

Newton Offshore Strategy Fund Limited

Prospectus dated 1st July 2011

PROSPECTUS

REGULATORY DETAILS

This Prospectus relating to Newton Offshore Strategy Fund Limited (the "Company") is a prospectus prepared in accordance with the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (the "Rules") and constitutes a prospectus prepared in accordance with 9.3.3R of the UK Collective Investment Schemes Sourcebook ("COLL") published by the Financial Services Authority ("FSA").

The Company is governed by the Collective Investment Funds (Jersey) Law 1988 as amended (the "Funds Law") and the subordinate legislation made thereunder. The Company, the Manager, the Custodian and the Administrator (as defined under the heading "Details of the Company Structure" below) have obtained from the Jersey Financial Services Commission (the "Commission") permits under Article 7 of the Funds Law to operate within the Island and the Company has obtained a recognized fund certificate as an Umbrella Fund under the Rules. Permits were originally granted to the Company, the Manager and the Custodian on 2nd July 1996. A permit was originally granted to the Administrator on 6th June 2003. A recognized fund certificate was originally granted to the Company on 2nd July 1996. The Commission is protected by the Funds Law against liability arising from the discharge of its functions under the Funds Law or the Rules.

Newton Fund Managers (C.I.) Limited, the manager of the Company (the "Manager") and the directors of the Company (the "Directors") have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts, the omission of which would make misleading any statement herein whether of fact or opinion. The Manager and each of the Directors accept responsibility accordingly.

No person receiving a copy of this Prospectus and an Application Form in any territory other than the UK, Jersey, or Guernsey may treat the same as constituting an invitation to him nor should he in any event use such form unless in the relevant territory such an invitation could lawfully be made to him or such form could lawfully be used without compliance with any registration or other legal requirements. Any person outside the UK, Jersey and Guernsey wishing to make an application hereunder should satisfy himself as to the observance of the laws of any relevant territory including obtaining any requisite governmental or other consents or observing any other requisite formalities.

Participating Shares are offered on the basis of the information and representations contained in this Prospectus. Any further information given or representations made by any dealer, salesman or other person must be regarded as unauthorised, and neither the delivery of this Prospectus nor the allotment or issue of Participating Shares shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof.

The Company is a recognised scheme in the United Kingdom for the purposes of the Financial Services and Markets Act 2000 ("FSMA") by virtue of s270 of FSMA. The contents of this Prospectus have been approved for the purposes of s21 of FSMA by Newton Investment Management Limited which is an authorised person for the purposes of FSMA and is regulated as such by the FSA the address of which is 25 The North Colonnade, Canary Wharf, London E14 5HS (although the rules made under FSMA for the protection of retail clients do not apply to an investment in the Company). This Prospectus may accordingly be distributed in the United Kingdom without restriction. A copy of this Prospectus has been delivered as required under FSMA to the FSA.

The Participating Shares of the Company have not been and will not be registered under the United States Securities Act of 1933 and the Company has not been and will not be registered under the United States Investment Company Act of 1940. Accordingly, the Participating Shares may not be offered or sold directly or indirectly in the United States (which term includes its territories, possessions and all other areas subject to its jurisdiction) or to nationals or residents thereof ("US Persons") (including the estate of any such person or any corporation, partnership or other entity created or organised under the laws of the United States or any political sub-division thereof) except pursuant to an exemption from the registration requirements of the United States Securities Act of 1933. The Directors shall be entitled to compulsorily redeem any Participating Shares held by any person in breach of any law or requirement of any country or government authority, including without limitation by U.S. Persons.

Expressions defined in the Company's Articles of Association are used with the same meaning in this Prospectus.

It should be remembered that the price of Participating Shares and income from them can go down as well as up. In addition, changes in rates of exchange may have the effect of causing the value of an investment to diminish or increase. Consequently, holders of Participating Shares ("Shareholders") may not receive on redemption of their Participating Shares the amount that they originally invested.

In the event of any conflict between the Rules and this Prospectus, the **Rules** shall prevail.

DETAILS OF COMPANY STRUCTURE

THE COMPANY

The Company was incorporated in Jersey on 4th April 1996 with registration number 64833 and with limited liability under the provisions of the Companies (Jersey) Law 1991 as amended (the "Companies Law").

The Company is an open-ended investment company, which can have a number of separate class funds, each investing in a particular market or area, or type of investment. The investment strategy for each class fund will be stated in the relevant fund rules.

The Articles of Association of the Company allow Participating Shares of each class fund offered for subscription to be issued as income and accumulation shares. The two classes carry the same rights, except that income shares of each class fund carry a right to dividends paid out of the assets attributable to that class fund, whereas accumulation shares of each class fund carry no right to dividends, but instead carry a right to an increased share in the underlying assets of that class fund. A further description of the rights of each class of Participating Shares is given in the Articles of Association of the Company and the relevant fund rules. At the date of this Prospectus Participating Shares in the Global Balanced Fund will be issued as income and accumulation shares.

The Company has received confirmation from HMRC that the Fund is to be treated as a Reporting Fund with effect from and including the accounting period ended 31st December 2010. Prior to 2010 the Company successfully obtained 'Distributor Status' certification from Her Majesty's Revenue and Customs ("HMRC") for each of its financial years up to and including the financial year ended 31st December 2009.

The Company has nine investment class funds all of which are "Securities Funds" for the purposes of the Rules.

Class Fund	Investment Strategy & Objectives
Alternative Assets	To achieve long-term capital growth and an element of income, principally through investment in a diversified portfolio of global securities obtaining exposure to Alternative Assets. The investment strategy of the class fund is to invest predominantly in a balanced portfolio of approved securities to provide exposure to Alternative Assets in a range of markets. The class fund may also invest in collective investment schemes, warrants, deposits and money market instruments within the limits set out in the Rules. Derivatives and forward transactions may be entered into for efficient portfolio management. For the purposes of this paragraph, "Alternative Assets" means non-traditional assets including, but not limited to, hedge funds, structured products, real property, private equity, commodities, art and fine wine.
Bridge	To provide investors with capital growth with an element of income in sterling from a diversified portfolio of investments world-wide, in any economic sector. This class fund will primarily be invested in a portfolio of international equities and fixed interest securities. Although it will normally be invested in securities, the Investment Manager may elect to hold cash or near cash from time to time. There will be no limits on the proportion of the class fund invested in bonds or equities or in any one geographic region.
Diversified Assets	To provide investors with long term growth in excess of cash returns from a balanced portfolio diversified across a range of assets. The investment strategy of the class fund is a balanced portfolio of equity and fixed interest securities (including where appropriate, investment funds) in a range of international markets.
Global Balanced	To maximise the total return both of capital and income provided to investors through investment in a diversified portfolio of both global equities and fixed interest securities. An income share class and an accumulation share class are available for Global Balanced.
Global Equity	To provide investors with long-term capital growth and an element of income through a diversified portfolio of global securities, principally equities.
Global Fixed Interest	To maximise the total return both of capital and income provided to investors through investment in a diversified portfolio of fixed interest securities, with some cash or near cash holdings from time to time.
Special Situations	To maximise the total return both of capital and income provided to investors through investment in a diversified portfolio of global securities, predominantly equities.
Sterling Fixed Interest	To provide investors with a mixture of both capital preservation and an income from a portfolio of predominantly sterling denominated fixed interest securities. This class fund will focus on maximising the total return to the investor.
UK Equity	To provide investors with capital growth together with an element of income through a diversified range of UK equity investments.

The base currency of all of the above class funds is sterling. Shares in the above class funds pay dividends in their base currency. Consistent with the above table, it is not intended that the Company will have an interest in any immovable property or tangible movable property.

THE MANAGER

The Manager is Newton Fund Managers (C.I.) Limited, a company incorporated in Jersey on 22nd August 1972 with limited liability under the provisions of the Companies (Jersey) Laws 1861 to 1968 which laws have since been repealed and superseded by the Companies Law.

The ultimate holding company of the Manager is The Bank of New York Mellon Corporation, which is incorporated in Delaware, United States of America.

The registered office of the Manager is Liberté House, 19-23 La Motte Street, St Helier, Jersey JE2 4SY, Channel Islands.

The Manager has an issued share capital, including share premium, of £2,100,000 consisting of 102,000 shares of £1 each all of which are fully paid up at par or at a premium. The Manager is the holder of a permit under the Funds Law.

THE CUSTODIAN

The Custodian is BNP Paribas Securities Services Trust Company (Jersey) Limited, a company incorporated in Jersey on 3rd November 1972 with limited liability under the provisions of the Companies (Jersey) Laws 1861 to 1968 which have since been repealed and superseded by the Companies Law. The appointment of BNP Paribas Securities Services Trust Company (Jersey) Limited results from the merger of BNP Paribas Securities Services Trust Company (Jersey) Limited with BNP Paribas Securities Services Custody Bank Limited effective on 30th June 2009, where BNP Paribas Securities Services Trust Company (Jersey) Limited was the surviving entity.

The ultimate holding company of the Custodian is BNP Paribas SA, a company incorporated in France.

The Custodian's registered office is Liberté House, 19-23 La Motte Street, St Helier, Jersey, JE2 4SY.

As at the date of this Prospectus the Custodian's authorised share capital is £4,250,000 divided into 4,250,000 shares of £1 each, all of which have been issued and are fully paid up.

The Custodian is the holder of a permit under the Funds Law. The principal business activity of the Custodian is the provision of Corporate Trust Services.

The Custodian has no responsibility for selecting the investments of the Company.

THE INVESTMENT MANAGER

Newton Investment Management Limited (the "Investment Manager") is authorised and regulated by the FSA.

The Investment Manager's registered office is 160 Queen Victoria Street, London EC4V 4LA.

The Investment Manager is in a group of companies of which the Manager is a member and its principal activities are that of a manager of investment portfolios and of a fund manager.

The ultimate holding company of the Investment Manager is The Bank of New York Mellon Corporation, which is incorporated in Delaware, United States of America.

THE ADMINISTRATOR AND REGISTRAR

The Manager has (with the approval of the Company) appointed BNP Paribas Securities Services Fund Administration Limited as administrator of the Company (the "Administrator") and delegated to the Administrator certain administrative functions in relation to the Company.

The Manager (with the approval of the Company) has also appointed the Administrator as Secretary and Registrar to the Company. The Administrator was incorporated in Jersey on 29th December 1996 (registration number 66956) with limited liability under the provisions of the Companies Law. As at the date of this Prospectus, the Administrator had an issued share capital, including share premium, of £4,050,000 consisting of 250,000 shares of £1 each all of which are fully paid up at par or at a premium. The appointment of BNP Paribas Securities Services Fund Administration Limited results from the merger of BNP Paribas Securities Services Fund

Administration Limited with BNP Paribas Fund Services Jersey Limited effective on 31st March 2009, where BNP Paribas Securities Services Fund Administration Limited was the surviving entity.

BNP Paribas SA beneficially owns the entire issued share capital of the Administrator.

The registered office of the Administrator is Liberté House, 19-23 La Motte Street, St Helier, Jersey JE2 4SY, Channel Islands. The Administrator was formed for the purpose of administering collective investment funds and closed ended collective investment schemes and is the holder of a permit under the Funds Law.

REGISTER OF SHAREHOLDERS AND CONSTITUTION

The Registers of Shareholders and Directors

These can be inspected at Liberté House, 19-23 La Motte Street, St Helier, Jersey JE2 4SY, Channel Islands.

The Constitution of the Company

The Company is a recognized fund in the category of an Umbrella Fund as defined in the Rules. A separate class fund is maintained with respect to each class fund. A class fund consists of the investments and cash for the time being representing all property attributable to Participating Shares of the relevant class including the net income and profits accruing thereto.

The Directors may create additional class funds by adopting fund rules approved by the Custodian and specifying the name, investment objective, base currency, initial price, and other relevant provisions for a class fund not contained in the Articles of Association of the Company.

