

# STAR MM FUNDS PLC

- with special risks

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STAR MM FUNDS PLC

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(as outlined in the section entitled  
“Investment Risks in relation to the Funds”).

## **In Switzerland qualified as a fund for alternative investments as described in the Supplemental Prospectus for the relevant Fund**

Star MM Funds Plc - with special risks (the “Company”) is organised as an umbrella fund with segregated liability between sub-funds incorporated in Ireland. According to Swiss law, the Company qualifies as another fund for alternative assets. The Company will invest the majority of its assets in other collective investment schemes which in turn will invest their assets principally in equities and, in addition, in instruments exposed to commodities or precious metals markets. Generally a collective investment scheme in which the Company invests will only be obliged to comply with the investment objectives and investment restrictions applicable to that particular scheme and will not be obliged to comply on a consolidated basis with the investment restrictions applicable to the Company. Furthermore the collective investment schemes in which the Company invests may without any limit acquire equities which are not traded on regulated markets. The collective investment schemes in which the Company invests may be established in unregulated jurisdictions. As a result of these factors the risks of investing in the Company are not comparable to the risks of investing in collective investment schemes which invest directly in equities. Accordingly investors must be willing to bear substantial losses arising from an investment in the Company. The Investment Manager, however, seeks to minimise these risks by careful selection and monitoring of the collective investment schemes in which investments are made. Notwithstanding the careful selection criteria used, the possibility of a total loss of any investment made in a specific target fund cannot be ruled out. Past performance is not an indication to future performance. This document does not constitute an offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any securities.

## **Consolidated Extract Prospectus for Investors in Switzerland dated 25 August 2011**

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

**This consolidated extract prospectus is an extract of the consolidation of the prospectus of the Company dated 25 August 2011 together with the supplemental prospectuses for Circle A Fund, Multi Mondial Fund, Circle E Fund and Ciran Emerging Markets Fund all dated 25 August 2011 (the “Prospectus”). This consolidated extract prospectus is a consolidated extract prospectus for investors in Switzerland which includes only those Funds which are authorised for professional distribution in Switzerland. It does not constitute a prospectus for the purposes of Irish law. Other Funds have been approved by the Central Bank of Ireland but are not authorised for professional distribution in Switzerland. This consolidated extract prospectus is exclusively used for the offer and distribution of the Shares of the Company in or from Switzerland. It may not be used for the offer or distribution of the Shares of the Company in any other jurisdiction.**

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The Directors of the Company whose names appear on page 4 accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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## STAR MM FUNDS PLC

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In Switzerland qualified as a fund for alternative investments

*(an investment company with variable capital incorporated with limited liability in Ireland with registered number 226951 and established as an umbrella fund with segregated liability between sub-funds.)*

### CONSOLIDATED EXTRACT PROSPECTUS FOR INVESTORS IN SWITZERLAND

**Dated 25 August 2011**

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Shares in the Company relating to each of the Funds which have been launched at the date of this Prospectus have been admitted to the Official List of The Irish Stock Exchange.

Distribution of this document is not authorised after the publication of the first annual report of the Company unless it is accompanied by a copy of the latest annual report and, if published thereafter, the latest half-yearly report.

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***THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER FINANCIAL ADVISER.***

Certain terms used in this Prospectus are defined on pages 9 to 11 of this document.

## **Authorisation of the Central Bank**

**The Company has been authorised by the Central Bank as an investment company pursuant to Part XIII of the Companies Act, 1990. Authorisation by the Central Bank is not an endorsement or guarantee of the scheme by the Central Bank nor is the Central Bank responsible for the Prospectus. The Central Bank shall not be liable by virtue of its authorisation of this scheme or by reason of its exercise of the functions conferred on it by legislation in relation to this scheme for any default of the scheme. Authorisation of this scheme does not constitute a warranty by the Bank as to the credit worthiness or financial standing of the various parties to the scheme. The minimum subscription into the Company is not less than the equivalent of EUR 100,000. Accordingly, the requirements of the Central Bank which are deemed necessary for the protection of retail investors, in particular the conditions set down by the Central Bank in relation to investment and leverage, do not apply to the scheme.**

In particular, investors should note the following:

1. Each Fund may invest in collective investment schemes established in jurisdictions with State regulatory systems or without such State regulatory systems.
2. Each Fund may invest up to 100% of its Net Asset Value in other schemes provided, however, that no Fund may invest more than 20% of its Net Asset Value in the same scheme, subject to paragraph (i)(a) on page 16.
3. No Fund shall invest more than 10% of its Net Asset Value directly in quoted or unquoted shares (see page 17).
4. No Fund shall invest in other funds of funds.
5. No Fund shall invest in collective investment schemes managed by the Investment Manager or its affiliates (see the Supplemental Prospectus of each Fund).
6. The Net Asset Value per Share of a Fund must be disclosed upon the request of an investor. Furthermore the Company shall make public the Net Asset Value of each class of shares as set out on page 31.
7. The requirements of the Central Bank in relation to investments and leverage which are deemed necessary for the protection of retail investors do not apply to the Funds. The investment objectives, policies and restrictions of each Fund and the rules relating to the use of derivative instruments are set out in the Prospectus (see page 16 et seq.) and in a separate Supplemental Prospectus for each Fund.

## **Investment Risks**

It should be appreciated that the value of the Shares and the income from them may go down as well as up and accordingly an investor may not get back the full amount invested. In view of the fact that a commission will be payable on the subscription for Shares in the Company and because the Funds comprise Funds of Funds commissions may be payable on the investments of the Funds and these investments will also be subject to management and custodial fees and expenses, an investment in the Company should be viewed as a medium to long-term investment. Details of certain investment risks for an investor are set out on pages 23 to 25 of this document.

## **Selling Restrictions**

The distribution of this Prospectus and the offering or purchase of the Shares may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus or the accompanying application form in any such jurisdiction may treat this Prospectus or such application form as constituting an invitation to them to subscribe

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for Shares, nor should they in any event use such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. Accordingly, this Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for Shares pursuant to this Prospectus to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to the legal requirements of so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

The Shares have not been registered under the U.S. Securities Act of 1933, as amended, and may not be directly or indirectly offered or sold in the U.S. or, except in limited circumstances, to or for the account or benefit of a U.S. Person.

Applicants will be required to certify that they are not U.S. Persons and will be required to certify whether they are Irish Residents

## **Marketing Rules**

Shares are offered only on the basis of the information contained in the current Prospectus and the latest audited annual accounts and any subsequent half-yearly report.

Any further information or representation given or made by any dealer, salesman or other person should be disregarded and accordingly should not be relied upon. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares shall, under any circumstances, constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date of this Prospectus. Statements made in this Prospectus are based on the law and practice currently in force in Ireland and are subject to changes therein.

This Prospectus should be read in its entirety before making an application for Shares.

The Prospectus and any Supplemental Prospectus may be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Prospectus or Supplemental Prospectus. To the extent that there is any inconsistency between the English language Prospectus or Supplemental Prospectus and the Prospectus or Supplemental Prospectus in another language, the English language Prospectus or Supplemental Prospectus will prevail, except to the extent (but only to the extent that it is required by the law of any jurisdiction where the Shares are sold) that in an action based upon disclosure in a Prospectus in a language other than English, the language of the Prospectus or Supplemental Prospectus on which such action is based shall prevail.

## **Distribution Admittance to Switzerland**

The Swiss Financial Market Supervisory Authority ("FINMA") has approved the public sale of the Shares of the Company in and from Switzerland as a "Fund for alternative investments". The Company is, however, not supervised by FINMA or any other regulatory authority in Switzerland (see page 46 regarding information for Swiss investors).

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## STAR MM FUNDS PUBLIC LIMITED COMPANY

### Board of Directors

Mr. Erwin Brunner (Chairman)  
Mr. Alexander Brunner  
Mr. Carl O'Sullivan  
Mr. Peter Sandys

### Registered Office

1 George's Quay Plaza  
George's Quay,  
Dublin 2,  
Ireland.

### Administrator

UBS Fund Services (Ireland) Ltd.,  
1 George's Quay Plaza,  
George's Quay,  
Dublin 2,  
Ireland.

### Company Secretary

Bradwell Limited,  
Earlsfort Centre,  
Earlsfort Terrace,  
Dublin 2,  
Ireland.

### Sponsor, Investment Manager and Representative in Switzerland

BrunnerInvest AG,  
Utoschloss,  
Utoquai 31,  
CH-8008 Zürich,  
Switzerland  
Phone: +41-44-269 50 90  
Fax: +41-44-269 50 99  
info@brunnerinvest.ch  
www.brunnerinvest.ch

### Custodian

UBS (Luxembourg) S.A., Dublin Branch  
1 George's Quay Plaza,  
George's Quay,  
Dublin 2,  
Ireland.

### Sponsoring Brokers

Arthur Cox Listings Services Limited,  
Arthur Cox Building,  
Earlsfort Terrace,  
Dublin 2,  
Ireland.

### Auditors

KPMG,  
Chartered Accountants,  
1 Stokes Place,  
St. Stephen's Green,  
Dublin 2,  
Ireland.

### Legal Advisers

In Ireland:  
Arthur Cox,  
Earlsfort Centre,  
Earlsfort Terrace,  
Dublin 2,  
Ireland.

In Switzerland  
Kellerhals attorneys at law,  
Rämistrasse 5,  
CH-8024 Zürich,  
Switzerland.

### Paying Agent in Switzerland

BNP Paribas Securities Services,  
Paris, succursale de Zurich,  
Selnaustrasse 16,  
CH-8002 Zurich,  
Switzerland.

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## SUMMARY

### Structure

The Company is an umbrella Fund with segregated liability between Funds established as an open-ended investment company incorporated with limited liability under the laws of Ireland. Its share capital is divided into a number of classes each representing interests in a Fund, save for the Subscriber Shares, which are held by the Sponsor and which do not entitle the holders to participate in the assets of any Fund.

### Investment Policies of the Funds

The investment objectives and policies and the base currency of each Fund are set out in a separate Supplemental Prospectus for each Fund.

### Taxation

As an investment undertaking within the meaning Section 739 (B) (1) of the Taxes Act the Company is exempt from Irish tax on its income and gains and the Company will not be required to account for any tax in respect of Shareholders who are not Irish Residents. The Company may be required to account for tax in respect of Shareholders who are Irish Residents. Shareholders who are not Irish Residents will not be liable to Irish tax on income from their Shares or gains made on the disposal of their Shares, provided the Shares are not held directly or indirectly by or for a branch or agency in Ireland. No stamp duty or other tax is payable in Ireland on the subscription, issue, holding, redemption or transfer of Shares. A gift or inheritance of Shares may be liable to Irish capital acquisitions tax. Potential investors are advised to consult their own tax advisers as to the implications of an investment in the Company.

### Listing

Shares in the Company relating to each of the Funds which have been launched prior to the date of this Prospectus have been admitted to the Official List of The Irish Stock Exchange.

### Dividends

The Funds do not at present propose to declare a dividend, but may do so in the future as set out on page 27.

### Subscriptions and Repurchases

Following the Initial Offer Period, shares in each Fund may be purchased and repurchased at the applicable Net Asset Value per Share obtaining on the Dealing Day on which the issue or repurchase of the Shares is effected. Details of how to subscribe for and repurchase shares are set out on page 28 et seq.

### Commission

Commission of up to 5% of the amount to be subscribed is payable to the Investment Manager on subscription for Shares.

### Dealing Days

Subscriptions for Shares and repurchases of Shares may be made on a Dealing Day. In the case of each of the Funds, the first Business Day of each month shall be a Dealing Day.

### Share Certificates and Written Confirmations of Ownership

Share certificates or written confirmations of ownership may be issued in respect of the Shares.

### Investor Restrictions

The Shares may not be purchased by U.S. Persons.



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## **Investment Risks**

A description of certain investment risks relevant to investors in the Funds is set out on page 23 et seq.

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## DEFINITIONS

In this Prospectus the following words and phrases shall have the meanings indicated below:

“**Act**” means Part XIII of the Companies Act, 1990;

“**Administrator**” means UBS Fund Services (Ireland) Ltd.;

“**Articles of Association**” means the Articles of Association of the Company;

“**Business Day**” means a day on which retail banks are open for business in Ireland;

“**Central Bank**” means the Central Bank of Ireland;

“**CHF**” or “**Swiss Francs**” means Swiss Francs, the lawful currency of Switzerland;

“**Company**” means Star MM Funds Plc., an investment company with variable capital, incorporated in Ireland pursuant to the Companies Acts, 1963 to 2009;

“**Custodian**” means UBS (Luxembourg) S.A., Dublin Branch

“**Directors**” means the directors of the Company for the time being and any duly constituted committee thereof;

“**Dealing Day**” means such Business Day or Business Days as the Directors from time to time may determine in the case of any Fund, provided that there shall be at least one Dealing Day in each month. Unless otherwise determined the first Business Day of each month shall be a Dealing Day;

“**EU**” means the European Union;

“**EUR**” or “**EURO**” means the euro, the unit of the European single currency;

“**Exempt Irish Resident**” means, unless otherwise determined by the Directors, the following:-

- (a) a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the Taxes Act or a retirement annuity contract or a trust scheme to which Section 784 or 785 applies; or
- (b) a company carrying on life business within the meaning of Section 706 of the Taxes Act; or
- (c) an investment undertaking within the meaning of Section 739 (B) (1) of the Taxes Act; or
- (d) a special investment scheme within the meaning of Section 737 of the Taxes Act; or
- (e) a company to which Section 731(5)(a) of the Taxes Act applies; or
- (f) a charity being a person referred to in section 739D(6)(f)(i) of the Taxes Act; or
- (g) a qualifying management company within the meaning of Section 734 (1) of the Taxes Act; or
- (h) a specified company within the meaning of Section 734 (1) of the Taxes Act; or
- (i) a company entitled to exemption from income tax and capital gains tax under Section 784A (2) of the Taxes Act; or
- (j) a qualifying savings manager within the meaning of Section 848B of the Taxes Act in respect of shares which are assets of the special savings incentive account within the meaning of Section 848C of the Taxes Act; or

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- (k) a person entitled to exemption from income tax and capital gains tax by virtue of Section 787(I) of the Taxes Act in respect of shares which are assets of a personal retirement savings account within the meaning of Chapter 2A of Part 30 of the Taxes Act; or
- (l) a credit union within the meaning of Section 2 of the Credit Union Act 1997; or
- (m) a company in respect of payments made to it by a money market fund within the meaning of Regulation (EC) No. 2423/2001 of the European Central Bank of 22 November 2001; or
- (n) such other Irish Residents, with the consent of the Company, as are permitted to invest in the Company without giving rise to a charge to tax in the Company or jeopardising tax exemptions associated with the Company;

provided that an appropriate declaration in accordance with Schedule 2B of the Taxes Act has been provided to the Administrator;

**“Fund”** or **“Funds”** means any Fund or Funds established by the Company;

**“Initial Offer Period”** means in the case of each Fund, the day on which or the period during which the Shares are first offered for subscription as set out in the relevant Supplemental Prospectus;

**“Investment Manager”** or **“Sponsor”** means BrunnerInvest AG;

**“Issuer”** means any issuer of securities. An issuer and its related companies will be considered as one single issuer for the purpose of the investment restrictions applicable to each Fund. For the purpose of this definition related company means a company which has a 50% shareholding link with the issuer whether as a direct or indirect parent, subsidiary or sister company;

**“Net Asset Value”** means the Net Asset Value of the Company, or of a Fund, as appropriate, calculated as described herein;

**“Net Asset Value per Share”** means in respect of any class of Shares the Net Asset Value divided by the number of Shares in issue in such class;

**“OECD”** means the Organisation for Economic Co-operation and Development;

**“Relevant Period”** means a period of eight years beginning with the acquisition of a Share by a Shareholder and each subsequent period of eight years beginning immediately after the preceding, relevant period;

**“Share”** or **“Shares”** means a Share or Shares of any class in the Company;

**“Shareholder”** means a holder of Shares in the Company;

**“Subscriber Shares”** means the shares of no par value subscribed as initial capital;

**“Supplemental Prospectus”** means any supplemental prospectus issued by the Company in connection with any Fund from time to time and which forms an integral part of this Prospectus;

**“Taxes Act”** means the Taxes Consolidation Act, 1997 (as amended);

**“Umbrella Fund”** means a fund which may have different compartments or an investment company which may issue separate classes of shares each representing a sub-fund and comprising a distinct portfolio of investments. An investor only has an interest in the compartment or sub-fund in which he participates.

**“Underlying Fund”** means a collective investment scheme in which a Fund invests;

**“U.S.”** means the United States of America (including the States and the District of Columbia), its territories, possessions and all other areas subject to its jurisdiction;

**“USD”** or **“US Dollar”** means United States Dollars, the lawful currency of the U.S.;

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**“U.S. Person”** means, unless otherwise determined by the Directors, a person resident in the U.S., a corporation, partnership or other entity created or organised in or under the laws of the U.S. or any person falling within the definition of the term "U.S. Person" under Regulation S promulgated under the U.S. Securities Act of 1933, as amended.

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## INTRODUCTION

### The Company

The Company is an open-ended investment company with variable capital organised under the laws of Ireland as a public limited company pursuant to the Companies Acts, 1963 to 2009. It was incorporated on the 5th day of January, 1995 under registration number 226951. Its object, as set out in Clause 2 of the Company's Memorandum of Association, is the collective investment of its funds with the aim of spreading investment risk and affording the Shareholders the benefit of the management of its funds.

