

SECURITIES NOTE AND SUMMARY



for Hedge Fund Linked Certificates

Deutsche Bank AG, London Branch

Up to 50,000 Hedge Fund Certificates relating to Class B (EUR) Participating Shares in the Zenith Fund, a Fund of Kedge Capital Select Funds Limited (the "Fund")

Issued under its *x-markets*TM Hedge Fund Certificate Programme

Issue Price: EUR 1,000 per Hedge Fund Certificate

WKN: DB9D KC

ISIN: DE 000 DB 9DK C3

Common Code: 035138137

The issuer (the "**Issuer**") of the securities described in the Prospectus constituted by this Securities Note and Summary and the Registration Document is Deutsche Bank AG, London Branch.

The Issuer is authorised to and may issue securities relating to fund shares and/or fund units and/or unitised account units and/or other securities and/or other assets as part of its general banking business (set out in article 2(1) of the Articles of Association of Deutsche Bank AG), including under its X-markets Hedge Fund Certificate Programme (the "**Programme**").

The Issuer has determined to issue up to 50,000 Class B (EUR) Certificates (the "**Securities**") relating to the Fund Shares specified above upon the product conditions set out in Section VII A of this document (the "**Product Conditions**") and the general terms and conditions set out in Section VII B of this document (the "**General Conditions**", which together with the Product Conditions shall be referred to as the "**Conditions**"). References to the term "**Underlying**" shall be construed as references to the Fund Shares of the Fund specified above. A description of the Underlying is set out in detail in the section entitled "Information relating to the Underlying" below.

The Issuer has a right of substitution and a right to change the office through which it is acting, subject as provided in General Condition 8.

Application may be made to list the Securities, at the discretion of the Issuer on a regulated market or an unregulated market of an exchange. However, no assurance is given by the Issuer that any such application will be made.

Prospective purchasers of the Securities should ensure that they understand fully the nature of the Securities, as well as the extent of their exposure to risks associated with an investment in the Securities and should consider the suitability of an investment in the Securities in the light of their own particular financial, fiscal and other circumstances. Prospective purchasers of the Securities should refer to the "Risk Factors" section of this document. The Securities will represent unsecured, unsubordinated, unsecured contractual obligations of the Issuer which will rank *pari passu* in all respects with each other.

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended. Any offer or sale of the Securities must be made in a transaction exempt from the registration requirements of such Act pursuant to Regulation S thereunder. The Securities may not be offered, sold or otherwise transferred in the United States or to persons who are either U.S. persons defined as such in Regulation S of such Act or persons who do not come within the definition of a non-United States person under Rule 4.7 of the United States Commodity Exchange Act, as amended. For a description of certain restrictions on the sale and transfer of the Securities, please refer to the General Selling and Transfer Restrictions section of this document.

The Securities are being offered to the public in Luxembourg and Spain. Information as to the offering period and how to subscribe in Luxembourg and Spain respectively is set out in Section VIII "Country Specific Information" of this document.

The Prospectus has been approved by the Commission de Surveillance du Secteur Financier (the "**CSSF**"), which is the Luxembourg competent authority for the purpose of Directive 2003/71/EC (the "**Prospectus Directive**") and relevant implementing measures in Luxembourg, as a Prospectus issued in compliance with the Prospectus Directive and Regulation (EC) No. 809/2004 ("**Prospectus Regulation**") and relevant implementing measures in Luxembourg for the purpose of giving information with regard to the issue of Certificates during the period of twelve months after the date hereof.

This Securities Note and Summary is dated 15 May, 2008

IMPORTANT

Subject as provided in Section VII.C "Information relating to the Underlying – 2. Prospectus of the Fund", the Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

No dealer, salesman or other person is authorised to give any information or to make any representation other than those contained in this document in connection with the offering or

sale of the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any Agent. none of this document and any further information supplied in connection with the Securities is intended to provide the basis of any credit or other evaluation and this document and any further information should not be considered as a recommendation by the issuer that any recipient of this document or any further information supplied in connection with the Securities should purchase any of the Securities. Each investor contemplating purchasing Securities should make its own independent investigation of the risks involved in an investment in the Securities. Neither this document nor any other information supplied in connection with the Securities constitutes an offer by or on behalf of the issuer or any other person to subscribe for or purchase any Securities, i.e. no subscription agreement or purchase agreement may be effectively concluded in connection with Securities by way of unilateral statement by or on behalf of the subscribing or purchasing party.

The distribution of this document and the offering of the Securities in certain jurisdictions may be restricted by law. The issuer does not represent that this document may be lawfully distributed, or that the Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any distribution or offering. Accordingly, the Securities may not be offered or sold, directly or indirectly, and none of this document, any advertisement relating to the Securities and any other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes must inform themselves about, and observe, any such restrictions. Please refer to General Selling and Transfer Restrictions contained in the section entitled General Information contained in this document, and the additional information contained in the section "Country Specific Information" attached hereto.

This document may contain forward-looking statements. Forward-looking statements are statements that are not historical facts, including statements about beliefs and expectations. Any statement in this document that states intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. These statements are based on plans, estimates, and projections as they are currently available to the management of the issuer. Forward-looking statements therefore speak only as of the date they are made, and the issuer undertakes no obligation to update publicly any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could therefore cause actual results of the Issuer or of the Securities to differ materially from those contained in any forward-looking statement.

THE ISSUER IS NOT REQUIRED TO PURCHASE OR OTHERWISE INVEST IN ANY OF THE UNDERLYING COMPONENTS OR THE CONSTITUENTS THEREOF AND CONSEQUENTLY THE ASSETS AND LIABILITIES COMPRISING THE UNDERLYING AND THE UNDERLYING COMPONENTS MAY NOT ACTUALLY BE HELD BY THE ISSUER; SECURITYHOLDERS WILL HAVE NO RIGHTS IN RESPECT OF ANY OF THE UNDERLYING COMPONENTS OR THE CONSTITUENTS THEREOF (INCLUDING, FOR EXAMPLE, VOTING RIGHTS AND RIGHTS TO RECEIVE DIVIDENDS OR OTHER DISTRIBUTIONS) AND WILL NOT BE ENTITLED TO RECEIVE PHYSICAL DELIVERY OF ANY OF THE UNDERLYING COMPONENTS OR THE CONSTITUENTS THEREOF AT ANY TIME.

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I. SUMMARY

The information set out below is a summary only and should be read in conjunction with the rest of this document. This summary is intended to convey certain of the essential characteristics and risks associated with the Securities and the Issuer in relation to the Securities and does not purport to be complete. It is taken from, and is qualified in its entirety by, the remainder of this document, including the Conditions, which constitute the legally binding conditions of the Securities as attached to the global security. Accordingly, this summary should be read as an introduction to the document, and any decision to invest in the Securities should be based on consideration of the document as a whole.

Prospective investors should be aware that where a claim relating to the information contained in this document is brought before a court, the investor making the claim might, under the national legislation of the respective EU member state, have to bear the costs of translating the prospectus before the legal proceedings are initiated.

Civil liability attaches to the Issuer who has tabled the summary including the translation thereof and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the document.

Defined terms used in this Summary have the meaning given to them in the Product Conditions of this document.

A. SUMMARY OF RISK FACTORS

Risks relating to the Securities. The Securities may decline in value and investors should be prepared to sustain a total loss of their investment in the Securities.

An investment in the Securities involves risks. These risks may include, among others, equity market, bond market, foreign exchange, interest rate, market volatility and economic, political, regulatory and other risks.

An investment in the Securities is intended to provide a return linked to the Underlying which comprises shares in a fund of hedge funds (described more fully in the Section "Information relating to the Underlying"). Investing directly or indirectly in hedge funds is generally considered to be particularly risky and involves special considerations not typically associated with investing in other securities. These include the fact that hedge fund investments tend to be particularly volatile and that hedge funds tend to invest in complicated markets using highly sophisticated financial instruments and trading strategies and high levels of leverage.

Prospective purchasers should therefore be experienced with respect to transactions in instruments such as the Securities and in investments in hedge funds or investment products linked to hedge funds.

Prospective purchasers should only reach an investment decision after careful consideration, with their legal, tax, accounting and other advisers, of (i) the suitability of an investment in the Securities in the light of their own particular financial, tax and other circumstances, (ii) the information set out in this document and (iii) the Underlying. They should understand the risks associated with an investment in the Securities and in particular should familiarise themselves carefully with the Risk Factors set out in Section II below. In addition they should consider all information provided in the Registration Document with respect to the Issuer and consult with their own professional advisers if they consider it necessary.

Prospective purchasers should note that they are exposed to the creditworthiness of the Issuer, Deutsche Bank AG. Ratings assigned to the Issuer by certain independent rating agencies are an indicator of the Issuer's ability to meet its obligations in a timely manner. The lower the assigned rating is on the respective scale the higher the respective rating agency assesses the risk that obligations will not be met at all or not be met in a timely manner. As of the publication date of this summary, the following ratings were assigned to Deutsche Bank:

Rating Agency	Long-term	Short-term
Standard & Poors (S&P)	AA	A-1+
Moody's	Aa1	P-1
Fitch	AA	F1+

For the avoidance of doubt, these are the general ratings assigned to the Issuer and are not ratings of the payout on the Securities. The Securities are not rated.

Rating agencies may change their ratings at short notice. A change of rating may affect the value of outstanding Securities in the secondary market. A rating is not a recommendation to buy, sell, or hold Securities, and may be subject to suspension, downgrading, or withdrawal by the rating agency. Any such suspension, downgrading, or withdrawal may have a negative effect on the market price of the Securities.

B SUMMARY OF FINAL TERMS OF THE OFFER

1. Principal Terms

Issuer:	Deutsche Bank AG, London Branch
Number of Securities:	Up to 50,000 Securities
Issue Price:	EUR 1000 per Security
Underlying:	Class B Shares (EUR) (the " Fund Shares ") of the Zenith Fund, a Fund of Kedge Capital Select Funds Limited (the " Fund "), each as described more fully in the section "Information Relating to The Underlying" set out below (as the same may be amended in accordance with its terms from time to time) subject to any exercise of the Calculation Agent's discretion to use its powers under Product Condition 4.
Issue Date:	23 June, 2008
Primary Market Start Date:	15 May, 2008
Primary Market End Date:	19 June, 2008 (12.00 noon GMT)
Reference Level:	<p>In respect of:</p> <ol style="list-style-type: none">1. the Initial Valuation Date, EUR 1,000; and2. all subsequent Valuation Dates, an amount (which may not be less than zero) equal to the product of:<ol style="list-style-type: none">(1) the product of<ol style="list-style-type: none">(i) the Reference Level on the preceding Valuation Date; and(ii) the quotient of: (i) the Fund Level in respect of the relevant Valuation Date (as numerator) and (ii) the Fund Level in respect of the preceding Valuation Date (as denominator); and(2) one minus the Certificate Fee, <p>Expressed as a formula:</p> $\text{MAX} \left[\text{ReferenceLevel}_{(t-1)} \times \frac{\text{FundLevel}_{(t)}}{\text{FundLevel}_{(t-1)}} \times (1 - \text{Certificate Fee}); 0 \right]$ <p>all subject to adjustment in accordance with Product Conditions 4.2 or 4.3, and determined by the Calculation Agent on the Determination Date in respect of the relevant Valuation Date.</p>
Initial Valuation Date:	30 June, 2008
Fund Level:	In respect of a Valuation Date and subject to adjustment in accordance with Product Conditions 4.2 or 4.3, an amount equal to the net asset value per one Fund Share on such Valuation Date as determined by the Calculation Agent.
Certificate Fee:	One twelfth of 0.30 per cent.

Exercise Date(s):	Subject to adjustment in accordance with Product Conditions 4.2 or 4.3, the day falling 50 Business Days prior to each Quarter Valuation Date to and including the Final Exercise Date if any.
Determination Date(s):	In respect of a Valuation Date, (a) the 30th calendar day immediately following the Valuation Date; or (b) if applicable, such later date on which the Calculation Agent is able to determine the relevant Reference Level, subject to adjustment in accordance with Product Condition 4.2 or 4.3.
Settlement Date(s):	In respect of each Exercise Date and a Relevant Valuation Date, the 35th calendar day immediately following the relevant Quarterly Valuation Date; or (b) if applicable, such later date on which the Calculation Agent is able to determine the relevant Reference Level, subject to adjustment in accordance with Product Condition 4.2 or 4.3, or (3) if any such day is not a Payment Day the immediately following Payment Day.
Settlement:	Cash Settlement
Valuation Date(s):	Subject to adjustment the last Business Day of each month commencing 30 June, 2008.
Relevant Valuation Date:	In respect of an Exercise Date, the Quarterly Valuation Date by reference to which such Exercise Date is fixed
Quarterly Valuation Date:	Each Valuation Date scheduled to fall on or about the last Business Day of March, June, September and December of each year commencing in September, 2008.
Automatic Exercise:	Applicable as of the Final Exercise Date, if any.
Settlement Currency:	Euro
Cash Settlement Amount:	Subject to adjustment in accordance with Product Conditions 4.2 or 4.3, an amount (if any) per Security equal to the Reference Level in respect of the Relevant Valuation Date less any Securityholder Expenses and any Redemption Charge, as determined by the Calculation Agent for value on the relevant Settlement Date. The Cash Settlement Amount (after deduction of any Securityholder Expenses and any Redemption Charge) will be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards. The Cash Settlement Amount, after deduction of any Securityholder Expenses and any Redemption Charge, cannot be less than zero.
"Redemption Charge"	<p>An amount which will be deducted in the determination of the relevant Cash Settlement Amounts equal to:</p> <ol style="list-style-type: none"> 1. In respect of any Securities exercised in relation to a Relevant Valuation Date falling on or before the Valuation Date falling in September 2009, 2 per cent. of the relevant Cash Settlement Amount; 2. In respect of any Securities exercised in relation to a Relevant Valuation Date falling on or before the Valuation Date falling in December 2009 but no later than September 2011, 1 per cent. of the Cash Settlement Amount; 4. In respect of any Securities exercised in relation to a Relevant Valuation Date falling on or after December, 2011, zero.
Minimum Exercise Amount:	50 Securities
Maximum Exercise Amount:	25 per cent. of the Securities in issue as at the Relevant Valuation Date excluding any Securities held by the Issuer and/or any of its Affiliates, or if lower, such other percentage of the Securities in issue as at such date that the Issuer determines (acting in a commercially reasonable manner) may be exercised

having regard to the liquidity of the Underlying, and the extent to which a Relevant Investor would receive relevant net redemption proceeds in respect of a redemption request duly submitted as of such Relevant Valuation Date in a timely manner.

Listing and Trading:	Application may be made to list the Securities, at the discretion of the Issuer, on the Official List of the Luxembourg Stock Exchange and to trade them on the Euro MTF, which is not a Regulated Market. However, no assurance is given by the Issuer that any such applications will be made.
Calculation Agent:	Deutsche Bank AG, London Branch
Principal Agent:	Deutsche Bank AG, London Branch
ISIN:	DE000DB9DKC3
WKN:	DB9DKC
Common Code	035138137
The Subscription Period:	Applications to subscribe for the Securities may be made from the Primary Market Start Date until the Primary Market End Date as described in the section titled "Country Specific Information".
Upfront Placement Fee:	In addition to the applicable Issue Price or secondary market price, an upfront placement fee of up to 2.5% of the Issue Price or secondary market price, as the case may be, may be charged in respect of the subscription or sale of each Security.
Cancellation of the Issuance of the Securities:	The Issuer reserves the right for any reason to cancel the issuance of the Securities at any time prior to the Issue Date.
Early Closing of the Subscription of the Securities:	In accordance with the section titled "Country Specific Information", the Issuer reserves the right for any reason to close the subscription period early. If the aggregate subscription of the Securities at any time on any Business Day prior to the Primary Market End Date reaches 10,000,000, the Issuer will close the subscription of the Securities at such time on such Business Day, without any prior notification.

2. Further information on the Terms of the Securities

The Securities do not provide any assured minimum payout (and do not pay any coupons or dividends).

The return on the Securities is based on the level of the "**Fund Shares**" issued by the Fund (the "**Underlying**") (as described in more detail below in the section "Information relating to the Underlying"). The Fund is a fund of hedge funds, managed by Kedge Capital Fund Management Limited, that invests its assets in hedge funds following a wide variety of investment strategies.

Because the Securities are linked to the performance of the Underlying, the Securities will perform in a broadly similar fashion to a direct investment in the Underlying with the exception of certain fees and expenses.

Accordingly, prospective investors should note that the return (if any) on their investment in the Securities will depend upon the performance of the Underlying. Investors who buy a Security on the Issue Date and hold it until exercise achieve a positive return on their initial investment when the value of the Underlying in respect of the applicable Relevant Valuation Date exceeds the value of the Underlying. If the value of the Underlying in respect of the applicable Relevant Valuation Date is less than the value of the Underlying on the Initial Valuation Date, investors who buy a Security on the Issue Date and hold it until exercise will suffer a loss. Accordingly, an investment in the Securities involves a similar market risk to a direct investment in the Underlying and investors should take advice accordingly.

The market value of the Securities up to exercise depends primarily on the value and volatility of the Underlying during the life of the Securities (although other factors may also influence their market value). In general, if the value of the Underlying falls and/or there is a market perception that the value of the Underlying is likely to fall during the remaining life of the Securities, all other factors being equal, the market value of the Securities will be expected to fall. On the same basis, if the value of the Underlying rises and/or there is a market perception that the value of the Underlying is likely to rise during the remaining life of the Securities, all other factors being equal, the market value of the Securities will be expected to rise.

The value of the Underlying on any day will reflect the value of its constituents on such day. Changes in the composition of the Underlying and factors (including those described above) which either affect or may affect the value of the constituents, will affect the value of the Underlying and therefore may affect the return on an investment in the Securities.

Investors have the opportunity to exercise their Securities at a Cash Settlement Amount, if any, (after deduction of any relevant Securityholder Expenses) on quarterly Exercise Dates relating to Quarterly Valuation Dates. Normally the proceeds of exercise are paid within 55 calendar days after the relevant Quarterly Valuation Date. In addition the Securities contain terms, as described in Product Condition 4, allowing the Issuer to defer or adjust settlement upon the occurrence of certain specified disruption events. In addition, the Issuer has the right to exercise (or cause to be exercised) all the Securities as set out in Product Condition 3.

The Securities do not have a fixed maturity date.

The Cash Settlement Amount (if any) in respect of each Security will be the Reference Level in respect of the Relevant Valuation Date less any relevant taxes and charges and adjusted for the relevant Redemption Charge. The Reference Level in respect of the Initial Valuation Date is EUR 1000. The Reference Level in respect of each subsequent Valuation Date is equal to (i) the product of (a) and (b) multiplied by (ii) 1 minus the Certificate Fee where (a) is the Reference Level on the preceding monthly Valuation Date; and (b) reflects the increase of the net asset value per one Fund Share since the preceding Valuation Date expressed as the Fund Level on the Relevant Valuation Date divided by the Fund Level on the immediately preceding monthly Valuation Date; and (c) is one minus the Certificate Fee which reflects a fee at the level of the Securities. As provided in the definition thereof, the Certificate Fee may be increased above the initial Certificate Fee in order to preserve the economic benefit to the Issuer of the Certificate Fee.

A further difference to a direct investment in the Underlying is that investors will forego the right to receive any dividends, interest or similar amounts paid in respect of the Underlying.

C. SUMMARY OF ISSUER DESCRIPTION

Deutsche Bank Aktiengesellschaft ("**Deutsche Bank**") or the ("**Bank**") originated from the reunification of Norddeutsche Bank Aktiengesellschaft, Hamburg, Rheinisch-Westfälische Bank Aktiengesellschaft, Duesseldorf and Süddeutsche Bank Aktiengesellschaft, Munich; pursuant to the Law on the Regional Scope of Credit Institutions, these had been disincorporated in 1952 from Deutsche Bank which was founded in 1870. The merger and the name were entered in the Commercial Register of the District Court Frankfurt am Main on 2 May 1957. Deutsche Bank is a banking institution and a stock corporation incorporated under the laws of Germany under registration number HRB 30 000. Deutsche Bank has its registered office in Frankfurt am Main, Germany. It maintains its head office at Theodor-Heuss-Allee 70, 60486 Frankfurt am Main and branch offices in Germany and abroad including in London, New York, Sydney, Tokyo and an Asia-Pacific Head Office in Singapore which serve as hubs for its operations in the respective regions.

Deutsche Bank is the parent company of a group consisting of banks, capital market companies, fund management companies, a real estate finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies (the "**Deutsche Bank Group**").

As of 31 March, 2008, Deutsche Bank's issued share capital amounted to Euro 1,358,150,172.16 consisting of 530,572,411 ordinary shares without par value. The shares are fully paid up and in registered form. The shares are listed for trading and official quotation on all the German Stock Exchanges. They are also listed on the New York Stock Exchange. The consolidated financial statements for fiscal years starting 1 January, 2007 are prepared in compliance with International Financial Reporting Standards (IFRS).

As of 31 March, 2008, Deutsche Bank Group had total assets of EUR 2,305,337million, total liabilities of EUR 2,269,303 million and total equity of EUR 36,034 million on the basis of IFRS (unaudited).

Deutsche Bank's long-term senior debt has been assigned a rating of AA (outlook negative) by Standard & Poor's, Aa1 (outlook stable) by Moody's Investors Services and AA- (outlook stable) by Fitch Ratings.

II. RISK FACTORS

A. INTRODUCTION

Each prospective investor should review carefully the entirety of this document including the Conditions. This document is not, and does not purport to be, investment advice. **The Securities may decline in value and investors should be prepared to sustain a total loss of their investment in the Securities.**

The discussion below is intended to describe various risk factors associated with an investment in the Securities. No investment should be made in the Securities until after careful consideration of all those factors which are relevant in relation to the Securities. Prospective investors should note that while the statements below describe certain of the principal risks inherent in investing in the Securities, they are not an exhaustive list. Prospective investors should also read the detailed information set out elsewhere in this document and reach their own views prior to making any investment decision. Prospective investors should consider carefully the description of the Underlying (as defined below) in the sections "Product Conditions" and "Information relating to the Underlying" and should familiarise themselves with the further information in respect of the Underlying which is set out therein (and in particular the prospectus of the Fund and any additional risk factors relating to it set out therein).

An investment in the Securities involves significant risks. These risks may include, among others, equity market, bond market, foreign exchange, interest rate, market volatility and economic, political and regulatory risks and any combination of these and other risks. An investment in the Securities is intended to provide a return linked to the Underlying which is a Hedge Fund which as a "fund-of-funds", itself invests in other single manager Hedge Funds. Investing directly or indirectly in Hedge Funds is generally considered to be particularly risky and involves special considerations not typically associated with investing in other securities. These include the fact that Hedge Fund investments may be particularly volatile and that Hedge Funds may invest in complicated markets using highly sophisticated financial instruments and high levels of leverage.

Prospective purchasers should therefore be experienced with respect to transactions in instruments such as the Securities and in investments in Hedge Funds or investment products linked to Hedge Funds.

This document does not take into account the investment objectives, financial situation and particular needs of each prospective investor. In addition, it does not consider the income and other tax consequences that may apply to a prospective investor if it buys, holds or sells Securities, and nor does it consider any legal or other restrictions applicable to a particular prospective investor. Prospective purchasers should only reach an investment decision after careful consideration, with their own legal, tax, accounting and other advisers, of (i) the suitability of an investment in the Securities in the light of their own particular financial, tax and other circumstances, (ii) the information set out in this document and (iii) the Fund. They should understand the risks associated with an investment in the Securities and in particular should familiarise themselves carefully with the Risk Factors set out in Section II below. In addition they should consider all information provided in the Registration Document with respect to the Issuer and consult with their own professional advisers in respect of it if they consider it necessary.

In addition to the Risk Factors which follow, prospective investors should also review section "C. Conflicts of Interest".

Terms and expressions defined in the Conditions (including in "Information relating to the Underlying") shall have the same meaning when used in this discussion.

B. RISK FACTORS

1. General

a. Nature of the investment and overview of hedge funds

By investing in the Securities investors will gain exposure to a type of fund referred to as a "**Hedge Fund**". An investment in the Securities is intended to provide a return linked to the relevant Fund Shares.

Investments offering exposure to the performance of Hedge Funds are generally considered to be risky (see "Risk factors relating to investing in Hedge Funds" below).

A Hedge Fund is an investment vehicle which pools the investments of investors and uses the proceeds to invest in one or more particular investment strategies in order to try to achieve a positive return for investors. Hedge Funds typically engage in unconventional and alternative investment strategies. Hedge Funds are normally subject to little or no regulation and are often based in an "offshore" jurisdictions such as the Cayman Islands, the British Virgin Islands, Jersey or Guernsey, partly in order to avoid tax.

A direct investor in a Hedge Fund receives shares or units in that Hedge Fund. The shares or units may relate to the Hedge Fund generally or to a particular class or series of the Hedge Fund, each relating to one or more investment portfolios. The value of the investor's shares or units will be determined by reference to the value of the Hedge Fund's underlying investments.

The administration and operation of a Hedge Fund will be undertaken by a number of persons in relation to its management and operation (any such person a "**Service Provider**", which term also includes investment managers, trading advisers or other entities (referred to as "**Investment Managers**") appointed by Hedge Funds to pursue investment strategies. The most significant of its Service Providers will be the Investment Manager who will discharge the strategy and investment techniques of that Hedge Fund. The Hedge Fund, on the advice and recommendations of its Investment Manager, will apply the investment monies of its investors to particular investments which will make up its investment portfolio (which may include securities and derivative contracts). Since the Investment Manager will largely direct the investments of the Hedge Fund and to a greater or lesser extent may follow a particular strategy or investment technique in order to make these investments, the success or otherwise of the Hedge Fund may depend largely on the skill of its Investment Manager and the success or otherwise of the types of strategy or investment technique followed.

The Service Providers to a Hedge Fund other than the Investment Manager typically include its administrator (which may carry out record keeping, investor registration or similar formalities), its custodian (which may be appointed to hold the assets of the Hedge Fund), its corporate services provider (which may provide directors for the Hedge Fund, a registered office and arrange for meetings of the directors) and its brokers (including a "prime broker" which may execute transactions for the Hedge Fund, and may lend the Hedge Fund any of the money it decides is needed in excess of investor funds to enter into transactions).

b. Issuer's freedom to hedge / No rights relating to the Underlying

Investors should understand that although the Underlying comprises the Fund Share which will be referenced by the Securities for the purposes of determining various amounts in connection with the Securities, the Issuer is under no obligation to hedge the exposures created for it by making investments in the Underlying, or to hedge such exposures in any particular way or at all. Securityholders will have no legal or beneficial ownership interest in the Underlying Securityholders will have no contractual relationship in any respect with the

manager, administrator or any Service Provider of the Fund or the custodian of the Underlying from time to time. The securities represent unsecured obligations of Deutsche Bank AG, Frankfurt am Main only, and are not insured or guaranteed by any governmental fund or other person.

c. Creditworthiness of the Issuer

The value of the Securities is expected to be affected, in part, by investors' general appraisal of the Issuer's creditworthiness. Any reduction in the creditworthiness of the Issuer could result in a reduction in the value of the Securities. If bankruptcy proceedings are commenced in respect of the Issuer, the return to a Securityholder, if any, is likely to be limited and any recovery will likely be substantially delayed.

d. The Securities may be illiquid

It is not possible to predict if and to what extent a secondary market may develop in the Securities or at what price the Securities will trade in the secondary market or whether such market will be liquid or illiquid. As at the date of this document, the Issuer does not intend to apply for the Securities to be listed, quoted or admitted to trading on any stock exchange or quotation system and the Securities may be less liquid investments than if they were listed, quoted or admitted to trading.

e. Incentivisation

The Issuer may enter into distribution agreements with various financial institutions and other intermediaries as determined by the Issuer (collectively the "**Selling Agents**"). A fee may be payable to the Selling Agent(s) by the Issuer.

f. No payments until settlement

Prospective investors should note that no periodic interest payments or other distributions will be made in respect of the Securities.

g. Product, Fund Share and Underlying fees

Hedge Funds typically receive services from Service Providers including the Investment Manager in relation to their management and operation and therefore tend to suffer a high level of fees which are deducted from the returns available to investors.