In the event of an Umbrella Fund being unable to meet liabilities attributable to any particular class-fund out of the assets attributable to such class-fund, the excess liabilities may have to be met out of the assets attributable to the other class-funds.

FEES AND CHARGES PAYABLE BY THE COMPANY

The Articles of Association provide for a maximum periodic charge payable monthly in arrears to the Manager in sterling and accruing on a daily basis at an annual rate not exceeding 1.5% of the value of the property of the class fund. The value of the property of the class fund is calculated in accordance with the provisions of the Rules. If units or shares are held for the class fund in any other collective investment fund or unit trust managed by the Manager or any associate of the Manager then the value of such units will be deducted from the value of the property of the class fund before the calculation of the Manager's periodic charge.

The Manager's periodic charge is 1% of the value of the respective class funds calculated as stated above. The Manager is required to give not less than three months' written notice of any increase (within the maximum permitted rate) in the periodic charge to all Shareholders before the increase becomes effective.

For its services as Registrar, the Manager receives a fee from the Company of £1 per shareholding in each class fund per month, calculated on the number of shareholdings on the register on the last Dealing Day of the month. This fee is subject to a periodic review by the Manager and the Company and is payable out of the property attributable to each class fund. The Manager has delegated the performance of registrar services to the Administrator.

The Custodian will receive a fee based on an annual rate of 0.03% of the value of the property of each class fund other than the Global Fixed Interest Class Fund and the Sterling Fixed Interest Class Fund for its duties pursuant to the terms of the Custodian Agreement. In respect of the Global Fixed Interest Class Fund and the Sterling Fixed Interest Class Fund, the Custodian will receive a fee of 0.02% of the value of the property of each such class fund. This will accrue monthly on the last day in each calendar month in respect of that day and the period since the last day in the preceding month and is payable within seven days after the last day in each month. The fee is calculated by reference to the value of each class fund on the last business day of the preceding month except for the first accrual which is calculated by reference to the first Valuation Point (defined herein under the section headed "Sale, Repurchase and Exchange of Shares") of each class fund. The fee is payable out of the property attributable to each class fund.

In addition to the above, the Company pays to the Custodian a safe custody fee and charge in respect of each transaction in securities (other than UK securities) which is normally subject to a minimum of £10 and a maximum of £80 but is payable at the full rate actually charged to the Custodian in the course of transacting securities deals in certain smaller overseas markets. In respect of UK securities, the Company pays to the Custodian a transaction charge of £10 per transaction. The Custodian's fees are reviewable annually by 31st August and any changes will be effective on and from 1st January in the next year.

Additionally, the Custodian may also be paid out of the property of the class funds the fees and expenses incurred in relation to the Directors' fees, insurance, acquisition, holding or realisation of any property of any class fund or of any deposit or loan or the exercise of voting rights. The Custodian may also be paid all expenses incurred in the collection and distribution of income or in the preparation of reports and accounts to holders. The Custodian is also entitled to the costs of telex, long distance telephone calls and other out-of-pocket expenses of whatever nature properly incurred by the Custodian in effecting registration of any securities in any clearing system.

For the Alternative Assets, Bridge, Global Balanced, Global Equity and UK Equity class funds, solely for the purpose of calculating the amount that is distributable, the following fees and expenses are charged to capital rather than income in line with the Manager's expectation of the split between capital and income growth, and all remaining fees and expenses are charged to income:

Manager's Periodic Charge (75% to capital)

Custody (Safekeeping) Fees (100% to capital)

Activity Fees (100% to capital)

For the Diversified Assets, Global Fixed Interest, Special Situations and Sterling Fixed Interest class funds, all fees and expenses are charged to capital.

FEE PAYABLE BY INVESTORS

The Company bears its own administrative expenses as permitted by the Rules. These are listed under the sub-heading "Expenses" in the section headed "General Information".

The preliminary charge payable to the Manager on the purchase by or issue to a Shareholder is a percentage of the creation price and is payable in addition to that price. The maximum preliminary charge currently permitted in the Articles of Association is 7% of the creation price (see the section headed "Valuations").

As at the date of this Prospectus, the preliminary charge is 5% of the creation price for each class fund, except for Sterling Fixed Interest and Global Fixed Interest, in which case this charge is 3.5%. Not less than three months' written notice of any increase (within the permitted maximum rate) in the preliminary charge will be given to all Shareholders before the increase becomes effective.

SUBSCRIPTION, REPURCHASE AND EXCHANGE OF SHARES

Dealing Days

A Dealing Day is every business day in the Island of Jersey or such other day as the Directors of the Company may determine permanently or temporarily. Any permanent change in a Dealing Day must be notified by the Directors to holders of Participating Shares in writing before such a change is made.

Deals accepted before 12 noon (Jersey time) (the "Valuation Point") on a Dealing Day are effected at the prices calculated by reference to the net asset value of the relevant class fund at the Valuation Point on that Dealing Day and those deals accepted after the Valuation Point on a Dealing Day are effected at the prices similarly calculated at the Valuation Point on the next Dealing Day.

For the purpose of the creation or cancellation of Participating Shares, the relevant class fund will be valued as described under the section headed "Valuations". Participating Shares will be sold or repurchased by the Manager at the prices calculated as described under the section headed "Valuations". Subject to the requirements of the Rules, prices are calculated on a forward pricing basis.

Applications

Applications for Participating Shares will normally be accepted during the working hours of the Administrator in Jersey, currently between 9.00 a.m. and 5.00 p.m., on a Dealing Day in any of the following ways: -

1. In writing - The investor should complete an original application form and return it to the Administrator or the Manager. The Manager and the Administrator reserve the right to process the transaction on the receipt of cleared funds.
2. By telephone/fax - An application may be accepted by telephone or fax from an investor, although the Manager and the Administrator reserve the right to process the transaction on receipt of cleared funds only.

In each case funds must be remitted by electronic transfer to the subscription account detailed in the application form.

When the investor applies for Participating Shares, it is important that the Standing Redemption Payment Instruction included in the application form is completed to avoid any undue delay in the processing of any subsequent repurchase by the investor.

The Manager and the Administrator will only accept a maximum of four individuals as registered holders of any shareholding in the Company.

Applicants are only able to purchase shares on receipt by the Administrator of complete anti-money laundering documentation.

The telephone number for the Dealing Desk in Jersey is (UK) 01534 709130 or (International) +44 1534 709130. The equivalent fax number is (UK) 01534 709189 or (International) +44 1534 709189. The investment helpline is (UK) 0870 840 0456 or (International) +44 870 840 0456 or e-mail offshore@newton.co.uk.

Initial and Subsequent Investments

The minimum initial investment, minimum additional investment and minimum holding for each share class is as set out below:

Class Fund	Share Class	Minimum Initial Investment	Minimum Subsequent Investment	Minimum Holding
Alternative Assets	Income Share Class	£5,000	£500	£5,000
Bridge	Income Share Class	£5,000	£500	£5,000
Diversified Assets	Income Share Class	£5,000	£500	£5,000
Global Balanced	Income Share Class	£5,000	£500	£5,000
	Accumulation Share Class	£5,000	£500	£5,000
Global Equity	Income Share Class	£5,000	£500	£5,000
Global Fixed Interest	Income Share Class	£5,000	£500	£5,000
Special Situations	Income Share Class	£5,000	£500	£5,000
Sterling Fixed Interest	Income Share Class	£5,000	£500	£5,000
UK Equity	Income Share Class	£5,000	£500	£5,000

Settlement

1. A Participating Share purchase deal must be settled by electronic transfer made in any of the specified currencies to one of the correspondent banks listed on the application form. (The application form should still be completed and sent directly to the Administrator or the Manager). The bank instruction details are set out in the application form. These instructions should be used as the means of ensuring that the investor's paying bank has all the necessary information available to make the transfer. Investors should note, however, that the paying bank, agent bank and receiving bank may deduct a charge for remitting sums by electronic transfer.

Currency Conversion

In cases where a subscription payment is made in a currency other than the base currency of the class fund, conversion will be undertaken by the Manager or the Administrator, at the cost and risk of the investor. The exchange rate will be determined by the Manager/Administrator who will normally only process the deal on receipt of cleared funds.

Contract Notes

A contract note will be despatched before the close of business on the business day after the Dealing Day on which the transaction was effected and this will indicate the amount invested, the number of shares allocated and the price at which the shares were purchased. If

an investor has sent a non-base currency payment, the foreign exchange rate used by the Manager/Administrator will be shown on the contract note.

Participating Share Certificates

All Participating Shares are in registered form. Participating Share certificates will not be issued unless otherwise requested. However, the Directors advise that it is preferable not to require the issue of a Participating Share certificate as it delays the repurchase process because of the need for the renounced Participating Share certificate(s) to be returned to the Manager/Administrator before a deal can be transacted. The exchange process could be similarly delayed if share certificates were in issue. A contract note may be used as prima facie evidence of title where a Participating Share certificate is not issued.

Repurchases

To sell Participating Shares, providing the investor is able to provide adequate identification on request, a telephone call to the Administrator during working hours, currently between 9.00 a.m. and 5.00 p.m., on a Dealing Day is all that is required.

Repurchase proceeds will be paid out no later than the close of business on the fourth day (maximum) after either the next Valuation Point following a request to repurchase or receipt of all necessary documents of title relating to the Participating Shares to be repurchased, whichever is the later, provided that any applicable money laundering prevention information has been received in particular, but without limiting the generality thereof, the original application form relating to the subscription for such Participating Shares.

The Manager/Administrator will only pay repurchase proceeds in the name(s) of the investor(s) to the bank stated in the Standing Redemption Payment Instruction (Unless a written instruction is received detailing alternative bank details of an account in the name(s) of the investor(s)). This instruction can be changed from time to time by written notification from the investor(s), and in the case of joint investors signed by all of them. Payment will be made by bank giro credit or electronic transfer in which case the costs will be deducted from the proceeds of the repurchase.

If a share certificate has been issued, repurchase proceeds will only be paid out when the duly renounced share certificate has been received by the Manager/Administrator. Where a share certificate has not been issued, although requested, Shareholders may produce the contract note as evidence of title to their Participating Shares. The repurchase will be effected immediately on receipt of repurchase instructions.

A repurchase transaction will be evidenced by a contract note.

There is no minimum number of Participating Shares, or minimum value of Participating Shares, which may be repurchased by the Manager in any one transaction except that in the event of a Shareholder requesting the repurchase of part only of a holding of Participating Shares in a share class, the Manager is not bound to effect the repurchase if it would leave the Shareholder holding less than the minimum permitted holding in such share class as set out under "Initial and Subsequent Investments".

Where a Shareholder requests the repurchase of a number of Participating Shares representing not less than 5% of all the Participating Shares of that class in issue, the Manager may elect that the Shareholder may not be paid the repurchase price of his Shares but instead accept a transfer of property of that class fund. Before doing so, the Manager must serve notice on the Shareholder in accordance with the Rules not later than the close of business on the second business day following the day on which the initial request for repurchase is received. By serving a counter-notice no later than the fourth business day following receipt of the first notice, the Shareholder may require the Manager, instead of arranging for a transfer of property, to arrange for the sale of that property and for payment to the Shareholder of the net proceeds of the sale.

Exchanges

Shareholders are entitled to exchange all or some of their Participating Shares of one class fund into Participating Shares of another class fund or a particular class of Participating Shares within a class fund. Exchanges will be effected by the Manager repurchasing the Participating Shares of the original class fund at the cancellation price ruling on the relevant Dealing Day and by investing the proceeds into the new class fund or a particular class of Participating Shares within the new class fund at the relevant creation price for such shares but without adding the preliminary charge unless the exchange is being made in respect of an investment in relation to which no preliminary charge (or lesser charge) has been recovered, in which case the preliminary charge (or the difference between that charge and any lesser charge) will be payable in addition to that price.

Exchanges will be subject to the same rules under the Rules as apply to the sale and repurchase of Participating Shares so that an exchange may not be effected if the sale and repurchase of either of the relevant class fund's is suspended.

