

PROSPECTUS

The Directors of the Fund, whose names appear on page (v), 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. The Directors accept responsibility accordingly.

THE ARGO FUND LIMITED

(a company incorporated with limited liability under
the laws of the Cayman Islands under registration number 100993)

ARGO CAPITAL MANAGEMENT (CYPRUS) LIMITED (INVESTMENT MANAGER)

ARGO CAPITAL MANAGEMENT LIMITED (INVESTMENT ADVISOR)

The US\$ Shares issued and to be issued, have been admitted to the Official List of the Irish Stock Exchange Limited (the "Official List") and to trading on the Main Market of the Irish Stock Exchange (the "Main Market"). The Directors do not anticipate that an active secondary market will develop in the US\$ Shares. No application has been made for the Euro Shares to be admitted to the Official List of the Main Market, or for the Shares to be listed on any other stock exchange.

The admission of the US\$ Shares to the Official List and to trading on the Main Market does not constitute a warranty or representation by the Irish Stock Exchange as to the competence of the service providers to, or any other party connected with, the Fund, the adequacy of information contained in the Prospectus or the suitability of the Fund for investment purposes.

September 2009

IMPORTANT INFORMATION

Reliance on Prospectus

The Shares are offered solely on the basis of the information and representations contained in this Prospectus and any further information given or representations made by any person may not be relied upon as having been authorised by the Fund or the Directors. Neither the delivery of this Prospectus nor the allotment or issue of Shares shall under any circumstances create any implication that there has been no change in the affairs of the Fund since the date hereof.

Registration in the Cayman Islands

The Fund is registered as a regulated mutual fund with the Cayman Islands Monetary Authority under section 4(3) of the Mutual Funds Law (2007 Revision) of the Cayman Islands. However, no Cayman Islands authority has passed upon the contents of this Prospectus or the merits of an investment in the Shares. Moreover the investment activities of the Fund are not regulated or otherwise overseen by the Cayman Islands Government.

Status in Ireland

The Fund has not been approved by, and is not regulated by, the Irish Financial Services Regulatory Authority. This Prospectus does not constitute or form part of any offer or invitation to the public to subscribe for or purchase the Shares and shall not be construed as such and no person other than the person to whom this Prospectus has been addressed or delivered shall be eligible to subscribe for or purchase the Shares. Shares shall not be marketed in Ireland without the prior approval in writing of the Irish Financial Regulator.

Restrictions on Distribution

Cayman Islands: no invitation may be made to the public in the Cayman Islands to subscribe for the Shares.

Ireland: The Prospectus is strictly private and confidential and should not be disseminated or circulated to the public.

The Prospectus is directed solely to certain individuals to whom they are addressed (the "Investor"). the investments or investment activities to which the Prospectus refers are the subject of a private invitation made by the fund to the Investor (the "offer") and are available solely to the Investor and no other person(s), directly or indirectly other than the investor, the fund will not engage with any person(s) in relation to the Prospectus. The offer is not an offer to the public within the meaning of the applicable laws of Ireland and in particular section 9(1)(b) of the Unit Trusts Act 1990 and is an excluded offer within the meaning of regulation 9(1) of the Prospectus (Directive 2003/71/EC) Regulations 2005 (the "Directive"). The Prospectus has not been prepared in accordance with the Directive or any measures made under that directive or the laws of Ireland or of any EU member state or EEA treaty adherent state that implement that directive or those measures.

Other than the Investor, no person(s) should rely on the Prospectus or take any action upon them. if you are not the intended recipient of the Prospectus and have received them in error you should return them immediately.

The Fund is not supervised, approved or authorised in Ireland by the Irish Financial Regulator and the regulatory requirements which it imposes are not applicable. The Fund is established in the Cayman Islands and is governed under the laws of the Cayman Islands.

Potential investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser and are responsible for informing themselves as to the possible tax consequences of an investment.

The Fund has not made and will not make an offer of the Shares to the public in Ireland prior to the publication of a prospectus in relation to an offer of the Shares that has been approved by the Irish Financial Regulator or where appropriate, approved in another member state of the European Union and notified to the Irish Financial Regulator in Ireland, all in accordance with the Prospectus Directive 2003/71/EC, the Irish Prospectus (Directive 2003/71/EC) Regulations, 2005 Part XIII of Companies Act 1990 and the Investment Funds, Companies and Miscellaneous Provisions Act 2005 and any such marketing in Ireland is subject to the prior approval of the Irish Financial Regulator.

United Kingdom: The Fund is an unrecognised collective investment scheme for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom (the "Act"). The promotion of the Fund and the distribution of this Prospectus in the United Kingdom is accordingly restricted by law.

Whilst this Prospectus may be issued outside the United Kingdom directly by Argo Capital Management (Cyprus) Limited, and the Directors of the Fund are responsible for its contents, wherever issued, it is being issued inside and outside the United Kingdom by Argo Capital Management Limited (which is authorised and regulated by the Financial Services Authority ("FSA")) to and/or is directed at only persons who are professional clients or eligible counterparties for the purposes of the FSA's Conduct of Business Sourcebook.

This Prospectus is exempt from the scheme promotion restriction (in section 238 of the Act) on the communication of invitations or inducements to participate in unrecognised collective investment schemes on the grounds that it is being issued to and/or directed at only the types of person referred to above. To the extent that this Prospectus is issued by Argo Capital Management Limited the Shares are only available to such persons and this Prospectus must not be relied or acted upon by any other persons.

Any recipient of this Prospectus who is an authorised person may (if and to the extent it is permitted to do so by the FSA rules applicable to it) distribute it or otherwise promote the Fund in accordance with section 238 of the Act but not otherwise. Any recipient of this Prospectus who is not an authorised person may not distribute it to any other person.

United States: The Shares have not been and will not be registered under the Securities Act of 1933 of the United States (as amended) ("the 1933 Act") or the securities laws of any of the states of the United States, nor is such registration contemplated. The Shares may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any "US Person" except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable state laws. Any re-offer or resale of any of the Shares in the United States or to US Persons may constitute a violation of United States law.

The Shares are being offered outside the United States pursuant to the exemption from registration under Regulation S under the 1933 Act. Each applicant for Shares will be required to certify that it is a US Person.

There is no public market for the Shares and no such market is expected to develop in the future. The Shares offered hereby are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Articles, the 1933 Act and applicable state securities law pursuant to registration or exemption therefrom.

The Fund will not be registered under the United States Investment Company Act of 1940 (as amended) (the "1940 Act"). Based on interpretations of Section 3(c)(1) of the 1940 Act by the staff of the SEC relating to foreign investment companies, if the Fund has more than 100 beneficial owners of its Shares who are US Persons it may become subject to certain requirements under the 1940 Act.

To ensure that the number of holders of Shares who are US Persons is maintained below that level the Directors may compulsorily redeem Shares beneficially owned by US Persons.

Notwithstanding the foregoing prohibitions, the Fund may arrange or permit the private placement in the United States of a portion of the Shares under the exemption provided by Section 4(2) of the 1933 Act and Regulation D promulgated thereunder to a limited number of US Persons that are "accredited investors" (as defined in Rule 501(a) of Regulation D under the 1933 Act), under restrictions and other circumstances designed to preclude a distribution that would otherwise require registration of the Shares under the 1933 Act, cause the Fund to become subject to the registration requirements of the 1940 Act or cause the assets of the Fund to be "plan assets" for the purposes of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), including presentation by such investors, prior to the delivery to them of Shares, of a letter containing specified representations and agreements.

Pursuant to an exemption from registration as a commodity pool operator set forth in United States Commodity Futures Trading Commission ("CFTC") Rule 4.13(a)(4), the Investment Manager is not required to register, and is not registered, as a commodity pool operator under the CEA. Consequently, unlike a registered commodity pool operator, the Investment Manager is not required to provide subscribers for Shares with a disclosure document or certified annual report meeting the requirements of the CFTC rules otherwise applicable to registered commodity pool operators. This Prospectus has not been, and is not required to be, filed with the CFTC, and the CFTC has not reviewed or approved this Prospectus or the offering of Shares.

The Shares are suitable only for sophisticated investors who do not require immediate liquidity for their investments, for whom an investment in the Fund does not constitute a complete investment program and who fully understand and are willing to assume the risks involved in the Fund's investment program. The Fund's investment practices, by their nature, may be considered to involve a substantial degree of risk. Subscribers for Shares must represent that they are acquiring the Shares for investment.

The Shares have not been filed with or approved or disapproved by any regulatory authority of the United States or any state thereof, nor has any such regulatory authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is unlawful.

Notice to prospective purchasers in Florida: These securities have not been registered under the Florida Securities Act in reliance upon an exemption therefrom. Any sale made pursuant to such exemption is voidable by a Florida purchaser within three (3) days after the first tender of consideration is made by such purchaser to the issuer, an agent of the issuer or an escrow agent in payment for such securities. However, this right is not available to any purchaser who is a bank, trust company, savings institution, insurance company, securities dealer, investment company (as defined in the 1940 Act), pension or profit-sharing trust or qualified institutional buyer (as defined in Rule 144A under the 1933 Act).

The Fund may accept investments from employee benefit plans subject to Part 4 of Title I of the US Employee Retirement Income Security Act of 1974, as amended ("ERISA"), plans or accounts subject to section 4975 of the US Internal Revenue Code of 1986, as amended (the "Code"), insurance company general and separate accounts and entities the underlying assets of which include plan assets (i.e. "Benefit Plan Investors", as defined under ERISA). However, the Fund does not anticipate that its assets will be subject to Title I of ERISA or section 4975 of the Code, because it intends to limit investments in the Fund by "Benefit Plan Investors". Generally, assets of an entity like the Fund will not be subject to Title I of ERISA or section 4975 of the Code, if Benefit Plan Investors own less than 25 per cent of the value of any class of equity interests of the Fund, excluding from this calculation any non-Benefit Plan Investor interests held by the Investment Manager and certain affiliated persons or entities. No subscriptions for Shares made by Benefit Plan Investors will be accepted and no transfers of Shares will be permitted to the extent that the investment or transfer would result in the Fund's assets becoming subject to Title I of ERISA or section 4975 of the Code. In addition, because the 25

per cent limit is to be calculated upon every subscription to or redemption from the Fund, the Fund has the authority to require the compulsory redemption of Shares of any Class to ensure that the Fund is not subject to Title I of ERISA or section 4975 of the Code.

In the event that the Fund was to become subject to Title I of ERISA or section 4975 of the Code, i.e. the assets of the Fund were regarded as “plan assets”, the Investment Manager would be a “fiduciary” (as defined in ERISA) with respect to plans and accounts subject to Title I of ERISA and/or section 4975 of the Code and would be subject to the obligations and liabilities imposed on fiduciaries by ERISA and/or the Code. Moreover, the Fund would be subject to various other requirements imposed by ERISA and/or the Code.

Generally: The distribution of this Prospectus and the offering of Shares may be restricted in certain jurisdictions. The above information is for general guidance only, and it is the responsibility of any person or persons in possession of this Prospectus and wishing to make application for Shares 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 legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

This Prospectus does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such offer or solicitation.

Risk Factors

Investment in the Fund carries substantial risk. There can be no assurance that the Fund's investment objective will be achieved and investment results may vary substantially over time. Investment in the Fund is not intended to be a complete investment programme for any investor. Prospective investors should carefully consider whether an investment in Shares is suitable for them in light of their circumstances and financial resources (see further under “Risk Factors”).