Investors should therefore be aware that the performance of the Securities will be affected by a number of fees which are charged in respect of the Fund Shares.

In addition, investors should be aware that the performance of the Securities will be affected by a number of fees which are charged in respect of the Securities themselves and which may be charged in respect of hedging arrangements utilised by the Issuer in respect of the Securities (in each case, if applicable to the relevant Securities).

These are all described, without limitation, in brief below:

Fees at the level of the Securities:

A Certificate Fee as described in Product Condition 1 is applied of one twelfth of 0.30%.

Fees at the level of the Fund Shares:

The Fund deducts a basic management fee of 2 per cent. per annum. Investors should read carefully those sections of the prospectus of the Fund as set out below in the section "Information relating to the Underlying" which details the various fees imposed by the Fund.

Investors should carefully consider the various fees that may be imposed on or by the Funds. These may include administration, management, audit and tax or other fees, and certain of these fees may be substantial or higher than the market average.

Fees at the level of the Underlying:

In addition, investors should note that because the Fund is a "fund-of-funds" which itself invests in other single manager Hedge Funds, each such single manager Hedge Fund will deduct its own performance, administration, special management or other fees, certain of which fees may be substantial or higher than the market average.

h. Taxation

Potential purchasers should consult their own independent tax advisers. Securityholders are subject to the provisions of General Condition 6 and payment of any amount due in respect of the Securities will be conditional upon the payment of certain taxes, duties and/or expenses as provided in the Product Conditions (referred to as Securityholder Expenses).

i. Exercise

The failure to deliver any notices or certifications strictly in accordance with the relevant time period specified in the Conditions could result in the loss of (or inability to receive) amounts which might otherwise become due under the Securities. Upon exercise of the Securities, there will be a time lag between the time exercise occurs, the time the applicable Cash Settlement Amount (if any) relating to such exercise is determined, and the time such payment is made and this time lag is considerable. In addition, investors should note that after any exercise of their Securities, they will not be able to participate in any positive performance of the Fund Shares during the period from (and including) the Relevant Valuation Date.

The Issuer will have the option to limit the number of Securities exercisable on any date to the maximum amount determined in accordance with the Conditions. A holder of Securities may not be able to exercise on such date all the Securities that it desires to exercise and the Cash Settlement Amount (if any) which will be received upon ultimate exercise may be substantially different from the Cash Settlement Amount (if any) relating to the originally envisaged Exercise Date.

Holders of Securities must, in respect of any Exercise Date, tender or hold, in aggregate, a specified minimum number of the Securities at any one time in order for the Securities to be exercised prior to the Final Exercise Date.

j. Expiry

Investors should note that where the Calculation Agent determines that any Cash Settlement Amount (less any Securityholder Expenses which would apply) as of any Exercise Date would be equal to or less than zero (regardless of whether any Securities have been exercised in respect of that Exercise Date) the Securities will expire worthless, as more fully set out in Product Condition 5.

k. Early termination for extraordinary reasons, illegality and force majeure

Pursuant to Product Condition 4 and General Condition 2, the Issuer may in certain circumstances cancel the Securities and Securityholders will receive an amount determined by the Calculation Agent to be the fair market value of the Securities notwithstanding the illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements. In the event of a cancellation of a Security, the Securityholder of

such Security will not participate in any future positive performance (if any) of the Underlying and may suffer a loss if the fair market value of the Security at such point is less than the price that the investor originally paid for such Security.

I. Fund Level Adjustment Event Extraordinary Fund Events

Following the occurrence of a Fund Level Adjustment Event, the Calculation Agent may take certain steps set out in Product Condition 4, to require the Calculation Agent to adjust the terms of the Conditions or relevant values or dates in respect of the Securities or, to treat the Fund Level Adjustment Event as an Extraordinary Fund Event. Fund Level Adjustment Events include circumstances in which the determination of the net asset value or redemption proceeds for the Fund Shares is disrupted or not reflective of the relevant hedge fund assets.

Following the occurrence of an Extraordinary Fund Event, the Calculation Agent may take certain steps set out in Product Condition 4 including requiring the Calculation Agent to adjust the terms of the Conditions or cancelling the Securities or substituting the Fund Shares with other fund shares or other specified assets. Extraordinary Fund Events include a wide range of events relating to tax and fees, the relevant Hedge Fund or its service providers, hedging arrangements for the Securities and connected fund entities. Investors should review Product Condition 4 carefully to determine how these may affect their investment.

2. Risk Factors relating to Hedge Funds

This section sets out particular risks which investors in Securities linked directly or indirectly to Hedge Funds should consider with regard to Hedge Funds and their respective Service Providers (as defined above).

a. General Risks

i. Very broad investment mandate

Hedge Funds may be largely unregulated and have relatively few restrictions in their investment powers.

ii. Economic conditions

The success of any investment activity is affected by general economic conditions, which may include changes in (amongst other things) the timing and direction of interest rates, credit spreads, foreign exchange rates, commodities prices and other macro-economic factors.

iii. Political and regulatory risks

The value of a Hedge Fund's assets may be affected by uncertainties such as international political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries in which the Hedge Fund's assets are invested or where the Hedge Fund is domiciled. More specifically the regulation of Hedge Funds and of many of the investments an Investment Manager is permitted to make on behalf of a Hedge Fund is not subject to the same degree of regulation as many other types of investment

vehicle and investments, and the extent and manner of such regulation is still evolving and therefore subject to change.

iv. Currency risks

Investments of the relevant Hedge Fund may be subject to exchange-rate fluctuations, exchange controls and foreign exchange transactions charges may apply.

v. Past performance information

Hedge Funds may only be recently formed or have no operating or performance record and certain information may be private or only available on a confidential basis. Moreover, past results are not necessarily indicative of future performance. No assurance can be made that a Hedge Fund will achieve its objectives, that profits will be achieved or that substantial losses or total loss will not be incurred.

vi. Litigation and enforcement risk

Hedge Funds may accumulate substantial investment positions in the securities of a specific company or engage in a dispute, become involved in litigation, or attempt to gain control of a company. Under such circumstances, a Hedge Fund could be named as a defendant in a lawsuit or regulatory action. Further, there have been a number of widely reported instances of Hedge Fund violations of securities laws, including the misuse of confidential information. Such violations may result in substantial Hedge Fund liabilities for damages caused to others, for the repayment of profits realised, and for penalties. If that were the case, a Hedge Fund's value might be substantially diminished and the past performance of such Hedge Fund may be misleading.

vii. Cross-Liability of Funds risk

All liabilities, irrespective of whatever Fund they are attributable to, shall (in the event of an insolvent winding up of the Umbrella Fund or a redemption of all the Participating Shares of a Fund), unless otherwise agreed upon with the creditors, be binding on the Umbrella Company as a whole and accordingly, liabilities of one Fund may impact on and be paid out of one or more other Funds.

b. Investment Managers, Service Providers and Counterparties

i. Dependence on Investment Managers and Service Providers

The performance of a Hedge Fund will depend on the performance of the investments selected by one or more Investment Managers it appoints to pursue its investment strategies. In practice a Hedge Fund depends heavily on key individuals associated with the day-to-day operations of the Investment Manager and upon the expertise of such key individuals. Any withdrawal or other cessation of investment activities on behalf of the Investment Manager by any of these individuals could result in losses and/or the termination or the dissolution of the relevant Hedge Fund. Terms of appointment of an Investment Manager and/or advisers, such as an investment management agreement (and other arrangements) may not have been negotiated at arm's length and it may be unlikely that an Investment Manager will be replaced.

ii. Width of discretions; strategies may not be profitable

The investment strategies, investment restrictions and investment objectives of a Hedge Fund give its Investment Manager(s) considerable discretion to invest the assets thereof and

there can be no guarantee that an Investment Manager's investment decisions will be profitable or will effectively hedge against the risk of market or other conditions. Hedge Funds may allow Investment Managers to determine strategies in their sole discretion and there can be no assurance that any investment strategy will be followed. Therefore the Fund Shares in which the Underlying invests (and hence the Securities) may not perform well even when Hedge Funds in general or Hedge Funds following similar investment strategies are performing well.

iii. Conflicts of interests

Conflicts of interests may arise between a Hedge Fund and its Investment Manager and/or its other Service Providers. Investment management companies normally manage assets of other clients that make investments similar to those made on behalf of a Hedge Fund and/or any funds in which it may invest. Such clients could thus compete for the same trades or investments and allocation procedures may adversely affect the price paid or received for investments or the size of positions obtained or disposed.

iv. Fraud, wilful default, operational and human error

The success of a Hedge Fund depends in part upon the relevant Investment Manager's accurate calculation of price relationships, the communication of precise trading instructions and ongoing position evaluations. In addition, an Investment Manager's strategies may require active and ongoing management and dynamic adjustments to a Hedge Fund's positions. There is the possibility that, through human error, oversight or operational weaknesses, mistakes could occur in this process and lead to significant trading losses and have an adverse effect on the Hedge Fund's value. The reliance on the Investment Manager and other Service Providers, and in particular certain individuals employed by the Investment Manager (or relevant Service Providers), may increase the risk that internal fraud or wilful default will be perpetrated and not detected.

v. Holding of a Hedge Fund's assets

A Hedge Fund may appoint a bank, broker, prime broker or derivative counterparty to be responsible for clearing, financing and reporting services with respect to the securities transactions entered into by the relevant Investment Manager. In certain cases brokers, banks or derivative counterparties may not have the same credit rating as a large western European bank (or any credit rating) and may have limited or no statutory supervisory obligations. As a broker, prime broker, bank or derivative counterparty may in some cases have limited or no regulatory obligations, internal fraud may be much more difficult to detect. In the event of a broker's, prime broker's, bank's or derivative counterparty's insolvency the relevant Hedge Fund may lose some or all of the investments held or entered into with the broker, bank or derivative counterparty.

c. Fees, expenses, operational and structural risks

i. Fee arrangements

As referred to in Risk Factor 1.g. above, a Hedge Fund typically provides for a performance fee or allocation, over and above a basic advisory fee to be paid to its Investment Manager(s) and advisers and that this performance fee may be substantial. The manner of calculating such fees may create an incentive for the Investment Manager(s) to make investments that are riskier or more speculative than would be the case if such fees were not paid to the Investment Manager.

A Hedge Fund will usually be obliged to pay legal, accounting, auditing, administrative charges, and any extraordinary expenses regardless of whether it realises profits.

ii. Indemnification

Hedge Funds are generally required to indemnify their Investment Manager(s) or other Service Providers. Any indemnification paid by a Hedge Fund would reduce its value.

iii. "Soft Dollar" payments

In selecting brokers, prime brokers, banks and dealers to effect transactions on behalf of a Hedge Fund, an Investment Manager may consider such factors such as the products and services provided to it or expenses paid on its behalf. Such "soft dollar" benefits may cause an Investment Manager to execute a transaction with a specific broker, prime broker, bank, or dealer even though it may not offer the lowest transaction fees.

iv. Cost associated with high turnover

Hedge Funds may invest on the basis of certain short-term market considerations. As a result, the turnover rate within Hedge Funds is expected to be significant, potentially involving substantial brokerage commissions, fees and other transaction costs which may significantly exceed those of other investment schemes of comparable size.

v. Potential cross class liability

A Hedge Fund may offer various share classes. Usually each share class will be maintained by the Hedge Fund separately with separate accounting records and with the capital contributions (and investments made therewith) kept in segregated accounts. It should be noted, however, that the share classes are not separate legal entities but rather share classes in the Hedge Fund and the Hedge Fund as a whole, including all of such separate share classes, is normally one legal entity. Thus, all of the assets of the Hedge Fund are available to meet all of the liabilities of the Hedge Fund, regardless of the share class to which such assets or liabilities are attributable.

vi. Reliability of valuations

The constitutional documents of Hedge Funds usually provide that any securities or investments which are illiquid, not traded on an exchange or in an established market or for which no value can be readily determined, will be assigned such fair value as an Investment Manager, administrator (or other applicable third party valuation agent) may determine in its judgement based on various factors. Such valuations may not be indicative of what actual fair market value would be in an active, liquid or established market.

d. Nature of Hedge Fund investments and Hedge Fund investment techniques.

Illiquid investments

Hedge Funds may make investments which are subject to legal or other restrictions on transfer or for which no liquid market exists i.e. making the assets concerned difficult to realise. The market prices, if any, of such investments tend to be more volatile and it may be impossible to sell such investments when desired or to realise their fair value in the event of a sale. Furthermore, companies whose securities are not registered or publicly traded are not subject to the disclosure and other investor protection requirements which would be applicable if their securities were registered or publicly traded. As a result it may take some

time for a Hedge Fund to realise all or part of these assets when an investor wishes to redeem its investment in the Hedge Fund. The Hedge Fund may delay redemptions or take other action to address this issue. In a situation where a large number of investors may wish to withdraw their investment in the Hedge Fund (e.g. in a market downturn) this may mean the Hedge Fund realises its investments on unfavourable terms, which will in turn have an adverse effect on the returns to Hedge Fund investors.

ii. Concentration of investments

An Investment Manager may invest a Hedge Fund's assets in a limited number of investments that may be concentrated in a few countries, industries, commodities, sectors of an economy or issuers. As a result, the negative impact on the value of the relevant Hedge Fund from adverse movements in a particular country, economy or industry or in the value of the securities of a particular issuer could be severe. The Fund has no restrictions on the markets in which it may invest pursuant to its investment policy and so its investments may suffer a lack of diversification.

iii. Leverage

Hedge Funds may be able to borrow (or employ leverage) without limitation and may utilise various lines of credit and other forms of leverage, including swaps (including futures and options) and repurchase agreements. Accordingly, the losses (as well as gains) of a Hedge Fund may be exacerbated more greatly than would be the case if no leverage mechanisms were employed. If income and appreciation on investments made with borrowed funds are less than the required interest payments on the borrowings, the value of the Hedge Fund will decrease.

iv. Risks associated with the use of margin borrowings

An Investment Manager may enter into certain positions or obtain further investment capacity by the use of short-term margin borrowings by pledging certain of its assets to brokers (or its prime broker) to secure its liabilities. In the event of a sudden drop in the value of the Hedge Fund's assets, the Investment Manager might not be able to liquidate assets quickly enough to pay off the margin debt and so the relevant broker (or prime broker) may liquidate additional assets of the Hedge Fund in order to satisfy such margin debt.

v. Short-selling

A short sale involves the sale of a security that a Hedge Fund does not own in the hope of purchasing the same security (or a security exchangeable therefore) at a later date at a lower price. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss. Such risk is increased if leverage is utilised. There can be no assurance that the security necessary to cover a short position will be available for purchase.

vi. Hedging risks

An Investment Manager may utilise various financial instruments for the purposes of establishing arbitrage positions as part of its trading strategies and to hedge against movements in the capital markets. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Even where hedging is attempted a substantial risk of loss may still remain. Even where hedging is possible the Investment Manager may elect not to, leaving the Hedge Fund with substantial unhedged positions.

C. CONFLICTS OF INTEREST

The following activities could present conflicts of interest and may affect the value of the Securities:

1. Transactions involving the Fund Shares

The Issuer and its affiliates may from time to time engage in transactions involving the Fund Shares and / or the constituent investments of the Fund for their proprietary accounts and for accounts under their management and, at any given time, the Issuer or its affiliates may be the principal or sole investor in the Fund Shares of any Fund or in the hedge funds which are the constituents of any Fund. In such circumstances the Issuer or its affiliates may exercise their voting rights to approve changes or amendments to the relevant funds and will do so without reference to Securityholders or their interests. Such changes, amendments or transactions may have a positive or negative effect on the value of the Fund Shares and consequently upon the value of the Securities.

2. Acting in other capacities

The Issuer and its affiliates may from time to time act in other capacities with regard to the Securities, such as calculation agent, and/or agent. Such functions can allow the Issuer to determine the composition of the Underlying or to calculate its value, which could raise conflicts of interest including where securities or other assets issued by the Issuer itself or a group company can be chosen to be part of the Underlying, or where the Issuer maintains a business relationship with the issuer or investment manager of such securities or assets.

3. Conducting of hedging transactions

The Issuer may use all or some of the proceeds received from the sale of the Securities to enter into hedging transactions, which may include investments in the Fund Shares or investments in securities or other assets in which such funds also invest. It cannot be assured that the Issuer's hedging activities in respect of the Securities (or in respect of other investment products of the Issuer in respect of which the Issuer enters into hedging transactions) will not affect the value of the Securities. Because the Issuer may create other investment products and enter into similar hedging transactions in respect of those products, its hedging activities in respect of those other investment products may have an effect on the Securities as well as on those products.

4. Market-Making for the Securities

The Issuer, or an agent on its behalf, may act as market-maker for the Securities. In such market-making, the Issuer or its agent will, to a large extent, determine the price of the Securities. The prices quoted by such market-maker will usually not correspond to the prices which would have formed without such market-making and in a liquid market.

Furthermore, the prices quoted in the secondary market may be influenced by any premium or discount on the Securities' original value contained in their issue price.

The bid-offer spread for the Securities will be set by the market-maker based on supply and demand for the Securities and certain revenue considerations.

The prices quoted by the market-maker can substantially differ from the fair value of the Securities, or the value to be expected economically on the basis of the factors mentioned above, at the relevant time. In addition, the market-maker can at any time

alter the methodology used to set the quoted prices, e.g. increase or decrease the bid-offer spread.

5. Obtaining of non-public information

The Issuer and/or its affiliates may acquire non-public information with respect to the Fund Shares and/or the constituents of the Fund, and neither the Issuer nor any of its affiliates undertakes to disclose any such information to any Securityholder. In addition, one or more of the Issuer's affiliates may publish research reports with respect to the Fund Shares. Such activities could present conflicts of interest and may affect the value of the Securities.

6. Material relationships

The Issuer (in its capacity as such or as Calculation Agent) or any of its Affiliates may have an interest, relationship or arrangement that is material to, or may conflict with, the obligations it is to perform in relation to the Securities or the Underlying. Unless otherwise required by any applicable regulatory or legal obligation, the Issuer (in any of its capacities hereunder) shall not be required to disclose such interests, relationships or arrangements to any Securityholder, or to account for or disclose any profit, charge, commission or other remuneration arising in respect of such interests, relationships or arrangements and may continue to pursue its business interests and activities without disclosure to any Securityholder. The nature of the Issuer's activities are such that different areas of the Issuer may have relationships with the Fund that issues the Fund Shares. In addition, different areas of the Issuer, with different business objectives, may benefit from fees or rebates paid by the funds that constitute the Fund Shares or the Fund itself from time to time.

7. Issue price

The issue price charged for the Securities can, in addition to loading charges, management or other fees charged, comprise a premium on the original mathematical ("fair") value of the Securities which is not visible to investors. Such premium is determined by the Issuer in its discretion and can differ from premiums charged by other issuers for comparable securities.

III. GENERAL INFORMATION ON THE PROSPECTUS

A. FORM OF DOCUMENT – PUBLICATION

This Securities Note and Summary, together with the registration document of the Issuer dated 30 April, 2008 constitutes a prospectus (the "**Prospectus**") according to Art. 5 (4) of the Prospectus Directive (Directive 2003/71/EC), as implemented by the relevant provisions of the EU member states, in connection with Regulation 809/2004 of the European Commission. As such, the Base Prospectus does not contain information which was not yet known at the time the Base Prospectus has been approved and which can only be determined at the time of the individual issue of Securities under the Base Prospectus.

The Prospectus, together with any translations thereof, has been published on the Issuer's website (**www.investment-products.db.com**). In addition, the Base Prospectus and the documents incorporated therein by reference shall be available at the registered office of the Issuer.

The annual reports and accompanying auditors' reports for 2006 and 2007 are also available on the Issuer's website (**www.db.com**). The annual reports and accompanying auditors' reports for 2006 and 2007 are also included in the Registration Document which is published on the Issuer's website (**www.db.com**).

The Issuer does not intend to provide any post-issuance information in relation to the Underlying Components and the constituents thereof.

B. INFORMATION FOR INVESTORS

Information on the Conditions of the Securities

The relevant rights under the securities which can be issued under the Base Prospectus are laid down in the respective **Conditions** of the securities. These consist of the **Product Conditions**, which are individually designed for each Security, and the **General Conditions**, which contain general rules relating to all securities which can be issued under the Base Prospectus and which apply, to all securities issued under it, each as supplemented by the Section entitled "Information relating to the Underlying".

Within the **Product Conditions**, **Product Condition 1 – Definitions** - contains the definitions applicable for the entire Product Conditions. This section, being a definitions section, should be read only in connection with the other Product Conditions, i.e. wherever defined terms are used in such parts, the applicable definitions would be looked up in Product Condition 1.

Product Condition 2 – Form – contains the relevant rules with regard to the form and transferability of the Securities.

Product Condition 3 – Exercise Rights, Procedure and Settlement - determines the right of the holder of a Security under the Security to receive payment of a cash amount (if any). Furthermore, Product Condition 3 contains rules on the exercise of the Securities and the exercise procedure as well as further rules in connection with this or the right to receive payment (if any) in respect of the Securities.

Product Condition 4 – Adjustment, Cancellation and Substitution of Fund Provisions – contains rules relating to the occurrence of an extraordinary fund event and relating to adjustments to or cancellation of the Securities in case of the occurrence of certain events. In addition, the Underlying may be substituted.

Product Condition 5 – Expiry – contains rules relating to the expiry of the Securities worthless upon the occurrence of certain events.

Product Conditions 6 – Governing Law and Place of Jurisdiction – determines the governing law, which is German law, as well as the jurisdiction for any proceedings in respect of the Securities.

IV. TERMS OF THE OFFER

Number of Securities

Up to 50,000 Securities will be issued.

The Subscription Period

Applications to subscribe for the Securities may be made from the Primary Market Start Date until the Primary Market End Date as described in the section titled "Country Specific Information" below.

Upfront Placement Fee

In addition to the applicable Issue Price or secondary market price, an upfront placement fee of up to 2.5% of the Issuer Price or secondary market price, as the case may be, may be charged in respect of the subscription or sale of each Security.

Cancellation of the Issuance of the Securities

The Issuer reserves the right for any reason to cancel the issuance of the Securities prior to the date of issue.

In particular, the issuance of the Securities is conditional, amongst other matters, on the Issuer receiving valid subscriptions for Securities amounting to an aggregate subscription of at least 10,000 Securities on or prior to the Primary Market End Date. In the event that this condition is not satisfied, the Issuer may cancel the issuance of the Securities as of the Primary Market End Date.

Early Closing of the Subscription of the Securities

In accordance with the section titled "Country Specific Information" below, the Issuer reserves the right for any reason to close the subscription period early.

Delivery of the Securities

The Securities will be delivered against payment of the Issue Price, in accordance with applicable law and any rules and procedures for the time being of any clearing agent through whose books any of the Securities are transferred. Investors purchasing Securities will receive delivery of them on the value date through an account with a financial institution that is a member of one of the respective clearing agents.

Results of the Offer

The results of the offer will be made available in printed form free of charge at the offices of the Deutsche Bank Luxembourg SA (acting as an Agent in Luxembourg) as soon as possible after the Primary Market End Date and shall also be published on the website of the Luxembourg Stock Exchange at www.bourse.lu, as soon as reasonably practicable after it is calculated by the Calculation Agent.

V. GENERAL TAXATION INFORMATION

1. Introduction

Purchasers and/or sellers of Securities may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of transfer in addition to the issue price or purchase price of the Securities.

Transactions involving the Securities (including purchases, transfers, exercise or non-exercise or redemption), the accrual or receipt of any interest payable on the Securities and the death of a holder of any Securities may have tax consequences for holders and potential purchasers which may depend, amongst other things, upon the tax status of the holder or potential purchaser and may relate to – amongst other taxes and duties – stamp duty, stamp duty reserve tax, income tax, corporation tax, trade tax, capital gains tax, withholding tax, solidarity surcharge and inheritance tax.

For more specific information on the tax consequences please see the appropriate Country Specific Information.

General Condition 6 (Taxation) in the General Conditions should also be considered carefully by all potential purchasers of any Securities.

Potential purchasers of Securities are advised to consult their own tax advisors as to the tax consequences of transactions involving the Securities.

2. Taxation in Luxembourg

The following summary is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Securities should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

2.1 *Non-resident Holders of Securities*

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-residents holders of Securities, nor on accrued but unpaid interest in respect of the Securities, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Securities held by non-resident holders of Securities.

However, under the Luxembourg laws of 21st June, 2005 (the "**Laws**"), implementing the Council Directive 2003/48/EC of 3rd June, 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "**Territories**"), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax

is applied, it will be levied at a rate of 15% during the first three-year period starting 1st July, 2005, at a rate of 20% for the subsequent three-year period and at a rate of 35% thereafter. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Securities coming within the scope of the Laws would at present be subject to withholding tax of 15%.

2.2 *Resident Holders of Securities*

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Securities, nor on accrued but unpaid interest in respect of Securities, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Securities held by Luxembourg resident holders of Securities.

However, under the Luxembourg law of 23rd December, 2005 (the "**Law**") payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Securities coming within the scope of the Law would be subject to withholding tax of 10%.

3. **Stamp Duty and Withholding Tax in Germany**

The following paragraphs, which are intended as a general guide on stamp duty and withholding tax only, are based on current legislation and German tax authority practice. They summarise certain aspects of German taxation only which may be applicable to the Securities but do not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase, hold, transfer or redeem the Securities. In particular, this general summary does not consider any specific facts or circumstances that may apply to a particular purchaser. Potential purchasers of the Securities who are in any doubt about their tax position on purchase, ownership, transfer or exercise or non-exercise or redemption, as the case may be, of any Security should consult their own tax advisers.

The purchase or sale of a Security is not subject to stamp, value added or similar taxes or charges in Germany, regardless of the place of issuance, execution and delivery of the Security.

Payments in respect of interest (if any) made in respect of a Security to its holder if made by an Agent having its specified office in Germany or any other financial institution in Germany or if made by the Issuer from Germany may be subject to withholding tax. For a more detailed description of the German withholding tax position the appropriate Country Specific Information should be considered carefully.

4. **Stamp Duty and Withholding Tax in the United Kingdom**

The following paragraphs, which are intended as a general guide only, are based on current legislation and United Kingdom HM Revenue & Customs practice. They summarise certain aspects of United Kingdom taxation only and customs which may be applicable to the Securities but do not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase the Securities. In particular, this general summary does not consider any specific facts or circumstances that may apply to a particular purchaser. Potential purchasers of the Securities who are in any doubt about their tax position on purchase, ownership,

transfer or exercise or non-exercise or redemption, as the case may be, of any Security should consult their own tax advisers.

A purchaser or a Security may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the purchase price of such Security.