The right of a Shareholder to exchange will be subject to the Company having sufficient available share capital to enable the exchange to be effected.

Where the Participating Shares are non-certificated, providing the investor is able to provide adequate evidence of entitlement to such Participating Shares when requested, a telephone call is all that will be required to transact an exchange.

When a share certificate has been issued, the investor must return the duly renounced share certificate before an exchange will be effected.

An exchange will be evidenced by contract notes in the usual way.

An exchange will only be carried out if the amount invested in a new share class meets the minimum holding requirements as set out under "Initial and Subsequent Investments". Furthermore, if there is any residual investment in the share class from which an investor is exchanging this must also be at least equal to the minimum holding as set out under "Initial and Subsequent Investments".

An exchange of Participating Shares in one class fund for Participating Shares of another class fund or a particular class of Participating Shares within another class fund may in some jurisdictions be a disposal for the purposes of capital gains taxation.

A Shareholder who applies to exchange Participating Shares in one class fund for Participating Shares of another class fund or a particular class of Participating Shares within another class fund will not be given a right by law to withdraw from or cancel the transaction but may withdraw where there is a suspension of the sale and repurchase of Participating Shares of the relevant class fund or a particular class of Participating Shares of the relevant class fund as described below.

An exchange will be processed by the Manager/Administrator on the relevant Dealing Day if received prior to the Valuation Point and if the request is received after this time the exchange will be processed on the next Dealing Day.

Refusal to Deal/Suspension of Dealings

At any time at which the Manager holds itself out as willing to repurchase Participating Shares it must also be willing to sell Participating Shares. In certain circumstances, the Manager is not obliged to repurchase or sell Participating Shares. In the case of a sale, for example, the Manager may refuse to accept an initial application to invest in Participating Shares to a value of less than the minimum initial investment as set out under "Initial and Subsequent Investments", or in the case of a subsequent application, the minimum subsequent investment as set out under "Initial and Subsequent Investments".

The Manager may, with the prior agreement of the Custodian, suspend the repurchase of Participating Shares for a period of not more than one month if the Manager is of the opinion that there is good and sufficient reason to do so having regard to the interests of Shareholders. The circumstances in which the Manager may suspend are, for example : -

- I. the suspension of trading on a market where securities normally traded on that market form a material part of the property of a class fund;
- II. extreme volatility of prices of securities which may indicate that prices at any Valuation Point do not represent the value thereof;
- III. when due to any state of affairs, the making of deposits cannot be made normally.

Alternatively, the Custodian or the Directors, with the prior approval of the Custodian, may require the Manager to suspend the repurchase of Participating Shares if they likewise are of the opinion that there is good and sufficient reason.

In any of the above cases, either the Manager, Custodian or Directors, as appropriate, must notify the Commission of the suspension of repurchases and give reasons for it. The Commission must also be informed of the resumption of repurchases.

During a period where the repurchase of Participating Shares has been suspended the Manager must not sell and the Company must not create or cancel any Participating Shares.

Repurchase requests may be withdrawn during a period of suspension but, if not withdrawn, will be dealt with on the Dealing Day following the end of the suspension.

Following the end of a period of suspension, the re-calculation of prices will be carried out at the Valuation Point on the next Dealing Day (see "Dealing Days" under the heading "Sale, Repurchase and Exchange of Shares"). Selling and repurchasing will subsequently recommence on a forward pricing basis as before.

The Manager will use its best endeavours to cause notice of such suspension, and thereafter a notice stating that the suspension has ended, to be placed in the Financial Times London and other newspapers as it determines.

VALUATIONS

VALUATIONS FOR SHARE PRICES

Terminology

Creation and cancellation prices of Participating Shares are the prices at which they are created and cancelled by the Custodian. Sale and repurchase prices of Participating Shares are the prices at which they are sold to and repurchased from the investor. Sale and repurchase prices derive from creation and cancellation prices but are modified to accommodate permitted additions and deductions

(such as preliminary fees and, in the case of a single priced fund, a dilution levy). Creation and cancellation prices are different in a dual priced fund but the same in a single priced fund. The Directors of the Company adopted single pricing in place of dual pricing with effect on and from 1st April 2005.

Valuation

In calculating the creation and cancellation prices of Participating Shares, assets of each class fund are valued in accordance with the Rules.

Investments are valued at their mid-market prices (and any fiscal charges or commissions or other charges applicable to dealing in the relevant assets are ignored).

Any part of the property of a class fund which is not an investment is valued at a fair value.

Price of Participating Shares

The initial price of Participating Shares in a class fund is as specified in the relevant fund rules. Thereafter, the price at which Participating Shares of the class fund are created and cancelled is determined by taking the value of the property of the class fund (valued as described above), dividing it by the number of Participating Shares of the relevant class fund in existence immediately before the relevant valuation and rounding the resulting amount arithmetically to at least four significant figures.

The price calculation does not involve additions and deductions as part of the valuation process (as is the case in a dual priced fund) and, instead, the underlying mid-market price is used. However, the Manager is entitled to impose a dilution levy in accordance with the Rules, as explained below. The Manager is also entitled to impose the preliminary charge, as explained under the heading "Fees payable by investors".

Dilution

The price of a Participating Share is calculated by reference to the Net Asset Value of the class fund to which it relates. As explained above, a class fund's investments are valued on a mid-market basis in accordance with the Rules. However, the actual cost of purchasing or selling investments for a class fund may deviate from the mid-market value used in calculating the price of Participating Share due to dealing costs such as broking charges, taxes, and any spread between the buying and selling prices of the underlying investments. These dealing costs can have an adverse effect on the value of the class fund known as "dilution".

Dilution Levy

The dilution levy for each class fund will be calculated by reference to the costs mentioned above under the heading "Dilution". The need to charge a dilution levy will depend on the volume of sales or repurchases. The Manager may charge a discretionary dilution levy on the sale and repurchase of shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for repurchases) might otherwise materially be adversely affected. A dilution levy must be imposed only in a manner which, so far as practicable, is fair to all Shareholders or potential shareholders. In particular, the dilution levy may be charged in the following circumstances: on a class fund experiencing large levels of net sales relative to its size, on "large deals" (being a deal with a total value of 1% or more of the total value of the relevant class fund), where a class fund is in continual decline, and in any other case where the Manager is of the opinion that the interests of existing/remaining Shareholders and any potential shareholders require the imposition of a dilution levy. In order to reduce the volatility in the rate of any dilution levy, the Manager may take account of the trend of the class fund in question to expand or to contract, and the transactions in shares at a particular Valuation Point. As dilution is directly related to the inflows and outflows of monies from the scheme it is not possible to accurately predict whether dilution will occur at any point in time. If charged, the dilution levy will be shown in addition to (not as part of) the price of shares when they are sold by the Manager or as a deduction when they are repurchased by the Manager. The Manager has no entitlement to the dilution levy, which will either be paid into the relevant class fund, in the case of a sale of shares, or retained in the class fund, in the case of a repurchase of Shares.

The following table sets out what the rate/amount of a dilution levy would have been as at 7th June 2011. The levy was different depending on whether a shareholder was buying or selling, hence the two columns of figures:

Class fund	Dilution Levy for redemptions	Dilution Levy for subscriptions
Alternative Assets	(0.58%)	0.62%
Bridge	(0.18%)	0.35%
Diversified Assets	(0.37%)	0.47%
Global Balanced	(0.17%)	0.25%
Global Equity	(0.18%)	0.33%
Global Fixed	(0.31%)	0.31%
Special Situations	(0.24%)	0.56%
Sterling Fixed	(0.34%)	0.34%
UK Equity	(0.17%)	0.66%

The rates/amounts in the above table constitute the best information available for the purposes of estimating what the rate/amount of a dilution levy might be in the future.

Other

The most recent price of Participating Shares of the class fund will be available on the Investment Manager's website, www.newton.co.uk/pim and published daily in the Financial Times in London and other publications and media as the Directors may from time to time determine. The cancellation price last notified to the Custodian is available on request.

Under the Rules, the Manager may carry out valuations additional to those specified above whenever it is considered desirable to do so.

TRANSFER OF SHARES

Participating Shares may be transferred in the usual way. All stock transfer forms together with renounced share certificates to cover the transaction, if applicable, should state the full name and address of the transferor and transferee and be accompanied by a completed application form containing the Standing Redemption Payment Instructions of the transferee.

No transfer of Participating Shares will be registered if as a result the transferee or transferor would hold less than the minimum holding of Participating Shares permitted on the sale or repurchase of Participating Shares by the Manager subject to the Directors resolving otherwise in a particular case.

The Directors may decline to register a transfer of Participating Shares if: -

- a) the form of transfer is not deposited at the registered office of the Company (or such other place as the Directors reasonably require) together with the relevant share certificate, if any, and other evidence of title; or
- b) the form of transfer relates to Participating Shares of more than one class; or
- c) the Participating Shares are proposed to be held jointly by more than four persons; or
- d) The documentation required in respect of anti-money laundering regulations has not been provided.

If the Directors refuse to register a transfer they must, within one month following the date on which the transfer was lodged with the Company, send the transferee the notice of such refusal.

The registration of transfers may be suspended by the Directors from time to time, but for no longer than thirty days in any year, except in the case of d) above.

Compulsory Redemption

If the aggregate value of the property of all of the class funds on each Dealing Day throughout a period of four consecutive weeks is less than the equivalent of US\$20,000,000 or in respect of a particular class fund less than the equivalent of US\$5,000,000 (or such higher sum in relation to any class fund as the Directors shall from time to time determine), the Company may give (without prejudice in the latter case to the investor's right to exchange and the right of the Directors to reintroduce, or otherwise make available for issue, at any time after a compulsory redemption, Participating Shares of the class so redeemed) not less than three weeks' written notice (expiring on a Dealing Day) of its intention to redeem all (but not some) of the outstanding Participating Shares of the Company or, as the case may be, of the particular class fund concerned, at their respective prices on the Dealing Day on which such notice expires, such notice to be given within eight weeks of the expiry of the said four consecutive weeks.

The Company may, with the sanction of a Special Resolution of a class meeting, redeem the whole of any class of Participating Shares by giving not less than four or more than six weeks' notice expiring on a Dealing Day at the respective price on that day.

Any holding of a US Person will be subject to compulsory redemption.

All Participating Shares and nominal shares ("Nominal Shares") in issue on 30th June 2095 (or if that is not a Dealing Day on the next following Dealing Day) will be redeemed at the prices ruling on the relevant Dealing Day.

RISK FACTORS

Potential investors should consider the following risk factors before investing in the Company.

General risk factors applicable to all class funds.

Any stock market investment involves risk. Some of these risks are general, which means that they apply to all class funds. Others are more specific, which means that they apply specifically to certain class funds only. Before you decide to invest, it is important to understand these risks and to bear in mind that such investments should not be regarded as short-term investments and should normally be held for at least 5 years. If you are unsure, please seek professional advice from a financial advisor.

The value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. Past performance is not a guide to future performance and when you sell your investment you may get back less than you originally invested

General Risk Factors

Market & performance risks

Market price risk is the risk that the value of the Share Classes.

investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Share Class might hold. It represents the potential loss the Share Class might suffer through holding market positions in the face of price movements. The Share Classes investment portfolio is exposed to market price fluctuations which are monitored by the Manager in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Prospectus mitigates the risk of excessive exposure to any particular type of security or issuer.

The entire market of a particular asset class or geographical sector may fall, having a more pronounced effect on class funds heavily invested in that asset class or region.

Capital risk

Where an initial charge is imposed, an investor who sells its or his shares after a short period may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested. Early withdrawals could reduce capital growth or even cause this to be negative.

Please note that owing to the greater level of risk in a stock market based investment compared to, say, placing money on deposit in a building society or bank account, the value of your investment may fluctuate and could fall below your original investment amount whereas the capital value of a bank or building society deposit investment remains intact.

Inflation risk

Inflation will, over time, reduce the value of your investments in real terms.