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

DIRECTORY

THE ARGO FUND LIMITED

Registered Office

PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Directors

Pericles Katsioulas
David Parnell
Andreas Rialas
Kyriakos Rialas

Investment Manager

Argo Capital Management (Cyprus) Limited
Jackie Court
Suite 401
10 Vasilissis Frederikis Street
Nicosia 1066
Cyprus

Investment Advisor

Argo Capital Management Limited
5th Floor
80 New Bond Street
London W1S 1SB
England

Custodian

BNP Paribas Trust Company (IOM) Limited
Merchant's House
24 North Quay
Douglas
Isle of Man
IM1 4LE

Administrator

HSBC Securities Services (Ireland) Limited
1 Grand Canal Square
Grand Canal Harbour
Dublin 2
Ireland

Sponsor at the Irish Stock Exchange

J & E Davy
Davy House
49 Dawson Street
Dublin 2
Ireland

Auditors

KPMG
PO Box 493
Century Yard
Grand Cayman
KY1-1106
Cayman Islands

Legal Advisers to the Fund

In England:
Simmons & Simmons
CityPoint
One Ropemaker Street
London EC2Y 9SS
England

In the Cayman Islands:

Maples and Calder
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

In the Isle of Man:

Dickinson Cruickshank
33 Athol Street
Douglas
Isle of Man IM1 1LB

In Ireland:

Maples and Calder
75 St Stephen's Green
Dublin 2
Ireland

CONTENTS

DEFINITIONS.....	1
PRINCIPAL FEATURES.....	4
INVESTMENT OBJECTIVE, APPROACH AND RESTRICTIONS	8
DIVIDEND POLICY.....	10
INVESTMENT MANAGER.....	11
INVESTMENT ADVISOR.....	12
DIRECTORS	13
ADMINISTRATOR	15
CUSTODIAN	15
SUBSCRIPTIONS.....	17
REDEMPTIONS.....	22
NET ASSET VALUE	24
FEES AND EXPENSES.....	27
REPORTS AND FINANCIAL STATEMENTS.....	29
CONFLICTS OF INTEREST	30
USE OF DEALING COMMISSIONS.....	30
RISK FACTORS.....	31
TAXATION	36
GENERAL AND STATUTORY INFORMATION.....	38

DEFINITIONS

“Administrator”	HSBC Securities Services (Ireland) Limited;
“Articles”	the Articles of Association of the Fund;
“Argo Group”	Argo Group Limited;
“Business Day”	any day on which banks are open for business in London and Dublin;
“Class”	a class of ordinary shares in the Fund;
“Class Account”	a Class Account as defined on page 24;
“Custodian”	BNP Paribas Trust Company (IOM) Limited;
“Dealing Day”	the first Business Day of each month and/or such other day or days as the Directors may from time to time determine;
“Directors”	the members of the board of directors of the Fund for the time being and any duly constituted committee thereof and any successors to such members as they may be appointed from time to time;
“Eligible Investor”	an eligible investor as defined on page 18;
“Euro Shares”	ordinary shares of par value US\$0.01 each in the Fund issued as Euro Shares;
“Euro Shares Initial Offer Period”	the period during which Euro Shares are available for subscription at a fixed price, which will commence at 9.00 am (Isle of Man time) on 28 November 2008 and will close at such time on such date as the Directors may determine;
“Founder Shares”	founder shares of par value US\$1.00 in the Fund;
“Fund”	The Argo Fund Limited (which shall include, where relevant, companies wholly owned by The Argo Fund Limited that hold specific assets in jurisdictions outside the Cayman Islands);
“FSA”	the Financial Services Authority of the United Kingdom;
“Ineligible Applicant”	an ineligible applicant as described on page 18;
“Investment Advisor”	Argo Capital Management Limited or such other person as may be appointed as investment advisor to the Fund;
“Investment Manager”	Argo Capital Management (Cyprus) Limited;

“Investment Management Fee”	the investment management fee payable by the Fund to the Investment Manager;
“Irish Stock Exchange”	The Irish Stock Exchange Limited;
“Main Market”	the Main Market of the Irish Stock Exchange;
“Minimum Holding”	US\$100,000 in the case of US\$ Shares and the Euro equivalent of US\$100,000 in the case of the Euro Shares;
“Net Asset Value”	the net asset value of the Fund determined in accordance with the Articles;
“Net Asset Value per Share”	the Net Asset Value of the relevant Class Account divided by the number of Shares of the relevant Class in issue or deemed to be in issue;
“Official List”	the Official List of the Irish Stock Exchange;
“Performance Fee”	the performance fee payable by the Fund to the Investment Manager;
“Redemption Price”	the price per Share at which Shares are redeemed, calculated in the manner described on page 22;
“Shares”	the Euro Shares and/or the US\$ Shares;
“Shareholder”	a person recorded as a holder of Shares in the Fund's register of Shareholders;
“Specified Credit Rating”	a minimum credit rating of “A” for long term debt from the credit agency of Moody's or Standard & Poor's and a minimum of “P-2” or “A-1”, respectively for short term debt from those same agencies;
“Subscription Price”	the price per Share at which US\$ Shares and, after the close of the Euro Shares Initial Offer Period, Euro Shares may be issued, calculated in the manner described on page 17;
“United States”	the United States of America (including the States and District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction;
“US Person”	a citizen or resident of the United States, a corporation, partnership or other entity created or organised in or under the laws of the United States or any person falling within the definition of the term “United States Person” under Regulation S promulgated under the 1933 Act or under Rule

4.7 under the CEA;

“US\$ Shares”

ordinary shares of par value US\$0.01 each in the Fund issued as US\$ Shares;

“Valuation Day”

the Business Day immediately preceding a Dealing Day.

In this Prospectus:

- (a) all references to “Euro” and “€” are to the unit of the European single currency and all references to “US Dollars” and “US\$” are to the currency of the United States; and
- (b) all references to ‘day’ shall be deemed to signify a calendar day unless otherwise stated to be a ‘Business Day’.

PRINCIPAL FEATURES

The following is a summary of the principal features of the Fund and should be read in conjunction with the full text of this Prospectus.

Structure

The Fund is an exempted company incorporated with limited liability in the Cayman Islands as an open-ended investment company, and, as such, it has power to issue and redeem US\$ Shares and, after the close of the Euro Shares Initial Offer Period, Euro Shares at the relevant Subscription Price and Redemption Price respectively. The US\$ Shares have been admitted to the Official List and to trading on the Main Market. No application has been made for the Euro Shares to be listed on any stock exchange.

Base Currency

Shares are issued either as Euro Shares or as US\$ Shares and will be redeemed in Euro and US Dollars respectively. The base currency of the Fund is the US Dollar.

Investment Objective and Policy

The Fund's investment objective is to achieve above-average returns on a risk adjusted basis by actively trading and investing in securities and other commercial instruments of developing markets. The scope of the Fund is to benefit from investment opportunities globally.

The Fund's policy is to manage a diversified portfolio of predominantly debt securities (both rated and unrated) including bonds, loans and commercial investments like letters of credit and promissory notes.

Investment Approach

In making each investment, the Investment Manager seeks to apply the following selection criteria across different asset classes and country risks:

- (1) the absolute return of each investment;
- (2) the relative liquidity of each investment;
- (3) the availability of hedging instruments for each investment;
- (4) possible undervaluation of specific investments and countries by the global marketplace;
- (5) favourable developments in the particular regulatory and investment environment that would result in significant flows of foreign investment;
- (6) any other benefits for the Fund that may result from the particular investment.

The Investment Manager may decide to make an investment if any one of the above criteria is met.

The Fund seeks to invest in project, trade and commodity finance related transactions in order to capitalise from the growing trade flows and infrastructure renewal in emerging markets globally. The Investment Manager believes that such financing has a low correlation with the prevailing conditions in the world equity and bond markets. From a risk management perspective it leads to increased portfolio diversification and more stable returns. In addition, the Investment Manager believes that

countries defaulting on their sovereign borrowings frequently continue to honour their trade related obligations.

Additionally, the Investment Manager invests a portion of the Fund's assets in distressed or impaired securities of emerging market sovereign and corporate borrowers and takes both a passive and proactive stance on restructuring these assets. Similarly with trade related obligations, the Investment Manager believes that there is lower correlation between these assets and global markets leading to enhanced diversification.

The Fund trades and invests in secured and unsecured debt of borrowers in emerging markets through eurobonds, credit linked notes or other debt products of such borrowers. The Fund may also invest in Western European high yield debt. Additionally, for cash management purposes, the Fund invests assets in G7 currency or local currency denominated instruments issued by such entities as national governments or their agencies, banks, international development agencies and shares of other corporates and financial institutions.

The Fund seeks to invest a small portion of its assets in listed or unlisted equity participations aiming to diversify its portfolio and utilise its credit and country risk knowledge to enhance returns.

The Directors may modify the above investment approach from time to time in response to changes in market and economic conditions.

The Investment Manager applies risk control disciplines in managing its investment portfolio and, where practicable, uses hedging techniques to cover market risk (defined as the likelihood of a sharp fall in the market price of an asset) as well as the political and credit risks inherent in its investments. Such techniques may involve purchasing insurance cover through the insurance markets for particular investments or for the whole portfolio, or the use of credit default swaps or other credit derivatives to hedge exposure. In addition, specific stop losses are put in place to protect the value of the portfolio from sudden downward movements. The Fund also trades its non-core positions in order to generate gains and at the same time avoid the risk of significant mismatch between its purchase price and the market price of its investments.

Investment Manager

Argo Capital Management (Cyprus) Limited is the investment manager of the Fund's portfolio. The Investment Manager (and/or its directors, employees or associated companies) may subscribe directly or indirectly for Shares and may invest the Performance Fees (net of tax and after appropriate provision for operating expenses) directly or indirectly back into the Fund by acquisition of further Shares.

Investment Advisor

The Investment Manager has appointed Argo Capital Management Limited to provide advice to it in its management of the Fund's portfolio and may from time to time delegate to it the authority to make day-to-day investment decisions in accordance with the investment objective, policy and approach described in this Prospectus. However, it will be at the discretion of the Investment Manager to appoint replacement or additional advisors from time to time.

Offer

Up to 4,999,000 Shares are available for issue.

Euro Shares are available for subscription during the Euro Shares Initial Offer Period at a price of €100 per Euro Share.

Subscriptions

US\$ Shares and, after the close of the Euro Shares Initial Offer Period, Euro Shares are available for subscription on Dealing Days at the relevant Subscription Price.

The Directors are authorised to close the Fund, or any Class of Shares to new subscriptions, either for a specified period or until they otherwise determine and either in respect of all investors or new investors only.

Minimum Investment

The minimum investment per subscriber is US\$100,000 in the case of the US\$ Shares and the Euro equivalent of US\$100,000 in the case of the Euro Shares. The minimum amount of additional subscriptions is US\$10,000 in the case of the US\$ Shares and the Euro equivalent of US\$10,000 in the case of the Euro Shares or such lesser amount as the Directors may in any particular case determine. These requirements will not apply to direct or indirect subscriptions by the Investment Advisor, the Investment Manager and/or its directors, employees or associated companies, except no initial investment shall be less than US\$50,000 or the Euro equivalent thereof.

Restrictions on Sale and Transfer

The Shares may only be offered, sold or transferred to Eligible Investors who are not Ineligible Applicants as described under "Subscriptions" below.

Redemptions

Shares may be redeemed at the option of the Shareholders on each Dealing Day. Notice of redemption should be given to the Administrator at least 30 days prior to the relevant Dealing Day. Shares will be redeemed at the relevant Redemption Price.

A request for a partial redemption of Shares may be refused, or the holding may be redeemed in its entirety, if, as a result of such partial redemption, the Net Asset Value of the Shares retained by the Shareholder would be less than the Minimum Holding.

A redemption fee of up to 5 per cent of redemption proceeds in respect of Shares redeemed within 3 years of the Dealing Day on which they were issued (or the date of acquisition if acquired in the secondary market) will be charged subject to the discretion of the Directors. This fee will reduce to 1 per cent of redemption proceeds payable on Shares redeemed thereafter. This fee will also be charged subject to the discretion of the Directors.

Dividend Policy

In accordance with the Fund's investment objective, it is not envisaged that any income or gains derived from its investments will be distributed by the Fund by way of dividend. This does not preclude the Directors from declaring a dividend at any time in the future if they consider it appropriate to do so. To the extent that a dividend may be declared, it will be paid in compliance with any applicable laws and Irish Stock Exchange requirements.

Fees and Expenses

The Investment Manager receives from the Fund an Investment Management Fee of 1/12 of 2 per cent per month of the Net Asset Value as at each Valuation Day.

The Investment Manager is also entitled to receive a monthly Performance Fee from the Fund. The Performance Fee is equal to 20 per cent of the Operating Profits (to the extent that Operating Profits

are positive) as of the end of each month. "Operating Profits" means the net increase or decrease in the Net Asset Value of the Fund (excluding subscriptions and redemptions), before accrual of the monthly Performance Fee, determined from the end of the last month as of which a Performance Fee was earned (the "high water mark") to the end of the month of determination.

Without prejudice to the above, the Investment Manager may from time to time and at its sole discretion and out of its own resources decide to rebate to some or all investors (or their agents, including the Directors) or to intermediaries part or all of the Performance Fee.

The Fund will pay the fees of the Administrator and will bear all other ongoing operating costs and expenses.

The Investment Manager will pay the fees of the Investment Advisor.

Reports and Financial Statements

Annual financial statements of the Fund will be made up to 30 June in each year. An annual report and the audited financial statements of the Fund will be sent to Shareholders and to the Irish Stock Exchange as soon as practicable and in any event within six months of the financial year end, whichever is the earlier.

Half-yearly unaudited reports, incorporating unaudited accounts, will also be sent to Shareholders and to the Irish Stock Exchange within four months of the end of the period to which they relate.

Taxation

On the basis of current Cayman Islands law and practice, the Fund will not be liable to taxation in the Cayman Islands.

Prospective applicants for Shares should consult their own advisers as to their own particular tax consequences of an investment in the Fund.

INVESTMENT OBJECTIVE, APPROACH AND RESTRICTIONS

Investment Objective and Policy

The Fund's investment objective is to achieve above-average returns on a risk adjusted basis by actively trading and investing in securities and other commercial instruments of developing markets. The scope of the Fund is to benefit from investment opportunities globally.

The Fund's policy is to manage a diversified portfolio of predominantly debt securities (both rated and unrated) including bonds, loans and commercial investments like letters of credit and promissory notes.

Investment Approach

In making each investment, the Investment Manager seeks to apply the following selection criteria across different asset classes and country risks:

- (1) the absolute return of each investment;
- (2) the relative liquidity of each investment;
- (3) the availability of hedging instruments for each investment;
- (4) possible undervaluation of specific investments and countries by the global marketplace;
- (5) favourable developments in the particular regulatory and investment environment that would result in significant flows of foreign investment;
- (6) any other benefits for the Fund that may result from the particular investment.