The Company is organised in the form of an umbrella Fund. The Articles of Association provide that the Company may offer separate classes of Shares, each representing interests in a Fund comprising a distinct portfolio of investments. At the date of this Prospectus five Funds have been launched all of which are funds of funds. With the consent of the Central Bank, the Company from time to time may create an additional Fund or Funds, the investment policies and objectives for which shall be outlined in a Supplemental Prospectus, together with details of the Initial Offer Period, the initial subscription price for each Share and such other relevant information in relation to the additional Fund or Funds as the Directors may deem appropriate, or the Central Bank require, to be included. Each Supplemental Prospectus shall form part of, and should be read in conjunction with, this Prospectus. It is intended that any additional Fund created will be a fund of funds.

### The Board of Directors

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

The address of the Directors is the registered office of the Company.

The Company has delegated the day to day administration of the Company to the Administrator and the investment management to the Investment Manager and, consequently, none of the Directors is an executive director.

The Directors are listed below with their principal occupations.

### *Directors and Secretary*

**Erwin Brunner, (Swiss), (Chairman)** is managing director and chairman of BrunnerInvest AG which he founded in 1991 and which is a member of the Swiss association of asset managers. Its business purpose is the organisation and distribution of collective investment schemes as well as portfolio management for private and institutional clients. Prior to founding BrunnerInvest AG, Mr. Brunner was a general manager of Rothschild Bank AG from 1989 to 1990. Between 1969 and 1988 he was employed by Swiss Bank Corporation in Geneva and Zurich and in 1986 was appointed senior vice president in charge of its Investment Group. He was previously employed successively by Sandoz Products Limited in Great Britain, Swiss Bank Corporation in Zurich and Geneva and Kidder Peabody & Co. Inc. in New York. He attended the Institute for Management Development in Lausanne in 1972 and the Harvard Business School in Boston in 1987.

**Alexander E. Brunner (Swiss)** is director, vice chairman and member of the executive team of BrunnerInvest AG. He holds a Masters degree in Business Administration from the University of St. Gallen (2001). He also studied finance at the Stockholm School of Economics. Prior to and during his studies, he worked for Charlemagne Capital Group (formerly Regent Pacific) in London, a fund management company focussing on emerging markets, and for Credit Suisse First Boston and Credit Lyonnais in Zurich. From 2002 until 2005 he was brand manager and key account manager in Switzerland for Unilever, a leading international consumer goods company. Since 1991 he has been a member of the board of BrunnerInvest AG, assuming the function of a vice-chairman during the last years. In June 2006 he joined BrunnerInvest AG in the full-time functions as member of the executive team.

**Peter Sandys (Irish)** is a financial adviser and corporate consultant. He was managing director of Riada Corporate Finance Limited from 1992 to 1998 and a director of Riada Corporate Finance Limited from 1988 to 1998 where he was responsible for corporate funding, taxation and corporate broking, investor relations and mergers and acquisitions. From 1982 to 1988, Mr. Sandys worked in the corporate finance departments of Ernst & Young, chartered accountants, in Dublin and London. Mr. Sandys is a qualified chartered accountant.

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**Carl O'Sullivan (Irish)** is a partner in the firm of Arthur Cox where he specialises in financial services law. He qualified as a solicitor in 1983 and was employed as an in-house lawyer with Irish Distillers Group Plc from 1983 to 1987 and Waterford Wedgwood Plc from 1987 to 1990. He joined Arthur Cox in 1990. He is a director of a number of companies, including banks and investment companies, operating in the International Financial Services Centre in Dublin, Ireland. He holds a Moderatorship in Legal Science from the University of Dublin and a Masters of Business Administration from University College Dublin.

The Company Secretary is **Bradwell Limited**.

Carl O'Sullivan and Peter Sandys form a review committee of the Board of Directors responsible for reviewing the performance and procedures of the Investment Manager.

Details concerning the Investment Manager and Swiss Representative are set in Appendix 1 (Information for holders of shares distributed in Switzerland and from the territory of Switzerland).

The Articles of Association provide that the Directors shall be entitled to a fee by way of remuneration for their services at a rate to be determined from time to time by the Directors.

The Articles of Association do not stipulate a retirement age for Directors and do not provide for retirement of Directors by rotation. The Articles of Association provide that a Director may be a party to any transaction or arrangement with the Company or in which the Company is interested provided that he has disclosed to the Directors the nature and extent of any material interest which he may have. A Director may not vote in respect of any contract in which he has a material interest. However, a Director may vote in respect of any proposal concerning any other company in which he is interested directly or indirectly, whether as an officer or shareholder or otherwise, provided that he is not the holder of 5% or more of the issued shares of any class of such company or of the voting rights available to members of such company. A Director may also vote in respect of any proposal concerning an offer of Shares in which he is interested as a participant in an underwriting or sub-underwriting arrangement and may also vote in respect of the giving of any security, guarantee or indemnity in respect of money lent by the Director to the Company or in respect of the giving of any security, guarantee or indemnity to a third party in respect of a debt obligation of the Company for which the Director has assumed responsibility in whole or in part.

## **The Share Capital**

The share capital of the Company shall at all times equal the Net Asset Value.

Each of the Shares entitles the Shareholder to participate equally on a pro rata basis in the dividends and net assets of the Fund in respect of which they are issued, save in the case of dividends declared prior to becoming a Shareholder.

Each Fund will be treated as bearing its own liabilities and the Directors reserve the right to redesignate any class of Shares from time to time provided that Shareholders in that class shall first be notified by the Company that the Shares will be redesignated and shall be given the opportunity to have their Shares repurchased by the Company.

Each Share entitles the holder to one vote in respect of any matters submitted to Shareholders for a vote by poll. A poll may be requested by the Chairman of the meeting or by five or more Shareholders or by Shareholders holding 10% or more of the Shares of the Company. The quorum required for any general meeting of the Company shall be two Shareholders present in person or by proxy, save in the case of any proposal to alter class rights put to a separate meeting where the quorum shall be two or more members holding at least one third of the Shares in the class.

The Subscriber Shares entitle the Shareholders holding them to attend and vote at all meetings of the Company, but do not entitle the holders to participate in the dividends or net assets of any Fund. A holder of a Share shall be entitled to attend at meetings of the Company or of the Fund in respect of which the Share is issued.

All but two of the Subscriber Shares have been repurchased by the Company. It is proposed that the two remaining Subscriber Shares will not be repurchased by the Company. The Subscriber Shares are at present, beneficially held by the Investment Manager.

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The Company is an umbrella fund with segregated liability between Funds and each Fund may comprise one or more classes of Shares in the Company. The Directors may, from time to time, upon the prior approval of the Central Bank, establish further Funds by the issue of one or more separate classes of Shares on such terms as the Directors may resolve. The Directors may, from time to time, in accordance with the requirements of the Central Bank, establish one or more separate classes of Shares within each Fund on such terms as the Directors may resolve.

The assets and liabilities of each Fund will be allocated in the following manner:

- (a) the proceeds from the issue of Shares representing a Fund shall be applied in the books of the Company to the Fund and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund subject to the provisions of the Memorandum and Articles of Association;
- (b) where any asset is derived from another asset, such derivative asset shall be applied in the books of the Company to the same Fund as the assets from which it was derived and in each valuation of an asset, the increase or diminution in value shall be applied to the relevant Fund;
- (c) where the Company incurs a liability which relates to any asset of a particular Fund or to any action taken in connection with an asset of a particular Fund, such a liability shall be allocated to the relevant Fund, as the case may be; and
- (d) where an asset or a liability of the Company cannot be considered as being attributable to a particular Fund, such asset or liability, subject to the approval of the Custodian, shall be allocated to all the Funds pro rata to the Net Asset Value of each Fund.

Any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of that Fund, and neither the Company nor any Director, receiver, examiner, liquidator, provisional liquidator or other person shall apply, nor be obliged to apply, the assets of any such Fund in satisfaction of any liability incurred on behalf of, or attributable to, any other Fund.

There shall be implied in every contract, agreement, arrangement or transaction entered into by the Company the following terms, that:

- (i) the party or parties contracting with the Company shall not seek, whether in any proceedings or by any other means whatsoever or wheresoever, to have recourse to any assets of any Fund in the discharge of all or any part of a liability which was not incurred on behalf of that Fund;
- (ii) if any party contracting with the Company shall succeed by any means whatsoever or wheresoever in having recourse to any assets of any Fund in the discharge of all or any part of a liability which was not incurred on behalf of that Fund, that party shall be liable to the Company to pay a sum equal to the value of the benefit thereby obtained by it; and
- (iii) if any party contracting with the Company shall succeed in seizing or attaching by any means, or otherwise levying execution against, the assets of a Fund in respect of a liability which was not incurred on behalf of that Fund, that party shall hold those assets or the direct or indirect proceeds of the sale of such assets on trust for the Company and shall keep those assets or proceeds separate and identifiable as such trust property.

All sums recoverable by the Company shall be credited against any concurrent liability pursuant to the implied terms set out in (i) to (iii) above.

Any asset or sum recovered by the Company shall, after the deduction or payment of any costs of recovery, be applied so as to compensate the Fund.

In the event that assets attributable to a Fund are taken in execution of a liability not attributable to that Fund, and in so far as such assets or compensation in respect thereof cannot otherwise be restored to the Fund affected, the Directors, with the consent of the Custodian, shall certify or cause to be certified, the value of the assets lost to the Fund affected and transfer or pay from the assets of the Fund or Funds to which the liability was

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attributable, in priority to all other claims against such Fund or Funds, assets or sums sufficient to restore to the Fund affected, the value of the assets or sums lost to it.

A Fund is not a legal person separate from the Company but the Company may sue and be sued in respect of a particular Fund and may exercise the same rights of set-off, if any, as between its Funds as apply at law in respect of companies and the property of a Fund is subject to orders of the court as it would have been if the Fund were a separate legal person.

Separate records shall be maintained in respect of each Fund.



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## MINIMUM SUBSCRIPTION

The minimum subscription which may be made by an investor in the Company as a whole is not less than the foreign currency equivalent of EUR 100,000 and, accordingly, the requirements of the Central Bank which are deemed necessary for the protection of retail investors, in particular the conditions set down by the Central Bank in relation to investment and leverage do not apply to the Funds. Notwithstanding this, the Company shall adhere to the investment restrictions in relation to each Fund's investments below.

## INVESTMENT POLICIES OF THE FUNDS

### INVESTMENT OBJECTIVES AND POLICIES OF THE FUNDS

Each of the Funds is a fund of funds. The investment policies and objectives of each Fund are set out in a separate Supplemental Prospectus.

### Advantages and Disadvantages of a Fund of Funds

#### Advantages

- + The Investment Manager has an experienced and professional team which selects funds for investment from a wide range of single manager funds. Selection is made according to qualitative and quantitative criteria. When selecting funds for investment the Investment Manager takes into consideration different styles of investment management, geographic diversification, the experience and personality of the fund managers or the fund management teams and specialist funds. By investing in the Company an investor may participate in the success of carefully selected fund managers with a minimum investment of EUR 100,000 whereas investors might be required to invest more than this if they wished to make a direct investment in the underlying fund;
- + By investing in a fund of funds, such as the Company, an investor can be given access to some of the most successful fund managers. Furthermore by investing in the Company an investor can overcome certain difficulties such as high minimum subscription limits which apply to the funds in which the Company invests;
- + An investment in the Company as a fund of funds may provide lower volatility than other investments due to the diversification of the investments of the funds in which the Company invests;

#### Disadvantages

- Investors in the Company may suffer additional indirect costs as the underlying funds may also be subject to management and custodial fees in addition to the management and custodial fees chargeable to the Company. There may even be double indirect costs where the Company invests in another fund of funds;
- The performance of the Company may be impaired by the broad diversification of investments arising as a result of investing in other funds.

#### Adherence to Investment Policy

The investment objectives and policies of the relevant Fund will be adhered to, and in the absence of unforeseen circumstances, will not be altered for a period of three years following the admission of the Shares to the Official List of The Irish Stock Exchange. Any change in investment objectives and policies during or after this period will be subject to Shareholders' approval and the approval of the Central Bank.

## INVESTMENT RESTRICTIONS IN RELATION TO THE FUNDS

- (i) (a) No investment in a collective investment scheme will, when first made or when aggregated with the value of any investment already held in the same collective investment scheme, represent more than 20% of the Net Asset Value of the relevant Fund and no direct investment will, when first made or when aggregated

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with the value of any investment already held in the same Issuer, represent more than 10% of the Net Asset Value of the Fund.

(b) No investment in any collective investment scheme managed by the same fund manager will, when first made or when aggregated with the value of any investment already held in a collective investment scheme with the same fund manager, represent more than 30% of the Net Asset Value of the relevant Fund.

The Funds may invest in collective investment schemes of the following legal type: mutual funds, contractual funds, exchange traded funds, investment companies with fixed or variable capital, limited partnerships, business trusts, investment associations or unit trusts. At least 50% of the Net Asset Value of each of the Funds (disregarding ancillary liquid assets) shall be invested in collective investment schemes pursuing a non-traditional or alternative investment strategy and generally designated under the term of "hedge funds".

“Unregulated Collective Investment Scheme” means any scheme other than any of the following;

- schemes established in an EU Member State which are authorised under Directive 85/661/EEC (as amended) (“UCITS”);
- schemes established in a Member State of the European Economic Area which are authorised;
- schemes established in Guernsey and authorised as Class A Schemes;
- schemes established in Jersey as Recognised Funds;
- schemes established in the Isle of Man as Authorised Schemes; and
- non-UCITS schemes authorised by the Central Bank.

The Funds may not invest in other funds of funds.

A Fund’s aggregate exposure to any one counterparty by means of deposits, forward or option transactions shall not exceed 10% of the Net Asset Value of that Fund. This limit is increased to 20% for forward or option transactions with, or deposits with or securities evidencing deposits issued by or securities guaranteed by: - (i) an EU credit institution; (ii) a bank authorised in a Member State of the European Economic Area (EEA) (Norway, Iceland, Liechtenstein); or (iii) a bank authorised by a signatory state (other than an EU Member State, or a Member State of EEA) to the Basle Capital Convergence Agreement of July, 1988 (Switzerland, Canada, Japan, United States). Related companies or institutions shall be regarded as a single issuer for the purpose of this restriction.

None of the Funds shall take legal or management control over the issuers of its investments.

- (i) A Fund may not invest its assets through a managed account managed by a sub-investment manager.
- (ii) Each Fund shall be precluded from borrowing more than 25% of its Net Asset Value. Each Fund may pledge its assets as security if required but no Fund shall grant any credit or loan. Taking into account the leverage achieved through borrowings, the total exposure of a Fund may reach 125% of its Net Asset Value.
- (iii) The Funds may not themselves directly purchase real estate for investment purposes or acquire any options, rights or interest in respect thereof. The Funds may, however, acquire securities and other instruments issued by real estate companies or which are linked to real estate and which are listed on a stock exchange and dealt in on a regulated market open to the public. The Funds may not invest in open-ended real estate investment schemes (e.g. real estate investment funds established under German law) or in real estate companies which are neither listed or dealt in on a regulated market.
- (iv) The Funds may not make investments which carry unlimited liability. In particular, none of the Funds may enter into short sales of any kind.
- (v) Each Fund shall invest in a minimum of three collective investment schemes. For the avoidance of doubt, each Fund will typically be invested in 8 to 15 collective investment schemes. Where a Fund

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holds substantial liquid assets on a temporary basis the number of collective investment schemes in which the Fund may invest may be fewer than 8.

- (vi) Each Fund may hold ancillary liquid assets.
- (vii) The Company shall not undertake securities lending.
- (viii) None of the Funds shall directly invest in commodities or precious metals, financial instruments based on or certificates representing commodities or precious metals nor enter into transactions involving antiques, works of art or securities representing merchandise or rights to merchandise. The Underlying Funds shall invest in may not enter into transactions involving antiques, works of art or securities representing merchandise or rights to merchandise, but they may invest in financial instruments based on commodities and, directly or through financial instruments, in precious metals. As financial instruments on commodities encompass futures, such collective investment scheme may be under an obligation to take delivery of commodities.
- (ix) The Investment Manager may acquire for a Fund's assets up to a maximum of 10% of the non-voting equity and debt instruments and/or money market instruments of the same issuer as well as a maximum of 25% of the units or shares of another collective investment scheme. These restrictions do not apply if the amount in issue of a debt instruments or money market instrument or the number of units or shares of other collective investment scheme cannot be calculated by the Investment Manager or Custodian at the time of the acquisition.
- (x) Underlying Funds which pursue alternative investment strategies in which a Fund invests must, in principle, have the same subscription and redemption dealing cycle as the Fund. For this purpose, dealing may be either through redemptions or through trading on a stock exchange or another regulated market open to the public. All investments in traditional Underlying Funds must at least be redeemable or tradeable on a stock exchange or a regulated market open to the public at least twice monthly.

The Funds will not be obliged to comply with the above investment limit percentages when exercising subscription rights attaching to securities which form part of their assets. The limits on investments contained in this Prospectus shall apply at the time of the purchase of the investments. If the limits are subsequently exceeded for reasons beyond the control of a Fund, the Fund must adopt as a priority objective the remedying of that situation, taking due account of the interests of the Shareholders. The restriction numbered (i) shall remain in effect for so long as the Shares in the Company are listed on the official list of The Irish Stock Exchange. If these limits are breached at any time, the Company shall take action to ensure that the investment limits are complied with, but the Company shall not be obliged to take immediate action to the detriment of Shareholders.

## **Investment Restrictions in relation to the Underlying Funds (see p. 16 et seq.)**

Each of the collective investment schemes in which the Funds invest is subject only to the restrictions of its own regulations regarding its investment policy except in the case of investment restriction numbered (ix) above.