Foreign Currency risk

Foreign currency risk is the risk that the value of the Share Classes investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

A proportion of the Share Classes investment portfolio is invested in overseas securities and the balance sheet can be affected by movements in foreign exchange rates. The Manager may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the sterling value of investments that are priced in other currencies. Revenue received in other currencies is converted to sterling on or near the date of receipt.

Liquidity risk

The assets of the Share Classes comprise mainly readily realisable securities. The main liquidity risk to the Share Classes is the redemption of any shares that investors wish to sell. Assets of the Share Classes may need to be sold if insufficient cash is available to finance such redemptions. Since the Share Classes accounting year end there have been sufficient cash resources available to finance any such redemptions.

From time to time market liquidity may be affected by economic events.

To manage these risks, the Investment Manager undertakes research of investment opportunities to select opportunities congruent with the Share Classes investment objective.

All stocks are valued daily and are reviewed for pricing accuracy as the need arises. The investment manager has considered the liquidity of the stocks in the portfolio, however the risk of low market liquidity, through reduced trading volumes, may affect the future ability of the Share Classes to trade financial instruments at values previously indicated by financial brokers.

Emerging markets risk

Securities of many companies in emerging markets are less liquid and their prices more volatile than securities of comparable companies in more developed markets. Other risk factors such as political and economic conditions should also be considered. Restrictive dealing, custody and settlement practices may be prevalent. A counterparty may not pay or deliver on time or as expected. As a result, settlement may be delayed and the cash or securities could be disadvantaged.

Fixed interest security risk

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital.

Unlike the income from a single fixed interest security, the level of income (yield) from a class fund is not fixed and may go up and down.

If the income yield is higher than the redemption yield, there is the possibility that the capital will be eroded.

The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer.

Interest rate risk

Interest rate risk is the risk that the value of the Share Classes investment holdings will fluctuate as a result of changes in interest rates. Some of the Share Classes invest in fixed and floating rate securities. The revenue of these Share Classes may be affected by changes to interest rates relevant to particular securities or as a result of the Manager being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The benchmark rate is LIBOR.

Credit risk

Certain transactions in securities that the Share Class enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Share Class has fulfilled its responsibilities. The Share Class only buys and sells investments through brokers which have been approved by the Manager as an acceptable counterparty. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

Smaller companies risk

Smaller companies may be riskier and less liquid than larger companies. This means that their share prices may be more volatile.

Concentration risk

The risk of concentration may arise when a class fund is predominantly invested in a single country and / or geographic area, or has limited industry diversification. Concentration risk can also occur when a fund is invested in a limited number of securities.

Derivatives and financial instrument risk

The Share Classes also enter into derivative transactions in the form of forward foreign currency contracts, futures contracts and options contracts. The purpose of these financial instruments is Efficient Portfolio Management. Forward foreign currency contracts are used to manage currency risk arising from holdings of overseas securities. Futures are used to manage market price risk. The Share Classes uses traded options to hedge up the stock which is physically owned. The purpose of undertaking these contracts is to protect the portfolio as far as possible from a downturn in the markets.

Charges to capital risk

Charging of fees and expenses to a class fund's capital account may lead to erosion of capital.

Suspension of dealings in Participating Shares

Investors are reminded that in certain circumstances their right to redeem Participating Shares may be suspended (see "refusal to Deal / Suspension of Dealings" under the heading "Sale, Repurchase and Exchange of Shares").

Assets and liabilities of the Company

In the case of any asset of the Company (not being attributable to the Management Shares or Nominal Share) which the Directors do not consider is attributable to a particular class fund, the Directors shall have the discretion to determine the basis upon which any such assets shall be allocated between class funds and the Directors shall have the power at any time and from time to time to vary such basis. Where the assets of the Company attributable to the Management Shares or Nominal Share give rise to any net profits, the Directors may allocate assets representing such net profits to such class funds as they deem equitable. The basis upon which any liability shall be allocated between class funds (including conditions as to subsequent re allocation thereof if circumstances so permit or require) shall be effected in accordance with the Rules.

In the event of an umbrella fund being unable to meet liabilities attributable to any particular class fund out of the assets attributable to such a class fund, the excess liabilities may have to be met out of the assets attributable to the other class funds.

Except to the extent of any unpaid share capital commitments, Shareholders are not liable for the debts of the Company.

Regulatory Developments

AIFM Directive

Amongst other regulatory changes being proposed, the European Parliament has recently approved the text of a European Directive on Alternative Investment Fund Managers (the "AIFM Directive"). The AIFM Directive is expected to come into force in European Member States in May 2013. It will have implications for the Manager as well as the Company.

The Manager may need to become authorised under the AIFM Directive and, if so, will need to be compliant with its requirements. Obtaining authorisation under, and ongoing compliance with, the requirements of the AIFM Directive may subject the Manager to increased costs which may ultimately be borne by the Company. Where the requirements of the AIFM Directive cannot be met, the Manager may be required to resign as the manager of the Company. The AIFM Directive also imposes restrictions on the management activities that the Manager can perform. The exact scope of these restrictions remains unclear, but they may in some cases require entities performing management functions to restructure. These aspects may result in further increased costs to, and potential disruption for, the Company.

Furthermore, the Manager will be required to ensure that the Company meets certain requirements under the AIFM Directive. These may include the need for the appointment of the additional service providers and for the Company to meet certain standards, including in relation to increased disclosure. This may require amendments to the Company's terms and other documentation and may lead to increased costs.

Many of the AIFM Directive's detailed requirements are still to be determined by the European Securities and Markets Authority and the European Commission in guidelines and delegated acts and so the full position is not yet known. The Directors therefore propose to keep the position regarding the AIFM Directive under review, as it may affect the Company.

US Developments

There have been various amendments proposed to US securities legislation recently, including without limitation, the passing of the Dodd-Frank Act and the proposed amendments to the U.S. Investment Advisers Act 1940. Obtaining any necessary authorisations under, and ongoing compliance with, the requirements of U.S. legislation may subject the Manager, the Investment Manager, or any sub-adviser not only to increased restrictions but also costs which may ultimately be borne by the Company. The scope of the registration requirements and restrictions under U.S. law remains unclear, however these aspects may result in further increased costs to, and potential disruption for, the Company.

Furthermore, the Directors will be required to ensure that the Company meets certain requirements under U.S. legislation. These may include the need for the appointment of the additional service providers and for the Company to meet certain standards, including in relation to increased disclosure. This may require amendments to the Company's terms and other documentation and again may lead to increased costs.

Many of the detailed requirements of the revised U.S. Investment Advisers Act are still to be determined by the US Securities and Exchange Commission and, consequently, the full position is not yet known. The Directors therefore propose to keep the position regarding US legislation under review, as it may affect the Company.

TAX SECTION

TAX CONSIDERATIONS (JERSEY)

The Company

The Company is a subject to income tax at a rate of 0%.

Jersey has recently introduced legislation to provide an exemption from taxation for 'eligible investment schemes' which would have retroactive effect from 1st January 2010. The Company may be able to take advantage of this exemption. A small annual fee will be payable.

The States of Jersey introduced a Goods and Services Tax ("**GST**") with effect from 6th May 2008. The Company does not suffer any irrecoverable GST, as it has applied to the Comptroller of Income Tax for inclusion on the list of "international services entities" of its administrator BNP Paribas Securities Services Fund Administration Limited.

Investors

Jersey does not levy taxes upon capital, inheritances, capital gains, gifts, sales or turnover, nor are there estate duties. No stamp duty is levied on the transfer inter vivos, exchange or repurchase of Shares in the Company but there is a stamp duty payable when Jersey Grants of Probate and Letters of Administration are required. Stamp duty is levied according to the size of the estate and in the case of an estate not exceeding £100,000 in value the sum payable would be £50 per £10,000 or part thereof, and for estates above £100,000, £500 on the first £100,000 and £75 per additional £10,000 or part thereof. There is no upper limit on stamp duty payable. An application fee is also due to the Registrar of Probate on all Grant applications, this is presently £50. Under Jersey law, a Jersey Grant

of Probate or Letters of Administration is required to transfer or redeem shares on the death of a shareholder except where the total value of the deceased's Jersey estate is less than £10,000 when the Directors of the Company may, at their discretion, dispense with this requirement on certain conditions being satisfied. If they do so, they may be indemnified against claims under the Probate (Jersey) Law 1998 if the deceased died domiciled within specified British jurisdictions but not for foreign jurisdictions. Under Jersey law, deductions by way of withholding tax are not made on payments to Shareholders on the repurchase of Participating Shares.

Shareholders, other than persons resident for tax purposes in Jersey are not subject to Jersey tax in respect of dividends declared by the Company. Any investor who is in any doubt as to his tax position in relation to the Company should consult his professional adviser. The attention of Jersey resident investors is drawn to Article 134A of the Income Tax (Jersey) Law 1961 (as amended), the effect of which may be to render such a resident liable to income tax on any undistributed income or profits of the Company.

European Union Directive on the Taxation of Savings Income (Directive 2003/48/EC)

Jersey is not part of the European Union and is not subject to the directive on the taxation of savings income in the form of interest payments (the "EU Savings Tax Directive"- Council Directive 2003/48 on the Taxation of Savings Income) or other European Union fiscal legislation. However, in keeping with Jersey's policy of constructive international engagement (and in line with steps taken by other relevant third countries) Jersey has entered into various agreements regarding the EU Savings Tax Directive.

The States of Jersey has introduced a system which permits, either:

- the disclosure of information concerning details of payments of interest (or other similar payments) and the identity of an individual beneficial owner of the interest to the tax authority of the European Union jurisdiction where the owner of the interest payment is resident; or
- the imposition of a retention or withholding tax in respect of payments of interest (or other similar income) made to an individual beneficial owner resident in an European Union member state by a paying agent situated in Jersey or a European Union member state.

(The terms "beneficial owner" and "paying agent" are defined in the bilateral agreements entered into between Jersey and each of the European Union member states relating to the treatment of savings income).

The retention tax system will apply for an initial transitional period during which tax would be retained from such payments, instead of communicating the details of such payments to the tax authorities of the European Union member state in which the individual beneficial owner is resident (the transitional period will apply until:

- the implementation of a system of automatic communication among all European Union member states of information regarding interest payments; and
- the European Union member states unanimously agree that the United States of America has committed to exchange of information on request).

Notwithstanding the foregoing, certain banking institutions in Jersey are considering a move to an automatic exchange of information before the end of the transitional period principally due to a harmonisation of operating platforms and procedures. At present Jersey is committed to move to an automatic exchange of information on completion of the EUSD transitional arrangements and there is no requirement to move ahead of this previously agreed position

The requirements in respect of information disclosure or retention tax will not apply to companies, partnerships or to most types of trusts, nor will they apply to individuals who are resident outside the European Union.

Where the Company has appointed a paying agent located outside Jersey, it is not required to make any disclosures or levy retention tax. However, the rules applicable in the jurisdiction where the paying agent is located will apply.

TAX CONSIDERATIONS (UK)

The Directors intend that the Company should conduct its affairs so that it will not be resident in the UK for tax purposes or carry out any trade through a permanent establishment, branch office or agent in the UK. On this basis, the Company will not be liable for any UK taxation on its income or gains other than income deriving from a UK source.

Dividends, but not equalisation included in the first distribution after acquisition of shares, will be treated as income in the hands of a UK investor whether it is re-invested in additional shares or paid out to the shareholder as a dividend.

UK resident and domiciled individuals should be entitled to a non-repayable tax credit equal to one ninth of the cash dividend which can be offset against their tax liability. Where the class fund has more than 60% of its property invested, broadly speaking, in interest paying investments the dividend will be taxed as interest and not as a dividend and the tax credit will not be available.

An exemption from corporation tax may be available under sections 931A - 931W of the Corporation Tax Act 2009 to UK resident companies who receive dividends from the Company.

