

If you are in any doubt about the contents of this Prospectus you should consult your stockbroker, bank manager, solicitor, accountant or other financial advisor. The Directors of the Company whose names appear on page 6 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 and the Directors accept responsibility accordingly.

**RUSSELL INVESTMENT COMPANY
PUBLIC LIMITED COMPANY**

constituted as an investment company with variable capital
incorporated under the laws of Ireland pursuant to the European Communities (Undertakings for Collective
Investment in Transferable Securities) Regulations, 2011

P R O S P E C T U S

for

an umbrella fund with segregated liability between sub-funds comprising

THE CONTINENTAL EUROPEAN EQUITY FUND

THE EMERGING MARKETS EQUITY FUND

THE EURO LIQUIDITY FUND

THE EUROZONE AGGRESSIVE EQUITY FUND

THE GLOBAL BOND FUND

THE GLOBAL CREDIT FUND

THE GLOBAL REAL ESTATE SECURITIES FUND

THE GLOBAL STRATEGIC YIELD FUND

THE JAPAN EQUITY FUND

THE PACIFIC BASIN EQUITY FUND

THE STERLING BOND FUND

THE STERLING CORPORATE BOND FUND

THE U.K. EQUITY FUND

THE U.K. INDEX LINKED FUND

THE U.K. LONG DATED GILT FUND

THE U.S. BOND FUND

THE U.S. EQUITY FUND

THE U.S. SMALL CAP EQUITY FUND

THE WORLD EQUITY FUND II

4 May 2012

There is a separate prospectus for	There is a separate prospectus for
African Frontiers Fund	Acadian Emerging Markets Local Debt UCITS
Pan African Fund	Acadian European Equity UCITS
RIC-OMIGSA Value Global Equity Fund	Acadian Global Equity UCITS
RIC-OMIGSA Global Bond Fund	Acadian Emerging Markets Equity UCITS
RIC-OMIGSA Global Credit Fund	Acadian Global Managed Volatility UCITS
RIC-OMIGSA Quant Global Equity Fund	
RIC-OMIGSA Internal Growth Global Equity Fund	
RIC-OMIGSA Global REIT Fund	
RIC-OMIGSA Global Aggregate Bond Fund	
RIC-OMIGSA Global Currency Fund	
RIC-OMIGSA U.S. Core-Bond Fund	
RIC-OMIGSA U.S. Growth Equity Fund	
RIC-OMIGSA Growth Global (ex U.S.) Equity Fund	
RIC-Old Mutual MSCI Emerging Markets Index Fund	
RIC-Old Mutual S&P Africa Custom Index Fund	
RIC-OMIGSA Flexible Strategies Equity Fund	

RIC-Old Mutual FTSE RAFI[®] All World Index Fund	
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Distribution of this document is not authorised unless it is accompanied by a copy of the latest annual report of the Company and, if published thereafter, the latest half-yearly report of the Company. Such reports will form part of this Prospectus.

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 advisor.

Certain terms used in this Prospectus are defined in Schedule V.

*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 **It should be noted that as The Global Bond Fund and The Global Strategic Yield Fund will charge all of their fees and expenses to capital rather than income, there is an increased risk that investors in these Funds may not receive back the full amount invested when redeeming their holding. The Euro Liquidity Fund may invest a significant amount of their Net Asset Value in deposits and money market instruments.***

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 any accompanying application form in any such jurisdiction may treat this Prospectus or such application form as constituting an invitation to them to subscribe for Shares, nor should they in any event use any 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 as to any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

The Company is an investment undertaking as defined in Section 739B(1) of the Taxes Consolidation Act 1997, as amended.

*In Japan Shares may be offered to certain qualified institutional investors (“**QIIs**” as defined under Japanese law and regulations) by way of a private placement exemption pursuant to Article 2, Paragraph 3, Item 2(a) of the Financial Instruments and Exchange Law of Japan (the “**FIE**”) with a condition that the purchaser shall enter into a transfer agreement with a covenant that he shall not transfer the Shares to non-**QIIs**. No filing of a securities registration statement has been made pursuant to Article 4, Paragraph 1 of the **FIE**.*

*This Prospectus relates to a collective investment fund which is not subject to any form of regulation or approval by the Dubai Financial Services Authority (“**DFSA**”). This Prospectus is intended for distribution only to persons of a type specified in the **DFSA**’s rules (i.e. “**Qualified Investors**”) and must not, therefore, be delivered to, or relied on by, any other type of person. The offering is not intended for, and the Shares are not being offered, distributed, sold, transferred or delivered, directly or indirectly, to, or for the account or benefit of, any person in the Dubai International Financial Centre (“**DIFC**”). This Prospectus is not intended for distribution to any person in the **DIFC** and any such person that receives a copy of this Prospectus should not act or rely on this Prospectus and should ignore the same. The **DFSA** has no responsibility for reviewing or verifying any Prospectus or other documents in connection with this collective investment fund. Accordingly, the **DFSA** has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it. The Shares to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Shares offered should conduct their own due diligence on the Shares. If you do not understand the contents of this document you should consult an authorised financial adviser.*

THE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OF THE U.S., AND MAY NOT BE OFFERED OR SOLD TO OR FOR THE ACCOUNT OF A U.S. PERSON. THE FUNDS ARE AVAILABLE ONLY TO INVESTORS WHO ARE NOT “U.S. PERSONS”. AS DEFINED HEREIN, A U.S. PERSON INCLUDES U.S. CITIZENS, RESIDENTS AND ENTITIES. THIS PROSPECTUS MAY NOT BE DELIVERED IN THE U.S., ITS TERRITORIES OR POSSESSIONS TO ANY PROSPECTIVE INVESTOR. NO PERSON (WHETHER OR NOT A U.S. PERSON) MAY ORIGINATE A PURCHASE ORDER FOR SHARES FROM WITHIN THE U.S.

NOTWITHSTANDING THE FOREGOING, SHARES OF THE COMPANY MAY BE PLACED WITH OR RESOLD OR TRANSFERRED TO A LIMITED NUMBER OF SOPHISTICATED INSTITUTIONAL INVESTORS WHO ARE IN THE UNITED STATES OR WHO ARE U.S. PERSONS, PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT OR IN CIRCUMSTANCES WHICH DO NOT CAUSE THE SCHEME TO BE REQUIRED TO REGISTER UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940 OR CAUSE ANY INVESTMENT ADVISER TO BECOME SUBJECT TO THE U.S. INVESTMENT ADVISORS ACT OF 1940.

PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION IN CONNECTION WITH POOLS WHOSE PARTICIPANTS ARE LIMITED TO QUALIFIED ELIGIBLE PARTICIPANTS, AN OFFERING MEMORANDUM FROM THIS POOL IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE COMMISSION. THE COMMODITY FUTURES TRADING COMMISSION DOES NOT PASS UPON THE MERITS OF PARTICIPATION IN A POOL OR UPON THE ADEQUACY OR ACCURACY OF AN OFFERING MEMORANDUM. CONSEQUENTLY, THE COMMODITY FUTURES TRADING COMMISSION HAS NOT REVIEWED OR APPROVED THIS OFFERING OR ANY OFFERING MEMORANDUM FOR THIS POOL.

Applicants will be required to declare whether they are an Irish Resident and/or a U.S. Person.

*The Company has been granted the status of a “**recognised scheme**” by the Financial Services Authority (“**FSA**”) for the purposes of s264 of the Financial Services and Markets Act 2000, as amended (“**FSMA**”). Russell Investments Limited whose registered office is at Rex House, 10 Regent Street, London, SW1Y 4PE (the “**Facilities Agent**”) has been appointed as the Company’s facilities agent in the UK to provide the facilities required under the rules and guidance of the FSA (the “**FSA Rules**”) to be maintained in the UK for a recognised scheme. Russell Investments Limited is authorised by the FSA to conduct investment business in the UK.*

Accordingly facilities are maintained at the offices of the Facilities Agent:

- (i) for any person to inspect and obtain (free of charge) copies of the memorandum of association and Articles (and of any amendments), the latest version of this Prospectus and the simplified prospectus and the latest annual and half-yearly reports of the Company during normal business hours on any weekday(UK public holidays excepted);*
- (ii) for any person to obtain information about the price of Shares in any Fund and for any Shareholder to arrange for redemption of this Shares and obtain payment; and*
- (iii) at which any person who has a complaint to make about the operation of the Company may submit a complaint for transmission to the Manager.*

*Notwithstanding that the Company is a recognised scheme, to the extent that this Prospectus is made available in the UK by any person who is not an “**Authorised Person**” (as defined in the FSMA)::*

- (i) it will only be communicated or caused to be communicated to persons falling within a relevant exemption contained in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (“**FPO**”) to whom this Prospectus may lawfully be communicated or caused to be communicated (“**Exempt Persons**”). Exempt Persons includes but, in accordance with the FPO, is not limited to: (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the FPO; or (b) high net worth entities, and other persons to whom this material may otherwise lawfully be communicated, falling within Article 49(1) of the FPO, (in each case all such persons together being referred to as “**relevant persons**”). Any person who is not a relevant person should not act or rely on this material or any of its contents. In these circumstances, be aware that for your purposes, the content has not been approved by an Authorised Person for the purposes of s21 FSMA; and*
- (ii) neither this Prospectus nor the Shares will be available to persons in the UK who are not Exempt Persons and no one in the UK who is not an Exempt Person is entitled to rely on, and they must not act on, any information in this Supplement or the Prospectus. Any communication from within the UK other than by an Authorised Person to any person in the UK not falling within a relevant*

exemption contained in the FPO, is unauthorised and is likely to contravene FSMA.

Notwithstanding that the Company is a recognised scheme, to the extent that this Prospectus is made available in the UK by Russell Investments Limited (who is an Authorised Person) or another Authorised Person:

- (i) the restrictions in the FPO on communicating this Prospectus do not apply; and*
- (ii) this Prospectus has been approved for the purpose of Section 21 of FSMA by Russell Investments Limited, but solely for such purpose.*

Notwithstanding that the Company is a recognised scheme, to the extent that this Prospectus is made available in the UK by a distributor other than Russell Investments Limited (for this paragraph only, the “distributor”) this Prospectus may be made available to retail clients and approved for that purpose under Section 21 of FSMA by the distributor. Russell Investments Limited accepts no responsibility for the distribution of this Prospectus to retail clients.

Some or all of the protections provided by the FSA’s regulatory system in the UK do not apply to investments in the Company or a Fund and compensation under the UK’s Financial Services Compensation Scheme will not generally be available.

The contents of the Prospectus are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person.

Any individual who is in any doubt about the investment to which this Prospectus relates should consult an Authorised Person specialising in advising on investments of this kind.

Shares are offered only on the basis of the information contained in the current Prospectus and, as appropriate, 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.

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 may be translated into other languages, provided that it is a direct translation of the English version. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English text shall prevail except to the extent (and only to the extent) that the law of Switzerland requires that the legal relationship between the Company and investors in Switzerland shall be governed by the German version of the Prospectus as filed with the Swiss regulator. All disputes as to the terms thereof, regardless of the language version, shall be governed by, and construed in accordance with, the law of Ireland.

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

RUSSELL INVESTMENT COMPANY PUBLIC LIMITED COMPANY

Board of Directors of the Company

Mr. James Firn (Chairman)
Mr. James Beveridge
Mr. Peter Gunning
Mr. John McMurray
Mr. Paul McNaughton
Mr. William Roberts
Mr. Alan Schoenheimer
Mr. David Shubotham
Mr. Kenneth Willman
Mr. Neil Jenkins

Registered Office

78 Sir John Rogerson's Quay,
Dublin 2,
Ireland.

Manager

Russell Investments Ireland Limited,
78 Sir John Rogerson's Quay,
Dublin 2,
Ireland.

Investment Manager for The U.K. Equity Fund

Russell Implementation Services Inc.
1301 Second Avenue,
18th Floor,
Seattle, WA 98101,
U.S.A.

Custodian and Trustee

State Street Custodial Services (Ireland) Limited,
78 Sir John Rogerson's Quay,
Dublin 2,
Ireland.

Administrator

State Street Fund Services (Ireland) Limited,
78 Sir John Rogerson's Quay,
Dublin 2,
Ireland.

Auditors

PricewaterhouseCoopers,
Chartered Accountants,
One Spencer Dock,
North Wall Quay,
Dublin 1,
Ireland.

Company Secretary

Bradwell Limited,
Arthur Cox Building,
Earlsfort Centre,
Earlsfort Terrace,
Dublin 2,
Ireland.

Adviser, Distributor and UK Facilities Agent

Russell Investments Limited,
Rex House,
10 Regent Street,
London, SW1Y 4PE,
England.

Promoter

Frank Russell Company,
1301 Second Avenue,
18th Floor,
Seattle WA 98101,
United States of America.

Legal Advisors

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

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THE COMPANY

Introduction

The Company is an investment company with variable capital organised under the laws of Ireland as a public limited company pursuant to the Companies Acts, 1963 to 2009 and the Regulations. It was incorporated on 31 March 1994 under registration number 215496 as Frank Russell Investment Company plc and was authorised by the Central Bank of Ireland on 11 April 1994. The Company changed its name to Russell Investment Company p.l.c. on 9 March 2006. Clause 2 of the memorandum of association of the Company provides that the Company's sole object is the collective investment in transferable securities and/or other liquid financial assets referred to in Regulation 68 of the Regulations of capital raised from the public and which operates on the principle of risk spreading.

The Company has been approved by the Central Bank as a UCITS within the meaning of the Regulations. **Authorisation by the Central Bank is not an endorsement or guarantee of the Company by the Central Bank nor is the Central Bank responsible for the contents of the Prospectus. The authorisation of the Company shall not constitute a warranty as to performance of the Company and the Central Bank shall not be liable for the performance or default of the Company.**

The Company is organised in the form of an umbrella fund with segregated liability between sub-funds. The Articles of Association provide that the Company may offer separate Classes of Shares each representing interests in a Fund comprised of a distinct portfolio of investments. Where interests in a Fund are represented by more than one Class of Shares, a separate pool of assets shall not be maintained for each such Class within that Fund. These Classes are distinguished principally on the basis of either the Manager's fee and/or the charges to the relevant Class (see the section entitled "Fees and Expenses" for a complete list of all fees charged); the distribution policy relating to the relevant Class (see the section entitled "Distribution Policy"); and/or on the basis of its Class Currency (see Schedule II for a list of the Class Currency of each Class). The Net Asset Value per Share for one Class will differ from the other Classes, reflecting these differing fee levels or Class Currencies and in some cases due to the initial subscription price per Share differing from the Net Asset Value per Share of Classes already in issue. This Prospectus relates to The Continental European Equity Fund, The Emerging Markets Equity Fund, The Euro Liquidity Fund, The Eurozone Aggressive Equity Fund, The Global Bond Fund, The Global Credit Fund, The Global Real Estate Securities Fund, The Global Strategic Yield Fund, The Japan Equity Fund, The Pacific Basin Equity Fund, The Sterling Bond Fund, The Sterling Corporate Bond Fund, The U.K. Equity Fund, The U.K. Index Linked Fund, The U.K. Long Dated Gilt Fund, The U.S. Bond Fund, The U.S. Equity Fund, The U.S. Small Cap Equity Fund and The World Equity Fund II.

A separate prospectus dated 2 December 2011 has been issued by the Company and relates to the following funds: African Frontiers Fund, Pan African Fund, RIC-OMIGSA Value Global Equity Fund, , RIC-OMIGSA Global Bond Fund, RIC-OMIGSA Global Credit Fund, RIC-OMIGSA Quant Global Equity Fund, RIC-OMIGSA Internal Growth Global Equity Fund, RIC-OMIGSA Global REIT Fund, RIC-OMIGSA Global Aggregate Bond Fund, RIC-OMIGSA Global Currency Fund, RIC-OMIGSA U.S. Core-Bond Fund, , RIC-OMIGSA U.S. Growth Equity Fund, RIC-OMIGSA Growth Global (ex U.S.) Equity Fund, RIC-Old Mutual MSCI Emerging Markets Index Fund, RIC-Old Mutual S&P Africa Custom Index Fund, RIC-OMIGSA Flexible Strategies Equity Fund and RIC-Old Mutual FTSE RAFI[®] All World Index Fund.

A further separate prospectus dated 29 February 2012 has been issued by the Company and relates to the following funds: Acadian Emerging Markets Local Debt UCITS, Acadian European Equity UCITS, Acadian Global Equity UCITS, Acadian Emerging Markets Equity UCITS and Acadian Global Managed Volatility Equity UCITS.

The Company may, with the prior approval of the Central Bank, create additional Funds, in which case the Company may issue a supplemental prospectus describing such additional Funds and with prior notification to the Central Bank may create additional Classes of Shares in the Funds.

THE FUNDS

Investment Objectives and Policies

The objective of the Funds is to invest in transferable securities in accordance with the Regulations and/or other liquid financial assets referred to in Regulation 68 of the Regulations with the aim of spreading investment risk. The transferable securities in which the Funds may invest generally must be quoted, or dealt in, on a Regulated Market.

The Regulated Markets, details of which are contained in Schedule I, have been set out in the Articles of Association in accordance with the requirements of the Central Bank which does not issue a list of approved Regulated Markets.

The following is a description of the investment objectives and policies of each Fund. There can be no assurance that a Fund will achieve its investment objective.

Profile of a typical investor

The following table sets out the suitability of each of the Funds for investors, by stating (i) what type of return the investor should seek to achieve by investing in each Fund (ii) over what time period the investor should invest in each Fund for and (iii) the level of volatility an investor should be prepared to accept.

Fund:	Suitable for Investors Seeking:		Over a Time Horizon of:	Level of Volatility:
	Growth	Income		
The Continental European Equity Fund	✓	-	5 to 7 years	Moderate - high
The Emerging Markets Equity Fund	✓	-	5 to 7 years	Moderate - high
The Euro Liquidity Fund	-	✓	5 to 7 years	Moderate
The Eurozone Aggressive Equity Fund	✓	-	5 to 7 years	High
The Global Bond Fund	✓	✓	5 to 7 years	Moderate
The Global Credit Fund	✓	✓	5 to 7 years	Moderate
The Global Real Estate Securities Fund	✓	✓	5 to 7 years	Moderate - high
The Global Strategic Yield Fund	-	✓	5 to 7 years	Moderate
The Japan Equity Fund	✓	-	5 to 7 years	Moderate - high
The Pacific Basin Equity Fund	✓	-	5 to 7 years	Moderate - high
The Sterling Bond Fund	✓	-	5 to 7 years	Moderate
The Sterling Corporate Bond Fund	✓	✓	5 to 7 years	Moderate
The U.K. Equity Fund	✓	-	5 to 7 years	Moderate - high
The U.K. Index Linked Fund	✓	✓	5 to 7 years	Moderate
The U.K. Long Dated Gilt Fund	✓	✓	5 to 7 years	Moderate
The U.S. Bond Fund	✓	✓	5 to 7 years	Moderate
The U.S. Equity Fund	✓	-	5 to 7 years	Moderate - high

The U.S. Small Cap Equity Fund	✓	-	5 to 7 years	Moderate - high
The World Equity Fund II	✓	-	5 to 7 years	Moderate - high

The Continental European Equity Fund

The Continental European Equity Fund will seek to achieve capital appreciation by investing primarily in equity securities, including common stock, convertibles, American depository receipts, global depository receipts and warrants, listed on the Regulated Markets in Europe (ex U.K.). The Continental European Equity Fund may hold such securities of companies listed or traded on Regulated Markets worldwide that are not incorporated in Europe (ex U.K.) but which receive the majority of their total revenue from countries in Europe (ex U.K.). Investments in warrants may not exceed 5 per cent. of The Continental European Equity Fund's net assets. The Continental European Equity Fund will not be concentrating on any specific industry sector but will pursue a policy of active stock selection and active country allocation on the Regulated Markets in which it operates. Investors' attention is drawn to the risk factors set out in the section entitled "Risk Factors" below.

At all times, at least two-thirds of The Continental European Equity Fund's total assets (without taking into account ancillary liquid assets) will be invested in the foregoing instruments (excluding convertibles) of issuers domiciled in the aforementioned region.

The Continental European Equity Fund may employ investment techniques and financial derivative instruments for efficient portfolio management and/or investment purposes within the limits set forth in Schedule VII as described in the section "Investment Techniques and Financial Derivative Instruments". Futures contracts will be used to hedge against market risk or gain exposure to an underlying market. Forward contracts will be used to hedge or gain exposure to an increase in the value of an asset, currency, commodity or deposit. Options will be used to hedge or achieve exposure to a particular market instead of using a physical security. Swaps (including swaptions) will be used to achieve profit as well as to hedge existing long positions. Forward foreign exchange transactions will be used to reduce the risk of adverse market changes in exchange rates or to increase exposure to foreign currencies or to shift exposure to foreign currency fluctuations from one country to another. Caps and floors will be used to hedge against interest rate movements exceeding given minimum or maximum levels. Contracts for differences will be used to gain exposure to equities. Credit derivatives will be used to isolate and transfer the exposure to or transfer the credit risk associated with a reference asset or index of reference assets.

The Directors have authorised the issuance of the Classes of Shares set out in Schedule II.

The Emerging Markets Equity Fund

The Directors recommend that an investment in The Emerging Markets Equity Fund should not constitute a substantial portion of an investor's portfolio. Investors' attention is drawn to the risk factors set out in the section entitled "Risk Factors" below.

The objective of The Emerging Markets Equity Fund is to achieve capital appreciation by investing primarily in common stock, convertibles, American depository receipts, global depository receipts and warrants of issuers in Emerging Markets throughout the world or in new issues for which application for listing will be sought on a Regulated Market. The Emerging Markets Equity Fund may hold such securities of companies listed or traded on Regulated Markets worldwide that are not incorporated in Emerging Markets but which receive the majority of their total revenue from Emerging Market countries. Investments in warrants may not exceed 5 per cent. of The Emerging Markets Equity Fund's net assets. The investments will be listed on the Regulated Markets, a list of which appears in Schedule I. Investments in Pakistan shall not exceed 30 per cent. and investments in China 40 per cent. of The Emerging Markets Equity Fund's net assets. At all times, at least two-thirds of The Emerging Markets Equity Fund's total assets (without taking into account ancillary liquid assets) will be invested in the foregoing instruments (excluding convertibles) of issuers domiciled or which receive the majority of their total revenue from Emerging Market countries. The Emerging Markets Equity Fund will not concentrate on any specific industry sectors but will pursue a policy of active stock selection and active country allocation in the markets in which it operates.

The Emerging Markets Equity Fund may employ investment techniques and financial derivative instruments for efficient portfolio management and/or investment purposes within the limits set forth in Schedule VII as described in the section "Investment Techniques and Financial Derivative Instruments". Futures contracts will be used to hedge

against market risk or gain exposure to an underlying market. Forward contracts will be used to hedge or gain exposure to an increase in the value of an asset, currency, commodity or deposit. Options will be used to hedge or achieve exposure to a particular market instead of using a physical security. Swaps (including swaptions) will be used to achieve profit as well as to hedge existing long positions. Forward foreign exchange transactions will be used to reduce the risk of adverse market changes in exchange rates or to increase exposure to foreign currencies or to shift exposure to foreign currency fluctuations from one country to another. Caps and floors will be used to hedge against interest rate movements exceeding given minimum or maximum levels. Contracts for differences will be used to gain exposure to equities. Credit derivatives will be used to isolate and transfer the exposure to or transfer the credit risk associated with a reference asset or index of reference assets.

The Directors have authorised the issuance of the Classes of Shares set out in Schedule II.

The Euro Liquidity Fund

The investment objective of The Euro Liquidity Fund is to preserve the principal of the Fund and provide a return in line with Money Market Rates by investing in short-term, high-grade money market instruments. The Euro Liquidity Fund is a Short-Term Money Market Fund.

It will seek to achieve its objective by active selection of money market instruments consistent with its daily assessment of market risks. This investment approach begins with a broad view of the economic and political environment. Interest rate forecasts in relation to the Euro issued by the investment community and European Central Bank policy are then analysed to develop an expectation for interest rate trends.

The Fund will invest in a diversified portfolio of high quality Euro denominated short-term money market instruments which shall principally be listed, traded or dealt in on Regulated Markets in the EU and/or, subject to the limit stated in paragraph 2.2 of Schedule VI, to be listed on such Regulated Markets within a year of being issued. The short-term debt and debt-related instruments in which the Fund will invest must be denominated in Euro and issued by either:

- (i) an EU government or any of its agencies or instrumentalities; or
- (ii) corporations, municipalities, supra-national organisations or other entities provided that the instruments are guaranteed by one of the entities referred to in paragraph (i) above.

The Fund will invest up to 100 per cent. of its Net Asset Value in short-term money market instruments issued by the entities referred to in paragraph (i) and (ii) above in accordance with the diversification requirements set out in Schedule VI, but will not however invest more than 5 per cent. of its Net Asset Value in instruments issued by the same issuer in the case of instruments issued by entities referred to in paragraph (ii) above. For the avoidance of doubt, this restriction will not apply to the entities referred to in paragraph (i) above.

The short-term money market instruments in which the Fund invests will consist of fixed and floating rate investments, including, but not limited to, bonds (including zero coupon bonds), notes, bank obligations, commercial paper (including asset-backed commercial paper) and letters of credit which are unconditional and irrevocable. Such instruments must have a credit rating of A1/P1, or equivalent, as determined by two rating agencies such as Moody's or S&P or, if unrated, must be deemed at the time of the purchase to be of comparable quality. In the event of a rating downgrade resulting in an instrument being rated differently by separate rating agencies, each rating agency rating the instrument must award it one of the two highest available short-term credit ratings.

The Fund intends to maintain at least 25 per cent. of its Net Asset Value in instruments that mature or can be realised within 5 Business Days, and of this proportion 10 per cent. of its Net Asset Value in instruments that mature or can be realised within 1 Business Day.

The Fund may hold ancillary liquid assets including term deposits but all investments in cash must be denominated in Euros.

The Fund's investments are limited to securities or instruments with residual maturity until the legal redemption date of less than or equal to 397 days. The Euro weighted average maturity of the Fund shall not exceed 60 days - for the purposes of calculating weighted average maturity, floating rate notes will utilise the next interest rate reset to the money market rate. There will be a maximum of a 120 day average spread duration for the portfolio.

The Euro weighted average life of the Fund shall not exceed 120 days. For the purposes of calculating weighted average life, floating rate notes will utilise the stated final maturity date of the notes.

The Fund will utilise repurchase agreements for efficient portfolio management purposes subject to the conditions set forth in Schedule VII: "Investment Techniques and Financial Derivative Instruments". The repurchase agreements these shall be in the Base Currency of the Fund.

The risk and reward profile of the Fund is such that the aim of the Fund is to preserve capital and maintain liquidity which it seeks to achieve by foregoing the potential for capital growth. The Fund will carry out monthly portfolio analysis incorporating stress testing to examine portfolio returns under various market scenarios to determine if the portfolio constituents are appropriate to meet pre-determined levels of credit risk, interest rate risk, market risk and investor redemptions. The results of the periodic analysis will be available for inspection by the Central Bank.

In order to protect Shareholders' interests, the Fund will use the commitment approach as a risk measurement technique to identify, monitor and manage risks.

The Directors have authorised the issuance of the Classes of Shares set out in Schedule II.

The Eurozone Aggressive Equity Fund

The Eurozone Aggressive Equity Fund seeks to achieve capital appreciation by investing primarily in a concentrated portfolio of equities, domiciled and listed on Regulated Markets in the Member States of the EU that have adopted the Euro. At least 75 per cent. of The Eurozone Aggressive Equity Fund's net assets will be invested in issuers based in the EU, Norway and Iceland. The Fund may also invest in common stock, American depository receipts, global depository receipts, convertibles and warrants. Investments in warrants may not exceed 5 per cent. of The European Aggressive Equity Fund's net assets. In addition to pursuing a more concentrated portfolio, Money Managers may deviate from benchmark weightings. The Eurozone Aggressive Equity Fund may also invest up to a maximum of 10 per cent. of its net assets in securities traded on other Regulated Markets within the EU that have not yet adopted the Euro. The Eurozone Aggressive Equity Fund may also invest in new issues for which application for listing on a Regulated Market in one of the foregoing countries will be sought within one year of their issue. At all times at least two-thirds of the total assets of The Eurozone Aggressive Equity Fund (without taking into account ancillary liquid assets) will be invested in equities (excluding convertibles) of issuers domiciled in a country having adopted the Euro as its official currency or exercising the predominant part of their economic activity in such country. In addition, the Fund may invest up to 10 per cent. of its net assets in units or shares of open-ended collective investment schemes within the meaning of the Regulations. Investments in convertibles may not exceed 25 per cent. of The Eurozone Aggressive Equity Fund's Net Asset Value.

Investment techniques and financial derivative instruments may be used for efficient portfolio management and/or investment purposes within the limits set forth in Schedule VII as described in the section "Investment Techniques and Financial Derivative Instruments". Futures contracts will be used to hedge against market risk or gain exposure to an underlying market. Forward contracts will be used to hedge or gain exposure to an increase in the value of an asset, currency, commodity or deposit. Options will be used to hedge or achieve exposure to a particular market instead of using a physical security. Swaps (including swaptions) will be used to achieve profit as well as to hedge existing long positions. Forward foreign exchange transactions will be used to reduce the risk of adverse market changes in exchange rates or to increase exposure to foreign currencies or to shift exposure to foreign currency fluctuations from one country to another. Caps and floors will be used to hedge against interest rate movements exceeding given minimum or maximum levels. Contracts for differences will be used to gain exposure to equities. Credit derivatives will be used to isolate and transfer the exposure to or transfer the credit risk associated with a reference asset or index of reference assets.

The Directors have authorised the issuance of the Classes of Shares set out in Schedule II.

The Global Bond Fund

The Global Bond Fund's investment objective is to provide income and capital growth by investing primarily in transferable debt instruments denominated in a variety of currencies which include but are not limited to, municipal and government bonds, agency debt (being that issued by local authorities or public international bodies of which one or more governments is a member), mortgage related debt and corporate debt, that are listed, traded or dealt in

on a Regulated Market in the OECD and which may have fixed or floating interest rates.

At least two-thirds of the total assets of the Fund (without taking into account ancillary liquid assets) will be invested in transferable debt instruments worldwide. The Fund will not invest more than one third of its total assets in aggregate in bank deposits or convertible bonds and bonds with warrants attached or money market instruments (including, but not limited to, T-bills, certificates of deposit, commercial paper, bankers' acceptances and letters of credit, whose maturity or interest rate reset period does not exceed 397 days). Investments in convertible bonds and bonds with warrants attached may in aggregate not exceed 25 per cent. of the Fund's total assets. The Fund will not purchase equity securities but may hold them if they are acquired through a restructuring of a company's debt instruments that are already held by the Fund.