## **Investment Strategies of Underlying funds**

The investment strategies that may be used by the Underlying Funds using an alternative investment strategy are defined below. No specific information on the investment strategy is included for direct or indirect traditional investments, such as bonds, equities or money market instruments.

### **Long/Short Equity**

The long/short equity strategy involves taking both long (buying and holding) and short (selling) positions in equities, equity-like securities and derivative instruments. The rating of individual companies is the main criterion for selecting investments (stock picking). The extent to which portfolio managers of long/short equity funds use leverage, market exposure and hedging techniques varies considerably.

### **Relative Value**

The relative value strategy involves analysing related financial instruments with a view to exploiting pricing inefficiencies, thus largely avoiding directional positions i.e. positions dependent on the performance of

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individual markets. Pricing anomalies between related instruments (spreads) are assessed using quantitative pricing models and statistical or fundamental analysis. If a (relatively) undervalued instrument is bought and a (relatively) overvalued instrument is sold short, a profit will be realized provided that the prices then move closer to their fair value, thus narrowing the spread.

## Equity Hedge

The equity hedge strategy essentially consists of buying undervalued stocks and selling overvalued stocks short. In some instances, derivative financial instruments are also used to mitigate anticipated market risks. The investment strategy is heterogeneous and can best be described by reference to two criteria: the degree of dependency on overall market performance and the market segments focused on. Dependency on overall market performance produces three different strategies: long bias (strong positive correlation), no bias (low correlation) and short bias (strong negative correlation with the equities market). The degree of market dependency is largely derived from the ratio of long to short positions, so that the volume of positions held is not the sole determining factor, but also their sensitivity to overall market fluctuations. Underlying Funds pursuing an equity hedge strategy actively engage in market segments which are usually defined by geographical focus, sector and market capitalization.

## Directional Trading

Directional trading strategies aim to exploit overall market fluctuations by holding directional positions in a wide range of capital market instruments. Unlike most investment methods used with other index strategies, this strategy involves deliberately taking on market risk without attempting to hedge it with counter positions. Investments made under this market strategy are often managed with a high degree of flexibility. There may be frequent and substantial changes in the portfolio's focus and investment approach. With this strategy, a high degree of leverage and unhedged derivative financial instruments are typically used. Investments are normally selected using an opportunistic and/or systematic approach. "Global macro", "volatility funds" and "managed futures funds" are sub strategies of the directional trading strategy.

## Event Driven

The event driven strategy seeks to take advantage of unusual corporate events, such as restructuring, take-overs, mergers, spin-offs, liquidations, insolvency etc. The key to using such a strategy successfully is in-depth research. When carrying out such research it is vital to make a rapid and accurate assessment of legal and structural matters pertaining to the company, for example, as well as the usual fundamental data. "Risk arbitrage", "distressed securities" and "special situations" are sub strategies of the event driven strategy.

## Portfolio Structure of the Funds

The Funds invest in non-traditional investments based on the fund-of-funds approach, using a variety of non-traditional investment strategies seeking a low correlation with the equity and bond markets. The Investment Manager applies rigorous selection criteria when selecting alternative Underlying Funds and portfolio managers. The Funds aim to achieve optimal diversification of assets with regard to risk and return over the various non-traditional investment strategies. Investments are broadly diversified, generally among more than one of the investment strategies referred to above. Depending on its assessment of the opportunities and risks inherent in non-traditional investments, the percentage of a Fund's assets invested in traditional investments may vary.

The current intention is to allocate investments as follows:

### Strategy Percentage

Long/short equity:	0 to 100%
Relative value:	0 to 100%
Equity hedge:	0 to 100%
Directional trading:	0 to 100%
Event driven:	0 to 30%
Traditional investments:	0 to 49%

Each Fund may hold ancillary liquid assets.

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The Directors of the Company reserve the right to vary the strategies within the Investment Policy and the Investments Restrictions set out in the Prospectus, add other investment strategies relating to non-traditional investments and/or cease to use existing strategies subject to the requirement to obtain the prior approval of the Shareholders as outlined on page 16 above. In the event of significant variations, the Prospectus will be amended accordingly. It should also be noted that a significant number of Underlying Funds do not fully disclose a specific investment strategy.

## **Key Differences between traditional and non-traditional investments**

Unlike traditional investments where the purchase of securities is financed from a fund's own resources (long positions), with non-traditional investment strategies, such as those practised by Underlying Hedge Funds, securities may also be sold short (short positions), while a leverage effect may be achieved through borrowing and using derivative financial instruments. Many Underlying Funds may use financial instruments without restriction (e.g. options, futures, foreign exchange forwards and swaps and interest rate swaps) and adopt non-traditional investment approaches and strategies, which may involve special risks, as more particularly outlined below. Another feature of Underlying Funds is that their portfolio managers frequently invest their own money in the fund.

## **Key differences at a glance:**

**Traditional investments and investment funds:** The investment focus is defined e.g. by geographical and sector-based criteria. The portfolio is made up of securities, especially equities, bonds and money market securities. Only long positions are permitted. Financial instruments, borrowing, securities lending and similar transactions are only permitted subject to certain restrictions. Heavy reliance is placed on the performance of capital markets.

**Non-traditional investments / hedge funds:** As a general rule, no or limited investment restrictions are imposed. Investment activity depends on the investment styles and strategies used, e.g. relative value, event driven, equity hedge and directional trading. The portfolio may comprise both short and long positions. Derivative financial instruments, borrowing, securities lending and similar transactions are essentially permitted without restriction. Performance depends heavily on the investment strategy actively pursued and much less on trends in the capital markets.

## **Benefits and drawbacks of the "fund of funds structure"**

As funds of funds, the Funds acquire shares or units in a selection of Underlying Funds which use one or more investment styles and strategies. This approach limits the potential risk of losses sustained by individual Underlying Funds. The following benefits and drawbacks of a fund of funds compared with direct investments should inter alia be noted:

### **Benefits:**

- risk broadly spread over different investments styles and strategies;
- low volatility;
- thorough selection process implemented by the Investment Manager, based on both qualitative and quantitative factors;
- ongoing control and monitoring of the various Underlying Funds;
- collective investment instruments also enable investors who would normally have no direct access to Underlying Funds because of the high minimum investment required, or who wish to limit their investment for some other reason, to invest in this asset class.

## **INVESTORS SHOULD NOTE THAT THERE IS NO GUARANTEE THAT THESE BENEFITS WILL ACCRUE**

### **Drawbacks:**

- the broad spread of risk may adversely affect performance;
- the Underlying Funds incur costs which add to the Fund's own direct costs.

**FOR THE AVOIDANCE OF DOUBT, THE ABOVE LIST OF DRAWBACKS IS NOT EXHAUSTIVE.**

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## INVESTMENT PROCESS

### Portfolio Structure and Investment Strategies

The portfolio structures and investment strategies are based primarily on the target risk/return profile. Optimization of the portfolio's risk/return structure is achieved by capitalizing on the effects of diversification, both between the various investment strategies and between the individual Underlying Funds.

### Underlying Fund Selection and Monitoring Procedures

The Investment Manager is constantly on the lookout for the best investment opportunities from the extensive range of hedge funds available. Both quantitative and qualitative criteria are used to preselect potential investments. At this stage, the selection criteria are focused on the Underlying Fund: its experience of the portfolio management, transparency, performance and correlation to various indexes and markets, liquidity, fund size and legal structure. Underlying Funds have a wide latitude as to the strategies, investment instruments and techniques used. As a result, the careful selection of individual portfolio managers is of paramount importance. New or recently launched hedge funds may also be considered, provided that their portfolio managers have the necessary experience and a proven track record of managing other Underlying Funds (emerging managers). To make the shortlist of eligible Underlying Funds, each candidate must undergo a structured, systematic, qualitative and quantitative evaluation process (due diligence). This due diligence process includes an in-depth assessment e.g. of the individuals involved, investment and risk management processes as well as strategies and performance.

The qualitative side of the assessment includes:

- a thorough review of investment strategies, processes and risk management (stress tests);
- an organizational assessment;
- evaluating the professional qualifications of the portfolio managers;
- checking the contractual terms and conditions (Prospectus);
- transparency assessment – the availability of key information (basic documents, portfolio access, quality of reporting, risk management reports etc.);
- analysis of related factors (auditors, custodian bank, fund administrator, other counterparties);
- obtaining references.

The quantitative side of the assessment includes:

- a historical risk/return analysis and comparison with rival products;
- analysis of correlation to market indices and other Underlying Funds.

### Monitoring / Risk Management

Risk is minimized by investing in a diversified portfolio. Constant monitoring of individual Underlying Funds and the actual portfolio allows the portfolio to be adjusted to changing market conditions. All Underlying Funds and portfolio managers are monitored on an ongoing basis. The aim is to spot negative developments early on by carrying out risk/return assessments at regular intervals by comparison with rival products, identifying changes in correlations with indices and other Underlying Funds, conducting regular face-to-face meetings and other on-site visits. For each alternative Underlying Fund or portfolio manager a comprehensive due diligence will be carried out and periodically renewed. Such due diligence will be properly documented.

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## INVESTMENT RISKS IN RELATION TO THE FUNDS

Investors are referred to the general warning language appearing on the cover of this Prospectus. Investors should note that the Underlying Funds will only be obliged to comply with the investment objectives and investment restrictions applicable to the relevant scheme and will not be obliged to comply on a consolidated basis with the investment restrictions applicable to the Funds. The Underlying Funds may be established in jurisdictions without State regulatory systems and may acquire equities which are not traded on regulated markets. Investors may not be afforded the same level of protection of their investment as would be provided by schemes authorised under Irish laws and subject to Irish regulations and conditions. Some of the collective investment schemes in which the Funds invest may employ leverage. Details of the collective investment schemes will be set out in the annual or semi annual report of the Company. Potential investors should read this entire document before investing in the Company, and should consult their legal and financial advisers with respect to an investment. The following specific risks in relation to the Funds are brought to the attention of investors, but the list does not purport to be exhaustive:

- **Risk of Short-Term Investments in the Funds**

The difference at any one time between the sale and repurchase prices of Shares in a Fund means that an investment in the Company should be viewed as a medium to long-term investment. An investment in the Company may not be appropriate for all investors and should not constitute a substantial proportion of an investment portfolio.

- **Risk of Investment in Feeder Schemes**

Whilst a Fund will not generally invest in feeder schemes it is the case that access to certain Underlying Funds is only permissible through a master/feeder structure. Accordingly, a Fund may invest in an Underlying Fund which is structured as a master / feeder scheme where the Underlying Fund provides the only means of investment in the master fund and where the Underlying Fund and the master fund can in effect act as a single structure. Any such investment will be subject to the investment restrictions provided for in this Prospectus. There shall be no double charging of investment management fees or performance fees and custody fees as between the Underlying Fund and the master fund, although there may be duplication of administration fees, legal fees, audit fees, listing fees and administration expenses between the Underlying Fund and the master fund. The Investment Manager will not invest in master feeder funds where the investment management fee exceeds 2% of the net asset value of the fund or a performance fee greater than 20% of the increase in net asset value is payable. The annual and half-yearly reports of the Company shall provide information in relation to the investment in the master fund.

The Underlying Fund and the master fund may each be established in any OECD member country or may be Unregulated Collective Investment Schemes as defined in Investment Restriction (i) above. Unregulated Collective Investment Schemes do not provide a level of investor protection equivalent to schemes authorised in Ireland. Some of the master funds may employ leverage.

- **Investment and Market Risk**

There can be no assurance that the Funds will achieve their investment objectives. The value of each 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, as well as other developments in the laws and regulations of the relevant jurisdiction.

- **Counterparty Risks**

Investments in securities and financial instruments are subject to the inherent risk of default on the part of the relevant issuers or counterparties. Derivative financial instruments are, as a rule, cumulatively subject to the risk of the underlying instruments and the issuers or counterparties of the relevant derivative financial instrument.

- **Currency Risk**

The Net Asset Value per Share in the Funds will be computed in CHF or USD, as appropriate, whereas the investments of the Funds may be acquired in a wide range of currencies. The Funds may use currency hedging techniques but this may not be possible or practicable in all cases.

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- **Emerging Markets Risk**

The Funds will be investing in collective investment schemes investing in emerging markets. The emerging markets are still at an early stage of development which can typically be associated with a high degree of price volatility and temporary liquidity shortages. Special risk factors in emerging markets can be: Government default - (political and economic factors); currency; investment restrictions; liquidity; settlement; custodial; pricing; and legal risks. Moreover, it should be appreciated that liquidity and settlement risks may be greater in emerging markets and accounting standards may not provide the same degree of shareholder protection or information to investors as would generally apply internationally.

- **Risks of investments in Commodities and Precious Metals**

The markets for precious metals and commodities may evolve differently from the traditional securities markets. Depending on demand, speculation may from time to time occur, resulting in an increased market volatility. Otherwise, commodities markets will mainly depend from the global demand for commodities. In most cases, changes in the level of production will be subject to time lags.

- **Umbrella structure of the Company and Cross-Liability Risk**

Each Fund will be responsible for paying its fees and expenses regardless of the level of its profitability. The Company is an umbrella fund with segregated liability between Funds and under Irish law the Company generally will not be liable as a whole to third parties and there generally will not be the potential for cross liability between the Funds. Notwithstanding the foregoing, there can be no assurance that, should an action be brought against the Company in the courts of another jurisdiction, the segregated nature of the Funds would necessarily be upheld.

- **Cross liability risk of Underlying Funds**

Underlying Funds may form part of an umbrella fund. The constitutive documents of, or the law applicable to, the Underlying Fund may not provide for segregated liability between sub-funds and therefore there may be a risk of cross liability between sub-funds in the Underlying Fund.

- **Independence and Potential Conflicts of Interest of Portfolio Managers of Underlying Funds**

The Funds' performance depends to a large extent on the skill and integrity of the individual portfolio managers of the Underlying Funds. Neither the Directors of the Company nor the Investment Manager has any influence over the investment decisions made by such portfolio managers, or any control over how the assets of an Underlying Fund are managed. However, the Underlying Funds in which the Funds invest must be audited at least once a year by independent auditors. Portfolio managers of Underlying Funds are normally paid a performance-related fee which may provide an incentive to carry out excessively speculative and/or risky investments. In addition, portfolio managers of hedge funds tend to invest their own moneys in their funds which may give rise to conflicts of interest.

- **Brokers**

Some Underlying Funds use brokers as depositaries instead of banks. Such brokers may lack the credit rating of a bank and may not be subject to the same levels of regulatory and supervisory control as Irish custodian banks.

- **Other**

The performance of the Company may be affected by changes in economic and market conditions and in legal, regulatory and tax requirements. The Company will be responsible for paying its fees and expenses regardless of the level of its profitability.

This may be important because the Company may invest in collective investment schemes which may be subject to issue and redemption charges in addition to management, administration and incentive or performance fees.



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In addition to the fees applicable to the Fund and listed in the Prospectus, if the Fund invests in fund of funds, it may also be subject to two levels of management fees and expenses.

## INVESTMENT TECHNIQUES AND INSTRUMENTS

The Company may employ investment techniques and instruments for providing protection against currency exchange risks, subject to the conditions and within the limits from time to time laid down by the Central Bank. Such techniques and instruments include transactions in spot and forward currency contracts, currency swaps, options on securities, options on indices of securities and currencies, futures contracts and options on futures contracts and other instruments. Currency transactions, over-the-counter options and swaps will be conducted through financial institutions specialising in these types of transactions, the credit quality of the unsecured senior debt or the claims-paying ability of which is considered to be investment grade by the Investment Manager. Without limiting the generality of the foregoing, the use of derivatives in relation to investments made by the Company in underlying funds will be strictly limited to hedging currency risks.

### Investment Techniques

(i) Traditional Hedging

A Fund may use traditional currency hedging transactions, such as selling a particular currency and purchasing the base currency of the Fund forward to hedge the Fund's investment in securities denominated in that particular currency.

(ii) Anticipatory Hedging

A Fund may also use anticipatory hedging where the Fund expects to buy a security denominated in a particular currency. With respect to anticipatory hedging, fundamental factors may change, causing the Fund to decide not to invest in securities denominated in that currency.

(iii) Cross-Hedging

A Fund may also engage in a number of cross-hedging transactions intended to manage the Fund's currency positions in light of the relationships of one currency to another. Types of transactions that may be characterised as cross hedging include transactions where the value of the Fund's base currency relates indirectly to the value of another currency. Such a decision would rest upon fundamental analysis suggesting that the second currency will appreciate against the Fund's base currency. A Fund may engage in any number of such transactions where an indirect relationship exists between the Fund's securities, the base currency of the Fund or other investments and the favoured currency. Each Fund may also use spot and forward currency contracts across two currencies if the Investment Manager expects changes in the cross rate. These transactions may be used to hedge the liabilities as well as the assets of the Fund.

(iv) Investment

A Fund may enter into currency forwards or futures contracts in conjunction with entering into a futures contract on a foreign index in order to create synthetic foreign currency denominated securities.

(v) Risk Management

A Fund may use foreign currency transactions for risk management, which will permit the Fund to have foreign currency exposure significantly different from the currency exposure represented by its investments. This foreign currency exposure may include long and short exposure to particular currencies beyond the amount of the Fund's investment in securities denominated in that currency.

(vi) Currency produced by Investments

A Fund may hold currency received in connection with investments in securities when, in the judgement of the Investment Manager, it would be beneficial to convert such currency into the base currency of the Fund at a later date, based on anticipated changes in the relevant exchange rate.

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## Investment Instruments

Call options may be purchased on the condition that the exercise value of the option is at all times held by the relevant Fund in cash or securities with a maturity of three months or under. However, uncovered call options not covered in this manner may be purchased on the condition that the exercise value of the call options purchased in this way does not exceed 10% of the total Net Asset Value of the relevant Fund. Call options may be sold on condition that the Fund at all times maintains ownership of the security which is subject to the call option.