The Investment Manager may decide to make an investment if any one of the above criteria is met.

The Fund seeks to invest in project, trade and commodity finance related transactions in order to capitalise from the growing trade flows and infrastructure renewal in emerging markets globally. The Investment Manager believes that such financing has a low correlation with the prevailing conditions in the world equity and bond markets. From a risk management perspective it leads to increased portfolio diversification and more stable returns. In addition, the Investment Manager believes that countries defaulting on their sovereign borrowings frequently continue to honour their trade related obligations.

Additionally, the Investment Manager invests a portion of the Fund's assets in distressed or impaired securities of emerging market sovereign and corporate borrowers and takes both a passive and proactive stance on restructuring these assets. Similarly with trade related obligations, the Investment Manager believes that there is lower correlation between these assets and global markets leading to enhanced diversification.

The Fund trades and invests in secured and unsecured debt of borrowers in emerging markets through eurobonds, credit linked notes or other debt products of such borrowers. The Fund may also invest in Western European high yield debt. Additionally, for cash management purposes, the Fund invests assets in G7 currency or local currency denominated instruments issued by such entities as national governments or their agencies, banks, international development agencies and shares of other corporates and financial institutions.

The Fund seeks to invest a small portion of its assets in listed or unlisted equity participations aiming to diversify its portfolio and utilise its credit and country risk knowledge to enhance returns.

The Directors may modify the above investment approach from time to time in response to changes in market and economic conditions.

The Investment Manager applies risk control disciplines in managing its investment portfolio and, where practicable, uses hedging techniques to cover market risk (defined as the likelihood of a sharp fall in the market price of an asset) as well as the political and credit risks inherent in its investments. Such techniques may involve purchasing insurance cover through the insurance markets for particular investments or for the whole portfolio, or the use of credit default swaps or other credit derivatives to hedge exposure. In addition, specific stop losses are put in place to protect the value of the portfolio from sudden downward movements. The Fund also trades its non-core positions in order to generate gains and at the same time avoid the risk of significant mismatch between its purchase price and the market price of its investments.

Borrowing

When appropriate, the Fund may leverage its capital by borrowing. The Memorandum and Articles of Association of the Fund contain no restriction on borrowings. However, the Investment Manager intends to limit the borrowings of the Fund in normal circumstances to below 500 per cent of Net Asset Value.

Investment Restrictions

The policy of the Fund is to spread investment risk. The Fund will not:

- (1) invest more than 20 per cent of its gross assets in the securities of any one issuer;
- (2) expose more than 20 per cent of its gross assets to the creditworthiness or solvency of any one counterparty (other than the Custodian);
- (3) invest more than 10 per cent of its gross assets in real property;
- (4) invest more than 10 per cent of its gross assets directly in physical commodities;
- (5) take legal or management control of any issuer in which it invests.

The Fund adheres to the principle of risk diversification in respect of its assets.

Although the Fund may invest directly in securities, the above restrictions will not prevent the Fund from investing indirectly through one or more wholly-owned subsidiaries or other vehicles where the Directors consider that this would be commercially and tax efficient or provide the only practicable means of access to the relevant security. The Investment Manager is responsible for monitoring the investment restrictions on the Fund's behalf

DIVIDEND POLICY

In accordance with the Fund's investment objective, it is not envisaged that any income or gains derived from its investments will be distributed by way of dividend. This does not preclude the Directors from declaring a dividend at any time in the future if they consider it appropriate to do so. In the event that a dividend is declared and remains unclaimed after a period of six years from the date of declaration, such dividend will be forfeited and will revert to the Fund. To the extent that a dividend may be declared, it will be paid in compliance with any applicable laws and Irish Stock Exchange requirements.

INVESTMENT MANAGER

The Fund has appointed Argo Capital Management (Cyprus) Limited (previously named ACMH (Cyprus) Limited) as investment manager of the Fund.

The Investment Manager is a company incorporated with limited liability under the laws of Cyprus on 29 March 2000 as an international financial services company and is regulated by the Securities and Exchange Commission of Cyprus.

The Investment Manager was appointed pursuant to an Investment Management Agreement made between the Investment Manager and the Fund dated 14 August 2000. Under the Investment Management Agreement, the Investment Manager has full discretion, subject to the control of, and review by, the Directors, to invest the assets of the Fund in a manner consistent with the investment objective and policy, investment approach and investment restrictions described in this Prospectus.

The Investment Manager has also been appointed by the Fund as a distributor to solicit subscriptions for Shares, with power to appoint sales agents, pursuant to a Distribution Agreement dated 14 August 2000. The Investment Manager has appointed promoters to distribute the Shares.

The Investment Manager (and/or its directors, employees or associated companies) may subscribe directly or indirectly for Shares and may invest a proportion of the Performance Fee (net of any tax and after an appropriate provision for operating expenses) directly or indirectly in the Fund by the acquisition of further Shares or have all or part of its fee paid by way of the issue of fully paid up Shares of equivalent value. The level of the Investment Manager's investment in the Fund will depend upon the Performance Fee payable to it and will fluctuate over time.

The Investment Manager is wholly owned by the Argo Group.

INVESTMENT ADVISOR

The Investment Manager has appointed Argo Capital Management Limited as investment advisor to provide the Investment Manager with advice and recommendations as to the investment of the Fund's portfolio and may from time to time delegate to it the authority to make day-to-day investment decisions in accordance with the investment objective, policy and approach described in this Prospectus.

Argo Capital Management Limited was incorporated with limited liability in England on 18 May 2000 and it is authorised and regulated by the FSA. Its directors are Andreas Rialas, Stephen Rothwell and Perry Wilson.

The Investment Advisor is wholly owned by the Argo Group.

DIRECTORS

Directors' Functions

The Directors are responsible for the overall management and control of the Fund in accordance with the Articles. The Directors will review the operations of the Fund at regular meetings and it is the current intention of the Directors to meet at least quarterly. For this purpose, the Directors will receive periodic reports from the Investment Manager detailing the Fund's performance and providing an analysis of its investment portfolio. The Investment Manager will provide such other information as may from time to time be reasonably required by the Directors for the purpose of such meetings.

Directors

Andreas Rialas

Prior to founding the Argo Group in 2000, Mr Rialas worked for Deutsche Bank for three years, where he was involved in emerging markets proprietary trading and trade finance specialist products. Before that, he was at London Forfaiting (Asia) Ltd as Head of Secondary Debt Trading in emerging markets. Mr Rialas has travelled extensively in both Eastern and Western Europe, visiting and cultivating relationships with banks. He originated and syndicated many pioneering syndicated loan and trade finance transactions for Eastern European borrowers in the Baltic States, Bulgaria, the Czech Republic, Croatia, Kazakhstan, Macedonia, Romania, Russia, Slovakia and Ukraine. In his role as Head of Secondary Debt Trading at London Forfaiting, he developed extensive knowledge of the Asian debt markets and was responsible for the secondary trading in Europe of primary assets originated by the Hong Kong subsidiary of London Forfaiting (Asia) Ltd. He studied Law at the University of London, graduating in 1991, and subsequently trained to be an English barrister, specialising in banking law. He qualified in 1993.

Kyriakos Rialas

Mr Rialas has 20 years of professional investing and managerial experience in the financial services sector. He has overall responsibility for risk management, legal, regulatory and general management for the Argo Group. Prior to joining the Argo Group in 2003, he was General Manager of Emporiki Bank in Cyprus from 1999 to 2003 where he managed a portfolio of syndicated loans worth US\$1 billion. Mr Rialas has also worked for the Treasury department of the Bank of Cyprus Group and London Forfaiting Cyprus where he was Finance Director, overseeing subsidiaries in India, Russia, Thailand and Hong Kong. Before that, he worked for Capital Intelligence in bank analysis and rating for emerging markets. He has a degree in Engineering from the University of Cambridge and qualified as a Chartered Accountant with KPMG in London. He started his banking career in the fixed income division of S G Warburg & Co in London.

Pericles J. Katsioulas

Since 2006 Mr Katsioulas has been a director of On Network Holdings N.A., a Dutch-based telecom group. Between 2000 and 2004, Mr Katsioulas was Chief Executive Officer of Orbitplan International, an investment company involved in approximately 20 countries. From 1994-99 he served as General Manager of the Intracom Group. In addition, he served as Chairman and Chief Executive Officer of Bulfon (1995-99), a Bulgarian Telecoms operator. Between 1985-1993 he worked in the media sector.

David Parnell

Since 2005 Mr Parnell has held executive directorships in the software and information technology sector. He is also a non-executive director of Dawnay, Day Treveria plc and Tyntec Ltd and he provides consultancy services to a software solutions provider. Mr Parnell is a Fellow of the Chartered Institute of Management Accounts and a member of the Securities Institute. He has over 14 years

experience in fund management, corporate finance, private equity and public markets, commencing when he joined Baring Brothers in 1994. He is a former director of Northern Trust International Fund Administration Services (Isle of Man), Close Property Management (Isle of Man), Neville James Fund Managers and VAM Funds plc.

All the Directors act in a non-executive capacity. For the purposes of this Prospectus, the address of each of the Directors is the registered office of the Fund.

No Director has:

- (1) any unspent convictions in relation to indictable offences; or
- (2) been bankrupt or the subject of an involuntary arrangement, or has had a receiver appointed to any asset of such Director; or
- (3) been a director of any company which, while he was a director with an executive function or within 12 months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration, or company voluntary arrangements or made any composition or arrangements with its creditors generally or with any class of its creditors; or
- (4) been a partner of any partnership, which while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnerships voluntary arrangement, or had a receiver appointed to any partnership asset;
- (5) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
- (6) been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any company.

ADMINISTRATOR

The Administrator is HSBC Securities Services (Ireland) Limited which was incorporated in Ireland as a limited liability company on 29 November 1991 and is an indirect wholly owned subsidiary of HSBC Holdings plc, a public company incorporated in England and Wales. As at 31 December 2008, HSBC Holdings plc had consolidated gross assets of approximately US\$2,527 billion.

An Administration Agreement dated 2 September 2009 between the Fund and the Administrator whereby the Administrator has been appointed to provide certain administration, accounting, registrar, transfer agency and related services to the Fund. The Administration Agreement will continue until terminated by either party on 90 days' prior written notice to the other party and may be terminated with immediate or subsequent effect by written notice by a party if the other party: (i) has committed a material breach or is in persistent breach of the Agreement and has not remedied such breach within 30 days after service of notice; or (ii) goes into liquidation or has a receiver or its equivalent in any jurisdiction appointed over all or any of its assets. The Administration Agreement provides that in the absence of fraud, negligence or wilful default of the Administrator, the Administrator will not be liable for any loss incurred by the Fund. The Fund agrees to indemnify the Administrator against any loss suffered by the Administrator save where such loss results from the negligence, fraud or wilful default on the part of the Administrator.

The Administrator is not involved directly or indirectly with the business affairs, organisation, sponsorship or management of the assets of the Fund and is not responsible for the preparation of this document other than the preparation of the above description and accepts no responsibility or liability for any information contained in this document except disclosure relating to it.

CUSTODIAN

The Fund has appointed BNP Paribas Trust Company (IOM) Limited (the "Custodian") as custodian of the Fund.

The Custodian was incorporated in the Isle of Man as a private limited company on 1 May 1973 with number 5638. The Custodian is a wholly owned subsidiary of BNP Paribas Securities Services (Holdings) Limited whose ultimate parent company is BNP Paribas, S.A., a company incorporated in France. The Custodian has an authorised share capital of £5,000,000 of which £1,000,000 is fully paid. The principal business activity of the Custodian is the provision of trustee and custodial services and it is registered with the Isle of Man Financial Supervision Commission for Banking and Investment Business. The Custodian is authorised to act as custodian of the Fund by virtue of a licence granted to it by the Isle of Man Financial Supervision Commission that permits it to undertake certain regulated activities under the Isle of Man Financial Services Act 2008, including the provision of custody services. As at 30 June 2008, the Custodian had in excess of £2.47 billion of assets under custody. The Custodian's ultimate parent company has a credit rating, as at the date of this Prospectus, for long-term and short-term debt that meets the Specified Credit Rating.

Pursuant to a custody agreement between the Fund and the Custodian (the "Global Custody Agreement"), the Custodian is responsible for the safekeeping of all of the assets of the Fund (other than assets deposited as margin with brokers). Such assets are held by the Custodian in a separate client account and are separately designated in the books of the Custodian. The Custodian is not responsible for the selection or performance of the underlying investments of the Fund nor is it responsible in a fiduciary capacity for the administration of the Fund.

The Fund's assets are held on its behalf either directly by, or in the name of, the Custodian or sub-custodian(s), nominee(s), agent(s) or delegate(s) (together the "Sub-Custodians") of the Custodian. Sub-custodians may be appointed by the Custodian, provided that the Custodian shall exercise reasonable care in the selection of a suitable Sub-Custodian and shall, for the duration of the Global Custody Agreement, be responsible to the Fund and liable for the delivery of the custodial and other

services provided under the Global Custody Agreement. Any Sub-Custodian appointed will be paid normal commercial rates. The Custodian accepts liability for negligence, wilful default or fraud of its Sub-Custodians and that of the officers and employees of the Custodian and any Sub-Custodian.