Investors should note that the Global Bond Fund may also invest in transferable debt instruments with non-investment grade ratings or in unrated instruments which are deemed to be of comparable quality. The Fund will not invest more than 30 per cent. of its assets in non-investment grade instruments.

The Global Bond Fund may employ investment techniques and financial derivative instruments for efficient portfolio management and/or investment purposes within the limits set forth in Schedule VII as described in the section "Investment Techniques and Financial Derivative Instruments". At any time the Fund may hold a combination of derivative instruments such as futures, forward contracts, options, swaps and swaptions, forward foreign exchange contracts, caps, floors and credit derivatives, any of which may be listed or over-the-counter. The Fund may use any of the above derivatives to (i) hedge an exposure and/or (ii) gain a positive or negative exposure to an underlying market, asset, reference rate or index, provided that the Fund may not have an indirect exposure to an instrument, issuer or currency to which it cannot have a direct exposure.

The Directors have authorised the issuance of the Classes of Shares set out in Schedule II.

The Global Credit Fund

The Global Credit Fund's investment objective is to provide income and capital growth by investing primarily in transferable debt instruments (including, but not limited to bonds, convertible bonds and contingent capital securities) denominated in a variety of currencies which include but are not limited to, corporate, agency (being that issued by local authorities or public international bodies of which one or more governments is a member) municipal, government and, mortgage related debt (including, but not limited to agency and non-agency mortgage-backed securities) that are listed, traded or dealt in on a Regulated Market in the OECD and which may have fixed or floating interest rates.

At least two-thirds of the total assets of the Fund (without taking into account ancillary liquid assets) will be invested in transferable debt instruments worldwide. The Fund will not invest more than one third of its total assets in aggregate in bank deposits and/or convertible bonds and bonds with warrants attached or money market instruments (including, but not limited to, T-bills, certificates of deposit, commercial paper, bankers' acceptances and letters of credit, whose maturity or interest rate reset period does not exceed 397 days). Investments in convertible bonds and bonds with warrants attached may in aggregate not exceed 25 per cent. of the Fund's total assets. The Fund will not purchase equity securities but may hold them if they are acquired through a restructuring of a company's debt that is already held by the Fund. The Fund may also hold derivative instruments in relation to equity indices as specified below.

The Global Credit Fund may also invest in transferable debt instruments with non-investment grade ratings or in unrated instruments which are deemed to be of comparable quality. The Fund will not invest more than 30 per cent. of its assets in non-investment grade instruments.

The Global Credit Fund may employ investment techniques and financial derivative instruments for efficient portfolio management and/or investment purposes within the limits set forth in Schedule VII as described in the section "Investment Techniques and Financial Derivative Instruments". At any time the Fund may hold a combination of derivative instruments such as futures, forward contracts, options (including put options on equity indices), swaps and swaptions, forward foreign exchange contracts, caps, floors and credit derivatives, any of which may be listed or over-the-counter. The Fund may use any of the above derivatives to (i) hedge an exposure and/or (ii) gain exposure to an underlying market, asset, reference rate or index, provided that the Fund may not have an indirect exposure to an instrument, issuer or currency to which it cannot have a direct exposure.

The Directors have authorised the issuance of the Classes of Shares set out in Schedule II.

The Global Real Estate Securities Fund

The Global Real Estate Securities Fund aims to provide investors with exposure to a diversified portfolio of listed property securities. It seeks to generate capital appreciation and income, by investing principally (meaning not less than two-thirds of the total assets of the Fund (without taking into account ancillary liquid assets) in equities of mid to large sized commercial and rental residential real estate property companies and/or property trusts (including, but not limited to, U.S. Real Estate Investment Trusts (REITs), Dutch *Fiscale Beleggingsinstelling*, Belgium *Sociétés d'investissements à capital fixe en immobilière*, French *Sociétés d'investissements immobilières cotées* and Australian Listed Property Trusts), which are listed in countries included on the FTSE, EPRA/NAREIT Global Real Estate Index. As of 31 May 2005, the countries included on the FTSE EPRA/NAREIT Global Real Estate Index are as follows: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Italy, Japan, Netherlands, New Zealand, Singapore, Spain, Sweden, Switzerland, the U.K. and the U.S. It is expected that companies listed in these countries, will invest primarily in established urban markets of North America, Europe, Asia and Australia. Investments in convertibles may not exceed 25 per cent. of The Global Real Estate Securities Fund's net assets. The Global Real Estate Securities Fund does not engage in market timing between the stock market and cash. Similarly, allocations to the major regions (North America, Europe, Asia and Australia) will tend to mirror that of the Fund's benchmark, the FTSE EPRA/NAREIT Global Real Estate Index, over time. The Global Real Estate Securities Fund may also invest in new issues for which application for listing will be sought on a Regulated Market within one year of their issue.

Investment techniques and financial derivative instruments may be used for efficient portfolio management and/or investment purposes within the limits set forth in Schedule VII as described in the section "Investment Techniques and Financial Derivative Instruments". Futures contracts will be used to hedge against market risk or gain exposure to an underlying market. Forward contracts will be used to hedge or gain exposure to an increase in the value of an asset, currency, commodity or deposit. Options will be used to hedge or achieve exposure to a particular market instead of using a physical security. Swaps (including swaptions) will be used to achieve profit as well as to hedge existing long positions. Forward foreign exchange transactions will be used to reduce the risk of adverse market changes in exchange rates or to increase exposure to foreign currencies or to shift exposure to foreign currency fluctuations from one country to another. Caps and floors will be used to hedge against interest rate movements exceeding given minimum or maximum levels. Contracts for differences will be used to gain exposure to equities. Credit derivatives will be used to isolate and transfer the exposure to or transfer the credit risk associated with a reference asset or index of reference assets.

The Directors have authorised the issuance of the Classes of Shares set out in Schedule II.

The Global Strategic Yield Fund

The Directors recommend that an investment in The Global Strategic Yield Fund should not constitute a substantial portion of an investor's portfolio. An investment in The Global Strategic Yield Fund may not be appropriate for all investors. Investors' attention is drawn to the risk factors set out in the section entitled "Risk Factors".

The Global Strategic Yield Fund's investment objective is to generate income and capital growth by investing primarily in high yield corporate and emerging market debt instruments issued by corporations and/or governments. It will seek to generate returns through investing in debt instruments with credit and sovereign risk and having fixed or floating interest rates, that are listed, traded or dealt in on a Regulated Market in the OECD, and certain non-OECD markets in Asia, Africa, the Middle East, Latin America and Europe.

The Fund will invest at least two thirds of its total assets (without taking into account ancillary liquid assets) in high yield/non-investment grade debt instruments, such as bonds, notes, commercial paper and letters of credit, (which are rated below BBB- by Standard & Poors or below Baa3 by Moodys or below BBB- by Fitch, or deemed to be of equivalent quality by the relevant Money Manager) and which are issued by corporations, governments and any of their agencies or instrumentalities. The Fund may also invest in convertibles bonds, structured products credit linked notes and preferred and common stock.

The Fund will be allowed to take positions in currencies other than Euro through the use of techniques described and within the limits set forth in Schedule VII.

The Fund may employ investment techniques and invest in financial derivative instruments for efficient portfolio management and/or investment purposes within the limits set forth in Schedule VII as described in the section “Investment Techniques and Financial Derivative Instruments”. At any time the Fund may hold a combination of derivative instruments such as futures, forward contracts, options, swaps and swaptions, forward foreign exchange contracts, caps, floors and credit derivatives, any of which may be listed or over-the-counter derivatives. The Fund may use any of the above derivatives to (i) hedge an exposure or (ii) gain exposure to an underlying market, asset, reference rate or index, provided in each case that the Fund may not have an indirect exposure to an instrument, issuer or currency to which it cannot have a direct exposure subject to the conditions and within the limits from time to time laid down by the Central Bank.

In order to protect Shareholders’ interests, the Fund will use VaR as a risk measurement technique to measure, monitor and manage risks. The Fund will use the absolute VaR approach to measure the maximum potential loss due to market risk at a given confidence level over a specified time period under prevailing market conditions. The VaR of the Fund shall not exceed 3.16 per cent. of the Net Asset Value of the Fund, based on a 1 day holding period and a “one-tailed” 95 per cent. confidence interval using a historical observation period of at least 1 year.

The Fund will monitor its use of financial derivative instruments. The level of leverage is expected to be 190 per cent. of the Fund’s Net Asset Value at any point in time. It is possible that there may be a higher leverage level of 250 per cent. of the Fund’s Net Asset Value during abnormal market conditions and, for example, at times when there is low volatility. Both the expected and higher level of leverage figures are calculated as the sum of the absolute value of notionals of the derivatives used as is required by the Regulations. This figure does not take into account any netting and hedging arrangements that the Fund has in place at any time even though these netting and hedging arrangements are used for risk reduction purposes which is why the figure is high. As these netting and hedging arrangements, if taken into account, may reduce the level of leverage, this calculation may not provide an accurate measure of the Fund’s actual leverage position. There are limitations in using VaR as a statistical measure of risk because it does not directly limit the level of leverage in the Fund and only describes the risk of loss in prevailing market conditions and would not capture future significant changes in volatility.

The Directors have authorised the issuance of the Classes of Shares set out in Schedule II.

The Japan Equity Fund

The Japan Equity Fund will seek to achieve capital appreciation by investing primarily in Japanese equity securities, including common stock, American depository receipts, global depository receipts, listed convertibles and warrants quoted on a Regulated Market in Japan. The Japan Equity Fund may also invest in new issues for which application for listing on a Regulated Market in Japan will be sought and may hold such securities of companies listed or traded on Regulated Markets worldwide that are not incorporated in Japan but which receive the majority of their total revenue from Japan. Investments in warrants may not exceed 5 per cent. of The Japan Equity Fund’s net assets. At all times, at least two-thirds of The Japan Equity Fund’s total assets (without taking into account ancillary liquid assets) will be invested in the foregoing instruments (excluding convertibles) of issuers domiciled in Japan or who receive the majority of their total revenue from Japan. The Japan Equity Fund will seek to maintain a wide diversification of investment and, therefore, will not be concentrating on any specific industry sectors but will pursue a policy of active stock selection and active sector allocation in the markets in which it operates.

The Japan Equity Fund may employ investment techniques and financial derivative instruments for efficient portfolio management and/or investment purposes within the limits set forth in Schedule VII as described in the section “Investment Techniques and Financial Derivative Instruments”. Futures contracts will be used to hedge against market risk or gain exposure to an underlying market. Forward contracts will be used to hedge or gain exposure to an increase in the value of an asset, currency, commodity or deposit. Options will be used to hedge or achieve exposure to a particular market instead of using a physical security. Swaps (including swaptions) will be used to achieve profit as well as to hedge existing long positions. Forward foreign exchange transactions will be used to reduce the risk of adverse market changes in exchange rates or to increase exposure to foreign currencies or to shift exposure to foreign currency fluctuations from one country to another. Caps and floors will be used to hedge against interest rate movements exceeding given minimum or maximum levels. Contracts for differences will be used to gain exposure to equities. Credit derivatives will be used to isolate and transfer the exposure to or transfer the credit risk associated with a reference asset or index of reference assets.

The Directors have authorised the issuance of the Classes of Shares set out in Schedule II.

The Pacific Basin Equity Fund

The Directors recommend that an investment in The Pacific Basin Equity Fund should not constitute a substantial portion of an investor's portfolio. An investment in The Pacific Basin Equity Fund may not be appropriate for all investors. Investors' attention is drawn to the risk factors set out in the section entitled "Risk Factors" below.

The Pacific Basin Equity Fund will seek to achieve capital appreciation by investing primarily in equity securities, including common stock, convertibles, American depository receipts, global depository receipts and warrants on Regulated Markets in countries in the Pacific Basin (ex Japan) region or in new issues for which application for listing on a Regulated Market in those countries will be sought. The Pacific Basin Equity Fund may hold such securities of companies listed or traded on Regulated Markets worldwide that are not incorporated in the region but which receive the majority of their total revenue from the region. In any event investments in Pakistan will not exceed 30 per cent. of the net assets of The Pacific Basin Equity Fund. Investments in warrants may not exceed 5 per cent. of The Pacific Basin Equity Fund's net assets. Investors' attention is drawn to the risk factors set out in the section entitled "Risk Factors" below. At all times, at least two-thirds of The Pacific Basin Equity Fund's total assets (without taking into account ancillary liquid assets) will be invested in the foregoing instruments (excluding convertibles) of issuers domiciled in the aforementioned region. The Pacific Basin Equity Fund will not be concentrating on any specific industry sectors but will pursue a policy of active stock selection and active country allocation in the market in which it operates. It is not proposed to invest in Japan. For the purposes of the Fund, the Pacific Basin region comprises the following countries: Australia, Bangladesh, China, Hong Kong, India, Indonesia, Korea, Malaysia, New Zealand, Pakistan, Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam.

The Pacific Basin Equity Fund may employ investment techniques and financial derivative instruments for efficient portfolio management and/or investment purposes within the limits set forth in Schedule VII as described in the section "Investment Techniques and Financial Derivative Instruments". Futures contracts will be used to hedge against market risk or gain exposure to an underlying market. Forward contracts will be used to hedge or gain exposure to an increase in the value of an asset, currency, commodity or deposit. Options will be used to hedge or achieve exposure to a particular market instead of using a physical security. Swaps (including swaptions) will be used to achieve profit as well as to hedge existing long positions. Forward foreign exchange transactions will be used to reduce the risk of adverse market changes in exchange rates or to increase exposure to foreign currencies or to shift exposure to foreign currency fluctuations from one country to another. Caps and floors will be used to hedge against interest rate movements exceeding given minimum or maximum levels. Contracts for differences will be used to gain exposure to equities. Credit derivatives will be used to isolate and transfer the exposure to or transfer the credit risk associated with a reference asset or index of reference assets.

The Directors have authorised the issuance of the Classes of Shares set out in Schedule II.

The Sterling Bond Fund

The Sterling Bond Fund's investment objective is to provide capital appreciation by investing primarily in Sterling denominated debt instruments which include but are not limited to, municipal and government bonds, agency debt (being that issued by local authorities or public international bodies of which one or more governments is a member), mortgage related debt and corporate debt that are listed, traded or dealt in on a Regulated Market in the OECD and which may have fixed or floating interest rates.

At least two-thirds of the total assets of the Fund (without taking into account ancillary liquid assets) will be invested in transferable debt instruments denominated in Sterling.

The Fund will not invest more than one third of its total assets in aggregate in bank deposits or convertible bonds and bonds with warrants attached or money market instruments (including, but not limited to, T-bills, certificates of deposit, commercial paper, bankers' acceptances and letters of credit, whose maturity or interest rate reset period does not exceed 397 days). Investments in convertible bonds and bonds with warrants attached may in aggregate not exceed 25 per cent. of the Fund's total assets. The Fund will not purchase equity securities but may hold them if they are acquired through a restructuring of a company's debt instruments that are already held by the Fund.

Investors should note that the Sterling Bond Fund may also invest in transferable debt instruments with non-investment grade ratings or in unrated instruments which are deemed to be of comparable quality. The Fund will not

invest more than 30 per cent. of its assets in non-investment grade instruments.

The Sterling Bond Fund will be allowed to take positions in currencies other than Sterling through the use of techniques described and within the limits set forth in Schedule VII. The Sterling Bond Fund's currency exposure to Sterling will range between 75 and 125 per cent. of the Fund's net assets, leveraging through investment in financial derivative instruments.

Derivatives may be used for efficient portfolio management and/or investment purposes as described in the section "Investment Techniques and Financial Derivative Instruments" in accordance within the limits set forth in Schedule VII. At any time the Fund may hold a combination of derivative instruments such as futures, forward contracts, options, swaps and swaptions, forward foreign exchange contracts, caps, floors and credit derivatives, any of which may be listed or over-the-counter. The Fund may use any of the above derivatives to (i) hedge an exposure and/or (ii) gain a positive or negative exposure to an underlying market, asset, reference rate or index, provided that the Fund may not have an indirect exposure to an instrument, issuer or currency to which it cannot have a direct exposure.

The Directors have authorised the issuance of the Classes of Shares set out in Schedule II.

The Sterling Corporate Bond Fund

The Sterling Corporate Bond Fund's investment objective is to provide income and capital appreciation by investing primarily in Sterling denominated non-government debt instruments that are listed, traded or dealt in on a Regulated Market in the OECD and which may have fixed or floating interest rates.

At least two-thirds of the total assets of the Fund (without taking into account ancillary liquid assets) will be invested in transferable debt instruments denominated in Sterling of non-governmental issuers. The Fund will not invest more than one third of its total assets in aggregate in bank deposits or convertible bonds and bonds with warrants attached or money market instruments (including, but not limited to, T-bills, certificates of deposit, commercial paper, bankers' acceptances and letters of credit, whose maturity or interest rate reset period does not exceed 397 days). Investments in convertible bonds and bonds with warrants attached may in aggregate not exceed 25 per cent. of the Fund's total assets. The Fund will not purchase equity securities but may hold them if they are acquired through a restructuring of a company's debt instruments that are already held by the Fund.

Investors should note that the Sterling Corporate Bond Fund may also invest in transferable debt instruments with non-investment grade ratings or in unrated instruments which are deemed to be of comparable quality. The Fund will not invest more than 30 per cent. of its assets in non-investment grade instruments.

The Sterling Corporate Bond Fund will be allowed to take positions in currencies other than Sterling through the use of techniques described and within the limits set forth in Schedule VII. The Sterling Corporate Bond Fund's currency exposure to Sterling will range between 75 and 125 per cent. of the Fund's net assets, leveraging through investment in financial derivative instruments.

Derivatives may be used for efficient portfolio management and/or investment purposes as described in the section "Investment Techniques and Financial Derivative Instruments" in accordance within the limits and subject to the conditions set forth in Schedule VII. At any time the Fund may hold a combination of derivative instruments such as futures, forward contracts, options, swaps and swaptions, forward foreign exchange contracts, caps, floors and credit derivatives, any of which may be listed or over-the-counter. The Fund may use any of the above derivatives to (i) hedge an exposure and/or (ii) gain a positive or negative exposure to an underlying market, asset, reference rate or index, provided that the Fund may not have an indirect exposure to an instrument, issuer or currency to which it cannot have a direct exposure.

The Directors have authorised the issuance of the Classes of Shares set out in Schedule II.

The U.K. Equity Fund

The U.K. Equity Fund will seek to achieve capital appreciation by investing primarily in U.K. equity securities, including common stock, convertibles, American depository receipts, global depository receipts and warrants listed on Regulated Markets in the U.K. The U.K. Equity Fund may also hold such securities of companies listed or traded on Regulated Markets worldwide that are not incorporated, listed or traded in the U.K. but which receive the majority of their total revenue from the U.K. Investments in warrants may not exceed 5 per cent. of The U.K. Equity

Fund's net assets. The U.K. Equity Fund may also invest in new issues for which application for listing on a Regulated Market will be sought. The U.K. Equity Fund will be highly diversified and therefore will not be concentrating on any specific industry sectors but will pursue a policy of active stock selection.

At all times, at least 75 per cent. of The U.K. Equity Fund's total assets (without taking into account ancillary liquid assets) will be invested in the foregoing instruments (excluding convertibles) of issuers domiciled in the U.K.

The U.K. Equity Fund may employ investment techniques and financial derivative instruments for efficient portfolio management and/or investment purposes within the limits set forth in Schedule VII as described in the section "Investment Techniques and Financial Derivative Instruments". Futures contracts will be used to hedge against market risk or gain exposure to an underlying market. Forward contracts will be used to hedge or gain exposure to an increase in the value of an asset, currency, commodity or deposit. Options will be used to hedge or achieve exposure to a particular market instead of using a physical security. Swaps (including swaptions) will be used to achieve profit as well as to hedge existing long positions. Forward foreign exchange transactions will be used to reduce the risk of adverse market changes in exchange rates or to increase exposure to foreign currencies or to shift exposure to foreign currency fluctuations from one country to another. Caps and floors will be used to hedge against interest rate movements exceeding given minimum or maximum levels. Contracts for differences will be used to gain exposure to equities. Credit derivatives will be used to isolate and transfer the exposure to or transfer the credit risk associated with a reference asset or index of reference assets.

The Directors have authorised the issuance of the Classes of Shares set out in Schedule II.

The U.K. Index Linked Fund

The U.K. Index Linked Fund's investment objective is to preserve capital and to generate current income adjusted for U.K. inflation by investing in transferable instruments contained in the FTSE-A Government Index Linked All Stocks Index.

The U.K. Index Linked Fund will replicate as closely as possible the composition and return pattern of the FTSE-A Government Index Linked All Stocks Index by passively investing principally in the transferable instruments comprising that index on an index weighted basis. The FTSE-A Government Index Linked All Stocks Index comprises British government index linked instruments. An index linked security is one where the coupons and redemption proceeds are linked to inflation.

The U.K. Index Linked Fund may employ investment techniques and financial derivative instruments for efficient portfolio management within the limits set forth in Schedule VII as described in the section "Investment Techniques and Financial Derivative Instruments". Futures contracts will be used to hedge against market risk or gain exposure to an underlying market. Forward contracts will be used to hedge or gain exposure to an increase in the value of an asset, currency, commodity or deposit. Options will be used to hedge or achieve exposure to a particular market instead of using a physical security. Swaps (including swaptions) will be used to achieve profit as well as to hedge existing long positions.

The Directors have authorised the issuance of the Classes of Shares set out in Schedule II.

The U.K. Long Dated Gilt Fund

The U.K. Long Dated Gilt Fund's investment objective is to preserve capital and to generate income by investing in long dated U.K. government transferable debt instruments denominated in Sterling. The U.K. Long Dated Gilt Fund will attempt to replicate as closely as possible the composition and return pattern of the FTSE Actuaries Government Securities U.K. Gilts Over 15 Years Index, which is an index of fixed interest Sterling denominated British government transferable debt instruments, measured over at least a three year period.

The U.K. Long Dated Gilt Fund may employ investment techniques and financial derivative instruments for efficient portfolio management within the limits set forth in Schedule VII as described in the section "Investment Techniques and Financial Derivative Instruments". Futures contracts will be used to hedge against market risk or gain exposure to an underlying market. Forward contracts will be used to hedge or gain exposure to an increase in the value of an asset, currency, commodity or deposit. Options will be used to hedge or achieve exposure to a particular market instead of using a physical security. Swaps (including swaptions) will be used to achieve profit as well as to hedge existing long positions.

The Directors have authorised the issuance of the Classes of Shares set out in Schedule II.

The U.S. Bond Fund

The U.S. Bond Fund's investment objective is to provide income and capital growth by investing primarily in U.S. Dollar, denominated transferable debt instruments which include but are not limited to, municipal and government bonds, agency debt (being that issued by local authorities or public international bodies of which one or more governments is a member), mortgage related debt and corporate debt that are listed, traded or dealt in on a Regulated Market in the OECD and which may have fixed or floating interest rates.

At least two-thirds of the total assets of the Fund (without taking into account ancillary liquid assets) will be invested in transferable debt instruments of issuers domiciled or exercising the predominant part of their economic activity in the U.S. The Fund will not invest more than one third of its total assets in aggregate in bank deposits or convertible bonds and bonds with warrants attached or money market instruments (including, but not limited to, T-bills, certificates of deposit, commercial paper, bankers' acceptances and letters of credit, whose maturity or interest rate reset period does not exceed 397 days). Investments in convertible bonds and bonds with warrants attached may in aggregate not exceed 25 per cent. of the Fund's total assets. The Fund will not purchase equity securities but may hold them if they are acquired through a restructuring of a company's debt instruments that are already held by the Fund.

Investors should note that the U.S. Bond Fund may also invest in transferable debt with non-investment grade ratings or in unrated instruments which are deemed to be of comparable quality. The Fund will not invest more than 30 per cent. of its assets in non-investment grade instruments.

The U.S. Bond Fund will be allowed to take positions in currencies other than U.S. Dollars through the use of techniques described and within the limits set forth in Schedule VII. The U.S. Bond Fund's currency exposure to U.S. Dollars will range between 75 and 125 per cent. of the Fund's net assets, leveraging through investment in financial derivative instruments.

The U.S. Bond Fund may employ investment techniques and financial derivative instruments for efficient portfolio management and/or investment purposes within the limits set forth in Schedule VII as described in the section "Investment Techniques and Financial Derivative Instruments". At any time the Fund may hold a combination of derivative instruments such as futures, forward contracts, options, swaps and swaptions, forward foreign exchange contracts, caps, floors and credit derivatives, any of which may be listed or over-the-counter. The Fund may use any of the above derivatives to (i) hedge an exposure, (ii) gain a positive or negative exposure to an underlying market, asset, reference rate or index, provided that the Fund may not have an indirect exposure to an instrument, issuer or currency to which it cannot have a direct exposure.

The Directors have authorised the issuance of the Classes of Shares set out in Schedule II.

The U.S. Equity Fund

The U.S. Equity Fund will seek to achieve capital appreciation by investing primarily in U.S. equity securities, including common stock, convertibles, American depository receipts, global depository receipts and warrants listed on a Regulated Market in the U.S. The U.S. Equity Fund may invest in new issues for which application for listing on a Regulated Market will be sought. The U.S. Equity Fund may hold such securities of companies listed or traded on Regulated Markets worldwide that are not incorporated, listed or traded in the U.S., but which receive the majority of their total revenue from the U.S. Investments in warrants may not exceed 5 per cent. of The U.S. Equity Fund's net assets. At all times, at least two-thirds of The U.S. Equity Fund's total assets (without taking into account ancillary liquid assets) will be invested in the foregoing instruments (excluding convertibles) of issuers domiciled in the U.S. The U.S. Equity Fund will be highly diversified and, therefore, will not be concentrating on any specific industry sectors but will pursue a policy of active stock selection in the markets in which it operates.

The U.S. Equity Fund may employ investment techniques and financial derivative instruments for efficient portfolio management and/or investment purposes within the limits set forth in Schedule VII as described in the section "Investment Techniques and Financial Derivative Instruments". Futures contracts will be used to hedge against market risk or gain exposure to an underlying market. Forward contracts will be used to hedge or gain exposure to an increase in the value of an asset, currency, commodity or deposit. Options will be used to hedge or achieve exposure

to a particular market instead of using a physical security. Swaps (including swaptions) will be used to achieve profit as well as to hedge existing long positions. Forward foreign exchange transactions will be used to reduce the risk of adverse market changes in exchange rates or to increase exposure to foreign currencies or to shift exposure to foreign currency fluctuations from one country to another. Caps and floors will be used to hedge against interest rate movements exceeding given minimum or maximum levels. Contracts for differences will be used to gain exposure to equities. Credit derivatives will be used to isolate and transfer the exposure to or transfer the credit risk associated with a reference asset or index of reference assets.

The Directors have authorised the issuance of the Classes of Shares set out in Schedule II.

The U.S. Small Cap Equity Fund

The Directors recommend that an investment in The U.S. Small Cap Equity Fund should not constitute a substantial proportion of an investor's portfolio. Investors' attention is drawn to the risk factors set out in the section entitled "Risk Factors" below.

The U.S. Small Cap Equity Fund's investment objective is to achieve capital appreciation by investing in U.S. equity securities, primarily in a portfolio of U.S. companies within the Russell 2500 Index. U.S. equity securities include common stock, American depository receipts, global depository receipts, convertibles and warrants listed on a Regulated Market in the U.S. Investments in small to medium sized companies may involve greater risk because these companies generally have a limited track record and often experience higher price volatility. The U.S. Small Cap Equity Fund may invest in new issues which will be listed on a Regulated Market. At all times, at least two-thirds of The U.S. Small Cap Equity Fund's total assets (without taking into account ancillary liquid assets) will be invested in the foregoing instruments (excluding convertibles) of smaller capitalised issuers domiciled or exercising the predominant part of their economic activity in the U.S. Investments in warrants may not exceed 5 per cent. of The U.S. Small Cap Equity Fund's net assets. For the purposes of the Fund smaller capitalized issuers are to be defined as companies not exceeding the maximum market capitalization of the companies contained in the Russell 2000 Index.

The U.S. Small Cap Equity Fund may employ investment techniques and financial derivative instruments for efficient portfolio management and/or investment purposes within the limits set forth in Schedule VII as described in the section "Investment Techniques and Financial Derivative Instruments". Futures contracts will be used to hedge against market risk or gain exposure to an underlying market. Forward contracts will be used to hedge or gain exposure to an increase in the value of an asset, currency, commodity or deposit. Options will be used to hedge or achieve exposure to a particular market instead of using a physical security. Swaps (including swaptions) will be used to achieve profit as well as to hedge existing long positions. Forward foreign exchange transactions will be used to reduce the risk of adverse market changes in exchange rates or to increase exposure to foreign currencies or to shift exposure to foreign currency fluctuations from one country to another. Caps and floors will be used to hedge against interest rate movements exceeding given minimum or maximum levels. Contracts for differences will be used to gain exposure to equities. Credit derivatives will be used to isolate and transfer the exposure to or transfer the credit risk associated with a reference asset or index of reference assets.

The Directors have authorised the issuance of the Classes of Shares set out in Schedule II.

The World Equity Fund II

The World Equity Fund II will seek to achieve capital appreciation by investing predominantly in equity securities, including common stock, convertibles and warrants, listed, traded or dealt in on any Regulated Market worldwide. At all times, at least two-thirds of the total assets of the Fund (without taking into account ancillary liquid assets) will be invested in the foregoing instruments (excluding convertibles). The World Equity Fund II may seek to achieve its investment objective by investing in derivative instruments that have as their underlying exposure the foregoing (e.g. swaps and contracts for differences) and may implement bought (long) and synthetic short (sold) positions through the use of derivatives. The World Equity Fund II may also invest in new issues for which application for listing on a Regulated Market will be sought in accordance with Section 2.2 of Schedule VI entitled "Investment Restrictions". The World Equity Fund II may also invest no more than 20 per cent. of its net assets in the equity securities of companies whose securities are listed, traded or dealt in on any Regulated Market in the Emerging Markets. The World Equity Fund II will not be concentrating on any specific markets or industry sectors but will pursue a policy of active stock, sector and country allocation on the Regulated Markets in which it invests. The World Equity Fund II may invest up to 10 per cent. of its net assets in collective investment schemes within the meaning of Regulation 68(1)(e) of the Regulations.