Potential purchasers of the Securities should note that the Global Security may constitute an instrument which is subject to United Kingdom stamp duty on issue by reference to the amount of the consideration paid or the value of the Security. However, the Global Security will be executed and delivered outside the United Kingdom and should not be brought into the United Kingdom save for the purposes of enforcement. So long as the Global Security is held outside the United Kingdom, it will not be necessary to pay United Kingdom stamp duty or interest or penalties in connection therewith. However, if the Global Security were brought into the United Kingdom (for example, for enforcement purposes), United Kingdom stamp duty may be required to be paid on the Global Security (subject to the availability of exemptions and reliefs). In addition, where the Global Security is executed outside the United Kingdom is subsequently brought into the United Kingdom and stamped, interest on the amount of the unpaid stamp duty will be payable in addition to the stamp duty in respect of the period from the expiry of 30 days from the date of execution of the Global Security to the date of stamping, unless the Global Security is stamped within 30 days of execution, in which case no interest is payable. No penalties are payable where the Global Security is executed outside the United Kingdom and subsequently brought into the United Kingdom and stamped, provided the Global Security is stamped within 30 days of being brought into the United Kingdom. If the Global Security is subject to United Kingdom stamp duty, it would be inadmissible in evidence in civil (as opposed to criminal) proceedings in an English court unless duly stamped. It should be noted however, that the United Kingdom HM Revenue & Customs have recently indicated that cash-settled warrants are not subject to stamp duty on issue. The Securities have some of the features of warrants (such as the requirement for there to be an exercise before any amounts become payable to holders). However, other features of the Securities are less warrant-like (such as the Issuer's right to redeem). It is possible that HM Revenue & Customs would be prepared to treat the Securities as warrants for stamp duty purposes, in which case they would not be stampable on issue.

The comments above relate to United Kingdom stamp duty on issue only.

Any interest payable on the Securities, any original issue discount in respect of the Securities and/or any proceeds on redemption or exercise of the Securities will not be subject to United Kingdom withholding tax.

VI. GENERAL SELLING AND TRANSFER RESTRICTIONS

1. Introduction

The distribution of this document and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuer to inform themselves about and to observe any such restrictions.

2. United States of America

The Securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and trading in the Securities has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act (the "**Commodity Exchange Act**"). Any offer or sale of the Securities must be made in a transaction exempt from the registration requirements of the Securities Act pursuant to Regulation S thereunder. No Securities, or interests therein, may at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. No Securities may be exercised or redeemed by or on behalf of a U.S. person or a person within the United States. As used herein, "**United States**" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and "**U.S. person**" means either a U.S. person as defined in Regulation S under the Securities Act or a person who does not come within the definition of a non-United States person under Rule 4.7 of the Commodity Exchange Act.

3. European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") the Securities have not been offered and will not be offered to the public in that Relevant Member State except, with effect from and including the Relevant Implementation Date, the Securities may be offered to the public in that Relevant Member State:

(a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;

(b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

(d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression "offer of Securities to the public" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

4. United Kingdom

(a) An invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")), may only be communicated or caused to be communicated in connection with the issue or sale of any Securities in circumstances would not, if the Issuer were not an authorised person, constitute a breach of Section 21(1) of the FSMA; and

(b) all applicable provisions of the FSMA must be complied with in respect to anything carried out in relation to any Securities in, from or otherwise involving the United Kingdom.

VII. INFORMATION RELATING TO THE SECURITIES

A. PRODUCT CONDITIONS

These Product Conditions relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions set out in this document. The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be attached to the Global Security representing the Securities.

The Securities entitle each holder of a Security to receive from the Issuer a Cash Settlement Amount (if any) less Securityholder Expenses subject to and in accordance with the Conditions of the Securities. In particular, if the Calculation Agent determines that the Cash Settlement Amount less any Securityholder Expenses which would apply as of any Exercise Date would be equal to or less than zero (regardless of whether any Securities have been exercised in respect of that Exercise Date), the Securities will expire worthless, all as more fully set out in Product Condition 5.

Product Condition 1. Definitions

Unless otherwise defined herein, the following expressions shall have the following meanings:

"**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "**controlled by**" and "**controls**" shall be construed accordingly;

"**Agent**" means, subject as provided in General Condition 5, Deutsche Bank AG, acting through its principal office in Frankfurt am Main as principal agent (the "**Principal Agent**") and through its branch office in London (Deutsche Bank AG, London Branch), each an "**Agent**" and together, the "**Agents**";

"**Business Day**" means any day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Frankfurt am Main, New York City, Dublin, London and Jersey;

"**Calculation Agent**" means the Issuer acting in accordance with General Condition 5;

"**Cash Settlement Amount**" has the meaning given to it in Product Condition 3.4.1 below;

"**Certificate Fee**" means in respect of a Valuation Date, one twelfth of 0.30 per cent.

"**Clearing Agent**" means Euroclear Bank S.A./N.V., Brussels and Clearstream Luxembourg, société anonyme, Luxembourg, and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Securityholders in accordance with General Condition 4 (each a "**Clearing Agent**" and together the "**Clearing Agents**", which term will include any depositary holding the Global Security on behalf of the Clearing Agent(s));

"Determination Date" means, in respect of a Relevant Valuation Date, (a) the 30th calendar day following the Relevant Valuation Date or, if such day is not a Business Day, any immediately preceding Business Day; or (b) if applicable, such later date on which the Calculation Agent is able to determine the relevant Reference Level, subject to adjustment in accordance with Product Condition 4.2 or 4.3;

"Exercise Date" means, subject to adjustment in accordance with Product Conditions 4.2 or 4.3, the day falling 50 Business Days prior to each Quarter Valuation Date to and including the Final Exercise Date, if any or if any such day is not a Business Day the immediately preceding Business Day). As used herein **"exercise"** shall be construed to apply to any Securities which are exercised at the option of a Securityholder or in any Deemed Exercise in accordance with Product Condition 3.2, or automatically on the Final Exercise Date, in accordance with Product Condition 3.3 and such Securities shall be cancelled on payment of the Cash Settlement Amount (if any) on the relevant Settlement Date, and **"exercised"**, **"due exercise"** and related expressions shall be construed accordingly;

"Exercise Notice" means the notice described in Product Condition 3.2.1;

"Final Exercise Date" means, subject to adjustment in accordance with Product Conditions 4.2 or 4.3, if a valid Final Exercise Date Acceleration Notice is given by the Issuer, the Final Exercise Date designated in such notice.

"Final Exercise Date Acceleration Notice" means an irrevocable notice given by the Issuer to the Securityholders that the Issuer is exercising its right in accordance with Product Condition 3.3.1 to declare a Final Exercise Date;

"Fund Level" means, in respect of a Valuation Date and subject to adjustment in accordance with Product Conditions 4.2 or 4.3, an amount equal to the net asset value per one Fund Share on such Valuation Date as determined by the Calculation Agent on or prior to the relevant Determination Date;

"Global Security" has the meaning ascribed thereto in Product Condition 2;

"Initial Valuation Date" means 30 June, 2008;

"Issue Date" means 23 June, 2008;

"Issuer" means Deutsche Bank AG, London Branch;

"Payment Day" means any day which is (i) a day on which each Clearing Agent is open for business and (ii) either (1) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of such currency or (2) in relation to any sum payable in euro, a day that the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"Redemption Charge" means an amount which will be deducted in the determination of the relevant Cash Settlement Amounts equal to:

1. In respect of any Securities exercised in relation to a Relevant Valuation Date falling on or before the Valuation Date falling in September 2009, 2 per cent. of the relevant Cash Settlement Amount;
2. In respect of any Securities exercised in relation to a Relevant Valuation Date falling on or before the Valuation Date falling in December 2009 but no later than September 2011, 1 per cent. of the Cash Settlement Amount; and
3. In respect of any Securities exercised in relation to a Relevant Valuation Date falling on or before the Valuation Date falling on or after December, 2011, zero.

"Quarterly Valuation Date" means each Valuation Date scheduled to fall on or about the last Business Day March, June, September and December of each year commencing in September, 2008;

"Reference Level" means in respect of:

1. the Initial Valuation Date, EUR 1,000; and
2. all subsequent Valuation Dates, an amount (which may not be less than zero) equal to the product of:
 - (1) the product of
 - (i) the Reference Level on the preceding Valuation Date; and
 - (ii) the quotient of: (i) the Fund Level in respect of the relevant Valuation Date (as numerator) and (ii) the Fund Level in respect of the preceding Valuation Date (as denominator); and
 - (2) one minus the Certificate Fee;

Expressed as a formula:

$$\text{MAX} \left[\text{Reference Level}_{(t-1)} \times \frac{\text{Fund Level}_{(t)}}{\text{Fund Level}_{(t-1)}} \times (1 - \text{Certificate Fee}), 0 \right]$$

all subject to adjustment in accordance with Product Conditions 4.2 or 4.3, and determined by the Calculation Agent on the Determination Date in respect of the relevant Valuation Date;

"Relevant Valuation Date" means, in respect of an Exercise Date, the Quarterly Valuation Date immediately following such Exercise Date;

"Securities" means up to 50,000 cash settled Certificates relating to the Underlying represented by the Global Security and each a **"Security"**;

"Securityholder" has the meaning given to it in Product Condition 2 below;

"Securityholder Expenses" has the meaning given to it in Product Condition 3.4.1 below;

"Settlement Currency" means euro ("**EUR**");

"Settlement Date" means, in respect of each Exercise Date and a Relevant Valuation Date, (1) the 35th calendar day immediately following the Relevant Valuation Date; or (b) if applicable such later date on which the Calculation Agent is able to determine the relevant Reference Level, subject to adjustment in accordance with Product Condition 4.2 or 4.3.

"Underlying" means the Class B (EUR) Participating Shares (the **"Fund Shares"**) of the Zenith Fund, a Fund of Kedge Capital Select Funds Limited (the **"Fund"**), each as described more fully in the section "Information Relating to The Underlying" subject to any exercise of the Calculation Agent's discretion to use its powers under Product Condition 4; and

"Valuation Date" means, subject to adjustment in accordance with Product Conditions 4.2 or 4.3; the last Business Day of each month or such other day falling on or about the last Business Day of each month as of which the Calculation Agent determines the Fund Level is determined commencing in June, 2008.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions or in the Section entitled "Information relating to the Underlying".

Product Condition 2. Form

The Securities are represented by a global security (the "**Global Security**") which will, if deposited with a Clearing Agent in Germany, be in bearer form for the purposes of German law. The Global Security has been deposited with the Clearing Agent(s) as defined in Product Condition 1 above. No definitive Securities will be issued.

The Securities are transferable in accordance with applicable law and the rules and procedures for the time being of any Clearing Agent through whose books any of the Securities are transferred. The terms "**Securityholders**" and "**holders of Securities**" in the Conditions will be construed to mean those persons recognised as the legal owners of the Securities pursuant to German law.

Product Condition 3. Exercise Rights, Procedure and Settlement

3.1. Exercise

The Securities may be exercised on any Exercise Date other than the Final Exercise Date by delivery of an Exercise Notice as detailed below ("**Securityholder Exercise**"). If the Securities have not been previously exercised they will be automatically exercised on the Final Exercise Date and they may at the option of the Issuer (by the effective designation of an earlier Final Exercise Date) be automatically exercised on such earlier designated Final Exercise Date ("**Automatic Exercise**"). The procedures and relevant restrictions for Securityholder Exercise are set out in Product Condition 3.2 and for Automatic Exercise are set out in Product Condition 3.3. Following the due exercise of a Security, settlement shall take place in accordance with Product Condition 3.4.

3.2 Securityholder Exercise

3.2.1 Exercise Notice

In respect of any Exercise Date prior to the Final Exercise Date, Securities may be exercised by the delivery of a duly completed Exercise Notice to the Principal Agent with a copy to a Clearing Agent at or prior to 10.00 a.m. (Central European Time) on the relevant Exercise Date. The form of the Exercise Notice may be obtained during normal business hours from the specified office of each Agent.

An Exercise Notice shall:

- 3.2.1.1 specify the number of Securities being exercised;
- 3.2.1.2 specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;
- 3.2.1.3 irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date an account with the relevant Securities and authorise the Principal Agent to so direct the relevant Clearing Agent on behalf of the relevant Securityholder;

- 3.2.1.4 specify the number of the account with the Clearing Agent to be credited with the Cash Settlement Amount (if any) less, if applicable, any Securityholder Expenses for such Securities;
- 3.2.1.5 include an undertaking to pay all Securityholder Expenses and an authority to the Clearing Agent to deduct an amount in respect thereof from any Cash Settlement Amount due to such Securityholder and/or to debit a specified account with the Clearing Agent in respect thereof and to pay such Securityholder Expenses;
- 3.2.1.6 certify that neither the Securityholder nor any person on whose behalf the Security is held is a U.S. person or a person within the United States. As used herein, "U.S. person" means either a U.S. person as defined in Regulation S under the United States Securities Act of 1933, as amended, or a person who does not come within the definition of a non-United States person under Rule 4.7 of the United States Commodity Exchange Act, as amended; and
- 3.2.1.7 authorise the production of such notice in any applicable administrative or legal proceedings or to the Clearing Agent.

3.2.2 *Verification*

In respect of each Exercise Notice the relevant Securityholder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities and/or other matters as the Principal Agent may deem appropriate or reasonably require in connection with the exercise or settlement of the Securities.

3.2.3 *Determinations*

Failure to properly complete and deliver an Exercise Notice may result in such notice being treated as null and void. Any determination as to whether an Exercise Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Securityholder. Any Exercise Notice determined to be incomplete or not in proper form, or which is not copied to the relevant Clearing Agent as provided in the Conditions, shall be void *provided, however, that* if such Exercise Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall constitute a new Exercise Notice submitted at the time such correction is delivered to the Principal Agent with a copy to the relevant Clearing Agent.

The Principal Agent shall use all reasonable endeavours to promptly notify the relevant Securityholder if it has determined that an Exercise Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

3.2.4 *Delivery of an Exercise Notice*

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Securityholder to exercise the Securities specified and no Exercise Notice may be withdrawn after receipt by the Principal Agent and the relevant Clearing Agent as provided above. After the delivery of an Exercise Notice

the Securities that are the subject of such notice may not be transferred. Any Security with respect to which an Exercise Notice has been delivered after 10.00 a.m. (Central European Time) on any Exercise Date shall be exercised on the next following Exercise Date subject to Product Condition 3.3.

3.2.5 *Minimum Exercise Amount*

Unless waived by the Principal Agent (in its reasonable discretion), the number of Securities exercisable by any Securityholder on any Exercise Date must not be less than 50 Securities (the "**Minimum Exercise Amount**") or, if a number in excess of the Minimum Exercise Amount, a whole number of Securities. Any purported exercise of Securities in breach of this provision shall be void and of no effect.

3.2.6 *Maximum Exercise Amount*

If as of any Relevant Valuation Date the Issuer determines that the duly completed Exercise Notices received by the Principal Agent from one or more Securityholders in respect of the related Exercise Date, if given effect, would cause the number of Securities to be exercised as of such Exercise Date (the Securities of each relevant Securityholder, "**Original Securities**") to exceed 25 per cent. of the Securities in issue as of the Relevant Valuation Date excluding any Securities then held by the Issuer and/or any of its Affiliates or if lower, such other percentage of the Securities in issue as at such date that the Issuer determines (acting in a commercially reasonable manner) may be exercised having regard to the liquidity of the Underlying, and the extent to which a Relevant Investor would receive relevant net redemption proceeds in respect of a redemption request duly submitted as of such Relevant Valuation Date in a timely manner (the "**Maximum Exercise Amount**"), the Issuer may reduce, as far as reasonably practicable on a *pro rata* basis, the number of Original Securities which may be exercised as of that Exercise Date (the "**Original Exercise Date**") by each relevant Securityholder.

Where the number of Securities which may be exercised by a Securityholder is reduced in accordance with this Product Condition 3.2.6:

3.2.6.1 the remaining portion of each relevant Securityholders' Original Securities (if any) not exercised on the Original Exercise Date shall be deemed exercised (a "**Deemed Exercise**") on the next following Exercise Date; and

3.2.6.2 any Deemed Exercise will be given effect by the Issuer in priority to the exercise of any Securities for which Exercise Notices are submitted subsequent to the Original Exercise Date,

provided that each Deemed Exercise shall itself be subject to the provisions of this Product Condition 3.2.6 such that in respect of any given Exercise Date: (i) any Deemed Exercise shall take priority over any other exercise of Securities; and (ii) any earlier Deemed Exercise shall take priority over any later Deemed Exercise.

Notwithstanding the provisions of this Product Condition 3.2.6, no Securities may be exercised following the Final Exercise Date.

3.3 *Automatic Exercise*

3.3.1 *Declaration of the Final Exercise Date*

The Issuer may, upon delivery of a Final Exercise Date Acceleration Notice (as defined in Product Condition 1) designate a Final Exercise Date. Any Final Exercise Date Acceleration Notice must be given to Securityholders in

accordance with General Condition 4.1 not later than the day falling on the same calendar day as the Final Exercise Date designated in the Final Exercise Date Acceleration Notice (without regard to any adjustment) in the year immediately preceding the calendar year in which such designated Final Exercise Date falls.

3.3.2 *Automatic Exercise on the Final Exercise Date*

Any Security which has not been previously exercised will be automatically exercised on the Final Exercise Date. In respect of the Final Exercise Date only, no Securityholder will be required to complete an Exercise Notice and any purported delivery of an Exercise Notice or any Deemed Exercise in respect of the Final Exercise Date shall be disregarded.

3.4. *Settlement*

The provisions of this Product Condition 3.4, as with other parts of the Conditions, are subject to any adjustment made in accordance with Product Condition 4.

3.4.1 *Cash Settlement Amounts and Securityholder Expenses*

In respect of any Exercise Date, each Security upon due exercise entitles its holder to receive from the Issuer, subject to adjustment in accordance with Product Conditions 4.2 or 4.3, an amount (if any) per Security equal to the Reference Level in respect of the Relevant Valuation Date (the "**Cash Settlement Amount**") (A) less all taxes, duties and/or expenses, and/or fees including any applicable depository charges, transaction or exercise or redemption charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security, (the "**Securityholder Expenses**"), and (B) adjusted for the relevant Redemption Charge, all as determined by the Calculation Agent for value on the relevant Settlement Date. The Cash Settlement Amount (after deduction of any Securityholder Expenses) will be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards. The Cash Settlement Amount, after deduction of any Securityholder Expenses, cannot be less than zero.

In respect of each Security, all Securityholder Expenses in respect thereof shall be for the account of the relevant Securityholder and no payment of any Cash Settlement Amount in respect of a Security shall be made until all Securityholder Expenses in respect thereof have been paid or deducted to the satisfaction of the Issuer.

3.4.2 *Payment Provisions*

Payment of the Cash Settlement Amount will be made by an Agent on behalf of the Issuer by credit or transfer to the relevant Clearing Agent for the account of the relevant Securityholder which, if an Exercise Notice is required, shall be the account specified in such Exercise Notice, such payment to be made in accordance with the rules of such Clearing Agent.

The Issuer will be discharged of its payment obligations by payment to, or to the order of, the relevant Clearing Agent in respect of the amount so paid. Each of the persons shown in the records of a Clearing Agent as the holder of a particular amount of the Securities must look solely to the relevant Clearing Agent for his share of each such payment so made by the relevant Agent to, or to the order of, the relevant Clearing Agent.

All payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment and subject to the provisions of General Condition 6.

If a payment of any amount to be paid to a Securityholder, according to the rules of the relevant Clearing Agent, cannot be made in the Settlement Currency, such payment shall be made in the currency principally used by the relevant Clearing Agent for payments to securityholders holding accounts with such Clearing Agent, following a conversion of the relevant amount from the Settlement Currency, using the rate of exchange determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may determine to be appropriate.

3.4.3 *Exercise and Settlement Risk*

Exercise and settlement of the Securities (whether Securityholder Exercise or Automatic Exercise) is subject to all applicable laws, regulations and practices in force on the Exercise Date and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in respect of the performance of its duties in connection with the Securities.

3.4.4 *General*

In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount. The purchase and/or holding of Securities does not confer on any holder of any Securities any rights (whether in respect of voting, distributions or otherwise) in respect of the Fund Shares or any asset of any kind whatsoever by reference to which the Cash Settlement Amount is calculated.

Product Condition 4. Adjustment, Cancellation and Substitution of Fund Provisions

Upon the occurrence of a Fund Level Adjustment Event or an Extraordinary Fund Event, the Issuer may instruct the Calculation Agent to make the relevant adjustments or may cancel the Securities or may substitute the Fund, in each case as provided in the relevant part of this Product Condition 4.

4.1 *Definitions:*

"**Extraordinary Fund Event**" means the occurrence of any of the following as determined by the Calculation Agent in its reasonable discretion:

(A) Tax and Fees:

1. the Fund, on or after the Issue Date, introduces or imposes any restriction, charge or fee (or increased restriction, charge or fee) in respect of the purchase, subscription, sale, transfer or redemption of any Fund Share;
2. any action is taken as a result of which a Relevant Investor would, if holding, purchasing, transferring or selling any Fund Share, (i) be required to pay an amount in respect of tax (howsoever arising), or (ii) receive a payment in respect of

which an amount in respect of tax (howsoever arising) would be deducted;

(B) Fund/Service Provider:

1. the cancellation of the registration or the approval of the Fund or any Service Provider by any relevant authority; or any suspension of the Fund or any Service Provider by any relevant authority; or the Fund or any Service Provider becomes subject to any investigation, action or sanction by any relevant governmental, legal or regulatory authority;
2. the insolvency, liquidation (whether voluntary or involuntary) or bankruptcy of, or any analogous proceedings affecting the Fund or any Service Provider;
3. a change of control, consolidation, subdivision, reclassification, amalgamation or merger of the Fund or any Service Provider;
4. the Fund redeems any Fund Share in the form of a distribution of non-cash assets;
5. the Fund ceases to trade and/or a Service Provider ceases its activity as a service provider of the Fund;
6. the Fund makes or declares any distribution or dividend;
7. any event that may have a dilutive, concentrative or other effect on the Fund Shares;
8. the Fund or any Service Provider violates any leverage or investment restriction that is applicable to it;
9. any material representation or statement is made by the Fund or any Service Provider is or becomes (or would with the lapse of time or the giving of any notice be likely to become) materially inaccurate (for which purposes a material representation or statement may cover the status, incorporation, authority or capacity of the Fund or any Service Provider, as applicable);
10. any change in Service Provider or change and/or modification of the currency, strategy, objectives, guidelines and/or investment policies of the Fund as in effect on the Issue Date;
11. the Fund mandatorily designates that a portion of each actual holder of Fund Shares' holding shall be converted into non-redeemable shares (or redeemable shares with significantly reduced liquidity rights) relating to an illiquid special investment of the Fund, howsoever described;

(C) Hedging

1. the inability of the Issuer to acquire, maintain or dispose of any Hedge Asset on any relevant day at such price as it determines is appropriate, and in the case of any Fund Share,

at, or at a value that equates to, the net asset value of such Fund Share for such day;

2. any event that, for any reason, may make it unlawful or impractical for the Issuer to hold, acquire, maintain, transfer or dispose of any Hedge Asset;
3. the Issuer becomes unable, or it is not reasonably practical, in each case, for the Issuer, after using commercially reasonable efforts, without incurring a materially increased amount of tax, duty, expenses or fees, to: (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any Hedge Asset, or (ii) realise, recover or remit the proceeds of any Hedge Asset, including, without limitation, where such inability, or impracticability or mismatch in values has arisen by reason of any restrictions or charges imposed by the Fund or any mandatory redemption of the Fund;

(D) General

1. any Fund Level Adjustment Event occurs which is to be treated as an Extraordinary Fund Event in accordance with the provisions of Product Condition 4.2 (i) or (ii); or
2. any event or circumstance which is likely to have a material adverse effect on the Fund, any Hedge Asset, any Service Provider, or the Issuer;

(E) Umbrella Fund

1. any of the events in (A), (B) or (D) above occurs with respect to the Umbrella Fund on the basis that references in this Product Condition 4 to the Fund, Fund Shares or Hedge Assets (and related values) and Service Providers shall be deemed respectively to be references to the Umbrella Fund, any relevant shares or units of the Umbrella Fund (and related values) and any applicable Hedge Assets and any service provider of the Umbrella Fund of the type specified in the definition of Service Provider;

"Fund Information Document" means, in respect of the Fund and a Fund Share, any offering circular, prospectus, information memorandum or similar document relating to the Fund and/or Fund Shares (including any document between the Fund and one or more investors supplementing, amending or restating the same), all as determined by the Calculation Agent;

"Fund Level Adjustment Event" means that the Calculation Agent reasonably determines that:

- (i) the Fund Level does not accurately reflect the net redemption proceeds that would be received by any Relevant Investor; and/or
- (ii) any Relevant Investor would receive any such relevant net redemption proceeds in more than one payment or later than would normally be the case whether in accordance with the relevant Fund Information

Document and/or the practice or procedures of the Fund or otherwise;
and/or

- (iii) it is impossible or impractical, for reasons beyond the reasonable control of the Calculation Agent, to determine the Fund Level in respect of any Valuation Date in a timely manner as provided in Product Condition 1 by reason of a delay or failure to publish the Fund Level continuing for more than two Business Days after the date on which such publication would ordinarily occur; and/or
- (iv) the Fund Level is unrepresentative of or is not an accurate reflection of the value of the relevant assets held by or on behalf of the Fund determined by reference to the available market information;

"Hedge Asset" means any transaction(s), arrangement(s) or asset(s) (including for the avoidance of doubt any Fund Shares) which the Issuer deems necessary to acquire or enter into (as applicable) in order to hedge the Issuer's risk of entering into and performing its obligations with respect to the Securities;

"Relevant Investor" means a hypothetical or actual investor (as determined by the Calculation Agent (acting reasonably) in the context of any relevant situation) in Fund Shares, which is deemed: (a) to have the benefits and obligations, as provided in any relevant Fund Information Document, of an investor holding Fund Shares at any relevant time; (b) in the case of any subscription for Fund Shares, to have submitted a valid and duly completed subscription notice and to have paid subscription monies to the Fund, on or before the last date on which it would be permitted, according to the Fund Information Document, to submit a subscription notice and subscription monies that would be timely for a subscription in respect of any relevant amount of Fund Shares in respect of any relevant Valuation Date; and (c) in the case of any redemption of Fund Shares, to have submitted a valid and duly completed redemption notice on or before the last date on which it would be permitted, according to the Fund Information Document, to submit a redemption notice that would be timely for a redemption in respect of any relevant amount of Fund Shares in respect of any relevant Valuation Date. The Relevant Investor may be deemed by the Calculation Agent to be resident or organised in any jurisdiction, and to be, without limitation, the Issuer (as determined by the Calculation Agent (acting reasonably) in the context of any relevant situation); and

"Service Provider" means, in respect of the Fund, any entity (or any person(s) acting on its behalf) or any person(s) who are appointed to provide services, directly or indirectly, for the Fund Shares, whether or not specified in any documentation relating to the Fund Shares, and including without limitation any director, official, adviser, administrator, manager, investment manager, trading advisor or any other entity providing similar services, operator, management company, depository, custodian, sub-custodian, prime broker, trustee, registrar and transfer agent or domiciliary agent.

"Umbrella Fund" means Kedge Capital Select Funds Limited.

4.2 *Fund Level Adjustment Event*

Upon the occurrence of a Fund Level Adjustment Event in respect of a Valuation Date which the Calculation Agent determines is material, the Issuer may at its option:

- (i) instruct the Calculation Agent to make such adjustments as it determines appropriate with regard to or to account for any Fund Level, Cash Settlement Amount, Settlement Date, Determination Date, Reference Level, as applicable, and/or any other provisions of the Conditions and determine the effective date(s) thereof, and the Calculation Agent shall thereupon make such adjustments; or
- (ii) elect to treat the Fund Level Adjustment Event as an Extraordinary Fund Event to which Product Condition 4.3.2.1 or 4.3.2.2 applies (*mutatis mutandis*).