Put options may be purchased on condition that the security which is the subject of the put option remains at all times in the ownership of the relevant Fund. Uncovered put options may be purchased on the condition that the exercise value of the put options purchased in this way does not exceed 10% of the Net Asset Value of the relevant Fund. Put options may be sold on condition that the aggregate exercise value of all put options sold does not exceed 10% of the Net Asset Value of the relevant Fund and that the exercise value of the option is at all times held by the Fund in cash or securities with a maturity of three months or under.

Futures contracts may be sold on condition that either the security which is the subject of the contract remains at all times in the ownership of the relevant Fund, or on condition that all of the assets of the relevant Fund or a proportion of such assets, which may not be less in value than the exercise value of the futures contracts sold, can reasonably be expected to behave in terms of price movement, in the same manner as the futures contract.

Futures contracts may be purchased on condition that the exercise value of the contract is at all times held by the relevant Fund in cash or securities with a maturity of three months or under.

The total amount of premium paid or received for options together with the amount of initial margin paid for futures contracts may not exceed 10% of the Net Asset Value of the relevant Fund.

Option, interest rate swap and currency exchange rate swap contracts transacted over the counter (OTC transactions) are permitted subject to the following additional requirements:

- (a) OTC transactions may only be concluded on the basis of a standardised master contract that is in accordance with recognised international standards.
- (b) The counterparty must (i) be a bank or financial institution specialised in OTC transactions; (ii) guarantee proper execution of the transaction; and (iii) have shareholders' funds in excess of EUR125 million or the equivalent in foreign currency.
- (c) The counterparty or its guarantor must possess the following current minimum rating from a rating agency recognised by the Swiss Federal Banking Commission: (i) the highest short-term rating (e.g. "P1" or equivalent) for commitments up to one year; (ii) a long-term rating of at least "A-", "A3" or equivalent for commitments greater than one year. If a counterparty or a guarantor is rated by several rating agencies, then the lowest rating shall apply. If the rating of a counterparty or a guarantor falls below the acceptable minimum rating, then the remaining open positions shall be closed out within a reasonable time while safeguarding the interests of the investor. The rating requirements provided for in this paragraph shall not apply to the Custodian.
- (d) The name of the counterparty is disclosed in the subsequent half-yearly or annual report issued by the relevant Fund.
- (e) The Investment Manager is satisfied that the counterparty (i) has agreed to value the transaction at least weekly, and (ii) will close out the transaction at the request of the Investment Manager at a fair value;
- (f) If no market price is obtainable for an OTC traded derivative, then (i) the price must be determinable in a transparent manner at the time of the purchase and sale, as well as on each Dealing Day; (ii) the price must at all times be determinable on the basis of the market value of the underlying instruments by means of valuation models that are adequate and recognised in the industry; (iii) the most advantageous offer shall be accepted after having obtained, before conclusion of the transaction, concrete offers from at least two possible counterparties and after having taken into consideration the creditworthiness, the

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risk diversification and the service offers of the counterparties; (iv) the conclusion and pricing shall be documented; and (v) the price must be fair and must be approved by the Custodian; and

- (g) The initial outlay in respect of OTC derivatives to any one counterparty must not exceed 5 % of the Net Asset Value of the relevant Fund.

The net maximum potential exposure created by such techniques and instruments or created through borrowing, or through both of these together, shall not exceed 25 % of the Net Asset Value of the relevant Fund.

## **Special Risks associated with Investment Techniques and Instruments**

The use of these strategies involves certain special risks, including (1) dependence on the Investment Manager's ability to predict movements in the prices of securities being hedged and movements in interest rates and currency exchange rates; (2) imperfect correlation between the hedging instruments and the securities or market sectors being hedged; (3) the fact that skills needed to use these instruments are different from those needed to select the Company's securities; (4) the possible absence of a liquid market for any particular instrument at any particular time; (5) possible impediments to efficient portfolio management or the ability to meet repurchase requests or other short-term obligations attributable to the proportion of a Fund's assets segregated to cover its obligations; and (6) the possibility that a counterparty may default on its obligations.

The collective investment schemes in which the Funds will invest are subject only to their own regulations with respect to the use of hedging instruments and they will not be subject to the restrictions listed above.

## **DIVIDEND POLICY**

The Funds do not at present propose to declare a dividend. Any income and capital gains generated by the Funds will be accumulated and reinvested. However, the Directors reserve the right to declare dividends from the Funds in future and such dividends may be paid from income received or accrued and realised and unrealised capital gains less realised and unrealised losses.

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## ADMINISTRATION OF THE COMPANY

### Determination of Net Asset Value

The Administrator shall determine the Net Asset Value per Share for each Fund in accordance with the Articles of Association by reference to the latest available price as at close of business on the relevant market on which the investments are quoted on the Business Day preceeding a Dealing Day (the first Business Day of a calendar month). The Net Asset Value per Share shall be calculated by dividing the assets of the Fund less its liabilities by the number of Shares in issue.

In determining the value of the assets of a Fund, each security (including shares in closed-ended collective investment schemes) which is traded on a regulated market will be valued on the market which the Administrator determines provides the fairest criterion of value for such security. Investments in open-ended collective investment schemes shall be valued at their Net Asset Value per Share available to the Administrator on a Dealing Day. Such value must be confirmed by the custodian or the administrator of the invested schemes.

The value of the assets of the Fund will be based on valuations supplied by the Managers or Administrators of the underlying sub funds in accordance with the practices and policies of each such sub fund. The Fund's NAV may be finalized using estimated values provided by the Underlying Managers or administrators of the underlying sub funds. Typically no adjustments will be made for differences between the estimated and final values, if the differences fall within guidelines set by the Directors and the Central Bank.

To the extent that the value assigned by the Fund to any such investment differs from the actual value, the Net Asset Value per Share may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that a Shareholder who redeems all or part of its Shares while the Fund holds such investments will be paid an amount less than it would otherwise be paid if the actual value of such investments is higher than the value designated by the Fund. Similarly, there is a risk that such Shareholder might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the Fund. In addition, there is risk that an investment in the Fund by a new Shareholder (or an additional investment by an existing Shareholder) could dilute the value of such investments for the other Shareholders if the designated value of such investments is higher than the value designated by the Fund. Further, there is risk that a new Shareholder (or an existing Shareholder that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the value designated by the Fund.

None of the Directors, the Fund or the Administrator shall have any liability in the event that any price or valuation, used in good faith in connection with the above procedures, proves to be an incorrect or an inaccurate estimate or determination of the price or value of any part of the property of the Fund.

Where no closing price quotation is available or where, in the view of the Directors, the price quoted is not representative of a security's fair market value or where the security is not listed on a regulated market or where the Net Asset Value per Share of an invested scheme is not available to the Administrator, the value of the asset shall be such value as the Directors may consider in the circumstances to be fair value of the investment in good faith in consultation with the Investment Manager and subject to the approval of the Custodian. In addition and with respect to securities valued by the Investment Manager, the Administrator shall be entitled to rely without enquiry upon the valuations submitted to it by the Investment Manager and shall have no responsibility to determine the accuracy or otherwise thereof.

Cash, deposits and similar investments will be valued at their face value with interest accrued to the end of the day preceding the relevant Dealing Day.

Derivative instruments shall be valued on the same basis as other securities and all liabilities will be valued with accrued interest at market prices and forward currency contracts will be valued at the redemption price on the Dealing Day.

Values expressed in a currency other than CHF and USD will be converted into CHF or USD, as appropriate, at the latest available exchange rate.

### Application for Shares, Minimum Investment and Currency of Investment

Shares in respect of any Fund may be purchased by contacting the Company or the Administrator and completing the application form attached hereto. Applicants will be obliged to certify that they are not U.S.

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Persons. If the completed application form and subscription monies are received by the Company before 5 p.m. (Irish time) on the business day prior to a Dealing Day, the Shares will be issued on such Dealing Day. Subscription monies in respect of shares in each Fund should be paid to the Custodian's account in accordance with the instructions set out in the relevant Supplemental Prospectus.

Subscription Agreements may be sent by facsimile transmission to the facsimile number stated in the Subscription Agreement, provided that the original Subscription Agreement is forwarded to the Administrator forthwith. Neither the fund nor the Administrator accept any responsibility for any loss arising from the non-receipt by the Administrator of any Subscription Agreement sent by facsimile transmission.

If funds are not received on or before the fifth Business Day following a Dealing Day the allotment of Shares may be cancelled at the discretion of the Directors.

The Company reserves the right to reject in whole or in part any application for Shares. The minimum initial investment in the Company as a whole (i.e. taking all of the Funds together) shall be the foreign currency equivalent of EUR 100,000. The minimum incremental investment in each Fund is set out in the relevant Supplemental Prospectus.

By arrangement with the Company or the Administrator, subscriptions may be made in any freely convertible currency approved by the Company or the Administrator, but will be converted into CHF, EUR or USD, as appropriate, at the rate of exchange available to the Company or the Administrator, provided that the costs of conversion shall be deducted from the subscription monies.

## **Subscription Price**

Following the Initial Offer Period shares in each Fund shall be issued at their Net Asset Value per Share. In addition, an investor may be required to pay to the Investment Manager commission of up to 5% of the amount to be subscribed.

## **Share Certificates and Written Confirmations of Ownership**

The Administrator shall be responsible for maintaining the Company's register of Shareholders in which all issues, repurchases and transfers of Shares will be recorded. Written confirmations of ownership shall be issued in relation to the Shares. Share certificates shall be issued at the request of Shareholders. Although authorised to do so under the Articles of Association, the Company does not propose to issue bearer certificates. A Share may be registered in a single name or in up to four joint names. Where Shares are registered in joint names a joint holder will be required to authorise the Administrator to act upon the sole written instructions of any one of the joint holders in respect of the transfer or redemption of all or any of those Shares. The register of Shareholders shall be available for inspection at the registered office of the Company during normal business hours.

## **Repurchase Requests**

Shareholders may request the Company to repurchase any number of Shares held by them at the relevant Net Asset Value per Share by contacting the Company or the Administrator on the tenth Business Day prior to any Dealing Day and delivering a completed repurchase request form to the Administrator on or before 5 p.m. (Irish time) on the tenth Business Day prior to such Dealing Day. Any repurchase request form received by the Administrator after 5 p.m. (Irish time) on the tenth Business Day prior to such Dealing Day shall be held in abeyance and shall be effective on the next succeeding Dealing Day.

The Administrator will not accept any responsibility for any loss as a result of the non-receipt of any repurchase request sent by facsimile transmission. Where a repurchase request is sent by facsimile transmission, the Fund will not release the repurchase monies to the redeeming participating shareholders until such time as both the original repurchase request and subscription agreement are received by the Administrator.

## **Repurchase Price**

Shares shall be repurchased at the applicable Net Asset Value per Share obtaining on the Dealing Day on which repurchase is effected.

Unless otherwise agreed with the Company or the Administrator, all payments of repurchase monies shall be made on or before the tenth Business Day following the Dealing Day on which the repurchase request is effective and shall be made by cheque or by telegraphic transfer at the Shareholder's expense to the

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Shareholder's account, details of which shall be notified by the Shareholder to the Company or the Administrator.

If the Company receives aggregate requests for the repurchase of Shares in respect of 10% or more of the outstanding Shares on any Dealing Day, the Company may elect to restrict the total number of Shares repurchased to 10% of the outstanding Shares, in which case, requests will be scaled down pro rata and the balance will be repurchased on the next Dealing Day.

## **Mandatory Repurchase of Shares and Forfeiture of Dividend**

If a repurchase causes a Shareholder's holding in the Company to fall below the foreign currency equivalent of EUR 100,000 the Company may repurchase at the Net Asset Value per Share the whole of that Shareholder's holding. Before doing so, the Company shall notify the Shareholder in writing and allow the Shareholder thirty days to purchase additional Shares to meet the minimum requirement.

Shareholders are required to notify the Company immediately in the event that they become Irish Residents or U.S. Persons. Shareholders who become U.S. Persons will be required to dispose of their Shares on the next Dealing Day thereafter to non-U.S. Persons. The Company reserves the right to repurchase any Shares which are or become owned, directly or indirectly, by a U.S. Person or if the holding of the Shares by any person is unlawful or detrimental to the interests of the Company.

The Articles of Association of the Company permit the Company to repurchase Shares where during a period of six years no cheque in respect of any dividend on the Shares has been cashed and no acknowledgement has been received in respect of any share certificate or other confirmation of ownership of the Shares sent to the Shareholder and require the Company to hold the repurchase monies in a separate interest bearing account. The Articles of Association also provide that any unclaimed dividends may be forfeited after six years and on forfeiture will form part of the assets of the Company

## **Transfer of Shares**

All transfers of Shares shall be effected by transfer in writing in any usual or common form and every form of transfer shall state the full name and address of the transferor and the transferee. The instrument of transfer of a Share shall be signed by or on behalf of the transferor. The transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the share register in respect thereof. Furthermore, transfers of Shares may only be conducted in accordance with the anti-money laundering policies and procedures of the Administrator. A transferee will be required to complete a Subscription Agreement and will be subject to the requirements set forth for Eligible Investors in the Fund. The Directors may decline to register any transfer of Shares if in consequence of such transfer the transferor or transferee would hold less than the equivalent of EUR 100,000 in the Company or would otherwise infringe the restrictions on holding Shares outlined above. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year. The Directors may decline to register any transfer of Shares unless the instrument of transfer is deposited at the registered office of the Company or at such other place as the Directors may reasonably require together with such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

## **Conversion of Shares**

The Articles of Association permit Shareholders with the consent of the Directors to convert their Shares in any Fund to Shares in any other Fund on giving notice to the Company or the Administrator in such form as the Administrator may request no later than 12 p.m. on the Business Day preceding the Dealing Day. A switching charge of up to 5% of the value of the Shares to be converted shall be payable by the Company on behalf of the Shareholder to the Investment Manager from the proceeds of the Shares to be converted. Conversion shall take place in accordance with the following formula:

$$NS = \frac{(S \times R \times F) - X}{P} \quad \text{where}$$

NS = the number of Shares which will be issued in the new Fund;

S = the number of the Shares to be converted;

R = the repurchase price per Share;

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- F = the currency conversion factor (if any) as determined by the Administrator;  
P = the subscription price of a Share of the new Fund;  
X = a switching charge not exceeding 5% of  $S \times R$ .

If NS is not an integral number of Shares the Company reserves the right to issue fractional Shares in the new Fund or to return the surplus arising to the Shareholder seeking to convert the Shares. The fractional Shares shall be issued to two decimal points.

## **Publication of the Net Asset Value per Share in a Fund**

Except where the determination of the Net Asset Value per Share has been suspended, in the circumstances described below, the Net Asset Value of the Shares in a Fund shall be made public at the registered office of the Administrator and shall be notified to The Irish Stock Exchange immediately upon calculation.

## **Temporary Suspension of Valuation of the Shares and of Sales and Repurchases and Conversions**

The Company may temporarily suspend the determination of the Net Asset Value and the sale or repurchase or conversion of Shares in any Fund during:

- (i) any period (other than ordinary holiday or customary weekend closings) when any market is closed which is the main market for a significant part of the Fund's investments, or when trading thereon is restricted or suspended;
- (ii) any period when any emergency exists as a result of which disposal by the Company of investments which constitute a substantial portion of the assets of the Fund is not practically feasible;
- (iii) any period when for any reason the prices of any investments of the Fund cannot be reasonably, promptly or accurately ascertained by the Fund;
- (iv) any period when remittance of monies which will, or may be, involved in the realisation of, or in the payment for, investments of the Fund cannot, in the opinion of the Directors, be carried out at normal rates of exchange; or
- (v) any period when proceeds of the sale or repurchase of the Shares cannot be transmitted to or from the Fund's account.

Any such suspension shall be notified immediately to the Central Bank and The Irish Stock Exchange and, where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

## **Special Duty to Inform**

The Administrator will provide investors with information about the basis of calculating the issue and repurchase price of the Shares in the Company and with further information about the underlying funds. If an investor shows a legitimate interest in obtaining more information about specific transactions in the past the Administrator will provide such information on request.

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## MANAGEMENT AND ADMINISTRATION

### The Investment Manager

The Investment Manager was incorporated in Switzerland as a limited liability company on the 6th day of November, 1991. The Investment Manager is engaged in the business of providing fund management and advisory services to private and institutional clients and to collective investment schemes. As at 01 January 2010, the Investment Manager had funds under management amounting to in excess of CHF 350 million. The Investment Manager is authorised in Switzerland as an investment manager under the Collective Investment Schemes by the Swiss supervisory authority.

The Investment Management Agreement dated the 6th day of January, 1995 between the Company and the Investment Manager provides that the Investment Manager shall be responsible for investing and reinvesting the assets of the Company. The appointment of the Investment Manager shall continue in force until terminated by either the Company or the Investment Manager on 90 days written notice to the other, except that the Company may terminate the agreement immediately in the event of the insolvency or inability of the Investment Manager to perform its obligations under the Investment Management Agreement.

The Investment Manager shall not be liable for any loss suffered by the Company or its agents in connection with the performance by the Investment Manager of its obligations under the Investment Management Agreement, except loss resulting from negligence, wilful misfeasance or bad faith on the part of the Investment Manager in the performance of, or from reckless disregard by the Investment Manager of, its obligations and duties under the Investment Management Agreement. The Company shall indemnify the Investment Manager and its directors, officers, servants, employees or agents in respect of all liabilities, damages, costs, claims and expenses arising under the Investment Management Agreement, except in the case of any negligence, wilful misfeasance, bad faith or reckless disregard by the Investment Manager, its directors, officers, employees, servants or agents. The fees of the Investment Manager are set out in the section entitled "Expenses".