The World Equity Fund II may employ investment techniques and financial derivative instruments for efficient portfolio management and/or investment purposes within the limits set forth in Schedule VII as described in the section “Investment Techniques and Financial Derivative Instruments”. For efficient portfolio management purposes, The World Equity Fund II may engage in currency hedging transactions to hedge against exchange rate risk. The World Equity Fund II will carry out spot foreign exchange transactions. Futures contracts will be used to hedge against market risk or gain exposure to an underlying market. Forward contracts will be used to hedge or gain exposure to an increase in the value of an asset, currency, commodity or deposit. Options will be used to hedge or achieve long or short exposure to particular markets or securities instead of using a physical security. Swaps (including swaptions) will be used to achieve profit by gaining long or short exposure to markets or securities as well as to hedge existing long positions. Forward foreign exchange transactions will be used to reduce the risk of adverse market changes in exchange rates or to increase exposure to foreign currencies or to shift exposure to foreign currency fluctuations from one country to another. Caps and floors will be used to hedge against interest rate movements exceeding given minimum or maximum levels. Contracts for differences will be used to gain long or short exposure to equities. Credit derivatives will be used to isolate and transfer the exposure to or transfer the credit risk associated with a reference asset or index of reference assets but will not be used until the Company’s financial derivative instruments risk assessment plan has been amended to describe risk management methods for credit derivatives and cleared by the Central Bank.

Investments in convertibles may not exceed 25 per cent. of net assets of The World Equity Fund II. Investments in warrants may not exceed 5 per cent. of net assets of The World Equity Fund II and warrants may be purchased only if it is reasonably foreseeable that the right to subscribe conferred by the warrants could be exercised without contravening the Regulations.

The Directors have authorised the issuance of the Classes of Shares set out in Schedule II.

General

Unless specifically otherwise stated in a Fund’s investment objectives and policies, no Fund may invest more than 10 per cent. of its net assets in units or shares of open-ended collective investment schemes within the meaning of Regulation 68(1)(e) of the Regulations. The Manager will not charge fees or attribute costs to the Company which relate to the purchase or sale of units or shares, as the case may be, in related schemes including all commissions that may entail transactional fees such as subscription, conversion or redemption fees and direct management fees, consultancy commissions and trail commissions. However, each Fund may invest its surplus cash in any one or more money market sub-funds of the Company or Russell Investment Company III plc (“**RIC III**”) in order to maximise the returns available on its cash. The Manager of the Company is also the manager of RIC III. The Manager may charge a management fee for the management of the Company’s surplus cash invested in RIC III’s sub-funds to the extent of the management fee disclosed in the RIC III prospectus, but shall not charge a management fee for the management of the Company’s surplus cash invested in money market sub-funds of the Company.

Subject to the provisions of the Companies Acts 1963 to 2009 and the conditions from time to time laid down by the Central Bank, each Fund may also cross invest in other funds of the Company provided that investment may not be made in a fund of the Company that itself holds shares in other funds of the Company and the investing fund may not charge an annual management fee in respect of that portion of its assets invested in other funds of the Company. No subscription, conversion or redemption fees will be payable in respect of such cross investment.

Under the terms of the Custodian and Trusteeship Agreement, the Custodian and Trustee will be required, when exercising voting rights in respect of any securities, to vote with incumbent management unless otherwise directed by the Manager.

For the purpose of performance enhancement and efficient portfolio management, the Funds may use forward foreign exchange contracts. Each Fund may enter into forward foreign exchange contracts to alter the currency exposure of securities held, to hedge against exchange risks, to increase exposure to a currency, to shift exposure to currency fluctuations from one currency to another. Forward foreign exchange contracts must be used within the limits set forth in Schedule VII and in accordance with the investment objective of the Funds subject to the requirements set out under the section entitled “Investment Techniques and Financial Derivative Instruments”. Details of foreign exchange transaction risk are set out in the section of this document entitled “Risk Factors”. All of the Funds may engage in stocklending for efficient portfolio management purposes at the direction of the Manager within the limits set forth in Schedule VII.

Money Managers and Investment Advisers

Most of the Funds are managed by one or more Money Managers appointed by the Manager. In some cases the Manager or its affiliates may also manage a portion of a Fund's assets directly. Information concerning the Money Managers will be provided by the Manager, free of charge, upon a Shareholder's request. Information concerning the Money Managers is also contained in the Company's latest annual and half-yearly reports. The Manager will monitor each Fund's characteristics in detail with the Money Manager(s) at least quarterly and in some cases monthly.

A different implementation strategy from the usual multi-manager approach has been adopted for the U.K. Equity Fund. For this Fund the Investment Manager will appoint one or more Investment Advisers who have expertise in the relevant sector and/or asset class. The optimal stock views from those Investment Advisers will be aggregated by the Investment Manager and trades will be effected by the Investment Manager (or its affiliate) on a periodic basis (probably twice monthly) with a view to improving trading efficiency, managing portfolio risk better and reducing potential transactions costs in respect of the Fund's investments.

Adherence to Investment Objectives and/or Policies

Any change in the investment objectives and/or a material change to the investment policies of a Fund will be subject to the approval of the Shareholders of the Fund by ordinary resolution. In the event of a change in the investment objectives and policies of a Fund a reasonable notification period will be provided by the Company to the Shareholders of that Fund to enable those Shareholders to redeem their Shares prior to the implementation of such changes.

Investment Restrictions

Each of the Funds' investments will be limited to investments permitted by the Regulations. The limits on investments shall apply at the time of the purchase of the investments. If the limits referred to in Schedule VI are exceeded for reasons beyond the control of the Manager, or as a result of the exercise of subscription rights, the Manager shall ensure that the Company will adopt as a priority objective for its sales transactions the remedying of that situation taking due account of the interests of Shareholders. Each Fund is also subject to the relevant investment policies stated above and in the case of a conflict between such policies and the Regulations the more restrictive limitation shall apply.

If the Regulations are altered during the term of a Fund, the investment restrictions may be changed to take account of any such alterations and Shareholders will be advised of such changes in the next succeeding annual or half-yearly report of the Company.

Borrowings

The Company may not borrow money, grant loans or act as guarantor on behalf of third parties, except as follows:

- (i) foreign currency may be acquired by means of a back-to-back loan; and
- (ii) borrowings not exceeding 10 per cent. of the assets of the Company may be made on a temporary basis.

The Company may not sell any of its investments when such investments are not in the Company's ownership.

The Funds will engage in leverage to the extent permitted by Schedule VII and as described in the section "Investment Techniques and Financial Derivative Instruments" subject to the restrictions set out in the "Investment Objectives and Policies" section for each Fund.

Investment Techniques and Financial Derivative Instruments

Each of the Funds may employ investment techniques and financial derivative instruments for efficient portfolio management and/or investment purposes subject to the conditions and within the limits from time to time set forth in Schedule VII. New techniques and financial derivative instruments may be developed which may be suitable for use by a Fund in the future and a Fund may employ such techniques and financial derivative instruments within the limits from time to time set forth in Schedule VII. Each Fund shall only employ investment techniques and financial

derivative instruments for efficient portfolio management and/or investment purposes to the extent that such investment techniques and financial derivative instruments are consistent with the Fund's investment objective and policies. Details of the risks associated with derivative instruments, futures and options are set out in the section entitled "Risk Factors" below. The Company employs a risk management process which enables it to accurately measure, monitor and manage the various risks associated with such investment techniques and financial derivative instruments. The Company shall supply to a Shareholder on request supplementary information in relation to the quantitative risk management limits applied by it, the risk management methods used by it and any recent developments in the risks and yields characteristics for the main categories of investment. The Company's Short-Term Money Market Funds may only use financial derivative instruments which give rise to exposure to foreign exchange for hedging purposes to cover the exposure of such Funds' investments denominated in currencies other than their Base Currency. The Company may also enter into stocklending arrangements and repurchase agreements subject to the restrictions set forth in Schedule VII.

A list of the Regulated Markets on which the financial derivative instruments may be quoted or traded is set out in Schedule I. A description of the current conditions and limits laid down by the Central Bank in relation to financial derivative instruments is set out in Schedule VII. The following is a description of the types of financial derivative instruments which may be used by the Funds:

Futures: Futures are contracts to buy or sell a standard quantity of a specific asset (or, in some cases, receive or pay cash based on the performance of an underlying asset, instrument or index) at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange. Futures contracts allow investors to hedge against market risk or gain exposure to the underlying market. Since these contracts are marked-to-market daily, investors can, by closing out their position, exit from their obligation to buy or sell the underlying assets prior to the contract's delivery date. Futures may also be used to equitise cash balances, both pending investment of a cash flow and with respect to fixed cash targets. Frequently, using futures to achieve a particular strategy instead of using the underlying or related security or index results in lower transaction costs being incurred.

Forwards: A forward contract locks-in the price an index or asset may be purchased or sold on a future date. In currency forward contracts, the contract holders are obligated to buy or sell the currency at a specified price, at a specified quantity and on a specified future date, whereas an interest rate forward determines an interest rate to be paid or received on an obligation beginning at a start date sometime in the future. Forward contracts may be cash settled between the parties. These contracts cannot be transferred. The Funds' use of forward foreign exchange contracts may include, but is not be limited to, altering the currency exposure of securities held, hedging against exchange risks, increasing exposure to a currency, and shifting exposure to currency fluctuations from one currency to another.

Options: There are two forms of options, put and call options. Put options are contracts sold for a premium that gives one party (the buyer) the right, but not the obligation, to sell to the other party (the seller) of the contract, a specific quantity of a particular product or financial instrument at a specified price. Call options are similar contracts sold for a premium that gives the buyer the right, but not the obligation, to buy from the seller of the option. Options may also be cash settled. A Fund may be a seller or buyer of put and call options.

Swaps: A standard swap is an agreement between two counterparties in which the cash flows from two assets are exchanged as they are received for a fixed time period, with the terms initially set so that the present value of the swap is zero. The Funds may enter into swaps, including, but not limited to, equity swaps, swaptions, interest rate swaps or currency swaps and other derivative instruments both as independent profit opportunities and to hedge existing long positions. Swaps may extend over substantial periods of time, and typically call for the making of payments on a periodic basis. Swaptions are contracts whereby one party receives a fee in return for agreeing to enter into a forward swap at a predetermined fixed rate if some contingency event occurs (normally where future rates are set in relation to a fixed benchmark). Interest rate swaps involve the exchange by a Fund with another party of their respective commitments to make or receive interest payments (e.g. an exchange of fixed rate payments for floating rate payments). On each payment date under an interest rate swap, the net payments owed by each party, and only the net amount, is paid by one party to the other. Currency swaps are agreements between two parties to exchange future payments in one currency for payments in another currency. These agreements are used to transform the currency denomination of assets and liabilities. Unlike interest rate swaps, currency swaps must include an exchange of principal at maturity.

Spot foreign exchange transactions: The Funds may enter into spot foreign exchange transactions which involve the purchase of one currency with another, a fixed amount of the first currency being paid to receive a fixed amount

of the second currency. “Spot” settlement means that delivery of the currency amounts normally takes place two business days in both relevant centres after the trade is executed.

Caps and floors: The Funds may enter into caps and floors which are agreements under which the seller agrees to compensate the buyer if interest rates rise above a pre-agreed strike rate on pre-agreed dates during the life of the agreement. In return the buyer pays the seller a premium up front. A floor is similar to a cap except that the seller compensates the buyer if interest rates fall below a pre-agreed strike rate on pre-agreed dates during the life of the agreement. As with a cap, the buyer pays the seller a premium up front.

Contracts for differences: The Funds may enter into contracts for differences which allow a direct exposure to the market, a sector or an individual security. Unlike a forward contract, there is no final maturity, the position being closed out at the discretion of the position taker. Contracts for differences (“CFD”) are used to gain exposure to share price movements without buying the shares themselves. A CFD on a company’s shares will specify the price of the shares when the contract was started. The contract is an agreement to pay out cash on the difference between the starting share price and when the contract is closed.

Credit derivatives: The Funds may enter into credit derivatives to isolate and transfer the credit risk associated with a particular reference asset. Credit default swaps provide a measure of protection against defaults of debt issuers. The Funds’ use of credit default swaps does not assure their use will be effective or will have the desired result. A Fund may either be the buyer or seller in a credit default swap transaction. Credit default swaps are transactions under which the parties’ obligations depend on whether a credit event has occurred in relation to the reference asset. The credit events are specified in the contract and are intended to identify the occurrence of a significant deterioration in the creditworthiness of the reference asset. On settlement, credit default products may be cash settled or involve the physical delivery of an obligation of the reference entity following a default. The buyer in a credit default swap contract is obligated to pay the seller a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference asset has occurred. If a credit event occurs, the seller must pay the buyer the full notional value of the reference asset that may have little or no value. If the Fund is a buyer and no credit event occurs the Fund’s losses will be limited to the periodic stream of payments over the term of the contract. As a seller, the Funds will receive a fixed rate of income throughout the term of the contract, provided that there is no credit event. If a credit event occurs, the seller must pay the buyer the full notional value of the reference obligation.

Risk Factors

The following are the principal risks which may affect the Funds but the list does not purport to be exhaustive:

Investment Risks

Past performance is not necessarily a guide to the future. The price of Shares and the income from them may fall as well as rise and an investor may not recover the full amount invested. There can be no assurance that any Fund will achieve its investment objective or that a Shareholder will recover the full amount invested in a Fund. The capital return and income of each Fund are based on the capital appreciation and income on the securities it holds, less expenses incurred. Therefore, each Fund’s return may be expected to fluctuate in response to changes in such capital appreciation or income.

An investment in The Global Real Estate Securities Fund is subject to the principal risks of investing in equity securities, particularly in securities of companies concentrated in the real estate market. The value of equity securities will rise and fall in response to the activities of the company that issued them, general market conditions and/or economic conditions. Real estate securities are also subject to the risks associated with direct ownership of real estate, such as declines in the value of real estate, changes in economic and real estate market conditions, increases in property taxes or other operating expenses and changes in tax laws and interest rates.

Furthermore, the ability to trade REITs in the secondary market can be more limited than in other stocks.

Equity Risks

Prices of equities fluctuate daily dependent on market conditions. Markets can be influenced by a series of factors such as political and economic news, corporate earnings reports, demographic trends, catastrophic events and wider market expectations. It is worth noting that the value of equities can fall as well as rise and investors into equities funds may not get back the amount that was originally invested. Potentially a Fund investing in equities could incur significant losses.

Default and liquidity risk of below investment grade debt securities

Below investment grade debt securities are speculative and involve a greater risk of default and price changes due to changes in the issuer's creditworthiness. The market prices of these debt securities fluctuate more than investment grade debt securities and may decline significantly in periods of general economic difficulty. The market for such securities may not be liquid at all times. In a relatively illiquid market a Fund may not be able to acquire or dispose of such securities quickly and as such a Fund may experience adverse price movements upon liquidation of its investments. Settlement of transactions may be subject to delay and administrative uncertainties.

Political Risks

The value of the Company's assets may be affected by uncertainties such as political developments, changes in government policies, taxation, currency repatriation restrictions and restrictions on foreign investment in some of the countries in which the Company may invest.

Currency Risks

The investments of some Funds may be acquired in a wide range of currencies and changes in exchange rates between currencies may cause the value of an investment in such Funds to fluctuate. The Company may use hedging, cross-hedging and other techniques and instruments in such Funds within the limits laid down, from time to time, by the Central Bank.

A Fund may issue Classes where the Class Currency is different to the Base Currency of the relevant Fund. In addition, a Fund may invest in assets that are denominated in a currency other than the Base Currency of that Fund. Accordingly, the value of a Shareholder's investment may be affected favourably or unfavourably by fluctuations in the rates of the different currencies. The Company may create hedged currency Classes to hedge the resulting currency exposure back into the Class Currency of the relevant Class. In addition, the Company may hedge the currency exposure due to investing in assets denominated in a currency other than the Fund's Base Currency. In such cases the relevant Class Currency of the Share Class may be hedged so that the resulting currency exposure will not exceed 105 per cent. of the Net Asset Value of the Class provided that if this limit is exceeded the Company shall adopt as a priority objective the managing back of the leverage to within the limit taking due account of the interests of the Shareholders and provided further that the positions will be reviewed on a monthly basis and any over or under hedged positions will not be carried forward. The costs and gains or losses associated with any hedging transactions for hedged currency Classes will accrue solely to the hedged currency Class to which they relate. Where hedged currency Classes have been created the Manager will use instruments such as forward currency contracts to hedge the currency exposures implied by the Fund's relevant or appropriate benchmark to the Class Currency of the relevant Share Class. Whilst these hedging strategies are designed to reduce the losses to a Shareholder's investment if the Class Currency of that Class or the currencies of assets which are denominated in currencies other than the Fund's Base Currency fall against that of the Base Currency of the relevant Fund and/or the currencies of the relevant or appropriate benchmark, the use of Class hedging strategies may substantially limit holders of Shares in the relevant Class from benefiting if the Class Currency of that Class rises against that of the Base Currency of the relevant Fund and/or the currency in which the assets of the relevant Fund are denominated and/or the currencies of the relevant or appropriate benchmark. The same applies where the currency exposure due to holding non-Base Currency investments is carried out by a Fund.

Foreign Exchange Transaction Risk

The Funds may use foreign exchange contracts to alter the currency exposure characteristics of transferable securities they hold. Consequently there is a possibility that the performance of a Fund may be strongly influenced by movements in foreign exchange rates because the currency position held by the Fund may not correspond with the securities position.

Counterparty and Settlement Risks

The Company will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.

Custody Risks

As the Company may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the Company which are traded in such markets and which have been entrusted to sub-custodians in circumstances where the use of sub-custodians is necessary may be exposed to risk in circumstances where the Custodian and Trustee will have no liability.

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 as at the date of this Prospectus, the Company comprises of 40 funds. This Prospectus relates to 17 of the 40 funds. Two separate prospectuses have been issued in respect of the other funds. 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

Risks associated with Financial Derivative Instruments

While the prudent use of financial derivative instruments (“**FDI**”) can be beneficial, FDIs also involve risks different from, and in certain cases greater than, the risks presented by more traditional investments. Each Fund may enter transactions in OTC markets that expose it to the credit of its counterparties and their ability to satisfy the terms of such contracts. Where the Funds enter into credit default swaps and other swap arrangements and derivative techniques, they will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Funds could experience delays in liquidating the position and may incur a significant losses. There is also a possibility that ongoing derivative transactions will be terminated unexpectedly as a result of events outside the control of the Company, for instance, bankruptcy, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated.

Since many FDIs have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain FDIs have the potential for unlimited loss regardless of the size of the initial investment. If there is a default by the other party to any such transaction, there will be contractual remedies; however, exercising such contractual rights may involve delays or costs which could result in the value of the total assets of the related portfolio being less than if the transaction had not been entered. The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilising standardised swap documentation. As a result, the swap market has become liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap. Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, the Company’s use of derivative techniques may not always be an effective means of, and sometimes could be counter-productive to, the Company’s investment objective. An adverse price movement in a derivative position may require cash payments of variation margin by the Company that might in turn require, if there is insufficient cash available in the portfolio, the sale of the Company’s investments under disadvantageous conditions. Also, there are legal risks involved in using FDIs which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly.

Risks associated with Futures and Options

The Funds may from time to time use both exchange-traded and over the counter futures and options as part of its investment policy or for hedging purposes. These instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a futures position permit a high degree of leverage. As a result, a relatively small movement in the price of a futures contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further loss exceeding any margin deposited. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged. Transactions in OTC derivatives may involve additional risk as there is no exchange or market on which to close out an open position. It may be impossible to liquidate an existing position, to assess or value a position or to assess the exposure to risk.

Risks associated with investment in other collective investment schemes

Each Fund may invest in one or more collective investment schemes including schemes managed by the Manager and/or affiliates of the Manager. Non-Irish domiciled collective investment schemes may not provide a level of investor protection equivalent to that provided by collective investment schemes authorised by the Central Bank. As a shareholder of another collective investment scheme, a Fund would bear, along with other shareholders, its *pro rata* portion of the expenses of the other collective investment scheme, including management and/or other fees. These fees would be in addition to the management fees and other expenses which a Fund bears directly in connection with its own operations.

Emerging Market risk

A portion of the assets of a Fund, particularly The Emerging Markets Equity Fund, The Global Bond Fund, The Global Strategic Yield Fund and The World Equity Fund II, may be invested in Emerging Markets. The risks involved in Emerging Market investment are likely to exceed the risks of investment in more mature markets. This higher degree of risk may be associated with: the adverse effect on investment sentiment which could result from military conflict, civil commotion, nationalisation of foreign-held assets or other unfavourable political developments such as indirect expropriation through high taxation; the difficulty of obtaining an accurate view of a company's prospects where accounting standards are such that those prospects are not fairly reflected by published accounts; the difficulty of selling, or selling at a fair price, securities in which an efficient market is not made; potential difficulties in obtaining prompt settlement and the possibility that a local currency might cease to be readily convertible into any major freely-negotiable trading currency. In some Emerging Markets there may be foreign ownership restrictions which may restrict the ability of a Fund to secure some corporate action entitlements (including rights issues). In addition, a Fund may face significant registration, settlement and custody risks in purchasing and selling securities in Emerging Markets.

Risks associated with Performance Fees

Performance fees may be payable in relation to a Fund. For those Funds that are managed using the multi-manager strategy, the investment management of the Fund will be carried out by a number of Money Managers each managing separate portfolios of assets within the Fund. A performance fee is payable only on the performance of that part of the portfolio for which a Money Manager is responsible. It is therefore possible that performance fees in respect of the performance achieved by one or more of those Money Managers may be payable by the Fund to one or more of the Money Managers even though the overall Net Asset Value of the Fund, representing the aggregate performance of all the Money Managers, may not have increased. There is a risk that the accrual of performance fees in the Fund may not be entirely equitable between different Shareholders. It is possible that, for example, a Shareholder may benefit if he or she invests and subsequently one of the Money Managers outperforms the benchmark, but whose performance is below the relevant index. In these circumstances a performance fee would not be accrued for that Money Manager until the Money Manager makes up this underperformance and exceeds the relevant index. In these circumstances the Shareholder may benefit from a period of outperformance during which the Money Manager does not earn a performance fee and hence the Fund does not accrue a performance fee in respect of that Money Manager.

It should be noted that a performance fee is based on net realised and net unrealised gains and losses as at the end of each calculation period. As such, performance fees may be paid on unrealised gains which may subsequently never be realised.

Russell Investments as investment manager

For those Funds where a Russell Investments entity is to act as the investment manager, such as The U.K. Equity Fund, there are two additional risks of which investors should be aware. First, the trading of the Fund's investments will take place less frequently than is typically the case (usually twice monthly). However, back testing carried out by Russell Investments indicates that less frequent trading will reduce trading costs. Secondly, given that Russell Investments has typically employed investment firms to provide discretionary investment management services the fact that Russell Investments will now seek to engage the firms to provide investment advice may mean that some firms are unwilling to move to an advisory role in which case the Company's access to such firms in the future may be limited.

Stocklending Risk

A Fund may lend its portfolio securities to broker-dealers and banks in order to generate additional income for that Fund. In the event of bankruptcy or other default of a borrower of portfolio securities a Fund could experience both delays in liquidating the loan collateral or recovering the loaned securities and losses. Such losses might include (a) possible declines in the value of the collateral or in the value of the securities loaned during the period which the Fund seeks to enforce its rights thereto, (b) possible diminished levels of income and lack of access to income during this period, and (c) expenses of enforcing its rights. In accordance with the provisions set out in Schedule VII, acceptable collateral may include, but is not limited to, cash, sovereign debt, equities, certificates of deposit and gilts.

The Manager and its agents, in accordance with the requirements of the Central Bank, employ a number of controls in order to manage the risk associated with its stocklending programme. In particular, loans must be collateralised at a minimum of 100 per cent. of the market value of the loans - higher collateral amounts may be required depending on the type of collateral received and other loan characteristics, and borrowers must have a minimal credit rating of A2 or equivalent, or must be deemed by the Company to have an implied rating of A2. Alternatively, an unrated borrower will be acceptable where the Company is indemnified against losses suffered as a result of a failure by the

borrower, by an entity which has and maintains a rating of A2. The Company's lending agents have also agreed to cover any collateral shortfalls in circumstances where a borrower defaults. The Manager or its agents will also monitor the creditworthiness of the borrowers. Although not a principal investment strategy, there are no limits specified in the Regulations in relation to the total amount of assets that a Fund may commit to securities lending activities.

Charging of Fees and Expenses to Capital rather than Income

The Global Bond Fund and The Global Strategic Yield Fund seek to generate income in addition to capital growth and in order to increase the amount of income that can be distributed all of the fees and expenses of these Funds may be charged to the capital of the Funds. Shareholders should note that for these Funds there is an increased risk that on the repurchase of Shares, Shareholders may not receive back the full amount invested. In particular, as these Funds invest predominantly in debt instruments, this expense policy means that there is a greater risk of capital erosion for the Funds given the lack of potential for capital growth and the value of future returns may be diminished as a result of capital erosion. Shareholders should note that the Central Bank considers any distributions made by funds which invest predominately in debt instruments to be a form of capital reimbursement.

ADMINISTRATION OF THE FUNDS

Determination of the Net Asset Value

The Manager shall determine the Net Asset Value per Share of each Fund for a Dealing Day (in accordance with the Articles of Association and by reference to the last traded price as at the most recent close of business on the market on which such investments are quoted) by 2.30 pm (Irish time) on the following Dealing Day. In determining the Net Asset Value per Share of a Fund the securities of a Fund which are normally listed, traded or dealt in on a Regulated Market shall be valued at the last traded price as at the close of business on the Regulated Market which in the opinion of the Manager is the principal Regulated Market for such securities. In the case of any security which is not listed, traded or dealt in on a Regulated Market or the market price is unrepresentative or not available the value of such security shall be its probable realisation value as at the close of business which must be estimated with care and in good faith and shall be determined by a competent person appointed by the Manager approved for the purpose by the Custodian and Trustee or such value as the Manager considers in the circumstances to be fair and which value is approved by the Custodian and Trustee. Securities listed or traded on a Regulated Market but acquired or traded at a premium or at a discount outside or off the relevant market may be valued taking into account the level of premium or discount at the date of the valuation. The Custodian and Trustee must ensure that the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security.

Investments in collective investment schemes will be valued at the latest available net asset value as published by the collective investment scheme.

Cash and other liquid assets will be valued at their face value with interest accrued, where applicable, to the Dealing Day.

Exchange traded derivative instruments will be valued at the relevant settlement price on the appropriate exchange for such instruments on the relevant Dealing Day. If such market price is not available such value shall be the probable realisation value estimated with care and in good faith by the Administrator or other competent person appointed by the Manager and approved for the purpose by the Custodian and Trustee. The counterparty to derivative instruments not traded on an exchange must be prepared to value the contract and to close out the transaction at the request of the Company at fair value. The Company may choose to value the over-the-counter derivatives using either the counterparty's valuation or an alternative valuation, such as a valuation calculated by the Company or by an independent pricing vendor provided that the Company or other party has adequate human and technical means to perform the valuation. The Company must value over-the-counter derivatives on a daily basis. Where the Company values over-the-counter derivatives using an alternative valuation the Company must follow international best practice and will adhere to the principles on the valuation of over the counter instruments established by bodies such as IOSCO and AIMA. An alternative valuation must be provided by a competent person appointed by the Directors and approved for the purpose by the Custodian and Trustee, or a valuation by any other means provided that the value is approved by the Custodian and Trustee. An alternative valuation will be reconciled to the counterparty valuation on a monthly basis. Where significant differences arise these will be promptly investigated and explained. Where the Company values over-the-counter derivatives using the counterparty valuation the valuation must be approved or verified by a party who is approved for the purpose by the Custodian and Trustee and who is independent of the counterparty. The independent verification must be carried out at least weekly.

Alternatively, forward foreign exchange contracts will be valued by reference to the prevailing market maker quotations, namely, the price at which a new forward contract of the same size and maturity could be undertaken. Any liabilities of the Company that are not attributable to any Fund shall be allocated amongst the Funds based on their respective Net Asset Values or on any other basis approved by the Custodian and Trustee having taken into account the nature of the liabilities.

Where a Fund is made up of more than one Class of Shares, the Net Asset Value of each Class shall be determined by calculating the amount of the Net Asset Value of the relevant Fund attributable to each Class. The amount of the Net Asset Value of a Fund attributable to a Class shall be determined by establishing the number of Shares in issue in the Class, by allocating relevant Class Expenses (as defined below) and fees to the Class and making appropriate adjustments to take account of distributions paid out of the Fund, if applicable, and apportioning the Net Asset Value of the Fund accordingly. The Net Asset Value per Share of a Class shall be calculated by dividing the Net Asset Value of the Class by the number of shares in issue in that Class. Class Expenses or management fees or charges not attributable to a particular Class may be allocated amongst the Classes based on their respective Net Asset Value or any other reasonable basis approved by the Custodian and Trustee and having taken into account the nature of the fees and charges. Class Expenses or management fees relating specifically to a Class will be charged to that Class. In the event that Classes of Shares within a Fund are issued which are priced in a Class Currency other than the Base Currency for that Fund currency conversion costs will be borne by that Class.

“**Class Expenses**” means the expenses of registering a Class in any jurisdiction or with any stock exchange, regulated market or settlement system and such other expenses arising from such registration and such further expenses howsoever arising as may be disclosed in the Prospectus.

In respect of The Euro Liquidity Fund, the Net Asset Value per Share shall be calculated using the amortised cost method of valuation for all investments (including floating rate investments) with a residual maturity of 397 days or less, where the Directors have determined that the investment has a market value that approximates to its amortised cost and the investment has an annual or shorter interval coupon/interest rate re-fix.

Under the amortised cost method, the Fund’s investments are valued at their acquisition cost as adjusted for amortisation of premium or accretion of discount rather than at current market value. The Manager shall continually assess this method of valuation and recommend changes, where necessary, to ensure that the Fund’s investments will be valued at their fair value as determined in good faith by the Manager. The Manager will monitor the use of the amortised cost method of valuation in order to ensure that this method continues to be in the best interests of the Shareholders and to provide a fair valuation of the investments of a Fund. The Administrator shall review each week any discrepancies between the market value of the assets and the value as determined by the amortised cost method of valuation.