The Company has been accepted by HMRC as a Reporting Fund from the accounting period ending 31st December 2010. A Reporting Fund is required to report to each UK investor, the investor's proportionate share of the class fund's income derived from its accounts regardless of whether that income is distributed to the investor, or accumulated in the class fund. Such amounts will be taxed in the same way as actual distributions made. As a Reporting Fund, gains realised by the sale, redemption or other disposal of shares by UK taxpayers should be subject to tax as capital gains and losses realised on sale or disposal of shares may also be offset against other capital gains. Prior to this the Company successfully obtained 'Distributor Status' certification from HMRC for each of its financial years up to and including the financial year ended 31st December 2009, for the Company or each of its class funds (as appropriate).

Individual UK investors who consider themselves to have a non-UK domicile and who make a valid claim for the remittance basis to apply for the relevant year should not be subject to UK taxation on income and/or gains from their holding of Company shares unless the income and/or gains are remitted to the UK.

UK resident companies having an interest in the Company, such that 25% or more of the Company's "chargeable profits" for an accounting period could be apportioned to them or to associated or connected persons, may become liable to pay an amount equal to the UK corporation tax that would have been suffered on their share of the Company's income if the Company was resident in the UK for tax purposes in accordance with the provisions contained in sections 747 to 756 of, and Schedules 24 to 26 to, the Income and Corporation Taxes Act 1988 ("the 1988 Act") relating to controlled foreign companies.

The attention of investors who are resident or ordinarily resident in the UK is also drawn to section 13 of the Taxation of Chargeable Gains Act 1992. If the Company is not resident in the UK but would be a "close" company if it were so resident, the provisions of this section may in certain circumstances have the effect of subjecting such investors to UK capital gains tax (or, in the case of companies, corporation tax on chargeable gains) on an apportioned part of any capital gains accruing to the Company. Such a charge to tax would not, however, apply where 10% or less of the capital gain would be apportioned to the investor (and persons connected with him). The amount of capital gains tax paid by an investor under these provisions (so far as not reimbursed by the Company) would be allowable as a deduction in the computation of a gain accruing on the disposal by him of the shares by reference to which the tax was paid.

The attention of individuals ordinarily resident in the UK is also drawn to Part 13 of the Income Tax Act 2007 which contains provisions for preventing avoidance of income tax by transactions resulting in the transfer of income to persons (including companies) abroad and may render them liable to taxation in respect of undistributed income and profits of the Company.

Shares in the Company will be classified as a foreign asset for the purposes of UK inheritance tax.

Additional information for corporate Shareholders

The rules for the taxation of loan relationships will apply to UK resident corporate investors holding shares in accounting periods during which the Company has at any time more than 60% of its property invested, broadly speaking, in interest paying investments. They will be subject annually to corporation tax on income on any movement in the open market values of their holdings, as determined on the basis of fair value accounting, for those accounting periods when the Company's investments do not exceed the 60% test, those corporate investors will be liable to corporation tax on chargeable gains. In cases where there is no actual acquisition or disposal, market values should be used.

TAX CONSIDERATIONS (GENERAL)

Shareholders may, depending on their circumstances, be liable to income tax, capital gains tax or corporation tax or their equivalents in their country of residence at the relevant rate in respect of gains realised on the disposal or exchange of Participating Shares.

NOTE: While all the references to taxation in this section of the prospectus are believed to be correct at the present time, they are only of a general and non-exhaustive nature based on the company's understanding of current law and practice and their applicability will depend on the particular circumstances of individual investors and may be subject to change in the future. accordingly, investors are advised to seek professional advice on their taxation position.

INVESTMENT AND BORROWING RESTRICTIONS

- a) The following investment restrictions apply to all class funds under the Rules:
- I. Hedging transactions are permitted if reasonably believed by the Manager to be economically appropriate for the purpose of efficient portfolio management as more fully referred to below under the sub-heading "Efficient Portfolio Management".
 - II. The borrowing of foreign currency is permitted as part of a back-to-back arrangement to reduce or eliminate risk arising by reason of fluctuations in exchange rates.
 - III. No investment shall be acquired which would require the assumption by the Company of an unlimited liability, which for the avoidance of doubt includes participation as a general partner in a partnership.
 - IV. Except in the case of forward transactions in a currency or derivative transactions which are permitted under the Rules for efficient portfolio management, the class fund may not dispose of property unless: (i) the obligations and other similar

obligation could immediately be honoured by the class fund by delivery of property of the class fund or the assignment of rights and (ii) the property and rights are owned by the class fund at the time of the agreement.

V. Underwriting or sub-underwriting agreements may be entered into on behalf of the class fund provided they do not infringe other investment restrictions and the class fund has property or the right to acquire property sufficient to discharge the obligations under such agreements.

VI. The Directors may exercise the powers of the Company to borrow money for a class fund. The Directors may secure the borrowings on the assets of the class fund provided that such borrowings do not exceed in aggregate 10% of the value of the net assets of each class fund and may not exceed, in aggregate, the total of all sums which are to become part of the property of the class fund within one month. Borrowings may be made from the Custodian and/or an associate of it on normal commercial terms. In normal circumstances, the Directors do not intend to borrow money for a class fund.

b) The following restrictions apply to all Securities Funds under the Rules and therefore cover the Alternative Assets, Bridge, Diversified Assets, Global Balanced, Global Equity, Global Fixed Interest, Special Situations, Sterling Fixed Interest and UK Equity class funds of the Company:

I. Generally, investments must be in transferable securities which are traded on an eligible market and in recently issued transferable securities which are to be traded on an eligible market (see Appendix 1 of this Prospectus). Subject as mentioned below, there is no limit on the amount which may be invested on an eligible market within the meaning of the Rules.

II. In addition the class funds may invest:

- 1) up to 10% of the value of their property in transferable securities which are not approved securities as specified in the Rules;
- 2) in cash or near cash to enable Participating Shares to be repurchased, for the efficient management of the class fund or for other purposes which may reasonably be regarded as ancillary to the investment objectives of the class fund. Near cash includes debt instruments issued by certain borrowers, international organisations and local authorities specified in the Rules;
- 3) up to 5% of the value of their property in warrants provided that the exercise of the rights to subscribe conferred by the warrants will not infringe any other limits imposed by the Rules; and
- 4) in nil or partly paid securities where it is reasonably foreseeable that the amount of any existing and potential calls for any unpaid sum could be paid by the pool, at the time when payment is required, without contravening the Rules.

III. There are limitations on the investments that may be made by a Securities Fund. These are the main ones:

1. the class fund may not hold shares in a company which carry the right to more than 20% of the votes in general meeting;
2. the class fund may not hold more than 10% of the shares in a company where such holding does not confer voting rights in general meetings;
3. the class fund may not hold more than 10% of the units in another collective investment fund;
4. generally, not more than 5% in value of the property of the class fund may be invested in transferable securities issued by the same issuer. As an exception to this, up to 10% in value may be invested in transferable securities other than government and other public securities issued by the same issuer if all such holdings do not amount to more than 40% of the value of the property of the class fund. In addition, up to 35% in value of the property of the class fund may be invested in government and other public securities issued by the same issuer; and
5. up to 5% of the property of a class fund may be invested in collective investment funds. Collective investment funds must:
 - (i) either be a recognised fund, a collective investment fund that complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive, a recognised scheme, or a collective investment fund the units of which are approved securities;
 - (ii) be dedicated to investing funds raised from the public in transferable securities or money market fund assets;
 - (iii) have terms which prohibit more than 5% in value of the property of the collective investment fund consisting of units in collective investment funds and have the effect that the only units in which the collective investment fund may invest are units in collective investment funds themselves falling within the foregoing requirements.

Acquiring units in a collective investment fund which is managed or operated by the Manager or any of its associates is not permitted unless: (i) the instrument constituting the collective investment fund states that its investment will be restricted to a particular geographic area or economic sector or other specific investment objective; (ii) the

constitutional documents of the investing class fund and its prospectus clearly state that the property of the pool may include such units; and (iii) the manager of the investee fund is under a duty to pay into the property of the class fund within four business days: (a) on investment, either any amount by which the consideration paid out of the property of the class fund for the units in the other fund exceeds the price that would have been paid for the benefit of the other fund had the units been newly created or issued by it or, if such price cannot be ascertained by the manager of the class fund, the maximum amount of any charge permitted to be made by the issuer of units in the other fund; and (b) on disposal, the amount of any charge made for the account of the manager of the other fund or an associate of the manager in respect of the disposal.

c) Other categories of Funds:

The Rules permits the creation of money market funds, futures and options funds, property funds, warrant funds, Government and other securities funds. The details of the investment restrictions which apply to these under the Rules are not listed in this Prospectus as no such classes of fund are currently available in the Company.

The investor's attention is drawn to the fact that the Global Fixed Interest class fund may invest up to 100% of the value of the class in Government and other public securities. The investment and settlement restrictions applying to government and public securities funds under the Rules do not apply to class funds classified as Securities Funds.

The return on a class fund may be more conservative where it is invested significantly in Government and public securities though the return will, of course, depend on a number of factors including the exact investments purchased and currency fluctuations.

d) Investment powers and restrictions:

It should be noted that whilst this Prospectus contains information regarding the objectives of the class funds and related investment strategies, together with details of key investment powers and restrictions, there are additional investment powers and restrictions contained in the Rules and accordingly, the information in this Prospectus is not exhaustive.

EFFICIENT PORTFOLIO MANAGEMENT

The Company and/or the Investment Manager may employ techniques and instruments relating to transferable securities which the Directors believe to be economically appropriate to the efficient portfolio management of the Company in accordance with the investment objectives of the Company.

A brief explanation of the conditions and limits for the use of such techniques and instruments in relation to the Company is given below:

(a) **Derivative contracts**

Derivatives transactions used for the purposes of efficient portfolio management must be either options, futures or contracts for differences. If the derivative is not traded or dealt in on an eligible derivatives market, it must comply with the conditions relating to off-exchange transactions laid down in Article 5.23 of the Rules. Furthermore, no more than 5% of the value of the property of the Company may be directed to initial outlay in respect of off-exchange transactions with any one counterparty.

The Company may enter into derivative transactions provided that the maximum potential exposures created by entering into the transactions are fully covered by the property of the Company in accordance with the provisions of the Rules, and that the transaction may be readily closed out by the Manager at any time.

(b) **Forward currency contracts**

The Company may enter into forward currency contracts on the condition that the counterparty to such contracts is an approved counterparty within the meaning of the Rules.

STOCK LENDING

The Company may engage in securities lending transactions subject to compliance with the requirement of the Rules and the following conditions and restrictions:

- (i) all the terms of the agreement under which the lending arrangement is made are in a form acceptable to the Custodian and in accordance with good market practice, or the counterparty to the transaction is an authorised person or a person included in the list of authorised money market institutions maintained by the Financial Services Authority or, in the case of stock lending, effected through Clearstream or Euroclear, is acceptable to Clearstream or Euroclear as the case may be although undisclosed to the Custodian;
- (ii) the Company must receive adequate and sufficiently immediate collateral in the form of cash, near cash, government and other public securities, a certificate of deposit, a letter of credit, securities transferred in CREST by a delivery by value or securities transferred in the Clearstream or Euroclear systems. In the case of stock lending effected through Clearstream or Euroclear, a guarantee is given to the Custodian by Clearstream or Euroclear as the case may be which guarantees the transfer to the account of the borrower under the stock lending agreement of securities of the same kind and value, in the event of any default by the borrower;

- (iii) the Custodian shall take such steps to ensure that the value of the collateral at all times exceeds the value of securities on loan; and
- (iv) there is no limit on the value of the property of the Company which may be the subject of stock lending transactions provided that the Company is always able to cancel the arrangement and immediately recall securities on loan.

Income paid on securities lent by the Company will be paid by the relevant borrower of such securities to the Company. Any incremental income shall be allocated to the respective class fund.

CORPORATE STRUCTURE

1. *Authorised and Issued Capital*

The Company has an authorised share capital of £100 comprising 100 Management Shares of £1 each and US\$10,000,000 comprising 1,000,000,000 Unclassified Shares of US\$0.01 each. The 100 Management Shares were subscribed in full for cash at par by or on behalf of the Manager. The Unclassified Shares are available for allotment as Participating Shares or Nominal Shares.