Any adjustment made in accordance with this Product Condition 4.2 or Product Condition 4.3.1, may without limitation, take into account, as the Calculation Agent deems appropriate, any hedging arrangements carried out by the Issuer and/or any tax, duty, withholding, deduction or other charge whatsoever (including but not limited to a change in the tax consequences) for the Issuer. Such adjustment as described in (i) above may (a) apply in respect of those Securities that have been exercised immediately prior to the relevant Valuation Date; and/or (b) apply for the purposes of determining the Reference Level and related values for subsequent Valuation Dates.

4.3 *Extraordinary Fund Events*

4.3.1 If an Extraordinary Fund Event which the Calculation Agent determines is material has occurred or is continuing in respect of the Fund or any Fund Shares, the Issuer may require the Calculation Agent to determine such adjustment, if any, to be made to any one or more of the Conditions as it determines appropriate with regard to or to account for the Extraordinary Fund Event and to determine the effective date(s) thereof, which adjustment may be to any variable, method of calculation, valuation or any other terms in respect of the Securities and which may, without limitation, include any or all of: (i) an adjustment to the Cash Settlement Amount(s) paid in respect of any Securities outstanding as of the occurrence of the Extraordinary Fund Event; (ii) an adjustment to the number of Securities exercised; (iii) an adjustment to the timing of any Settlement Date(s) or (iv) payment by instalments of any relevant amount in respect of the Securities.

4.3.2 If an Extraordinary Fund Event has occurred or is continuing and *either* (a) it is impractical or impossible (in the determination of the Calculation Agent) to take the action described in Product Condition 4.3.1, *or* (b) the Calculation Agent reasonably determines that the relevant Extraordinary Fund Event is significantly material and detrimental and cannot in the determination of the Calculation Agent be resolved in accordance with Product Condition 4.3.1, then the Issuer may take the action described in Product Condition 4.3.2.1 and/or 4.3.2.2 below:

4.3.2.1 cancel the Securities by giving notice to Securityholders in accordance with General Condition 4. If the Securities are so cancelled, the Issuer will pay an amount to each Securityholder in respect of each Security

held by such Securityholder equal to the fair market value of a Security having considered the effect of the Extraordinary Fund Event less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payment will be made in such manner as shall be notified to the Securityholders in accordance with General Condition 4; and/or

- 4.3.2.2 determine that the Fund Shares shall be substituted with New Fund Shares or Replacement Investments in accordance with Product Condition 4.4 or 4.5 respectively below and determine the date on which the substitution shall take effect by reference to such factor(s) as it may select including, without limitation, any hedging arrangements carried out by the Issuer in respect of the Securities.

The Issuer shall decide in its reasonable discretion whether any adjustments made shall (a) apply only in respect of Securities that have been exercised as of any relevant Exercise Date; or (b) apply to all Securities exercised on or after any relevant Exercise Date.

The Calculation Agent may determine the appropriate adjustment for the purposes of Product Condition 4.3.1 above by reference to the redemption proceeds a Relevant Investor would have obtained had it redeemed all or part of its interest in the relevant Fund Shares on or about the date on which the Calculation Agent determines that the relevant Extraordinary Fund Event has occurred. Any adjustment or replacement made in connection with an Extraordinary Fund Event may also take into account, as the Calculation Agent deems appropriate, any tax, duty, withholding, deduction or other charge whatsoever (including but not limited to a change in the tax consequences) for any Relevant Investor as a result of the Extraordinary Fund Event. Such change in tax consequences may include any changes resulting from any hedging arrangements carried out by the Issuer in respect of the Securities.

If any adjustment or replacement is made in connection with any Extraordinary Fund Event, the Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4, stating the adjustment or replacement made and giving brief details of the Extraordinary Fund Event.

4.4 Fund Substitution

If the Issuer determines that the Fund Shares should be substituted into other fund shares or units in accordance with Product Condition 4.3.2.2 above, the Calculation Agent shall substitute the Fund Shares with new fund shares or units (the "**New Fund Shares**") and the related fund, the "**New Fund**") provided the New Fund has the same or similar strategy and objectives as specified in the Fund Information Document (as determined by the Calculation Agent) and provided that the currency of the New Fund Shares is the same as that for the Fund Shares.

If Fund Shares are substituted in accordance with this provision, the Calculation Agent shall make such adjustments to the Conditions as it deems appropriate with respect to such substitution. Any such adjustments may take into account the realisation value to the Issuer of the Fund Shares and/or any related Hedge Asset in respect of the Fund Shares, in order to pass on to Securityholders the effect of any fall in the value of the Fund Shares.

The Issuer shall promptly notify Securityholders following any substitution of the Fund Shares into new fund shares or units made in accordance with this Product Condition 4.4.

Nothing in this Product Condition 4.4 shall be construed as requiring the Issuer to substitute the Fund Shares for new fund shares or units at all or in any particular circumstances. The Issuer's right to accelerate the exercise of or cancel the Securities in accordance with Product Condition 4.3.2 or General Condition 2 shall not be limited by, or subject to, this Condition.

4.5 Replacement of the Underlying with a Replacement Investment

If the Issuer determines that the Fund Shares should be substituted into Replacement Investments in accordance with Product Condition 4.3.2.2 or the Securities would otherwise be redeemed, terminated or exercised in accordance with the provisions of General Condition 2, the Issuer may in its reasonable discretion determine to substitute a Replacement Investment (as defined below) for the Fund Shares.

For the purposes of this Condition 4.5, "**Replacement Investment**" means commercial paper which is rated, money market investments, bank deposits, cash or such other assets as the Issuer may determine in its reasonable discretion, in each case denominated or held (as the case may be) in the Settlement Currency.

If the Fund Shares are replaced in accordance with this provision, the Calculation Agent shall make such adjustments to the Conditions as it deems appropriate to account for such replacement. Any such adjustments may take into account the realisation value of any hedging arrangements of the Issuer, in order to pass on to Securityholders the effect of any fall in the value of the Fund Shares.

The Issuer shall promptly notify Securityholders following any substitution of the Fund Shares into other investments made in accordance with this Product Condition 4.5.

Nothing in this Product Condition 4.5 shall be construed as requiring the Issuer to substitute the Fund Shares for a Replacement Investment at all or in any particular circumstances. The Issuer's right to accelerate the exercise of or cancel the Securities in accordance with Product Condition 4.3.2 or General Condition 2 shall not be limited by, or subject to, this Condition.

Product Condition 5. Expiry

If the Calculation Agent determines that the Cash Settlement Amount less any Securityholder Expenses which it determines would apply in respect of the exercise of a Security on any Exercise Date would be equal to or less than zero (regardless of whether or not any Securities have been exercised with respect to that Exercise Date) the Calculation Agent shall give notice of such determination to Securityholders in accordance with General Condition 4.1. All Securities then outstanding will expire worthless as of the date on which such notice is deemed given and notwithstanding any other provision of the Conditions the Issuer shall have no further obligations in respect of the Securities other than in respect of the payment of any Cash Settlement Amounts in respect of any valid exercise of Securities on any previous Exercise Date where such payment(s) have not already been made.

Product Condition 6. Governing Law and Place of Jurisdiction

The Securities are governed by and shall be construed in accordance with English law. The non-exclusive place of jurisdiction for all proceedings arising from matters provided for in these Conditions shall be England and Wales.

Product Condition 7. Rights of Third Parties

A person who is not party to this Agreement has no rights under the Contracts (Rights of third parties) Act 1999 to enforce any terms of this Agreement.

B. GENERAL CONDITIONS

These General Conditions relate to the Securities and must be read in conjunction with, and are subject to, the Product Conditions set out in this document. The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be attached to the Global Security representing the Securities.

General Condition 1. Status of the Securities

The Securities constitute unsubordinated, unsecured contractual obligations of the Issuer and rank *pari passu* in all respects with each other.

General Condition 2. Early Exercise, Redemption or Termination for Extraordinary Reasons, Illegality and Force Majeure

If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Securities has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Securities for any reason, the Issuer may at its discretion and without obligation deem exercised, redeem or terminate the Securities early by giving notice to the Securityholders in accordance with General Condition 4.

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

If the Issuer exercises, redeems or terminates the Securities early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Securityholder in respect of each Security held by such holder equal to the fair market value of a Security notwithstanding such illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Securityholders in accordance with General Condition 4.

General Condition 3. Purchases

The Issuer may, but is not obliged to, at any time purchase Securities at any price in the open market or by tender or private agreement. Any Securities so purchased may be held or resold or surrendered for cancellation.

General Condition 4. Notices

4.1. Validity

Notices to the Securityholders will be valid if delivered to the Clearing Agent(s) for communication by the Clearing Agent(s) to the Securityholders provided that so long as the Securities are listed on any stock exchange or publicly offered in any jurisdiction, any notice to the Securityholders shall be published in accordance with the rules and regulations of each such stock exchange and each such jurisdiction. In the Federal Republic of Germany it is expected that any notices to the Securityholders will normally be published in the *Börsen-Zeitung*.

4.2. Delivery

Notices given pursuant to 4.1 above will become effective on, if delivered to the Clearing Agent(s), the third day after such delivery to the Clearing Agent

or all the Clearing Agents (if more than one) or, if published (whether or not also so given), on the date of such publication, or, if published more than once, on the date of the first such publication or, if required to be published in more than one newspaper, on the date of the first such publication in all the required newspapers.

General Condition 5. Agents, Calculation Agent, Determinations and Modifications

5.1. Agents

The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional Agents, provided that no termination of appointment of the Principal Agent shall become effective until a replacement Principal Agent shall have been appointed and provided that, if and to the extent that any of the Securities are listed on any stock exchange or publicly offered in any jurisdiction, there shall be an Agent having a specified office in each country if so required by the rules and regulations of each such stock exchange and the securities regulators in each such jurisdiction. Notice of any appointment, or termination of appointment, or any change in the specified office, of any Agent will be given to Securityholders in accordance with General Condition 4. Each Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders. Any calculations or determinations in respect of the Securities made by an Agent shall (save in the case of manifest error) be final, conclusive and binding on the Securityholders.

5.2. Calculation Agent

The Issuer shall undertake the duties of calculation agent (the "**Calculation Agent**" which expression shall include any successor calculation agent) in respect of the Securities unless the Issuer decides to appoint a successor Calculation Agent in accordance with the provisions below.

The Issuer reserves the right at any time to appoint another institution as the Calculation Agent, provided that no termination of appointment of the existing Calculation Agent shall become effective until a replacement Calculation Agent shall have been appointed. Notice of any such termination or appointment will be given to the Securityholders in accordance with General Condition 4.

The Calculation Agent (except where it is the Issuer) acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders. Any calculations or determinations in respect of the Securities made by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Securityholders.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

5.3. Determinations by the Issuer

Any determination made by the Issuer pursuant to the Conditions shall (save in the case of manifest error) be final, conclusive and binding on the Securityholders.

5.4. Modifications

The Issuer may, to the extent permitted by applicable law, modify the Conditions without the consent of the Securityholders or any of them in any manner which the Issuer may deem reasonably necessary in order to maintain or preserve the intended commercial purpose of the Conditions if such modification does not materially adversely affect the interests of the Securityholders or is of a formal, minor or technical nature or intended to correct a manifest error or to cure, correct or supplement any defective provision contained therein. Notice of any such modification will be given to the Securityholders in accordance with General Condition 4 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

General Condition 6. Taxation

In relation to each Security the relevant Securityholder shall pay all Securityholder Expenses as provided in the Product Conditions. All payments or, as the case may be, deliveries in respect of the Securities will be subject in all cases to all applicable fiscal and other laws and regulations (including, where applicable, laws requiring the deduction or withholding for, or on account of, any tax, duty or other charge whatsoever). The Issuer shall not be liable for or otherwise obliged to pay, and the relevant Securityholder shall be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer, any payment and/or any delivery in respect of the Securities held by such Securityholder. The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable or, as the case may be, any delivery due to the Securityholder such amount or portion as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment. Each Securityholder shall indemnify the Issuer against any loss, cost or other liability whatsoever sustained or incurred by the Issuer in respect of any such tax, duty, charge, withholding or other payment as referred to above in respect of the Securities of such holder.

General Condition 7. Further Issues

The Issuer shall be at liberty from time to time without the consent of Securityholders or any of them to create and issue further securities so as to be consolidated and form a single series with the Securities.

General Condition 8. Substitution

8.1. Substitution of Issuer

The Issuer, or any previous substituted company, may at any time, without the consent of the Securityholders substitute for itself as principal obligor under the Securities any company (the "**Substitute**"), being any subsidiary or affiliate of the Issuer, subject to:

- 8.1.1. the obligations of the Substitute under the Securities being guaranteed by Deutsche Bank AG (unless it is the Substitute);
- 8.1.2. all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Securities represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and being in full force and effect;
- 8.1.3. the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Securityholders in accordance with General Condition 4.

In the event of any substitution of the Issuer, any reference in the Conditions to the Issuer shall henceforth be construed as a reference to the Substitute.

8.2. *Substitution of Office*

The Issuer shall have the right upon notice to Securityholders in accordance with General Condition 4 to change the office through which it is acting for the purpose of the Securities, the date of such change to be specified in such notice provided that no change can take place prior to the giving of such notice.

General Condition 9. Replacement of Securities

Should any Security be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Agent (or such other place of which notice shall have been given in accordance with General Condition 4) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and as to indemnity as the Issuer may reasonably require. Mutilated or defaced Securities must be surrendered before replacements will be issued

General Condition 10. Adjustments for European Monetary Union

10.1. *Redenomination*

The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 4 elect that, with effect from the Adjustment Date specified in the notice, certain terms of the Securities shall be redenominated in euro;

The election will have effect as follows:

10.1.1. where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union, whether as from 1999 or after such date, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments in respect of the Securities will be made solely in euro as though references in the Securities to the Settlement Currency were to euro;

10.1.2. where the Conditions contain a rate of exchange or any of the Conditions are expressed in a currency (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union, whether as from 1999 or after such date, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted for or, as the case may be into, euro at the Established Rate; and

10.1.3. such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in euro.

10.2. *Adjustment to Conditions*

The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 4 make such adjustments to the Conditions as the Issuer may determine to be appropriate

to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.

10.3. Euro Conversion Costs, etc.

Notwithstanding Condition 10.1 and/or Condition 10.2, none of the Issuer, the Calculation Agent and any Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith.

10.4. Definitions

In this General Condition, the following expressions have the following meanings:

"Adjustment Date" means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls, if the currency is that of a country not initially participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, on or after such later date as such country does so participate;

"Established Rate" means the rate for the conversion of the Original Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to the first sentence of Article 123(4), formerly 109 I (4) of the Treaty;

"National Currency Unit" means the unit of the currency of a country, as those units are defined on the day before the start of the third stage of European Economic and Monetary Union or, in connection with the expansion of such third stage, to any country which has not initially participated in such third stage; and

"Treaty" means the treaty establishing the European Community.

General Condition 11. Definitions

Terms in capitals which are not defined in these General Conditions shall have the meanings ascribed to them in the Product Conditions.

C. INFORMATION RELATING TO THE UNDERLYING

1. INVESTMENT STRATEGY EMPLOYED BY THE INVESTMENT MANAGER OF THE FUND

The Investment Manager of the Fund is permitted to invest the assets of the Fund in a wide range of securities and instruments. It is currently anticipated that the Investment Manager will follow the strategy, broadly described below. However, the Investment Strategy of any Hedge Fund, including the Fund, may change or be amended from time to time at the discretion of the Investment Manager or its directors and no assurance can be given that the Fund will continue to follow its current Investment strategy in the future. Investors should consult any relevant sections of the Fund prospectus set out in Section 2 "Prospectus of the Fund" below. The Fund is a new fund and therefore no existing information can be used to indicate the Fund's past and further performance or the volatility of the Underlying. Please contact Deutsche Bank AG, London Branch for further information in this regard.

Multi-Strategy

The Fund will seek to achieve its objective by investing on a multi-strategy basis in global markets. Investment areas include the equity and the bond markets with specific weights determined according to the strategy that the fund intends to adopt in a particular economic phase. The single strategies include Event Driven, Arbitrage, Convertible Bond, Corporate Restructurings and Bankruptcy..

Global Trading

This strategy involves the trading and investment on a worldwide basis in global fixed income, currency, commodity and equity markets and their related derivatives.

Event Driven

Hedge fund trading advisers using an event driven investment strategy, also known as risk arbitrage, seek to generate capital appreciation through a portfolio of investments in the securities of issuers that are involved in, among other things, mergers, consolidations, acquisitions, transfers of assets, tender offers, exchange offers, recapitalisations, liquidations, divestitures, spin-offs, and similar transactions. A risk arbitrage hedge fund trading advisor may, in certain limited circumstances, invest in securities of issuers which are not currently involved in any of the foregoing transactions, but about which publications or other sources of public information suggest a possibility of such future activity. Hedge fund trading advisers engaged in this strategy must try to determine the probability that a transaction will be consummated. The portfolios of risk arbitrage hedge fund trading advisers are generally actively traded and may exhibit a high degree of turnover.

Global Equity

This strategy involves equity long/short managers that principally select stocks through the use of fundamental bottom-up stock picking.

Global Rates

This strategy seeks to profit from the identification and realisation of value from differences in market prices of related financial instruments, primarily in fixed income, interest rates, currencies and the associated derivatives market.

Hedge Funds are generally not limited in the types of investment strategies they employ and they may develop new strategies at any time in response to, without limitation, market conditions and trends. In addition, Hedge Funds may employ strategies that are not described in this document and/or do not exist as of the date of this document. Any of these strategies may involve investing in markets or instruments that are not described in this document and/or do not exist as of the date of this document. Accordingly, it is impossible to predict all the investment strategies that may be employed by the Fund to which the Securities will be linked, whether directly or indirectly. Nevertheless, all such investment strategies should be considered speculative, volatile and no less risky than the investment strategy described herein.

2. PROSPECTUS OF THE FUND

None of the Investment Manager of the Fund nor the Fund accept any responsibility for the information contained in this Securities Note and Summary, except in relation to the information in this section "Prospectus of the Fund" which consists of extracts from, or summaries of, information provided by the Fund. The Issuer accepts responsibility for accurately extracting such information. The Issuer has not independently verified any such information and takes no further or other responsibility (expressed or implied) in respect of such information.

PRIVATE PLACEMENT MEMORANDUM

This Listing Document (together with the Fund Supplements for Sedna No 1 Fund, Sedna No 2 Fund and Global Fund), includes particulars given in compliance with the Listing Rules of the Channel Islands Stock Exchange for the purpose of giving information with regard to the issuer. The Directors, whose names appear in this Private Placement Memorandum under "Directors", accept full responsibility for the information contained in this Listing Document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no facts the omission of which would make any statement herein misleading.

KEDGE CAPITAL SELECT FUNDS LIMITED

(an open-ended multi-class umbrella investment company incorporated with limited liability under the laws of Jersey, Channel Islands, registered number 88531)

Participating Shares

of the

Azimuth Fund
Global Fund
Sedna No 1 Fund
Sedna No 2 Fund
Sedna No 3 Fund
US Index Fund
European Index Fund

MANAGER

KEDGE CAPITAL FUND MANAGEMENT LIMITED

Applications for the listing of Participating Shares in Sedna No 1 Fund, Sedna No 2 Fund and Global Fund have been made to the Channel Islands Stock Exchange. The Directors of the Company reserve the right to seek such a listing for other Funds and Classes in the future.

Dated February 2006

IMPORTANT INFORMATION

The Company is an open-ended multi-class umbrella investment company incorporated with limited liability under the laws of Jersey, Channel Islands. The consent of the Jersey Financial Services Commission under the Control of Borrowing (Jersey) Order 1958 (as amended) has been obtained for the issue of Participating Shares. It must be distinctly understood that, in giving its consent, the said Commission does not take responsibility for the financial soundness of any schemes or for the correctness of any statements made or opinions expressed with regard to them. The Commission is protected by the Borrowing (Control) (Jersey) Law 1947 (as amended) against liability arising from the discharge of its functions under that law. This Private Placement Memorandum has been written in accordance with the provisions of the Collective Investment Funds (Unclassified Funds) (Prospectuses) (Jersey) Order 1995 as amended.

There are currently seven Funds of the Company, the Azimuth Fund, Global Fund, Sedna No 1 Fund, Sedna No 2 Fund, Sedna No 3 Fund, US Index Fund and European Index Fund. Other Funds may be introduced by the Company from time to time. Although a separate portfolio will be maintained for each Fund and each Fund will be treated as bearing its own liabilities, the Company as a whole will remain ultimately liable to third parties for the liabilities of all its Funds.

The Company issues a supplement to this Private Placement Memorandum (a Fund Supplement) relating to each Fund of the Company. A separate Fund Supplement will be issued at the time of establishment of each Fund. Each Fund Supplement forms part of, and should be read in the context of and together with, this Private Placement Memorandum.

Distribution of this Private Placement Memorandum is not authorised in any jurisdiction unless accompanied by the latest annual report of the Company when available. Such report and this Private Placement Memorandum together form the Private Placement Memorandum for the subscription of Participating Shares. All holders of Participating Shares are entitled to the benefit of, are bound by and are deemed to have notice of the Memorandum and Articles of Association of the Company, copies of which are available as mentioned herein.

No person has been authorised to issue any advertisement or to give any information, or to make any representations in connection with the offering, placing, subscription, sale or redemption of Participating Shares other than those contained in this Private Placement Memorandum and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Company. Neither the delivery of this Private Placement Memorandum nor the offer, placement, allotment or issue of any of the Participating Shares shall under any circumstances create any implication or constitute a representation that the information given in this Private Placement Memorandum is correct as of any time subsequent to the date hereof.

The Company is not a recognised collective investment scheme for the purposes of the Financial Services and Markets Act 2000 (the "Act").

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

It should be remembered that the price of the Participating Shares and the income (if any) from them can go down as well as up and that investors may not receive, on redemption of their Participating Shares, the amount that they invested.

The Directors of Kedge Capital Select Funds Limited have taken all reasonable care to ensure that the facts stated in this document 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 in the document, whether of facts or of opinion. All the Directors accept responsibility accordingly.

The Company has been established in Jersey as an Expert Fund. It is suitable only for those

who fall within the definition of “expert investors” published by the Jersey Financial Services Commission.

Requirements which may be deemed necessary for the protection of retail or non-expert investors, do not apply to Expert Funds. By acknowledging this statement you are expressly agreeing that you fall within the definition of an “expert investor” and accept the reduced requirements accordingly.

You are wholly responsible for ensuring that all aspects of the Company are acceptable to you. Investment in expert funds may involve special risks that could lead to a loss of all or a substantial portion of such investment. Unless you fully understand and accept the nature of the Company and the potential risks inherent in the Company you should not invest in the Company.

Further information in relation to the regulatory treatment of Expert Funds in Jersey may be found on the website of the Jersey Financial Services Commission at www.jerseyfsc.org.

Potential subscribers of Participating Shares should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of their country of citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Participating Shares. The value of investments and the income from them can go down as well as up and an investor may not get back the amount he invests. The attention of potential subscribers is drawn to the “RISK FACTORS” section below and the Fund Supplement for each Fund.

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

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DEFINITIONS

The following is a glossary of certain terms used frequently throughout this Private Placement Memorandum (and the relevant Fund Supplement) including the **KEY INFORMATION** below:

“Accounting Date”	the date by reference to which the annual accounts of the Company shall be prepared, being 31 December in each year, or such other date as the Directors may from time to time decide;
“Administrator”	Citco Fund Services (Dublin) Limited or any successor company appointed by the Manager and the Company as general administrator, registrar and transfer agent of the Company;
“Administration Agreement”	an agreement dated April 2005 between the Company and the Administrator;
“Articles”	the Memorandum and Articles of Association of the Company, as amended from time to time;
“Custodian”	Citco Bank Nederland N.V., Dublin Branch or any successor company appointed by the Company and the Manager as Custodian of the Company;
“Base Currency”	means the currency of account of the Company and/or a Fund as determined by the Directors from time to time;
“Business Day”	any day (excluding Saturdays, Sundays and public holidays) on which banks are open for business in London, Dublin, New York and the Island of Jersey and/or such other or further places as the Directors may from time to time determine;
“CFTC”	the United States Commodity Futures Trading Commission;
“Company”	Kedge Capital Select Funds Limited;
“Depository”	Citco Global Custody N.V., or any successor company appointed by the Company and the Manager as Depository for the assets of the Company including those attributable to each Fund;
“Brokerage and Custody Agreement”	the agreement dated April 2005, between the Company, the Manager, the Depository and the Custodian;
“Dealing Day”	any Business Days specified from time to time by the Directors on which the Directors have determined to give effect to applications for subscriptions and/or requests for conversion or redemption of Participating Shares of each class of a Fund. The current Dealing Days in respect of Participating Shares of each class of a Fund are set out in the Fund Supplement for the relevant Fund;
“Directors”	the Board of Directors of the Company, including any duly authorised committee thereof;
“Fund”	a portfolio of the Company established by the Directors from time to time represented by one or more classes of Participating Shares;
“Fund Supplement”	a document supplemental to this Private Placement Memorandum which contains specific information in relation to a particular Fund;
“Initial Offer Period”	the initial offer period, if any, for Participating Shares of each class of a Fund as set out in the Fund Supplement for the relevant Fund;
“Investment Advisory Agreement”	an agreement between the Manager and an investment adviser;

“Investment Advisers”	the investment adviser or investment advisers appointed from time to time by the Manager to provide it with investment advisory services in relation to the whole or a particular part of the portfolio of one or more Funds;
“Initial Issue Date”	the last day of the Initial Offer Period, if any, in respect of Participating Shares of each class of a Fund;
“Investment Manager” and “Investment Managers”	the person or persons appointed by the Manager to whom management of the whole or a particular part of the portfolio of one or more Fund(s) may be delegated from time to time by the Manager;
“Law”	means the Companies (Jersey) Law 1991 and subordinate legislation and any statutory modification or re-enactment thereof for the time being in force;
“Manager ”	Kedge Capital Fund Management Limited, appointed by the Company to provide discretionary investment management and general administrative services to the Company;
“Management Agreement”	an agreement dated 23 September 2004 between the Company and the Manager;
“Management Share”	a management share in the capital of the Company as more particularly described under “GENERAL INFORMATION- Incorporation and Share Capital” below;
“Net Asset Value of a Fund”	the net asset value of a Fund calculated in accordance with the provisions of the Articles and the section entitled “CALCULATION OF NET ASSET VALUE – Calculation of Net Asset Value” below;
“Net Asset Value per Participating Share”	the net asset value per Participating Share in respect of Participating Shares of each Fund class calculated in accordance with the provisions of the Articles and the section entitled “CALCULATION OF NET ASSET VALUE – Calculation of Net Asset Value per Participating Share” below;
“Member State”	a member state of the European Union;
“OECD”	the Organisation for Economic Co-operation and Development. As at the date of this document, thirty countries are members of the OECD: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Republic of Ireland, Italy, Japan, Republic of Korea, Luxembourg, Mexico, The Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States;
“Participating Shares”	participating redeemable shares of no par value in the capital of the Company, which may be designated in different classes with reference to one or more Funds;
“Private Placement Memorandum”	this private placement memorandum in relation to the Company, as amended from time to time;
“Shareholders”	holders of Participating Shares;
“United States”	the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
“US Person”	is defined under “GENERAL INFORMATION – Definition of “US Person” and “Benefit Plan Investor” below; and

“Valuation Point” the point or points in time specified from time to time by the Directors by reference to which the Net Asset Value of a Fund and/or the Net Asset Value per Participating Share of the relevant class is calculated. The Valuation Point in respect of Participating Shares of each class of a Fund is set out in the Fund Supplement for the relevant Fund.