Escalation procedures have been put in place by the Company to ensure that material discrepancies between the market value and the amortised cost value of a money market instrument are brought to the attention of the Manager and in particular that; (i) discrepancies in excess of 0.1 per cent. between the market value and the amortised cost value of the portfolio will be brought to the attention of the Manager; (ii) discrepancies in excess of 0.2 per cent. between the market value and the amortised cost value of the portfolio will be brought to the attention of the Directors, the Manager and the Custodian and Trustee; (iii) if the deviation is greater than 0.3 per cent. the Administrator will review the discrepancies on each Business Day until the deviation is less than 0.3 per cent and the Directors will promptly consider the actions necessary to reduce such dilution and will notify the Central Bank with an indication of the action, if any, which will be taken in this regard.

Subscription Price

The initial subscription price per Share in each Class is set out in Schedule II.

The Initial Offer Period for all Classes of Shares identified in the column of the table in Schedule II headed “Initial Offer Period Status” as “new” will begin on 8 May 2012 and will continue until 7 November 2012, or such other date or dates as the Directors may determine and notify to the Central Bank.

Following the close of the Initial Offer Period of any Class of Shares, Shares in that Class will be issued at the relevant Net Asset Value per Share as determined on the Dealing Day on which they are deemed to be issued.

A dilution adjustment may be payable on subscriptions. Please refer to the section entitled “Dilution adjustment”

below for further details.

Applications for Shares

Shares of any Class in the respect of any Fund may be purchased by contacting the Manager or its agent and completing a subscription form (which the Manager or agent will transmit to the Administrator). Applicants will be obliged to declare to the Company at the time of their initial subscription for Shares whether they are an Irish Resident and/or a U.S. Person. All applicants who are U.S. Persons will be obliged to certify that they meet certain qualifications under U.S. law. The Company reserves the right to reject any application for Shares. Subscription applications may be received by facsimile or electronic means in accordance with the Central Bank's requirements. Where an initial subscription application has been received by facsimile, the original subscription form must be received promptly along with any supporting documentation required to prevent money laundering. Subsequent facsimile subscription requests into a Shareholder's account may be processed without the need to submit original documentation. Amendments to a Shareholder's registration details and payment instructions will only be effected upon receipt of original documentation.

For cash purchases of Shares, the applicant can purchase Shares at the Net Asset Value per Share of a Class in a Fund provided the Manager or its agent has received a properly completed subscription form by the Trade Cut-Off Time and subscription monies by the fifth Dealing Day (or, in respect of The Euro Liquidity Fund by the close of business on the relevant Dealing Day) from the date on which the Manager or its agent receives the applicant's properly completed subscription form or such later time as the Manager in its sole discretion may permit. The applicant will pay from the subscription monies any foreign exchange costs associated with converting the subscription monies into the Class Currency of the Class of the Fund in which the applicant is investing at prevailing exchange rates. The Manager reserves the right, in its sole discretion, to require the applicant to indemnify the Company against any losses arising as a result of the Company's failure to receive payment as required. All subscription monies should be paid to the Custodian and Trustee's account specified in the subscription form. Purchase of Shares may be made *in specie* in the Manager's sole discretion.

Subscriptions for Shares should be made in accordance with the procedures detailed in the subscription form. Subscriptions for a specific number of Shares in The Euro Liquidity Fund will not generally be accepted by the Administrator unless otherwise instructed to do so by the Manager but will be accepted for all other Funds.

If the Manager or its agent does not receive a properly completed subscription form by the Trade Cut-Off Time, the applicant will receive the Net Asset Value per Share on the first Dealing Day thereafter on which the Manager or its agent has received the properly completed subscription form by the Trade Cut-Off Time. The Manager, on an individual basis and at its sole discretion, as agreed by the Directors, may accept properly completed subscription forms received after the Trade Cut-Off Time but before 5.00 pm (Irish time) if the delay was the result of exceptional circumstances such as electronic or other failure. However, subscription forms may not be accepted after the Net Asset Value is calculated on each Dealing Day.

Investors in Funds other than The Euro Liquidity Fund shall not be entitled to receive or accrue dividends in respect of the Dealing Day on which their subscription is processed and dividends will instead begin to accrue from the next Dealing Day. Investors in The Euro Liquidity Fund shall be entitled to receive or accrue dividends from the Dealing Day on which their subscription is processed.

For subscriptions for a specific number of Shares, the Manager or its agent will accept a subscription where the applicant (1) is required to make payment for the Shares by the fifth Dealing Day from the date on which the Manager or its agent receives the applicant's properly completed subscription form or such later time as the Manager in its sole discretion may permit and (2) in the sole discretion and upon the request of the Manager, the applicant agrees to indemnify the Company against any losses arising as a result of the Company's failure to receive payment as required. Any shares subscribed for in this manner will only be provisionally allotted until such time as they are fully paid.

The Articles of Association provide that the Company may issue Shares in a Fund in exchange for investments which the Company may acquire in accordance with the investment objectives, policies and restrictions of the relevant Fund and may hold or sell, dispose or otherwise convert such securities into cash. No Shares shall be issued until the investments are entrusted to the Custodian and Trustee or its nominee. The number of Shares issued in exchange for a subscription *in specie* must not exceed the number of Shares that would have been issued for the cash equivalent. The Custodian and Trustee must be satisfied that the terms of any such exchange will not be such as are likely to

result in any prejudice to the existing Shareholders of the relevant Fund.

The Company will not be registered under the U.S. Investment Company Act of 1940 and the Shares will not be registered under the U.S. Securities Act of 1933. Accordingly, the Shares may not be purchased by or for the account of a U.S. Person except in limited circumstances.

The Manager reserves the right to reject in whole or in part any application for Shares. Any Class of Shares may be closed for subscription either temporarily or permanently at the discretion of the Manager. Where an application for Shares is rejected, the subscription monies shall be returned to the applicant within fourteen days of the date of such application at the risk of the applicant and without interest.

Each Shareholder must notify the Manager in writing of any change in the information contained in the application form (including as to status as an Irish Resident or a U.S. Person) and furnish the Manager with whatever additional documents relating to such change as it may request. Shareholders are obliged to notify the Company in the event that they become Irish Residents and shall immediately dispose of, or cause to have repurchased, any Shares held by them. Shareholders are further obliged to notify the Company in the event that they become U.S. Persons, in which case they will be obliged to certify that they meet certain requirements or immediately dispose of or cause to have repurchased any Shares held by them.

Measures aimed towards the prevention of money laundering within the jurisdiction of the Administrator may require a detailed verification of an applicant's identity. Depending on the circumstances of each application, a detailed verification may not be required where (i) the applicant makes the payment from an account held in the applicant's name at a recognised financial institution; or (ii) the application is made through a recognised intermediary. These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised by Ireland as having equivalent anti-money laundering regulations. A non-corporate applicant may be required to produce a copy of a passport or identification card duly certified by a notary public, together with evidence of his/her address such as a utility bill or bank statement and date of birth. Corporate applicants may be required to produce a certified copy of the certificate of incorporation (or equivalent), the names, occupations, dates of birth and residential and business addresses of all directors.

The Administrator reserves the right to request such information as is necessary to verify the identity of an applicant. In the event that the Administrator requires further proof of the identity of any applicant the Administrator or its agent will contact the applicant on receipt of subscription instructions. In the event of delay or failure by the applicant to produce any information required for verification purposes the Administrator may refuse to accept the application and shall return all subscription monies at the risk of the applicant and without interest.

Repurchases of Shares

Shareholders may request the Company or its agent to repurchase any number of Shares held by them at the relevant Net Asset Value per Share, by delivering a completed repurchase request form to the Manager by the Trade Cut-Off Time. A dilution adjustment may be payable on repurchases of Shares. Please refer to the section entitled "Dilution adjustment" below for further details. Any repurchase request form received by the Manager after the Trade Cut-Off Time shall be held in abeyance and should be effective on the next succeeding Dealing Day. The Manager on an individual basis and at its sole discretion, as agreed by the Directors, may accept properly completed repurchase request forms after the Trade Cut-Off Time but before 5.00 pm (Irish time) if the delay was the result of exceptional circumstances such as electronic or other failure. However, repurchase request forms may not be accepted after the Net Asset Value is calculated on each Dealing Day. Repurchase proceeds will normally be paid to Shareholders within fourteen days of the acceptance of the repurchase request and any other relevant documentation. Any currency conversion that takes place on repurchase will be carried out at prevailing exchange rates.

Redemption applications may be received by facsimile or electronic means in accordance with the Central Bank's requirements. Where a subscription application has been received by facsimile, no redemption payment may be made from the holding until the original subscription application form has been received from the Shareholder along with all documentation required by the Company, including any documents required in connection with the obligation to prevent money laundering. Redemptions will not be processed on accounts that are not cleared or that are unverified for anti-money laundering purposes. Redemptions orders received by facsimile will only be processed where payment is to be made to the account of record.

If the Company receives requests for the repurchase of Shares representing 10 per cent. or more of the Net Asset

Value of a Fund in respect of any Dealing Day, the Directors may, in their sole discretion, elect to restrict the total value of Shares to be repurchased to 10 per cent. or more of that Fund's Net Asset Value. If the Directors elect to restrict the repurchase of Shares in this manner then:

1. all relevant repurchase requests will be scaled down pro rata to the value of Shares requested to be repurchased; and
2. subject to the above restriction, any Shares which are not repurchased on a Dealing Day shall be treated as if a request for repurchase has been made in respect of such Shares for the next and each subsequent Dealing Day until all of the Shares to which the original request(s) related have been repurchased.

The Articles of Association also permit the Company, with the approval of the Custodian and Trustee and the applicant Shareholder, to satisfy any application for repurchase of Shares by the transfer of assets of the Company *in specie* to the Shareholder, provided that the nature of the assets to be transferred shall be determined by the Directors on such basis as the Directors in their sole discretion shall deem equitable and not prejudicial to the interests of the remaining Shareholders.

Dilution adjustment

The actual cost of purchasing or selling the underlying investments in a Fund may be higher or lower than the last traded price used in calculating the Net Asset Value per Share. The effects of dealing charges, commissions and dealing at prices other than the last traded price may have a materially disadvantageous effect on the Shareholders' interests in a Fund. To prevent this effect, known as 'dilution' and to protect Shareholders, the Company may charge a dilution adjustment when there are net inflows into a Fund or net outflows from a Fund, so that the price of a Share in the Fund is above or below that which would have resulted from a valuation based on the last traded price. The charging of a dilution adjustment may either reduce the redemption price or increase the subscription price of the Shares in a Fund. Where a dilution adjustment is made, it will increase the Net Asset Value per Share where the Fund receives net subscriptions and will reduce the Net Asset Value per Share where the Fund receives net redemptions. The charging of a dilution adjustment on the Initial Offer Price will similarly be applied at the launch of any new Class of Shares in a Fund that is already established and will have the effect of reducing the number of Shares issued. The Initial Offer Price will be published in the official price history. Dilution adjustments may apply in the normal manner on the closing of an individual Class but will not be applied at the closure of a Fund where actual closure costs will be reflected instead across all of the Classes of Shares.

The imposition of a dilution adjustment will depend on the value of subscriptions or redemptions of Shares on any Dealing Day. The Company may make a dilution adjustment:

- (i) if net subscriptions or redemptions (excluding in specie transfers) exceed certain pre-determined percentage thresholds relating to a Fund's Net Asset Value (where such percentage thresholds have been pre-determined for each Fund from time to time by the Directors or a committee nominated by the Directors); or
- (ii) where a Fund is in a continual decline (i.e. is suffering a net outflow of investments); or
- (iii) in any other case where the Manager reasonably believes that it is in the interests of Shareholders to impose a dilution adjustment.

The dilution adjustment for each Fund will be calculated by reference to the typical costs of dealing in the underlying investments of that Fund, including any dealing spreads, market impact, commissions, fees and taxes. These costs can vary over time and as a result the amount of dilution adjustment will also vary over time. The price of each Class of Share in a Fund will be calculated separately but any dilution adjustment will affect the price of Shares of each Class in a Fund in an identical manner. When the dilution adjustment is not made and Shares are bought or sold there may be an adverse impact on the Net Asset Value of a Fund.

Any in specie subscriptions or redemptions will not be taken into account when determining whether there are net inflows or outflows from a Fund. Shareholders subscribing or redeeming in specie will do so at the prevailing Net Asset Value per Share, without a dilution adjustment applied. However, in the case of a Fund which may suffer stamp duty costs as a result of an in specie subscription a dilution adjustment may be applied sufficient to reflect the cost of the stamp duty charges incurred as a result of the in specie subscription.

Dilution adjustments may be applied on any Dealing Day but the possible amount of such adjustments will be

reviewed from time to time by the Manager. The details of the dilution adjustments that have been applied to subscriptions and/or redemptions can be obtained by a Shareholder on request from the Manager.

Transfers of Shares

All transfers of Shares shall be effected by transfer in writing in any usual or common form or in any other 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. The registration of transfers may be suspended at such times and for such periods as the Directors from time to time may 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 and a declaration from the transferee confirming whether the transferee is an Irish Resident and/or a U.S. Person. The measures aimed towards the prevention of money laundering, as described above under “Application of Shares”, apply equally to transfers of Shares.

Certificates

The Administrator shall be responsible for maintaining the Company’s register of Shareholders in which all issues, repurchases, conversions and transfers of Shares will be recorded. No share certificates shall be issued in respect of the Shares, but each Shareholder shall be entitled to receive a written confirmation of ownership in respect of the Shares. A Share may be registered in a single name or in up to four joint names. The register of Shareholders shall be available for inspection by Shareholders at the registered office of the Company. Although the Articles of Association provide that the Company may issue bearer warrants to Shareholders at the election of Shareholders, it is not the intention of the Company to offer Shareholders this facility in relation to the Funds the subject of this Prospectus.

Distribution Policy

Each of the Funds may issue Income Class Shares, Accumulation Class Shares or Roll-Up Class Shares. All Share Classes are Accumulation Class Shares unless otherwise indicated in the name of the Share Class.

Income Class Shares are shares that distribute Net Income from time to time, subject to Directors’ discretion, on a Distribution Date. The amount of any distribution on different Share Classes of Income Class Shares in a Fund may vary to reflect any differing charges and expenses suffered by such Share Classes. Any such distribution shall be made from Net Income. It should be noted that Net Income is calculated differently in relation to Funds which prioritise the generation of income over capital growth and in such Funds any applicable fees and expenses are charged to the capital of the Fund rather than the income of the Fund. Where the actual expenses incurred cannot be determined, estimated expenses will be used. An investor in Income Class Shares shall have the choice of investing the distribution in additional Income Class Shares or receiving payment by telegraphic transfer in Class Currency of the Income Class Shares in which the investor is invested and the investor will indicate a preference in writing to the Manager or its agent at the time of the investor’s application for Income Class Shares. It should be noted that the declaration of distributions in those Funds which charge fees (including management and performance fees) and expenses to capital rather than income could result in the erosion of capital in those Funds and that increased income will be achieved by foregoing some of the potential for future capital growth.

Any currency conversion that take places on distributions will be done at prevailing exchange rates. Any distribution monies which have not been claimed within six years of the declaration of the distribution shall be forfeited and shall form part of the assets of the relevant Fund. The Company will be obliged and entitled to deduct an amount, as more particularly described in the section entitled “Taxation”, in respect of Irish taxation from any dividend payable to an investor holding Income Class Shares of any Fund who is Irish Resident or who is not Irish Resident and has failed to make a true and correct declaration to that effect to the Administrator.

Accumulation Class Shares are shares that declare a distribution but whose Net Income is then reinvested in the capital of the relevant Fund on the Distribution Date, thereby increasing the Net Asset Value per Share for an Accumulation Class Share relative to an Income Class Share.

Roll-Up Class Shares do not declare or distribute Net Income and the Net Asset Value therefore reflects Net Income.

Where Classes of Shares in issue in the same Fund have a different distribution status, all income of a Fund after deduction of expenses (where such expenses are charged to income rather than capital) will be allocated between them *pro rata* in accordance with the value of their respective interests.

U.K. Reporting Fund Status

From and in respect of the accounting period commencing 1 April 2012 it is intended that the Company will conduct its affairs so as to enable U.K. reporting fund status to be obtained.

Amongst other requirements, a reporting fund must report the income returns of the Company on a per-Share basis to each relevant Shareholder for each reporting period.

Shareholders and potential investors who are resident or ordinarily resident in the U.K. for tax purposes are advised to consult their professional advisors concerning possible taxation or other consequences of the U.K. distributor status and U.K. reporting fund status regimes.

Stable Net Asset Value

Where Income Class Shares are issued in The Euro Liquidity Fund, the Administrator shall operate procedures designed to stabilise the Net Asset Value per Income Class Share at the Initial Offer Price. Such procedures shall consist of declaring dividends attributable to the Income Class Shares daily out of the Fund's net income and by valuing the Fund's investments using the amortised cost method.

It is intended to declare dividends in respect of the Income Class Shares of each Fund on each Dealing Day. Any such distribution shall be made from net income. An investor shall have the choice of re-investing in additional Shares or receiving payment by telegraphic transfer and will indicate his preference in writing on the subscription form to the Manager, the Administrator or the Distributor at the time of his/her application for Shares.

Income Class Shares properly subscribed on a Dealing Day shall begin earning income on the same day. The dividends are determined and declared daily prior to 2.30 pm (Irish time) on each Dealing Day, shall accrue to the benefit of Shareholders of record on the relevant Dealing Day and are paid monthly. Dividends are paid monthly in cash or additional Shares at the discretion of the Shareholder by no later than the third Business Day of each month.

Mandatory Repurchase of Shares and Forfeiture of Distributions

Shareholders shall notify the Manager immediately in the event that it becomes a U.S. Person or holds Shares on behalf of a U.S. Person. The Company further reserves the right to repurchase any Shares on thirty days' notice to a Shareholder if the Directors have reason to believe that the Shares are owned directly or beneficially by any person in breach of any law or requirement of any country or governmental authority or by virtue of which such person is not qualified to hold such Shares, or if in the opinion of the Directors the holding might result in the Company or Shareholders incurring any liability to taxation or suffering pecuniary or administrative disadvantages which the Company or the Shareholders might not otherwise suffer or incur, or where any person who is or has acquired such Shares on behalf of or for the benefit of a U.S. Person or where any person does not supply any of the information or declarations required under the Articles of Association within 7 days of a request being sent by the Directors.

The Articles of Association of the Company permit the Company to repurchase the 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 the repurchase proceeds will be held in a separate interest bearing account and the Shareholder shall be entitled to claim the amount standing to his credit in such account. Any distribution monies which have not been claimed within six years of the declaration of distribution shall be forfeited and shall form part of the assets of the relevant Fund.

Publication of the Price of the Shares

Except where the determination of the Net Asset Value per Share has been suspended, in the circumstances described below, the latest Net Asset Value per Share in each Fund shall be available at the registered office of the Administrator on each Dealing Day and shall be published (so far as is practicable) daily on the first Business Day after the Dealing Day on Bloomberg (www.bloomberg.com) a public website.

Temporary Suspension of Valuation and of Issues and Repurchases of Shares

The Manager may temporarily suspend the determination of the Net Asset Value and the issue or repurchase of Shares of any Fund during:

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

Any such suspension shall be published by the Manager on Bloomberg (www.bloomberg.com) a public website, if, in the opinion of the Manager, it is likely to exceed fourteen days and shall be notified immediately to the Central Bank. Where possible, all reasonable steps will be taken to bring a period of suspension to an end as soon as possible.

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 Manager in such form as the Manager may request. Conversion shall take place in accordance with the following formula:

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

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 after deduction of any repurchase charge;
- F = the currency conversion factor (if any) as determined by the Manager;
- P = the price of a Share of the new Fund;
- X = a handling charge (if any) not exceeding 5 per cent. of the Net Asset Value of the Shares to be converted.

If NS is not an integral number of Shares the Manager 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. Any currency conversion that takes place on conversion will be done at prevailing exchange rates.

MANAGEMENT AND ADMINISTRATION

Directors and Secretary

The Directors are responsible for managing the business affairs of the Company in accordance with the Articles of Association and may exercise all the powers of the Company to borrow money, subject to the limits and conditions set forth in the Regulations and as may from time to time be laid down by the Central Bank. The Regulations currently provide that the Company may borrow up to 10 per cent. of the value of its net assets provided that such borrowing is on a temporary basis and is not for the purpose of making investments and the Company may acquire

foreign currencies by means of a “back-to-back loan”. The Directors may delegate certain functions to the Manager, subject to supervision and direction by the Directors.

The Directors are listed below with their principal occupations. The Company has delegated the day-to-day management of the Company to the Manager and, consequently, none of the Directors is an executive director. The address of the Directors is the registered office of the Company.

James Firn

Mr. Firn, American and British, is General Counsel – Global Product and Head of Product and Governance, EMEA for the Adviser. He joined Russell Investments in 1988 and manages product development and marketing as well as coordinating the legal, compliance, risk management and internal audit functions for the Adviser in Europe, Africa, the Middle East and the Caribbean. He acts as a principal liaison for the Adviser with government, regulatory and industry groups in EMEA and advises members of senior management in other regions in which the Russell Group operates on business, product and legal matters. Mr. Firn holds a law degree from Southern Methodist University, Dallas, Texas, and is a member of the Washington State, American and International Bar Associations. He is a director of a number of collective investment schemes authorised by the Central Bank, as well as several group companies of Russell Investments.

James Beveridge

Mr. Beveridge, British, has been the finance director of the Adviser and Distributor since 1993 where he is primarily responsible for financial budgeting and reporting. From 1990 to 1993 he served successively as assistant group financial and management accountant and worked as an accountant in the securities division and the projects and development group at Prudential Portfolio Managers. From 1986 to 1990 he trained as a chartered accountant with Pannell Kerr Forster (now known as “PKF”). He is a director of a number of collective investment schemes authorised by the Central Bank and is also a director of other subsidiaries within Russell Investments.

Peter Gunning

Mr. Gunning, Australian, is the Global Chief Investment Officer for Russell Investments where he directs Russell Investments’ investment management, implementation and research activities worldwide. He serves on Russell Investments’ board of directors and the board’s investment committee, and is also a member of Russell Investments’ executive committee and global leadership forum. Prior to his current role, Mr. Gunning was the Chief Investment Officer for the Asia-Pacific region. His responsibilities included the oversight of investment research in the region as well as the management of Russell Investments clients’ Australian, New Zealand, Japanese and Australasian equity and fixed interest portfolios. He joined Russell Investments’ Sydney office in 1996. Prior to joining Russell Investments, Mr. Gunning was with the funds management arm of the Commonwealth Bank of Australia where he held positions in risk and equity portfolio management. Earlier in his career he worked as a financial markets economist and prior to this was a fixed-interest options trader on the floor of the Sydney Futures Exchange. Mr. Gunning is a member of the Q-Group (Institute of Quantitative Research in Finance Inc.), an organisation promoting the use of and interest in quantitative techniques. He also serves on the board of directors for the North Shore Heart Research Foundation.

John McMurray

Mr. McMurray, American, is global chief risk officer for Russell Investments. He leads Russell’s global risk management function which provides strategic direction on and assessment of Russell’s risk exposures including investment, credit and operational risks. In addition, he serves as a director on the Board of the Company and regularly engages the Board and EMEA management on risk-related topics. Mr. McMurray joined Russell in 2010 and has more than 25 years of risk and investment management experience with large commercial and government sponsored institutions. His experience spans multiple asset classes across several market cycles. John’s risk management experience encompasses consumer, commercial and counterparty market and credit exposures for securities, options, whole loans, derivatives, guarantees and insurance. Prior to joining Russell, Mr. McMurray worked for the Federal Home Loan Bank of Seattle where he led that institution’s risk management activities as chief risk officer. Before that, John was with JP Morgan Chase. He is a director of a number of collective investment schemes authorised by the Central Bank.

Paul McNaughton

Mr. McNaughton, Irish, has a considerable number of years’ experience in the banking and finance and in the fund management and securities processing sectors. He spent ten years with the Irish Industrial Development Authority both in Dublin and the U.S. where he marketed Ireland as a location for multinational investment before establishing Bank of Ireland’s fund administration business. Mr. McNaughton then moved to Deutsche Bank where he established

its fund administration business in Ireland, which has since been acquired by State Street. Mr. McNaughton was responsible for Deutsche Bank's offshore funds business and latterly Global Head of Deutsche Bank's fund servicing business worldwide until July 2004. He is a director of a number of collective investment schemes authorised by the Central Bank.

William Roberts

Mr. Roberts, British, (and Irish resident) qualified as a solicitor in Scotland in 1983, as a solicitor of the Supreme Court in Hong Kong in 1985, as a barrister and attorney at law in Bermuda in 1988 and as an attorney at law in the Cayman Islands in 1990. He worked for several law firms in Scotland, Hong Kong, London and Bermuda between 1982 and 1990. During the period from 1990 to 1999 he was a member of W.S. Walker & Company in the Cayman Islands where he became a partner in 1994. Mr. Roberts has experience in international financial services law. He was a director of a number of companies established in Bermuda and was a director of the Cayman Islands Stock Exchange between 1996 to 1999. He is a director of a number of collective investment schemes authorised by the Central Bank.

Alan Schoenheimer

Mr. Schoenheimer, Australian, is responsible for overseeing the international offices of Russell Investments. Previously he served as chief executive with responsibility for operations in Australia, New Zealand and South East Asia for Russell Investments from 2000 to 2008. He joined Frank Russell's Sydney office in early 1991 as a senior consultant. Prior to February 2000 Mr. Schoenheimer was the head of retail at Russell's Sydney office. Mr. Schoenheimer is a member of Frank Russell's management committee. Prior to joining Frank Russell, Mr. Schoenheimer was a consultant at McKinsey & Company. Mr. Schoenheimer holds a first class honours bachelor of engineering degree from the University of Queensland and a master of business administration from the University of New South Wales. Before gaining his masters he practised chemical engineering in a number of locations worldwide. He is a director of a number of collective investment schemes authorised by the Central Bank.

David Shubotham

Mr. Shubotham, Irish, was a main board director of J. & E. Davy (an Irish stockbroking firm) from 1975 until 2002. Following graduate training with Aer Lingus, he joined J. & E. Davy in 1973. Mr. Shubotham became a partner of J. & E. Davy in 1977 with responsibility for the bond desk. In 1991 he became chief executive of Davy International, a company operating in Dublin's International Financial Services Centre. He retired in 2001. He qualified as an accountant in 1971 having graduated with a Bachelor of Commerce degree from University College Dublin in 1970 and became a member of the Society of Investment Analysts in 1975. Mr. Shubotham has served on various state committees in Ireland including the Committee for the Development of Science and Technology Strategy and the Committee for the Development of Bio Strategy. He has served as chairman of the boards of directors of the National Stud of Ireland and the National Digital Park, a joint venture with the Irish Industrial Development Authority. He was chairman of the board of directors of the Hugh Lane Municipal Gallery, Dublin for 6 years. He is a director of a number of collective investment schemes authorised by the Central Bank as well as collective investment schemes established in Jersey and the Cayman Islands.

Kenneth Willman

Mr. Willman, American and British, is Chief Legal Officer and Secretary of Russell Investments. He joined Frank Russell in August 2008. As Chief Legal Officer he is responsible for the legal, compliance, internal audit, corporate records, government and community relations and risk management functions. He is also a member of Russell's executive committee. Prior to joining Russell, Mr. Willman was at Goldman Sachs from 1992 where he held a variety of roles including most recently General Counsel of Asia from 2004 to 2008. From 1987 to 1992 he was an associate at Sullivan & Cromwell's New York and Tokyo offices. Mr. Willman holds a J.D. degree from the University of Pennsylvania, a B.A. in Politics and Government and a B.S. in Economics from the University of Puget Sound. He is a member of Washington State and New York Bar Associations and is currently a member of the Board of Trustees at the University of Puget Sound as well as the Board of Directors of Covenant House of New York and the Seattle Opera. He is a director of a number of collective investment schemes authorised by the Central Bank.

Neil Jenkins

Mr. Jenkins, British, is Managing Director, Investments of the Distributor which he joined in October 2006. Mr. Jenkins was educated at Keble College, Oxford, where he received first class honours in Modern Languages (German and Russian). In 1985 Mr. Jenkins joined Morgan Grenfell in London where he worked in export project finance in Eastern Europe. From 1988 to 1990 he was Morgan Grenfell's representative based in Moscow. From 1990 to 2000 Mr. Jenkins worked in various investment roles at Morgan Grenfell (Deutsche) Asset Management Investment Services and also spent five years assigned to Morgan Grenfell Capital Management in the U.S. Mr. Jenkins was

Managing Director of AXA Multi Manager, a subsidiary of AXA Investment Managers, from January 2001 until June 2003, after which he joined Rothschild Private Management Limited as Executive Director and Head of Multi-Manager Investment, a position he held until October 2006 when he joined the Distributor. He is a director of other collective investment schemes authorised by the Central Bank.

The Company Secretary is Bradwell Limited.

None of the Directors has entered into a service contract with the Company or is an executive of the Company. 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 per cent. 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 Promoter

Frank Russell Company of Seattle, Washington, is the Promoter of the Company. The Promoter has assets under management of approximately U.S.\$140 billion and over 1,900 staff in nine principal offices in Seattle, New York, London, Toronto, Sydney, Tokyo, Paris, Singapore and Auckland. Founded in 1936, it was acquired in 1999 by The Northwestern Mutual Life Insurance Company, a leading direct provider of individual life insurance in the U.S. Since 2007 it has used the business name Russell Investments.

The Manager

The Manager was incorporated in Ireland as a limited liability company on 25 February 1994 as Frank Russell Investments (Ireland) Limited, and is a wholly-owned subsidiary of Frank Russell, which in turn is a subsidiary of The Northwestern Mutual Life Insurance Company. The Manager changed its name to Russell Investments Ireland Limited in August 2005. The Manager has an authorised share capital of U.S.\$1,000,000 divided into 1,000,000 Shares of U.S.\$1 each of which 141,552 have been issued fully paid. The Manager is engaged in the business of providing investment management and administrative services to collective investment undertakings. The directors and secretary of the Manager are the same as the Directors and Secretary of the Company. The Manager is also the manager of a number of other collective investment schemes.

The Manager has appointed the Adviser to advise it, among other things, to make recommendations on the investment programmes and strategies of the Funds, including overseeing the performance of the Money Managers and/or Investment Advisers, making recommendations on the entry into and performance of other agreements and providing reports to the Manager.