2. *Management Shares*

The Management Shares were created to comply with Jersey law, under which there must be a class of non-redeemable shares in issue in order that the Participating Shares of US\$0.01 par value and the Nominal Shares of US\$0.01 par value may be redeemable.

The Management Shares of £1 each par value are not redeemable and in accordance with the Articles of Association are owned by the Manager or its nominees. The Management Shares, in a winding-up, rank for the return of their paid-up value after the return of the paid-up par value on the Participating Shares and the Nominal Shares out of the balance of any assets not attributable to any class fund remaining after satisfaction of the payment of the nominal value of the Participating Shares and the Nominal Shares.

At both a General Meeting and a Class Meeting every holder of Management Shares is entitled on a show of hands to one vote and on a poll to one vote in respect of each Management Share held.

3. *Participating Shares*

The Participating Shares, having a par value of US\$0.01 each, may be issued in class funds designated in any currency. The Participating Shares are the only shares which will be issued to the public.

At both a General Meeting and a Class Meeting every holder of Participating Shares of the relevant class is entitled on a show of hands to one vote and on a poll to one vote in respect of each whole Participating Share held.

4. *Nominal Shares*

The Nominal Shares of US\$0.01 par value each are non-participating Redeemable Preference Shares and are issued for the purpose of providing funds for the redemption of the nominal value of Participating Shares. They can only be issued at par and, in practice, only to the Manager. In a winding-up, they rank for return of their paid-up par value after the Participating Shares and in priority to the Management Shares, but have no rights to any further participation in the surplus assets of the Company and no recourse to assets of any class fund. A holder is entitled on a show of hands to one vote and on a poll to one vote in respect of the Nominal Shares held by him, irrespective of the number held.

The Manager has undertaken to subscribe for Nominal Shares to provide for the redemption of the nominal value of the Participating Shares.

Holders of Nominal Shares are entitled to convert any Nominal Shares held into Participating Shares of any class fund by paying to the Company on a Dealing Day an amount equal to the creation price of a Participating Share on that day less its nominal value. No such conversions may take place on a day when the repurchase of Participating Shares of the class fund in question has been suspended or if any creation or cancellation application by the Manager in connection with the conversion is refused.

Where the repurchase of Participating Shares has been suspended and/or any creation or cancellation application made by the Manager refused, conversion of the Nominal Shares will be made on the Dealing Day next following the end of such suspension or refusal as the case may be.

The Company may from time to time on any Dealing Day redeem all or any Nominal Shares in issue out of the monies which may lawfully be applied for this purpose.

No transfer of Management Shares and Nominal Shares may be carried out without the prior written consent of the Directors.

5. *Qualified Holders*

If it comes to the notice of the Directors or if the Directors have reason to believe that Participating Shares are owned by any person:

- a) who holds Participating Shares in breach of any law or requirement of any country or government authority; or

- b) whose holding, whether alone or together with other persons, in the opinion of the Directors, might result in the Company suffering taxation or other pecuniary disadvantage which it might not otherwise have suffered,

the Directors are entitled to give notice to such person requiring him to transfer such Participating Shares or requesting their redemption.

6. *Articles of Association*

In addition to the provisions summarised above, or referred to elsewhere, the Articles of Association of the Company provide, subject to the provisions of the Rules, that Directors of the Company are empowered under the Articles of Association to divide Unclassified Shares into additional classes of Participating Shares and create class funds of any of the categories of funds permitted under the Rules by adopting fund rules for each such class fund, in accordance with the Rules. The Articles of Association also provide that the contents of the Rules are deemed to form part of the Articles.

The Directors by resolution may adopt fund rules containing certain matters appropriate to a class of Participating Share which are not contained in the Articles of Association. Fund rules must be certified as approved by the Custodian and accompanied by a Certificate of a solicitor or advocate of The Royal Court of Jersey as complying with the requirements of the Rules as they relate to their contents.

Subject to any restriction on the powers to modify which may be contained in the constitutional documents, a modification to the constitutional documents may be made without the approval of a resolution of the Shareholders if it is required solely:

- (a) to implement any change in the law, including a change brought about by an amendment of the Rules;
- (b) as a direct consequence of any such change in the law;
- (c) to change the name of the Company or of a constituent part;
- (d) to remove from the constitutional documents obsolete provisions;
- (e) to replace the Manager or the Custodian when he has been removed or wishes to retire or has retired;
- (f) to remove references to a constituent part of the Company, following the approval of the Commission under the Rules to a proposal to alter the Company by removing that constituent part;
- (g) to make any other modification which the Custodian and the Manager have agreed in writing, or in the case of a company the directors consider, does not involve any Shareholders or potential shareholders in any material prejudice; or
- (h) to reflect the introduction of a new constituent part.

A modification is not permitted (despite the above) if it would affect any express restriction imposed by the constitutional documents on the powers which the Manager and Custodian or either of them would otherwise be able to exercise within the Rules.

The rights attached to any class of shares (unless otherwise provided by the terms of the issue of the shares of that class) may from time to time be altered or abrogated with the consent in writing of the holders of not less than two-thirds of the issued shares of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of such shares on the register on the date on which notice of such separate General Meeting is given by a majority of two-thirds of the votes cast at such a meeting, but not otherwise.

The special rights conferred upon the holders of any class of shares having preferential or other special rights shall unless otherwise expressly provided by the conditions of issue of such shares be deemed not to be varied by, inter alia, the creation, allotment or issue of further shares of the same class as any shares for the time being in issue or the exchange of Participating Shares of any class for Participating Shares of any other class or the conversion of Nominal Shares into Participating Shares.

A Director may act in any professional capacity for the Company (other than as Auditor) and may receive remuneration for such professional services. A Director may also hold any office or place of profit under the Company (other than the office of Auditor).

A Director may contract with the Company and no contract or arrangement made by the Company in which any Director is in any way interested shall be liable to be avoided but the nature of this interest must be declared at a meeting of the Directors. A Director may not normally vote or be counted in the quorum of the Directors' meeting in respect of any contract in which he is materially interested except in special circumstances set out in the Articles of Association. In summary, the Articles of Association provide that a Director with an interest can nonetheless vote and be counted in a quorum in respect of the following matters: -

- I. the giving of security or an indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company;
- II. the giving of security or an indemnity to a third party in respect of a debt or obligation of the Company for which the Director has assumed responsibility in whole or in part;
- III. any proposal concerning an offer for subscription of shares or debentures or other securities of the Company where the Director participates as an underwriter of that offer;

IV. any proposal concerning any other company in which the Director is interested, provided that the Director is not beneficially interested in one per cent or more of the shares of any class of such company or of the voting rights.

Pursuant to a resolution passed at the general meeting on 30th April 2009 the maximum level of remuneration payable to the Chairman of the Company was increased to £15,000 and to any Director was increased to £10,000 per annum. The Chairman receives a fee of £15,000 per annum and the other Directors (except for Michael Patrick O'Brien who does not receive a fee) receive a fee of £10,000 per annum.

The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in the performance of their duties, and may grant remuneration to any Director for any special services which he has been called upon to perform.

There is no share qualification for Directors.

There are no provisions calling for Directors to retire at any specified age nor are they required to retire by rotation, however from the 2011 Annual General Meeting ("AGM") the Directors have agreed that each Director will be submitted for re-election on a voluntary basis as least once every three years. During the introduction of this policy and to ensure continuation of the Board only one existing Director was put forward for re-election in 2011 (Clive Barton) who was re-elected. The appointment of Martin Magee was also approved at the AGM in May 2011. One Director will stand for re-election in 2012 and any remaining existing Directors in 2013. A Director may be removed, inter alia, at any time by an ordinary resolution of the Company passed in General Meeting.

A Director may not normally be counted in the quorum at any meeting at which proposals are under consideration concerning his appointment to hold any office.

The Articles of Association contain provisions indemnifying and exempting every Director, secretary, other officer or servant of the Company from liability in certain circumstances other than resulting from failure to exercise due care and diligence. The effectiveness of such provisions is limited by Jersey law.

With the sanction of a Special Resolution of any class of Participating Shares, the Directors of the Company may, by not less than 4 weeks' written notice to all holders of such Participating Shares, convert the Participating Shares of that class into Participating Shares of another class.

GENERAL INFORMATION

Winding-Up

The Company may be wound up at any time by Special Resolution in accordance with the Companies Law. In addition, unless the Commission determines otherwise, in the case of any of the following events the Company must cease the creation and cancellation of shares, the Manager must cease the sale and repurchase of shares in the Company, and the Directors must convene a special meeting of the Company on a date not later than one month after the happening of any such event to consider a Special Resolution to wind-up the Company. The circumstances are: -

- (a) the cancellation of the recognized fund certificate granted with respect to the pool concerned or its amendment and re-issue with its validity in relation to the relevant pool removed;
- (b) the determination by the Commission to cancel the recognized fund certificate applicable to the Company or to amend and re-issue it with its validity in relation to the relevant pool removed at the request of the Manager, or the Custodian or the Company;
- (c) the expiration of any period or the occurrence of any event specified in the constitutional documents as the period at the end of which or the event on the occurrence of which the pool is to terminate;
- (d) the effective date of a duly approved scheme of amalgamation in relation to the pool;
- (e) the effective date of a duly approved scheme of reconstruction which results in all the property of the reconstructed pool becoming the property of two or more regulated collective investment funds; or
- (f) the passing of a special resolution to the effect that the pool be wound up.

The procedure to be followed in a winding-up of the Company will be that laid down from time to time by the Companies Law and by the Company's Articles of Association.

In a winding-up, after satisfying the claims of the creditors, the Liquidator will distribute the assets of the Company amongst the holders of the Participating Shares, Nominal Shares and Management Shares in accordance with the priorities detailed below.

In a winding-up of the Company the Participating Shares of any class fund rank: -

- a) in priority to the Nominal Shares and the Management Shares, for the return of their paid-up US\$0.01 par value as to which recourse will be had in the following manner: -
 - i. to the assets attributable to the relevant class fund of Participating Shares

- II. to the assets of the Company not comprised in any class fund; and
 - III. to the assets attributable to any other class funds, after payment of the par value of the Participating Shares of those class funds, pro rata to the total value of the assets comprised in those class funds ;
- b) pari passu with all other Participating Shares of the same class fund for the balance of the surplus assets of the corresponding class fund remaining after the payment of the par value on each Participating Share as described above;
- c) pari passu with all other Participating Shares of all class funds for surplus assets of the Company remaining following (a) and (b) above and the payment of the par value on the Management Shares and Nominal Shares (noting that the distribution shall be made in proportion to the number of Participating Shares of the relevant class fund held by each holder subject to variation in accordance with the formula set out in the Articles of Association of the Company where income and accumulation shares have been issued in respect of the same class fund).

The liquidator has power with the authority of a special resolution of the Company to transfer assets to and from class funds in the course of the winding-up of the Company in order to share the effective burden of creditors' claims against the Company on an equitable basis.

Accounting Dates

The annual accounting date of the Company is 31st December of each year. Interim financial statements are produced as at 30th June of each year. The annual audited financial statements will be published no later than the end of April and the unaudited half-yearly financial statements by the end of August. Such statements will then be sent to the Shareholders.