In this Private Placement Memorandum, unless otherwise specified, all references to “billion” are to one thousand million, to “US Dollars”, “USD” or “cents” are to United States Dollars or cents, to “Euro”, “EUR” or “Euros” are to Euro, “CHF” to Swiss Francs and to “pounds” or “GBP” are to Pounds Sterling.

As at the date of this document, the following countries have introduced the Euro: Austria, Belgium, Finland, France, Germany, Greece, Republic of Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.

DIRECTORY

Company's Registered Office

Lord Coutanche House
66-68 Esplanade
St. Helier
Jersey JE4 5YQ

Directors

M.W.Bailey
D.C. Hall
D. Mirlesse
P.E.F. Newbald

Manager

Kedge Capital Fund Management Limited
Lord Coutanche House
66-68 Esplanade
St. Helier
Jersey JE4 5YQ

Administrator, Registrar, Transfer Agent

Citco Fund Services (Dublin) Limited
Custom House Plaza Block 6
International Financial Services Centre
Dublin 1, Ireland

Depositary

Citco Global Custody N.V.
c/o Custom House Plaza Block 3
International Financial Services Centre
Dublin 1, Ireland

Custodian

Citco Bank Nederland N.V., Dublin Branch
Custom House Plaza Block 3
International Financial Services Centre
Dublin 1, Ireland

Auditors

PricewaterhouseCoopers CI LLP
Twenty Two Colomberie
St. Helier
Jersey JE1 4XA

Legal Advisers

As to Jersey Law

Bedell Cristin
26 New Street
St Helier
Jersey JE4 8PP

THE COMPANY

Kedge Capital Select Funds Limited was incorporated with limited liability on 15 September 2004 under the laws of Jersey, Channel Islands as an open-ended multi-class umbrella investment company in which different Funds may be created from time to time. The Directors are empowered to issue and redeem Participating Shares divided into different classes representing one or more Funds. Each Fund represents a separate portfolio of the Company with its own investment objective and policy but is not a separate legal entity. The Directors are empowered to establish new Funds and classes of Participating Shares from time to time.

The Company qualifies as a non-public collective investment scheme and is categorised as an Expert Fund for the purpose of the Collective Investment Funds (Jersey) Law 1988.

The Directors have overall responsibility for the management and administration of the Company and for determining the investment objective, policy and restrictions applicable to each Fund.

THE COMPANY'S FUNDS

At the date of this Private Placement Memorandum the following Funds and Participating Share classes of the Company have been established by the Directors:

<i>Fund</i>	<i>Base Currency</i>	<i>Participating Share Class</i>	<i>Currency</i>
Azimuth	US Dollar	Class A	USD
Sedna No 1 Fund	US Dollar	Class A	USD
Sedna No1 Fund	Euro	Class B	Euro
Sedna No 2 Fund	US Dollar	Class A	USD
Sedna No 3 Fund	US Dollar	Class A	US Dollar
Sedna No 3 Fund	US Dollar	Class B	Euro
Sedna No 3 Fund	US Dollar	Class C	Swiss Franc
Sedna No 3 Fund	US Dollar	Class D	Pound Sterling
US Index Fund	US Dollar	Class A	USD
European Index Fund	Euro	Class A	Euro
Global Fund	US Dollar	Class A	US Dollar
Global Fund	US Dollar	Class B	Euro
Global Fund	US Dollar	Class C	Swiss Franc
Global Fund	US Dollar	Class D (Levered)	US Dollar
Global Fund	US Dollar	Class E	Pound Sterling

The rights of Shareholders in each Fund are represented by a separate class or classes of Participating Share. Each Fund will have a single currency of account (the Base Currency of the Fund) and a separate portfolio of the Company will be established by the Directors in respect of the Fund. However, additional Participating Share classes are not represented by separate portfolios of assets but represent different interests in the same portfolio of assets represented by a particular Fund. The Directors may at their discretion create additional Funds and/or one or more classes of Participating Share of a Fund representing different currencies, charging structures or other terms and conditions of issue.

Specific information in relation to each Fund is contained in the Fund Supplement relating to each Fund contained in this Private Placement Memorandum. Fund Supplements may be added to or removed from this Private Placement Memorandum from time to time as Funds are established or closed, as the case may be.

INVESTMENT OBJECTIVES AND POLICIES

Investment Objectives and Policies

The assets of each Fund will be invested separately in accordance with the investment objective and policy of the Fund, which are set out in the Fund Supplement for the relevant Fund.

Amendments to Investment Objectives and Policies

The Directors are responsible for the formulation of each Fund's investment objective and investment policy and any subsequent changes to the objective or policy.

The investment objective, policy and/or restrictions of a Fund may be amended from time to time by the Directors, if they shall deem it to be in the best interests of the relevant Fund and/or Shareholders to do so and such changes are approved by a majority of shareholders.

INVESTMENT AND BORROWING POWERS

Investment Powers

Unless specified in the Fund Supplement for a Fund, there are no restrictions on the types of investment which may be acquired or in relation to which such strategies may be adopted which may include equity securities, debt securities, futures, options and other derivative instruments, warrants, convertible securities, money market instruments, fixed interest securities, interest rates, currencies, commodities, structured products and notes, both listed, unlisted, traded on various exchanges or markets or over the counter. Investment may be made in such investments and implementation of such strategies achieved either directly or indirectly through the acquisition of interests in exchange traded and other funds and structured notes and products.

Investment Restrictions

Unless specified in the Fund Supplement for a Fund, each Fund is not subject to any requirements or restrictions on: -

- (i) the amount or degree to which it may hold liquid assets in the form of cash, near cash, money market investments, government and non-government debt securities;
- (ii) the percentage of the gross assets of the Fund that may be invested in the securities of a single issuer or issue or exposed to the credit worthiness of a single counter-party;
- (iii) the percentage of the gross assets of the Fund that may be invested in unlisted securities or securities which are not traded on an exchange or market; or
- (iv) the markets in which the Fund may invest pursuant to its investment policy.

Borrowing Powers

Unless specified in the Fund Supplement for a Fund, each Fund is not subject to any restrictions on the degree to which borrowing or leverage may be utilised in furtherance of the investment objective and policy of the Fund.

Investment managers may be permitted to borrow within their funds, limited partnerships or other investment vehicles subject to the relevant prospectus and in the case of segregated portfolios, according to the relevant Investment Management Agreement or Investment Advisory Agreements as determined by the Manager, or as agreed by the Manager in relation to the structure of a shared company.

Efficient Portfolio Management

Unless specified in the Fund Supplement for a Fund, each Fund is authorised to utilise forward foreign exchange contracts, currency options and other derivative instruments in order to hedge against currency exposures within the Fund. There can be no assurance, however, that currency hedging on behalf of a Fund will be undertaken and, if undertaken, will be successful.

Although it is the normal policy of the Company to deploy its assets as detailed above, it may also retain cash and cash equivalents in the appropriate circumstances. Such circumstances may include but are not limited to the holding of cash on deposit pending investment, to meet redemptions and the payment of expenses.

Investment via Subsidiaries

The Company intends to invest the assets attributable to each Fund directly in investments purchased and held as part of the relevant Fund's investment objective and policy. The Company nonetheless has the power to establish subsidiaries through which any such investment may be made and reserves the right to utilise this power where this is considered by the Directors to be in the best interests of the Company or conducive to achieving the investment objective and policy of any one or more Funds. The shares and assets of any subsidiary will be held by the Depositary or its agents.

DIVIDEND POLICY

The Company may at the Directors' discretion, make dividend distributions in respect of one or more classes of Participating Shares of a Fund, although it is not the current intention to do so. To the extent not distributed by way of dividend, income and capital gains arising within a Fund will be retained within the Fund and invested in accordance with its investment objective and policy.

DIRECTORS

The Directors have overall responsibility for the management and administration of the Company and for determining the investment objectives, policy and restrictions applicable to each Fund. The Directors of the Company are currently as follows: -

M. W. Bailey (resident of Jersey). Mr Bailey is an associate of the Securities Institute. He has over 20 years experience in the offshore finance industry including all aspects of fund and fund of funds administration, private equity and asset securitisation gathered during spells with Nat West, Coutts and the Royal Bank of Canada.

D.C. Hall (resident of Jersey). David Hall is a member of the Securities & Investment Institute, the Society of Trust and Estate Practitioners and the Institute of Financial Services. He has held a variety of senior fund administration, compliance and trust positions with NatWest, Coutts and the Royal Bank of Canada and has been involved in fund administration for over twenty years. He is a past Chairman of the Jersey Funds Association and sits on the Jersey Finance Industry Advisory Committee.

P.E.F. Newbald (resident of Jersey). Peter Newbald qualified as a chartered accountant with Deloitte Haskins and Sells. He has held senior management positions with Reads & Co and EFG Reads for over twenty five years specialising in offshore administration and trust services to international clients.

D. Mirlesse (resident of the United Kingdom). Denis Mirlesse is the CEO of the Kedge Capital Group and holds degrees in Economics and Quantitative Methods and a Master in Econometrics from Geneva University. He has lectured in Finance and Economics at the University of Geneva, the University of Lausanne and the University of Pennsylvania. He has held senior management positions in equity derivatives at Lehman Brothers and was a member of the management board of UBS Private Banking where he was the CEO of GAM.

The address of the Directors is the registered office of the Company. All the Directors act in a non-executive capacity.

THE MANAGER AND ITS ADVISERS

The Manager

Kedge Capital Fund Management Limited (the "Manager") has been appointed as Manager of the Company and of each of its Funds pursuant to a management agreement (the "Management Agreement") dated 23 September 2004. Under the terms of the Management Agreement, the Manager is responsible, subject to the overall supervision and control of the Directors, for the general administration and for the investment management of the portfolio attributable to each Fund including the appointment of investment advisers to provide it with investment advisory services in respect of the Funds and investment managers to whom the management of the whole or a particular part of the portfolio of a Fund may be delegated. The Manager also provides corporate secretarial services to the Company.

The Manager is a company incorporated in Jersey with limited liability on 20 February 2002 and is ultimately owned by Kedge Capital Partners Limited, a company incorporated in Jersey. The Directors of the Manager are David Hall, Peter Newbald, Denis Mirlesse and Tom Bouten.

The fees payable to the Manager are described under “CHARGES AND EXPENSES - Management Charges” below. The Manager may also recover the out of pocket expenses reasonably incurred in the performance of its functions.

The appointment of the Manager may be terminated by either party upon not less than three months' written notice and may be terminated by either party at any time in certain other circumstances. The Management Agreement contains indemnities from the Company in favour of the Manager and provides limitations on the Manager's liability to the Company. The Management Agreement is more particularly described under “GENERAL INFORMATION - Material Contracts” below.

Investment Advisers

The Manager may appoint one or more investment adviser(s) to provide it with investment advisory services in relation to the investment management of each Fund.

Details of the Investment Advisers appointed from time to time by the Manager may be disclosed in the Annual Report relating to each Fund.

THIRD PARTY INVESTMENT MANAGERS

In pursuance of the Manager's investment management strategy and process outlined in “INVESTMENT MANAGEMENT STRATEGY AND PROCESS” below, the Manager may in its discretion select one or more third party investment managers in respect of each Fund to whom it may delegate day to day investment management of the whole or a particular part of the portfolio of a Fund. Allocation of assets may also be made to third party investment managers through investment in investment funds managed by such investment managers.

Details of the Investment Managers appointed from time to time by the Manager may be disclosed in the Annual Report relating to each Fund.

The Manager, the Investment Advisers and the Investment Managers may act as manager of and/or adviser to other funds or clients or may act as manager of and/or adviser to other funds or clients in the future, any of which may be competing with the Company in the same markets.

INVESTMENT MANAGEMENT STRATEGY AND PROCESS

Investment Management Strategy

The Manager may seek to achieve the investment objective and policy of a Fund through: -

- (i) direct investment of the underlying assets of the Fund;
- (ii) investment in investment funds managed by selected third party investment managers;
- (iii) allocating the management of a portion of the assets of the Fund to selected third party investment managers;
- (iv) such other strategies as may from time to time be approved by the Directors;

or a combination of one or more of these management strategies.

The combination of investment management strategies adopted in respect of a particular Fund is determined by the Manager in its absolute discretion pursuant to the investment process adopted from time to time by the Manager and approved by the Directors. Investors are referred to the details under “Investment Management Process” below.

Investment Management Process

In respect of all Funds the Manager utilises a multi-stage process for managing each Fund's portfolio of investments. This includes establishing reasonable performance expectations for each Fund; constructing portfolios that will seek to achieve each Fund's objectives in the most efficient manner and ensuring that the portfolio strategy and manager allocations are consistently optimised and re-balanced to achieve the Fund's objectives. The ability of each Fund to achieve its objectives depends on the Manager's ability to identify and select those investment managers and strategies whose performance is consistent with, and who are most likely to achieve, the investment objectives of each Fund and to allocate effectively the assets of each Fund.

Investment managers and strategies are chosen based on certain quantitative and qualitative selection criteria including an analysis of the investment philosophy and policies, risk management, the strategy's performance during various time periods and market cycles, evaluation of each investment manager's ability, reputation, experience, training and his business. In addition each investment manager's ability to provide timely and accurate reporting and his internal controls are considered. Each investment manager's performance is monitored on an ongoing basis and his investment policies and philosophy are discussed regularly. Performance is measured using sophisticated performance measurement tools and each investment manager is compared against other investment managers, the industry and the industry yardsticks.

The Manager continuously seeks new and/or better investment managers matching each Fund's investment objectives. In certain cases investment managers may only be given authority to make investment recommendations in respect of the assets allocated to them. In these cases the actual investment management will be carried out by the Manager.

The activities of each investment manager and his remuneration are governed either by the terms of the relevant investment fund in which the Fund invests or by a separate investment advisory or investment management agreement.

Investment Funds

Investment funds managed by selected investment managers in which investment may be made in respect of a fund or funds include both open and closed ended funds and special purposes vehicles in the form of bodies corporate, unit trusts, limited partnerships and other forms of investment vehicle considered to be appropriate for investment. Securities of such funds or vehicles may be listed or unlisted. The interests which may be acquired include units, shares, participations and interests in limited and other partnerships and may include other securities such as warrants and debt instruments and other rights, interests and participations. Exposure to such investment managers and/or funds may also be accessed through structured products and other forms of participations listed or related to the performance of such funds or investment managers or a combination thereof or indices related thereto.

On March 23, 2004, the National Association of Securities Dealers, Inc. ("NASD") replaced its "hot issue" rule with Rule 2790, known as the "new issues" rule. This new rule redefined the categories of investors that are restricted from investing in initial public offerings, and, among other things, provided a number of exemptions for certain investors. On August 6, 2004, the NASD issued an interpretive letter in reply to several inquiries they received regarding an exemption for foreign investment companies whose shares are available only to certain investors (e.g., high net worth individuals). The NASD concluded that the exemption is not available to such entities, unless their shares are available to the public. Hot issues" are defined by the NASD as securities of a public offering that trade at a premium in the secondary market whenever such secondary market begins. "New issues" are defined by the NASD as all initial public offerings of public equity securities. Investors should note that the Funds when investing in underlying funds will elect to purchase the share class or series which do not participate in new issues or hot issues.

ADMINISTRATION AND CUSTODY

The Administrator

The Manager and the Company have appointed Citco Fund Services (Dublin) Limited to act as general administrator, registrar and transfer agent of the Company pursuant to the Administration

Agreement. Under the terms of that agreement the Administrator will be responsible, under the ultimate supervision of the Company's Board of Directors, for matters pertaining to the administration of the Company, namely: (a) maintaining the accounting books and records of the Company, calculating the Net Asset Value of the Company and preparing monthly financial statements; (b) maintaining the corporate and financial books and records of the Company; (c) providing registrar and transfer agent services in connection with the issuance, transfer and redemption of the Shares; and (d) performing other administrative and clerical services necessary in connection with the administration of the Company. The Administrator is a service provider to the Company and does not have any responsibility or authority to make investment decisions, nor render investment advice, with respect to the assets of the Company. The register of Shareholders may be inspected at the offices of the Administrator.

The Administrator is a company organised under the laws of Ireland and incorporated in 1998. The Administrator is authorised by the Irish Financial Services Regulatory Authority to provide fund administration services under the Investment Intermediaries Act, 1995.

The fees and expenses payable to the Administrator are described under "CHARGES AND EXPENSES - Administration and Custody Charges" below.

The Administration Agreement is described in more detail under "GENERAL INFORMATION - Material Contracts" below.

Custody

Citco Bank Nederland N.V., Dublin Branch, has been appointed by the Company and the Manager to act as Custodian to the Company and Citco Global Custody N.V. has been appointed to act as Depositary by the Company and the Manager pursuant to the Brokerage and Custody Agreement.

The assets of the Company are held by the Custodian and the Depositary for the account of the Company or by sub-custodians appointed by the Custodian, which are, *inter alia*, responsible for the custody of assets and receipt of income, except where a prime broker has been appointed by the Company.

The Custodian maintains records such that it is readily apparent that the Company's assets are held solely on behalf of and belong to the Company and not the Custodian or any of its affiliates. Assets held in book entry and similar systems are identified on any sub-custodian records as held solely for and on behalf of, and documents of title are held by any sub-custodians so that it is readily apparent that they belong to, the Custodian for the account of the Company.

The Custodian exercises care and diligence in appointing any sub-custodian, maintains an appropriate level of supervision over such sub-custodians and makes appropriate enquiries from time to time to confirm that the obligations of the sub-custodian continue to be competently discharged. Subject to this, the Custodian shall not be responsible for any acts or omissions of a sub-custodian save where such sub-custodian is a member of the Custodian's own group.

The Custodian is a limited liability company registered in the Netherlands, acting through its branch registered at Customs House Plaza Block 3, I.F.S.C., Dublin 1, Ireland. It has its registered office in Amsterdam and was incorporated in December 1985 under the laws of the Netherlands.

The Depositary was established in Amsterdam in April 1985. The Depositary is a wholly owned subsidiary of Citco Bank Nederland N.V and is regulated by the Dutch Central Bank.

The fees and expenses payable to the Custodian are described under "CHARGES AND EXPENSES - Administration and Custody Charges" below.

The Brokerage and Custody Agreement is described in more detail under "GENERAL INFORMATION - Material Contracts" below.

PRIME BROKERAGE

The Company may in the future appoint one or more prime brokers to provide prime brokerage

services in respect of some or all of the Funds and their assets.

CONFLICTS OF INTEREST

The Manager, any Investment Advisers, any Investment Managers, the Administrator, the Custodian, the Depository, any prime brokers, any of their respective directors, officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an "Interested Party") may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. In particular, Interested Parties may provide services similar to those provided to the Company to other entities and shall not be liable to account for any profit earned from any such services. The Company shall seek to ensure that such parties shall at all times have due regard to their duties owed to the Company and where a conflict arises, they will endeavour to ensure that it is resolved fairly. For example, an Interested Party may acquire on behalf of clients investments in which the Company may invest. However, where the Manager or any of the Investment Advisers or Investment Managers could allocate an investment between two or more funds or accounts which it manages or advises (including the Company's) or make a disposal of investments held by two or more such funds or accounts, the Company shall seek to ensure it acts fairly as between the relevant funds or accounts in making such allocation or disposal, having regard to, *inter alia*, factors such as cash availability and portfolio balance.

The Company may acquire securities from or dispose of securities to any Interested Party or any investment fund or account advised or managed by any such person. An Interested Party may provide professional services to the Company (provided that no Interested Party shall act as auditor to the Company) or hold Participating Shares and buy, hold and deal in any investments for their own account notwithstanding that similar investments may be held by the Company. An Interested Party may contract or enter into any financial or other transaction with any Shareholder or with any entity any of whose securities are held by or for the account of the Company, or be interested in any such contract or transaction. Furthermore, any Interested Party may receive commissions to which it or he is contractually entitled in relation to any sale or purchase of any investments of the Company effected by it or him for the account of the Company, provided that in each case the terms are no less beneficial to the Company than a transaction involving a disinterested party and any commission shall be in line with market practice.

In particular, potential investors should be aware that certain Directors of the Company or entities in which they may have a financial or managerial interest, may sell Shares of the Company and receive a portion of each, or all, of the brokerage commissions, transaction charges, advisory fees or management fees paid by the Fund as attributable to such purchasers' Shares. Thus, to the extent of such purchases, such Directors may have a conflict of interest between their duty to act for the benefit of the Shareholders in limiting expenses of the Company and the Fund and their interest in receiving such fees and/or commissions.

All of the Directors of the Company act as directors of the Manager. As a result of the various affiliations mentioned above, it could be said that the Management Agreement was not negotiated on arms length terms. However, the Directors have fiduciary duties to the Company and consequently have exercised and will exercise good faith and integrity in handling all the Company's affairs.

In the event of a conflict of interest arising, the Company will endeavour to ensure that it is resolved fairly.

CHARGES AND EXPENSES

Management Charges

Manager's Monthly Fees

The Manager is entitled to receive out of the assets attributable to each class of Participating Shares of a Fund a management fee (the "Management Fee") which accrues monthly and is payable monthly in arrears on the last Valuation Point of each calendar month. The specified annual Management Fee percentage is set out in relation to each Fund class in the Fund Supplement for each Fund.

Manager's Performance Fees

Where provided in the Fund Supplement for a Fund, the Manager is also entitled to receive a performance related fee payable out of the assets attributable to a particular class or classes of Participating Shares of a Fund.

Manager's Expenses

The Manager may also recover out-of-pocket expenses reasonably incurred by it or its agents or delegates (including the Investment Advisers and the Investment Managers) in the performance of their respective functions.

Investment Management

The Company will separately be responsible for the payment of the fees of any Investment Managers appointed by the Manager. These fees may be charged in relation to the Net Asset Value of a particular Fund or Participating Share class or on the performance of a particular Fund or Participating Share class or both.

Any fees and charges paid to the Investment Managers appointed by the Manager in each Annual Accounting Period will be disclosed in the Company's annual report and accounts.

Initial and Redemption Charges

Initial Charge

The Company may levy an initial charge of up to five per cent. of the Net Asset Value per Participating Share in connection with the purchase of Participating Shares of each class of a Fund. This fee will be retained for the benefit of the Manager.

The Manager may, in its sole discretion (i) waive the initial charge for certain prospective investors based on factors deemed appropriate by the Manager including, but not limited to, the amount of the proposed investment by a prospective investor; or (ii) pay commission to qualified financial intermediaries who refer prospective investors out of the initial charge and the Management Fee.

Redemption Charges

A redemption charge of up to three per cent. of the proceeds of a redemption may be imposed in respect of redemptions of Participating Shares held for less than twelve months, a redemption charge of up to two per cent. of the redemption proceeds may be imposed in respect of redemptions of Participating Shares held for less than twenty four months and a redemption charge of up to one per cent. of the redemption proceeds may be imposed in respect of redemptions of Participating Shares held for less than thirty six months. The redemption charge is payable to the Manager. The Manager may in its sole discretion reduce or waive the redemption charge.

Administration and Custody Charges

The Administrator

The Administrator is entitled to receive out of the assets of the Company an annual fee, which accrues monthly and is payable monthly in arrears on the last Valuation Point of each calendar month in respect of the fees accrued in that month unless otherwise agreed between the parties, of 0.0315 per cent. per annum of the Net Asset Value of each Fund. Fees are exclusive of value added or similar forms of tax.

The fees in respect of each Fund shall be calculated and paid in the Base Currency of the Fund.

The Administrator shall also be entitled to be repaid out of the assets of the Company all its reasonable out-of-pocket expenses properly incurred in the performance of its duties on behalf of the Company.

The Custodian

The Custodian shall be entitled to receive out of the assets of the Company an annual fee, calculated and accrued monthly and payable monthly in arrears on the last Valuation Point of each calendar month of 0.025 per cent. per annum of the Net Asset Value of each Fund, plus a transaction fee dependent on the nature of the trade. Fees are exclusive of value added or similar forms of tax.

The fees in respect of each Fund shall be calculated and paid in the Base Currency of the Fund.

The Custodian shall also be entitled to be repaid out of the assets of the Company the cost of telex, long distance telephone calls and any other usual banking charges or its reasonable out-of-pocket expenses properly incurred in the course of the Custodian carrying out its duties on behalf of the Company, and the transaction costs charged to the Custodian by any sub-custodian with which the fiduciary assets are deposited.

The Depositary

The Depositary shall be entitled to be repaid out of the assets of the Company all its reasonable out-of-pocket expenses properly incurred in the performance of its duties on behalf of the Company.

Directors' Remuneration

The Company shall pay to the Directors such annual remuneration for acting as Directors of the Company as the Directors may from time to time agree subject to any limits fixed by the Company in general meeting. The annual remuneration of the Directors is not anticipated to exceed USD 50,000 in the aggregate. Such fees shall be paid half yearly in arrears and shall be apportioned among the Funds *pro rata* to Net Asset Value. Kedge employees have waived their entitlement to receive such annual remuneration. No other remuneration will be payable by the Company to the Directors except for out-of-pocket expenses reasonably incurred by them.

General and Preliminary Expenses

Each Fund will pay the costs and expenses incurred in its operation, including, without limitation, taxes, duties, expenses for legal, auditing, consulting, printing and other professional services, promotional expenses, registration fees, to include all fees in connection with obtaining advance treaty clearances from tax authorities in any jurisdiction for a Fund and other expenses due to supervisory authorities in various jurisdictions, insurance, interest, brokerage costs and all professional fees and expenses incurred in connection therewith and the cost of the publication of the Net Asset Value and Net Asset Value per Participating Share of each Fund or Fund Class. Each Fund will also pay the issue costs, charges and expenses (including the fees of the legal advisers), in relation to the preparation or revision of the Private Placement Memorandum, relevant Fund Supplement and all other documents and matters relating to or concerning the issue and any other fees, charges and expenses on the creation and issue of Participating Shares. In the event that such a listing is sought, a Fund will pay the cost of obtaining and maintaining a listing of its Participating Shares on any stock exchange.

The preliminary expenses, the cost of all documents, marketing costs and the fees of all professionals incurred in the formation of the Company, will be borne by the Manager.

Fees and Expenses of Underlying Investment Funds

As the investment objectives of the Funds may be achieved through investment in underlying investment funds, each Fund will bear a proportion of the expenses attributable to those investments (whether directly or indirectly) including, without limitation, any redemption fees or other charges which may be levied by such funds or their operators and investment managers and advisers. Investment funds of the type in which the Company may invest include investment funds that charge in addition to a management fee (typically of between one and four per cent. per annum of the relevant net asset value), an incentive fee based on a percentage of profits. The incentive fee may be as high as twenty five per cent. of profits (or possibly higher in certain cases). Often profits will be assessed on a "high water mark" basis so that no new incentive fee is payable until any prior losses have been recouped, but this may not always be the case.

REDEMPTIONS

Redemption of Participating Shares

The Directors may at their discretion issue Participating Shares of a Fund or class which are open or closed to redemptions or in respect of which special limitations or restrictions on redemptions over and above those specified in this section of the Private Placement Memorandum apply. Such limitations and/or restrictions will be specified in the Fund Supplement for the relevant Fund.

The redemption price per Participating Share of the relevant Fund is calculated in accordance with the procedures referred to under "CALCULATION OF NET ASSET VALUE" below.