The Custodian is a service provider to the Fund and is not responsible for the preparation of this document or the activities of the Fund and therefore accepts no responsibility for any information contained in this document other than the above description. The Custodian will not participate in the investment decision-making process. Neither the Custodian nor any of its affiliates have any interest in the Fund.

The Fund has arranged for its wholly owned subsidiaries, Ankus Limited (Cyprus) and Argo Capital BV (Holland) to enter into custody agreements with the Custodian on substantially the same terms as that between the Fund and the Custodian to hold assets on behalf of those companies for the Fund and the Fund reserves the right to change the custodian arrangements described above and/or, in its discretion, to appoint additional or alternative custodian(s). In the case of the wholly owned subsidiaries referred to above, through which assets are held, the Custodian is not involved in the day to day management of those companies nor does it provide any of the directors of those companies. The Custodian's role may be limited to the holding of the shares on behalf of the Fund in those companies and not their underlying assets.

SUBSCRIPTIONS

Offer

Up to 4,999,000 Shares are available for issue.

Euro Shares Initial Offer Period

Euro Shares are available for subscription during the Euro Shares Initial Offer Period at a price of €100 per Euro Share. The Euro Shares Initial Offer Period will commence at 9.00 am (Isle of Man time) on 28 November 2008 and will close at such time on such date as the Directors may determine.

Subscriptions

US\$ Shares and, after the close of the Euro Shares Initial Offer Period, Euro Shares are available for subscription at the relevant Subscription Price on each Dealing Day. The Subscription Price will be equal to the Net Asset Value per Share of the relevant Class as at the Valuation Day immediately preceding the Dealing Day on which the application is effective.

The Directors are authorised from time to time to resolve to close the Fund or any Class of Shares to new subscriptions, either for a specified period or until they otherwise determine and either in respect of all investors or new investors only.

Procedure

Applicants for Euro Shares during the Euro Shares Initial Offer Period should complete an Application Form or, if a US Person, a US Persons Application Form and send it to the Administrator by mail (with a copy by facsimile) so as to be received by the Administrator no later than 2.00 pm (Dublin time) on the last day of the Euro Shares Initial Offer Period. Cleared funds in respect of the subscription monies must be received by the Administrator by close of business (Dublin time) on the same day. If the relevant Application Form and/or subscription monies is/are not received by these times, the application will be held over until the first Dealing Day after the close of the Euro Shares Initial Offer Period and Euro Shares will then be issued at the relevant Subscription Price on that Dealing Day provided that the Administrator is satisfied with the documentation received.

Applicants for US\$ Shares and, after the close of the Euro Shares Initial Offer Period, Euro Shares, and Shareholders wishing to apply for additional Shares, must send their completed Application Form or, if a US Person, a US Persons Application Form to the Administrator by mail (with a copy by facsimile) so as to be received by the Administrator by no later than 2.00 pm (Dublin time) on the Valuation Day preceding the relevant Dealing Day and so that cleared funds are received by the Administrator by close of business (Dublin time) on the same day. Failing either of which, the application will be held over to the following Dealing Day and Shares will then be issued at the relevant Subscription Price on that Dealing Day, provided that all documentation required by the Administrator, including all documentation required for anti-money laundering purposes, has been received by the Administrator.

The Fund and the Administrator, on the Fund's behalf, reserve the right to reject any application that is not accompanied by the required documentation.

Fractions of Shares will, if necessary, be issued.

The Fund, and the Administrator on its behalf, reserves the right to reject any application in whole or part at their absolute discretion, in which event the amount paid on application or the balance thereof (as the case may be) will be returned, subject to applicable law (without interest), as soon as practicable in Euro or US Dollars (as the case may be) at the risk and cost of the applicant.

The Administrator will issue a confirmation statement to successful applicants confirming acceptance of their application. Once satisfactorily completed applications have been received by the Administrator, they are irrevocable.

Applications for Shares will not be dealt with and Shares will not be issued until receipt of notification that an applicant's funds have been cleared in the full amount of the subscription. Subject thereto, Shares are deemed to be issued on the relevant Dealing Day.

The Fund reserves the right to charge an initial fee of up to 5 per cent of the amount subscribed. Any such initial fee may be paid to intermediaries. No initial fee is currently payable.

Minimum Investment

The minimum initial investment in Shares is US\$100,000 in the case of the US\$ Shares and the Euro equivalent of US\$100,000 in the case of the Euro Shares. The minimum amount of additional subscriptions is US\$10,000 in the case of the US\$ Shares and the Euro equivalent of US\$10,000 in the case of the Euro Shares or such lesser amount as the Directors may in any particular case determine. These requirements will not apply to direct or indirect subscriptions by the Investment Manager and/or its directors, employees or associated companies except that any initial investment shall not be less than US\$50,000.

Ineligible Applicants

The Application Form requires each prospective applicant for Shares to represent and warrant to the Fund that, among other things, he is able to acquire and hold Shares without violating applicable laws.

The Shares may not be offered, issued or transferred to any person in circumstances which, in the opinion of the Directors, might result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantage which the Fund might not otherwise incur or suffer, or would result in the Fund being required to register under any applicable US securities laws.

Shares may generally not be issued or transferred to any US Person, except that the Directors may authorise the issue or transfer of Shares to or for the account of a US Person provided that:

- (A) such issue or transfer does not result in a violation of the 1933 Act or the securities laws of any of the states of the United States;
- (B) such issue or transfer will not require the Fund to register under the 1940 Act or to file a prospectus with the CFTC or the National Futures Association pursuant to CFTC regulations under the CEA or require the Investment Manager to register with the CFTC as a commodity pool operator;
- (C) such issue or transfer will not cause any assets of the Fund to be "plan assets" for the purposes of ERISA; and
- (D) such issue or transfer will not result in any adverse regulatory or tax consequences to the Fund or its Shareholders as a whole.

Each applicant for, and transferee of, Shares who is a US Person will be required to provide such representations, warranties or documentation as may be required by the Directors to ensure that these requirements are met prior to the issue, or the registration of any transfer, of Shares. If the transferee is not already a Shareholder, he will be required to complete the appropriate Application Form.

Eligible Investors

Investment in US\$ Shares is limited to Eligible Investors. An Eligible Investor is any person whose:

- (A) ordinary business or professional activity includes the buying and selling of investments, whether as principal or agent; or
- (B) *(if a natural person)* individual net worth, or joint net worth with his or her spouse, exceeds US\$1 million; or
- (C) *(if an institution)* assets under discretionary management exceed US\$5 million.

Applicants for US\$ Shares must warrant on the Application Form that they are an Eligible Investor and that they have the knowledge, expertise and experience in financial matters to evaluate the risks of investing in the Fund, are aware of the risks inherent in investing in the assets in which the Fund will invest and the method by which these assets will be held and/or traded, and can bear the loss of their entire investment in the Fund. Any transferee of Shares will be required to warrant in like terms before any transfer is registered. These requirements will not apply to direct or indirect subscriptions by the Investment Manager and/or its directors, employees or associated companies.

The US Persons Application Form describes additional restrictions on the transfer of Shares issued to, or for the benefit of, US Persons.

Subject as mentioned above under “Ineligible Applicants” in this section and under “General and Statutory Information” below, Shares are freely transferable.

Form of Shares

All the Shares will be registered Shares and may only be issued in bookstock form, meaning that a Shareholder's entitlement is evidenced by an entry in the Fund's register of Shareholders, as maintained by the Administrator, and not by a share certificate.

Suspension

The Directors may declare a suspension of the issue of Shares in certain circumstances as described under “General and Statutory Information”. No Shares will be issued during any such period of suspension.

Money Laundering

Measures aimed at the prevention of money laundering will require a detailed verification of the investor's identity, address and source of funds. Depending on the circumstances of each application, a detailed verification of source of funds might not be required where (i) the investor makes payment from an account held in the investor'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 located within a country recognised in Ireland as having equivalent anti-money laundering regulations or satisfies other applicable conditions. A detailed verification of the investor's identity and address will always be required. By way of example an individual will be required to produce a certified copy of a passport or identification card together with two original or certified pieces of evidence of his/her address such as utility bill or bank statement (not more than three months old). In the case of corporate investors, such measures will require production of a certified copy of the certificate of incorporation (and any change of name), a certified copy of the memorandum and articles of association (or equivalent), a certified copy of the corporation's authorised signatory list, the names, occupations, dates of birth and resident and business address of

all directors and beneficial owners (who may also be required to verify their identity as described above).

The Administrator and the Company each reserves the right to request such information as is necessary to verify the identity, address and source of funds of an investor. In the event of delay or failure by an investor or applicant to produce any information required for verification purposes, the Administrator or the Company may refuse to accept the application and subscription monies. The Administrator may also refuse to process redemption requests or pay redemption proceeds in such circumstances. Applicants should note specifically that redemption proceeds will not be paid to an account which is not in the name of the applicant.

Each applicant for Participating Shares acknowledges that the Administrator and the Company shall be held harmless against any loss arising as a result of a failure to process his/her application for Participating Shares or redemption request, if such information and documentation as has been requested by the Administrator has not been provided by the applicant.

Each applicant for Shares will be required to make such representations as may be required by the Directors in connection with anti-money laundering programmes, including, without limitation, representations that such applicant is not a prohibited country, territory, individual or entity listed on the United States Department of Treasury's Office of Foreign Assets Control ("OFAC") website and that it is not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programmes. Each applicant will also be required to represent that subscription monies are not directly or indirectly derived from activities that may contravene United States federal or state, or international, laws and regulations, including anti-money laundering laws and regulations.

It is a further condition of each subscription that neither the Fund nor the Administrator shall be responsible, or have any liability for, loss or damage (whether actual or alleged) arising from a decision by the Fund to treat any application as lapsed or not accepting an application for shares as a result of the applicant failing to provide sufficient information or evidence of identity to the satisfaction of the Administrator.

Applicants should note that confirmation of investment, and details of the Shares allotted will NOT be issued until verification is completed to the satisfaction of the Administrator. Applicants for Shares should note that this may result in Shares being issued on a Dealing Day subsequent to the dealing Day applied for by that Shareholder. The Company and/or the Administrator will not be liable for any losses, costs or expenses suffered by the applicant or Shareholders as a result. Requirements are set out below and the timely provision of such information will assist the Administrator to promptly process applications.

In the event of delay or failure by the prospective investor to produce any or satisfactory information required for verification purposes, the Administrator may refuse to accept the subscription or to register a transfer. Accordingly, in the case of subscription applications, the application by the applicant will be deemed to have lapsed and any allotment of Shares to the applicant will be cancelled. Any funds remitted by the applicant or received by or on behalf of the Fund will be returned without interest to the account from which such funds were originally debited, less any loss in value arising whilst invested in the Fund and less any wire transfer charges. Applications for registration of any transfers will be deemed to have lapsed in the absence of proper verification.

If any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Law, 2008 of the Cayman Islands if the disclosure relates to criminal conduct or money

laundering, or (ii) to a police officer of the rank of constable or higher pursuant to the Terrorism Law, 2003 of the Cayman Islands if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

REDEMPTIONS

Shares may be redeemed at the option of the Shareholder on each Dealing Day. Shareholders should send a completed redemption request in the form available from the Administrator to the Administrator to be received no later than 2 pm (Dublin time) on the Business Day falling at least 30 days, or such lesser period as the Directors may in any particular case determine, before the relevant Dealing Day, failing which the redemption request will be held over until the next following Dealing Day and Shares will be redeemed at the Redemption Price applicable on that Dealing Day.

Redemption requests may be sent by facsimile but redemption proceeds will not be remitted until the Administrator has received the original of the redemption request.

A request for a partial redemption of Shares may be refused, or the holding may be redeemed in its entirety, if, as a result of such partial redemption, the Net Asset Value of the Shares retained by the Shareholder would be less than the Minimum Holding.

A redemption request, once given, is irrevocable.

Redemption Price

The Redemption Price per Share will be equal to the Net Asset Value per Share as at the Valuation Day immediately preceding the relevant Dealing Day.

Redemption Fee

A redemption fee of up to 5 per cent of redemption proceeds will be charged on Shares redeemed within 3 years of the Dealing Day on which they are issued (or date of an acquisition in the secondary market) subject to the discretion of the Directors. This fee will reduce to 1 per cent of redemption proceeds payable on Shares redeemed thereafter, such fee also being subject to the discretion of the Directors. The redemption proceeds will be reduced by the amount of the redemption fee (if any) and the net amount paid to the redeeming Shareholder. The Directors may waive the payment of a redemption fee on a case by case basis at their discretion. The redemption fee will be retained by the Fund.

Settlement

Payment of redemption proceeds will be made as soon as reasonably practicable after the relevant Dealing Day and normally within 15 Business Days of the relevant Dealing Day. Payment will be made in Euro for Euro Shares and in US Dollars for US\$ Shares by direct transfer in accordance with instructions given by the redeeming Shareholder to the Administrator and at the Shareholder's risk and cost.