The Management and Investment Advisory Agreement provides that the Manager shall administer the Company in accordance with the Regulations, the Articles of Association and the provisions of this Prospectus. The Management and Investment Advisory Agreement shall continue in force until terminated by either party on ninety days' notice in writing to the other party, provided that the Manager shall continue in office until a successor manager or administrator is appointed. The Company may at any time terminate the Management and Investment Advisory Agreement in the event of the appointment of an examiner or receiver to the Manager or on the happening of a like event or if the tax certificate issued to the Manager under Section 446 of the Taxes Consolidation Act, 1997 is revoked or the Manager receives notice from the Minister for Finance that he intends to revoke the tax certificate. The Company may also terminate the Management and Investment Advisory Agreement if the Central Bank determines that the Manager is no longer permitted to act as manager or money manager to the Company.

The Manager shall not be liable for any loss suffered by the Company or its agents in connection with the

performance of the Manager's obligations under the Management and Investment Advisory Agreement, except loss resulting from negligence, wilful misfeasance or bad faith on the part of the Manager in the performance of, or from reckless disregard by the Manager of, its obligations and duties under the Management and Investment Advisory Agreement. The Company shall indemnify the Manager in respect of all liabilities, damages, costs, claims and expenses incurred by the Manager, its servants or agents in the performance of its obligation and duties under the Management and Investment Advisory Agreement and against all taxes on profits or gains of the Company which may be assessed upon or become payable by the Manager or its servants or agents to the extent permitted by law, provided that such indemnity shall not be given where the Manager, its servants or agents, is or are guilty of any negligence or wilful default.

The Management and Investment Advisory Agreement allows the Manager to delegate its management duties to other parties. In addition to appointing the Adviser to advise it on the investments of the Company, the Manager has delegated to the Administrator the administration of the Company.

The Adviser and Distributor

Russell Investments Limited was incorporated in England and Wales on 30 December 1986 as Frank Russell Company Limited and is a wholly owned subsidiary of Frank Russell and changed its name in August 2005. Russell Investments Limited was appointed as Adviser and Distributor with effect from 1 November 2007 in accordance with the Advisory Agreement and the Distribution Agreement respectively.

The Advisory Agreement shall continue in force until terminated by either party on 90 days' notice in writing to the other party, provided that the Manager may at any time terminate the appointment of the Adviser in the event of the appointment of any examiner or receiver to the Adviser or on the happening of a like event or in the event that the Adviser is no longer permitted to perform its functions and duties under applicable law or is in breach of its obligations under the Advisory Agreement. The Advisory Agreement provides that, save in the case of fraud, wilful misfeasance, bad faith, negligence or reckless disregard of its functions and duties, the Adviser shall not be liable to the Manager or the Company or the Shareholders of the Company for any error of judgment or loss suffered by any of them in connection with the performance by the Adviser of its functions and duties thereunder and the Manager shall indemnify the Adviser, out of the Company's assets against all liabilities, damages, costs, claims and expenses incurred by the Adviser, its directors, officers or agents in the performance of its functions and duties and against all taxes on profits or gains of the Company which may be assessed upon or become payable by the Adviser, its directors, officers or agents to the extent permitted by law and the Articles of Association, provided that such indemnity shall not be given where the Adviser, its directors, officers or agents are guilty of any negligence, bad faith, fraud, wilful misfeasance or reckless disregard of its or their duties.

The Distribution Agreement may be terminated by any party, without the payment of any penalty, immediately upon receipt of 90 days' written notice to the other party. The Manager will indemnify the Distributor and its directors, officers or agents against all liabilities, damages, costs and claims and expenses incurred by the Distributor, its directors, officers or agents in the performance of its or their functions and duties and from all taxes on profits or gains of the Company which may be assessed upon or become payable by the Distributor or its directors, officers or agents to the extent permitted by law provided that the indemnity shall not be given where the Distributor, its directors, officers or agents is or are guilty of any bad faith, fraud, negligence, wilful misfeasance or recklessness in the performance of its or their functions or duties.

The Manager has also appointed the Adviser to provide certain operational support services pursuant to a support services agreement dated 28 September 2009 ("**Support Services Agreement**"). These services include assisting the Manager in relation to the registration of the Funds for distribution, attending to compliance matters, organising the preparation of the financial statements and the preparation of materials for meetings of the board of Directors. In the absence of fraud, wilful default or bad faith on the part of the Adviser in the performance or unjustifiable non-performance of its obligations or duties under the Support Services Agreement, neither the Adviser nor any of its directors, officers, employees or agents shall be liable to the Manager for any loss or damage suffered by the Manager as a result of any act or omission of the Adviser. The Support Services Agreement may be terminated by either party upon 90 days' written notice to the other party (or such lesser period as may be agreed) or immediately in the event of the winding up or the appointment of an examiner or receiver to the other party or upon the happening of a like event at the direction of an appropriate regulatory agency or court of competent jurisdiction, where either party fails to remedy a material breach of the agreement (if capable of remedy) within 30 days after service of notice by the other party requesting it to do so or where either party is no longer permitted to perform its obligations.

The Administrator

The Manager has appointed State Street Fund Services (Ireland) Limited to act as administrator of the Company pursuant to the Administration Agreement. The Administrator is responsible for performing the day to day administration of the Company and for providing fund accounting for the Company, including the calculation of the Net Asset Value and the Net Asset Value per Share, and for providing registration, transfer agency and related services to the Company.

The Administrator was incorporated in Ireland on 23 March 1992 and is ultimately owned by State Street Corporation. The authorised share capital of the Administrator is Stg£5,000,000 with an issued and paid up share capital of Stg£350,000.

State Street Corporation is a leading world-wide specialist in providing sophisticated global investors with investment servicing and investment management. State Street is headquartered in Boston, Massachusetts, U.S.A., and trades on the New York Stock Exchange under the symbol "STT".

The Administration Agreement shall continue in force until terminated by the Company on giving the Administrator 90 days' prior written notice or by the Administrator giving 180 days' prior written notice or such other period as may be agreed between the parties in writing. The Administration Agreement may be terminated forthwith by either party giving notice in writing to the other party if at any time; (i) the party notified shall go into liquidation or receivership or an examiner shall be appointed pursuant to the Companies (Amendment) Act, 1990 (except for a voluntary liquidation for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the notifying party) or be unable to pay its debts as they fall due, (ii) the party notified shall commit any material breach of the provisions of the Administration Agreement and if such breach is capable of remedy, shall not have remedied that within 30 days after the service of written notice requiring it to be remedied.

The Administration Agreement provides that the Administrator shall exercise its power and discretion under the Administration Agreement using its reasonable endeavours and applying the level of skill and expertise that can be reasonably expected of a professional administrator for hire. The Administrator shall not be liable for any loss of any nature whatsoever suffered by the Manager, the Company or the Shareholders in connection with the performance of its obligations under the Administration Agreement, except where that loss results directly from negligence, bad faith, fraud, wilful default or recklessness on the part of the Administrator. The Administrator shall not be liable for any indirect, special or consequential loss howsoever arising.

The Manager shall indemnify and hold harmless the Administrator out of the assets of the Company on its own behalf and on behalf of its permitted delegates, employees and agents against all actions, proceedings and claims and against all reasonable costs, demands and expenses (including reasonable legal and professional expenses) arising therefrom which may be brought against, suffered or incurred by the Administrator, its permitted delegates, employees or agents in the performance of its obligations and duties under the Administration Agreement and against all taxes on profits or gains of the Company which may be assessed or become payable by the Administrator, its permitted delegates, employees or agents provided that such indemnity shall not be given where the Administrator, its delegates, employees or agents, is or are guilty of negligence, recklessness, wilful default, fraud or bad faith.

The Custodian and Trustee

The Company has appointed State Street Custodial Services (Ireland) Limited to act as custodian and trustee of all the assets of the Company pursuant to the Custodian and Trusteeship Agreement.

The Custodian is a private limited company incorporated in Ireland and has its registered office at 78 Sir John Rogerson's Quay, Dublin 2. The principal activity of the Custodian and Trustee is to act as custodian of the assets of collective investment schemes. The Custodian and Trustee is ultimately owned by State Street Corporation. The Custodian and Trustee was incorporated to provide trustee and custodial services to collective investment schemes. As at 30 June 2010, the Custodian and Trustee had funds under custody in excess of U.S.\$ 248 billion. The Custodian and Trustee is regulated by the Central Bank.

The Custodian and Trustee will be obliged to enquire as to the conduct of the Company in each financial year and to report thereon to the Shareholders. The Custodian and Trustee must also ensure that the Company complies with the Regulations in its investment decisions and in the administration of the issue and repurchase of Shares.

The Custodian and Trustee will be liable to the Company, and the Shareholders for any loss suffered by them as a result of its unjustifiable failure to perform its obligations or its improper performance of its obligations. The Company shall indemnify and hold harmless the Custodian and Trustee against all actions, proceedings, claims, costs, demands and expenses (including legal and professional expenses) which may be brought against, suffered or incurred by the Custodian and Trustee in the performance of its duties under the Custodian and Trusteeship Agreement save where any such actions, proceedings, claims, costs, demands or expenses arise as a result of its unjustifiable failure to perform its obligations or its improper performance of its obligations.

The Custodian and Trusteeship Agreement between the Company and the Custodian and Trustee shall continue in force until terminated without the payment of any penalty by the Company giving 90 days' prior written notice and the Custodian and Trustee or giving 180 days' prior written notice to the Company or such other period as may be agreed between the parties in writing. Either party may terminate the Custodian and Trusteeship Agreement without the payment of any penalty if at any time (i) the other party shall be unable to pay its debts as they fall due or go into liquidation or receivership or an examiner shall be appointed pursuant to the Companies (Amendment) Act 1990 or be unable to pay its debts as they fall due (ii) the other party shall commit any material breach of the provisions of the agreement and if capable of remedy, shall not have remedied that breach written 30 days after the service of written notice requiring it to be remedied, (iii) or certain representations, warranties, or covenants or undertakings contained in the agreement cease to be true or accurate in any material respect.

Paying Agents/Representatives/Distributors

Local laws or regulations in certain jurisdictions may require that the Company appoints a local paying agent/representative/distributor/correspondent bank/centralising agent ("paying agent"). The role of the paying agent may entail, for example maintaining accounts through which subscription and repurchase proceeds and dividends are paid. The appointment of a paying agent (including a summary of the agreement appointing such paying agent) may be detailed in a country supplement.

FEES AND EXPENSES

General

Each Fund shall pay all of its expenses and such proportion of the Company's expenses as is allocated to that Fund, other than those expressly assumed by the Manager. The costs and gains/losses of any hedging transactions will be attributable to the Class. To the extent that expenses are attributable to a specific Class of a Fund, that Class shall bear such expenses. These expenses may include the costs of (i) establishing, maintaining and registering the Company and the Funds and the Shares with any governmental or regulatory authority or with any Regulated Market or exchange and the fees of any paying agents and/or local representatives at normal commercial rates; (ii) management, administration, (including compliance) custodial and related services; (iii) preparation, printing, translation and posting of prospectuses, sales literature, reports to Shareholders, the Central Bank and governmental agencies; (iv) taxes, commissions and brokerage fees; (v) auditing, tax and legal fees; (vi) insurance premia and other operating expenses including the disbursements of the Custodian and Trustee and the Manager and of any of their agents.

The legal expenses relating to the establishment of The World Equity Fund II did not exceed EUR 13,000 and will be amortised over a period of 5 years. The legal expenses relating to the establishment of The Global Credit Fund did not exceed EUR 12,000 and will be amortised over a period of 5 years. Otherwise all expenses relating to the establishment of the Funds have been paid.

The Articles of Association provide that the Directors shall be entitled to a fee by way of remuneration at a rate to be determined from time to time by the Directors. The Directors' annual remuneration for the forthcoming year will be disclosed in the Prospectus. The Directors' remuneration will not exceed EUR350,000 for the calendar year ending 31 December 2012 together with a maximum of up to EUR6,000 for each day on which the board of Directors is required to meet over and above the six scheduled meeting days in the year. In addition to such fees the Directors shall be entitled to be reimbursed out of the assets of the Company for all travelling, hotel and other reasonable out-of-pocket expenses properly incurred by them in attending and returning from meetings of the Directors or any meetings in connection with the business of the Company. None of the Directors affiliated to Frank Russell, the Manager, the Adviser, the Administrator or the Custodian and Trustee will receive a Director's fee.

Fees and Expenses

The following fees and expenses will be borne by the Company (expressed as a maximum annual percentage of average daily Net Asset Value, except as otherwise noted) which fees shall accrue daily and be paid monthly. In addition to the Share Classes listed below, other Share Classes may be established that may be subject to higher, lower or no fees. Information in relation to the fees applicable to other Share Classes within each Fund will be contained in a revised prospectus or a supplemental prospectus and will be available upon request.

The Continental European Equity Fund – Fund denomination – EUR		
Share Class	Management Fee as a percentage of Net Asset Value per Class	Aggregate of Administration, Custodian and Trusteeship Fees as a percentage of Net Asset Value per Fund
Class A	0.80 per cent.	Up to 0.25 per cent.
Class B	1.75 per cent.	
Class C	1.50 per cent.	
Class D	0.65 per cent.	
Class E	1.00 per cent.	
Class EH-A	0.85 per cent.	
Class F	1.80 per cent.	
Class G	2.00 per cent.	
Class I	0.80 per cent.	
Class I Income	0.80 per cent.	
Class J	1.00 per cent.	
Class K	1.60 per cent.	
Class L	1.80 per cent.	
Class P Income	1.50 per cent.	
Class R	2.50 per cent.	
Class R Roll-Up	1.20 per cent.	
Class S	0.46 per cent.	
Class SH-I	0.85 per cent.	
Class TDA	0.56 per cent.	
Class TDA Income	0.56 per cent.	
Class TDB	0.76 per cent.	
Class TDB Income	0.76 per cent.	
Class TDC	0.46 per cent.	
Class TDC Income	0.46 per cent.	
Class TYA	0.56 per cent.	
Class TYA Income	0.56 per cent.	
Class TYB	0.76 per cent.	
Class TYB Income	0.76 per cent.	
Class TYC	0.46 per cent.	
Class TYC Income	0.46 per cent.	

The Emerging Markets Equity Fund – Fund denomination – USD

Share Class	Management Fee as a percentage of Net Asset Value per Class	Aggregate of Administration, Custodian and Trusteeship Fees as a percentage of Net Asset Value per Fund
Class A	1.30 per cent.	Up to 0.40 per cent.
Class B	2.04 per cent.	
Class C	1.75 per cent.	
Class D	0.90 per cent.	
Class E	1.50 per cent.	
Class EH-A	1.35 per cent.	
Class F Income	1.80 per cent.	
Class G	2.30 per cent.	
Class I	1.30 per cent.	
Class I Income	1.30 per cent.	
Class J	1.50 per cent.	
Class K	1.70 per cent.	
Class L	2.10 per cent.	
Class M	2.30 per cent.	
Class NZD-H	1.35 per cent.	
Class P	1.65 per cent.	
Class P Income	1.65 per cent.	
Class R	2.65 per cent.	
Class S	0.73 per cent.	
Class TDA	0.82 per cent.	
Class TDA Income	0.82 per cent.	
Class TDB	1.02 per cent.	
Class TDB Income	1.02 per cent.	
Class TDC	0.72 per cent.	
Class TDC Income	0.72 per cent.	
Class TYA	0.82 per cent.	
Class TYA Income	0.82 per cent.	
Class TYB	1.02 per cent.	
Class TYB Income	1.02 per cent.	
Class TYC	0.72 per cent.	
Class TYC Income	0.72 per cent.	
Class U	2.80 per cent.	
Class USD-NV	0.85 per cent.	

The Euro Liquidity Fund – Fund denomination – EUR		
Share Class	Management Fee as a percentage of Net Asset Value per Class	Aggregate of Administration, Custodian and Trusteeship Fees as a percentage of Net Asset Value per Fund
Class A Income	0.20 per cent.	Up to 0.50 per cent.
Class B Roll-Up	0.20 per cent.	
Class C Income	0.05 per cent.	
Class P Income	0.40 per cent.	
Class PAM Roll-Up	0.575 per cent.	

The Eurozone Aggressive Equity Fund – Fund denomination – EUR		
Share Class	Management Fee as a percentage of Net Asset Value per Class	Aggregate of Administration, Custodian and Trusteeship Fees as a percentage of Net Asset Value per Fund
Class A Institutional Euro	1.30 per cent.	Up to 0.25 per cent.
Class A Institutional Euro Income	1.30 per cent.	
Class A Institutional SH	1.30 per cent.	
Class A Institutional SH Income	1.30 per cent.	
Class A Institutional USDH	1.30 per cent.	
Class A Institutional USDH Income	1.30 per cent.	
Class A Institutional YH	1.30 per cent.	
Class A Institutional YH Income	1.30 per cent.	
Class B Retail Euro	1.90 per cent.	
Class B Retail Euro Income	1.90 per cent.	
Class B Retail SH	1.90 per cent.	
Class B Retail SH Income	1.90 per cent.	
Class B Retail USDH	1.90 per cent.	
Class B Retail USDH Income	1.90 per cent.	
Class B Retail YH	1.90 per cent.	
Class B Retail YH Income	1.90 per cent.	
Class DC-SH	0.80 per cent.	

The Global Bond Fund – Fund denomination – USD		
Share Class	Management Fee as a percentage of Net Asset Value per Class	Aggregate of Administration, Custodian and Trusteeship Fees as a percentage of Net Asset Value per Fund
Class A	0.65 per cent.	Up to 0.20 per cent.
Class A Roll-Up	1.50 per cent.	

Class B	1.08 per cent.
Class B Roll-Up	0.90 per cent.
Class C	1.00 per cent.
Class D	0.50 per cent.
Class DH-B	1.08 per cent.
Class DH-E	0.90 per cent.
Class E	0.90 per cent.
Class EH-A	0.70 per cent.
Class EH-B	1.08 per cent.
Class EH-B Income	1.20 per cent.
Class EH-B Roll-Up	0.90 per cent.
Class EH-E	0.90 per cent.
Class EH-U	1.80 per cent.
Class EH-U Income	1.80 per cent.
Class GBPH-A	0.65 per cent.
Class GBPH-B	1.00 per cent.
Class I	0.65 per cent.
Class I Income	0.65 per cent.
Class J	0.75 per cent.
Class K	1.50 per cent.
Class L	1.80 per cent.
Class NZDH-A	0.65 per cent.
Class NZDH Income	0.65 per cent.
Class P	1.00 per cent.
Class P Income	1.00 per cent.
Class R	2.00 per cent.
Class R Income	2.00 per cent.
Class S Income	2.00 per cent.
Class T	1.50 per cent.
Class TDA	0.41 per cent.
Class TDA Income	0.41 per cent.
Class TDB	0.51 per cent.
Class TDB Income	0.51 per cent.
Class TYA	0.41 per cent.
Class TYA Income	0.41 per cent.
Class TYB	0.51 per cent.
Class TYB Income	0.51 per cent.
Class TYHA	0.41 per cent.
Class TYHA Income	0.41 per cent.
Class TYHB	0.51 per cent.
Class TYHB Income	0.51 per cent.

The Global Credit Fund – Fund denomination – USD		
Share Class	Management Fee as a percentage of Net Asset Value per Class	Aggregate of Administration, Custodian and Trusteeship Fees as a percentage of Net Asset Value per Fund

Class A	0.65 per cent.	Up to 0.20 per cent.
Class A Income	0.65 per cent.	
Class AUDH-A Income	0.65 per cent.	
Class B	1.10 per cent.	
Class B Income	1.10 per cent.	
Class C	1.20 per cent.	
Class GBPH-A	0.65 per cent.	
Class GBPH-A Income	0.65 per cent.	
Class GBPH-B	1.10 per cent.	
Class GBPH-B Income	1.10 per cent.	
Class EH-A	0.65 per cent.	
Class EH-A Income	0.65 per cent.	
Class EH-B Income	1.10 per cent.	
Class EH-U Income	1.80 per cent.	
Class U	1.90 per cent.	
Class U Income	1.80 per cent.	

The Global Real Estate Securities Fund – Fund denomination – USD		
Share Class	Management Fee as a percentage of Net Asset Value per Class	Aggregate of Administration, Custodian and Trusteeship Fees as a percentage of Net Asset Value per Fund
Class A Institutional EH	0.90 per cent.	Up to 0.25 per cent.
Class A Institutional EH Income	0.90 per cent.	
Class A Institutional SH	0.90 per cent.	
Class A Institutional SH Income	0.90 per cent.	
Class A Institutional USD	0.90 per cent.	
Class A Institutional USD Income	0.90 per cent.	
Class A Institutional YH Income	0.80 per cent.	
Class B Retail EH	1.50 per cent.	
Class B Retail EH Income	1.50 per cent.	
Class B Retail SH	1.50 per cent.	
Class B Retail SH Income	1.50 per cent.	
Class B Retail USD	1.50 per cent.	
Class B Retail USD Income	1.50 per cent.	
Class B Retail YH	1.50 per cent.	
Class B Retail YH Income	1.50 per cent.	
Class DC-SH	0.75 per cent.	
Class N Institutional YH	0.60 per cent.	

The Global Strategic Yield Fund – Fund denomination – EUR

Share Class	Management Fee as a percentage of Net Asset Value per Class	Aggregate of Administration, Custodian and Trusteeship Fees as a percentage of Net Asset Value per Fund
Class A Roll-Up	1.00 per cent.	Up to 0.20 per cent.
Class AUDH-B	1.00 per cent.	
Class B Roll-Up	1.60 per cent.	
Class DH-B Roll-Up	1.50 per cent.	
Class SH-B	1.00 per cent.	
Class U	2.00 per cent.	

The Japan Equity Fund – Fund denomination – JPY

Share Class	Management Fee as a percentage of Net Asset Value per Class	Aggregate of Administration, Custodian and Trusteeship Fees as a percentage of the Net Asset Value per Fund
Class A	0.90 per cent.	Up to 0.20 per cent.
Class B	1.37 per cent.	
Class C	1.50 per cent.	
Class D	0.65 per cent.	
Class E	1.00 per cent.	
Class EH-A	0.95 per cent.	
Class EH-B	1.05 per cent.	
Class F	1.80 per cent.	
Class G	0.40 per cent.	
Class H	1.00 per cent.	
Class I	0.90 per cent.	
Class I Income	0.90 per cent.	
Class J	1.00 per cent.	
Class K	1.60 per cent.	
Class L	1.80 per cent.	
Class M	2.00 per cent.	
Class P	1.50 per cent.	
Class P Income	1.50 per cent.	
Class Q	1.60 per cent.	
Class R	2.50 per cent.	
Class SH-I	0.95 per cent.	
Sovereign Class	2.25 per cent.	
Class T	1.00 per cent.	
Class TDA	0.56 per cent.	
Class TDA Income	0.56 per cent.	
Class TDB	0.76 per cent.	
Class TDB Income	0.76 per cent.	
Class TDC	0.46 per cent.	
Class TDC Income	0.46 per cent.	

The Japan Equity Fund – Fund denomination – JPY		
Share Class	Management Fee as a percentage of Net Asset Value per Class	Aggregate of Administration, Custodian and Trusteeship Fees as a percentage of the Net Asset Value per Fund
Class TYA	0.56 per cent.	
Class TYA Income	0.56 per cent.	
Class TYB	0.76 per cent.	
Class TYB Income	0.76 per cent.	
Class TYC	0.46 per cent.	
Class TYC Income	0.46 per cent.	
Class U	1.60 per cent.	

The Pacific Basin Equity Fund – Fund denomination – USD		
Share Class	Management Fee as a percentage of Net Asset Value per Class	Aggregate of Administration, Custodian and Trusteeship Fees as a percentage of Net Asset Value per Fund
Class A	1.00 per cent.	Up to 0.30 per cent.
Class A Roll-Up	2.10 per cent.	
Class B	1.60 per cent.	
Class B Roll-Up	1.50 per cent.	
Class C	1.50 per cent.	
Class C Roll-Up	2.10 per cent.	
Class D	0.65 per cent.	
Class EH-A	1.05 per cent.	
Class F	1.80 per cent.	
Class G	2.00 per cent.	
Class I	1.00 per cent.	
Class I Income	1.00 per cent.	
Class J	1.50 per cent.	
Class L	1.90 per cent.	
Class M	2.10 per cent.	
Class MZ Income	0.40 per cent.	
Class P Income	1.50 per cent.	
Class R	2.50 per cent.	
Class S	0.44 per cent.	
Class SH-I	1.05 per cent.	
Class TDA	0.53 per cent.	
Class TDA Income	0.53 per cent.	
Class TDB	0.73 per cent.	
Class TDB Income	0.73 per cent.	
Class TDC	0.43 per cent.	
Class TDC Income	0.43 per cent.	
Class TYA	0.53 per cent.	

Class TYA Income	0.53 per cent.
Class TYB	0.73 per cent.
Class TYB Income	0.73 per cent.
Class TYC	0.43 per cent.
Class TYC Income	0.43 per cent.
Class U	2.80 per cent.

The Sterling Bond Fund – Fund denomination – GBP		
Share Class	Management Fee as a percentage of Net Asset Value per Class	Aggregate of Administration, Custodian and Trusteeship Fees as a percentage of Net Asset Value per Fund
Class A	0.30 per cent.	Up to 0.20 per cent.
Class D	0.40 per cent.	
Class I	0.50 per cent.	
Class I Income	0.50 per cent.	
Class P	1.00 per cent.	
Class P Income	1.00 per cent.	
Class S	0.33 per cent.	

The Sterling Corporate Bond Fund – Fund denomination – GBP		
Share Class	Management Fee as a percentage of Net Asset Value per Class	Aggregate of Administration, Custodian and Trusteeship Fees as a percentage of Net Asset Value per Fund
Class A	0.40 per cent.	Up to 0.20 per cent.
Class D	0.45 per cent.	
Class I Income	0.40 per cent.	
Class P Income	1.00 per cent.	

The U.K. Equity Fund – Fund denomination – GBP		
Share Class	Management Fee as a percentage of Net Asset Value per Class	Aggregate of Administration, Custodian and Trusteeship Fees as a percentage of Net Asset Value per Fund
Class A	0.65 per cent.	Up to 0.15 per cent.
Class B	1.50 per cent.	
Class C	1.50 per cent.	
Class D	0.60 per cent.	
Class EH-A	0.70 per cent.	
Class G	2.00 per cent.	
Class I	0.65 per cent.	

The U.K. Equity Fund – Fund denomination – GBP

Share Class	Management Fee as a percentage of Net Asset Value per Class	Aggregate of Administration, Custodian and Trusteeship Fees as a percentage of Net Asset Value per Fund
Class I Income	0.65 per cent.	
Class J	1.00 per cent.	
Class K	1.60 per cent.	
Class L	1.80 per cent.	
Class M	2.00 per cent.	
Class P	1.25 per cent.	
Class P Income	1.25 per cent.	
Class R	2.25 per cent.	
Class S	0.44 per cent.	
Class TDA	0.54 per cent.	
Class TDA Income	0.54 per cent.	
Class TDB	0.74 per cent.	
Class TDB Income	0.74 per cent.	
Class TDC	0.44 per cent.	
Class TDC Income	0.44 per cent.	
Class TYA	0.54 per cent.	
Class TYA Income	0.54 per cent.	
Class TYB	0.74 per cent.	
Class TYB Income	0.74 per cent.	
Class TYC	0.44 per cent.	
Class TYC Income	0.44 per cent.	

The U.K. Index Linked Fund – Fund denomination – GBP

Share Class	Management Fee as a percentage of Net Asset Value per Class	Aggregate of Administration, Custodian and Trusteeship Fees as a percentage of Net Asset Value per Fund
Class A	0.13 per cent.	Up to 0.20 per cent.
Class D	0.25 per cent.	
Class I	0.13 per cent.	
Class I Income	0.13 per cent.	
Class P	0.50 per cent.	
Class P Income	0.50 per cent.	

The U.K. Long Dated Gilt Fund – Fund denomination – GBP

Share Class	Management Fee as a percentage of Net Asset Value per Class	Aggregate of Administration, Custodian and Trusteeship Fees as a

		percentage of Net Asset Value per Fund
Class A	0.13 per cent.	Up to 0.20 per cent.
Class I	0.13 per cent.	
Class I Income	0.13 per cent.	
Class P	0.50 per cent.	
Class P Income	0.50 per cent.	

The U.S. Bond Fund – Fund denomination - USD		
Share Class	Management Fee as a percentage of Net Asset Value per Class	Aggregate of Administration, Custodian and Trusteeship Fees as a percentage of Net Asset Value per Fund
Class A	0.40 per cent.	Up to 0.25 per cent.
Class B	1.00 per cent.	
Class C	1.20 per cent.	
Class E	0.80 per cent.	
Class F	1.40 per cent.	
Class I	0.50 per cent.	
Class I Income	0.50 per cent.	
Class J	0.80 per cent.	
Class K	1.20 per cent.	
Class P	1.00 per cent.	
Class S	0.32 per cent.	
Class TDA	0.32 per cent.	
Class TDA Income	0.32 per cent.	
Class TDB	0.52 per cent.	
Class TDB Income	0.52 per cent.	
Class TYA	0.32 per cent.	
Class TYA Income	0.32 per cent.	
Class TYB	0.52 per cent.	
Class TYB Income	0.52 per cent.	
Class TYHA	0.32 per cent.	
Class TYHA Income	0.32 per cent.	
Class TYHB	0.52 per cent.	
Class TYHB Income	0.52 per cent.	
Class U	1.60 per cent.	

The U.S. Equity Fund – Fund denomination – USD		
Share Class	Management Fee as a percentage of Net Asset Value per Class	Aggregate of Administration, Custodian and Trusteeship Fees as a percentage of Net Asset Value per Fund

The U.S. Equity Fund – Fund denomination – USD		
Share Class	Management Fee as a percentage of Net Asset Value per Class	Aggregate of Administration, Custodian and Trusteeship Fees as a percentage of Net Asset Value per Fund
Class A	0.80 per cent.	Up to 0.20 per cent.
Class A Roll-Up	1.60 per cent.	
Class B	1.66 per cent.	
Class B Roll-Up	1.00 per cent.	
Class C	1.50 per cent.	
Class C Roll-Up	1.60 per cent.	
Class D	0.65 per cent.	
Class EH-A	0.85 per cent.	
Class G	2.00 per cent.	
Class I	0.80 per cent.	
Class I Income	0.80 per cent.	
Class K	1.60 per cent.	
Class L	1.80 per cent.	
Class M	2.00 per cent.	
Class MZ Income	0.40 per cent.	
Class P Income	1.50 per cent.	
Class R	2.50 per cent.	
Class R Roll-Up	1.25 per cent.	
Class TDA	0.53 per cent.	
Class TDA Income	0.53 per cent.	
Class TDB	0.73 per cent.	
Class TDB Income	0.73 per cent.	
Class TDC	0.43 per cent.	
Class TDC Income	0.43 per cent.	
Class TYA	0.53 per cent.	
Class TYA Income	0.53 per cent.	
Class TYB	0.73 per cent.	
Class TYB Income	0.73 per cent.	
Class TYC	0.43 per cent.	
Class TYC Income	0.43 per cent.	