The Investment Manager's key management staff in relation to the Company's alternative investments are described below.

**Erwin Brunner** After serving his banking apprenticeship at Swiss Bank Corporation in Zurich, Erwin Brunner completed various further training courses (including IMD Lausanne and Harvard Business School Boston). Between 1962 and 1988, he was employed by Swiss Bank Corporation, where the last position he held was as Director in charge of investment research. In this role, Mr. Brunner was in charge of the private and institutional investors departments, portfolio management and financial research. He was also a member of the Board of Directors of Interfonds AG in Basel, the fund management division of Swiss Bank Corporation.

From 1989 until BrunnerInvest AG was established in 1991, Mr. Brunner was Managing Director of Rothschild Bank AG, Zurich. He also acted as Chairman of various Boards of Directors of Rothschild Bank subsidiaries and was specifically responsible for investment fund business. Erwin Brunner has over 35 years experience of asset management and investment funds and over 15 years experience of managing funds of hedge funds.

**Claudine Domeisen** Ms. Domeisen originally completed her professional training in hotel management. Between 1987 and 1994 she was employed as an assistant in various industrial corporations. She joined BrunnerInvest AG in 1994, where she completed on-the-job training, continually taking on additional responsibility. Ms. Domeisen now works as the company's Compliance Officer and is responsible for selected areas of portfolio management. Since 1997, she has been specifically responsible for selecting and monitoring portfolio managers and hedge funds.

### The Administrator

UBS Fund Services (Ireland) Ltd. serves as the Administrator pursuant to an Administration Agreement between the Company and the Administrator (the "Administration Agreement"). The Administrator's registered office is 1 George's Quay Plaza, George's Quay, Dublin 2, Ireland. UBS Fund Services (Ireland) Ltd. is a wholly owned subsidiary of UBS AG and was incorporated on 30 March 2004 with issued share capital of €1,300,000. The Administrator is authorised under the Investment Intermediaries Act 1995 and is subject to the supervision of the Central Bank in Ireland.



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Pursuant to the Administration Agreement, the Administrator provides the administration of collective investment schemes, including the performance of valuation services or fund accounting services or acting as transfer agent or registration agent for the fund.

The Administration Agreement provides for the indemnification of the Administrator and its directors, officers and employees from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from fraud, gross negligence or willful default on its part or on the part of its directors, officers, servants or agents) which may be imposed on, incurred by or asserted against Administrator in performing its obligations or duties thereunder. The Administration Agreement may be terminated by the Company or the Administrator upon 90 days' written notice.

The Administrator is a service provider of the Fund and, as such, bears no responsibility for the content of this Offering Memorandum, the investments of the Fund, the performance of the Fund or any other fund in which it invests nor any matter other than as specified in the Administration Agreement.

The Directors and the Investment Manager, and not the Administrator, are responsible for determining that the Participating Shares are marketed and sold in compliance with all applicable securities and other laws.

The Administrator will not be responsible for ensuring that the investment transactions comply with the investment objectives and policies set forth in the Offering Memorandum. Additionally, the Directors of the Fund and not the Administrator are responsible for monitoring of Investment Restrictions.

The Administrator is compensated for its services pursuant to an administrative services agreement. The fees and charges of the Administrator are subject to variation and renegotiation from time to time.

## **The Custodian**

The Custodian was registered in Ireland on 18th November 2005 as a branch of UBS (Luxembourg) S.A., a public limited company ("société anonyme") in Luxembourg. UBS (Luxembourg) S.A. is ultimately a wholly owned subsidiary of UBS A.G. and as of 31<sup>st</sup> December 2010 had assets under custody of CHF 133.9 billion. The principal activity of the Custodian is to act as the custodian and trustee of the assets of collective investment schemes. The Custodian is authorised by the Central Bank under the Investment Intermediaries Act, 1995.

The Custodian will be liable to the Company for any loss suffered by the Company or Shareholders arising from negligence, fraud, bad faith, wilful default or recklessness in the performance of its duties. The Custodian will not be liable for any special, indirect, consequential or punitive damages incurred by the Company or its Shareholders. The Custodian will be indemnified by the Company except in respect of its negligence, fraud, bad faith, wilful default or recklessness.

The Custodian Agreement may be terminated by either the Custodian or the Company giving not less than ninety days' written notice to the other party at any time. Either party may terminate the Custodian Agreement immediately in the event that: (i) a liquidator, examiner or receiver is appointed to the other or upon the happening of a like event whether at the direction of an appropriate regulatory agency or court of competent jurisdiction or otherwise; or; (ii) the other party fails to remedy a breach of the Custodian Agreement within thirty (30) days of being requested to do so. The Company may terminate the Custodian Agreement if the Custodian is no longer permitted to act pursuant to applicable law. The Custodian shall continue in office until a successor is appointed. If no successor custodian is appointed within ninety days of the service of notice of termination, the Company shall convene an extraordinary general meeting to appoint a liquidator or an application will be made to the Registrar of Companies to strike the Company from the Registrar of Companies. The Custodian's appointment shall not terminate until revocation of the Company's authorisation by the Central Bank.

Under the terms of the Custodian Agreement the Custodian has full power to appoint sub-custodians. The liability of the Custodian will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Custodian must exercise care and diligence in selecting and appointing a third party as safe-keeping agent so as to ensure that the third party has and maintains the expertise, competence and standing appropriate to discharge the responsibilities concerned. The Custodian must maintain an appropriate level of super-vision over the safekeeping agent and make appropriate inquiries from time to time to confirm that the obligations of the agent continue to be competently discharged.

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## EXPENSES

### General

Each Fund shall pay all of its expenses and its due proportion of any expenses allocated to it. These expenses may include the costs of (i) establishing and maintaining the Company, the relevant Fund and registering the Company, the relevant Fund, and the Shares with any governmental or regulatory authority or with any regulated market, (ii) management, administration, trustee, custodial and related services, (iii) preparation, printing and posting of prospectuses, sales literature, reports to Shareholders, the Central Bank and governmental agencies, (iv) taxes, (v) commissions and brokerage fees (including commissions payable upon the subscription for shares in Underlying Funds), (vi) auditing, tax and legal fees, (vii) insurance premiums and (viii) other operating expenses. Similar costs and expenses as outlined above may be incurred by the Underlying Funds. Such costs may be further duplicated if a Fund invests in a fund of funds.

All expenses relating to the establishment of the Company have been borne by the Company and are amortised over a period of five years.

The Directors' fees in respect of the current financial year amount to €12,000 per Director (plus value added tax, if any) and may be increased at the discretion of the Directors upon advance notification to Shareholders. The audited financial statements shall disclose the amount of Director's fees.

### Reimbursements

Any commission received by the Investment Manager as a result of any investment by any Fund in another collective investment scheme shall be paid into the assets of the relevant Fund.

### Administration Expenses

The following fees will be borne by the Company:

#### Investment Manager's Fee

The Investment Manager's monthly fee for each Fund shall be calculated on the basis of 0.17% (save in the case of Circle D Fund which shall be calculated on the basis of 0.125%) per month of the Net Asset Value of the Fund at the end of each month, accrued monthly and payable monthly in arrears.

The Investment Manager shall also be entitled to receive a performance fee calculated on the basis of 15% of any cumulative increase in the Net Asset Value per Share of such Fund above the Hurdle Rate during an accounting period of the Company as measured on the first Dealing Day of an accounting period and the last Dealing Day of an accounting period. The Hurdle Rate for each Fund shall be 3% per annum, which for the avoidance of doubt shall be applied to the Net Asset Value per Share applicable on the last Business Day of the previous accounting period. No performance fee shall be payable in respect of an accounting period unless and to the extent the Hurdle Rate is exceeded in respect of that accounting period and the Net Asset Value per Share increases beyond the highest Net Asset Value per Share level which had previously given rise to a performance fee (before deducting such performance fee) ("the Previous High Watermark") and the performance fee shall be charged only on the increase in the Net Asset Value per Share beyond the Previous High Water Mark. For the avoidance of doubt the Hurdle Rate shall be calculated in respect of an accounting period and shall not be brought forward to a following accounting period (non-cumulative). The performance fee shall be accrued monthly and be paid annually in arrears and may be expected to fluctuate during the course of a financial year. The calculation of any performance fee shall be subject to the Custodian's approval.

The Hurdle Rate and a Performance Fee of 15% applied with effect as from 1 January 2007. Until that time, the previous calculation method not comprising a Hurdle Rate and amounting to 10% applied.

#### Administrator's Fee

The Administrator is entitled to receive from each Fund an administration fee in the amount of up to 0.10% per annum of the Net Asset Value of the Fund accrued daily, payable monthly in arrears subject to a minimum annual fee of US\$30,000 per Fund. The Company will also reimburse the Administrator out of the assets of the Fund for such government or similar fees (including filing fees and annual return fees), charges, taxes, duties and imposts levied on or in respect of a Fund.

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## **Custodian's Fee**

The Custodian is entitled to receive from each Fund a custodian fee in the amount of 0.02% per annum of the Net Asset Value of each Fund accrued daily and payable monthly in arrears subject to a minimum fee of US\$10,000 per Fund per annum. The Company will also reimburse the Custodian out of the assets of the Fund for reasonable out-of-pocket expenses incurred by the Custodian and for fees and reasonable out-of-pocket expenses (which will not exceed normal commercial rates) of any sub-custodian appointed by the Custodian and will be liable for transaction charges.

## **Paying Agent's Fee**

The Paying Agent's annual fee to the Company shall not exceed US\$7,000 per annum which shall be payable in advance as from the date of the first registration of the Star Funds in Switzerland and thereafter annually on the same date by Star and which will not be refundable *pro rata* in the case of the termination of the Paying Agent Agreement. In addition each fund shall pay to the Paying Agent US\$10 for every transaction which is dealt with by the Paying Agent in accordance with the terms of the Paying Agent Agreement.

## **Commission Payable by Investors**

A commission of up to 5% of the amount to be subscribed by way of share capital may be payable by an investor to the Investment Manager on a subscription for Shares and a switching charge of up to 5% of the repurchase price of the Shares to be converted may be payable by a Shareholder to the Investment Manager upon the conversion of Shares from one Fund to another.

The Investment Manager may rebate all or part of the investment management fee which it receives for managing the Fund to any agent or distributor who is engaged in the distribution of the Fund.

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## TAXATION

The following is a general summary of the main Irish tax considerations applicable to the Company and certain investors in the Company who are the beneficial owners of Shares in the Company. It does not purport to deal with all of the tax consequences applicable to the Company or to all categories of investors, some of whom may be subject to special rules. For instance, it does not address the tax position of Shareholders whose acquisition of Shares in the Company would be regarded as a shareholding in a Personal Portfolio Investment Undertaking (PPIU). Accordingly, its applicability will depend on the particular circumstances of each Shareholder. It does not constitute tax advice and Shareholders and potential investors are advised to consult their professional advisors concerning possible taxation or other consequences of purchasing, holding, selling, converting or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile, and in the light of their particular circumstances.

The following statements on taxation are based on advice received by the Directors regarding the law and practice in force in Ireland at the date of this document. Legislative, administrative or judicial changes may modify the tax consequences described below and as is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made will endure indefinitely.

### Taxation of the Company

The Directors have been advised that, under current Irish law and practice, the Company qualifies as an investment undertaking for the purposes of Section 739B of the Taxes Consolidation Act, 1997, as amended (“TCA”) so long as the Company is resident in Ireland. Accordingly, it is generally not chargeable to Irish tax on its income and gains.

#### *Chargeable Event*

However, Irish tax can arise on the happening of a “chargeable event” in the Company. A chargeable event includes any payments of distributions to Shareholders, any encashment, repurchase, redemption, cancellation or transfer of Shares and any deemed disposal of Shares as described below for Irish tax purposes arising as a result of holding Shares in the Company for a period of eight years or more. Where a chargeable event occurs, the Company is required to account for the Irish tax thereon.

No Irish tax will arise in respect of a chargeable event where:

- (a) the Shareholder is neither resident nor ordinarily resident in Ireland (“**Non-Irish Resident**”) and it (or an intermediary acting on its behalf) has made the necessary declaration to that effect and the Company is not in possession of any information which would reasonably suggest that the information contained in the declaration is not, or is no longer, materially correct; or
- (b) the Shareholder is Non-Irish Resident and has confirmed that to the Company and the Company is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to provide the necessary declaration of non-residence has been complied with in respect of the Shareholder and the approval has not been withdrawn; or
- (c) the Shareholder is an Exempt Irish Resident as defined below and it (or an intermediary acting on its behalf) has made the necessary declaration to that effect.

A reference to “**intermediary**” means an intermediary within the meaning of Section 739B(1) of the TCA, being a person who (a) carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons; or (b) holds units in an investment undertaking on behalf of other persons.

In the absence of a signed and completed declaration or written notice of approval from the Revenue Commissioners, as applicable, being in the possession of the Company at the relevant time there is a presumption that the Shareholder is resident or ordinarily resident in Ireland (“**Irish Resident**”) or is not an Exempt Irish Resident and a charge to tax arises.

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A chargeable event does not include:-

- any transactions (which might otherwise be a chargeable event) in relation to Shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland; or
- a transfer of Shares between spouses and any transfer of Shares between spouses or former spouses on the occasion of judicial separation and/or divorce; or
- an exchange by a Shareholder, effected by way of arm's length bargain where no payment is made to the Shareholder, of Shares in the Company for other Shares in the Company; or
- an exchange of Shares arising on a qualifying amalgamation or reconstruction (within the meaning of Section 739H of the TCA) of the Company with another investment undertaking.

If the Company becomes liable to account for tax on a chargeable event, the Company shall be entitled to deduct from the payment arising on that chargeable event an amount equal to the appropriate tax and/or, where applicable, to repurchase and cancel such number of Shares held by the Shareholder as is 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 on the happening of a chargeable event.

## *Deemed Disposals*

The Company may elect not to account for Irish tax in respect of deemed disposals in certain circumstances. Where the total value of Shares in a Fund held by Shareholders who are Irish Resident and, who are not Exempt Irish Residents as defined below, is 10% or more of the Net Asset Value of the Fund, the Company will be liable to account for the tax arising on a deemed disposal in respect of Shares in that Fund as set out below. However, where the total value of Shares in the Fund held by such Shareholders is less than 10% of the Net Asset Value of the Fund, the Company may, and it is expected that the Company will, elect not to account for tax on the deemed disposal. In this instance, the Company will notify relevant Shareholders that it has made such an election and those Shareholders will be obliged to account for the tax arising under the self-assessment system themselves. Further details of this are set out below under the heading "**Taxation of Irish Resident Shareholders**".

## *Irish Courts Service*

Where Shares are held by the Irish Courts Service the Company is not required to account for Irish tax on a chargeable event in respect of those Shares. Rather, where money under the control or subject to the order of any Court is applied to acquire Shares in the Company, the Courts Service assumes, in respect of the Shares acquired, the responsibilities of the Company to, *inter alia*, account for tax in respect of chargeable events and file returns.

## **Exempt Irish Resident Shareholders**

The Company will not be required to deduct tax in respect of the following categories of Irish Resident Shareholders, provided the Company has in its possession the necessary declarations from those persons (or an intermediary acting on their behalf) and the Company is not in possession of any information which would reasonably suggest that the information contained in the declarations is not, or is no longer, materially correct. A Shareholder who comes within any of the categories listed below and who (directly or through an intermediary) has provided the necessary declaration to the Company is referred to herein as an "**Exempt Irish Residents**";

- (a) a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the TCA, or a retirement annuity contract or a trust scheme to which Section 784 or Section 785 of the TCA, applies;
- (b) a company carrying on life business within the meaning of Section 706 of the TCA;
- (c) an investment undertaking within the meaning of Section 739B(1) of the TCA;

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- (d) a special investment scheme within the meaning of Section 737 of the TCA;
- (e) a charity being a person referred to in Section 739D(6)(f)(i) of the TCA;
- (f) a qualifying management company within the meaning of Section 7349B(1) of the TCA;
- (g) a unit trust to which Section 731(5)(a) of the TCA applies;
- (h) a person who is entitled to exemption from income tax and capital gains tax under Section 784A(2) of the TCA where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- (i) a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the TCA, and the Shares are assets of a PRSA;
- (j) a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- (k) the National Pensions Reserve Fund Commission;
- (l) the National Asset Management Agency;
- (m) a company within the charge to corporation tax in accordance with Section 110(2) of the TCA (securitisation companies);
- (n) in certain circumstances, a company within the charge to corporation tax in respect of payments made to it by the Company; or
- (o) any other person who is resident or ordinarily resident in Ireland who may be permitted to own Shares under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the Company or jeopardising the tax exemptions associated with the Company.

There is no provision for any refund of tax to Shareholders who are Exempt Irish Residents where tax has been deducted in the absence of the necessary declaration. A refund of tax may only be made to corporate Shareholders who are within the charge to Irish corporation tax.

## **Taxation of Non-Irish Resident Shareholders**

Non-Irish Resident Shareholders who (directly or through an intermediary) have made the necessary declaration of non-residence in Ireland, where required, are not liable to Irish tax on the income or gains arising to them from their investment in the Company and no tax will be deducted on distributions from the Company or payments by the Company in respect of a repurchase, redemption, cancellation or other disposal of their investment. Such Shareholders are generally not liable to Irish tax in respect of income or gains made from holding or disposing of Shares except where the Shares are attributable to an Irish branch or agency of such Shareholder.