Redemption may, at the discretion of the Directors (subject to the approval of the Shareholder requesting redemption of Shares), be effected in specie by the appropriation of assets of the Fund of the relevant value (which shall conclusively be determined by the Directors in good faith) in satisfaction of the Redemption Price. Any such appropriation shall not materially prejudice the interests of the remaining Shareholders.

Suspension

The Directors may declare a suspension of the redemption of Shares in certain circumstances as described under "General and Statutory Information". No Shares will be redeemed during any such period of suspension.

Compulsory Redemptions

The Directors have the right to require the compulsory redemption of all Shares held by or for the benefit of a Shareholder if the Directors determine that the Shares are held by or for the benefit of any Shareholder who is or becomes an Ineligible Applicant and/or in the case of holders of US\$ Shares is not or is no longer an “Eligible Investor” as described under “Subscriptions”. The Fund also reserves the right to require compulsory redemption of all Shares held by a Shareholder if the Net Asset Value of the Shares held by the Shareholder is less than the Minimum Holding and in certain other circumstances as described under “General and Statutory Information”. Where the Net Asset Value of the Shares held by a Shareholder is less than the Minimum Holding the Fund will notify the Shareholder in writing and allow such Shareholder 30 days to purchase additional Shares to meet the minimum requirement.

Deferred Redemptions

In the event that redemption requests are received in respect of any Dealing Day for the redemption of Shares representing in aggregate more than 10 per cent of the total number of Shares then in issue, the Fund is entitled to reduce the requests rateably and *pro rata* amongst all Shareholders seeking to redeem Shares on the relevant Dealing Day and carry out only sufficient redemptions which, in aggregate, amount to 10 per cent of the Shares then in issue. Shares which are not redeemed but which would otherwise have been redeemed will be redeemed on the next Dealing Day (subject to further deferral if the deferred requests themselves exceed 10 per cent of the Shares then in issue) in priority to any other Shares which redemption requests have been received. Shares will be redeemed at the relevant Redemption Price prevailing on the Dealing Day on which they are redeemed.

Money Laundering

Investors should note that the Directors may refuse to accept a redemption request or pay out redemption proceeds, if it is not accompanied with such additional information as they may reasonably require. This power may, without limitation to the generality of the foregoing, be exercised where required information has not been provided for money laundering verification purposes as described under “Subscriptions”.

NET ASSET VALUE

The Net Asset Value of the Fund and the Net Asset Value per Share of each Class will be calculated as at the close of business on each Valuation Day or at such other times as the Directors may determine.

The Net Asset Value of the Fund is equal to the value of its total assets less its liabilities (including accrued Performance Fees).

In respect of each Class of Shares, a separate class account (a "Class Account") will be established in the books of the Fund. An amount equal to the proceeds of issue of each Share will be credited to the relevant Class Account. Any increase or decrease in the Net Asset Value of the portfolio of assets of the Fund attributable to the Shares (disregarding for these purposes any increase in the Net Asset Value due to new subscriptions or decrease due to redemptions or any designated Class Adjustments (as defined below)) will be allocated to the relevant Class Account based on the previous relative Net Asset Value (before accrual for any Performance Fees) of each such Class Account. There will then be allocated to each Class Account the "designated Class Adjustments" being those costs, pre-paid expenses, losses, dividends, profits, gains and income which the Directors determine in their sole discretion relate to a single Class. Further, the Directors may allocate assets and liabilities of the Fund in such manner as they may in their absolute discretion consider necessary or appropriate to allow for any currency exposure as between the US Dollar and the Euro to be hedged by the Fund and for such allocations to be equitably reflected in the calculation of the Net Asset Value per Share of any one or more Classes of Shares.

The Directors have delegated to the Administrator the calculation of Net Asset Value and the Net Asset Value per Share of each Class of Share. The Administrator will calculate the Net Asset Value of the Fund in accordance with the following principles:

- (A) any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon will be valued at the closing mid-market price (the average of the closing bid and closing offer prices), as at the relevant Valuation Day, and as adjusted in such manner as the Directors, in their sole discretion, think fit, having regard to the size of the holding, and where prices are available on more than one exchange or system for a particular security the Directors will in their sole discretion determine which of those prices shall apply. The securities will be valued using two sources where possible utilising various recognised third party pricing sources such as, but not limited to, Reuters or Bloomberg.
- (B) any security which is not listed or quoted on any securities exchange or similar electronic system or, if being so listed or quoted, is not regularly traded will be valued using a third party pricing source, where possible, or using prime broker or counterparty prices even if the prime broker is the counterparty.

In respect of prices, as described above, which are not available, securities will be valued at its fair value as determined by the Directors having regard to its cost price, the price at which any recent transaction in the security may have been effected, the mid-price of indicative bid-offer prices quoted by financial institutions that may regularly trade such securities in the over-the-counter market, the size of the holding having regard to the total amount of such security in issue, and such other factors as the Directors in their sole discretion deem relevant in considering a positive or negative adjustment to the valuation.

- (C) investments, other than securities, which are dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued by reference to the most

recent official settlement price quoted by that clearing house, exchange or financial institution. If there is no such price, then the average will be taken between the lowest offer price and the highest bid price at the close of business on any market on which such investments are or can be dealt in or traded, provided that where such investments are dealt in or traded on more than one market, the Directors may determine at their discretion which markets shall prevail.

- (D) private equity assets will be valued using a third party pricing source, where possible. In the event a third party pricing source is not available the Directors may determine at their discretion to value the assets using the accrual method or with reference to the fair value guidelines issued by the European Venture Capital Association.
- (E) investments, other than securities, which are not dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued on the basis of the latest available valuation provided by the relevant counterparty.
- (F) deposits will be valued at their cost plus accrued interest; and
- (G) any value (whether of an investment or cash) otherwise than in US Dollars, as the case may be, will be converted into US Dollars, as the case may be, at the rate (whether official or otherwise) which the Directors in their absolute discretion deem applicable as at close of business on the relevant Valuation Day, having regard, among other things, to any premium or discount which they consider may be relevant and to costs of exchange.

The Directors may, at their discretion, permit other methods of valuation to be used if they consider that such method of valuation better reflects value and is in accordance with good accounting practice.

The Directors have delegated to the Administrator the calculation of Net Asset Value and the Net Asset Value per Share of each Class of Share.

The Net Asset Value per Share on any Valuation Day is calculated by dividing the Net Asset Value of the relevant Class Account by the number of Shares of the relevant Class in issue as at the close of business on that Valuation Day. In determining any value, the Directors shall be entitled to rely on any valuations provided or attributed to any asset or liability by the Investment Advisor or the Investment Manager.

Following calculation, the Net Asset Value per Share of the US\$ Shares will usually be notified without delay by the Administrator to the Irish Stock Exchange.

In calculating the Net Asset Value of the Fund and Net Asset Value per Participating Share, the Administrator will not be liable or otherwise responsible for any loss suffered by the Fund or any other person by reason of any inaccuracy, error or delay in any pricing information provided by automatic pricing services or other service providers, brokers, market makers or intermediaries used by the Administrator in providing the Services, or by the manager, administrator or valuation agent of any collective investment scheme into which the Fund invests. The Administrator will not be liable or otherwise responsible for any loss suffered by the Fund or any other person by reason of any inaccuracy, error or delay in information provided to the Administrator by or for the Fund or Investment Manager or any person associated with the Fund or Investment Manager (including any broker, market maker or intermediary or any third party service provider that the Fund has required the Administrator to use).

In circumstances where the Administrator is directed by the Fund or the Investment Manager to use particular determinations of fair prices, particular pricing services, the Administrator shall not be liable

for any loss suffered by the Fund or any other person by reason of error in the calculation of the Net Asset Value of the Fund and / or Net Asset Value per Participating Share resulting from any inaccuracy in such fair prices or the information provided by such pricing services.

For the avoidance of doubt, the Administrator is not responsible for the valuation or pricing of any private equity investments of the Fund, or the validation of such valuations or pricing information, and will rely solely upon any valuations or pricing information provided to it by the Fund or any valuer, third party valuation agent or other third party which in each such case is appointed or authorised by the Fund to provide valuations or pricing information of the Fund's private equity investments to the Administrator. The Administrator shall have no responsibility or liability for such valuations or pricing information, relying on such valuations or pricing information or not validating such valuations or pricing information.

For certain instruments and certain illiquid instruments only a single third party price source may be available such as the counterparty or broker or investment advisor price and in such instances this will be the sole price used to calculate the Net Asset Value of the Fund. The Administrator shall have no responsibility or liability for such prices.

FEES AND EXPENSES

Initial Fee

The Fund reserves the right to charge an initial fee (of up to 5 per cent) payable by applicants when subscribing for Shares. Any such initial fee may be paid to intermediaries. No initial fee is currently payable.

Investment Management Fee

The Investment Manager receives from the Fund an Investment Management Fee equal to 1/12 of 2 per cent per month of the Net Asset Value (before deduction of that month's Investment Management Fee and before making any deduction for accrued Performance Fees) as at each Valuation Day.

Performance Fee

The Fund will pay the Investment Manager a monthly Performance Fee. The Performance Fee will be equal to 20 per cent of the Operating Profits (to the extent that Operating Profits are positive) as of the end of each month. "Operating Profits" means the net increase or decrease in the Net Asset Value of the Fund from operations (excluding subscriptions and redemptions), before accrual of the monthly Performance Fee, determined from the end of the last month as of which a Performance Fee was earned (the "high water mark") to the end of the month of determination.

The Investment Manager may from time to time and at its sole discretion and out of its own resources decide to rebate to some or all Shareholders (or their agents, including the Directors) or to intermediaries, part or all of the Investment Management Fee and/or the Performance Fee. Any such rebates may be applied in paying up additional Shares to be issued to the Shareholder.

Administrator

The Administrator receives from the Fund a monthly fee as set out in the letter from the Administrator dated 16 March 2007. The fee is calculated on a sliding scale based on the amount of assets under the management of the Investment Manager (excluding the assets of Argo Capital Partners Fund Limited) but will not exceed 14.5 basis points of the assets under management, subject to a monthly minimum fee of US\$10,000. The fee is payable monthly in arrears.

The Administrator also receives a transaction fee of US\$50 per subscription, redemption and transfer of Shares and a transaction fee of US\$100 for each late/exception trade. The Administrator is also paid US\$3,500 for the preparation of the annual financial statements. The Administrator may also receive a fee in respect of any redemption requests that the Fund defers as described under "Redemptions – Deferred Redemptions" and a fee for any corporate management services that it provides to the Fund.

The Administrator is also reimbursed by the Fund for any reasonable out-of-pocket expenses incurred on behalf of the Fund in the performance of its duties.

Custodian

The Custodian receives an annual fee which consists of two elements: an ad valorem service charge and a transaction charge, subject to a current annual minimum fee of £12,000. A pro rata portion of the annual fee will be paid quarterly. At the end of each year, if the sum of the actual ad valorem service charge and the transaction charges for the year exceeds the minimum annual fee, the surplus is paid by the Fund to the Custodian.

Other Fees and Expenses

The Fund will also pay the costs and expenses of (i) all transactions carried out by it or on its behalf and (ii) the administration of the Fund including (a) the charges and expenses of legal advisers and auditors, (b) brokers' commissions (if any), borrowing charges on securities sold short and any issue or transfer taxes chargeable in connection with any securities transactions, (c) all taxes and corporate fees payable to governments or agencies, (d) Directors' fees (if any) and expenses, (e) interest on borrowings, including borrowings from the Custodian, (f) such expenses incurred by the Investment Manager in soliciting subscriptions for Shares as shall be approved by the Directors, (g) fees and expenses incurred by the Investment Manager in connection with the provision of its investment management services, (h) communication expenses with respect to investor services and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents, (i) the cost of insurance (if any) for the benefit of the Directors, (j) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, (k) the cost of maintaining the listing of the US\$ Shares on the Irish Stock Exchange and the cost of obtaining and maintaining a listing of the Shares on any other exchange and (l) all other organisational and operating expenses.

The total costs and expenses of establishing the Euro Shares, which were approximately €8,500 will be paid out of the proceeds of the initial issue of Euro Shares. These costs and expenses may, at the discretion of the Directors, be amortised on a straight line basis over a period of up to 5 years from the close of the Euro Shares Initial Offer Period.

REPORTS AND FINANCIAL STATEMENTS

The financial year of the Fund will end on 30 June in each year.

An annual report and audited financial statements for the Fund in respect of each financial year will be sent to Shareholders and to the Irish Stock Exchange at least 21 days before the annual general meeting (if any) and in any event within six months of the end of the Fund's financial year, whichever is the earlier.

The Fund will prepare and circulate to Shareholders and to the Irish Stock Exchange within four months of the end of the relevant period a half-yearly report which will include unaudited accounts for the Fund.

Audited annual financial statements and half-yearly reports incorporating unaudited accounts will be posted to each Shareholder at his registered address free of charge and will be made available for inspection at the offices of the Administrator and the registered office of the Fund. The financial statements will be prepared in accordance with international accounting standards.