The U.S. Small Cap Equity Fund – Fund denomination - USD		
Share Class	Management Fee as a percentage of Net Asset Value per Class	Aggregate of Administration, Custodian and Trusteeship Fees as a percentage of Net Asset Value per Fund
Class A	0.90 per cent.	Up to 0.20 per cent.
Class B	1.50 per cent.	
Class C	1.50 per cent.	
Class F	1.80 per cent.	

Class G	2.00 per cent.	
Class I	0.90 per cent.	
Class I Income	0.90 per cent.	
Class J	1.30 per cent.	
Class L	1.90 per cent.	
Class M	2.10 per cent.	
Class P	1.50 per cent.	
Class P Income	1.50 per cent.	
Class R	2.50 per cent.	
SGAM Retail Series	1.90 per cent.	
Sovereign Class	2.25 per cent.	
Class TDA	0.70 per cent.	
Class TDA Income	0.70 per cent.	
Class TDB	0.90 per cent.	
Class TDB Income	0.90 per cent.	
Class TDC	0.60 per cent.	
Class TDC Income	0.60 per cent.	
Class TYA	0.70 per cent.	
Class TYA Income	0.70 per cent.	
Class TYB	0.90 per cent.	
Class TYB Income	0.90 per cent.	
Class TYC	0.60 per cent.	
Class TYC Income	0.60 per cent.	

The World Equity Fund II – Fund denomination – USD		
Share Class	Management Fee as a percentage of Net Asset Value per Class	Aggregate of Administration, Custodian and Trusteeship Fees as a percentage of Net Asset Value per Fund
Class A	0.90 per cent.	Up to 0.25 per cent.
Class A Income	0.90 per cent.	
Class B	1.80 per cent.	
Class D	0.75 per cent.	
Class E	1.10 per cent.	
Class EH-U	2.80 per cent.	
Class EH-T	1.15 per cent.	
Class F	1.80 per cent.	
Class G	2.00 per cent.	
Class I	0.90 per cent.	
Class I Income	0.90 per cent.	
Class J	1.60 per cent.	
Class L	2.00 per cent.	
Class NZD-H	0.90 per cent.	
Class P	1.60 per cent.	
Class PAMWEF	2.40 per cent.	
Class SH-A	0.95 per cent.	
Class TDA	0.68 per cent.	
Class TDA Income	0.68 per cent.	

Class TDB	0.88 per cent.
Class TDB Income	0.88 per cent.
Class TDC	0.58 per cent.
Class TDC Income	0.58 per cent.
Class TYA	0.68 per cent.
Class TYA Income	0.68 per cent.
Class TYB	0.88 per cent.
Class TYB Income	0.88 per cent.
Class TYC	0.58 per cent.
Class TYC Income	0.58 per cent.
Class TYHC	0.61 per cent
Class U	2.80 per cent
Class USD-NV	0.72 per cent.
Class USDH-N	1.15 per cent.

Any increase of the management fee set out above will be subject to the prior approval of the Shareholders of the relevant Fund or Class of Shares.

Performance Fees

Each Fund (with the exception of The Euro Liquidity Fund, The U.K. Index Linked Fund and The U.K Long Dated Gilt Fund) may also pay the Manager a performance fee (the “**Performance Fee**”) on an annual basis (the “**Performance Period**”) that is equal to the sum of Performance Fees to be paid to the Fund’s Money Managers as described more fully below.

Any Performance Fee shall be paid to the Manager and, in turn, the Manager shall pay the Performance Fee to those Money Managers of any Fund that are entitled to a Performance Fee.

A Performance Fee is payable to a Money Manager only with respect to the value added for that part of a Fund (the “**Portfolio**”) for which that Money Manager is responsible from the time the Manager appoints that Money Manager to manage the Portfolio until such time, if ever, that the Money Manager ceases to manage the Portfolio (the “**Term of Appointment**”). The value added is measured as the value in money weighted terms above the Money Manager’s performance benchmark or an agreed performance benchmark plus a hurdle rate during a Performance Period. (The performance benchmark is an index that is agreed by the Manager and the Money Manager from time to time, provided that at all times the index is relevant to the investment policy of the Fund.) In no event will a Money Manager be paid a performance fee for any Performance Period in which the value added by the Money Manager to the Portfolio is negative. Any negative performance must be clawed back before the Money Manager can accrue a Performance Fee for future value added.

The Performance Fee will be calculated and accrued daily during the Term of Appointment and for each Performance Period. Where a Money Manager is entitled to receive a Performance Fee in a Performance Period, all or part of that Performance Fee, depending upon the arrangements with that Money Manager, will be paid to the Money Manager for that Performance Period. Any unpaid amounts will be carried over into following years and will be available to offset negative value added to the Portfolio. Upon the termination of a Money Manager’s appointment, any Performance Fees owed will be paid in full. In no event will a Performance Fee calculated and accrued in respect of a Portfolio exceed 20 per cent. of the value added during a Performance Period.

The calculation of any Performance Fee must be verified by the Custodian and Trustee.

Because a Performance Fee is calculated and may be payable to a Money Manager with respect to each Portfolio within a Fund (with the exception of The U.K. Index Linked Fund and The U.K Long Dated Gilt Fund), it is possible that a Fund could pay a Performance Fee (as the sum of any Performance Fees paid to Money Managers in respect of a Performance Period) to the Manager when the overall value added to such Fund is negative. This would occur where, for example, during a Performance Period one Money Manager adds value in respect of its Portfolio but the other Money Managers add negative value with respect to their respective Portfolios.

Paying Agent fees

The fees and expenses of any paying agents appointed in respect of the Funds, which will be charged at normal commercial rates together with VAT, if any, thereon, will be borne by the Company or the Fund in respect of which a paying agent has been appointed.

Adviser, Money Manager, Administrator and Custodian and Trustee fees

The Manager shall discharge all fees payable to the Adviser and Distributor out of its management fee, other than any fees payable to the Adviser and Distributor under the Support Services Agreement. The Manager shall discharge all fees payable to the Money Managers including the Performance Fee, where applicable. All transactions fees payable to the Custodian and Trustee and the sub-custodians (which shall be at normal commercial rates) shall be paid by the Company. The Manager shall approve the payment of the Administrator and Custodian and Trustee fees and out of pocket expenses payable by the Company. The Manager may at any time waive all or part of its fees or reimburse all or part of the Company's expenses, provided that any such waiver may be discontinued by the Manager at any time at its discretion.

Charging fees and expenses to capital

In respect of The Global Bond Fund and The Global Strategic Yield Fund, Shareholders should note that all of the management fees, performance fees, administration and custody fees, operational expenses and borrowing expenses of this Funds will be charged to the capital of the Funds. Thus, there is an increased risk that on repurchase of the Shares, Shareholders may not receive back the full amount invested. These fees and expenses are charged against the capital of the Funds in order to increase the amount of income that can be distributed by that Funds. It should be noted that the distribution of income in a Funds which charges fees and expenses to capital may result in the erosion of capital, thus some of the potential for future capital growth will be lost as a consequence of seeking to increase the amount of income that can be distributed by the Funds.

IRISH 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.

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 (“**Irish Resident Shareholders**”) and, who are not Exempt Irish Residents as defined below, is 10 per cent. 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 a Fund held by such Shareholders is less than 10 per cent. 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 Resident**”:-

- (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;
- (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 739B(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.

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 30 per cent. , and, where payments are made less frequently, at the rate of 33 per cent.

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 33 per cent. 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.

Deemed Disposals

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 per cent. 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 33 per cent. 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 eight 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 per cent. 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 per cent. In practice, a credit of the excess tax deducted from such distributions over the higher corporation tax rate of 25 per cent may be available to corporate Shareholders resident in Ireland. 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 per cent. 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, (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 per cent.) 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 739B 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.

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 state (other than Ireland) or a country with which Ireland has a double taxation agreement in force by virtue of Section 826(1) 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.

European Union Taxation of Savings Income Directive

Ireland has implemented the EC Council Directive 2003/48/EC on the taxation of savings income into national law. Accordingly, where the Administrator, a paying agent or such other entity as could be considered to be a paying agent for these purposes, makes a payment of interest (which may include an income or capital distribution payment) on behalf of a Fund to an individual or to certain residual entities, resident in another Member State of the European Union (or certain associated and dependent territories of a Member State), it will be obliged to provide details of the payment and certain details relating to the Shareholders (including Shareholders' names and addresses) to the Irish Revenue Commissioners. The Irish Revenue Commissioners in turn are obliged to provide such information to the competent authorities of the state or territory of residence of the individual or residual entity concerned.

The Administrator, a paying agent or such other entity considered to be a paying agent for these purposes shall be entitled to require Shareholders to provide any information regarding tax status, identity or residency in order to satisfy the disclosure requirements in Directive 2003/48/EC and Shareholders will be deemed by their subscription for Shares in the Company to have authorised the automatic disclosure of such information by the Administrator, a paying agent or other relevant person to the relevant tax authorities.

Accordingly, the Administrator, a paying agent or such other entity considered a "paying agent" for the purposes of the Taxation of Savings Income Directive may be required to disclose details of payments of savings interest income to investors in the Company who are individuals or residual entities to the Irish Revenue Commissioners who will pass such details to the member state where the investor resides.

Shareholders and potential investors are advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling, converting or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

GENERAL

Conflicts of Interest

The Directors, the Manager, the Investment Manager, the Custodian and Trustee, the Administrator, the Adviser and Distributor, the Money Managers and the Investment Advisers may from time to time act as directors, manager, custodian and trustee, registrar, administrator, money manager, investment adviser or dealer respectively in relation to, or be otherwise involved in, other collective investment schemes which have similar investment objectives to those of the Funds. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interests with the Funds. Each will, at all times, have regard in such event to its obligations to the Company and will ensure that such conflicts are resolved fairly. In addition, any of the foregoing may deal, as principal or agent,

with the Funds, provided that all such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis and transactions must be in the best interests of Shareholders. For example, each Fund may effect portfolio transactions with or through subsidiaries of Frank Russell and, in addition, a Director may from time to time be a director, shareholder, officer, employee or consultant of brokerage firms with or through whom portfolio transactions for the Funds are effected. The Money Managers may be requested by the Manager to direct a target percentage of portfolio transactions to subsidiaries of Frank Russell. The subsidiaries of Frank Russell will refund to the Fund effecting such transactions up to 70 per cent. of the commission paid, after reimbursement for research services. Each Money Manager may effect portfolio transactions with an affiliated party, provided that the aggregate of such transactions does not exceed 25 per cent. of the total portfolio transactions of the Fund.

In the case of The U.K. Equity Fund (and any other Fund that may implement the trading strategy whereby a Russell Investments entity acts as the investment manager of the Fund and executes all of the Fund's trades) a directed brokerage programme will operate whereby all of the Fund's transactions will be directed through Russell Implementation Services Inc.. Russell Implementation Services Inc. will allocate the transactions through various brokers and will monitor the brokers to ensure that the brokers provide the highest standards for execution, value added services and investment research. Russell Implementation Services Inc. shall receive a fee for carrying out these functions which fee shall be paid out of the Fund's assets and it shall be entitled to charge reasonable properly vouched costs and expenses in respect of the directed brokerage programme. The Fund will be invoiced for these fees and expenses from the Investment Manager in accordance with the requirements of the Central Bank.

Each of the Money Managers and/or the Investment Manager may enter into transactions on a soft commission basis, i.e., utilise the services and expertise of brokers in return for the execution of trades through such brokers, provided that the transactions are entered into on the principle of best execution, the benefits provided in the transaction will assist in the provision of investment services to the Company, and such transactions are disclosed in the next succeeding annual or half-yearly report of the Company.

Dealings will be deemed to have been effected on normal commercial terms if (1) a certified valuation of a transaction by a person approved by the Custodian and Trustee 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), where (1) and (2) are not practical, the transaction is executed on terms which the Custodian and Trustee, or the Directors in the case of a transaction involving the Custodian and Trustee, is satisfied are normal commercial terms negotiated at arm's length. In respect of the valuation of unlisted investments and the difficulty, in obtaining a valuation from other sources, such competent professional may be related to the Manager or a Money Manager. The Adviser may also act as a Money Manager for a Fund and will receive a fee in relation to its appointment in this role.

The Manager has adopted a policy designed to ensure that in all transactions a reasonable effort is made to avoid conflicts of interest and, when they cannot be avoided, such conflicts are managed so that the Funds and their Shareholders are fairly treated.

The Manager has adopted a policy designed to ensure that Money Managers act in a Fund's best interests when executing decisions to deal and placing orders to deal on behalf of the Fund in the context of managing the Fund's portfolios. For these purposes, all reasonable steps must be taken to obtain the best possible result for the Fund, taking into account price, costs, speed, likelihood of execution and settlement, order size and nature, research services provided by the broker to the Adviser or Money Manager, or any other consideration relevant to the execution of the order. Information about the Manager's execution policy and any material change to the policy are available to Shareholders at no charge upon request.

The Manager has developed a strategy for determining when and how voting rights are exercised. Details of the actions taken on the basis of those strategies are available to Shareholders at no charge upon request.

The Share Capital

The share capital of the Company shall at all times equal its Net Asset Value. The Company shall be empowered to issue up to five hundred billion Shares at the Net Asset Value per Share on such terms and in such Classes as they may think fit.

The proceeds from the issue of Shares (excluding the initial share capital) shall be applied in the books of the Company to the relevant Fund and shall be used in the acquisition on behalf of the relevant Fund of transferable

securities and ancillary liquid assets.

The Directors are authorised from time to time to re-designate any existing Class of Shares and merge such Class or Classes of Shares provided that Shareholders in such Class or Classes of Shares are first notified by the Company and given the opportunity to have the Shares repurchased.

Each of the Shares entitles the holder to participate equally on a *pro rata* basis in the profits and dividends of the Fund attributable to such Shares and (except in the case of non-voting Shares) to attend and vote at meetings of the Company and of the Fund represented by those Shares. No Class of Shares confers on the holder thereof any preferential or pre-emptive rights or any rights to participate in the profits and dividends of any other Class of Shares or any voting rights in relation to matters relating solely to any other Class of Shares.

Any resolution to alter the Class rights of the Shares (except in the case of non-voting Shares) requires the approval of three-quarters of the holders of the Shares represented or present and voting at a general meeting duly convened in accordance with the Articles of Association. The quorum for any general meeting convened to consider any alteration to the Class rights of the Shares shall be such number of Shareholders whose holdings comprise one-third of the Shares.

The Articles of Association of the Company empower the Directors to issue fractional Shares in the Company. Fractional Shares shall not carry any voting rights at general meetings of the Company or of any Fund and the Net Asset Value of any fractional Share shall be the Net Asset Value per Share adjusted in proportion to the fraction.

The Funds and Segregation of Liability

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 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 and Trustee, 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 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.

Meetings and Votes of Shareholders

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 mailing 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. Two shareholders present in person or by proxy shall constitute a quorum, save in the case of a meeting of any one class of Shares where the quorum shall be at least two Shareholders who hold at least one-third of the Shares of the relevant class. An ordinary resolution is a resolution passed by a simple majority of votes cast and a special resolution is a resolution passed by a majority of 75 per cent. or more of the votes cast. The Articles of Association provide that matters may be determined by a majority at a meeting of Shareholders on a show of hands unless a poll is requested by Shareholders holding 10 per cent. or more of the Shares in number or by value or unless the chairman of the meeting requests a poll.

Save as set out below, 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. Save as set out below, all Shares of each Class have equal voting rights, except that in matters affecting only a particular Class, only Shares of that Class shall be entitled to vote.

The Articles authorise the Directors to create Classes of Shares with restricted voting rights. The Directors have exercised this authority with respect to Class USD-NV of The World Equity Fund II and Class USD-NV of The Emerging Markets Equity Fund. Accordingly those two Classes of Shares shall have no voting rights in respect of any resolution submitted to the Shareholders of the Company or in respect of those Classes but shall be provided with 14 days' notice of the proposed change the resolution encompasses prior to the date of the resolution becoming effective during which time the holders Shares in these two Classes may have their non-voting Shares repurchased, if they so wish.

Reports

In each year the Directors shall cause to be prepared an annual report and audited annual accounts for the Company which will be forwarded to Shareholders at least twenty-one days before the annual general meeting of the Company

and, in any event, within four months of the financial year end to which it relates. In addition, the Directors shall prepare and circulate to Shareholders a half-yearly report which shall include unaudited half-yearly accounts for the Company and which shall be sent to Shareholders within two months of the end of the period to which it relates.

Annual accounts shall be made up to 31 March in each year and the next annual accounts for all the Funds shall be made up to 31 March 2012. The next unaudited half-yearly report shall be made up to 30 September 2012 for the Funds. Audited annual reports and unaudited half-yearly reports incorporating financial statements and other reports shall be sent via electronic communication subject to Shareholder consent or posted to each Shareholder at his registered address free of charge and will be made available for inspection at the registered office of the Company.

Termination of the Funds

All of the Shares may be repurchased by the Company in the following circumstances:

- (i) if 75 per cent. of the holders of the Shares in the Company or of a Fund voting at a general meeting of the Company, of which not more than six and not less than four weeks notice has been given, approve the repurchase of the Shares in the Company or the Fund, as appropriate;
- (ii) if so determined by the Directors, provided that not less than twenty-one days' notice has been provided to Shareholders of the Company, Fund or relevant Class as appropriate;
- (iii) on 31 December 2005 or on any fifth year thereafter, provided that notice of not less than four and not more than six weeks has been given to the holders of the Shares.

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 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.

If all of the Shares in any fund are to be repurchased, the assets available for distribution (after satisfaction of creditors' claims) 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 Class 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
- (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.

With the approval of Shareholders in general meeting the Company may make distributions *in specie* to Shareholders.

Miscellaneous

- (i) The Company has not been involved in any litigation or arbitration since its incorporation and no litigation or claim is known to the Company to be pending or threatened against the Company or any Fund.
- (ii) There are no service contracts in existence between the Company and any of its Directors, nor are any such contracts proposed.
- (iii) Each of the Directors is a director of the Manager. Mr. Beveridge, Mr. Gunning, Mr. McMurray, Mr. Firn, Mr. Schoenheimer, Mr. Jenkins and Mr. Willman are employees of entities within Russell Investments. Save as disclosed herein, none of the Directors is interested in any contract or arrangement subsisting at the date hereof which is significant in relation to the business of the Company.
- (iv) At the date of this document, neither the Directors nor any connected person have any interest in the share capital of the Company or any options in respect of such capital.
- (v) No Share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.
- (vi) Save as disclosed in this Prospectus, 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 has the power to appoint distributors and paying agents.

Material Contracts

The Company's material contracts are set out in Schedule III.

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 and at the offices of the Manager:

- (i) the Memorandum and Articles of Association of the Company;
- (ii) the material contracts set out in Schedule III;
- (iii) a copy of the Regulations and the notices issued by the Central Bank under the Regulations; and
- (iv) the two separate prospectuses of the Company describing the additional funds of the Company.

Copies of the Memorandum and Articles of Association and the latest financial reports of the Company may be obtained, free of charge, upon request at the registered office of the Company or at the office of the Manager.

Shareholder Complaints

Information regarding the Manager's complaint procedures are available to Shareholders free of charge upon request. Shareholders may file any complaints about the Company or Manager free of charge at the registered office of the Company or by contacting the Manager.

SCHEDULE I

The Regulated Markets

With the exception of permitted investments in unlisted securities the investments of any Fund will be restricted to the following stock exchanges and markets:

- any stock exchange in the European Union and the EEA and any stock exchange in the U.S., Australia, Canada, Japan, New Zealand or Switzerland which is a stock exchange within the meaning of the law of the country concerned relating to stock exchanges;
- the market conducted by listed money market institutions as described in the Financial Services Authority publication “The regulation of the wholesale cash and OTC derivative markets: The Grey Paper” (as amended from time to time);
- AIM, the Alternative Investment Market in the U.K. regulated and operated by the London Stock Exchange;
- the market organised by the International and Capital Market Association which was created on 1 July 2005 following the merger of the International Primary Market Association with the International Securities Markets Association;
- NASDAQ in the U.S.; KOSDAQ in South Korea, SESDAQ in Singapore, TAISAQ/Gretai Market in Taiwan, RASDAQ in Romania;
- the market in U.S. government securities which is conducted by primary dealers regulated by the Federal Reserve Bank of New York and the U.S. Securities and Exchange Commission;
- the over-the-counter market in the United States conducted by primary and second dealers regulated by the U.S. Securities and Exchange Commission and by the National Association of Securities Dealers (and by banking institutions regulated by the U.S. Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation);
- the French market for Titres de Créance Négociable (over-the-counter market in negotiable debt instruments);
- the market in Irish government bonds conducted by primary dealers recognised by the National Treasury Management Agency of Ireland;
- the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan;
- the over-the-counter market in Canadian government bonds regulated by the Investment Dealers Association of Canada;
- and the following stock exchanges and markets:

Africa:	BRVM Stock Exchange
Argentina:	Buenos Aires Stock Exchange (MVBA), Cordoba Stock Exchange, Mendoza Stock Exchange, Rosario Stock Exchange, La Plata Stock Exchange
Armenia:	Yerevan Stock Exchange
Bahrain:	Bahrain Stock Exchange
Bangladesh:	Chittagong Stock Exchange, Dhaka Stock Exchange
Barbados:	Securities Exchange of Barbados
Belarus:	Belarusian Stock Exchange
Botswana:	Botswana Share Market
Brazil:	Bolsa de Valores de Brasília, Bolsa de Valores de Bahia-Sergipe – Alagoas, Bolsa de Valores de Extremo, Bolsa de Valores de Parana,

	Bolsa de Valores de Regional, Bolsa de Valores de Santos, Bolsa de Valores de Pernambuco e Paraiba, Rio de Janeiro Stock Exchange, Sao Paulo Stock Exchange
Chile:	Santiago Stock Exchange, Valparaiso Stock Exchange
China:	Hong Kong Stock Exchange, Shenzhen Stock Exchange (SZSE), Shanghai Stock Exchange (SSE)
Colombia:	Bogota Stock Exchange, Medellin Stock Exchange
Costa Rica:	Bolsa Nacional de Valores
Croatia:	Zagreb Stock Exchange
Ecuador:	Quito Stock Exchange, Guayaquil Stock Exchange, Stock Exchange of Cuenca
Egypt:	Cairo and Alexandra Stock Exchange
Ghana:	Ghana Stock Exchange
India:	Ahmedabab Stock Exchange, Cochin Stock Exchange, Magadh Stock Exchange, Mumbai Stock Exchange, Calcutta Stock Exchange, Delhi Stock Exchange Association, Bangalore Stock Exchange, Gauhati Stock Exchange, Hyderabad Stock Exchange, Ludhiana Stock Exchange, Madras Stock Exchange, Pune Stock Exchange, Uttar Pradesh Stock Exchange Association, the National Stock Exchange of India
Indonesia:	Jakarta Stock Exchange, Surabaya Stock Exchange
Israel:	Tel Aviv Stock Exchange
Ivory Coast:	Abidjan Stock Exchange
Jamaica:	Jamaica Stock Exchange
Jordan:	Amman Stock Exchange
Kazakhstan:	Kazakhstan Stock Exchange
Kenya:	Nairobi Stock Exchange
Kyrgystan:	Bishkek Stock Exchange
Kuwait:	Kuwait Stock Exchange
Lebanon:	Beirut Stock Exchange
Malawi:	Malawi Stock Exchange
Malaysia:	Kuala Lumpur Stock Exchange
Mauritius:	Stock Exchange of Mauritius
Mexico:	Bolsa Mexicana de Valores
Moldova:	Moldova Stock Exchange
Morocco:	Morocco Stock Exchange, Casablanca Stock Exchange
Namibia:	Namibian Stock Exchange
Nigeria:	Lagos Stock Exchange, Kaduna Stock Exchange, Port Harcourt Stock Exchange
Oman:	Muscat Securities Market
Pakistan:	Karachi Stock Exchange, Lahore Stock Exchange
Palestine:	Palestine Stock Exchange
Panama:	Panama Stock Exchange
Peru:	Lima Stock Exchange
The Philippines:	the Philippines Stock Exchange, Makati Stock Exchange
Puerto Rico:	San Juan Stock Exchange
Qatar:	Doha Stock Exchange
Russia:	RTS Stock Exchange, MICEX (solely in relation to equity securities that are traded on level 1 or level 2 of the relevant exchange)
Saudi Arabia:	Riyadh Stock Exchange
Serbia:	Belgrade Stock Exchange
Singapore:	SGX Mainboard, SGX Catalist
South Africa:	Johannesburg Stock Exchange
South Korea:	Korea Stock Exchange (the KOSDAQ)
Sri Lanka:	Colombo Stock Exchange
Swaziland:	Swaziland Stock Exchange
Taiwan:	Taiwan Stock Exchange

Thailand:	The Stock Exchange of Thailand
Trinidad & Tobago:	The Trinidad & Tobago Stock Exchange
Tunisia:	Tunis Stock Exchange
Turkey:	Istanbul Stock Exchange
Uganda:	Uganda Securities Exchange
Ukraine:	Ukrainian Stock Exchange
Uruguay:	Montevideo Stock Exchange
Venezuela:	Caracas Stock Exchange, Maracaibo Stock Exchange
Zambia:	Lusaka Stock Exchange

The Company may invest in over-the-counter financial derivative instruments and foreign exchange contracts, which are listed or traded on derivative markets in the European Economic Area and for financial derivative instruments (“FDI”) investments the following exchanges and markets:

- (A) the market organised by the International Capital Markets Association; the over-the-counter market in the U.S. conducted by primary and secondary dealers regulated by the Securities and Exchange Commission and by the National Association of Securities Dealers, Inc. and by banking institutions regulated by the U.S. Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation; the market conducted by listed money market institutions as described in the Financial Services Authority publication entitled “The Regulation of the Wholesale Cash and OTC Derivatives Markets”: “The Grey Paper” (as amended or revised from time to time); the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan; AIM - the Alternative Investment Market in the U.K., regulated by the London Stock Exchange; the French Market for Titres de Créance Négociable (over-the-counter market in negotiable debt instruments); the over-the-counter market in Canadian government bonds regulated by the Investment Dealers Association of Canada; and
- (B) American Stock Exchange, Australian Stock Exchange, Bolsa Mexicana de Valores, Borsa Italiana, Chicago Board of Trade, Chicago Board Options Exchange, Chicago Mercantile Exchange, Copenhagen Stock Exchange (including FUTOP), Eurex Deutschland, Euronext Amsterdam, OMX Exchange Helsinki, Hong Kong Stock Exchange, Kansas City Board of Trade, Financial Futures and Options Exchange, Euronext Paris, Korea Exchange, MEFF Rent Fiji, MEFF Renta Variable, Mercado Mexicano de Derivados, Montreal Stock Exchange, New York Futures Exchange, New York Mercantile Exchange, New York Stock Exchange, New Zealand Futures and Options Exchange, EDX London, OM Stockholm AB, Osaka Securities Exchange, Pacific Stock Exchange, Philadelphia Board of Trade, Philadelphia Stock Exchange, Singapore Stock Exchange, South Africa Futures Exchange (SAFEX), Sydney Futures Exchange, The National Association of Securities Dealers Automated Quotations System (NASDAQ); Tokyo Stock Exchange; Toronto Stock Exchange.

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

SCHEDULE II

Characteristics of Classes of Shares by Fund

The distribution status of each share Class is Accumulation unless otherwise indicated in the name of the Class.