Since the redemption price of Participating Shares of each Fund is related to the Net Asset Value of the underlying assets of a Fund attributable to the Participating Shares of the relevant class, it should be noted that the price at which an investor might redeem his Participating Shares may be more or less than the price at which he subscribed for them depending on whether the value of the underlying net assets of each Fund attributable to the Participating Shares of the relevant class has appreciated or depreciated between the date of subscription and the date of redemption and subject also to dividends declared and paid on the Participating Shares. An investor who realises Participating Shares of a Fund after a short period may, in addition, not realise the amount originally invested in view of any initial charge made on the issue of Participating Shares of a Fund, and/or any redemption charge made on redemption of Participating Shares of a Fund.

Minimum Redemptions and Holdings

The minimum redemption amount and the minimum residual holding of Participating Shares of each class of each Fund is set out in the Fund Supplement for each Fund. The Directors may at their discretion specify different minimum redemption amounts and holdings for Participating Shares of each Fund and in respect of different classes of Participating Share of a Fund.

These minimums may be lowered, increased or waived at the discretion of the Directors either generally or in specific cases.

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Deferral of Redemption Requests

If the number of Participating Shares of a Fund falling to be redeemed on any Dealing Day is equal to twenty five per cent. or more of the total number of Participating Shares in issue or deemed to be in issue of that Fund or class on such Dealing Day, then the Directors may in their absolute discretion refuse to redeem any Participating Shares in excess of ten per cent. of the total number of such Participating Shares in that Fund or class. If they so refuse, the requests for redemption on such Dealing Day shall be reduced rateably and the Participating Shares to which each request relates which are not redeemed by reason of such refusal shall be treated as if a request for redemption had been made in respect of each subsequent Dealing Day until all the Participating Shares to which the original request related have been redeemed. Requests for redemption which have been carried forward from an earlier Dealing Day shall (subject always to the foregoing limits) be complied with in priority to later requests.

The Directors in their absolute discretion may defer payment of all or any part of the redemption proceeds, without interest, if for reasons of illiquidity or other restraints on realisation of investments, funds to meet the redemption proceeds are not immediately available to the Company and the Directors consider that to make payment out of other resources where available would be materially prejudicial to the interests of continuing shareholders.

Payment of Redemption Price

Payment of the redemption price will be made in the currency of the Participating Shares redeemed in the manner and within the periods referred to in the Fund Supplement for the relevant Fund. Arrangements can be made for the redemption price to be paid in currencies other than the currency of the Participating Shares redeemed. In such circumstances the cost of currency conversion and other administration expenses will be charged to the Shareholder.

Compulsory Redemption

The Directors may, in their absolute discretion, effect the compulsory redemption of all (but not some) of the Participating Shares registered in the name of a Shareholder at the ruling redemption price per Participating Share of the relevant Fund if, in the opinion of the Directors, Participating Shares are (1) held or being acquired directly or indirectly for the account of a "Restricted Person" (as referred to under "Subscriptions: *Eligible Investors*") or (2) the subscription for or holding of Participating Shares by such holder could result in legal, pecuniary, tax, regulatory or material administrative disadvantages to the Company or the Fund or their respective Shareholders.

TERMINATION OR REDUCTION OF FUND OR CLASS

At any time, the Company may by giving not less than 8 weeks' notice (expiring on a Dealing Day) to all Shareholders of a Fund or of a class of a Fund, redeem, some or all of the Participating Shares of a Fund or of a class of a Fund held by a Participating Shareholder. The Directors may exercise these powers in circumstances where: -

- (i) the aggregate amount invested in the Company or a Fund or the number of Participating Shareholders of a particular class does not, in their view, justify or support the continuation of the relevant Fund or class;
- (ii) the redemption is required, in their view, to reduce the size of a particular Fund or class;
- (iii) they determine in their absolute discretion that such redemption is in the interests of the Company.

Such a redemption may, at the discretion of the Directors, be effected at the ruling redemption price of Participating Shares of the relevant class or classes on the Dealing Day on which any such redemption is effected or on the basis of a realisation of and accounting for all or an appropriate part of the assets and liabilities of the Company attributable to the relevant Fund and/or Participating Share classes conducted on such basis as the Directors may consider prudent.

The above powers shall be without prejudice to the powers of the Directors to determine to seek a winding up of the Company in accordance with the Articles and relevant law.

ALLOCATION OF ASSETS AND LIABILITIES

The assets and liabilities of the Company shall be allocated to each Fund in the following manner:

- (a) for each Fund, the Company shall keep separate books and records in which all transactions relating to the relevant Fund shall be recorded and, in particular, the proceeds from the issue of Participating Shares of each Fund shall be applied in the books of the Company relating to that Fund, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund subject to the provisions below;
- (b) any asset derived from another asset of a Fund shall be applied in the books and records of the relevant Fund as the asset from which it was derived and on each valuation of an asset, the increase or diminution in value thereof shall be applied to the relevant Fund;
- (c) where the Company incurs a liability that relates to any asset of a particular Fund or to any action taken in connection with an asset attributable to a particular Fund, such liability shall be

allocated to the relevant Fund;

- (d) in the case where an asset or a liability of the Company cannot be considered as being attributable to a particular Fund or to all Participating Share classes of a Fund, the Directors shall have the discretion to determine the basis upon which such asset or liability shall be allocated between the Participating Share classes of a Fund or one or more Funds and the Directors shall have power at any time and from time to time to vary such basis;

provided that all liabilities, irrespective of whatever Fund they are attributable to, shall (in the event of an insolvent winding up of the Company or a redemption of all of the Participating Shares of the Company), unless otherwise agreed upon with the creditors, be binding on the Company and its assets as a whole.

CALCULATION OF NET ASSET VALUE

Calculation of Net Asset Value

The Articles provide for the Directors to calculate the Net Asset Value of each Fund and the Net Asset Value per Participating Share of each Fund class as at each Valuation Point. The Directors have delegated the calculation of the Net Asset Value of each Fund and the Net Asset Value per Participating Share of each Fund class to the Administrator.

The Administrator will calculate the Net Asset Value of a Fund and the Net Asset Value per Participating Share of each Fund class as at each Valuation Point. The Net Asset Value of a Fund is calculated by deducting the Fund's liabilities and an appropriate proportion of the Company's liabilities that are not directly attributable to any particular Fund from the value of the Fund's assets as at the relevant Valuation Point. The Net Asset Value per Participating Share of each Fund class is calculated with reference to the relevant Valuation Point by dividing the Net Asset Value of the Fund attributable to the relevant class by the number of Participating Shares in that Fund class in issue and rounding the result to two decimal places.

The method of calculating the value of the assets of each Fund is as follows: -

- (a) assets listed and regularly traded on an exchange and for which market quotations are readily available or traded on over-the-counter markets shall be valued at their last available traded closing price on the principal exchange or market for such investment (or, if no last traded price is available, at mid market or closing prices as received from pricing sources approved by the Directors) provided that the value of any investment listed or traded on an exchange or market but acquired or traded at a premium or at a discount outside or off the relevant stock exchange or market may be valued taking into account the level of premium or discount. If assets are listed or regularly traded on several exchanges or markets, the principal exchange or market shall be that which, in the opinion of the Directors, constitutes the main market for such assets.
- (b) the Directors, in consultation with the Manager, may as an alternative use the lowest market dealing offer or bid price on the relevant exchange or market. It is the Directors' current intention only to exercise this discretion to preserve the value of the holdings of existing or continuing Shareholders in the event of significant or recurring net subscriptions or redemptions or other market factors affecting the Fund concerned.
- (c) in the event that any of the assets as at the relevant Valuation Point are not listed or dealt on any exchange or market, such assets shall be valued by the Directors or their delegate with care and in good faith and in consultation with the Manager at the probable realisation value. Such probable realisation value may be determined by using a quotation from a broker. Alternatively, the Directors, in consultation with the Manager may use such probable realisation value as the Manager or other competent professional appointed by the Directors for such purposes, may recommend. Due to the nature of such unquoted assets and the difficulty in obtaining a valuation from other sources, such competent professional may be related to the Manager;
- (d) cash and other liquid assets will be valued at their face value with interest accrued, where applicable, with reference to the relevant Valuation Point;

- (e) units or shares in investment funds or collective investment schemes which provide for the units or shares to be realised at the option of the holder out of the assets of that undertaking (other than those valued pursuant to paragraph (a) or (b) above) shall be valued at the last available valuation per share or unit or interest or on the basis of an estimate obtained from or calculated on the basis of information received from the underlying fund or undertaking or any of its service providers or agents;
- (f) any value expressed otherwise than in the Base Currency of the relevant Fund (whether of an investment or cash) and any borrowing in a currency other than the Base Currency of the relevant Fund will be converted at the rate (whether official or otherwise) which the Directors or their delegates deem appropriate in the circumstances;
- (g) derivative instruments dealt in on a market will be valued at the settlement price for such instruments on such market. Where no such settlement price is available, the value of such investments shall be the probable realisation value as determined with care and in good faith by the Directors or such competent person who has been approved for the purpose by the Manager. Where such derivative instruments are not dealt in on a market, their value should be the quotation from the counterparty, provided that the valuation is approved or verified by the Manager or a party independent of the relevant counterparty appointed by the Manager.

The Directors, in consultation with the Manager, may adjust or may instruct the Administrator to adjust the value of any such assets if, in relation to currency, marketability and such other considerations as they deem relevant, they consider that such adjustment is required to reflect the fair value thereof.

If for specific assets the latest available prices do not in the opinion of the Directors, in consultation with the Manager, reflect their fair value, the value shall be calculated with care and in good faith by the Directors or their delegate, in consultation with the Manager with a view to establishing the probable realisation value for such assets.

In calculating the Net Asset Value of a Fund, appropriate provisions will be made to account for the charges and fees charged to the Fund as well as accrued income on the Fund's investments.

Investments into funds, limited partnerships or similar investment vehicles are based on the most recent price or valuation provided by the relevant manager or administrator. These investments may carry early redemption penalty charges which are not reflected in the price or valuation, but may be reflected in the redemption price.

In addition, special situations affecting the measurement of the net asset value of the assets of the Company attributable to the Participating Shares of a Fund may arise from time to time. Prospective investors should be aware that situations involving uncertainties as to the valuation of such assets could have an adverse effect on the Net Asset Value of a Fund.

In particular, the assets of a Fund may be invested in investment funds that are not regularly traded on an exchange and the accuracy of the Net Asset Value of a Fund may be affected by the frequency of the valuations of securities or interests provided by those funds. Fund managers who manage investment funds may report on a weekly, bi-weekly, monthly or quarterly basis.

Although the Company will generally use the last available price in respect of each investment in order to calculate the Net Asset Value of a Fund, it reserves the right to use more recent valuations where this is considered appropriate. Such valuations may be based on an estimate of the more recent price of any unit or share in an underlying investment fund or other collective investment undertaking in which the Company invests obtained from or calculated on the basis of more recent information received from the underlying fund or undertaking or any of its service providers or agents. Valuations in respect of a Fund may be based largely or entirely on estimates where this is deemed appropriate by the Directors taking into account the terms of and circumstances affecting the relevant Fund including the number and regularity of dealing in respect of subscriptions and/or redemptions of Shares.

In the event that a price or valuation estimate accepted by the Company in relation to an underlying investment subsequently proves to be incorrect or varies from a final published price, no adjustment to the Net Asset Value of the Fund or Participating Share in issue will be made unless the Directors

deem it appropriate in the circumstances.

In the event of it being impossible or incorrect to carry out a valuation of a specific asset in accordance with the valuation rules set out in paragraph (a) to (g) above, or if such valuation is not representative of an asset's fair market value, the Directors (or their delegate) are entitled to use other generally recognised valuation methods in order to reach a proper valuation of that specific asset.

In calculating the Net Asset Value of a Fund or the Company, neither the Directors nor the Administrator shall be liable for any loss suffered by the Company or any Shareholder by reason of any error in the calculation of the subscription or redemption prices resulting from any inaccuracy in the information provided by any pricing service. Similarly, where the Administrator is directed by the Directors or the Manager with the approval of the Directors to use particular pricing services, brokers, market makers or other intermediaries, the Administrator shall, and shall be entitled to, rely on, and will not be responsible for the accuracy of, financial data furnished to it by the Fund's broker(s), market makers and/or independent third party pricing services. The Administrator may accept, use and rely on such prices in determining the Net Asset Value of the Fund and the Administrator shall not be liable for any loss suffered by the Company or any Shareholder by reason of any error in the calculation of the subscription or redemption prices resulting from any inaccuracy in the information provided by such pricing services, brokers, market makers or other intermediaries not appointed or selected by the Administrator. The Administrator shall use reasonable endeavours to verify any pricing information supplied.

Calculation of Net Asset Value Per Participating Share

The Net Asset Value per Participating Share of each Fund at each applicable Valuation Point is determined by dividing the Net Asset Value of the assets of the Fund attributable to the Participating Shares of the relevant Fund class on that day by the number of Participating Shares of the relevant Fund class in issue at the relevant Valuation Point.

Where more than one class of Participating Shares is in issue in respect of a Fund, the Net Asset Value of the relevant Fund calculated as provided under "Calculation of Net Asset Value" above, shall be allocated between each class in accordance with the respective values in the Base Currency of the Fund represented by subscriptions and redemptions of Participating Shares of each class of the Fund received or made from time to time. Where different entitlements, costs or liabilities apply in respect of different classes, these are excluded from the initial calculation of the Net Asset Value of the Fund and applied separately to the Net Asset Value allocated to the relevant class. The portion of the Net Asset Value of each Fund attributable to each class shall then be converted into the relevant currency of denomination of the class at prevailing exchange rates applied by the Administrator and shall be divided by the number of Participating Shares of the relevant class in issue on the relevant Dealing Day in order to calculate the Net Asset Value per Participating Share of the relevant class.

Participating Share Prices

The latest subscription and redemption prices in respect of Participating Shares of each class and Fund may be obtained from the Manager or may be published by the Directors from time to time.

Dealing prices for Participating Shares of each Class may be calculated on the basis of single dealing prices or may be calculated separately in respect of subscriptions and redemptions and different pricing bases may apply between different classes of Participating Shares and Funds.

CALCULATION OF SUBSCRIPTION AND REDEMPTION PRICES

Subscription Prices

The subscription price at which Participating Shares of each class of a Fund may be subscribed is determined with reference to the Net Asset Value per Participating Share of the relevant Fund class calculated with reference to the Valuation Point for the relevant Dealing Day to which may be added any initial charge payable to the Manager (see "CHARGES AND EXPENSES - Initial and Redemption Charges: *Initial Charge*" above).

The Directors or their delegate may in calculating the subscription price of a Participating Share add

such sum as they may consider represents the appropriate provision for duties and charges which would be incurred on the assumption that all or part of the proceeds of a particular subscription were to be invested in the underlying property of the relevant class of Participating Shares or, where considered appropriate, all investments attributable to the relevant Fund were to be acquired as at the relevant Valuation Point and, if in the opinion of the Directors or their delegate not to do so would cause an inequity between Shareholders of the relevant Fund, the Net Asset Value of the relevant assets may be determined on the basis of the offer or purchase prices of the relevant underlying investments when calculating the price.

Redemption prices

The price at which Participating Shares of each class of a Fund may be redeemed on a Dealing Day is determined with reference to the Net Asset Value per Participating Share of the relevant Fund class calculated with reference to the Valuation Point in respect of the relevant Dealing Day from which may be deducted any redemption charge (see "CHARGES AND EXPENSES - Initial and Redemption Charges: *Redemption Charges*" above).

The Directors or their delegate may in calculating the redemption price of a Participating Share deduct such sum as they may consider represents appropriate allowances for duties and charges in relation to the realisation of all or part of the investments of the relevant Fund attributable to a particular redemption or, where considered appropriate, all investments attributable to the relevant class of Participating Shares held as at the relevant Valuation Point and, if in the opinion of the Directors or their delegate not to do so would cause an inequity between Shareholders of the relevant Fund, the Net Asset Value of the relevant assets may be determined on the basis of the bid or redemption prices of the relevant underlying investments when calculating redemption proceeds.

Suspension of Subscriptions and Redemptions

The Directors may, with the consent of the Administrator, at any time and from time to time temporarily suspend the calculation of the Net Asset Value of a particular Fund and, where Participating Shares of a Fund or class are open to subscriptions and/or redemptions, the issue and/or redemption of Participating Shares of a Fund class in any of the following instances: -

- (a) during any period (other than ordinary holiday or customary weekend closings) when any market or exchange is closed and which is the main market or exchange for a significant part of the investments attributable to the relevant Fund, or in which trading thereon is restricted or suspended;
- (b) during any period when disposal or valuation of investments that constitute a substantial portion of the assets attributable to the Fund is not practically feasible; or it is not possible to transfer monies involved in the acquisition or disposition of investments at normal rates of exchange; or it is not practically feasible for the Administrator fairly to determine the value of any investments attributable to the relevant Fund;
- (c) during the existence of any state of affairs which, in the opinion of the Directors, constitutes an emergency as a result of which disposition or valuation of assets owned by the Company is not reasonably practicable or would be seriously prejudicial to the interests of the Company or the Shareholders;
- (d) during any breakdown in the means of communication normally employed in determining the price of any of the investments attributable to the relevant Fund or of current prices on any market or exchange;
- (e) when for any reason the prices of any investments attributable to the relevant Fund cannot be reasonably, promptly or accurately ascertained; or
- (f) when the Company, the Administrator or the Custodian is unable to repatriate funds required for the purpose of making payments on redemption or, during any period when remittance of monies that will or may be involved in the realisation of or in the payment for any of the investments attributable to the relevant Fund cannot, in the opinion of the Directors, be carried out at normal rates of exchange.

Notice of any such suspension and notice of the termination of any such suspension shall be notified to Shareholders of the relevant Fund if in the opinion of the Directors it is likely to exceed thirty (30) days and will be notified to applicants for Participating Shares of the relevant Fund class or to Shareholders requesting the redemption of Participating Shares of the relevant Fund class at the time of application or filing of the written request for such redemption. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

No Participating Shares of a Fund class may be issued (other than those which have already been allotted) nor may Participating Shares of a Fund class be redeemed during a period of suspension. In the event of suspension, requests already given to subscribe for or redeem Participating Shares of a Fund will be deemed to be irrevocable unless the Manager and Administrator shall agree otherwise. The day with reference to which the redemption of the Participating Shares of the relevant Fund will be effected will (if later than the day in which the redemption would otherwise have been effected if there had been no suspension) be the applicable redemption Dealing Day next following the end of the suspension.

The Company reserves the right to withhold payment from persons whose shares have been redeemed prior to such suspension until after the suspension is lifted, such right to be exercised in circumstances where the Directors believe that to make such payment during the period of suspension would materially and adversely effect and prejudice the interests of continuing shareholders. No interest will be paid on amounts so withheld.

Tax Liability of the Company

If the Company becomes liable to account for tax in any jurisdiction and/or make a withholding in respect thereof in the event that a Shareholder or beneficial owner of a Participating Share were to receive a distribution in respect of his/her Participating Shares or to dispose (or deemed to have disposed) of his/her Participating Shares in any way ("Chargeable Event"), the Directors shall be entitled to deduct from the payment arising on a Chargeable Event an amount equal to the appropriate tax and/or where applicable, to appropriate, cancel or compulsorily repurchase such number of Participating Shares held by the Shareholder or such beneficial owner as are required to meet the amount of tax. The relevant Shareholder shall indemnify and keep the Company indemnified against loss arising to the Company by reason of the Company becoming liable to account for tax in any jurisdiction on the happening of a Chargeable Event if no such deduction, appropriation, redemption or compulsory repurchase has been made.

The accounting date of the Company is 31 December in each year.

RISK FACTORS

There are significant risks associated with investment in the Company and in the Participating Shares of each Fund. Investment in the Participating Shares may not be suitable for all investors and is intended for investors who can accept the risks associated with such an investment, including a substantial or complete loss of their investment.

The risks which an investor should take into account include risks which are Company specific, *i.e.* they apply to the Company and all its current and future Funds and Participating Share classes; and which are Fund or Participating Share class specific, *i.e.* they are specific to the Fund or Participating Share class and arise in respect of the investment objective, policy and strategy adopted by the Company in relation to a particular Fund and that of the underlying investment funds in which it invests or with respect to any particular class of Participating Shares. There are no geographical restrictions imposed on the Company in relation to the underlying investment funds and assets in which the Company may invest or in relation to the investment strategies or geographical exposure of underlying investment funds in which investment may be made, save as may be set out in the Fund Supplement for the relevant Fund. Each prospective investor should carefully consider these risks before investing in the Company and in the Participating Shares of any of its Funds.

In addition to those Risk Factors referred to in the Fund Supplement applicable to a particular Fund

and its Participating Shares, investors should take into account the following factors when considering the risks associated with investment in the Company and in Participating Shares of any particular Fund or Class.

General

Potential investors should note that the investments of each Fund are subject to market fluctuations and other risks inherent in investing in securities of the kind and nature in which the Fund invests and there can be no assurance that any appreciation in value will occur. In particular, the value of investments may be affected by uncertainties such as international, political and economic developments or changes in government policies.

The value of investments and the income from them, and therefore the value of, and income from, Participating Shares of a Fund can go down as well as up and an investor may not recoup the original amount invested in a Fund. An investment should only be made by those persons who are able to sustain a complete loss on their investment.

Changes in exchange rates between currencies may also cause the value of the investments to diminish or increase. Depending on the investor's currency of reference, currency fluctuations may adversely affect the value of an investment in the Company and in Participating Shares of any particular Fund or Class.

An investor who realises Participating Shares of a Fund after a short period may, in addition, not realise the amount originally invested in view of any initial charge made on the issue of the Participating Shares, and/or any redemption charge made on the redemption of the Participating Shares.

There can be no guarantee that the investment objective of any Fund will be met.

United Kingdom Regulatory Disclosure

A United Kingdom investor who enters into a subscription agreement to acquire Participating Shares of the Company will not have the right to cancel that agreement under any cancellation rules made by the Financial Services Authority in the United Kingdom.

In addition, most if not all the protections provided by the United Kingdom regulatory structure will not apply to investments in the Company. The rights of Shareholders in the Company will not be protected by the investors' compensation scheme in the United Kingdom.

Investment and Trading Risks in General

All securities investments present a risk of loss of capital. The Funds' investment policies and those of underlying investment funds may, however, utilise such investment techniques as option transactions, margin transactions, short sales and futures and forward contracts which practices can, in certain circumstances, maximise any losses.

Valuation

In the event that investments are held which are not listed or dealt on any exchange, such investments may be valued by competent people who are connected with the Manager and/or the relevant Investment Adviser and who may have a conflict of interest in relation to any such valuation. The Directors have stated under "CONFLICTS OF INTEREST" above that they will ensure any conflict of interest that arises will be resolved fairly and in the interests of Shareholders. When valuing securities of this nature the competent person has a duty to act with care and in good faith in valuing the relevant investment.

Uncertainties as to Valuations

Special situations affecting the measurement of the Net Asset Value of the assets attributable to each Fund may arise from time to time. Prospective investors should be aware that situations involving uncertainties as to the valuation of assets attributable to a particular Fund could have an adverse effect on its Net Asset Value. In particular, the assets of each Fund may be invested in investment funds that are not regularly traded on an exchange and the accuracy of the determination of the Net

Asset Value of the assets of that Fund may be affected by the frequency of the valuations of securities provided by those funds. Fund managers who manage investment funds may report on a weekly, bi-weekly, monthly or quarterly basis.

Whilst the Company will generally use the latest available published price in respect of each investment in order to calculate the Net Asset Value it reserves the right to use more recent valuations where this is considered appropriate. Such valuations may be based on an estimate of a more recent price of any unit or share in an underlying investment fund or other collective investment undertaking in which the Company invests obtained from or calculated on the basis of more recent information received from the underlying fund or undertaking or any of its service providers or agents.

In instances where the value of an investment cannot be determined in accordance with the valuation procedures described under the section entitled "CALCULATION OF NET ASSET VALUE - Calculation Of Net Asset Value" above or in instances where the Directors or the agents of the Company determine that it is impracticable or inappropriate to determine a price or amount of a liability in accordance with the above procedures, the price will be a fair and reasonable value as determined in good faith and on a prudent basis in such manner as the Directors or the agents of the Company may prescribe in accordance with the accounting procedures applicable to the Company.

In the event that a price or valuation estimate accepted by the Company in relation to an underlying investment subsequently proves to be incorrect or varies from a final published price, no adjustment to the Net Asset Value of Participating Shares in issue will be made unless the Directors deem it appropriate in the circumstances.

Political and/or Regulatory Risks

The value of the assets attributable to a Fund may be affected by uncertainties such as national, regional or international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain countries in which investment may be made may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets.

Futures and Options Risk

The Manager may engage in various portfolio strategies on behalf of a Fund by the use of futures and options. Due to the nature of futures, cash to meet initial and future margin deposits may be held by a broker with whom the Fund has an open position. On execution of the option the Fund may pay a premium to a counterparty. In the event of bankruptcy of the counterparty the option premium may be lost in addition to any unrealised gains where the contract is "in the money".

Foreign Exchange/Currency Risk

Although Participating Shares of a Fund may be denominated in one or more currencies these may be different from the Base Currency of account of the Fund and the Fund may invest its assets in securities denominated in a wide range of currencies, some of which may not be freely convertible. The Net Asset Value of the Fund and the Net Asset Value of different denominations of Participating Shares of a Fund will fluctuate in accordance with the changes in the foreign exchange rate between the relevant currencies. A Fund and its Participating Shares may therefore be exposed to a foreign exchange/currency risk.

It may not be possible or practicable to hedge against the consequent foreign exchange/currency risk exposure.

Premium Risk

Where a Fund acquires or values securities in the over-the-counter market there is no guarantee that the Fund will be able to realise such securities at a premium due to the nature of the over-the-counter market.

Counterparty and Settlement Considerations

A Fund will be exposed to credit risk with the counterparties with whom it trades in relation to options, futures, contracts and other derivative financial instruments that are not traded on an exchange. Such instruments are not afforded the same protections as may apply to participants trading futures or options on organised exchanges, such as the performance guarantee of an exchange clearing house. A Fund will be subject to the possibility of the insolvency, bankruptcy or default of a counterparty with which the Company trades such instruments, which could result in substantial losses to the Company and the relevant Fund.

A Fund will also be exposed to a credit risk on parties with whom the Company trades securities, and may also bear the risk of settlement default, in particular in relation to debt securities such as bonds, notes and similar debt obligations or instruments. Shareholders should also note that settlement mechanisms in emerging markets are generally less developed and reliable than those in more developed countries and that this therefore increases the risk of settlement default, which could result in substantial losses for the Company and the relevant Fund in respect to investments in emerging markets. Shareholders should also note that the securities of small capitalisation companies as well as the securities of companies domiciled in emerging markets are less liquid and more volatile than more developed stock markets and this may result in fluctuations in the price of the Participating Shares of the relevant Fund.

Commodity Interests and Options

The prices of commodities contracts and all derivative instruments, including futures and options, in which the Company and underlying investment funds held by the Company may invest may be highly volatile. In addition, the Company is subject to the risk of the failure of any of the exchanges on which such investment funds trade, of their clearing houses and, in certain cases, of the counterparties with whom the trades are carried out.

The Company and the underlying investment funds in which the Company invests may purchase and sell ("write") options on securities, currencies and commodities on a variety of commodities exchanges, securities exchanges and over-the-counter markets. The seller ("writer") of a put option which is uncovered (i.e. the writer has a short position in the underlying security, currency or commodity) assumes the risk of an increase in the market price of the underlying security, currency or commodity above the sales price (in establishing the short position) of the underlying security, currency or commodity plus the premium received, and gives up the opportunity for gain on the underlying security, currency or commodity below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security, currency or commodity below the exercise price of the option. The buyer of a put option assumes the risk of losing his entire investment in the put option. If the buyer of the put holds the underlying security, currency or commodity, the loss on the put will be offset in whole or in part by any gain on the underlying security, currency or commodity.