CONFLICTS OF INTEREST

The Directors, the Investment Advisor, the Investment Manager, the Custodian and the Administrator and/or their respective affiliates or any person connected with them may from time to time act as investment manager, manager, investment advisor, custodian, registrar, broker, administrator, investment advisor, distributor or dealer in relation to, or be otherwise involved in, other funds established by parties other than the Fund which have similar or different objectives to those of the Fund. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Fund. Each will, at all times, have regard in such event to its obligations to the Fund and will endeavour to ensure that such conflicts are resolved fairly. In addition, subject to applicable law, any of the foregoing may deal, as principal or agent, with the Fund, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis. Each of the Investment Advisor and the Investment Manager, or any of its affiliates or any person connected with it may invest in, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets which may also be purchased or sold by the Fund. None of the Investment Advisor, the Investment Manager or any of their affiliates or any person connected with them is under any obligation to offer investment opportunities of which any of them becomes aware to the Fund or to account to the Fund in respect of (or share with the Fund or inform the Fund of) any such transaction or any benefit received by any of them from any such transaction, but will allocate such opportunities on an equitable basis between the Fund and other clients. In determining the Net Asset Value, the Directors may rely on valuations provided or attributed to any asset or liability by the Investment Advisor or the Investment Manager. As the Investment Management Fee and the Performance Fee are determined by reference to the Net Asset Value, the Investment Advisor and/or the Investment Manager may have a conflict of interest in providing valuations.

USE OF DEALING COMMISSIONS

The Investment Manager and the Investment Advisor may effect transactions or arrange for the effecting of transactions through brokers with whom they have arrangements whereby the broker agrees to use a proportion of the commission earned on such transactions to discharge the broker's own costs or the costs of third parties in providing certain services to the Investment Manager or the Investment Advisor. The services which can be paid for under such arrangements are those permitted under the FSA rules, namely those that relate to the execution of transactions on behalf of customers or the provision of investment research to the Investment Manager or the Investment Advisor. The benefits provided under such arrangements will assist the Investment Manager or the Investment Advisor (as the case may be) in the provision of investment management or advisory services to the Fund and to other third parties. Specifically, the Investment Manager or the Investment Advisor may agree that a broker shall be paid a commission in excess of the amount another broker would have charged for effecting such transaction so long as, in the good faith judgement of the Investment Manager or the Investment Advisor, the amount of the commission is reasonable in relation to the value of the brokerage and other services provided or paid for by such broker. Such services, which may take the form of research, analysis and advisory services, including (depending on the precise nature of the services) market price services, may be used by the Investment Manager or the Investment Advisor in connection with transactions in which the Fund will not participate.

RISK FACTORS

The nature of the Fund's investments involves certain risks and the Fund utilises investment techniques (such as hedging, leverage and short selling) which may carry additional risks. An investment in Shares therefore carries substantial risk and is suitable only for persons who can assume the risk of losing their entire investment. Prospective investors should consider, among others, the following factors before subscribing for Shares:

Business Risk

Although the Investment Manager and the Investment Advisor seek to achieve the investment objective of the Fund, this cannot be guaranteed. The investment results of the Fund will be reliant upon the success of the Investment Manager and the Investment Advisor.

Concentration of Investments

Although it is the policy of the Fund to diversify its investment portfolio, the Fund may at certain times hold relatively few investments. The Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

Cross Class Liabilities

Although the Articles require the establishment of separate Class Accounts for each Class of Shares and the attribution of assets and liabilities to the relevant Class Account, if the liabilities of a Class exceed its assets, creditors of the Fund may have recourse to the assets attributable to the other Classes. As at the date of this document the Directors are not aware of any such existing or contingent liability.

Liquidity and Market Characteristics

Investment will generally be made in liquid securities. However, in some circumstances, investments may be relatively illiquid, making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. The Fund's ability to respond to market movements in such circumstances may be impaired and the Fund may experience adverse price movements upon liquidation of its investments. Settlement of transactions may be subject to delay and administrative uncertainties.

Borrowing

The Fund may use borrowings for the purpose of making investments. The use of borrowing creates special risks and may significantly increase the Fund's investment risk. Borrowing creates an opportunity for greater yield and total return but, at the same time, increases the Fund's exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of borrowings that are in excess of the interest costs associated therewith may cause the Net Asset Value of the Shares to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the Net Asset Value of the Shares may decrease more rapidly than would otherwise be the case.

Counterparty risk

The Fund is subject to the risk of the inability of any counterparty (including the Custodian) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. However, in the

case of dealings with investments with a significant counterparty risk the Fund will endeavour to secure bank guarantees. The risks referred to under "Custodian" should also be noted.

Net Asset Value Considerations

The Net Asset Value per Share is expected to fluctuate over time with the performance of the Fund's investments. A Shareholder may not fully recover his initial investment when he chooses to redeem his Shares or upon compulsory redemption if the Net Asset Value per Share at the time of such redemption is less than the subscription price paid by such Shareholder.

Currency Exposure

The Shares are denominated in US Dollars, but will be issued and redeemed in US Dollars and Euro, as applicable. Certain of the assets of the Fund may, however, be invested in securities and other investments which are denominated in other currencies. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. The Investment Manager will seek to manage the Fund's foreign exchange position to maximise profits and to hedge the foreign exchange exposure. However, the Fund will necessarily be subject to foreign exchange risks. In addition, prospective investors whose assets and liabilities are predominately in other currencies should take into account the potential risk of loss arising from fluctuations in value between the US Dollars or the Euro, as the case may be, and such other currencies.

Investments in Distressed Securities

The Fund intends to invest in distressed securities and obligations of companies that are experiencing significant financial or business difficulties, including companies involved in bankruptcy or other reorganisation and liquidation proceedings. Although such investments may result in significant returns to the Fund, they involve a substantial degree of risk. Any one or all of the issuers of the securities in which the Fund may invest may be unsuccessful or not show any return for a considerable period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Investment Manager and Investment Advisor will correctly evaluate the value of a company's assets or the prospects for a successful reorganisation or similar action. In any reorganisation or liquidation proceeding relating to a company in which the Fund invests, the Fund may lose its entire investment, may be required to accept cash or securities with a value less than the Fund's original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Fund's investments may not compensate the investors adequately for the risks assumed.

Troubled company and other asset-based investments require active monitoring and may, at times, require participation in business strategy or reorganisation proceedings by the Investment Manager and the Investment Advisor. To the extent that the Investment Manager and the Investment Advisor become involved in such proceedings, the Fund may have a more active participation in the affairs of the issuer than that assumed generally by an investor. In addition, involvement by the Investment Manager and the Investment Advisor in an issuer's reorganisation proceedings could result in the imposition of restrictions limiting the Fund's ability to liquidate its position in the issuer.

The Fund will invest in debt, including, without limitation, "higher yielding" (and, therefore, higher risk) debt securities, when the Investment Manager and the Investment Advisor believe that debt securities offer opportunities for capital appreciation. In most cases, such debt will be rated below "investment grade" or will be unrated and face ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer's failure to make timely interest and principal payments. The market values of certain of these debt securities may reflect individual corporate developments. It is likely that a major economic recession could have a materially adverse impact on the value of such

securities. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of these debt securities.

Bankruptcy Cases

Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions which may be contrary to the interests of the Fund. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and functional operating control of a debtor.

Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganisation of a company usually involves the development and negotiation of a plan of reorganisation, plan approval by creditors and confirmation by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to the company and the Fund; it is subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart and the company may not be able to invest adequately. In some cases, the company may not be able to reorganise and may be required to liquidate assets. Although the Fund intends to invest primarily in debt, the debt of companies in financial reorganisation will in most cases not pay current interest, may not accrue interest during reorganisation and may be adversely affected by an erosion of the issuer's fundamental values. Such investments can result in a total loss of principal.

Investment in the debt of financially distressed companies domiciled in countries in developing markets involves additional risks. Bankruptcy law and process may differ substantially from that in more developed markets, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganisation timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganisation remains highly uncertain.

The Investment Manager and the Investment Advisor, on behalf of the Fund, may elect to serve on creditors' committees, equity holders' committees or other groups to ensure preservation or enhancement of the Fund's position as a creditor or equity holder. A member of any such committee or group may owe certain obligations generally to all parties that the committee represents. If the Investment Manager and the Investment Advisor conclude that its obligations owed to the other parties as a committee or group member conflict with its duties owed to the Fund, it will resign from that committee or group, and the Fund may not realise the benefits, if any, of participation on the committee or group. In addition, and also as discussed above, if the Fund is represented on a committee or group, it may be restricted or prohibited under applicable law from disposing of its investments in such company while it continues to be represented on such committee or group. The Fund may purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser.

Non-Performing Nature of Loans

It is anticipated that many of the loans purchased by the Fund will be non-performing and possibly in default. Furthermore, the obligor and/or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to the loans.

Short Selling

The Fund may enter from time to time into short selling transactions for hedging purposes. It is intended that this will be done where the relevant securities may be readily obtained to settle the transaction. Short selling involves trading on margin and accordingly can involve greater risk than investments based on a leveraged long position. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no absolute guarantee that securities necessary to cover a short position will be available for purchase.

Futures, Options and Other Derivatives

The Fund may utilise both exchange-traded futures and options and over-the-counter derivatives as part of its investment policy. It is intended that futures contracts will be used for the purpose of hedging only. These instruments are highly volatile and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments 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. Transactions in over-the-counter derivatives may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in Net Asset Value, incorrect collateral calls or delays in collateral recovery.

Management Risk

The investment performance of the Fund is substantially dependent on the services of the current employees of the Investment Manager and the Investment Advisor. In the event of the departure of any such employees, the performance of the Fund may be adversely affected.

Profit Sharing

In addition to receiving an Investment Management Fee, the Investment Manager may also receive a Performance Fee based on the Fund's operating profits and, accordingly, the Performance Fee will increase with regard to unrealised appreciation, as well as realised gains. The Performance Fee may create an incentive for the Investment Manager and the Investment Advisor to make investments for the Fund which are riskier than would be the case in the absence of a fee based on the performance of the Fund.

Illiquidity of Shares

It is not anticipated that there will be an active secondary market for the Shares and it is not expected that such a market will develop.

Price Fluctuations

It should be remembered that the value of Shares and the income (if any) derived from them can go down as well as up.

Transaction Costs

The Fund's investment approach may involve a high level of trading and turnover of the Fund's investments which seeks to optimise the level of trading to keep the level of trading costs as low as possible.

Tax Considerations

Where the Fund invests in securities that are not subject to withholding tax at the time of acquisition, there can be no assurance that tax may not be withheld in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Fund will not be able to recover such withheld tax and so any such charge would have an adverse effect on the Net Asset Value of the Shares. Where the Fund sells securities short that are subject to withholding tax at the time of sale, the price obtained will reflect the withholding tax liability of the purchaser. In the event that in the future such securities cease to be subject to withholding tax, the benefit thereof will accrue to the purchaser and not to the Fund.

Developing Markets

To the extent that the Fund invests in equities or securities of companies incorporated in, or whose principal operations are in, developing markets, or government debt issued by countries in such markets, additional risks may be encountered. These include:

Currency Risk: the currencies in which investments are denominated may be unstable, may be subject to significant depreciation and may not be freely convertible.

Country Risk: the value of the Fund's assets may be affected by political, legal, economic and fiscal uncertainties. Existing laws and regulations may not be consistently applied.

Market Characteristics: developing markets are still in the early stages of their development, have less volume, are less liquid and experience greater volatility than more established markets and are not highly regulated. Settlement of transactions may be subject to delay and administrative uncertainties.

Custody Risk: custodians are not able to offer the level of service and safe-keeping, settlement and administration of securities that is customary in more developed markets and there is a risk that the Fund will not be recognised as the owner of securities held on its behalf by a sub-custodian.

Disclosure: less complete and reliable fiscal and other information may be available to investors.

Amortisation of Organisational Costs

The Fund's financial statements are prepared in accordance with international accounting standards. International accounting standards do not permit the amortisation of organisational costs. Notwithstanding this, the Fund may amortise the costs of establishing the Euro Shares over a period of time and its financial statements may be qualified in this regard.

TAXATION

The following is based on the Fund's understanding of and advice received on certain aspects of the law and practice currently in force in the Cayman Islands, the Isle of Man and the United Kingdom. There can be no guarantee that the tax position or proposed tax position at the date of this Prospectus or at the time of an investment will endure indefinitely.

Investors should consult their professional advisers on the possible tax and other consequences of their subscribing for, purchasing, holding, selling or redeeming Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

Cayman Islands

The Fund has obtained from the Governor-in-Cabinet of the Cayman Islands an undertaking that, in accordance with section 6 of the Tax Concessions Law (1999 Revision), for a period of 20 years from 15 August 2000 being the date of the undertaking no laws of the Cayman Islands imposing any tax on profits, income, gains or appreciation shall apply to the Fund and that no tax in the nature of estate duty or inheritance tax shall be payable on the Shares, debentures or other obligations of the Fund.