The Continental European Equity Fund – Fund Base Currency - EUR				
Share Class	Class Currency	Hedged Currency Class	Initial Offer Price	Initial Offer Period Status
Class A	EUR	No	-	Existing
Class B	EUR	No	-	Existing
Class C	EUR	No	-	Existing
Class D	Stg£	No	-	Existing
Class E	EUR	No	EUR1,000	New
Class EH-A	EUR	Yes	EUR1,000	New
Class F	EUR	No	-	Existing
Class G	EUR	No	EUR1,000	New
Class I	Stg£	No	-	Existing
Class I Income	Stg£	No	-	Existing
Class J	U.S.\$	No	-	Existing
Class K	U.S.\$	No	U.S.\$10	New
Class L	U.S.\$	No	U.S.\$10	New
Class P Income	Stg£	No	-	Existing
Class R	Stg£	No	-	Existing
Class R Roll-Up	EUR	No	-	Existing
Class S	EUR	No	EUR100	New
Class SH-I	Stg£	Yes	-	Existing
Class TDA	EUR	No	EUR10	New
Class TDA Income	EUR	No	EUR10	New
Class TDB	EUR	No	EUR10	New
Class TDB Income	EUR	No	EUR10	New
Class TDC	EUR	No	EUR10	New
Class TDC Income	EUR	No	EUR10	New
Class TYA	JP¥	No	JP¥1,000	New
Class TYA Income	JP¥	No	JP¥1,000	New
Class TYB	JP¥	No	JP¥1,000	New
Class TYB Income	JP¥	No	JP¥1,000	New
Class TYC	JP¥	No	JP¥1,000	New
Class TYC Income	JP¥	No	JP¥1,000	New

The Emerging Markets Equity Fund – Fund Base Currency - USD

Share Class	Class Currency	Hedged Currency Class	Initial Offer Price	Initial Offer Period Status
Class A	U.S.\$	No	-	Existing
Class B	U.S.\$	No	-	Existing
Class C	EUR	No	-	Existing
Class D	Stg£	No	-	Existing
Class E	EUR	No	EUR1,000	New
Class EH-A	EUR	Yes	EUR1,000	New
Class F Income	Stg£	No	Stg£100	New
Class G	EUR	No	EUR1,000	New
Class I	Stg£	No	-	Existing
Class I Income	Stg£	No	-	Existing
Class J	U.S.\$	No	-	Existing
Class K	U.S.\$	No	U.S.\$10	New
Class L	U.S.\$	No	U.S.\$10	New
Class M	U.S.\$	No	U.S.\$10	New
Class NZD-H	NZD	Yes	NZD100	New
Class P	Stg£	No	Stg£10	New
Class P Income	Stg£	No	-	Existing
Class R	Stg£	No	-	Existing
Class S	EUR	No	EUR100	New
Class TDA	U.S.\$	No	U.S.\$100	New
Class TDA Income	U.S.\$	No	U.S.\$100	New
Class TDB	U.S.\$	No	U.S.\$100	New
Class TDB Income	U.S.\$	No	U.S.\$100	New
Class TDC	U.S.\$	No	U.S.\$100	New
Class TDC Income	U.S.\$	No	U.S.\$100	New
Class TYA	JP¥	No	JP¥10,000	New
Class TYA Income	JP¥	No	JP¥10,000	New
Class TYB	JP¥	No	JP¥10,000	New
Class TYB Income	JP¥	No	JP¥10,000	New
Class TYC	JP¥	No	-	Existing
Class TYC Income	JP¥	No	JP¥10,000	New
Class U	EUR	No	-	Existing
Class USD-NV	U.S.\$	No	U.S.\$1000	New

The Euro Liquidity Fund – Fund Base Currency - EUR

Share Class	Class Currency	Hedged Currency Class	Initial Offer Price	Initial Offer Period Status
Class A Income	EUR	No	-	Existing
Class B Roll-Up	EUR	No	-	Existing
Class C Income	EUR	No	-	Existing
Class P Income	EUR	No	-	Existing
Class PAM Roll-Up	EUR	No	-	Existing

The Eurozone Aggressive Equity Fund – Fund Base Currency – EUR

Share Class	Class Currency	Hedged Currency Class	Initial Offer Price	Initial Offer Period Status
Class A Institutional Euro	EUR	No	EUR100	New
Class A Institutional Euro Income	EUR	No	EUR100	New
Class A Institutional SH	EUR	Yes	EUR100	New
Class A Institutional SH Income	EUR	Yes	EUR100	New
Class A Institutional USDH	EUR	Yes	EUR100	New
Class A Institutional USDH Income	EUR	Yes	EUR100	New
Class A Institutional YH	EUR	Yes	EUR100	New
Class A Institutional YH Income	EUR	Yes	EUR100	New
Class B Retail Euro	EUR	No	EUR100	New
Class B Retail Euro Income	EUR	No	EUR100	New
Class B Retail SH	EUR	Yes	EUR100	New
Class B Retail SH Income	EUR	Yes	EUR100	New
Class B Retail USDH	EUR	Yes	EUR100	New
Class B Retail USDH Income	EUR	Yes	EUR100	New
Class B Retail YH	EUR	Yes	EUR100	New
Class B Retail YH Income	EUR	Yes	EUR100	New
Class DC-SH	U.S.\$	Yes	EUR100	New

The Global Bond Fund – Fund Base Currency – USD

Share Class	Class Currency	Hedged Currency Class	Initial Offer Price	Initial Offer Period Status
Class A	U.S.\$	No	-	Existing
Class A Roll-Up	EUR	No	--	Existing
Class B	U.S.\$	No	-	Existing
Class B Roll-Up	EUR	No	-	Existing
Class C	EUR	No	-	Existing
Class D	Stg£	No	-	Existing
Class DH-B	U.S.\$	Yes	-	Existing
Class DH-E	USD	Yes	U.S.\$1,000	New
Class E	EUR	No	EUR1,000	New
Class EH-E	EUR	Yes	EUR1,000	New
Class EH-A	EUR	Yes	EUR1,000	New
Class EH-B	EUR	Yes	-	Existing
Class EH-B Income	EUR	Yes	-	Existing
Class EH-B Roll-Up	EUR	Yes	-	Existing
Class EH-U	EUR	Yes	-	Existing
Class EH-U Income	EUR	Yes	EUR1,000	New
Class GBPH-A	Stg£	Yes	-	Existing
Class GBPH-B	Stg£	Yes	-	Existing
Class I	Stg£	No	-	Existing
Class I Income	Stg£	No	-	Existing
Class J	EUR	No	-	Existing

The Global Bond Fund – Fund Base Currency – USD

Share Class	Class Currency	Hedged Currency Class	Initial Offer Price	Initial Offer Period Status
Class K	U.S.\$	No	U.S.\$10	New
Class L	U.S.\$	No	U.S.\$10	New
Class NZDH-A	NZD	Yes	-	Existing
Class NZDH Income	NZD	Yes	-	Existing
Class P	Stg£	No	Stg£10	New
Class P Income	Stg£	No	-	Existing
Class R	Stg£	No	-	Existing
Class R Income	Stg£	No	Stg£100	New
Class S Income	EUR	No	EUR100	New
Class T	EUR	No	EUR10	New
Class TDA	U.S.\$	No	U.S.\$100	New
Class TDA Income	U.S.\$	No	U.S.\$100	New
Class TDB	U.S.\$	No	U.S.\$100	New
Class TDB Income	U.S.\$	No	U.S.\$100	New
Class TYA	JP¥	No	JP¥10,000	New
Class TYA Income	JP¥	No	JP¥10,000	New
Class TYB	JP¥	No	JP¥10,000	New
Class TYB Income	JP¥	No	JP¥10,000	New
Class TYHA	JP¥	Yes	JP¥10,000	New
Class TYHA Income	JP¥	Yes	JP¥10,000	New
Class TYHB	JP¥	Yes	JP¥10,000	New
Class TYHB Income	JP¥	Yes	JP¥10,000	New

The Global Credit Fund – Fund Base Currency – USD

Share Class	Class Currency	Hedged Currency Class	Initial Offer Price	Initial Offer Period Status
Class A	U.S.\$	No	-	Existing
Class A Income	U.S.\$	No	U.S.\$10	New
Class AUDH- A	AUD	Yes	AUD10	New
Class B	U.S.\$	No	U.S.\$10	New
Class B Income	U.S.\$	No	U.S.\$10	New
Class C	U.S.\$	No	-	Existing
Class GBPH-A	Stg£	Yes		Existing
Class GBPH-A Income	Stg£	Yes	STG£10	New
Class GBPH-B	Stg£	Yes	STG£10	New
Class GBPH-B Income	Stg£	Yes	STG£10	New
Class EH-A	EUR	Yes	EUR10	New
Class EH-A Income	EUR	Yes	EUR10	New
Class EH-B Income	EUR	Yes	EUR10	New
Class EH-U Income	EUR	Yes	EUR10	New
Class U	EUR	No	-	Existing
Class U Income	EUR	No	EUR10	New

The Global Real Estate Securities Fund – Fund Base Currency – USD

Share Class	Class Currency	Hedged Currency Class	Initial Offer Price	Initial Offer Period Status
Class A Institutional EH	U.S.\$	Yes	U.S.\$100	New
Class A Institutional EH Income	U.S.\$	Yes	U.S.\$100	New
Class A Institutional SH	U.S.\$	Yes	U.S.\$100	New
Class A Institutional SH Income	U.S.\$	Yes	U.S.\$100	New
Class A Institutional USD	U.S.\$	No	U.S.\$100	New
Class A Institutional USD Income	U.S.\$	No	U.S.\$100	New
Class A Institutional YH Income	U.S.\$	Yes	U.S.\$100	New
Class B Retail EH	U.S.\$	Yes	U.S.\$100	New
Class B Retail EH Income	U.S.\$	Yes	U.S.\$100	New
Class B Retail SH	U.S.\$	Yes	U.S.\$100	New
Class B Retail SH Income	U.S.\$	Yes	U.S.\$100	New
Class B Retail USD	U.S.\$	No	U.S.\$100	New
Class B Retail USD Income	U.S.\$	No	U.S.\$100	New
Class B Retail YH	U.S.\$	Yes	U.S.\$100	New
Class B Retail YH Income	U.S.\$	Yes	U.S.\$100	New
Class DC-SH	U.S.\$	Yes	U.S.\$100	New
Class N Institutional YH	U.S.\$	Yes	U.S.\$100	New

The Global Strategic Yield Fund – Fund Base Currency – EUR

Share Class	Class Currency	Hedged Currency Class	Initial Offer Price	Initial Offer Period Status
Class A Roll-Up	EUR	No	-	Existing
Class AUDH-B	AUD	Yes	-	Existing
Class B Roll-Up	EUR	No	-	Existing
Class DH-B Roll-Up	U.S.\$	Yes	-	Existing
Class SH-B	Stg£	Yes	-	Existing
Class U	EUR	No	-	Existing

The Japan Equity Fund – Fund Base Currency – JPY

Share Class	Class Currency	Hedged Currency Class	Initial Offer Price	Initial Offer Period Status
Class A	JP¥	No	-	Existing
Class B	JP¥	No	-	Existing
Class C	EUR	No	-	Existing
Class D	Stg£	No	-	Existing
Class E	EUR	No	-	Existing
Class EH-A	EUR	Yes	-	Existing
Class EH-B	EUR	Yes	EUR1,000	New
Class F	EUR	No	-	Existing
Class G	EUR	No	EUR1,000	New
Class H	JP¥	No	JP¥10,000	New
Class I	Stg£	No	-	Existing
Class I Income	Stg£	No	-	Existing

Class J	U.S.\$	No	-	Existing
Class K	U.S.\$	No	U.S.\$10	New
Class L	U.S.\$	No	U.S.\$10	New
Class M	U.S.\$	No	U.S.\$10	New
Class P	Stg£	No	-	Existing
Class P Income	Stg£	No	-	Existing
Class Q	JP¥	No	JP¥10,000	New
Class R	Stg£	No	-	Existing
Class SH-I	Stg£	Yes	-	Existing
Sovereign Class	JP¥	No	-	Existing
Class T	JP¥	No	JP¥1,000	New
Class TDA	U.S.\$	No	U.S.\$100	New
Class TDA Income	U.S.\$	No	U.S.\$100	New
Class TDB	U.S.\$	No	U.S.\$100	New
Class TDB Income	U.S.\$	No	U.S.\$100	New
Class TDC	U.S.\$	No	U.S.\$100	New
Class TDC Income	U.S.\$	No	U.S.\$100	New
Class TYA	JP¥	No	JP¥10,000	New
Class TYA Income	JP¥	No	JP¥10,000	New
Class TYB	JP¥	No	JP¥10,000	New
Class TYB Income	JP¥	No	JP¥10,000	New
Class TYC	JP¥	No	JP¥10,000	New
Class TYC Income	JP¥	No	JP¥10,000	New
Class U	EUR	No	EUR1,000	New

The Pacific Basin Equity Fund – Fund Base Currency – USD				
Share Class	Class Currency	Hedged Currency Class	Initial Offer Price	Initial Offer Period Status
Class A	U.S.\$	No	-	Existing
Class A Roll-Up	U.S.\$	No	-	Existing
Class B	U.S.\$	No	-	Existing
Class B Roll-Up	U.S.\$	No	U.S.\$1,000	New
Class C	EUR	No	-	Existing
Class C Roll-Up	EUR	No	EUR1,000	New
Class D	Stg£	No	-	Existing
Class EH-A	EUR	Yes	EUR100	New
Class F	EUR	No	-	Existing
Class G	EUR	No	EUR1,000	New
Class I	Stg£	No	-	Existing
Class I Income	Stg£	No	-	Existing
Class J	U.S.\$	No	-	Existing
Class L	U.S.\$	No	U.S.\$10	New
Class M	U.S.\$	No	U.S.\$10	New
Class MZ Income	EUR	No	EUR1,000	New
Class P Income	Stg£	No	-	Existing
Class R	Stg£	No	-	Existing
Class S	EUR	No	EUR100	New
Class SH-I	Stg£	Yes	-	Existing

The Pacific Basin Equity Fund – Fund Base Currency – USD

Share Class	Class Currency	Hedged Currency Class	Initial Offer Price	Initial Offer Period Status
Class TDA	U.S.\$	No	U.S.\$100	New
Class TDA Income	U.S.\$	No	U.S.\$100	New
Class TDB	U.S.\$	No	U.S.\$100	New
Class TDB Income	U.S.\$	No	U.S.\$100	New
Class TDC	U.S.\$	No	U.S.\$100	New
Class TDC Income	U.S.\$	No	U.S.\$100	New
Class TYA	JP¥	No	JP¥10,000	New
Class TYA Income	JP¥	No	JP¥10,000	New
Class TYB	JP¥	No	JP¥10,000	New
Class TYB Income	JP¥	No	JP¥10,000	New
Class TYC	JP¥	No	JP¥10,000	New
Class TYC Income	JP¥	No	JP¥10,000	New
Class U	EUR	No	-	Existing

The Sterling Bond Fund – Fund Base Currency – GBP

Share Class	Class Currency	Hedged Currency Class	Initial Offer Price	Initial Offer Period Status
Class A	Stg£	No	-	Existing
Class D	Stg£	No	-	Existing
Class I	Stg£	No	-	Existing
Class I Income	Stg£	No	-	Existing
Class P	Stg£	No	-	Existing
Class P Income	Stg£	No	-	Existing
Class S	EUR	No	EUR100	New

The Sterling Corporate Bond Fund – Fund Base Currency - GBP

Share Class	Class Currency	Hedged Currency Class	Initial Offer Price	Initial Offer Period Status
Class A	Stg£	No	-	Existing
Class D	Stg£	No	-	Existing
Class I Income	Stg£	No	Stg£10	New
Class P Income	Stg£	No	-	Existing

The U.K. Equity Fund – Fund Base Currency - GBP

Share Class	Class Currency	Hedged Currency Class	Initial Offer Price	Initial Offer Period Status
Class A	Stg£	No	-	Existing
Class B	Stg£	No	-	Existing
Class C	EUR	No	-	Existing
Class D	Stg£	No	-	Existing
Class EH-A	EUR	Yes	EUR100	New

Class G	EUR	No	EUR1,000	New
Class I	Stg£	No	-	Existing
Class I Income	Stg£	No	-	Existing
Class J	U.S.\$	No	-	Existing
Class K	U.S.\$	No	U.S.\$10	New
Class L	U.S.\$	No	U.S.\$10	New
Class M	U.S.\$	No	U.S.\$10	New
Class P	Stg£	No	-	Existing
Class P Income	Stg£	No	-	Existing
Class R	Stg£	No	Stg£100	Existing
Class S	EUR	No	EUR100	New
Class TDA	Stg£	No	Stg£10	New
Class TDA Income	Stg£	No	Stg£10	New
Class TDB	Stg£	No	Stg£10	New
Class TDB Income	Stg£	No	Stg£10	New
Class TDC	Stg£	No	Stg£10	New
Class TDC Income	Stg£	No	Stg£10	New
Class TYA	JP¥	No	JP¥1,000	New
Class TYA Income	JP¥	No	JP¥1,000	New
Class TYB	JP¥	No	JP¥1,000	New
Class TYB Income	JP¥	No	JP¥1,000	New
Class TYC	JP¥	No	JP¥1,000	New
Class TYC Income	JP¥	No	JP¥1,000	New

The U.K. Index Linked Fund – Fund Base Currency - GBP

Share Class	Class Currency	Hedged Currency Class	Initial Offer Price	Initial Offer Period Status
Class A	Stg£	No	-	Existing
Class D	Stg£	No	-	Existing
Class I	Stg£	No	-	Existing
Class I Income	Stg£	No	Stg£10	New
Class P	Stg£	No	Stg£10	New
Class P Income	Stg£	No	-	Existing

The U.K. Long Dated Gilt Fund – Fund Base Currency – GBP

Share Class	Class Currency	Hedged Currency Class	Initial Offer Price	Initial Offer Period Status
Class A	Stg£	No	-	Existing
Class I	Stg£	No	Stg£10	New
Class I Income	Stg£	No	Stg£10	New
Class P	Stg£	No	Stg£10	New
Class P Income	Stg£	No	Stg£10	New

The U.S. Bond Fund – Fund Base Currency - USD				
Share Class	Class Currency	Hedged Currency Class	Initial Offer Price	Initial Offer Period Status
Class A	U.S.\$	No	-	Existing
Class B	U.S.\$	No	-	Existing
Class C	EUR	No	EUR1,000	New
Class E	EUR	No	EUR1,000	New
Class F	EUR	No	EUR1,000	New
Class I	Stg£	No	-	Existing
Class I Income	Stg£	No	-	Existing
Class J	U.S.\$	No	-	Existing
Class K	U.S.\$	No	U.S.\$10	New
Class P	Stg£	No	Stg£10	New
Class S	EUR	No	EUR100	New
Class TDA	U.S.\$	No	U.S.\$100	New
Class TDA Income	U.S.\$	No	U.S.\$100	New
Class TDB	U.S.\$	No	U.S.\$100	New
Class TDB Income	U.S.\$	No	U.S.\$100	New
Class TYA	JP¥	No	JP¥10,000	New
Class TYA Income	JP¥	No	JP¥10,000	New
Class TYB	JP¥	No	JP¥10,000	New
Class TYB Income	JP¥	No	JP¥10,000	New
Class TYHA	JP¥	Yes	JP¥10,000	New
Class TYHA Income	JP¥	Yes	JP¥10,000	New
Class TYHB	JP¥	Yes	JP¥10,000	New
Class TYHB Income	JP¥	Yes	JP¥10,000	New
Class U	U.S.\$	No	-	Existing

The U.S. Equity Fund – Fund Base Currency – USD				
Share Class	Class Currency	Hedged Currency Class	Initial Offer Price	Initial Offer Period Status
Class A	U.S.\$	No	-	Existing
Class A Roll-Up	U.S.\$	No	-	Existing
Class B	U.S.\$	No	-	Existing
Class B Roll-Up	U.S.\$	No	U.S.\$1,000	New
Class C	EUR	No	-	Existing
Class C Roll-Up	EUR	No	EUR1,000	New
Class D	Stg£	No	-	Existing
Class EH-A	EUR	Yes	-	Existing
Class G	EUR	No	EUR1,000	New
Class I	Stg£	No	-	Existing
Class I Income	Stg£	No	-	Existing
Class K	U.S.\$	No	-	Existing
Class L	U.S.\$	No	U.S.\$10	New
Class M	U.S.\$	No	U.S.\$10	New
Class MZ Income	EUR	No	EUR10	New
Class P Income	Stg£	No	-	Existing
Class R	Stg£	No	-	Existing

Class R Roll-Up	EUR	No	-	Existing
Class TDA	U.S.\$	No	U.S.\$10	New
Class TDA Income	U.S.\$	No	U.S.\$10	New
Class TDB	U.S.\$	No	U.S.\$10	New
Class TDB Income	U.S.\$	No	U.S.\$10	New
Class TDC	U.S.\$	No	U.S.\$10	New
Class TDC Income	U.S.\$	No	U.S.\$10	New
Class TYA	JP¥	No	JP¥1,000	New
Class TYA Income	JP¥	No	JP¥1,000	New
Class TYB	JP¥	No	JP¥1,000	New
Class TYB Income	JP¥	No	JP¥1,000	New
Class TYC	JP¥	No	JP¥1,000	New
Class TYC Income	JP¥	No	JP¥1,000	New

The U.S. Small Cap Equity Fund – Fund Base Currency - USD

Share Class	Class Currency	Hedged Currency Class	Initial Offer Price	Initial Offer Period Status
Class A	U.S.\$	No	-	Existing
Class B	U.S.\$	No	-	Existing
Class C	EUR	No	-	Existing
Class F	EUR	No	-	Existing
Class G	EUR	No	EUR1,000	New
Class I	Stg£	No	-	Existing
Class I Income	Stg£	No	-	Existing
Class J	U.S.\$	No	-	Existing
Class L	U.S.\$	No	-	Existing
Class M	U.S.\$	No	U.S.\$10	New
Class P	Stg£	No	Stg£10	New
Class P Income	Stg£	No	-	Existing
Class R	Stg£	No	-	Existing
SGAM Retail	U.S.\$	No	-	Existing
Sovereign Class	U.S.\$	No	-	Existing
Class TDA	U.S.\$	No	U.S.\$10	New
Class TDA Income	U.S.\$	No	U.S.\$10	New
Class TDB	U.S.\$	No	U.S.\$10	New
Class TDB Income	U.S.\$	No	U.S.\$10	New
Class TDC	U.S.\$	No	U.S.\$10	New
Class TDC Income	U.S.\$	No	U.S.\$10	New
Class TYA	JP¥	No	JP¥1,000	New
Class TYA Income	JP¥	No	JP¥1,000	New
Class TYB	JP¥	No	JP¥1,000	New
Class TYB Income	JP¥	No	JP¥1,000	New
Class TYC	JP¥	No	-	Existing
Class TYC Income	JP¥	No	JP¥1,000	New

The World Equity Fund II – Fund Base Currency - USD

Share Class	Class Currency	Hedged Currency Class	Initial Offer Price Per Share	Initial Offer Period Status
Class A	U.S.\$	No	-	Existing
Class A Income	U.S.\$	No	U.S.\$10	New
Class B	U.S.\$	No	-	Existing
Class D	Stg£	No	Stg£10	New
Class E	EUR	No	EUR10	New
Class EH-T	EUR	Yes	-	Existing
Class EH-U	EUR	Yes	-	Existing
Class F	EUR	No	-	Existing
Class G	EUR	No	EUR10	New
Class I	Stg£	No	-	Existing
Class I Income	Stg£	No	Stg£10	New
Class J	U.S.\$	No	-	Existing
Class L	U.S.\$	No	U.S.\$10	New
Class NZD-H	NZD	Yes	NZD100	New
Class P	Stg£	No	Stg£10	New
Class PAMWEF	U.S.\$	No	U.S.\$100	New
Class SH-A	Stg£	Yes	-	Existing
Class TDA	U.S.\$	No	U.S.\$10	New
Class TDA Income	U.S.\$	No	U.S.\$10	New
Class TDB	U.S.\$	No	U.S.\$10	New
Class TDB Income	U.S.\$	No	U.S.\$10	New
Class TDC	U.S.\$	No	U.S.\$10	New
Class TDC Income	U.S.\$	No	U.S.\$10	New
Class TYA	JP¥	No	JP¥1,000	New
Class TYA Income	JP¥	No	JP¥1,000	New
Class TYB	JP¥	No	JP¥1,000	New
Class TYB Income	JP¥	No	JP¥1,000	New
Class TYC	JP¥	No	-	Existing
Class TYC Income	JP¥	No	JP¥1,000	New
Class TYHC	JP¥	Yes	-	Existing
Class U	EUR	No	EUR1,000	New
Class USD-NV	U.S.\$	No	-	Existing
Class USDH-N	U.S.\$	Yes	U.S.\$100	New

SCHEDULE III

MATERIAL CONTRACTS

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

- The Custodian and Trusteeship Agreement dated 7 November 2008 between the Company and the Custodian and Trustee, pursuant to which the latter was appointed custodian and trustee in relation to the Funds.
- The Administration Agreement dated 7 November 2008 between the Company, the Manager and the Administrator pursuant to which the latter was appointed administrator in relation to the Funds.
- The Management and Investment Advisory Agreement dated 11 April 1994 between the Company and the Manager as amended by supplemental agreements dated 29 September 2006 and 27 October 2010, pursuant to which the latter was appointed manager in relation to the Funds.
- The Distribution Agreement dated 1 November 2007 between the Manager and Distributor pursuant to which the latter was appointed to distribute the Funds.
- The Advisory Agreement dated 1 November 2007 between the Manager and the Adviser pursuant to which the latter was appointed as Adviser to the Manager.
- The Support Services Agreement dated 28 September 2009 between the Manager and the Adviser and Distributor.

SCHEDULE IV

SPECIAL PROVISIONS APPLICABLE TO THE DISTRIBUTION OF SHARES OF THE FUNDS IN THE UNITED STATES OF AMERICA

This Schedule sets out certain information that should be considered by U.S. Persons in determining whether to purchase Shares in the Company.

U.S. Regulatory Matters

Neither the Company nor any Fund has been, or will be, registered under the Investment Company Act (the “**1940 Act**”). As a result, the protections of the 1940 Act will not be afforded to Shareholders of the Company or of any Fund. The 1940 Act, among other things, regulates investment advisory and distribution arrangements of registered investment companies; restricts transactions between the investment company and its money manager, distributor or other affiliates; leveraging by the investment company and the use of derivatives and other investment techniques; imposes extensive requirements with respect to portfolio composition, custody of assets, reporting and record keeping; requires at least 40 per cent. of the directors of the investment company to be unaffiliated with the company’s money manager or distributor; requires shareholder approval of changes to fundamental investment policies and restrictions; and subjects the investment company to periodic inspections by the staff of the U.S. Securities and Exchange Commission to enforce compliance with these requirements. With certain exceptions, none of the Manager, the Adviser or any of the Money Managers are registered as money managers under the Money Managers Act of 1940 (the “**Advisors Act**”). To the extent any of the forenamed entities are not registered under the Advisors Act, Shareholders of the Company or any Fund will not be afforded the protections of that Act. Provisions of the Advisors Act enacted for the protection of investors include provisions restricting principal and other transactions by the adviser with its advisory clients and provisions requiring detailed disclosure of the advisor’s policies and procedures.

U.S. Tax Considerations

The following summarises the principal U.S. tax consequences of the acquisition, ownership and disposition of Shares by a U.S. Holder. The term “**U.S. Holder**” means a holder of shares that is (i) a citizen or resident of the U.S. for U.S. federal income tax purposes, (ii) a corporation or other entity created or organised in or under the laws of the U.S. or any political subdivision thereof or (iii) an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source. The summary is not a complete analysis or listing of all of the possible tax consequences of transactions involving Shares and does not address all tax considerations that may be relevant to all categories of potential purchasers, some of whom may be subject to special rules. In particular, the summary deals only with U.S. Holders that will hold Shares as capital assets and who do not at any time own individually, nor are treated as owning 10 per cent. or more of the Shares of a Fund. This summary is based on U.S. federal tax laws in force as of the date of this Prospectus.

Passive Foreign Investments Company Rules. A foreign corporation is a “passive foreign investment company” (“PFIC”) for U.S. tax purposes if 75 per cent. or more of its income is passive income (such as interest, dividends and capital gains from the disposition of equity and debt instrument) or 50 per cent. or more of its assets, by value, are assets that produce or are held for the production of passive income. It is expected that each fund will be a PFIC. As a result, a U.S. Holder of Shares will be subject to one of two alternative tax regimes, depending on whether the U.S. Holder makes a “qualified electing fund” (“QEF”) election with respect to the relevant Fund.

Treatment of U.S. Holders Making QEF Election. A U.S. Holder (other than a tax-exempt U.S. Holder) that makes a QEF election will be required to include in gross income for U.S. tax purposes its *pro rata* share of the ordinary income and as long term capital gains its *pro rata* share of net capital gains earned by the relevant Fund regardless of whether such amounts are distributed. Actual distributions from the Fund to a U.S. Holder that has made a QEF election and gains from the sale of shares by such a Holder, will not be subject to U.S. tax to the extent they are attributable to amounts already included in the income of the U.S. Holder.

In order to make a QEF election, the U.S. Holder must file an annual election statement along with an information statement supplied by the relevant Fund. The QEF election is available only if the Fund complies with certain disclosure rules enabling the U.S. Holder and the U.S. Internal Revenue Service to determine the Fund’s income. Each Fund intends to comply with these rules. Prospective U.S. Holders should consult their own tax advisors regarding the QEF election, including the possible disadvantages of not making the election for the first year in which the U.S. Holder owns Shares in the Fund.

Treatment of U.S. Holders Not Making QEF Election. If a U.S. Holder (other than a tax-exempt U.S. Holder does not make a QEF election, the U.S. Holder will be subject to potentially punitive interest charges and other disadvantageous treatment on gains from the sale of, and “excess distributions” with respect to, the Shares. Distributions other than “excess distributions”, to the extent paid out of the current or accumulated earnings and profits of a Fund, as determined under U.S. federal income tax principles, generally will be included in income by such a U.S. Holder as ordinary income allocated rateably to each day the shareholder held the Shares on the date the dividends are received by the U.S. Holder. To the extent such distributions exceed the Fund’s earnings and profits, they will be treated as a non-taxable return of capital to the extent of the U.S. Holder’s tax basis in the Shares, and thereafter as capital gain.

Sale or Other Disposition of Shares. The U.S. Internal Revenue Service has proposed regulations under which a U.S. Holder would be required to recognize gain (but not loss) if the U.S. Holder becomes a non-resident alien, pledges shares or disposes of shares in a transaction that would otherwise qualify for non-recognition treatment.

Subscription and Sale

The Shares have not been, and will not be, registered under the Securities Act of 1933, as amended (the “**Securities Act**”) and have not been registered or qualified under any state securities law of the U.S., and may not be offered or sold within the U.S. except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and similar requirements of such state laws. The Shares are being offered in the U.S. in private placement transactions exempt from the registration requirements of the Securities Act pursuant to Section 4(2) of that Act and Regulation D thereunder.

The Shares will be offered in the U.S. only to a limited number of U.S. Accredited Investors. No Benefit Plan Investor subject to regulation by or under the Employee Retirement Income Security Act of 1994, as amended, or Small Business Investment Company will be entitled to purchase or hold or subscribe for Shares. The Manager will require redemption of Shares by a Shareholder who becomes a U.S. Person and does not qualify as a U.S. Accredited Investor.

The Shares will be offered and sold in a manner intended to preclude subjecting the Company and the Funds to registration under the 1940 Act. Based on interpretations of the 1940 Act by the staff of the U.S. Securities and Exchange Commission, a Fund may be required to register under that Act if at any time the Shares and other outstanding securities of the Fund (other than certain short term securities) are beneficially owned by more than 100 U.S. Persons. The Manager will not knowingly permit the number of Shareholders of the Company who are U.S. Persons to exceed 85. The Company’s Shares and other outstanding securities (other than certain short-term securities) could be deemed to be beneficially owned by more than 85 U.S. Persons, the Manager will require redemption of such Shares owned by U.S. Persons as will be required to reduce to 85 the number of U.S. Persons beneficially owning Shares and other securities of the Fund. In addition, the Manager will decline to register any transfer of shares to a U.S. Person.

The procedure for determining which Shares will be redeemed in any particular case is at the discretion of the Manager. In exercising its discretion and in making a determination as to whether to require the redemption of Shares in accordance with the Articles of Association of the Company, and in determining which Shareholders will be subject to mandatory redemption, the Manager may act upon the basis of such information as may be known to it, without any obligation to make special inquiries, and may rely upon the advice of U.S. counsel. In no event will the Manager be liable to any Shareholder for any consequences of exercising any discretion or making any determination in good faith with respect to such a redemption.

Shares offered and sold in the U.S. are subject to restrictions on transferability and resale under the Securities Act and applicable state securities laws. In applying for Shares U.S. purchasers will be required to give certifications as to, among other things, their status as U.S. Accredited Investors and give undertakings with respect to transfers of shares or beneficial interests therein. The Manager will have the authority to modify restrictions applicable to investment by U.S. Persons to comply with legal requirements in effect from time to time.