The writer of a call option which is covered (e.g. the writer holds the underlying security, currency or commodity) assumes the risk of decline in the market price of the underlying security, currency or commodity below the value of the underlying security, currency or commodity less the premium received, and gives up the opportunity for gain on the underlying security, currency or commodity above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security, currency or commodity above the exercise price of the option. The buyer of the call option assumes the risk of losing his entire investment in the call option. If the buyer of the call sells short the underlying security, currency or commodity, the loss on the call will be offset, in whole or in part, by any gain on the short sale of the underlying security, currency or commodity. In entering into a closing purchase transaction, the investment fund in which the Company invests may be subject to the risk of loss to the extent that the premium paid for entering into a closing purchase transaction exceeds the premium received when the option was written.

To the extent that the Company invests in underlying investment funds which engage in futures and options contract trading and the broker with whom such investment funds maintain accounts fails to segregate the fund's assets, the investment fund (and hence the Company) will be subject to a risk of

loss in the event of the bankruptcy of the broker. In certain circumstances, where there is segregation, the investment fund concerned might be able to recover, even in respect of property specifically traceable to it, only a pro rata share of all property available for distribution to a bankrupt broker's customers.

Forward Currency Contracts

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Disruptions can occur in any market traded by the Company and by investment funds in which the Company may invest due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to the possible detriment of the investors in the Company or investment funds (and hence the Company). In respect of such trading, the relevant investment fund is subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to the Company or to an underlying investment fund (and hence the Company).

Leverage, Interest Rates and Margin

The Funds may borrow funds from brokerage firms, banks and other financial institutions in order to increase the amount of capital available for investment. Consequently, the level of interest rates at which the Funds can borrow will affect the operating results of the relevant Fund. In addition, the Funds may in effect borrow funds through entry into repurchase agreements and may "leverage" their investment return with such instruments as forwards, futures, options and other derivative contracts.

The Funds' use of borrowing results in certain additional risks. For example, should the securities pledged to brokers to secure the Funds' margin accounts decline in value, the relevant Fund could be subject to a "margin call" and need to deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of a Fund's assets, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt. In addition, leverage can increase the loss to investors. In the futures markets, margin deposits are typically low. Low margin deposits mean that a relatively small price movement in a futures contract may result in immediate and substantial losses. For example, if at the time of purchase ten per cent. of the price of a futures contract is deposited as margin, a ten per cent. decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for the brokerage commission.

Short Sales

A short sale involves the sale of a security that the underlying investment fund does not own in the expectation of purchasing the same security (or a security exchangeable therefore) at a later date at a lower price. To make delivery to the buyer, the underlying investment fund must borrow the security and later purchase the security to return to the lender. A short sale involves a risk of a theoretically unlimited increase in the market price of the security and therefore a theoretically unlimited loss on the security sold short.

No Established Rating Criteria

No rating criteria have been established for the debt securities in which the Funds may invest, save as may be set out in the Fund Supplement for the relevant Fund. Therefore, in accordance with each Fund's investment policy, the Fund may invest in low rated (considered to be those that are below "investment grade") and unrated debt securities. Low rated and unrated debt securities are the equivalent of high yield, high risk bonds, commonly known as "junk bonds" are generally considered to be speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of its obligations under such securities.

Registration Risk

In some emerging market countries evidence of legal title to shares is maintained in “book-entry” form. In order to be recognised as the registered owner of the shares of a company, a purchaser or purchasers’ representative must physically travel to a registrar and open an account with the registrar (which, in certain cases, requires the payment of an account opening fee). Thereafter, each time that the purchaser purchases additional shares of the company, the purchasers’ representative must present to the registrar powers of attorney from the purchaser and the seller of such shares, along with evidence of such purchase, at which time the registrar will debit such purchased shares from the seller’s account maintained on the register and credit such purchased shares to the purchaser’s account to be maintained on the register.

The role of the registrar in such custodial and registration processes is crucial. Registrars may not be subject to effective government supervision and it is possible for the Company or an underlying investment fund to lose its registration through fraud, negligence or mere oversight on the part of the registrar. Furthermore, while companies in certain emerging market countries may be required to maintain independent registrars that meet certain statutory criteria, in practice, there can be no guarantee that this regulation has been strictly enforced. Because of this possible lack of independence, management of companies in such emerging market countries can potentially exert significant influence over the shareholding in such companies. If the company register were to be destroyed or mutilated, the Company’s or an underlying investment fund’s holding in respect of the relevant shares of the company could be substantially impaired, or in certain cases, deleted. Registrars often do not maintain insurance against such occurrences, nor are they likely to have assets sufficient to compensate the Company or an underlying investment fund and, therefore, a Fund as a result thereof. While the registrar and the company may be legally obliged to remedy such loss, there is no guarantee that either of them would do so, nor is there any guarantee that the Company or an underlying investment fund would be able to bring successfully a claim against them as a result of such loss. Furthermore, the registrar or the relevant company could wilfully refuse to recognise the Company or an underlying investment fund as the registered holder of shares previously purchased due to the destruction of the company’s register.

Securities and Other Investments of the Funds may be Illiquid

Certain investment positions may be illiquid. Futures positions may be illiquid because, for example, some exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits”. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Similar occurrences could prohibit the relevant Fund from promptly liquidating unfavourable positions and subject the Fund to substantial losses. In addition, the relevant Fund may not be able to execute futures contract trades at favourable prices if little trading in the contracts involved is taking place. It is also possible that an exchange may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. Further, the factors relating to illiquidity of investment positions may also be applicable to an investor whose assets are used in any *in specie* redemption or withdrawal.

Certain of the investments to be made by the Company and/or the underlying investment funds are traded on the over the counter markets and there may not be an organised public market for such securities. The effect of this will be to increase the difficulty of valuing the Company’s investments and until a market develops, certain of the Company’s investments may generally be illiquid. There may be no established secondary market for certain of the investments made by the Company. Reduced secondary market liquidity may affect adversely the market price of the Company’s investments and the Company’s ability to dispose of particular investments to meet its liquidity requirements or in response to specific events such as a deterioration in the creditworthiness of any particular issuer. Such investments are of a long-term nature and may be difficult to realise on a timely basis or at all. Due to the lack of adequate secondary market liquidity for certain securities, it may be more difficult to obtain accurate market quotations for the purposes of valuing its portfolio and calculating the Net Asset Value.

Hedging Transactions

The Company and the investment funds in which the Company invests may utilise financial instruments such as forward contracts, currency options, caps and floors both for investment purposes and to seek to hedge against fluctuations in the relative values of their portfolio positions as

a result of changes in currency exchange rates and market interest rates. Such hedging transactions may limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not be possible for the Company and such investment funds to hedge against an exchange rate or interest rate fluctuation that is generally anticipated if the Company or the relevant investment fund is not able to enter into a hedging transaction at a price sufficient to protect the Company or the relevant investment fund from the decline in value of the portfolio position anticipated as a result of such a fluctuation.

While investment funds in which the Company and the underlying investment funds invest may enter into such transactions to seek to reduce currency, exchange rate and interest rate risks, unanticipated changes in currency, interest rates and equity markets may result in a poorer overall performance of the relevant investment funds and hence the Company. For a variety of reasons, the relevant funds' investment managers may not seek to establish (or may not otherwise obtain) a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the relevant investment fund from achieving the intended hedge or expose the relevant fund to risk of loss.

Trading in Indices, Financial Instruments and Currencies

The Company and the underlying investment funds in which the Company invests may place an emphasis on trading indices, financial instruments and currencies. The effect of governmental and/or regulatory intervention may be particularly significant at certain times in currency and financial instrument futures and options markets. Such intervention (as well as other factors) may cause all of these markets to move rapidly in the same direction because of, amongst other things, interest rate fluctuations.

Suspension of Valuation

The ability to subscribe for or switch Participating Shares may be affected by a temporary suspension of the determination of the Net Asset Value of a Fund which may take place upon the occurrence of certain events as described under "CALCULATION OF SUBSCRIPTION AND REDEMPTION PRICES - Suspension of Subscriptions and Redemptions" above.

Cross-Liability of Funds

All liabilities, irrespective of whatever Fund they are attributable to, shall (in the event of an insolvent winding up of the Company or a redemption of all of the Participating Shares of a Fund), unless otherwise agreed upon with the creditors, be binding on the Company as a whole and, accordingly, liabilities of one Fund may impact on and be paid out of one or more other Funds.

Accounting, Auditing and Financial Reporting Standards

The accounting, auditing and financial reporting standards of countries in which the Company may invest in respect of a Fund are likely to be less extensive than those applicable to United States or United Kingdom companies.

Emerging Markets Risk

Certain Funds may invest in equity and other types of securities of companies in emerging markets. Such securities may involve a high degree of risk and may be considered speculative. Risks include (i) greater risk of expropriation, confiscation, taxation, nationalisation, and social, political and economic stability; (ii) the small current size of the markets for securities of emerging markets issuers and the currently low or non-existent volume of trading, resulting in lack of liquidity and in price volatility, (iii) certain national policies which may restrict the investment opportunities available in respect of a Fund including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; and (iv) the absence of developed legal structures governing private or foreign investment and private property.

Performance Fees

Performance Fees will be based on net realised and net unrealised gains at the end of each Performance Period. As a result, Performance Fees may be paid on unrealised gains that may subsequently never be realised.

Prime Brokers

The Company has reserved the right to appoint one or more prime brokers to provide it with prime brokerage services. A prime brokerage service would involve the prime broker providing the Company with financing facilities, typically in the form of cash loans to finance long securities positions and stock loans to enable the company to sell short. Other leveraging facilities, such as acting as a counterparty for swaps and OTC derivatives transactions, may be provided by the prime broker in conjunction with such prime brokerage services.

As security for the prime brokerage facilities the prime broker will normally hold part or all of the Company's securities portfolio and/or other assets as collateral, subject either to a charge or mortgage or on a transfer of title basis. Where security is taken by means of a charge or mortgage the prime broker will also normally require the right to deal with, lend, dispose of, pledge, or otherwise use or rehypothecate the charged assets ("rehypothecated assets") for its own purposes and all right, title and interest to such rehypothecated assets can be expected to pass to the prime broker, subject to a contractual obligation to return equivalent assets to the Company. Where collateral is taken by the prime broker on a transfer of title basis all right, title and interest in the collateral will pass to the prime broker, the collateral will cease to be the property of the Company, and the Company will instead have a contractual right to the return of equivalent assets. In the case both of rehypothecated assets and assets held as collateral on a transfer of title basis, if the prime broker were to become insolvent the Company's claim for such assets would be as an unsecured creditor and it might not be able to recover such assets in full.

The Company's assets held by the prime broker may also be subject to other rights associated with security or collateral arrangements in favour of the prime broker, such as a right on the part of the prime broker to retain such assets until all amounts owing to it by the Company have been paid in full and a right to have recourse to the assets to meet liabilities owing to other companies within the prime broker's own group.

Conflicts of Interest

Other clients of the Manager, Investment Adviser(s) and/or Investment Manager(s) may have similar investment objectives although the Manager, Investment Adviser(s) and/or Investment Manager(s), in particular in relation to the allocation of investment opportunities, will act fairly as between all of its clients.

Amortisation of Organisational Expenses

The Company's financial statements are prepared in accordance with International Accounting Standards, which do not permit the amortisation of organisational expenses. Notwithstanding this, a Fund may, at the discretion of the Directors, amortise its organisational expenses over a period of time and if it does so, the financial statements may be qualified in this regard.

The above should not be considered to be an exhaustive list of the risks that potential investors should consider before investing in any of the Funds. Potential investors should be aware that an investment in a Fund may be exposed to other risks of an exceptional nature from time to time.

COMPANY AND SHAREHOLDER TAXATION CONSIDERATIONS

General

The statements on taxation below are intended to be a general summary of certain Jersey, US and United Kingdom tax consequences that may result to the Company and Shareholders. The statements relate to Shareholders holding Participating Shares as an investment (as opposed to an acquisition by a dealer) and are based on the law and practice in force in the relevant jurisdiction at the date of this document. As is the case with any investment, there can be no guarantee that the tax

position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely.

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

The Company may be subject to local withholding taxes in respect of income or gains derived from its investments in certain countries. Taxation law and practice and the levels and bases of and reliefs from taxation relating to the Company and to Shareholders may change from time to time.

Jersey

The Company

The Company's total liability to tax in Jersey is limited to the Exempt Company Charge currently at a fixed rate of GBP 600 per annum.

The Comptroller of Income Tax in Jersey has confirmed that income of the Company arising outside Jersey (and bank interest arising in Jersey) is exempt from Jersey Income Tax, and that this exemption will not be prejudiced by the management of the Company by the Manager in Jersey.

Shareholders

No death duties, capital gains tax, gift, inheritance or capital transfer taxes are levied in Jersey. No stamp duty is levied on the issue, transfer, conversion or redemption of Participating Shares held but duty (of up to 0.75% of the value of the estate) is levied on obtaining Jersey probate or letters of administration to the estate of a deceased Shareholder.

The attention of Jersey residents is drawn to the provision of Article 134A of the Income Tax (Jersey) Law 1961 which may in certain circumstances render such a resident liable to Income Tax on any undistributed profits of the Company.

There is a statutory requirement for the Company to deduct amounts in respect of income tax from any dividends paid to Jersey residents and to account for such income tax to the Comptroller of Income Tax in Jersey. Furthermore, the Company is required to make a return to the Comptroller, on request from him, of the names, addresses and shareholdings of Jersey resident Shareholders.

United States of America

The following is a general summary of certain U.S. federal tax consequences that may result to the Company and the Funds where a Fund invests in U.S. Securities. It does not purport to deal with all of the U.S. federal income tax consequences applicable to the Company. This discussion assumes generally that no U.S. Taxpayer will own directly or indirectly, or will be considered as owning by reason of certain tax law rules of constructive ownership, 10 per cent. or more of the total combined voting power of all Participating Shares of the Company. The Company does not, however, guarantee that will always be the case. Each prospective investor is urged to consult his or her tax adviser regarding the specific consequences of an investment in the Company under applicable United States federal, state, local and foreign income tax laws as well as with respect to any specific gift, estate and inheritance tax issues.

The Company

The Company generally intends to conduct its affairs so that it will not be deemed to be engaged in a trade or business in the United States and, therefore, none of its income will be treated as effectively connected with a U.S. trade or business carried on by the Company. If none of the Company's

income is effectively connected with a U.S. trade or business carried on by the Company, certain categories of income (including dividends and certain types of interest income), if any, derived by the Company from U.S. sources will be subject to a U.S. tax of 30 per cent., which tax is generally withheld from such income. Certain other categories of income, generally including interest on certain portfolio debt obligations (which may include U.S. Government securities), capital gains (including those derived from options transactions), certain original issue discount obligations having an original maturity of 183 days or less, and certain certificates of deposit, are not subject to this 30 per cent. tax. If, on the other hand, the Company derives income that is effectively connected with a U.S. trade or business carried on by the Company, such income will be subject to U.S. federal income tax at the graduated rates applicable to U.S. domestic corporations, and the Company may also be subject to a branch profits tax.

As stated above, the Company generally intends to conduct its activities so as to avoid being treated as engaged in a trade or business in the United States for U.S. federal income tax purposes. Specifically, the Company intends to qualify for a safe harbour in the U.S. Internal Revenue Code, pursuant to which the Company will not be treated as engaged in such a business if its activities are limited to trading in stocks and securities for its own account. This safe harbour applies regardless of whether the trading is done by the Company or a resident broker, commission agent, custodian or other agent, or whether such agent has discretionary authority to make decisions in effecting the transactions. The safe harbour does not apply to a dealer in stocks or securities; the Company does not intend to be such a dealer.

Notwithstanding the foregoing, the Company could be deemed to be engaged in a trade or business by reason of disposing of an interest (other than solely as a creditor) in an entity that holds significant interests in U.S. real property. Distributions from U.S. real estate investment trusts ("REITs") of (i) U.S. real property interests and (ii) gain from dispositions of U.S. real property interests, as well as dispositions by the Company of interests in REITs (other than certain "domestically controlled REITs"), will cause the Company to be taxable on any such resulting gains as though the gains were effectively connected with a U.S. trade or business. Thus, there can be no assurance that the Company will not be deemed to be engaged in a U.S. trade or business in any given taxable year.

Shareholders

The U.S. tax consequences to shareholders of distributions from the Company and of dispositions of Shares generally depends on the shareholder's particular circumstances, including whether the shareholder conducts a trade or business within the United States or is otherwise taxable as a U.S. person for U.S. federal income tax purposes.

United Kingdom

The Company

The Directors intend that the affairs of the Company should be managed and conducted so that it does not become resident in the United Kingdom for United Kingdom taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom through a branch or agency situated therein that constitutes an assessable "United Kingdom Representative" for United Kingdom taxation purposes, the Company will not be subject to United Kingdom corporation tax on income and capital gains arising to it. The Directors intend that the affairs of the Company are conducted so that no such assessable "United Kingdom Representative" will arise insofar as this is within their respective control, but it cannot be guaranteed that the conditions necessary to prevent any such assessable "United Kingdom Representative" coming into being will at all times be satisfied.

Interest and other income received by the Company that has a United Kingdom source may be subject to withholding taxes in the United Kingdom

Shareholders

Subject to their personal circumstances, shareholders resident in the United Kingdom for taxation purposes will be liable to United Kingdom income tax or corporation tax in respect of any dividends or other distributions of income by the Company, whether or not such distributions are reinvested.

Except in the case of a company owning directly or indirectly not less than 10 per cent. of the share capital of the Company, no credit will be available against a shareholder's United Kingdom taxation

liability in respect of income distributions of the Company for any taxes suffered or paid by the Company on its own income.

Chapter V of Part XVII of the United Kingdom Income and Corporation Taxes Act 1988 (the "Taxes Act") provides that if an investor who is resident or ordinarily resident in the United Kingdom for taxation purposes holds a "material interest" in an overseas company that constitutes an "offshore fund" and that company does not qualify as a "distributing fund" throughout the period during which the investor holds that interest, any gain accruing to the investor upon the sale, redemption or other disposal of that interest will be taxed at the time of such sale, redemption or disposal as income and not as a capital gain. Participating Shares will constitute "material interests" in an "offshore fund" for the purposes of these provisions.

The Directors do not currently intend that the Company will seek to be certified in respect of any of its accounting periods as a distributing fund. Accordingly, shareholders who are resident or ordinarily resident in the United Kingdom for taxation purposes may be liable to United Kingdom income taxation in respect of gains arising from the sale, redemption or other disposal of their Participating Shares. Such gains may remain taxable notwithstanding any general or specific United Kingdom capital gains tax exemption or allowances available to an investor and cannot be reduced by use of indexation allowance. In addition, individual and other non-corporate shareholders will not be able to take advantage of "taper relief" in the United Kingdom capital gains tax system, which enables the proportion of chargeable gains subject to taxation to be reduced if Participating Shares are held over a period of years. Accordingly, this may result in longer-term investors incurring a proportionately greater United Kingdom taxation charge.

Chapter II of Part IV of the Finance Act 1996 ("FA 1996") provides that, if at any time in an accounting period a corporate investor within the charge to the United Kingdom corporation tax holds a material interest in an offshore fund within the meaning of the relevant provisions of the Taxes Act, and there is a time in that period when that fund fails to satisfy the "non-qualifying investments test", the material interest held by such a corporate investor will be treated for the accounting period as if it were rights under a creditor relationship for the purposes of the rules relating to the taxation of most corporate debt contained in FA 1996 (the "Corporate Debt Regime"). The Participating Shares will (as explained above) constitute material interests in an offshore fund. In circumstances where the test is not so satisfied (for example where the Company invests in cash, securities or debt instruments and the net market value of such investments exceeds 60 per cent. of the market value of all its investments) the Participating Shares will be treated for corporation tax purposes as within the Corporate Debt Regime. As a consequence and where the test is not met in any accounting period or a disposal occurs during such an accounting period, all returns on the Participating Shares in respect of each corporate investor's accounting period (including gains, profits and deficits) will be taxed or relieved as an income receipt or expense on a "mark to market" basis. Accordingly, a corporate investor in the Company may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of Participating Shares (and, likewise, obtain relief against corporation tax for an unrealised reduction in the value of its holding of Participating Shares). In addition, it is understood that in such circumstances the Participating Shares would also be regarded as a "qualifying asset" for the purpose of taxing foreign exchange movements under the Finance Act 1993 so that differences in the sterling accrued equivalent of the initial investment would be taxable as a non-trading income receipt or loss as the case may be. The provisions relating to non-distributing funds (outlined above) and those relating to holdings in controlled foreign companies (outlined below) would not then apply to such corporate shareholders.

The attention of individual shareholders ordinarily resident in the United Kingdom is drawn to the provisions of Section 739 and Section 740 of the Taxes Act, under which the income accruing to the Fund may be attributed to such a shareholder and may render them liable to taxation in respect of the undistributed income and profits of the Fund. This legislation will, however, not apply if such a shareholder can satisfy the Inland Revenue that either:

- (i) the purpose of avoiding liability to United Kingdom taxation was not the purpose or one of the purposes of their investment in the Fund, or
- (ii) the investment was a bona fide commercial transaction and was not designed for the purpose of avoiding United Kingdom taxation.

Chapter IV of Part XVII of the Taxes Act subjects United Kingdom resident companies to tax on the profits of companies not so resident in which they have an interest. The provisions affect United

Kingdom resident companies which hold, alone or together with certain other associated persons shares which confer a right to at least 25% of the profits of a non-resident company is controlled by persons who are resident in the United Kingdom and is subject to a lower level of taxation in its territory of residence. The legislation provides for certain exceptions including an exception for a company that implements an acceptable distribution policy as defined in the legislation. As the Fund may not make significant distributions, this legislation may be relevant to certain corporate shareholders. The legislation is not directed towards the taxation of capital gains.

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

GENERAL INFORMATION

Incorporation and Share Capital

The Company is an open-ended multi-class umbrella investment company incorporated with limited liability in Jersey on 15 September 2004 under the provisions of the Companies (Jersey) Law, 1991.

The Company may issue up to 1000 management shares of no par value ("Management Shares") and 100 million Participating Shares of no par value. 100 Management Shares were issued on 23 September 2004 for cash at a nominal amount of USD 1.00 each, as set by the Directors, and are held by or on behalf of the Manager and are fully paid up.

Management Shares exist solely to comply with Jersey Law, which requires that there must be another class of issued non-redeemable shares in the capital of the Company in order that Participating Shares may be redeemable. The holders of the Management Shares are entitled to receive notice of general meetings of the Company and to attend and vote thereat. On a poll a holder of Management Shares is entitled to one vote for all Management Shares held by him. Management Shares carry no right to a dividend and are not redeemable. In a winding up a holder of Management Shares is entitled to a return of paid up capital after the return of the capital paid up on the Participating Shares.

Memorandum and Articles of Association

The following section is a summary of the principal provisions of the Articles of Association of the Company. Defined terms in this section bear the same meanings as defined in the Company's Articles.

(i) *Variation of Class Rights*

Subject to the provisions of the laws of the Island of Jersey, all or any of the special rights attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound up) be varied with the consent in writing of the holders of not less than two-thirds of the shares of such class or with the consent of a two-thirds majority of votes cast at a separate class meeting of the holders of such shares.

The rights attached to the Participating Shares are deemed to be varied by any variation of the rights attached to shares of any other class and by the creation or issue of any shares (other than Participating Shares) ranking *pari passu* with or in priority to them as respects

rights in a winding up or rights to dividend.

(ii) *Voting rights*

On a show of hands every Shareholder who is present in person or by proxy shall have one vote and every Management Shareholder present in person or by proxy shall have one vote in respect of all Management Shares. On a poll, every Shareholder present in person or by proxy shall be entitled to one vote in respect of each Participating Share held by him and every Management Shareholder present in person or by proxy shall be entitled to one vote in respect of all Management Shares held by him. Fractional shares shall not carry any voting rights.

(iii) *Change in Share Capital*

The Company may from time to time by special resolution increase its capital by such amount as the resolution shall prescribe.

The Company may, by special resolution, alter its capital by consolidating and dividing its share capital into shares of larger amount than its existing shares, by sub-dividing its shares into shares of smaller amount than that fixed by the Memorandum of Association of the Company, or by cancelling any shares which, at the date of the ordinary resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

Subject to the confirmation by the Royal Court of Jersey the Company may by special resolution from time to time reduce its share capital.

(iv) *Directors' Interests*

A Director may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as a member or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of or from his interests in such other company unless the Company otherwise directs.

No Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor subject to the provisions of the Law and the following paragraph, shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be voided or liable to set aside.

A Director who has directly or indirectly an interest in a transaction entered into or proposed to be entered into by the Company or by a subsidiary of the Company which to a material extent conflicts or may conflict with the interests of the Company and of which he has actual knowledge shall disclose to the Company (by notice to the Directors) the nature and extent of his interest. Subject thereto any such Director shall not be liable to account to the Company for any profit or gain realised by him on such transaction.

A notice in writing given to the Company by a Director that he is to be regarded as interested in a transaction with a specified person is sufficient disclosure of his interest in any such transaction entered into after the notice is given.

Subject to the making of such a disclosure, a Director may vote in respect of any such transaction and if he does so vote his vote shall be counted and he shall be capable of being counted towards the quorum at any meeting of the Directors at which any such transaction shall come before the Directors for consideration.

Subject to the provisions of the Law a Director may hold any other office or place of profit under the Company in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine.

Subject to the provisions of the Law any Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

(v) *Borrowing Powers*

The Directors may exercise all powers of the Company to borrow money, to mortgage or charge its undertaking, property, or any part thereof and to issue bonds, notes, debentures, debenture stock and other securities whether outright or as a security for any debts.

(vi) *Appointment and Removal of Directors*

The Company may by ordinary resolution appoint or remove any person to or from office as a Director. The office of Director shall be vacated, inter alia, by virtue of the provisions of the Law, if he becomes bankrupt or insolvent, is requested by all other Director (not being less than two in number), or if he becomes resident in the United Kingdom or Switzerland with the result that a majority of the Directors would be resident in the United Kingdom or Switzerland.

(vii) *Retirement of Directors*

There is no provision for the retirement of Directors on their attaining a certain age.

(viii) *Unclaimed Dividend*

Any dividend unclaimed after a period of 10 years from the date of declaration of such dividend shall be forfeited and shall revert to the relevant Fund or, in default thereof, the Company.

(ix) *Winding Up*

Subject to the claims of any secured creditors and to the provisions of any enactment as to preferential payments, the Company's property shall on winding up be realised and applied in satisfaction of the Company's liability *pari passu* and subject thereto any surplus shall then be distributed amongst the members according to their rights and interests in the Company as set out in the Company's Articles. Subject to the rights of the holders of shares issued upon special conditions if the assets available for distribution to members shall be insufficient to pay the whole of the paid up capital such assets shall be shared on a pro rata basis amongst members by reference to the number of fully paid up shares held by each member respectively at the commencement of the winding up.

If the Company shall be wound up the liquidator or where there is no liquidator the Directors may with the sanction of a special resolution divide amongst the members in specie any part of the assets of the Company or vest the same in trustees upon such trusts for the benefit of the members as the liquidator or the Directors (as the case may be) with the like sanction shall think fit.

Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into since the incorporation of the Company and are, or may be, material:

(i) *Management Agreement*

- (a) By an agreement (the "Management Agreement") dated 23 September 2004 between the Company and the Manager, the Manager has agreed to act as Manager of the Company.
- (b) Details of the fees payable to the Manager, are set out in "CHARGES AND EXPENSES - Management Charges" above.
- (c) The Management Agreement may be terminated by either party on not less than three months' notice in writing. The agreement may be terminated by either party at any time in certain other circumstances.
- (d) The Manager and its agents and delegates, their respective officers, employees and

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

(ii) *Brokerage and Custody Agreement*

- (a) By an agreement (the “Brokerage and Custody Agreement”) dated April 2005 between the Company, the Manager, the Custodian and the Depository, the Custodian and the Depository have agreed to provide brokerage and custody services to the Company, except where the Company has appointed a prime broker. The Custodian and the Depository are entitled to appoint sub-custodians, agents or any other third party as the Custodian or the Depository, in their absolute discretion deem necessary, for the safe custody of the Company’s assets.
- (b) Details of the fees payable to the Custodian are set out under “CHARGES AND EXPENSES - Administration and Custody Charges: *The Custodian*” above.
- (c) The Brokerage and Custody Agreement may be terminated by any of the parties on not less than 90 days notice in writing. The agreement may be terminated by either party at any time in certain circumstances.
- (d) The Custodian and the Depository are entitled to be indemnified against all actions, proceedings, claims, costs, demands and expenses which may be brought against, suffered or incurred by the Custodian or the Depository by reason of their performance of their duties under the Brokerage and Custody Agreement otherwise than as a result of its unjustifiable failure to perform their obligations or their improper performance of them.

(iii) *Administration Agreement*

- (a) By an agreement (the “Administration Agreement”) dated April 2005, between the Company, the Manager and the Administrator, the Administrator will act as general administrator, transfer agent and registrar to the Company.
- (b) Details of the fees payable to the Administrator are set out under “CHARGES AND EXPENSES - Administration and Custody Charges: *The Administrator*” above.
- (c) The Administration Agreement may be terminated by either party on not less than 90 days notice, or earlier in certain circumstances specified in the agreement.
- (d) The Administrator is indemnified and held harmless against actions, proceedings, claims, costs, demands and expenses which may be brought against, suffered or incurred by the Administrator by reason of its performance of its obligations and duties under the terms of this Agreement otherwise than as a result of its fraud, wilful default or negligence.

Definition of “US Person” and “Benefit Plan Investor”

“U.S. Person”

A citizen or resident of the United States or persons who are normally resident therein, a corporation, partnership or other entity created or organised under the laws of the United States or an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source

“Benefit Plan Investors”

Benefit Plan Investors, as defined in Department of Labor (“DOL”) Regulation § 2510.3-101(f)(2), include (i) any employee benefit plan (as defined in Section 3(3) of ERISA), whether or not such plan is subject to Title I of ERISA (which includes both U.S. and non-U.S. plans, plans of governmental entities as well as private employers, church plans and certain assets held in connection with nonqualified deferred compensation plans); (ii) any plan described in Section 4975(e)(1) of the Code (which includes a trust

described in Section 401(a) of the Internal Revenue Code of 1986 (the "Code") which forms a part of a plan which trust or plan is exempt from tax under Code Section 501(a), a plan described in Code Section 403(a), an individual retirement account described in Code Sections 408(a) or 408A or an individual retirement annuity described in Section 408(b), a medical savings account described in Code Section 220(d) and an education individual retirement account described in Code Section 530); and (iii) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity (generally because 25 per cent. or more of a class of interests in the entity is owned by plans). Benefit Plan Investors also include that portion of any insurance company's general account assets that are considered "plan assets" and (except if the entity is an investment company registered under the 1940 Act) the assets of any insurance company separate account or bank common or collective trust in which plans invest.

Litigation and Arbitration

As at the date of this Private Placement Memorandum the Company is not engaged in any legal or arbitration proceedings and no legal or arbitration proceedings are known to the Directors to be pending or threatened by or against the Company.

Miscellaneous

- (i) There are no service contracts in existence between the Company and any of its Directors, nor are any such contracts proposed.
- (ii) There are no outstanding loans owed or guarantees given by the Company to any of the Directors.
- (iii) Save as described in this Private Placement Memorandum, no Director is interested in any contract or arrangement subsisting at the date hereof that is unusual in its nature and conditions or significant in relation to the business of the Company.
- (iv) At the date of this document no share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.
- (v) Save as disclosed in this Private Placement Memorandum and under "GENERAL INFORMATION - Incorporation and Share Capital", no share or loan capital of the Company has been issued and no such share or loan capital is proposed to be issued.
- (vi) Save as disclosed in this Private Placement Memorandum, no commission, discounts, brokerage or other special terms have been granted by the Company in relation to Participating Shares issued or to be issued by the Company, on any issue or sale of Participating Shares. The Manager may, out of its own funds or out of the initial or management charges, pay commissions on applications received through brokers and other professional agents or grant discounts.
- (vii) The Company does not have, nor has it had since its incorporation, any employees. The Company does not have a place of business in the United Kingdom.
- (viii) A United Kingdom investor who enters into a subscription agreement to acquire Participating Shares in a Fund in response to this Private Placement Memorandum will not have the right to cancel the agreement under any cancellation rules made by the Financial Services Authority in the United Kingdom. The agreement will be binding upon acceptance of the application by the Fund.
- (ix) Most, if not all, of the protections provided by the United Kingdom regulatory structure will not apply. The rights of Shareholders in the Fund may not be protected by the investors' compensation scheme established in the United Kingdom.
- (x) Any investor wishing to make a complaint regarding any aspect of the Funds or their operation may do so directly to the Company.
- (xi) No Director has:
 - (a) any unspent convictions in relation to indictable offences; or

- (b) been bankrupt or the subject of an involuntary arrangement, or has had a receiver appointed to any asset of such director; or
- (c) subject as provided below, been a director of any company which, while he was a director with an executive function or within 12 months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation or creditors voluntary liquidation or, subject as disclosed below, administration or company voluntary arrangements, or made any composition or arrangements with its creditors generally or with any class of its creditors;
- (d) been a partner of any partnership, which while he was a partner or within twelve months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; and
- (e) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
- (f) been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any company.

Dated February 2006

KEDGE CAPITAL SELECT FUNDS LIMITED

(an open-ended multi-class umbrella investment company incorporated with limited liability under the laws of Jersey, Channel Islands, registered number 88531)

FUND SUPPLEMENT

relating to the

ZENITH FUND

This Fund Supplement contains specific information in relation to the Zenith Fund, a Fund of Kedge Capital Select Funds Limited (the “Company”). It forms part of and must be read in the context of and together with the current Private Placement Memorandum of the Company and any addendum which may be in force, and in particular the information contained therein relating to: -

- the Company, its Funds and Participating Shares;
- investment objectives and investment strategy;
- charges and expenses (including those for investment, administration and custody);
- subscription and redemption of Participating Shares; and
- taxation, conflicts of interest and risk factors.

Distribution of this Fund Supplement is only authorised if accompanied by the Private Placement Memorandum of the Company. In addition, distribution of this Fund Supplement and the Private Placement Memorandum is not authorised in any jurisdiction unless accompanied by the most recent annual report of the Company.

Dated 15 January 2008

COMPANY

Kedge Capital Select Funds Limited is an open-ended multi-class umbrella investment company incorporated with limited liability in Jersey, Channel Islands.

FUND

The Zenith Fund, a Fund of the Company.

BASE CURRENCY OF FUND

The Base Currency of the Zenith Fund is the US Dollar.

PARTICIPATING SHARES AVAILABLE FOR SUBSCRIPTION

The following classes of Participating Shares of the Zenith Fund of the Company are currently available for subscription: -

<i>Participating Share Class</i>	<i>Currency of Share Class</i>
Class A	US Dollar
Class B	Euro

INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Zenith Fund is to achieve attractive long term capital appreciation with limited draw-downs.

The current investment policy adopted by the Directors is to seek to achieve this investment objective through investment in global markets implementing a variety of investment strategies primarily via investment in investment funds and products offering an exposure to these markets. Investment strategies which may be considered are global trading, multi strategy/event driven, global equity and global rates. Other strategies, which the Directors consider appropriate, may be added from time to time.

- (i) **Global Trading** – typically trade and invest on a worldwide basis in global fixed income, currency, commodity and equity markets and their related derivatives;
- (ii) **Multi Strategy/Event Driven** – seek to profit from inefficiencies and disparities via trading and investing in various strategies including, but not limited to, arbitrage, event driven, convertible bond, corporate restructurings, distressed and bankruptcy;
- (iii) **Global Equity** – are equity long short managers that principally select stocks through the use of fundamental bottom-up stock picking; and
- (iv) **Global Rates** – seek to profit from the identification and realisation of value from differences in market prices of related financial instruments, primarily in fixed income, interest rates, currencies and the associated derivatives markets.

INVESTMENT AND BORROWING POWERS

There are no restrictions on the types of investment which may be acquired or in relation to which such strategies may be adopted which may include equity securities, debt securities, futures, options and other derivative instruments, warrants, convertible securities, money market instruments, fixed interest securities, interest rates, currencies, commodities, structured products and notes, both listed, unlisted, traded on various exchanges or markets or over the counter.

Investment may be made in such investments and implementation of such strategies achieved either directly or indirectly through the acquisition of interests in exchange traded and other funds and structured notes and products.

The Zenith Fund is not subject to any requirements or restrictions on: -

- (i) the amount or degree to which it may hold liquid assets in the form of cash, near cash, money market investments, government and non-government debt securities;
- (ii) the percentage of the gross assets of the Fund that may be invested in the securities of a single issuer or issue or exposed to the credit worthiness of a single counter-party;
- (iii) the percentage of the gross assets of the Fund that may be invested in unlisted securities or securities which are not traded on an exchange or market; or
- (iv) the markets in which the Fund may invest pursuant to its investment policy.

The Zenith Fund is not subject to any restrictions on the degree to which borrowing or leverage may be utilised in furtherance of the investment objective and policy of the Fund although it is the current policy of the Directors that leverage and borrowing should not exceed 25 per cent. of the Net Asset Value of the Fund.

Underlying investment managers may be permitted to borrow within their funds, subject to the terms of the relevant prospectus and, in the case of segregated portfolios, according to the relevant investment management agreement.

The Zenith Fund is authorised to utilise forward foreign exchange contracts, currency options and other derivative instruments in order to hedge against currency exposures within the Fund. There can be no assurance, however, that currency hedging on behalf of the Fund will be undertaken and, if undertaken, will be successful.

MANAGER

The Manager of the Zenith Fund is Kedge Capital Fund Management Limited.

Further details concerning the Manager appear under "THE MANAGER AND ITS ADVISERS – The Manager" in the Private Placement Memorandum.

INVESTMENT ADVISORS AND INVESTMENT MANAGERS

The Manager has retained the services of Steadfast Advisory Services Limited in the UK to provide investment advisory services to the Manager. The Manager may also appoint additional or other investment advisors, from time to time, to provide it with investment advisory services in relation to its management of the Zenith Fund.

The Manager may also appoint investment managers to undertake discretionary investment management of all or such specified part or parts of the portfolio of the Zenith Fund as the Manager may from time to time determine to allocate in respect of the Fund. The specific investment strategies to be adopted by the appointed Investment Managers within the overall investment objective and policy of the Zenith Fund and its investment and borrowing powers shall be specified from time to time by the Manager and the Directors.

ADMINISTRATOR, CUSTODIAN AND DEPOSITARY

Administration and registration services are provided in respect of the Zenith Fund and the Company by Citco Fund Services (Dublin) Ltd. The Custodian of the Zenith Fund is Citco Bank Nederland N.V., Dublin Branch and the Depositary is Citco Global Custody N.V.

Further details concerning the Administrator, the Custodian and the Depositary appear under "ADMINISTRATION AND CUSTODY" in the Private Placement Memorandum.

MANAGEMENT FEES

The Manager is entitled to receive a monthly Management Fee in respect of the Participating Shares of the Zenith Fund calculated as set out under "CHARGES AND EXPENSES - Management Charges" in the Private Placement Memorandum.

The specified annual Management Fee percentage in respect of the Zenith Fund is 2.00 per cent per annum, charged monthly in arrears.

Currently no performance related fee is payable to the Manager in respect of the Participating Shares of the Zenith Fund.

INVESTMENT MANAGEMENT AND ADVISORY FEES

In addition to the Management Fee payable to the Manager, advisory and investment management fees may be payable by the Company to the Investment Advisers and Investment Managers appointed from time to time by the Manager in respect of the Zenith Fund.

Any fees payable to the appointed Investment Advisers and Investment Managers in respect of the Zenith Fund will be set out in the annual report.

OTHER CHARGES AND EXPENSES

Details of other charges and expenses relating to the Zenith Fund and the Company appear under "CHARGES AND EXPENSES" in the Private Placement Memorandum.

The formation expenses incurred upon the launch of Kedge Capital Select Funds Limited were borne by the Manager in 2004. The costs of launching the Zenith Fund are expected to be minimal and will be borne by the Zenith Fund.

SUBSCRIPTION FOR PARTICIPATING SHARES

Initial Offer Price

. The Initial Offer price for Participating Shares of Class A is USD100 and the Initial Offer Price for Participating Shares of Class B is EUR100

Dealing Days and Valuation Points

The subscription price per Participating Share of the Zenith Fund is the Net Asset Value per Participating Share of the Zenith Fund (calculated as at the Valuation Point for the relevant Dealing Day in accordance with the procedures referred to under "CALCULATION OF NET ASSET VALUE" in the Private Placement Memorandum) plus any initial charge payable to the Manager.

The Dealing Day for the Zenith Fund is the first Business Day of each month.

The Valuation Point in respect of each Dealing Day is currently 24:00 hours Jersey time on the day preceding the Dealing Day.

Minimum Investment Levels for Subscriptions

The minimum initial investment in Participating Shares of the Zenith Fund is USD1,000,000 or currency equivalent, and the minimum additional investment in Participating Shares of the Zenith Fund (net of initial charges) is USD50,000 or currency equivalent.

Subscription Charges

No subscription fee is proposed for Zenith Fund although the Directors have full discretion to introduce such a fee of up to 5%, provided this is notified to any Subscriber prior to subscription.

REDEMPTION OF PARTICIPATING SHARES

Dealing Days and Valuation Points

Participating Shares of the Zenith Fund may generally be redeemed on first Dealing Day of each calendar quarter. The redemption price per Participating Share of the Zenith Fund is the Net Asset Value per Participating Share of the Fund (calculated as at the Valuation Point for the relevant Dealing Day in accordance with the procedures referred to under "CALCULATION OF SUBSCRIPTION AND REDEMPTION PRICES" in the Private Placement Memorandum) less any redemption charge.

The Valuation Point in respect of each Dealing Day is currently 24:00 hours Jersey time on the day preceding the relevant Dealing Day.

Redemptions will be effected in accordance with the procedures set out under "SUBSCRIPTIONS AND REDEMPTIONS - Redemptions" in the Private Placement Memorandum. Subject thereto, payment of redemption proceeds will normally be made within 30 days after the relevant Dealing Day.

Minimum Redemptions and Holdings

The minimum redemption amount for Participating Shares of the Zenith Fund (net of redemption charges) is USD50,000 or currency equivalent and the minimum residual holding is USD1,000,000 or currency equivalent.

Redemption Charges

A redemption charge of up to three per cent. of the redemption proceeds may be imposed in respect of redemptions of Participating Shares held for less than twelve months, up to two per cent. of the redemption proceeds may be imposed in respect of redemptions of Participating Shares held for less than twenty four months and up to one per cent. of the redemption proceeds may be imposed in respect of redemptions of Participating Shares held for less than thirty six months. The redemption charge is payable to the Manager. This fee may be waived or reduced at the discretion of the Manager.

Deferral of Redemption Requests

If the number of Participating Shares of the Zenith Fund falling to be redeemed on any Dealing Day is equal to twenty five per cent. or more of the total number of Participating Shares in issue or deemed to be in issue of the Zenith Fund on such Dealing Day, then the Directors may in their absolute discretion refuse to redeem any Participating Shares in excess of twenty five per cent. of the total number of such Participating Shares in that Fund or USD10,000,000 whichever is the lower. If they so refuse, the requests for redemption on such Dealing Day shall be reduced rateably and the Participating Shares to which each request relates which are not redeemed by reason of such refusal shall be treated as if a request for redemption had been made in respect of each subsequent Dealing Day until all the Participating Shares to which the original request related have been redeemed. Requests for redemption which have been carried forward from an earlier Dealing Day shall (subject always to the foregoing limits) be complied with in priority to later requests.

The Directors in their absolute discretion may defer payment of all or any part of the redemption

proceeds, without interest, if for reasons of illiquidity or other restraints on realisation of investments, funds to meet the redemption proceeds are not immediately available to the Company and the Directors consider that to make payment out of other resources where available would be materially prejudicial to the interests of continuing shareholders.

PARTICIPATING SHARE PRICES

The latest subscription and redemption prices in respect of Participating Shares of each Class of the Zenith Fund may be obtained from the Manager or as the Directors may publish from time to time.

DIVIDEND POLICY

Investors are referred to "DIVIDEND POLICY" in the Private Placement Memorandum for details on the dividend and reinvestment policy of the Company.

COMPANY AND SHAREHOLDER TAXATION CONSIDERATIONS

The attention of prospective investors is drawn to "COMPANY AND SHAREHOLDER TAXATION CONSIDERATIONS" in the Private Placement Memorandum.

RISK FACTORS

Potential investors should note that the investments of the Zenith Fund are subject to market fluctuations and other risks inherent in investing in securities and there can be no assurance that any appreciation in value will occur. The value of investments and the income from them, and therefore the value of, and income from, the Participating Shares of the Zenith Fund can go down as well as up and an investor may not get back the amount he invests. Changes in exchange rates between currencies may also cause the value of the investments to diminish or increase. An investor who realises Participating Shares of the Zenith Fund after a short period may, in addition, not realise the amount originally invested in view of any initial charge made on the issue of Participating Shares of the Zenith Fund, and/ or any redemption charge made on cancellation of Participating Shares of the Zenith Fund.

Prospective investors should in addition take into account the Risk Factors referred to under "RISK FACTORS" in the Private Placement Memorandum when considering whether to invest in Participating Shares of the Zenith Fund.

Dated 15 January 2008

VIII. COUNTRY SPECIFIC INFORMATION

This section should be read in conjunction with, and is subject to, the Product Conditions, the General Conditions and all other sections of this document.

Luxembourg

a. Taxation

The following summary is of a general nature. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Securities should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

b. Non-resident holders of Securities

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Securities, nor on accrued but unpaid interest in respect of the Securities, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Securities held by non-resident holders of Securities.

However, under the Luxembourg laws of 21 June 2005 (the **Laws**), implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 15% during the first three-year period starting 1 July 2005, at a rate of 20% for the subsequent three-year period and at a rate of 35% thereafter. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Securities coming within the scope of the Laws would at present be subject to withholding tax of 15%.

c. Resident holders of Securities

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Securities, nor on accrued but unpaid interest in respect of Securities, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Securities held by Luxembourg resident holders of Securities.

However, under the Luxembourg law of 23 December 2005 (the **Law**) payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is

resident of Luxembourg will be subject to a withholding tax of 10%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Securities coming within the scope of the Law would be subject to withholding tax of 10%.

Offering Period

Applications to subscribe for the Securities may be made at the offices of Deutsche Bank Luxembourg SA, during the period commencing on 15 May, 2008 and ending on 19 June, 2008, 12 noon GMT. However, the Issuer reserves the right for any reason to close the subscription period prior to its stated expiry.

Settlement and Clearing

The Securities have been accepted for settlement through the Clearing Agent(s) under the security and clearing codes set out in the definition of "Securities" in Product Condition 1 above.

Agent in Luxembourg

The Agent shall be Deutsche Bank Luxembourg SA. The Agent shall act as the paying agent at the following address: 2 Boulevard Konrad Adenauer L-1115 Luxembourg.

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended. Any offer or sale of the Securities must be made in a transaction exempt from the registration requirements of such Act pursuant to Regulation S thereunder. The Securities may not be offered, sold or otherwise transferred in the United States or to persons who are either U.S. persons defined as such in Regulation S of such Act or persons who do not come within the definition of a non-United States person under Rule 4.7 of the United States Commodity Exchange Act, as amended.

SPAIN

This section should be read in conjunction with, and is subject to, the Product Conditions, the General Conditions and all other sections of this document.

Taxation

a. General Information

The following is a discussion of certain Spanish tax considerations relevant to a Securityholder. This statement must not be understood to be tax advice. It is based on the Spanish tax laws and their interpretation in effect on the date of this prospectus that may be subject to changes. Such changes may negatively affect the tax treatment as described below. This description does not purport to be complete with respect to the tax information that may be relevant for the Securityholder due to

his personal circumstances. Prospective buyers of the Security are advised to consult their professional tax advisor regarding the tax consequences of the purchase, ownership, disposal, redemption or transfer without consideration of the Security.

b. Taxation of a Spanish tax resident individual

According to article 25 of the Spanish Personal Income Tax Act, positive or negative income obtained by Spanish tax residents individuals from the Certificates would be considered as yields from moveable capital.

In case of transfer or cash settlement, the yield obtained by the investor would be the difference between the amount received (reduced in the expenses related to the transfer) and the acquisition cost or subscription value (incremented in the costs related to the acquisition).

In case of physical settlement, according to the latest position of the General Directorate of Taxes concerning similar structures, the positive or negative yield obtained by the Security holder would be determined by the difference between the acquisition cost and the quotation value of the shares received at the date of settlement.

According to legislation entered into force last January 1st, 2007, income and losses from moveable capital will be included as “saving part” of the taxable income being taxed on a net basis at a flat rate of 18% as from 1 January, 2007.

Positive yields obtained will be subject to withholding tax at 18%. Withholdings are creditable against the investor’s final tax liability, being the depository entity resident in Spanish territory (or a Spanish permanent establishment of a non resident entity) obliged to withhold taxes.

c. Taxation of a Spanish tax resident company

According to article 10.3 of the Spanish Corporate Income Tax Act, income obtained by a Spanish entity from the investment in the Certificates would be included in the taxable base of the said entities in accordance to the accounting standards, being taxed at the rate corresponding to the Security holder (generally 32.5% on 2007 and 30% thereafter).

As long as the Certificates will be listed in official markets of OECD countries, no withholding tax obligation would arise in accordance to article 59.s of the Corporate Income Tax Regulations.

d. Taxation of a non Spanish resident

Non Spanish residents would only be taxed in Spain on income obtained from the investment in the Certificates in case they acted in Spain through a permanent establishment to which the certificates were allocated. These non Spanish residents would be taxed as explained in point c above.

Subscription Period

In Spain, applications to subscribe for the Securities may be made at the offices of Deutsche Bank S.A.E., during the period commencing on 15 May, 2008 and ending

at 11:00am CET on 19 June, 2008 (the "Primary Market End Date"). However, the Issuer reserves the right for any reason to close the subscription period prior to its stated expiry.

Settlement and Clearing

The Global Security will be deposited with the Clearing Agent and has been accepted for clearing by it under security and clearing codes set out below.

ISIN: DE000DB9DKC3

WKN: DB9DKC

Common Code: 035138137

Agent in Spain

In Spain, the Agent shall be Deutsche Bank S.A.E acting through its office in Madrid. The Agent shall act as the warrant agent or paying agent as appropriate at the following address: Paseo de la Castellana, 18, 28046 Madrid

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended. Any offer or sale of the Securities must be made in a transaction exempt from the registration requirements of such Act pursuant to Regulation S thereunder. The Securities may not be offered, sold or otherwise transferred in the United States or to persons who are either U.S. persons defined as such in Regulation S of such Act or persons who do not come within the definition of a non-United States person under Rule 4.7 of the United States Commodity Exchange Act, as amended.

IX. PARTY LIST

Issuer:

Agent:

Deutsche Bank AG, London Branch

Deutsche Bank AG, London Branch

Winchester House

Winchester House

1 Great Winchester Street

1 Great Winchester Street

London, EC2N 2DB

London, EC2N 2DB

SUPPLEMENT

SECURITIES NOTE & SUMMARY



Up to 50,000 Hedge Fund Certificates relating to Class B (EUR) Participating Shares in the Zenith Fund, a Fund of Kedge Capital Select Funds Limited (the "Fund")

Issued under its XmarketsTM Hedge Fund Certificate Programme

Issue Price: EUR 1,000 per Hedge Fund Certificate

WKN: DB9D KC

ISIN: DE 000 DB 9DK C3

Common Code: 035138137

This document constitutes a supplement to the Prospectus (consisting of a Securities Note and Summary dated 15 May, 2008 and the Registration Document dated 29 April 2008) pursuant to article 13 of the Law dated 10 July 2005 on Prospectuses for Securities (the "**Supplement**"), is dated 19 June, 2008 and should be read in conjunction with the Prospectus. Terms defined in the Prospectus have the same meaning in this Supplement. This Supplement contains updated information relating to the Prospectus. Any Prospectus information not supplemented herein should be regarded as unchanged. This Supplement shall be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The Prospectus is revised and amended in this respect with effect from and including 19 June, 2008

Deutsche Bank AG, London Branch accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any statement in the Prospectus, the statements in (a) above will prevail.

In accordance with Article 13 paragraph 2 of the Luxembourg Law, investors who have already agreed to purchase or subscribe for the securities before this supplement is published have the right exercisable within a time limit of two working days after the publication of this supplement, to withdraw their acceptances.

This Supplement is dated 19 June, 2008.

Deutsche Bank 

1. Amendment of the section “B. Summary of the Final Terms of the Offer” under sub-section 1. “Principal Terms”

The relevant parts of the existing sub-section “1. Principal Terms” under section “B. Summary of the Final Terms of the Offer” on pages 6-7 of the Securities Note & Summary shall be deleted and replaced as follows:

Issue Date:	22 July, 2008
Primary Market Start Date:	14 May, 2008
Primary Market End Date:	18 July, 2008 (12.00 noon GMT)
Initial Valuation Date:	31 July, 2008
Valuation Date(s):	Subject to adjustment the last Business Day of each month commencing 31 July, 2008.

2. Amendment of the “Section VII. INFORMATION RELATING TO THE SECURITIES” under “A. Product Conditions”

The relevant parts of the existing “Section VII. INFORMATION RELATING TO THE SECURITIES” under “A. Product Conditions” on pages 34-35 of the Securities Note & Summary shall be deleted and replaced as follows:

“Initial Valuation Date” means 31 July, 2008;

“Issue Date” means 22 July, 2008;

“Valuation Date” means, subject to adjustment in accordance with Product Conditions 4.2 or 4.3; the last Business Day of each month or such other day falling on or about the last Business Day of each month as of which the Calculation Agent determines the Fund Level is determined commencing in July, 2008.

3. Amendment of the “Section VIII. COUNTRY SPECIFIC INFORMATION”

The relevant parts of the existing “Section VIII. COUNTRY SPECIFIC INFORMATION on pages 56-57 of the Securities Note & Summary shall be deleted and replaced as follows:

Offering Period

Applications to subscribe for the Securities may be made at the offices of Deutsche Bank Luxembourg SA, during the period commencing on 15 May, 2008 and ending on 18 July, 2008, 12 noon GMT. However, the Issuer reserves the right for any reason to close the subscription period prior to its stated expiry.

Subscription Period

In Spain, applications to subscribe for the Securities may be made at the offices of Deutsche Bank S.A.E., during the period commencing on 15 May, 2008 and ending at 11:00am CET on 18 July, 2008 (the "Primary Market End Date"). However, the Issuer reserves the right for any reason to close the subscription period prior to its stated expiry.

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This Supplement is dated 19 June, 2008.