Under current Cayman Islands law no tax will be charged in the Cayman Islands on profits or gains of the Fund and dividends (if any) of the Fund will be payable to Shareholders resident outside the Cayman Islands without deduction of tax. No stamp duty is levied in the Cayman Islands on the transfer or redemption of Shares. An annual registration fee will be payable by the Fund in the Cayman Islands which will be calculated by reference to the nominal amount of its authorised share capital; at current rates the fee will be approximately US\$805 per annum. In addition, a mutual fund fee, currently approximately US\$3,050, is payable by the Fund on an annual basis.

United Kingdom

The Directors intend that the affairs of the Fund should be managed and conducted so that it does not become resident in the United Kingdom for United Kingdom taxation purposes. Accordingly, and provided that the Fund is not trading in the United Kingdom through a fixed place of business or agent situated therein that constitutes a "permanent establishment" for United Kingdom taxation purposes and that all its trading transactions in the United Kingdom are carried out through a broker or investment manager acting as an agent of independent status in the ordinary course of its business, the Fund will not be subject to United Kingdom corporation tax or income tax on its profits. The Directors, the Investment Manager and the Investment Advisor each intend that the respective affairs of the Fund, the Investment Manager and the Investment Advisor are conducted so that these requirements are met insofar as this is within their respective control. However, it cannot be guaranteed that the necessary conditions will at all times be satisfied.

Certain interest and other income received by the Fund which has a United Kingdom source may be subject to withholding taxes in the United Kingdom.

EU Savings Directive

Under EU Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments (the "Directive"), dividends and other distributions of income made by the Fund and payment of the proceeds of sale and/or redemption of Shares in the Fund, may (depending on the investment portfolio of the Fund) be subject to the withholding tax and/or information providing regime imposed by the Directive, where payment is made to a Shareholder who is an individual resident in a Member State of the European Community for the purposes of the Directive (or a "residual entity" established in a Member State) by a paying agent resident in another such Member State. A

withholding tax regime is being operated for a transitional period only by Belgium, Luxembourg and Austria, although Shareholders can notify their paying agent to provide information about the payments to their national tax authority rather than withhold tax. The rate of withholding tax in those jurisdictions is 20 per cent from 1 July 2008, rising to 35 per cent from 1 July 2011. Certain dependent and associated territories and “third countries” have, or are proposing to introduce, an equivalent withholding tax and/or information providing regime (“equivalent legislation”) in respect of payments made through a paying agent established in such jurisdictions. The Cayman Islands is operating an information providing regime whereas certain dependent and associated territories and other “third country” jurisdictions (including the Isle of Man and Switzerland) are operating a withholding tax regime.

Under the terms of the relevant equivalent legislation and/or bilateral agreements entered into, or proposed to be entered into, by the Cayman Islands, the Directive or relevant equivalent legislation applies to a fund established in the Cayman Islands only if, unlike the Fund, it is registered under Section 5 of the Mutual Funds Law (2007 Revision) of the Cayman Islands and so is equivalent to a UCITS. Accordingly, it appears that the Cayman Islands, Ireland, the Isle of Man, the United Kingdom and Switzerland do not regard the Directive as applicable to the Fund, so that a paying agent established in those jurisdictions would not have any obligations under the Directive. It is unclear whether other jurisdictions will adopt the same interpretation of the Directive or the Cayman Islands’ classification of Cayman Islands mutual funds.

General

The receipt of dividends (if any) by Shareholders, the redemption or transfer of Shares and any distribution on a winding-up of the Fund may result in a tax liability for the Shareholders according to the tax regime applicable in their various countries of residence, citizenship or domicile. Shareholders resident in or citizens of certain countries which have anti-offshore fund legislation may have a current liability to tax on the undistributed income and gains of the Fund. The Directors, the Fund and each of the Fund’s agents shall have no liability in respect of the individual tax affairs of Shareholders.

GENERAL AND STATUTORY INFORMATION

The information in this section includes a summary of some of the provisions of the Memorandum and Articles of Association and material contracts described below and is provided subject to the general provisions of each of such documents.

1. **The Fund**

The Fund was incorporated with limited liability in the Cayman Islands on 02 June 2000 as an exempted company under the provisions of the Companies Law (2007 Revision) of the Cayman Islands. Its constitution is defined in its Memorandum and Articles of Association. The Fund's objects, as set out in Clause 3 of its Memorandum of Association, are unrestricted and include the carrying on of the business of an investment company.

The Fund has been registered as a regulated mutual fund under section 4(3) of the Cayman Islands Mutual Funds Law (2007 Revision) and will comply with the provisions of that law. The fact that it has been registered should not, however, be taken to imply that the Cayman Islands Government accepts any responsibility for overseeing or regulating its investment activities.

2. **Share capital**

The Fund has an authorised share capital of US\$50,000 divided into 10 Founder Shares at par value of US\$1.00 each and 4,999,000 ordinary shares of a par value of US\$0.01 each, which will be issued as Euro Shares or US\$ Shares.

The Founder Shares are held by the Investment Manager and are fully paid.

The Articles provide that unissued Shares of the Fund are at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Directors may determine. All Shares will be issued in registered form only.

Prospective investors should note that there are no provisions under the laws of the Cayman Islands or under the Articles conferring pre-emption rights on the holders of Shares or Founder Shares.

No capital of the Fund is under option or agreed conditionally or unconditionally to be put under option.

3. **Rights of the Founder Shares**

The Founder Shares carry no right to dividends and on a winding up rank only for the return of the capital paid up thereon after the return of the capital paid up on the Shares. Founder Shares are not redeemable.

The holders of the Founder Shares have the exclusive right to vote (to the exclusion of the holders of the Shares), and in such case are entitled to one vote per share, in respect of each of the following matters:

- (A) the appointment or removal of any investment manager;
- (B) the appointment or removal of any director;
- (C) the winding up of the Fund;

- (D) any amendment to the Memorandum and Articles of Association of the Fund affecting the foregoing matters.

In addition, the holders of the Founder Shares have the right (to the exclusion of the holders of the Shares):

- (A) to create one or more additional classes of shares of such number, par value denomination and operational currency, whether by means of conversion or by way of cancellation of all or any of the authorised but unissued Shares and the creation of fresh authorised shares, as the holders of the Founder Shares may determine;
- (B) to create one or more classes of management shares of such number, par value and denomination together with such rights (including without limitation as to the fees and charges to which the assets attributable thereto are subject) as the holders of the Founder Shares may determine for issuance to the investment manager of the Fund or a general partner or employee of such general partner or any person connected with any such person (as determined by the holders of the Founder Shares) or a company, partnership or other person or entity controlled by any of such persons (as determined by the holders of the Founder Shares);
- (C) to redesignate as management shares such Shares registered from time to time in the names of persons to whom management shares may be issued as the holders of the Founder Shares determine (subject to the creation of such class of shares pursuant to paragraph (B) above) by way of the cancellation of the relevant Shares and the issue of management shares or otherwise; and
- (D) to amend the Memorandum and Articles of Association to provide for the creation of one or more additional classes of shares or one or more classes of management shares pursuant to paragraphs (A) and/or (B) and all matters incidental thereto as the holders of the Founder Shares may determine, provided that no such amendments may adversely affect the rights attaching to the Shares in issue on the date they are made.

Subject to the foregoing, the holders of Founder Shares are not entitled to any votes in respect of the Founder Shares held by them except during any period when there are no Shares in issue, in which event each holder of Founder Shares is entitled to one vote for each such Share held by him.

4. **Rights of the Shares**

The Shares carry an equal right to such dividends and other distributions as the Directors may declare. Except where voting rights attach exclusively to the Founder Shares, on a show of hands at a general meeting of the Fund every Shareholder who is present in person or by proxy shall have one vote and on a poll every Shareholder present in person or by proxy shall be entitled to one vote in the respect of each Share held by him. On a winding-up, the Shares are entitled, in priority to the Founder Shares, to the return of the capital paid up thereon and to the surplus assets of the Fund attributable to each Class of Shares will be distributed among the holders of Shares of that Class according to the number of such Shares held by each of them.

5. **Change in share capital**

The Fund may increase or reduce its authorised share capital, divide all or any of its share capital into shares of larger amount or combine all or any of its share capital into shares of smaller amount.

If at any time the authorised share capital is divided into different classes of shares, the rights attached to any class may be varied by consent in writing of holders of not less than three quarters of

the issued shares of that class or with the sanction of a special resolution (a three quarters majority of votes cast) passed at a general meeting of the holders of the shares of that class.

6. **Transfer of Shares**

Subject to the restrictions set out in this section, under “Compulsory Redemption” in paragraph 9 below and under “Subscriptions” above, Shares are transferable by written instrument of transfer signed by (or in the case of a transfer by a body corporate, signed on behalf of or sealed by) the transferor and containing the name and address of the transferor and the transferee. The instrument of transfer shall be in such form as the Directors approve.

In the case of the death of any one of joint Shareholders, the survivor(s) will be the only person or persons recognised by the Fund as having any title to the interest of the deceased joint Shareholder in the Shares registered in the names of such joint Shareholders.

Shareholders wishing to transfer Shares must sign the transfer in the exact name or names in which the Shares are registered, indicate any special capacity in which they are signing and supply all other required details. The completed form of transfer, duly stamped if applicable, together with such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer must be sent to the Administrator. The transfer shall take effect upon the registration of the transferee in the register of Shareholders. If the transferee is not already a Shareholder, he will be required to complete an Application Form and provide all documentation required by the Administrator, including all documentation required for anti-money laundering purposes.

No transfer may be made which would result in either the transferor or the transferee remaining or being registered (as the case may be) as the holder of Shares valued at less than the Minimum Holding at the time of such intended transfer except in the case of transfers to or between the Investment Manager and/or its directors, employees or associated companies. The Directors may suspend the registration of transfers for not more than a total of 30 days in any year.

A transfer of Shares as a consequence of an acquisition in the secondary market will be treated as if there was a redemption of such Shares by the transferor and a subscription (at the most recent Subscription Price) for such Shares by the transferee on the date of the transfer for the purposes of the Performance Fee.

7. **Temporary suspension of Net Asset Value calculations and of issues and redemptions of Shares**

The Directors may declare a temporary suspension of the determination on any Valuation Day of the Net Asset Value (and hence the Net Asset Value per Share) during:

- (A) any period (other than ordinary holiday or customary weekend closings) when any market is closed which is the main market for a significant part of the Fund's investments, or when trading thereon is restricted or suspended;
- (B) any period when any emergency exists as a result of which disposal by the Fund of investments which constitute a substantial portion of its assets is not practically feasible;
- (C) any period when for any reason the prices of a significant part of investments of the Fund cannot be reasonably, promptly or accurately ascertained by the Fund;

- (D) any period when remittance of monies which will, or may be, involved in the realisation of, or in the payment for, investments of the Fund cannot, in the opinion of the Directors, be carried out at normal rates of exchange; or
- (E) any period when proceeds of the sale or redemption of the Shares cannot be transmitted to or from the Fund's account.

No Shares will be issued or redeemed on any Dealing Day when the determination of the Net Asset Value is suspended. In such a case, a Shareholder may withdraw his Share application or redemption request, provided that a withdrawal notice is actually received by the Administrator before the suspension is terminated. Unless withdrawn, Share applications and redemption requests will be acted upon on the first Dealing Day after the suspension is lifted at the relevant Subscription Price or relevant Redemption Price (as the case may be) prevailing on that Dealing Day.

Notice of the suspension and its termination will be given to all persons who have applied for or requested redemption of Shares and will be notified without delay to the Irish Stock Exchange. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

8. **Publication of prices**

The Directors may publish the Net Asset Value per share of the Shares in one or more newspaper or periodical. The most recent Net Asset Value per Share will also be available from the Administrator on request and will be notified without delay to the Irish Stock Exchange.

9. **Compulsory redemption**

Shareholders are required to notify the Administrator immediately if at any time they cease to be Eligible Investors or become US Persons or hold Shares for the account or benefit of US Persons or are otherwise Ineligible Applicants.

When the Directors become aware that a Shareholder: (A) has not effected a compulsory transfer as directed by the Fund; (B) has ceased to be an Eligible Investor (in the case of the US\$ Shares) or has become an Ineligible Applicant; (C) is a US Person or is holding Shares for the account or benefit of a US Person, so that the number of US Persons known to the Directors to be beneficial owners of Shares for the purposes of the 1940 Act exceeds 100 or such other number as the Directors may determine from time to time; (D) is holding Shares in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, tax, pecuniary or material administrative disadvantages for the Fund or its Shareholders including, but not limited to, a situation in which more than 25 per cent of the assets of the Fund are owned or are likely to be owned by benefit plan investors; (E) has failed to provide any information or declaration required by the Directors within ten days of being requested to do so or where the Directors determine that Shares are held by or for the benefit of a Shareholder who is or becomes an Ineligible Applicant and/or is not or is no longer an Eligible Investor (in the case of the US\$ Shares) the Directors may effect the compulsory redemption of all (but not some) of the Shares registered in that Shareholder's name.