SCHEDULE V

DEFINITIONS

In this Prospectus the following words and phrases have the meanings set forth below:

“Accumulation Class Shares”	means Shares of a Class of a Fund that declare a distribution but whose Net Income is then reinvested in the capital of the relevant Fund on the Distribution Date;
“Administration Agreement”	means the agreement made on 7 November 2008 between the Company, the Manager and the Administrator;
“Administrator”	means State Street Fund Services (Ireland) Limited;
“Adviser”	means Russell Investments Limited;
“Advisory Agreement”	means the agreement made on 1 November 2007 between the Manager and the Adviser pursuant to which the latter was appointed as adviser to the Manager;
“AIMA”	means the Alternative Investment Management Association;
“Articles of Association”	means the Articles of Association of the Company;
“AUD”	means Australian dollars, the lawful currency of the Commonwealth of Australia;
“Base Currency”	means in respect of any Fund, the currency set out for that Fund in Schedule II;
“Business Day”	means a day (excluding Saturday and Sunday) on which Irish banks are open for business, provided that the Directors from time to time may, upon advance notice to shareholders, designate as a business day a day on which Irish banks are not open for business as aforesaid, and that in any event 1 May shall not constitute a business day in relation to The Euro Liquidity Fund.
“Central Bank”	means the Central Bank of Ireland and any successor regulatory authority with responsibility for the authorisation and supervision of the Company;
“CHF”	means Swiss francs, the lawful currency of Switzerland;
“Class”	means any class of Shares in the Company;
“Class Currency”	means in respect of any Class of Shares, the currency in which Shares are issued;
“Company”	means Russell Investment Company p.l.c. (formerly known as Frank Russell Investment Company p.l.c.), an investment company with variable capital, incorporated in Ireland;
“Custodian and Trustee”	means State Street Custodial Services (Ireland) Limited;
“Custodian and Trusteeship Agreement”	means the agreement made on 7 November 2008 between the Company and the Custodian and Trustee;
“Dealing Day”	means any Business Day or Business Days as the Directors may from time to time determine, provided that there shall, in respect of each Fund, be at least one Dealing Day per fortnight and unless otherwise determined and notified to the Central Bank, as and from the date of this Prospectus: (i) every Business Day following the Initial Offer Period for each Fund shall be a Dealing Day;
“Directors”	means the directors of the Company for the time being and any duly constituted

	committee thereof;
“Distribution Agreement”	means the agreement made on 1 November 2007 between the Manager and the Distributor pursuant to which the latter was appointed to distribute the Funds;
“Distribution Date”	means for any Class of Shares of a Fund a date on which income distributions for the Fund are to be made;
“Distributor”	means Russell Investments Limited (formerly known as Frank Russell Company Limited);
“EEA”	means the EU member states together with Iceland, Liechtenstein and Norway;
“Emerging Markets”	means markets that are typically those of poorer or less developed countries which exhibit lower levels of economic and/or capital market development, and higher levels of share price and currency volatility;
“EU”	means the European Union;
“EUR”, “€” or “Euro”	means euro, the European single currency;
“Frank Russell”	means Frank Russell Company, the ultimate holding company of the Manager, the Investment Manager and the Adviser;
“Fund” or “Funds”	means any fund or funds from time to time established by the Company that is or are described in this Prospectus;
“FTSE Actuaries Government Securities U.K. Gilts Over 15 Years Index”	means a market capitalisation weighted index comprising all fixed maturity U.K. government bond issues with remaining terms to maturity of at least 15 years that satisfy minimum issue requirements, but excludes index-linked stocks;
“FTSE-A Government Index Linked All Stocks Index”	means a market capitalisation weighted index comprising approximately 12 all index-linked stocks;
“FTSE EPRA/NAREIT Global Real Estate Index”	means a market capitalisation weighted index of companies the majority of whose earnings or the entirety of whose assets are engaged in relevant real estate activities, based on the last trade prices where the market capitalisation of each constituent is adjusted for free float and designed to track the performance of listed real estate companies and REITs worldwide;
“GBP”, “Stg£” or “Sterling”	means pounds sterling, the lawful currency of the U.K.;
“Income Class Shares”	means Shares of a Class of a Fund that distribute Net Income from time to time, subject to Directors’ discretion;
“Investment Adviser”	means the person or persons from time to time appointed by the Investment Manager to act as an investment adviser which may include affiliates of the Manager;
“Investment Manager”	means the person appointed by the Manager to act as an Investment Manager of a fund which may include affiliates of the Manager;
“Initial Offer Period”	means, in the case of any Class of Shares of any Fund which have not yet been launched, 8 May 2012 to 7 November 2012 or such date or period as the Directors may determine and notify to the Central Bank;
“IOSCO”	means the International Organisation of Securities Commissions;

“Irish Resident”	means, any person resident in Ireland or ordinarily resident in Ireland other than an Exempt Irish Resident (as defined in the Taxation section of the Prospectus);
“JPY”, “JP¥” or “Japanese Yen”	means Japanese yen, the lawful currency of Japan;
“Manager”	means Russell Investments Ireland Limited (formerly known as Frank Russell Investments (Ireland) Limited);
“Management and Investment Advisory Agreement”	means the agreement made on 11 April 1994 between the Company and the Manager as amended by supplemental agreements dated 29 September 2006 and 27 October 2010;
“Member State”	means a member state of the EU;
“Money Manager”	means the person or persons from time to time appointed by the Manager to act as a money manager which may include affiliates of the Manager;
“Money Manager Agreement”	means an agreement between the Manager and a Money Manager;
“Money Market Rates”	means the rates obtained by investing in high quality money market instruments including government bonds;
“Moody’s”	means Moody’s Investors Service, Inc., the rating agency;
“MSCI EMF (Emerging Markets Free) Index”	means the free float adjusted market capitalisation index that is designed to measure equity market performance in the global Emerging Markets;
“MSCI World Index”	means the free float adjusted market capitalisation index that is designed to measure global developed market equity performance;
“Net Asset Value” or “NAV”	means the net asset value of the Company or of a Fund or of a Class calculated as described herein;
“Net Asset Value per Share”	means the Net Asset Value of each Class of a Fund divided by the number of Shares issued in respect of such Class;
“Net Income”:	in relation to The Global Bond Fund and The Global Strategic Yield Fund (which charge fees and expenses to capital rather than income): all interest, dividends and other amounts deemed by the Manager to be in the nature of income;
	in relation to all other Funds: all interest, dividends and other amounts deemed by the Manager to be in the nature of income less the relevant estimated Fund expenses applicable to that dividend period;
“NZD”	means New Zealand dollars, the lawful currency of New Zealand;
“OECD”	means the Organisation for Economic Co-operation and Development whose member states currently include Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Israel, Japan, South Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States of America;
“Prospectus”	means the prospectus for the Funds as amended from time to time and approved by the Central Bank;
“Regulated Market”	means any stock exchange or regulated market in the European Union or a stock

exchange or regulated market which is provided for in the Articles of Association, details of which are set out in Schedule I hereto;

- “Regulations”** means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 as such may be amended, supplemented or replaced from time to time and any rules made by the Central Bank pursuant to them;
- “Relevant Institution”** means (i) a credit institution authorised in the EEA; (ii) a credit institution authorised within a signatory state, other than a Member State of the EEA, to the Basle Capital Convergence Agreement of July 1988 (Canada, Japan, Switzerland and the U.S.); or (iii) a credit institution authorised in Australia, Guernsey, the Isle of Man, Jersey or New Zealand;
- “Roll-Up Class Shares”** means Shares of a Class of a Fund that do not declare or distribute Net Income and whose Net Asset Value reflects Net Income;
- “Russell 2500 Index”** means the index which measures the performance of the 2,500 smallest companies in the Russell 3000 Index, which represents approximately 23 per cent. of the total market capitalisation of the Russell 3000 Index;
- “Russell Investments”** means Frank Russell and any affiliate of Frank Russell being any company or other legal entity in which Frank Russell owns more than 50 per cent. of the outstanding voting shares, and includes the Manager, the Investment Manager and the Adviser and Distributor;
- “SGAM”** means Société Générale Asset Management;
- “Share” or “Shares”** means a share or shares in the capital of the Company;
- “Shareholder”** means a holder of Shares in the Company;
- “Short-Term Instruments”** means short-term debt instruments with a maturity of less than one year and includes certificates of deposit, bankers’ acceptances, commercial paper, T-bills, agency discount paper, and investment grade debt instruments with remaining maturities of one year or less. The duration of floating rate instruments will be recognised as the duration of the reset period. Unless otherwise stated in a Fund’s investment objective, all short term instruments acquired by a Fund must carry a short-term rating or a minimum issuer’s rating of A1/P1 by S&P or Moody’s. A short term instrument that is not rated by either of these rating agencies is permissible if the instrument is deemed by the relevant Money Manager to be of equivalent credit quality to the minimum credit constraint;
- “Short-Term Money Market Fund”** means a Short-Term Money Market Fund as defined in accordance with the requirements of the UCITS Notices on money market funds, as amended;
- “S&P”** means Standard & Poor’s Corporation, the rating agency;
- “Trade Cut-Off Time”** means in the case of subscriptions and repurchases:
in respect of The Euro Liquidity Fund 12 noon (Irish time) on a Dealing Day; or
in respect of all other Funds 2.00 pm (Irish time) on a Dealing Day;
- “UCITS”** means an undertaking for collective investment in transferable securities established pursuant to the Regulations;
- “UCITS Directive”** means Directive 2009/65/EC of the European Parliament and the Council of 13 July

2009 on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS);

“U.K.” means the United Kingdom of Great Britain and Northern Ireland;

“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”, “U.S.\$” or “U.S. Dollars” means U.S. dollars, the lawful currency of the U.S.;

“U.S. Person” means, unless otherwise determined by the Directors, (i) a citizen or resident of the U.S.; (ii) a corporation, partnership, or other entity organised in or under the laws of the U.S. or any state, (iii) an estate or trust the executor, administrator or trustee of which is a U.S. person as defined above, the income or beneficiaries of which are subject to U.S. federal income tax; and (iv) certain accounts held by a dealer or other fiduciary where the person exercising discretion over the account is a U.S. Person. U.S. Person shall not include corporations, partnerships or other entities which are organised or incorporated under the laws of any non U.S. jurisdiction that are controlled, directly or indirectly, by a U.S. Person as described above, unless such corporation, partnership or other entity was formed by such U.S. Person principally for the purpose of investing in securities not registered under the U.S. Securities Act of 1933.

SCHEDULE VI

Investment Restrictions

1 Permitted Investments

Investments of a UCITS are confined to:

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

2 Investment Restrictions

- 2.1 A UCITS may invest no more than 10 per cent. of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
- 2.2 A UCITS may invest no more than 10 per cent. of net assets in recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. This restriction will not apply in relation to investment by the UCITS in certain US securities known as Rule 144A securities provided that:
 - the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and
 - the securities are not illiquid securities i.e. they may be realised by the UCITS within seven days at the price, or approximately at the price, at which they are valued by the UCITS.
- 2.3 A UCITS may invest no more than 10 per cent. of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5 per cent. is less than 40 per cent.
- 2.4 The limit of 10 per cent. (in 2.3) is raised to 25 per cent. in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a UCITS invests more than 5 per cent. of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80 per cent. of the net asset value of the UCITS. **This restriction need not be included unless it is intended to avail of this provision and reference must be made to the fact that this requires the prior approval of the Central Bank.**
- 2.5 The limit of 10 per cent. (in 2.3) is raised to 35 per cent. if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
- 2.6 The transferable securities and money market instruments referred to in 2.4. and 2.5 shall not be taken into account for the purpose of applying the limit of 40 per cent. referred to in 2.3.

2.7 A UCITS may not invest more than 20 per cent. of net assets in deposits made with the same credit institution.

Deposits with any one credit institution, other than

- a credit institution authorised in the EEA (European Union Member States, Norway, Iceland, Liechtenstein);
- a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States); or
- a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand held as ancillary liquidity, must not exceed 10 per cent. of net assets.

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

2.8 The risk exposure of a UCITS to a counterparty to an OTC derivative may not exceed 5 per cent. of net assets.

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

2.9 Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20 per cent. of net assets:

- investments in transferable securities or money market instruments;
- deposits, and/or
- counterparty risk exposures arising from OTC derivatives transactions.

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

2.11 Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20 per cent. of net assets may be applied to investment in transferable securities and money market instruments within the same group.

2.12 A UCITS may invest up to 100 per cent. of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.

The individual issuers must be listed in the prospectus and may be drawn from the following list: OECD Governments (provided the relevant issues are investment grade), European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank and Tennessee Valley Authority.

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

3 Investment in Collective Investment Schemes (“CIS”)

3.1 A UCITS may not invest more than 20 per cent. of net assets in any one CIS.

3.2 Investment in non-UCITS may not, in aggregate, exceed 30 per cent. of net assets.

3.3 The CIS are prohibited from investing more than 10 per cent of net assets in other open-ended CIS.

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

3.5 Where a commission (including a rebated commission) is received by the UCITS manager/investment manager/investment adviser by virtue of an investment in the units of another CIS, this commission must be paid into the property of the UCITS.

4 Index Tracking UCITS

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

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

5 General Provisions

5.1 An investment company, or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.

5.2 A UCITS may acquire no more than:

- (i) 10 per cent. of the non-voting shares of any single issuing body;
- (ii) 10 per cent. of the debt securities of any single issuing body;
- (iii) 25 per cent. of the units of any single CIS;
- (iv) 10 per cent. of the money market instruments of any single issuing body.

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

5.3 5.1 and 5.2 shall not be applicable to:

- (i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;
- (ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;
- (iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;
- (iv) shares held by a UCITS in the capital of a company incorporated in a non-member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the UCITS can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed.
- (v) Shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.

5.4 UCITS need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.

5.5 The Central Bank may allow recently authorised UCITS to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.

- 5.6** If the limits laid down herein are exceeded for reasons beyond the control of a UCITS, or as a result of the exercise of subscription rights, the UCITS must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.
- 5.7** Neither an investment company, nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of:
- transferable securities;
 - money market instruments*;
 - units of CIS; or
 - financial derivative instruments.
- 5.8** A UCITS may hold ancillary liquid assets.
- 6 Financial Derivative Instruments (“FDIs”)**
- 6.1** The UCITS global exposure (as prescribed in the UCITS Notices) relating to FDI must not exceed its total net asset value.
- 6.2** Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the UCITS Notices. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the UCITS Notices.)
- 6.3** UCITS may invest in FDIs dealt in over-the-counter (OTC) provided that:
- The counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
- 6.4** Investment in FDIs are subject to the conditions and limits laid down by the Central Bank.

**Any short selling of money market instruments by UCITS is prohibited*

SCHEDULE VII
Investment Techniques and Financial Derivative Instruments

Financial Derivative Instruments

Permitted FDI

1. A UCITS may invest in FDI provided that:
- (i) the relevant reference items or indices, consist of one or more of the following ¹:
 - instruments referred to in paragraph 1 (i) - (vi) of Notice UCITS 9 including financial instruments having one or several characteristics of those assets;
 - financial indices;
 - interest rates;
 - foreign exchange rates;
 - currencies; and
 - (ii) the FDI do not expose the UCITS to risks which it could not otherwise assume (e.g. gain exposure to an instrument/issuer/currency to which the UCITS cannot have a direct exposure);
 - (iii) the FDI do not cause the UCITS to diverge from its investment objectives; and
 - (iv) the reference in 1(i) above to financial indices shall be understood as a reference to indices which fulfil the following criteria and the provisions of Guidance Note 2/07:
 - (a) they are sufficiently diversified, in that the following criteria are fulfilled:
 - (i) the index is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
 - (ii) where the index is composed of assets referred to in Regulation 68(1), its composition is at least diversified in accordance with Regulation 71;
 - (iii) where the index is composed of assets other than those referred to in Regulation 68(1), it is diversified in a way which is equivalent to that provided for in Regulation 71;
 - (b) they represent an adequate benchmark for the market to which they refer, in that the following criteria are fulfilled:
 - (i) the index measures the performance of a representative group of underlyings in a relevant and appropriate way;
 - (ii) the index is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers following criteria which are publicly available;
 - (iii) the underlyings are sufficiently liquid, which allows users to replicate the index, if necessary;
 - (c) they are published in an appropriate manner, in that the following criteria are fulfilled:
 - (i) their publication process relies on sound procedures to collect prices and to calculate and to subsequently publish the index value, including pricing procedures for components where a market price is not available;
 - (ii) material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

1 FDI on commodities are excluded.

Where the composition of assets which are used as underlyings by FDI does not fulfil the criteria set out in (a), (b) or (c) above, those FDI shall, where they comply with the criteria set out in Regulation 68(1)(g), be regarded as financial derivatives on a combination of the assets referred to in Regulation 68(1)(g)(i), excluding financial indices.

2. Credit Derivatives

Credit derivatives are permitted where:

- (i) they allow the transfer of the credit risk of an asset as referred to in paragraph 1(i) above, independently from the other risks associated with that asset;
 - (ii) they do not result in the delivery or in the transfer, including in the form of cash, of assets other than those referred to in Regulations 68(1) and 68(2);
 - (iii) they comply with the criteria for OTC derivatives set out in paragraph 4 below;
 - (iv) their risks are adequately captured by the risk management process of the UCITS, and by its internal control mechanisms in the case of risks of asymmetry of information between the UCITS and the counterparty to the credit derivative resulting from potential access of the counterparty to non-public information on firms the assets of which are used as underlyings by credit derivatives. The UCITS must undertake the risk assessment with the highest care when the counterparty to the FDI is a related party of the UCITS or the credit risk issuer.
3. FDI must be dealt in on a Regulated Market. Restrictions in respect of individual stock exchanges and markets may be imposed by the Central Bank on a case by case basis.
4. Notwithstanding paragraph 3, a UCITS may invest in FDI dealt in over-the-counter, “**OTC derivatives**” provided that:
- (i) the counterparty is a credit institution listed in sub-paragraphs 1.4 (i), (ii) or (iii) of Notice UCITS 9 or an investment firm, authorised in accordance with the Markets in Financial Instruments Directive in an EEA Member State, or is an entity subject to regulation as a Consolidated Supervised Entity (“**CSE**”) by the US Securities and Exchange Commission;
 - (ii) In the case of a counterparty which is not a credit institution, the counterparty has a minimum credit rating of A2 or equivalent, or is deemed by the UCITS to have an implied rating of A2. Alternatively, an unrated counterparty will be acceptable where the UCITS is indemnified or guaranteed against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating of A2 or equivalent;
 - (iii) risk exposure to the counterparty does not exceed the limits set out in Regulation 70(1)(c). The Fund shall calculate the counterparty exposure using the positive mark-to-market value of the OTC derivative contract with that counterparty. The UCITS may net its derivatives positions with the same counterparty, provided that the UCITS is able to legally enforce netting arrangements with the counterparty. Netting is only permissible with respect to OTC derivative instruments with the same counterparty and not in relation to any other exposures the UCITS may have to that counterparty;
 - (iv) the UCITS is satisfied that (a) the counterparty will value the OTC derivative with reasonable accuracy and on a reliable basis at least daily; (b) the OTC derivative can be sold, liquidated or closed by an offsetting transaction at fair value, at any time at the UCITS’ initiative;
 - (v) the UCITS must subject its OTC derivatives to reliable and verifiable valuation on a daily basis and ensure that it has appropriate systems, controls and processes in place to achieve this. The valuation arrangements and procedures must be adequate and

proportionate to the nature and complexity of the OTC derivative concerned and shall be adequately documented; and

- (vi) Reliable and verifiable valuation shall be understood as a reference to a valuation, by the UCITS, corresponding to fair value which does not rely only on market quotations by the counterparty and which fulfils the following criteria:
 - (a) the basis for the valuation is either a reliable up-to-date market value of the instrument, or, if such a value is not available, a pricing model using an adequate recognised methodology;
 - (b) verification of the valuation is carried out by one of the following:
 - (i) an appropriate third party which is independent from the counterparty of the OTC-derivative, at an adequate frequency and in such a way that the UCITS is able to check it;
 - (ii) a unit within the UCITS which is independent from the department in charge of managing the assets and which is adequately equipped for such purpose.

5. Risk exposure to an OTC derivative counterparty may be reduced where the counterparty will provide the UCITS with collateral. The UCITS may disregard the counterparty risk in circumstances where the value of the collateral, valued at market price and taking into account appropriate discounts, exceeds the value of the amount exposed to risk at any given time.

Collateral received must at all times meet with the following criteria:

- (i) **Liquidity:** Collateral must be sufficiently liquid in order that it can be sold quickly at a robust price that is close to its pre-sale valuation.
- (ii) **Valuation:** Collateral must be capable of being valued on at least a daily basis and must be marked to market daily;
- (iii) **Issuer credit quality:** Where the collateral issuer is not rated A1 or equivalent, conservative haircuts must be applied.
- (iv) **Safekeeping:** Collateral must be transferred to the trustee, or its agent;
- (v) **Enforceable:** Collateral must be immediately available to the UCITS, without recourse to the counterparty, in the event of a default by that entity;
- (vi) **Cash collateral** must only be invested in risk-free assets;
- (vii) **Non-cash collateral:**
 - cannot be sold, pledged or re-invested;
 - must be held at the credit risk of the counterparty;
 - must be issued by an entity independent of the counterparty; and
 - must be diversified to avoid concentration risk in one issue, sector or country.

Collateral passed to an OTC derivative counterparty by or on behalf of a UCITS must be taken into account in calculating exposure of the UCITS to counterparty risk as referred to in Regulation 70(1)(c) of the Regulations. Collateral passed may be taken into account on a net basis only if the UCITS is able to legally enforce netting arrangements with this counterparty.

Calculation of issuer concentration risk and counterparty exposure risk

Each UCITS must calculate issuer concentration limits as referred to in Regulation 70 of the Regulations on the basis of the underlying exposure created through the use of FDI pursuant to the commitment approach. The calculation of exposure arising from OTC derivative transactions must include any exposure to OTC derivative counterparty risk. A UCITS must calculate exposure arising from initial margin posted to and variation margin receivable from a broker relating to exchange-traded or OTC derivatives, which is not protected by client money rules or other similar arrangements to protect the UCITS against the insolvency of the broker, and that exposure cannot exceed the OTC counterparty limit referred to in Regulation 70(1)(c) of the Regulations.

The calculation of issuer concentration limits as referred to in Regulation 70 of the Regulations must take account of any net exposure to a counterparty generated through a stocklending or repurchase agreement. Net exposure refers to the amount receivable by a UCITS less any collateral provided by the UCITS. Exposures created through the reinvestment of collateral must also be taken into account in the issuer concentration calculations. When calculating exposures for the purposes of Regulation 70 of the Regulations, a UCITS must establish whether its exposure is to an OTC counterparty, a broker or a clearing house.

6. Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities, money market instruments or collective investment schemes, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in Regulations 70 and 73. When calculating issuer-concentration risk, the FDI (including embedded FDI) must be looked through in determining the resultant position exposure. This position exposure must be taken into account in the issuer concentration calculations. Issuer concentration must be calculated using the commitment approach when appropriate or the maximum potential loss as a result of default by the issuer if more conservative. It must also be calculated by all UCITS, regardless of whether they use VaR for global exposure purposes. This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in Regulation 71(1) of the Regulations.
7. A transferable security or money market instrument embedding a FDI shall be understood as a reference to financial instruments which fulfil the criteria for transferable securities or money market instruments set out in UCITS 9 and which contain a component which fulfils the following criteria:
 - (a) by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or money market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, and therefore vary in a way similar to a stand-alone derivative;
 - (b) its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract;
 - (c) it has a significant impact on the risk profile and pricing of the transferable security or money market instrument.
8. A transferable security or a money market instrument shall not be regarded as embedding a FDI where it contains a component which is contractually transferable independently of the transferable security or the money market instrument. Such a component shall be deemed to be a separate financial instrument.

Cover requirements

9. A UCITS must ensure that its global exposure (as prescribed in the Central Bank Notices) relating to FDI does not exceed its total net asset value. A UCITS may not therefore be leveraged, including any short positions, in excess of 100 per cent. of net asset value. To the extent permitted under the relevant rules, the UCITS may take account of netting and hedging arrangements when calculating global exposure. The commitment approach is detailed in the UCITS risk management procedures for FDI, which are described below under "Risk Management Process and Reporting".

A UCITS using the VaR approach must employ back testing and stress testing and comply with other regulatory requirements regarding the use of VaR. The VaR method is detailed in the relevant UCITS' risk management procedures for FDI, which are described below under "Risk Management Process and Reporting".

A UCITS must, at any given time, be capable of meeting all its payment and delivery obligations incurred by transactions involving FDI. Monitoring of FDI transactions to ensure they are adequately covered must form part of the risk management process of the UCITS.

10. A transaction in FDI which gives rise, or may give rise, to a future commitment on behalf of a UCITS must be covered as follows:
- (i) in the case of FDI which automatically, or at the discretion of the UCITS, are cash settled a UCITS must hold, at all times, liquid assets which are sufficient to cover the exposure.
 - (ii) in the case of FDI which require physical delivery of the underlying asset, the asset must be held at all times by a UCITS. Alternatively a UCITS may cover the exposure with sufficient liquid assets where:
 - the underlying assets consists of highly liquid fixed income securities; and/or
 - the UCITS considers that the exposure can be adequately covered without the need to hold the underlying assets, the specific FDI are addressed in the Risk Management Process, which is described in paragraph 11 below, and details are provided in the Prospectus.

Risk management process and reporting

11. (i) A UCITS must employ a risk management process to accurately monitor, measure and manage the risks attached to FDI positions and their contribution to the overall risk profile of the portfolio.
- (ii) A UCITS must provide the Central Bank with details of its proposed Risk Management Process in respect of its FDI activity. The initial filing is required to include information in relation to:
- Permitted types of FDI, including embedded derivatives in transferable securities and money market instruments;
 - Details of the underlying risks;
 - Relevant quantitative limits and how these will be monitored and enforced;
 - Methods for estimating risks.
- (ii) Material amendments to the initial filing must be notified to the Central Bank in advance. The Central Bank may object to the amendments notified to it and amendments and/or associated activities objected to by the Central Bank may not be made.
12. The Company must submit a report to the Central Bank on its FDI positions on an annual basis. The report, which must contain information which reflects a true and fair value of the types of FDI used by the UCITS, the underlying risks, the quantitative limits and the methods used to estimate those risks, must be submitted with the annual report of the UCITS. The Company must, at the request of the Central Bank, provide this report at any time.

13. Redemption Agreements, Reverse Redemption Agreements and Stocklending Agreements

- I** Repurchase/reverse repurchase agreements, ("**repo contracts**") and stock lending may only be effected in accordance with normal market practice.
- II** Collateral obtained under a repo contract or stock lending arrangement must at all times meet the following criteria:
- (i) **Liquidity:** Collateral must be sufficiently liquid in order that it can be sold quickly at a robust price that is close to its pre-sale valuation;
 - (ii) **Valuation:** Collateral must be capable of being valued on at least a daily basis and must be

- marked to market daily; and
- (iii) **Issuer credit quality:** Where the collateral issuer is not rated A1 or equivalent, conservative haircuts must be applied.

III Until the expiry of the repo contract or stock lending transactions, collateral obtained under such contracts or transactions:

- (i) must equal or exceed, in value, at all times the value of the amount invested or securities loaned;
- (ii) must be transferred to the trustee, or its agent; and
- (iii) must be immediately available to the UCITS, without recourse to the counterparty, in the event of a default by that entity.

Paragraph (iii) is not applicable in the event that a UCITS uses tri-party collateral management services of International Central Securities Depositories or relevant institutions which are generally recognised as specialists in this type of transaction. The trustee must be a named participant to the collateral arrangements.

IV Non-cash collateral:

- (i) cannot be sold, pledged or reinvested;
- (ii) must be held at the risk of the counterparty;
- (iii) must be issued by an entity independent of the counterparty; and
- (iv) must be diversified to avoid concentration in one issue, sector or country.

V Cash collateral:

Cash may not be invested other than in the following:

- (i) deposits with Relevant Institutions;
- (ii) government or other public securities;
- (iii) certificates of deposit issued by Relevant Institutions;
- (iv) letters of credit with a residual maturity of three months or less, which are unconditional and irrevocable and which are issued by Relevant Institutions;
- (v) repurchase agreements, provided collateral received falls under categories (a) – (d) and (f) of this paragraph;
- (vi) daily dealing money market funds which have and maintain a rating of AAA or equivalent. If investment is made in a linked fund, as described in UCITS Notice 9 issued by the Central Bank, no subscription, conversion or redemption charge can be made by the underlying money market fund.

In accordance with the requirement that efficient portfolio management techniques cannot result in a change to the UCITS declared investment objective or add substantial supplementary risks, invested cash collateral held at the risk of the UCITS, other than cash collateral invested in government or other public securities or money market funds, must be invested in a diversified manner. A UCITS must be satisfied, at all times, that any investment of cash collateral will enable it to meet with its repayment obligations.

Invested cash collateral may not be placed on deposit with, or invested in securities issued by, the counterparty or a related entity.

VI Notwithstanding the provisions of paragraph III above, a UCITS may enter into stock lending programmes organised by generally recognised International Central Securities Depositories Systems provided that the programme is subject to a guarantee from the system operator.

Without prejudice to the requirements above, a UCITS may be permitted to undertake repo transactions pursuant to which additional leverage is generated through the re-investment of collateral. In this case the repo transaction must be taken into consideration for the determination of global exposure as required by paragraph 21 of UCITS 10. Any global exposure generated must be added to the global exposure created through the use of FDI and, for UCITS using the commitment approach to measure global exposure the total of these must not be greater than 100 per cent. of the Net Asset Value of the UCITS. Where collateral is re-invested in financial assets that provide a return in excess of the risk-free return, the UCITS must

include, in the calculation of global exposure: (1) the amount received if cash collateral is held; and (2) the market value of the instrument concerned if non-cash collateral is held.

- VII** The counterparty to a repo contract or stock lending arrangement must have a minimum credit rating of A2 or equivalent, or must be deemed by the UCITS to have an implied rating of A2. Alternatively, an unrated counterparty will be acceptable where the UCITS is indemnified or guaranteed against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating of A2 or equivalent.
- VIII** A UCITS must have the right to terminate the stock lending arrangement at any time and demand the return of any or all of the securities loaned. The agreement must provide that, once such notice is given, the borrower is obligated to redeliver the securities within 5 business days or other period as normal market practice dictates.
- IX** Repo contracts, stock borrowing or stock lending do not constitute borrowing or lending for the purposes of Regulation 103 and Regulation 111 respectively.