will be deemed to have lapsed and the money paid by the applicant will be returned (without interest) to the account of the bank from which such sums were originally debited (but in each case subject to applicable money laundering rules and regulations and without prejudice to any rights the Fund may have to take proceedings to recover in respect of loss or damage suffered or incurred by it as a result of the failure to provide satisfactory evidence as aforesaid).

35. Application Procedure

A. Procedure

In order to be processed on a particular Dealing Day, applications for Shares in a Sub-Fund should be made to the Administrator by the deadline specified in the relevant Supplementary Memorandum. In addition, applications are conditional on the Administrator being in receipt of cleared funds by the further deadline specified in the relevant Supplementary Memorandum. Applicants should note that applications are subject to certain restrictions (as outlined in Section 25D), which may result in them not being processed on the next Dealing Day even if the deadlines referred to in this paragraph are met.

An acknowledgement of the investment will be made by the issue of a contract note which will be sent to the applicant with a duplicate to the applicant's authorised agent, if one is appointed.

Payment for Shares may be made by cheque, bankers draft or telegraphic transfer. Subject to the deadlines outlined above being met, applicants will be allotted Shares on the next Dealing Day following receipt by the Administrator of the later of the duly completed Application Form and advice from the receiving bank that cleared funds are available.

The minimum investment in Shares in each Sub-Fund is Shares to a value of not less than £10,000, \$15,000 or €15,000 (depending on the currency of valuation and pricing of the relevant Sub-Fund). These minimum investments may be reduced to £5,000, \$7,500 and €7,500 in respect of investments on behalf of insurance company portfolio bonds.

An application for Shares in any Sub-Fund made by an applicant who has an existing holding of Shares in that Sub-Fund will not be accepted if it is for less than £5,000, \$7,500 or €7,500 (depending on the currency of valuation and pricing of the relevant Sub-Fund).

Applications made by persons who are not Experienced Investors will be rejected.

B. Application Address

The completed application form should be detached and posted or faxed (with the original following by post) to the Administrator:

Abacus Financial Services Limited
Sixty Circular Road
Douglas
Isle of Man
IM1 1SA

Tel No: +44 (0) 1624 689600
Fax No: +44 (0) 1624 689602
e-mail: afsl@abacusiom.com

C. Verification Documents Required

The Fund and the Administrator are required to verify the identity of all new investors and applicants are therefore required to produce the following documents which must be attached to their application for Shares:

Applications via an Authorised Intermediary:

Notification may be provided by the introducer completing an "eligible introducer certificate", which can be obtained from the Administrator by phoning + 44 (0) 1624 689600. If an "eligible introducer certificate" is produced, the verification documents noted below may not be required.

Individual Investors (for each applicant):

1. Certified signed copy of passport or national identity card; and
2. Original (or certified copy) of a utility bill or bank statement not more than three months old.

Corporate Investors:

1. Certified copy of the Certificate of Incorporation;
2. Certified signed copy of passport or national identity card of the beneficial owners together with an original (or certified copy) of a utility bill or bank statement not more than three months old for each beneficial owner. Confirmation of percentage of ownership should also be provided (private companies only);
3. Certified signed copy of passport or national identity card of the signatory(ies) and directors (where different from above) together with an original (or certified copy) of a utility bill or bank statement not more than three months old for each individual;
4. Certified copy of the Board Resolution ratifying the investment and the authorised list of signatories; and
5. Certified copies of any Power of Attorney or any other authority affecting the operation of the account.

Trusts, Pension Schemes and Fiduciary Clients:

1. Certified copy of the extract of the Trust Deed and any relevant Deed of Appointment appointing the Trustees;
2. Certified signed copy of passport or national identity card of all parties to the trust (including any persons with the power to appoint or remove a Trustee) together with an original (or certified copy) of a utility bill or bank statement not more than three months old for each individual;
3. Details of the nature and purpose of the trust; and
4. Certified copy of the resolution to invest in the Fund and the authorised list of signatories.

Certification of Documentation:

In order to adhere to the regulatory guidelines under which the Administrator operates, where original documentation will not be forwarded with the application, copies must be suitably certified. Certifications must be performed by a member of a recognised professional body (accountant/lawyer, etc.), a manager or director of a licensed financial institution or a notary public. In addition to signing the certification, the person must append their full name, capacity to sign (including membership of a professional body) and the date. Introducers who have fully approved and signed terms of business agreements in place are also permitted to certify client verification documents.



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Further Information

For further information please contact your Financial Adviser.

For general enquiries, please contact us at the address or telephone/facsimile numbers shown or by e-mail: info@optimafund.com

You may also visit our web site www.optimafund.com on which share prices and other information is displayed.

Contact Details

For further information please contact your Financial Advisor.

General Queries - for queries relating to applications, contract notes or settlement please contact: Abacus Financial Services Limited on telephone no + 44 1624 689600 or fax no + 44 1624 689602 or by email at afsl@abacusiom.com

Sales Queries - for sales related queries please contact us on:
Telephone no + 44 1624 838110 or fax no + 44 1624 836785 or by email at info@optimafund.com

Up to date share prices and additional information may be obtained by visiting our website - www.optimafund.com

For further copies of the Scheme Particulars, latest Report & Accounts or to inspect constitutional documents please contact the Administrator:

Abacus Financial Services Limited, Sixty Circular Road, Douglas, Isle of Man, IM1 1SA, British Isles