Unless the Company is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to provide the necessary declaration of non-residence has been complied with in respect of the Shareholder and the approval has not been withdrawn, in the event that a non-resident Shareholder (or an intermediary acting on its behalf) fails to make the necessary declaration of non-residence, tax will be deducted as described above on the happening of a chargeable event and notwithstanding that the Shareholder is not resident or ordinarily resident in Ireland any such tax deducted will generally not be refundable.

Where a Non-Irish Resident company holds Shares in the Company which are attributable to an Irish branch or agency, it will be liable to Irish corporation tax in respect of income and capital distributions it receives from the Company under the self assessment system.

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## **Taxation of Irish Resident Shareholders**

### *Deduction of Tax*

Tax will be deducted and remitted to the Revenue Commissioners by the Company from any distributions made by the Company (other than on a disposal) to an Irish Resident Shareholder who is not an Exempt Irish Resident, where payments are made annually or at more frequent intervals, at the rate of 27% and, where payments are made less frequently, at the rate of 30%.

Tax will also be deducted by the Company and remitted to the Revenue Commissioners from any gain arising on an encashment, repurchase, redemption or other disposal of Shares by such a Shareholder at the rate of 30%. Any gain will be computed as the difference between the value of the Shareholder's investment in the Company at the date of the chargeable event and the original cost of the investment as calculated under special rules.

Tax will also be deducted by the Company and remitted to the Revenue Commissioners in respect of any deemed disposal where the total value of Shares in a Fund held by Irish Resident Shareholders who are not Exempt Irish Residents is 10% or more of the Net Asset Value of the Fund. A deemed disposal will occur on each and every eighth anniversary of the acquisition of Shares in the Fund by such Shareholders. The deemed gain will be calculated as the difference between the value of the Shares held by the Shareholder on the relevant eighth year anniversary or, as described below where the Company so elects, the value of the Shares on the later of the 30 June or 31 December prior to the date of the deemed disposal and the relevant cost of those Shares. The excess arising will be taxable at the rate of 30%. Tax paid on a deemed disposal should be creditable against the tax liability on an actual disposal of those Shares.

Where the Company is obliged to account for tax on deemed disposals it is expected that the Company will elect to calculate any gain arising for Irish Resident Shareholders who are not Exempt Irish Residents by reference to the Net Asset Value of the relevant Fund on the later of the 30 June or 31 December prior to the date of the deemed disposal, in lieu of the value of the Shares on the relevant eighth year anniversary.

The Company may elect not to account for tax arising on a deemed disposal where the total value of Shares in the relevant Fund held by Irish Resident Shareholders who are not Exempt Irish Residents is less than 10% of the Net Asset Value of the Fund. In this case, such Shareholders will be obliged to account for the tax arising on the deemed disposal under the self assessment system themselves. The deemed gain will be calculated as the difference between the value of the Shares held by the Shareholder on the relevant eighth year anniversary and the relevant cost of those Shares. The excess arising will be regarded as an amount taxable under Case IV of Schedule D and will be subject to tax at the rate of 30%. Tax paid on a deemed disposal should be creditable against the tax payable on an actual disposal of those Shares.

### *Residual Irish Tax Liability*

Corporate Shareholders resident in Ireland which receive distributions (where payments are made annually or at more frequent intervals) from which tax has been deducted will be treated as having received an annual payment chargeable to tax under Case IV of Schedule D from which tax at the rate of 27% has been deducted. Subject to the comments below concerning tax on a currency gain, in general, such Shareholders will not be subject to further Irish tax on payments received in respect of their holding from which tax has been deducted. A corporate Shareholder resident in Ireland which holds the Shares in connection with a trade will be taxable on any income or gains received from the Company as part of that trade with a set-off against corporation tax payable for any tax deducted from those payments by the Company.

Subject to the comments below concerning tax on a currency gain, in general, non-corporate Irish Resident Shareholders will not be subject to further Irish tax on income arising on the Shares or gains made on disposal of the Shares, where the appropriate tax has been deducted by the Company from distributions paid to them.

Where a currency gain is made by a Shareholder on the disposal of Shares, the Shareholder will be liable to capital gains tax in respect of that gain in the year/s of assessment in which the Shares are disposed of.

Any Irish Resident Shareholder who is not an Exempt Irish Resident and who receives a distribution from which tax has not been deducted (for example, because the Shares are held in a recognised clearing system) will be liable to account for income tax or corporation tax as the case may be on that payment. Where such Shareholder receives a gain on an encashment, redemption, cancellation or transfer from which tax has not been deducted,

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(for example, because the Shares are held in a recognised clearing system) the Shareholder will also be liable to account for income tax or corporation tax on the amount of the gain under the self-assessment system and in particular, Part 41 of the TCA. Shareholders who are individuals should also note that failure to comply with these provisions may result in them being subject to tax at their marginal rate (currently up to 41%) on the income and gains together with a surcharge, penalties and interest.

## **Overseas Dividends**

Dividends (if any) and interest which the Company receives with respect to investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of the investments are located. It is not known whether the Company will be able to benefit from reduced rates of withholding tax under the provisions of the double tax treaties which Ireland has entered into with various countries.

However, in the event that the Company receives any repayment of withholding tax suffered, the Net Asset Value of the relevant Fund will not be restated and the benefit of any repayment will be allocated to the then existing Shareholders rateably at the time of such repayment.

## **Stamp Duty**

On the basis that the Company qualifies as an investment undertaking within the meaning of Section 739B of the TCA, generally, no stamp duty will be payable in Ireland on the issue, transfer, repurchase or redemption of Shares in the Company. However, where any subscription for or redemption of Shares is satisfied by an in-kind or in specie transfer of Irish securities or other Irish property, Irish stamp duty might arise on the transfer of such securities or properties.

No Irish stamp duty will be payable by the Company on the conveyance or transfer of stock or marketable securities of a company not registered in Ireland, provided that the conveyance or transfer does not relate to any immovable property situated in Ireland or any right over or interest in such property, or to any stocks or marketable securities of a company (other than a company which is an investment undertaking within the meaning of Section 7349B of the TCA) which is registered in Ireland.

## **Residence**

In general, investors in the Company will be either individuals, corporate entities or trusts. Under Irish rules, both individuals and trusts may be resident or ordinarily resident. The concept of ordinary residence does not apply to corporate entities.

## **Individual Investors**

### **Test of Residence**

An individual will be regarded as resident in Ireland for a particular tax year if the individual is present in Ireland: (1) for a period of at least 183 days in any one tax year; or (2) for a period of at least 280 days in any two consecutive tax years, provided that the individual is resident in Ireland for at least 31 days in each tax year. In determining days present in Ireland, for periods up to 31 December 2008 an individual is deemed to be present if the individual is in the country at the end of the day (midnight). Since 1 January 2009, an individual is deemed to be present if he / she is present in the country at any time during the day. Therefore, for tax years from 1 January 2009 on, any day during which the individual is present in the country counts in ascertaining the total number of days spent here for residence purposes.

If an individual is not resident in Ireland in a particular tax year the individual may, in certain circumstances, elect to be treated as resident.

### *Test of Ordinary Residence*

If an individual has been resident for the three previous tax years then the individual will be deemed “**ordinarily resident**” from the start of the fourth year. An individual will remain ordinarily resident in Ireland until the individual has been non-resident for three consecutive tax years.



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## **Trust Investors**

A trust will generally be regarded as resident in Ireland where all of the trustees are resident in Ireland. Trustees are advised to seek specific tax advice if they are in doubt as to whether the trust is resident in Ireland.

## **Corporate Investors**

A company will be resident in Ireland if its central management and control is in Ireland or (in certain circumstances) if it is incorporated in Ireland. For Ireland to be treated as the location of a company's central management and control this typically means Ireland is the location where all fundamental policy decisions of the company are made.

All companies incorporated in Ireland are resident in Ireland for tax purposes except where:

- (i) the company or a related company carries on a trade in Ireland, and either (a) the company is ultimately controlled by persons resident in a "relevant territory", being an EU member states (other than Ireland) or a country with which Ireland has a double taxation agreement in force by virtue of Section 826(a) of the TCA or that is signed and which will come into force once all the ratification procedures set out in Section 826(1) of the TCA have been completed, or (b) the principal class of the shares in the company or a related company is substantially and regularly traded on a recognised stock exchange in a relevant territory; or
- (ii) the company is regarded as resident in a country other than Ireland and not resident in Ireland under a double taxation agreement between Ireland and that other country.

A company coming within either (i) or (ii) above will not be regarded as resident in Ireland unless its central management and control is in Ireland.

## **Disposal of Shares and Irish Capital Acquisitions Tax**

### **(a) Persons Domiciled or Ordinarily Resident in Ireland**

The disposal of Shares by means of a gift or inheritance made by a disponent domiciled or ordinarily resident in Ireland or received by a beneficiary domiciled or ordinarily resident in Ireland may give rise to a charge to Irish Capital Acquisitions Tax for the beneficiary of such a gift or inheritance with respect to those Shares.

### **(b) Persons Not Domiciled or Ordinarily Resident in Ireland**

On the basis that the Company qualifies as an investment undertaking within the meaning of Section 739B of the TCA, the disposal of Shares will not be within the charge to Irish Capital Acquisitions Tax provided that;

- the Shares are comprised in the gift or inheritance at the date of the gift or inheritance and at the valuation date;
- the donor is not domiciled or ordinarily resident in Ireland at the date of the disposition; and
- the beneficiary is not domiciled or ordinarily resident in Ireland at the date of the gift or inheritance.

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## GENERAL

### Conflicts of Interest

The Investment Manager, the Custodian and the Administrator may from time to time act as manager, custodian, registrar, administrator, investment adviser or dealer in relation to, or be otherwise involved in, other funds established by parties other than the Company which have similar investment objectives to those of the Company and any Fund. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interests with the Company and a Fund. Each will, at all times, have regard in such event to its obligations to the Company and the Fund and will endeavour to ensure that such conflicts are resolved fairly. In addition, any of the foregoing may deal, as principal or agent, with the Company, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis and provided that transactions must be in the best interests of Shareholders.

Dealings will be deemed to have been effected on normal commercial terms negotiated at arm's length if (1) a certified valuation of a transaction by a person approved by the Custodian as independent and competent is obtained; or (2) the transaction is executed on best terms on an organised investment exchange in accordance with the rules of such exchange; or (3) the transaction is executed on terms which the Custodian, or the Directors in the case of a transaction involving the Custodian, is satisfied are normal commercial terms negotiated at arm's length.

The Investment Manager and/or its affiliates may invest, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets which may also be purchased or sold by the Company. Neither the Investment Manager nor any of its affiliates is under any obligation to offer investment opportunities of which any of them becomes aware to the Company or to account to the Company (or share with the Company or inform the Company of) in respect of any such transaction or any benefit received by any of them from any such transactions, but will allocate such opportunities on an equitable basis between the Company and other clients.

### Meetings

All general meetings of the Company shall be held in Ireland. In each year the Company shall hold a general meeting as its annual general meeting. Twenty-one days notice (excluding the day of posting and the day of the meeting) shall be given in respect of each general meeting of the Company. The notice shall specify the venue and time of the meeting and the business to be transacted at the meeting. A proxy may attend on behalf of any Shareholder. An ordinary resolution is a resolution passed by a plurality of votes cast and a special resolution is a resolution passed by a majority of 75% or more of the votes cast. The Articles of Association provide that matters may be determined by a meeting of Shareholders on a show of hands unless a poll is requested by five Shareholders or by Shareholders holding 10% or more of the Shares or unless the Chairman of the meeting requests a poll. Each Share gives the holder one vote in relation to any matters relating to the Company which are submitted to Shareholders for a vote by poll.

### Reports

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

Annual accounts shall be made up to 31st December, in each year. Audited annual reports and unaudited half-yearly reports incorporating financial statements of the Company shall be posted to each Shareholder at his registered address free of charge and will be made available for inspection at the registered office of the Administrator and the Company.

### Termination

All of the Shares or all of the Shares in a Fund may be repurchased by the Company in the following circumstances:

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- (i) if 75% of the holders of the Shares voting at a general meeting of the Company or the Fund, of which not more than six and not less than four weeks notice has been given, approve the repurchase of the Shares;
- (ii) if, at any time after the expiry of three months from the end of the Initial Offer Period, the Net Asset Value of the Company or a Fund on each Dealing Day within a period of five consecutive Dealing Days is less than CHF 5,000,000 or its equivalent, provided that notice of not less than four and not more than six weeks has been given to the holders of the Shares within four weeks of such period; or
- (iii) on the 31st day of December, 2005, or on any fifth anniversary thereof, provided that notice of not less than four and not more than six weeks has been given to the holders of the Shares and shall be repurchased by the Company if a period of six months shall have elapsed from the date the Custodian or any replacement thereof shall have notified the Company of its desire to retire as custodian or shall have ceased to be approved by the Central Bank and no replacement custodian and trustee shall have been appointed.

Where a repurchase of Shares would result in the number of Shareholders falling below seven or such other minimum number stipulated by statute or where a repurchase of Shares would result in the issued share capital of the Company falling below such minimum amount as the Company may be obliged to maintain pursuant to applicable law, the Company may defer the repurchase of the minimum number of Shares sufficient to ensure compliance with applicable law. The repurchase of such Shares will be deferred until the Company is wound up or until the Company procures the issue of sufficient Shares to ensure that the repurchase can be effected. The Company shall be entitled to select the Shares for deferred repurchase in such manner as it may deem to be fair and reasonable and as may be approved by the Custodian and Trustee.

If all of the Shares in any Fund are to be repurchased, the assets available for distribution (after satisfaction of creditors' claims) shall be distributed pro rata to the holders of the Shares in proportion to the number of the Shares held in that Fund. The assets of each Fund available for distribution (after satisfaction of creditors' claims) shall be distributed pro rata to the holders of the Shares in such Fund and the balance of any assets of the Company then remaining not comprised in any of the other Funds shall be apportioned as between the Funds pro rata to the Net Asset Value of each Fund immediately prior to any distribution to Shareholders and shall be distributed among the Shareholders of each Fund pro rata to the number of Shares in that Fund held by them. With the authority of a special resolution of the Shareholders, the Company may make distributions in specie to Shareholders. If all of the Shares are to be repurchased and it is proposed to transfer all or part of the assets of the Company to another company, the Company, with the sanction of a special resolution of Shareholders may exchange the assets of the Company for shares or similar interests in the transferee company for distribution among Shareholders.

On a winding up of the Company, The assets available for distribution among the Shareholders shall be applied in the following priority:

- (i) firstly, in the payment to the Shareholders of each class of each Fund of a sum in the base currency in which that class is denominated or in any other currency selected by the liquidator as nearly as possible equal (at a rate of exchange reasonably determined by the liquidator) to the Net Asset Value of the shares of such class held by such holders respectively as at the date of commencement of the winding up provided that there are sufficient assets available in the relevant Fund to enable such payment to be made. In the event that, as regards any class of Shares, there are insufficient assets available in the relevant Fund to enable such payment to be made, recourse shall be had to the assets of the Company not comprised within any of the Funds;
- (ii) secondly, in the payment to the holders of the Subscriber Shares of sums up to the amount paid thereon (plus any interest accrued) out of the assets of the Company not comprised within any Funds remaining after any recourse thereto under paragraph (i) above. In the event that there are insufficient assets as aforesaid to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the Funds;
- (iii) thirdly, in the payment to the Shareholders of any balance then remaining in the relevant Fund, such payment being made in proportion to the number of shares held; and

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- (iv) fourthly, in the payment to the Shareholders of any balance then remaining and not comprised within any of the Funds, such payment being made in proportion to the value of each Fund and within each Fund to the value of each class and in proportion to the Net Asset Value per share.

## Miscellaneous

- (i) The Directors confirm and report that the Company was incorporated on the 5th day of January, 1995.
- (ii) The Company has not been engaged in any legal or arbitration proceedings since its incorporation and no legal or arbitration proceedings are known to the Directors to be pending or threatened by or against the Company.
- (iii) There are no service contracts in existence between the Company and any of its Directors, nor are any such contracts proposed.
- (iv) Mr. Erwin Brunner and Mr. Alexander Brunner are each directors of the Investment Manager. Mr. Carl O'Sullivan is a partner in Arthur Cox, the solicitors to the Company. Other than as disclosed below, the Directors do not have any interest, direct or indirect, in any transactions which are unusual in their nature or significant to the business of the Company during the current or immediately preceding financial year. No loan or guarantee has been granted or provided by the Company to any Director.

Positions held as at 31 December 2010:

	<u>Mr. Erwin Brunner</u>	<u>Mr. Alexander Brunner</u>
Circle E Fund	1900	0
<u>Multi Mondial Fund</u>	3531.295	159.821
<u>Circle A Fund</u>	none	0
<u>Ciran Emerging Markets Fund</u>	none	0

- (v) Save as disclosed herein, at the date of this document, neither the Directors nor any connected persons have any interest, beneficial or non-beneficial, in the share capital of the Company (other than the Subscriber Shares) or any options in respect of such capital.
- (vi) Save as disclosed herein in the section entitled "Expenses", no commissions, discounts, brokerage or other special terms have been granted by the Company in relation to Shares issued by the Company.
- (vii) The Company does not have, nor has it had since its incorporation, any employees or subsidiary companies, but may acquire a subsidiary company as part of, or to give effect to, its investment policy.
- (viii) The Directors may exercise all of the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and to issue debentures and other securities.
- (ix) No share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.

## Material Contracts

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

- The Custodian Agreement dated 30<sup>th</sup> December, 2005, as amended by a supplemental agreement dated 18 September, 2006, between the Company and the Custodian pursuant to which the latter acts as Custodian to the Company.
- The Investment Management Agreement dated 6<sup>th</sup> January, 1995, as amended by a supplemental agreement dated 18 September, 2006, between the Company and the Investment Manager pursuant to which the latter was appointed as manager in relation to the Company.