Expenses

In addition to the fees and expenses of the Manager and the Custodian, expenses are payable out of the property of each class fund if incurred by or for the account of the Company and/or the class fund. Such expenses may, for example, include: -

- I. the costs of dealing in the property of the class fund;
- II. interest on borrowings permitted and charges incurred in effecting or varying the terms of such borrowings;
- III. any costs incurred in respect of meetings of Shareholders convened on a requisition by Shareholders not including the Manager or any associate of the Manager;
- IV. costs incurred in respect of the establishment and maintenance of the register;
- V. the audit fees and any expenses of the Auditor;
- VI. costs incurred in respect of the distribution of income to Shareholders;
- VII. costs incurred in respect of the printing and posting of certificates;
- VIII. costs reasonably incurred in respect of the publication of prices of Participating Shares and in respect of the publication and distribution of prospectuses, annual and interim reports and financial statements;
- IX. legal and other professional fees and expenses reasonably incurred in ascertaining the rights of Shareholders (other than the Manager or any associate of the Manager);
- X. costs and expenses incurred in respect of the formation of the Company and the creation of a class fund amortised over a period not exceeding 10 years;
- XI. taxation and duties payable in respect of the property of the Company or the sale of Participating Shares;
- XII. any costs incurred in modifying the Articles of Association of the Company, the Management Agreement and the Custodian Agreement including costs incurred in respect of meetings of Shareholders convened for purposes which include the purpose of modifying the Articles of Association, where the modification is (a) necessary to implement any change in the Funds Law (including changes made by the Rules) or (b) necessary as a direct consequence of any change in the law (including changes in the Rules) or (c) expedient having regard to any change in the law made by or under any fiscal enactment and which the Directors and the Custodian agree is in the interests of Shareholders or (d) to remove from the Articles of Association any obsolete provisions;
- XIII. costs incurred by the Company in making its annual return and in complying with other statutory requirements imposed upon the Company;
- XIV. Directors' fees and expenses in respect of which the Directors are entitled under the general law to be indemnified out of the property of the Company; Directors (other than Michael Patrick O'Brien who does not receive a fee) receive a fee of £10,000 per annum for their services and the Chairman receives £15,000 per annum;

- XV.the fees of the Commission chargeable to the Company under paragraph 8 of Article 7 of the Funds Law as amended and any fees of any regulatory authority in a country or territory outside the Bailiwick of Jersey in which Participating Shares in the Company are or may be marketed but excluding any such fees payable in respect of the Manager or the Custodian;
- XVI.any charges reasonably incurred by the Custodian in depositing any part of the property of a class fund in safekeeping in a country or territory outside the Bailiwick of Jersey;
- XVII.the remuneration and expenses of any representative appointed in another jurisdiction in compliance with the laws or other requirements of that jurisdiction;
- XVIII.any amount payable under any indemnity provisions contained in the Articles of Association or any agreement with any functionary of the Company other than provisions indemnifying the functionary against claims arising from its failure to exercise due care and diligence;
- XIX.legal and other professional fees incurred in any proceedings instituted or defended in accordance with the written advice of an advocate or solicitor of The Royal Court of Jersey, of not less than seven years' qualification to enforce, protect, safeguard, defend or recover the rights or property of the Company.

Income Allocation

Annual allocations of income are made in respect of the most recent accounting period of the Company on 28th February in each year. In addition, interim allocations of income may be made during each accounting period, in order to facilitate interim dividends (see below, under "Dividends and Equalisation").

Dividends and Equalisation

For all of the income shares classes of each of the class funds, except the income share classes of the Diversified Assets, Global Fixed Interest, Special Situations and Sterling Fixed Interest class funds (being Alternative Assets, Bridge, Global Balanced, Global Equity and UK equity), the amount of income available for distribution will be determined by the Directors and the Manager and dividends will be paid six monthly on 28th February and 31st August (or, if these dates are not business days, the final business day of the relevant month) in the class fund base currency to Shareholders who are on the Register of Shareholders at 31st December and 30th June immediately prior to the distribution. For the income shares classes of Diversified Assets, Global Fixed Interest, Special Situations and Sterling Fixed Interest, dividends will be paid quarterly on 28th February, 31st May, 31st August and 30th November to Shareholders (or, if these dates are not business days, the final business day of the relevant month) who are on the Register of Shareholders at 31st December, 31st March, 30th June and 30th September. The Directors are also required to undertake a solvency test under article 115 of the Companies (Jersey) Law 1991 at the point of each distribution being made.

Included in the creation and cancellation prices of Participating Shares and therefore reflected as a capital sum in those prices, is an income equalisation figure representing any income attributable to the Participating Shares accrued since the last record date for dividends. An amount representing an average equalisation will be included in the amount of the first dividend paid after the initial investment.

The Articles of Association of the Company provide that grouping of Participating Shares of each class for a period equal to the annual accounting period (or, if applicable, any interim accounting periods) is permitted for the purposes of calculating the income equalisation figure. This means that the income equalisation figure may not represent the exact amount of income accrued at the date of purchase.

Shareholders can elect to reinvest any dividends paid by the Company in order to purchase further Participating Shares without payment of the preliminary charge.

Any dividends unclaimed after 10 years will revert to the Company.

Data Protection

The Manager has registered as a "Data Controller" as referred to in the Data Protection (Jersey) Law 2005 (the "Data Protection Law") in respect of the issue of this Prospectus, receipt of applications and in the operation of the Company generally.

Prospective investors should note that by completing an application form they are providing personal information to the Company, which may constitute personal data within the meaning of the Data Protection Law. This data will be used for a number of different purposes including administration and to comply with legal or regulatory requirements in Jersey or elsewhere, including verifying identity to prevent fraud or other financial crime and, if an applicant's consent is given, for direct marketing purposes. Data may be disclosed to third parties such as the auditors to the Company, the Jersey taxation authorities pursuant to the EU Savings Tax Directive, the Commission or agents of the Manager who process the data for anti-money laundering purposes or for compliance with foreign regulatory requirements and which may include companies located in jurisdictions outside the European Economic Area in countries or territories which may not provide the same level of protection for an applicant's rights and freedoms in relation to the processing of personal data.

By signing the application form, investors consent to the obtaining, holding, use, disclosure and processing of data for any one of the purposes set out in the application form. Investors have a right to obtain a copy of their personal data kept by the Company on payment of a fee.

Material Contracts

The following contracts have been entered into and are or may be material:

- the Further Amended and Restated Custodian Agreement between the Company, RBSI Custody Bank Limited (now BNP Paribas Securities Services Trust Company (Jersey) Limited) and the Manager with an effective date of 12th May 2005 pursuant to which BNP Paribas Securities Services Trust Company (Jersey) Limited acts as the custodian of the assets of the Company with the power to delegate. The appointment of BNP Paribas Securities Services Trust Company (Jersey) Limited results from the merger of BNP Paribas Securities Services Trust Company (Jersey) Limited with BNP Paribas Securities Services Custody Bank Limited (formerly RBSI Custody Bank Limited) effective on 30th June 2009, whereby BNP Paribas Securities Services Trust Company (Jersey) Limited was the surviving entity. The Custodian has no responsibility for the selection of investments. Details of the remuneration of the Custodian are shown under the heading "Fees and Charges payable by the Company". Either the Company or the Custodian may terminate the Further Amended and Restated Custodian Agreement, inter alia, by giving not less than three months' written notice to the other expiring on 31st March, 30th June, 30th September or 31st December in any year provided that another custodian must be appointed in place of the present Custodian.
- the Amended and Restated Management Agreement between the Company, the Manager and the Custodian with an effective date of 28th February 2005 whereby the Company has appointed Newton Fund Managers (C.I.) Limited subject to the overall supervision of the Directors and with powers of delegation, to manage the Company's investments and its administrative affairs and act as Secretary and Registrar. Details of the remuneration of the Manager contained in a letter signed by the Company, the Manager and the Custodian dated 25th April 1996 are shown under the heading "Fees and Charges payable by the Company". On any transaction with the Company in connection with which the Manager is permitted under the Rules to act as principal, the Manager is entitled to receive usual brokerage or commission. Both the Company and the Manager may terminate the Amended and Restated Management Agreement, inter alia, by the Manager giving not less than three months' written notice to the Company expiring on 31st March, 30th June, 30th September or 31st December and by the Company giving the Manager not less than three months' notice expiring at any time. On termination of the appointment of the Manager, the Manager shall be entitled to receive all fees and other moneys accrued due up to the date of such termination but shall not be entitled to compensation in respect of such termination. However, the Company will pay any reasonable costs incurred by the Manager in delivering all Company books of account, records, registers, correspondence, documents and assets within the possession or control of the Manager and in the Manager taking all necessary steps to vest in the Company or any new manager any relevant assets. In the absence of any failure by the Manager to exercise due care and diligence, the Manager is not liable for any error of judgment or loss suffered in the discharge of its functions under the Amended and Restated Management Agreement. Subject to that and to the provisions of the Rules, the Company holds harmless and indemnifies the Manager against all actions, proceedings, claims, costs, demands and expenses brought against, suffered or incurred by the Manager by reason of its performance or non-performance of its duties under the terms of the Amended and Restated Management Agreement. The Manager is not liable for any taxation assessed on or payable by the Company except where such taxation is attributable to a failure by the Manager to exercise due care and diligence in the performance or non-performance of its obligations or duties. The Company indemnifies the Manager against all relevant taxes which are not so attributable to any such failure by the Manager and against all related costs, claims, demands, actions and proceedings. In the absence of any failure to exercise due care and diligence, the Manager is not responsible for the loss of or damage to any documents or machinery which are the property of the Company in the possession of the Manager or for any failure to fulfil its duties under the Amended and Restated Management Agreement if such loss, damage or failure is caused by or directly or indirectly due to war, damage, enemy action, the act of any government or other competent authority, riot, civil commotion, rebellion, storm, tempest, accident, fire, strike, lock-out or other cause whether similar or not beyond the control of the Manager. References to the Manager above as regards liability and indemnity include references to the officers, servants and agents of the Manager. The above does not purport to be a complete summary of the provisions of the Amended and Restated Management Agreement and any Shareholder with an interest in its terms should either inspect or purchase a copy of it.
- the Amended and Restated Investment Management Agreement between the Manager, the Investment Manager and the Company with an effective date of 22nd February 2005 whereby the Manager has appointed Newton Investment Management Limited to manage the assets of the Company. The Investment Manager, subject to the supervision, direction and control of the Manager will, normally acting as agent rather than principal, and without prior reference to the Manager buy, sell, place orders, retain, convert, exchange or otherwise deal in investments and other assets, make deposits, subscribe to issues and offers for sale of, and accept placings, underwritings and sub-underwritings of, any investments, effect transactions on any markets, take all day to day decisions and otherwise be responsible as the delegate of the Manager, for implementing the investment policy and objectives of the Company for any one or more class funds as set out and advised by the Directors of the Company from time to time. The Amended and Restated Investment Management Agreement may be terminated by the Manager giving written notice at any time and by the Investment Manager giving one month's notice in writing, or immediate notice if so required by any competent regulatory authority.
- the Amended and Restated Administration Agreement between the Manager, the Administrator, the Custodian and the Company with an effective date of 28th February 2005 as amended and supplemented by three Supplemental Administration Agreements with effective dates of 12th May 2005, 18th August 2006 and 7th December 2007, respectively, whereby the Manager has appointed BNP Paribas Securities Services Fund Administration Limited to manage certain of the Company's administrative affairs and act as Secretary and Registrar. The Manager and the Administrator may terminate the Amended and Restated Administration Agreement, inter alia, by giving not less than three months' written notice to the other. The appointment of BNP Paribas Securities Services Fund Administration Limited results from the merger of BNP Paribas Securities Services Fund Administration Limited with BNP Paribas Fund Services Jersey Limited effective on 31st March 2009, whereby BNP Paribas Securities Services Fund Administration Limited was the surviving entity.
- An agreement for services for Compliance Officer, Money Laundering Compliance Officer and Money Laundering Officer between the Administrator and the Company dated 2nd September 2009.

- the UK Facilities Agreement between the Company, the Manager and the Investment Manager dated 25th April 1996 as supplemented and amended from time to time. Certain services are, in accordance with COLL, provided on behalf of the Company by the UK Facilities Agent at its address shown in the section headed "Management and Administration". In particular: -
 - a) Information about the most recently available sale and repurchase prices of Participating Shares may be obtained from the UK Facilities Agent;
 - b) a request for the repurchase of Participating Shares may be given to the UK Facilities Agent. A request for the repurchase of Participating Shares in respect of which a certificate has been issued must be accompanied by the duly renounced share certificate(s) or contract note where no certificate has been issued; and
 - c) any person who has a complaint about the operation of the Company may submit his complaint to the UK Facilities Agent for transmission to the Manager in Jersey.

The Amended and Restated Custodian Agreement, the Amended and Restated Management Agreement, the Amended and Restated Investment Management Agreement, the Amended and Restated Administration Agreement (as amended and supplemented) and the UK Facilities Agreement contain provisions indemnifying and exempting the Custodian, the Manager, the Investment Manager, the Administrator and the UK Facilities Agent respectively from any liability arising from the performance of their duties other than due to their failure to exercise due care and diligence and fraud and negligence in the case of the Investment Manager, in the execution of such duties.

Meetings

Annual General Meetings of the Company will be held in Jersey and must be held within six months of the end of the relevant annual accounting period of the Company. Notices of the Annual General Meeting will normally be included with the Annual Report and Financial Statements. Investors unable to attend in person may appoint one or more proxies, to vote on their behalf.

Notices

Written notices to Shareholders will be posted to the address shown in the register of Shareholders. In the case of holdings in joint names, notices will be sent to the joint holder whose name stands first in the register.

Directors' Interests

The Directors of the Company, with the exception of the Chairman, have no interest in the share capital of the Company which would require to be disclosed under the United Kingdom Companies Act 2006 if the Company were subject to that Act (including the interests of any person connected with the Directors of the Company in such share capital as construed under such Act). As at 26th June 2011, the Chairman held 34,713.984 shares.

No Director has any interest in any transaction which is of an unusual nature, contains unusual terms or which is significant in relation to the business of the Company during the last or current financial year. Save as disclosed herein, no Director of the Company has any interest, direct or indirect, in any assets which have been, or are proposed to be, acquired, or disposed of by, or leased to the Company or in the promotion of the Company.

There are no outstanding loans granted by the Company to any of the Directors nor any guarantee provided by the Company for the benefit of any of the Directors.

Directors of the Manager

The Directors of the Manager are Sheelagh Mary Cameron of 2 Festival Square, Edinburgh, EH3 9SU and Alison Katherine Fawcett of 160 Queen Victoria Street, London EC4V 4LA, each of whom has no significant activities that are not connected with the business of the Manager, Andrew Ian Wignall of Le Forgeron Cottage, Mont Les Vaux, St Aubin, Jersey JE3 8AF, Channel Islands, Gary Clark of La Folie, St Brelade's Park, La Route de Noirmont, St Brelade, Jersey JE3 8AN, Channel Islands (subject to JFSC approval), whose only significant activity connected with the business of the Manager is that of proposed Director and Chairman of Newton International Investment Management Limited, the holding company of the Manager and Kevin Charles Mundy of Liberté House, 19-23 La Motte Street, St Helier, Jersey JE2 4SY, Channel Islands whose only significant activities not connected with the business of the Manager is that of Director of the Administrator .

The Manager does not engage in any business other than the management of collective investment funds.

General

- a) The Manager may at its discretion, and its own expense, pay commissions to investors or their agents. Save in accordance with this power, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any shares of the Company.

The Manager is permitted to sell and repurchase Participating Shares in satisfaction of applications for the issue or redemption of Participating Shares and may derive profits on buying and selling or redeeming Participating Shares.

The Company will generally pay brokerage at customary institutional full service brokerage rates. Transactions of the Company may be entered into through associates of the Manager. The Manager and its associates will not receive cash or other rebates from brokers or dealers in respect of transactions for the Company, but may enter into soft commission arrangements for the provision to the Manager or its associates of goods and services which are of demonstrable benefit to Shareholders. Execution of transactions of the Company will be consistent with best execution standards.

- b) No share in the Company is under option or agreed conditionally or unconditionally to be put under option.
- c) The Company is not engaged in any litigation and, so far as the Directors of the Company are aware, no litigation or claims of material importance are pending or threatened against the Company.
- d) There are no service agreements in existence between the Company and any of its Directors nor are such agreements proposed. The Company has no employees.
- e) The Company has not established and does not intend to establish a place of business in the UK.
- f) Save as disclosed herein, no amount or benefit has been given or paid (or is intended to be given or paid) to any promoter.
- g) Further authentication and documentation may be required from investors who are companies, trustees or institutions.
- h) Neither the Company, the Manager, the Custodian nor any correspondent bank can be held liable for any delay in issuing Participating Shares, in effecting exchanges or in settlement of repurchases which result from any breakdown of the means of communication affecting the relevant transaction, from a suspension of dealings or by reason of any error committed in good faith unless, in the case of the Manager and Custodian, they have failed to exercise due care and diligence.
- i) The Articles of Association and/or the Companies Law provide inter alia: -

the Company may by Special Resolution from time to time reduce its capital in any way;

the Directors are required to convene an Extraordinary General Meeting of the Company whenever required to do so by Shareholders representing at least one-tenth of the shares in issue, providing the requisition is signed by such Shareholders, is dated and states the matters to be submitted for consideration at the meeting;

at general meetings, either the Chairman or any Shareholder present in person or by proxy may demand a poll;

at general meetings, only Shareholders are entitled to vote. Votes may be given either personally or by proxy;

the Custodian and its lawyers are entitled to attend any General Meeting of Shareholders or any Class Meeting of Shareholders;

the business of the Company is to be managed by the Directors who may exercise all such powers of the Company as are not by the Companies Law, the Rules or the Articles of Association of the Company required to be exercised by the Manager, the Custodian or the Company in general meeting. The Directors may exercise all the powers of the Company to invest all or any of the assets of the class funds in any securities or other assets authorised by the Fund Rules subject to the limitations imposed by the Articles of Association of the Company and the Rules; and each Director may appoint another person as his alternate to attend meetings at which he is unable to be present except that a non-UK resident Director may not appoint a UK resident as his alternate.

- j) The address for the service on the Company of notices or other documents required or authorised under the FSMA in the UK and at which facilities are maintained in accordance with COLL is 160 Queen Victoria Street, London, EC4V 4LA.
- k) The Collective Investment Funds (Recognized Funds) (Compensation for Investors) (Jersey) Regulations 1988 provide for a scheme of compensation for investors in the event of the default of a functionary who has become bankrupt or is unable to satisfy civil liability claims in connection with a recognized fund. The Custodian and the Manager are both functionaries of the Company. Liabilities to any one investor are covered in full on the first £30,000 and at a rate of 90% on the next £20,000. The maximum amount of compensation payable under the scheme to any one investor is, therefore, £48,000 but subject to the total compensation in any one year under the scheme being limited to £5,000,000. In the event that this latter figure is likely to be exceeded, payments to investors will be reduced pro-rata. The UK Financial Services Compensation Scheme will not apply to investments in the Company (although it may apply where the UK Facilities Agent is unable or likely to be unable to satisfy claims by eligible investors against it in its role as such - further details are available from the UK Facilities Agent).

Documents Available for Inspection

Copies of the following documents are available for inspection free of charge during normal business hours on any weekday (Saturday and Public Holidays excepted) and are also available for purchase at a reasonable charge (with the exception of items listed in (e) and (f) below which will not be charged for) until further notice at the offices of the Manager and at the offices of the UK Facilities Agent:

- a) the Memorandum and Articles of Association of the Company;
- b) the Material Contracts of the Company;

- c) the Fund Rules;
- d) the Companies Law;
- e) the latest published and audited annual and unaudited half-yearly reports and financial statements of the Company for the last two financial periods, once available; and
- f) the latest Prospectus of the Company and any Supplement thereto.

MANAGEMENT AND ADMINISTRATION

Directors of the Company

Clive Aubrey Charles Chaplin (Chairman), Partner Ogier, Ogier House, The Esplanade, St. Helier, Jersey JE4 9WG, Channel Islands.

Clive Neil Stewart Barton, Senior Partner, Moore Stephens, Chartered Accountants, First Island House, Peter Street, St Helier, Jersey, JE4 8SG, Channel Islands.

Michael Patrick O'Brien, Newton Investment Management Limited, 160 Queen Victoria Street, London EC4V 4LA.

Martin Paul Magee, The Lodge, Longueville Court, Longueville Road, St Saviour, Jersey JE2 7WG

Registered Office of the Company

Liberté House, 19-23 La Motte Street, St Helier, Jersey JE2 4SY, Channel Islands.

Manager

Newton Fund Managers (C.I.) Limited, Liberté House, 19-23 La Motte Street, St Helier, Jersey JE2 4SY, Channel Islands.
Telephone: 01534 709130 Facsimile: Jersey 01534 709189

Custodian

BNP Paribas Securities Services Trust Company (Jersey) Limited, Liberté House, 19-23 La Motte Street, St Helier, Jersey JE2 4SY, Channel Islands.

Administrator, Secretary and Registrar

BNP Paribas Securities Services Fund Administration Limited, Liberté House, 19-23 La Motte Street, St Helier, Jersey JE2 4SY, Channel Islands.

Investment Manager and UK Facilities Agent

Newton Investment Management Limited, 160 Queen Victoria Street, London EC4V 4LA.

Auditors

Ernst & Young LLP, Liberation House, Castle Street, St Helier, Jersey JE1 1EY, Channel Islands.

Legal Advisers in Jersey

Ogier, Ogier House, The Esplanade, St Helier, JE4 9WG, Channel Islands.

Principal Bankers to the Company

BNP Paribas Securities Services S.A. (Jersey Branch), Liberté House, 19-23 La Motte Street, St Helier, Jersey JE4 5RL, Channel Islands.

The Company is authorised under the Collective Investment Funds (Jersey) Law 1988, as amended, and subordinate legislation made thereunder, and is regulated by the Jersey Financial Services Commission.

APPENDIX 1

In addition to the Eligible Markets and/or Eligible Derivatives Markets set out below, the Company may invest in any securities market of the European Economic Area on which transferable securities admitted to official listing in that country are dealt or traded, with the exception of markets in Malta and Cyprus.

COUNTRY	MARKET
AUSTRALIA	Australian Stock Exchange
BRAZIL	BM&F BOVESPA SA
CANADA	TSX Group
	TSX Venture Exchange
	Montreal Stock Exchange
CHANNEL ISLANDS	Channel Islands Stock Exchange
CHINA	Shanghai Stock Exchange
	Shenzhen Stock Exchange
HONG KONG	Hong Kong Exchanges
INDIA	Mumbai Stock Exchange
	National Stock Exchange of India
INDONESIA	Indonesia Stock Exchange, ISX
ISRAEL	Tel-Aviv Stock Exchange
JAPAN	Tokyo Stock Exchange
	Osaka Stock Exchange
	Nagoya Stock Exchange
	Sapporo Securities Exchange
	JASDAQ
KUWAIT	Kuwait Stock Exchange
MALAYSIA	Bursa Malaysia Berhad
MEXICO	Mexican Stock Exchange
NEW ZEALAND	New Zealand Stock Exchange
NIGERIA	Nigerian Stock Exchange
OMAN	Muscat Securities Market (MSM)
PHILIPPINES	Philippine Stock Exchange
SINGAPORE	Singapore Exchange
SOUTH AFRICA	JSE Securities Exchange
SOUTH KOREA	Korean Exchange Incorporated (KRX)
SWITZERLAND	SWX Swiss Exchange
TAIWAN	Taiwan Stock Exchange
THAILAND	Stock Exchange of Thailand
TURKEY	Istanbul Stock Exchange
UAE	Abu Dhabi Securities Exchange
	Dubai Financial Markets (DFM)
USA	NASDAQ
	New York Stock Exchange
	New York Futures Exchange
	American Stock Exchange
	Philadelphia Stock Exchange
	Boston Stock Exchange
	Chicago Stock Exchange
NYSE Arca	

USA (continued)	National Stock Exchange
	OTC Bulletin Board
	CME Group Ltd
	NYMEX
	US National Stock Exchange
	AMEX New York
	CBOE Chicago
	Pacific Stock Exchange
	Cincinnati Stock Exchange