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- The Administration Agreement dated 31<sup>st</sup> December, 2004, as amended by a supplemental agreement dated 18 September, 2006, between the Company and the Administrator pursuant to which the latter acts as Administrator of the Company.
- The Paying Agency Agreement dated 31 March 2011 between the Company UBS (Luxembourg) S.A., Dublin branch and BNP Paribas Securities Services, Paris, succursale de Zurich pursuant to which the latter acts as the paying agent of the Company.
- The Representative Agreement dated 31<sup>st</sup> July, 2000, as amended by a supplemental agreement dated 18 September, 2006, between the Company and BrunnerInvest AG pursuant to which the latter acts as representative and distributor of the Shares of the non-EU Funds of the Company in Switzerland.

## **Supply and Inspection of Documents**

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

- (a) Memorandum & Articles of Association of the Company;
- (b) the material contracts referred to above;
- (c) the certificate of incorporation;
- (d) Part XIII of the Companies Act, 1990 of Ireland (as amended from time to time) and the notices issued by the Central Bank thereunder; and
- (e) the most recent set of audited financial statements of the Company.

Copies of the memorandum and articles of association of the Company (each as amended from time to time) and the latest financial reports of the Company, as appropriate, may be obtained, free of charge, upon request at the registered office of the Company.

# STAR MM FUNDS PLC

- with special risks

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## Appendix 1

### Information for holders of shares distributed in Switzerland and from the territory of Switzerland

The Memorandum and Articles of Association, Prospectus, as well as audited annual reports and unaudited half yearly reports may be obtained free of charge from the representative in Switzerland and from the paying agent in Switzerland.

Publications in Switzerland will be made in the "Schweizerisches Handelsamtsblatt" (Swiss Official Gazette of Commerce) and on the electronic platform "[www.swissfunddata.ch](http://www.swissfunddata.ch)". The issue and redemption prices or the Net Asset Value of the Shares in the Funds exclusive of commissions will be published daily on the electronic platform "[www.swissfunddata.ch](http://www.swissfunddata.ch)" and on the website "[www.brunnerinvest.ch](http://www.brunnerinvest.ch)". The net asset value calculated in respect of a Dealing Day will be first published on the 20<sup>th</sup> calendar day or, if not a business day in Zurich, on the next day which is a business day in Zurich of the relevant month.

The buying, selling, redemption, switching, and transfer of Shares shall be strictly in accordance with the Prospectus.

In relation to the Shares of the Company distributed in or from Switzerland, the place of performance and governing jurisdiction shall be established at the place of the registered office of the representative in Switzerland.

Investors in Switzerland may rely on the German language version of the Prospectus.

#### Competent bodies in Switzerland:

##### Representative in Switzerland

BrunnerInvest AG  
Utoquai 31  
8008 Zurich, Switzerland  
Phone: +41-44-269 50 90  
Fax: +41-44-269 50 99  
Webseite: [www.brunnerinvest.ch](http://www.brunnerinvest.ch)  
E-Mail: [info@brunnerinvest.ch](mailto:info@brunnerinvest.ch)

##### Paying agent in Switzerland

With effect from 31 March 2011:  
BNP Paribas Securities Services  
Paris, succursale de Zurich  
Selnastrasse 16  
CH-8002 Zurich, Switzerland

##### Legal Advisor in Switzerland

Kellerhals attorneys at law  
Rämistrasse 5  
8024 Zurich, Switzerland

Until 31 March 2011:  
BNP Paribas (Suisse) SA  
Place de Hollande 2  
1204 Geneva, Switzerland

#### Application of Investment Manager's Fee in relation to distribution in Switzerland

The Investment Manager's Fee may also be applied to meet the costs of distribution in Switzerland. A portion of the Investment Manager Fee allocated to distribution may be applied to carry out refunds to the following institutional investors holding Shares in the Funds for the financial benefit of third parties:

- life insurance companies;
- pension schemes and similar retirement provision institutions;
- investment foundations;
- fund management companies;
- investment companies.

In addition, a portion of the Investment Manager Fee allocated to distribution may be applied to pay service fees to the following distributors or placement agents:

# STAR MM FUNDS PLC

- with special risks

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- licensed distributors
- fund management companies, banks, securities traders, Swiss postal services, insurance companies
- placement agents, placing shares exclusively with institutional investors having a professional treasury department
- asset managers.

Otherwise, no agreements relating to the splitting up of fees or agreement on the payment of retrocessions in the form of "soft commission" have been entered into.

# STAR MM FUNDS PLC

- with special risks

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## CIRCLE E FUND

with special risks

In Switzerland qualified as a fund for alternative investments

### SUPPLEMENTAL PROSPECTUS

Dated 25 August 2011

*(The English Version of this Supplemental Prospectus is exclusively applicable for the subscription of Shares).*

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**This Supplemental Prospectus relates to the Circle E Fund, a sub-fund of Star MM Funds Plc – with special risks (the “Company”) and forms part of the prospectus of the Company dated 25 August 2011 (the “Prospectus”). All capitalised terms shall have the same meaning herein as in the Prospectus. This Supplemental Prospectus should be read in the context and together with the Prospectus. In particular, investors should read the risk warnings set out on pages 23 to 25 of the Prospectus and to the fees and expenses section set out on pages 33 to 35 of the Prospectus.**

The Directors whose names appear on page 4 of the Prospectus accept responsibility for the information contained in this Supplemental Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### Introduction

The Company is organised in the form of an Umbrella Fund. Circle E Fund was authorised as a Fund within the umbrella by the Central Bank on 2nd September, 1996. At the date of this Supplemental Prospectus there are three other Funds in existence for distribution in Switzerland, namely, Multi Mondial Fund, Circle A Fund and Ciran Emerging Markets Fund.

#### Listing

Shares in the Circle E Fund were admitted to the official list of The Irish Stock Exchange on 18th September, 1996.

#### Base Currency

The base currency of Circle E Fund is the Swiss franc.

#### Investment Policy and Objective

The objective of Circle E Fund is to achieve capital appreciation by investing in broadly diversified and professionally managed investment funds. The Investment Manager will seek to minimise risk by diversifying investments on three levels.

The **first level** of diversification shall take place at the **fund manager level** and the Investment Manager will seek to ensure that the fund managers of the collective investment schemes in which Circle E Fund invests are independent, highly qualified and successful specialist fund managers with diversified investment strategies and styles. The Investment Manager endeavours to select specialist fund managers having skills which enable them to achieve the best possible results from investments.

The **second level** of diversification will be derived from the range of collective investment schemes which shall be selected on a **broad regional basis**.

**Finally**, Circle E Fund will seek to diversify by targeting investments in **different alternative investment strategies** (see page 21 of the Prospectus) **and various fund categories, taking account of different styles of investment**, which will be adjusted in the light of changing market conditions. Different styles of investment include for example: selection of high, medium or low-capitalised companies, investments with a large



# STAR MM FUNDS PLC

- with special risks

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diversified portfolio or with a selection of only a small number of companies, selection of growth companies, selection of only undervalued or cyclical companies or a mixture of such selections; some strategies favour hedging investments from time to time, whereas other strategies are permanently invested; selection of specialist funds which, for example, invest in technological or biotechnological companies. The Investment Manager may also seek exposure to collective investment schemes investing in companies active in the commodities sector or in commodity based financial instruments and in the precious metals or currency markets.

The Investment Manager will adopt a careful selection and control procedure when selecting funds and fund managers for investment. Essentially, the Investment Manager will select, examine and periodically monitor the underlying funds according to the following criteria:

## Qualitative Criteria

- a) fund organisation, including the quality and stability of the organisation
- b) ownership and investment philosophy
- c) investment style and investment strategy
- d) decision-making process, stock selection and control of risks
- e) evaluation of the fund managers according to their experience, education, performance and integrity
- f) availability and transparency of important information (prospectus, information memorandum, yearly and half-yearly report etc.)
- g) reputation of the auditor, custodian and the administrator references
- h) references

## Quantitative Criteria

- a) compatibility with the investment restrictions of the Funds
- b) examination of the investment results achieved in the past by the fund managers
- c) periodical monitoring of the net asset value per share of the funds in which investment will be made
- d) statistical analysis of the portfolio
- e) comparison of the fund managers with respect to performance
- f) volume of the funds in which investment will be made and their development
- g) structure of the fees
- h) subscription and repurchase conditions

Circle E Fund will invest at least 50% of its investments (exclusive of liquid assets) in such collective investment schemes which are principally exposed to the risk of the European equity markets or European issuers or deriving a significant proportion of their income from investments in Europe. The Investment Manager of Circle E Fund shall further seek to diversify equity market risks across Europe which shall include: - (i) the member States of the EU; (ii) Switzerland; (iii) Norway; (iv) Belarus; (v) Ukraine; (vi) Moldova; (vii) the countries of the former Yugoslavia; (viii) Russia; (ix) Iceland; (x) Albania; (xi) Monaco; (xii) the Principality of Liechtenstein; (xiii) Andorra; and (xiv) Gibraltar. In addition, Circle E Fund may invest in collective investment schemes predominantly exposed to the commodities, precious metals or currency markets.

At least 50% of the Net Asset Value of the Circle E Fund (disregarding ancillary liquid assets) shall be invested in collective investment schemes pursuing a non-traditional or alternative investment strategy and generally designated under the term of the "hedge funds".

The collective investment schemes in which Circle E Fund invests may be established in jurisdictions with State regulatory systems and in jurisdictions without State regulatory systems.

The Investment Manager generally will endeavour to invest in collective investment schemes investing in quoted equities traded on a stock exchange or on a regulated market open to the public but may also invest in schemes investing some or all of their assets in unquoted equities which are not traded on a regulated market.

Circle E Fund may also invest up to 50% of its Net Asset Value (including ancillary liquid assets) directly or through collective investment schemes in money market and cash instruments, rated and unrated fixed income securities traded on an exchange or on a regulated market and bank deposits.

# STAR MM FUNDS PLC

- with special risks

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Circle E Fund may also invest in aggregate up to 10% of its Net Asset Value directly in quoted and unquoted equities.

No more than 20% of the Net Asset Value of Circle E Fund shall be invested in any one collective investment scheme. No more than 10% of the Net Asset Value of the Fund shall be invested by way of direct investment in the securities of any one Issuer (including real estate linked Issuers).

The collective investment schemes in which Circle E Fund invests shall generally be open-ended but Circle E Fund may also invest in closed-ended collective investment schemes provided that such schemes are traded on a regulated market open to the public.

Circle E Fund may not invest in any collective investment scheme managed directly or indirectly by the Investment Manager or a related entity to the Investment Manager. A related entity in this context includes companies linked to the Investment Manager by joint management or control or by the direct or indirect ownership of over 10% of the capital of the Investment Manager or its voting shares.

## **Investment restrictions relating to Circle E Fund**

Investments by Circle E Fund are subject to the restrictions set set out above and to the investment restrictions set out on pages to 17 to 19 of the Prospectus.

## **Investment restrictions relating to the Underlying Funds**

Each of the Underlying Funds in which Circle E Fund will invest is subject only to the restrictions of its own regulations regarding its investment policy except in the case of the restriction numbered (viii) on page 18 of the Prospectus.

## **Subscription Monies**

Subscription monies in respect of shares in the Circle E Fund should be sent by SWIFT or telegraphic transfer to:

### **Pay to:**

UBS AG, Zurich

Swift code: UBSWCHZH80A

### **For the account of:**

UBS Luxembourg S.A.

Swift I.D.: UBSWLULL

Account Number: 0230-60805.05X

### **For further credit to:**

Star MM Circle E Fund

Account Number: 539'611.0

ISIN: IE0008418018

Valor: 513'898

## **To ensure good value please ensure an MT100 is sent**

Subscriptions made in US dollar or in any other currency will be converted into Swiss francs at the expense of the applicant. The Net Asset Value per Share of the Circle E Fund will be published in CHF.

## **Minimum Subscription**

The minimum initial investment in Circle E Fund shall be CHF 25,000 provided that the minimum initial investment in the Company as a whole shall be the foreign currency equivalent of EUR 100,000. The minimal incremental investment in Circle E Fund shall be CHF 25,000.

# STAR MM FUNDS PLC

- with special risks

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## MULTI MONDIAL FUND

with special risks

In Switzerland qualified as a fund for alternative investments

### SUPPLEMENTAL PROSPECTUS

Dated 25 August 2011

*(The English Version of this Supplemental Prospectus is exclusively applicable for the subscription of Shares).*

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**This Supplemental Prospectus relates to the Multi Mondial Fund, a sub-fund of Star MM Funds Plc – with special risks (the “Company”) and forms part of the prospectus of the Company dated 25 August 2011 (the “Prospectus”). All capitalised terms shall have the same meaning herein as in the Prospectus. This Supplemental Prospectus should be read in the context and together with the Prospectus. In particular, investors should read the risk warnings set out on pages 23 to 25 of the Prospectus and to the fees and expenses section set out on pages 33 to 35 of the Prospectus.**

The Directors whose names appear on page 4 of the Prospectus accept responsibility for the information contained in this Supplemental Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### Introduction

The Company is organised in the form of an Umbrella Fund. Multi Mondial Fund was authorised as a Fund within the umbrella by the Central Bank on 12<sup>th</sup> January, 1995. At the date of this Supplemental Prospectus there are three other Funds in existence for distribution in Switzerland, namely, Circle A Fund, Circle E Fund and Ciran Emerging Markets.

#### Listing

Shares in the Multi Mondial Fund were admitted to the official list of The Irish Stock Exchange on 18<sup>th</sup> January, 1995.

#### Base Currency

The base currency of Multi Mondial Fund is the Swiss franc.

#### Investment Policy and Objective

The objective of Multi Mondial Fund is to achieve capital appreciation by investing in broadly diversified and professionally managed investment funds. The Investment Manager will seek to minimise risk by diversifying investments on three levels.

The **first level** of diversification shall take place at the **fund manager level** and the Investment Manager will seek to ensure that the fund managers of the collective investment schemes in which Multi Mondial Fund invests are independent, highly qualified and successful specialist fund managers with diversified investment strategies and styles. The Investment Manager endeavours to select specialist fund managers having skills which enable them to achieve the best possible results from investments.

The **second level** of diversification will be derived from the range of collective investment schemes which shall be selected on a **broad international basis**.

**Finally**, Multi Mondial Fund will seek to diversify by targeting investments in **different alternative investment strategies** (see page 21 of the Prospectus) **and various fund categories, taking account of**

# STAR MM FUNDS PLC

- with special risks

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**different styles of investment**, which will be adjusted in the light of changing market conditions. Different styles of investment include for example: selection of high, medium or low-capitalised companies, investments with a large diversified portfolio or with a selection of only a small number of companies, selection of growth companies, selection of only undervalued or cyclical companies or a mixture of such selections; some strategies favour hedging investments from time to time, whereas other strategies are permanently invested; selection of specialist funds which, for example, invest in technological or biotechnological companies. The Investment Manager may also seek exposure to collective investment schemes investing in companies active in the commodities sector or in commodity based financial instruments and in the precious metals or currency markets.

The Investment Manager will adopt a careful selection and control procedure when selecting funds and fund managers for investment. Essentially, the Investment Manager will select, examine and periodically monitor the funds according to the following criteria:

## Qualitative Criteria

- a) fund organisation, including the quality and stability of the organisation
- b) ownership and investment philosophy
- c) investment style and investment strategy
- d) decision-making process, stock selection and control of risks
- e) evaluation of the fund managers according to their experience, education, performance and integrity
- f) availability and transparency of important information (prospectus, information memorandum, yearly and half-yearly report etc.)
- g) reputation of the auditor, custodian and the administrator
- h) references

## Quantitative Criteria

- a) compatibility with the investment restrictions of the Funds
- b) examination of the investment results achieved in the past by the fund managers
- c) periodical monitoring of the net asset value per share of the funds in which investment will be made
- d) statistical analysis of the portfolio
- e) comparison of the fund managers with respect to performance
- f) volume of the funds in which investment will be made and their development
- g) structure of the fees
- h) subscription and repurchase conditions

The Investment Manager will invest principally in collective investment schemes which are mainly exposed to the risks of the worldwide equity markets. To a limited scope the Multi Mondial Fund may also invest directly in the securities of single Issuers worldwide. The investments of Multi Mondial Fund shall further be diversified worldwide. In addition, the Multi Mondial Fund may invest in collective investment schemes predominantly exposed to the commodities, precious metals or currency markets.

The collective investment schemes in which Multi Mondial Fund invests may be established in jurisdictions with State regulatory systems and jurisdictions without State regulatory systems.

The Investment Manager generally will endeavour to invest in collective investment schemes investing in quoted equities traded on a stock exchange or on a regulated market open to the public but may also invest in schemes investing some or all of their assets in unquoted equities which are not traded on a regulated market.

Multi Mondial Fund may also invest up to 50% of its Net Asset Value (including ancillary liquid assets) directly or through collective investment schemes in money market and cash instruments, rated and unrated fixed income securities traded on an exchange or on a regulated market and bank deposits.

Multi Mondial Fund may also invest in aggregate up to 10% of its Net Asset Value directly in quoted and unquoted equities.

At least 50% of the Net Asset Value of the Multi Mondial Fund (disregarding ancillary liquid assets) shall be invested in collective investment schemes pursuing a non-traditional or alternative investment strategy and generally designated under the term of "hedge funds".

# STAR MM FUNDS PLC

- with special risks

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No more than 20% of the Net Asset Value of Multi Mondial Fund shall be invested in any one collective investment scheme. No more than 10% of the Net Asset Value of the Fund shall be invested by way of direct investment in the securities of any one Issuer (including real estate linked Issuers).

The collective investment schemes in which Multi Mondial Fund invests shall generally be open-ended but Multi Mondial Fund may also invest in closed-ended collective investment schemes provided that such schemes are traded on a regulated market open to the public.

Multi Mondial Fund may not invest in any collective investment scheme managed directly or indirectly by the Investment Manager or a related entity to the Investment Manager. A related entity in this context includes companies linked to the Investment Manager by joint management or control or by the direct or indirect ownership of over 10% of the capital of the Investment Manager or its voting shares.

## **Investment restrictions relating to Multi Mondial Fund**

Investments by Multi Mondial Fund are subject to the restrictions set out above and to the investment restrictions set out on 17 to 19 of the Prospectus.

## **Investment restrictions relating to the Underlying Funds**

Each of the funds in which Multi Mondial Fund will invest is subject only to the restrictions of its own regulations regarding its investment policy except in the case of the restriction numbered (ix) on page 18 of the Prospectus.

## **Subscription Monies**

Subscription monies in respect of shares in Multi Mondial Fund should be sent by SWIFT or telegraphic transfer to:

### **Pay to:**

UBS AG, Zurich

Swift code: UBSWCHZH80A

### **For the account of:**

UBS Luxembourg S.A

Swift: UBSWLULLXXX

Account Number: 0230-60805.05X

### **For further credit to:**

Star MM Multi Mondial Fund,

Account Number: 539'613.0

ISIN: IE0008413175

Valor: 336'553

## **To ensure good value please ensure an MT100 is sent.**

Subscriptions made in US dollar will be converted into Swiss francs at the expense of the applicant. The Net Asset Value per Share of the Multi Mondial Fund will be published in CHF.

## **Minimum Subscription**

The minimum initial investment in Multi Mondial Fund shall be CHF 25,000 provided that the minimum initial investment in the Company as a whole shall be the foreign currency equivalent of EUR 100,000. The minimum incremental investment in Multi Mondial Fund shall be CHF 25,000.

# STAR MM FUNDS PLC

- with special risks

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## CIRCLE A FUND

with special risks

In Switzerland qualified as a fund for alternative investments

### SUPPLEMENTAL PROSPECTUS

Dated 25 August 2011

*(The English Version of this Supplemental Prospectus is exclusively applicable for the subscription of Shares).*

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**This Supplemental Prospectus relates to the Circle A Fund, a sub-fund of Star MM Funds Plc – with special risks (the “Company”) and forms part of the prospectus of the Company dated 25 August 2011 (the “Prospectus”). All capitalised terms shall have the same meaning herein as in the Prospectus. This Supplemental Prospectus should be read in the context and together with the Prospectus. In particular, investors should read the risk warnings set out on pages 23 to 25 of the Prospectus and to the fees and expenses section set out on pages 33 to 35 of the Prospectus.**

The Directors whose names appear on page 4 of the Prospectus accept responsibility for the information contained in this Supplemental Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### Introduction

The Company is organised in the form of an Umbrella Fund. Circle A Fund was authorised as a Fund within the umbrella by the Central Bank on 12<sup>th</sup> January, 1995. At the date of this Supplemental Prospectus there are three other Funds in existence for distribution in Switzerland, namely, Multi Mondial Fund, Circle E Fund and Ciran Emerging Markets Fund.

#### Listing

Shares in the Circle A Fund were admitted to the official list of The Irish Stock Exchange on 18<sup>th</sup> January, 1995.

#### Base Currency

The base currency of Circle A Fund is the US Dollar.

#### Investment Policy and Objective

The objective of Circle A Fund is to achieve capital appreciation by investing in broadly diversified and professionally managed investment funds. The Investment Manager will seek to minimise risk by diversifying investments on three levels.

The **first level** of diversification shall take place at the **fund manager level** and the Investment Manager will seek to ensure that the fund managers of the collective investment schemes in which Circle A Fund invests are independent, highly qualified and successful specialist fund managers with diversified investment strategies and styles. The Investment Manager endeavours to select specialist fund managers having skills which enable them to achieve the best possible results from investments.

The **second level** of diversification will be derived from the range of collective investment schemes which shall be selected on a **broad regional basis**.

**Finally**, Circle A Fund will seek to diversify by targeting investments in **different alternative investment strategies** (see page 21 of the Prospectus) **and various fund categories, taking account of different styles of investment**, which will be adjusted in the light of changing market conditions. Different styles of investment include for example: selection of high, medium or low-capitalised companies, investments with a large diversified portfolio or with a selection of only a small number of companies, selection of growth companies, selection of only undervalued or cyclical companies or a mixture of such selections; some strategies favour

# STAR MM FUNDS PLC

- with special risks

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hedging investments from time to time, whereas other strategies are permanently invested; selection of specialist funds which, for example, invest in technological or biotechnological companies. The Investment Manager may also seek exposure to collective investment schemes investing in companies active in the commodities sector or in commodity based financial instruments and in the precious metals or currency markets.

The Investment Manager will adopt a careful selection and control procedure when selecting funds and fund managers for investment. Essentially, the Investment Manager will select, examine and periodically monitor the funds according to the following criteria:

## Qualitative Criteria

- a) fund organisation, including the quality and stability of the organisation
- b) ownership and investment philosophy
- c) investment style and investment strategy
- d) decision-making process, stock selection and control of risks
- e) evaluation of the fund managers according to their experience, education, performance and integrity
- f) availability and transparency of important information (prospectus, information memorandum, yearly and half-yearly report etc.)
- g) reputation of the auditor, custodian and the administrator
- h) references

## Quantitative Criteria

- a) compatibility with the investment restrictions of the Funds
- b) examination of the investment results achieved in the past by the fund managers
- c) periodical monitoring of the net asset value per share of the funds in which investment will be made
- d) statistical analysis of the portfolio
- e) comparison of the fund managers with respect to performance
- f) volume of the funds in which investment will be made and their development
- g) structure of the fees
- h) subscription and repurchase conditions

Circle A Fund will invest at least 50% of its investments (exclusive of liquid assets) in such collective investment schemes which are principally exposed to the risks of the Asian Pacific equity markets or of Asian Pacific issuers or deriving a significant proportion of their income from investments in the Asia Pacific region. The investments of Circle A Fund shall further seek to diversify the market risks across the Asia Pacific region which shall include East Asia, South East Asia, China, Russia and the other former states of the Soviet Union, India, Pakistan, Mongolia, Sri Lanka, Australia and New Zealand. In addition, the Circle A Fund may invest in Funds predominantly exposed to the commodities, precious metals or currency markets.

The collective investment schemes in which Circle A Fund invests may be established in jurisdictions with State regulatory systems and in jurisdictions without State regulatory systems.

The Investment Manager generally will endeavour to invest in collective investment schemes investing in quoted equities traded on a stock exchange or on a regulated market open to the public but may also invest in schemes investing some or all of their assets in unquoted equities which are not traded on a regulated market.

At least 50% of the Net Asset Value of the Circle A Fund (disregarding ancillary liquid assets) shall be invested in collective investment schemes pursuing a non-traditional or alternative investment strategy and generally designated under the term of "hedge funds".

Circle A Fund may also invest up to 50% of its Net Asset Value (including ancillary liquid assets) directly or through collective investment schemes in money market and cash instruments, rated and unrated fixed income securities traded on an exchange or on a regulated market and bank deposits.

Circle A Fund may also invest in aggregate up to 10% of its Net Asset Value directly in quoted and unquoted equities (including real estates linked Issuers).

# STAR MM FUNDS PLC

- with special risks

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No more than 20% of the Net Asset Value of Circle A Fund shall be invested in any one collective investment scheme. No more than 10% of the Net Asset Value of the Fund shall be invested by way of direct investment in the securities of any one Issuer (including real estate linked Issuers).

The collective investment schemes in which Circle A Fund invests shall generally be open-ended, but Circle A Fund may also invest in closed-ended collective investment schemes provided that such schemes are traded on a regulated market open to the public.

Circle A Fund may not invest in any collective investment scheme managed directly or indirectly by the Investment Manager or a related entity to the Investment Manager. A related entity in this context includes companies linked to the Investment Manager by joint management or control or by the direct or indirect ownership of over 10% of the capital of the Investment Manager or its voting shares.

## **Investment restrictions relating to Circle A Fund**

Investments by Circle A Fund are subject to the restrictions set out above and to the investment restrictions set out on pages 17 to 19 of the Prospectus.

## **Investment restrictions relating to the Underlying Funds**

Each of the funds in which Circle A Fund will invest is subject only to the restrictions of its own regulations regarding its investment policy except in the case of the restriction numbered (ix) on page 18 of the Prospectus.

## **Subscription Monies**

Subscription monies in respect of shares in Circle A Fund should be sent by SWIFT or telegraphic transfer to:

### **Pay to:**

UBS AG, Stamford

Swift code: UBSWUS33XXX

### **For the account of:**

UBS Luxembourg S.A

Swift: UBSWLULLXXX

Account Number: 101-WA-361135-000

ABA: 0260-7099-3

### **For further credit to:**

Star MM Circle A Fund

Account Number: 539'609.0

ISIN: IE0008413282

Valor: 336'557

**To ensure a good value, please ensure an MT100 is sent.**

Subscriptions made in Swiss francs or in any other currency will be converted into USD at the expense of the applicant. The Net Asset Value per Share of the Circle A Fund will be published in USD.

## **Minimum Subscription**

The minimum initial investment in Circle A Fund shall be USD 15,000 provided that the minimum initial investment in the Company as a whole shall be the foreign currency equivalent of EUR 100,000. The minimum incremental investment in Circle A Fund shall be USD 15,000.



# STAR MM FUNDS PLC

- with special risks

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## CIRAN EMERGING MARKETS FUND

with special risks

In Switzerland qualified as a fund for alternative investments

### SUPPLEMENTAL PROSPECTUS

Dated 25 August 2011

*(The English Version of this Supplemental Prospectus is exclusively applicable for the subscription of Shares).*

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**This Supplemental Prospectus relates to the Ciran Emerging Markets Fund , a sub-fund of Star MM Funds Plc – with special risks (the “Company”) and forms part of the prospectus of the Company dated 25 August 2011 (the “Prospectus”). All capitalised terms shall have the same meaning herein as in the Prospectus. This Supplemental Prospectus should be read in the context and together with the Prospectus. In particular, investors should read the risk warnings set out on pages 23 to 25 of the Prospectus and to the fees and expenses section set out on pages 33 to 35 of the Prospectus.**

The Directors whose names appear on page 4 of the Prospectus accept responsibility for the information contained in this Supplemental Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### Introduction

The Company is organised in the form of an Umbrella Fund. Ciran Emerging Markets Fund was authorised as a Fund within the umbrella by the Central Bank on 22<sup>nd</sup> September, 1997. At the date of this Supplemental Prospectus there are three other Funds in existence for distribution in Switzerland, namely, Multi Mondial Fund, Circle A Fund and Circle E Fund.

#### Listing

Shares in the Ciran Emerging Markets Fund were admitted to the official list of The Irish Stock Exchange on 26<sup>th</sup> September, 1997.

#### Base Currency

The base currency of Ciran Emerging Markets Fund is the US Dollar.

#### Investment Policy and Objective

The objective of Ciran Emerging Markets Fund is to achieve capital appreciation by investing in broadly diversified and professionally managed investment funds. The Investment Manager will seek to minimise risk by diversifying investments on three levels.

The **first level** of diversification shall take place at the **fund manager level** and the Investment Manager will seek to ensure that the fund managers of the collective investment schemes in which Ciran Emerging Markets Fund invests are independent, highly qualified and successful specialist fund managers with diversified investment strategies and styles. The Investment Manager endeavours to select specialist fund managers having skills which enable them to achieve the best possible results from investments.

The **second level** of diversification will be derived from the range of collective investment schemes which shall be selected on a **broad international basis**.

**Finally**, Ciran Emerging Markets Fund will seek to diversify by targeting investments in **different alternative investment strategies** (see page 21 of the Prospectus) **and various fund categories, taking account of different styles of investment**, which will be adjusted in the light of changing market conditions. Different styles of investment include for example: selection of high, medium or low-capitalised companies, investments with a large diversified portfolio or with a selection of only a small number of companies, selection of growth

# STAR MM FUNDS PLC

- with special risks

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companies, selection of only undervalued or cyclical companies or a mixture of such selections; some strategies favour hedging investments from time to time, whereas other strategies are permanently invested; selection of specialist funds which, for example, invest in technological or biotechnological companies. The Investment Manager may also seek exposure to collective investment schemes investing in companies active in the commodities sector or in commodity based financial instruments and in the precious metals or currency markets.

The Investment Manager will adopt a careful selection and control procedure when selecting funds and fund managers for investment. Essentially, the Investment Manager will select, examine and periodically monitor the underlying funds according to the following criteria:

## Qualitative Criteria

- a) fund organisation, including the quality and stability of the organisation
- b) ownership and investment philosophy
- c) investment style and investment strategy
- d) decision-making process, stock selection and control of risks
- e) evaluation of the fund managers according to their experience, education, performance and integrity
- f) availability and transparency of important information (prospectus, information memorandum, yearly and half-yearly report etc.)
- g) reputation of the auditor, custodian and the administrator
- h) references

## Quantitative Criteria

- a) compatibility with the investment restrictions of the Funds
- b) examination of the investment results achieved in the past by the fund managers
- c) periodical monitoring of the net asset value per share of the funds in which investment will be made
- d) statistical analysis of the portfolio
- e) comparison of the fund managers with respect to performance
- f) volume of the funds in which investment will be made and their development
- g) structure of the fees
- h) subscription and repurchase conditions

Ciran Emerging Markets Fund will invest at least two thirds of its Net Asset Value (exclusive of liquid assets) in such collective investment schemes investing principally in equities in emerging markets or may invest up to 20% of the Net Asset Value of the Fund in the securities of issuers in emerging markets or deriving a significant proportion of their income from investments in emerging markets. The investments of Ciran Emerging Markets Fund shall further be diversified among global emerging markets, namely emerging markets in Central America, South America, Asia, Europe, the Middle East and Africa. In addition, the Ciran Emerging Markets may invest in Funds predominantly exposed to the commodities, precious metals or currency markets.

The collective investment schemes in which Ciran Emerging Markets Fund invests may be established in jurisdictions with State regulatory systems and in jurisdictions without State regulatory systems.

The Investment Manager generally will endeavour to invest in collective investment schemes investing in quoted equities traded on a stock exchange or on a regulated market open to the public but may also invest in schemes investing some or all of their assets in unquoted equities which are not traded on a regulated market.

At least 50% of the Net Asset Value of the Ciran Emerging Markets Fund (disregarding ancillary liquid assets) shall be invested in collective investment schemes pursuing a non-traditional or alternative investment strategy and generally designated under the term of "hedge funds".

Ciran Emerging Markets Fund may also invest up to 50% of its Net Asset Value (including ancillary liquid assets) directly or through collective investment schemes in money market and cash instruments, rated and unrated fixed income securities traded on an exchange or on a regulated market and bank deposits.

Ciran Emerging Markets Fund may also invest in aggregate up to 10% of its Net Asset Value directly in quoted and unquoted equities.

# STAR MM FUNDS PLC

- with special risks

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No more than 20% of the Net Asset Value of Ciran Emerging Markets Fund shall be invested in any one collective investment scheme. No more than 10% of the Net Asset Value of the Fund shall be invested by way of direct investment in the securities of any one Issuer (including real estate linked Issuers).

The collective investment schemes in which Ciran Emerging Markets Fund invests shall generally be open-ended but Ciran Emerging Markets Fund may also invest in closed-ended collective investment schemes provided that such schemes are traded on a regulated market open to the public.

Ciran Emerging Markets Fund may not invest in any collective investment scheme managed directly or indirectly by the Investment Manager or a related entity to the Investment Manager. A related entity in this context includes companies linked to the Investment Manager by joint management or control or by the direct or indirect ownership of over 10% of the capital of the Investment Manager or its voting shares.

## **Investment restrictions relating to Ciran Emerging Markets Fund**

Investments by Ciran Emerging Markets Fund are subject to the restrictions set out above and to the investment restrictions set out on pages 17 to 19 of the Prospectus.

## **Investment restrictions relating to the Underlying Funds**

Each of the funds in which Ciran Emerging Markets Fund will invest is subject only to the restrictions of its own regulations regarding its investment policy except in the case of the restriction numbered (ix) on page 18 of the Prospectus.

## **Subscription Monies**

Subscription monies in respect of shares in Ciran Emerging Markets Fund should be sent by SWIFT of telegraphic transfer to:

### **Pay to:**

UBS AG, Stamford  
N.A., Swift code: UBSWUS33XXX

### **For the account of:**

UBS Luxembourg S.A

Swift: UBSWLULLXXX  
Account Number: 101-WA-361135-000  
ABA: 0260-7099-3

### **For further credit to:**

Star MM Ciran Emerging Fund  
Account Number: 539'612.0  
ISIN: IE0001516180  
Valor: 709'490

**To ensure a good value, please ensure an MT100 is sent.**

Subscriptions made in Swiss francs or in any other currency will be converted into USD at the expense of the applicant. The Net Asset Value per Share of the Ciran Emerging Markets Fund will be published in USD.

## **Minimum Subscription**

The minimum initial investment in Ciran Emerging Markets Fund shall be USD 15,000 provided that the minimum initial investment in the Company as a whole shall be the foreign currency equivalent of EUR 100,000. The minimum incremental investment in Ciran Emerging Markets Fund shall be USD 15,000.