Any person who becomes aware that he is holding Shares in contravention of any of the above provisions and who fails to transfer or redeem his Shares pursuant to the above provisions shall indemnify and hold harmless each of the Directors, the Fund, the Administrator, the Investment Manager and the Shareholders of the Fund (each an "Indemnified Party") from any claims, demands, proceedings, liabilities, damages, losses, costs and expenses directly or indirectly suffered or incurred by such Indemnified Party arising out of or in connection with the failure of such person to comply with his obligations pursuant to any of the above provisions.

The Articles permit the Directors to redeem 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 confirmation of ownership of the Share sent to the Shareholder and require the redemption proceeds to be held in a separate interest-bearing account. The Articles also provide that any unclaimed dividends may be forfeited after six years and, on forfeiture, form part of the assets of the Fund.

10. **Directors' interests**

The interests of the Directors and their interests in companies associated with the management, administration, promotion and marketing of the Fund and the Shares are set out below:

- (A) Andreas Rialas is a director of the Investment Manager which receives an Investment Management Fee and may receive a Performance Fee in respect of its services. He is also Chief Executive Officer of the Investment Advisor and is interested in its shares.
- (B) Kyriakos Rialas is Chief Executive Officer of, and is interested in the shares of, the Investment Manager.
- (C) Each of the Directors and/or persons connected to any of them and/or entities in which they have an interest may subscribe for Shares.
- (D) Other than as stated above, none of the Directors nor any person connected to a Director has or will have (insofar as is ascertainable by the Directors as at the date of this Prospectus) a direct or indirect interest in Shares.
- (E) There are no existing or proposed service agreements between the Fund and any of the Directors.
- (F) No shareholding qualification for Directors is required under Cayman Islands law. The Directors or companies of which they are officers or employees, including the Investment Manager, may, however, subscribe for Shares. Their applications will rank pari passu with all other applications.
- (G) Save as disclosed herein, no Director has any interest, direct or indirect, in the promotion of or in any assets which are proposed to be acquired, disposed of by or leased to the Fund and no Director has a material interest in any contract or arrangement entered into by the Fund which is unusual in nature or conditions or significant in relation to the business of the Fund, nor has any Director had such an interest since the Fund was incorporated.

11. **Directors' remuneration**

The Articles provide that the remuneration of the Directors in respect of services rendered or to be rendered to the Fund shall be determined by a resolution of the Directors. The Directors are currently entitled to a fee of US\$10,000 per annum each. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Fund or in connection with the business of the Fund.

12. **Transactions with Directors**

- (A) No agreement or transaction between the Fund and one or more of its Directors or any person in which any Director has a financial interest or to whom any Director is related, including as a director of that other person, is void or voidable for that reason only or by reason only that the Director is present at the meeting of Directors or at the meeting

of the committee of Directors that approves the agreement or transaction, or that the vote or consent of that Director is counted for that purpose, if the material facts of the interest of each Director in the agreement or transaction, and his interest in or relationship to any other party to the agreement or transaction, are disclosed in good faith to or known by the other Directors.

- (B) A Director who has an interest in any particular business to be considered at a meeting of the Directors or Shareholders may be counted for the purpose of determining whether the meeting is duly constituted.

13. **Retirement of Directors**

There is no provision for the retirement of Directors on their attaining a certain age and the Articles do not provide for retirement of Directors by rotation.

14. **Borrowing**

The Directors are authorised under the Articles to exercise all powers of the Fund to borrow money.

15. **Meetings**

The Directors may convene meetings of the Fund at such time and in such manner and place as the Directors consider necessary or desirable, and they shall convene such a meeting upon the written request of Shareholders holding 10 per cent or more of the issued Shares. At least fourteen clear days' notice specifying the place, day and time of the meeting and the general nature of the business to be transacted shall be given. No business shall be transacted at any meeting of Shareholders unless a quorum is present. A quorum shall (if the Fund has more than one Shareholder) consist of at least two Shareholders present in person or by proxy. If within 30 minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the request of the Shareholders, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week. If at such adjourned meeting a quorum of two Shareholders present in person or by proxy is not present within thirty minutes from the time appointed for the meeting, the Shareholders present shall be a quorum.

All Shares carry voting rights as specified in paragraph 4 above. The votes of any joint Shareholders must be unanimous if more than one wishes to vote. Otherwise, the vote of the person first named in the Register of Shareholders shall be accepted as the vote of the joint Shareholders, to the exclusion of the votes of the other joint holders. Votes may be cast in person or by proxy.

16. **Indemnity**

The Directors and other officers of the Fund shall be entitled to be indemnified by the Fund against all expenses (including legal fees) losses or liabilities which they sustain or incur in or about the execution of their duties, provided that such Director or other officer acted honestly and in good faith with a view to the best interests of the Fund and had no reasonable cause to believe that his conduct was unlawful. The determination as to indemnification of the Directors is, in the absence of fraud, conclusive unless a question of law is involved.

17. **Material contracts**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Fund prior to the date of this Prospectus and are, or may be, material:

- (A) An Investment Management Agreement dated 14 August 2000 between (1) the Fund and (2) the Investment Manager (the "Investment Management Agreement") whereby

the Fund appointed the Investment Manager, subject to the control of and review by the Directors, to manage the investments of the Fund. The Investment Management Agreement will continue in force until terminated by either party on 90 days' notice in writing to the other party. It may be terminated forthwith by either party on immediate written notice if the other party commits any material breach of its obligations and fails to remedy the breach within 30 days of receipt of written notice requiring the same or if the other party is dissolved or otherwise enters into insolvency proceedings. Termination of the Investment Management Agreement by the Fund is subject to the approval of the holder of the Founder Shares. The Investment Manager will not be liable for any loss of opportunity or any loss arising from errors of fact or judgement or any action (or omission) taken by it in the absence of fraud, bad faith, wilful misfeasance, reckless disregard or negligence on the part of the Investment Manager or that of any of its employees. The Fund agrees to indemnify the Investment Manager and its directors, officers and employees against all liabilities incurred by it in the performance of its obligations under the Investment Management Agreement other than liabilities arising out of the fraud, negligence, wilful misfeasance or bad faith of the Investment Manager or the reckless disregard by the Investment Manager or any of its employees of its obligations.

- (B) An Investment Advisory Agreement dated 9 July 2001 as amended by a Supplemental Investment Advisory Agreement dated 31 January 2003 between (1) the Fund and (2) the Investment Advisor and (3) the Investment Manager (the "Investment Advisory Agreement") whereby the Investment Manager appointed the Investment Advisor to provide it with advice and recommendations as to the investment of the Fund's portfolio and pursuant to which the Investment Manager may from time to time delegate to the Investment Advisor the authority to make day-to-day investment decisions in accordance with the investment objective, policy and approach as described herein. The Investment Advisory Agreement will continue in force until terminated by any of the parties giving the other parties not less than 90 days' notice in writing. It may be terminated forthwith by any party on immediate written notice if any other party commits any material breach of its obligations under the Investment Advisory Agreement and fails to remedy the breach within 7 days of receipt of written notice requiring the same, or if any other party is dissolved or otherwise enters into insolvency proceedings. In addition, the Investment Manager may terminate the Investment Advisory Agreement forthwith if the Investment Advisor ceases to be able to fulfil its obligations under the Investment Advisory Agreement due to any change in the laws of England or the Cayman Islands. The Investment Advisory Agreement will terminate automatically upon the termination for whatever reason of the Investment Management Agreement. The Investment Advisor will not be liable for any loss suffered by the Fund in connection with the performance by the Investment Advisor of its obligations under the Investment Advisory Agreement in the absence of fraud, bad faith, wilful misfeasance, reckless disregard or negligence on the part of the Investment Advisor in the performance or non-performance of its obligations and duties under the Investment Advisory Agreement. The Fund agrees to indemnify the Investment Advisor against all liabilities incurred by it in the performance of its obligations under the Investment Advisory Agreement other than liabilities arising out of the fraud, negligence, wilful misfeasance or bad faith of the Investment Advisor or the reckless disregard by the Investment Advisor of its obligations under the Investment Advisory Agreement.
- (C) A Distribution Agreement dated 14 August 2000 between (1) the Fund and (2) the Investment Manager (the "Distribution Agreement") whereby the Fund appointed the Investment Manager to solicit subscriptions for Shares with power to appoint sales agents. The Distribution Agreement contains provisions indemnifying and exempting the Investment Manager from liability not due to its own wilful default, bad faith or

negligence. It may be terminated by 3 months' notice in writing given by the Fund to the Investment Manager or vice versa, forthwith by either party on written notice if the other party commits any material breach of its obligations under the Distribution Agreement and fails to remedy the breach within 30 days of receipt of notice requiring the same, and automatically if either party goes into liquidation or otherwise enters into insolvency proceedings.

- (D) An Administration Agreement dated 2 September 2009 between (1) the Fund and (2) the Administrator (the "Administration Agreement") whereby the Administrator was appointed to provide certain administration, accounting, valuation, registration, transfer agency, secretarial and related services to the Fund. The Administration Agreement will continue in full force until terminated by the Fund or the Administrator on not less than sixty days' notice (or such shorter period as the parties may agree) in writing to the other and may be terminated with immediate effect at any time by (i) either party if the other party: (1) has committed a material breach or is in persistent breach of any of the terms of the Administration Agreement (including the representations and warranties) and has not remedied such breach within 30 days after service of notice by the non-defaulting party requiring it to be remedied; or (2) goes into liquidation (except a voluntary liquidation for the purposes of reconstruction, amalgamation or merger on terms previously approved in writing by the other party) or has a receiver or its equivalent in any jurisdiction appointed over all or any of its assets; (ii) the Administrator if the Fund or the Investment Manager is in violation or default or in non-compliance with any securities or taxation laws or regulations applicable to the Fund or the activities of the Investment Manager (as relevant) or the Administrator receives written notice from either the Fund or the Investment Manager of the likelihood of the assets of the Fund being characterised as assets of an employee benefit plan within the meaning of regulations of United States law. The Administration Agreement provides that the Fund will indemnify the Administrator from and against all liabilities it may incur as a result of or connection with its performance of its obligations under the Administration Agreement except to the extent that they are caused by the Administrator's fraud, negligence or wilful default.
- (E) A Global Custody Agreement dated 22 July 2004 between (1) the Fund and (2) the Custodian (the "Global Custody Agreement") whereby the Custodian was appointed as custodian of the assets of the Fund. The Global Custody Agreement will continue in force until terminated at any time by either party by giving three month's written notice to the other. The Fund may also terminate the Global Custody Agreement by immediate notice in writing to the Custodian if (1) required to do so by any competent legal, governmental, supervisory or regulatory authority or body, or (2) the Custodian materially breaches any provision of the Global Custody Agreement (and, where capable of remedy, such material breach has not been remedied with 14 days of being notified of the same by the Fund) provided that the Fund has first attempted in good faith to resolve the dispute with the Custodian but such attempt to resolve remains unsuccessful after one month of first notifying the Custodian of the material breach. Under the Global Custody Agreement, the Fund agrees to indemnify and hold the Custodian harmless from and against any costs, charges, expenses, damages, liabilities, losses, penalties and claims incurred or suffered by the Custodian, its sub-custodians or any of their agents and nominees in the lawful and proper exercise of its duties under the Global Custody Agreement or during the transfer of the assets of the Fund to a successor custodian or other person.

18. **Winding up**

The Fund may voluntarily commence to wind up and dissolve by an ordinary resolution of the holders of Founder Shares.

19. **Documents available for inspection**

For a period of 14 days from the date of this Prospectus or for the duration of the Euro Shares Initial Offer Period, if longer, copies of the following documents may be inspected free of charge during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) at the offices of the Administrator and at the registered office of the Fund:

- (A) the Memorandum and Articles of Association of the Fund;
- (B) the agreements referred to under “Material contracts” above;
- (C) the Companies Law (2007 Revision) of the Cayman Islands; and
- (E) the latest financial reports of the Fund.

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

20. **Miscellaneous**

- (A) The Fund was incorporated on 2 June 2000. Since the date of incorporation, the Fund has not paid or declared a dividend.
- (B) Save as disclosed herein, no commissions are payable and no discounts, brokerages or other special terms have been granted by the Investment Manager in connection with the issue of the Shares.
- (C) Save as disclosed herein, no amount or benefit has been paid or given, or is intended to be paid or given to any promoter.
- (D) No share or loan capital of the Fund is under option or has been agreed conditionally or unconditionally to be put under option or has been issued or is proposed to be issued for a consideration other than cash.
- (E) The Fund is not, and has not been since its incorporation, engaged in any litigation or arbitration (other than in the ordinary course of its business to recover repayment of monies owed to the Fund) and the Directors are not aware of any litigation or arbitration or claims pending or threatened against the Fund.
- (F) The Fund has not established and does not intend to establish a place of business in Great Britain or Ireland.
- (G) The Fund has no employees.
- (H) The Fund has a trading subsidiary, Ankus Limited (the “Subsidiary”). The Subsidiary was incorporated in Cyprus on 16 April 2002 and is regulated by the Central Bank of Cyprus. The Fund makes investments in certain jurisdictions through the Subsidiary in order to avail of certain tax efficiencies. The Subsidiary will not carry on other activities. The Subsidiary is permitted by the Central Bank of Cyprus to undertake investments only with funds provided by the Fund.

The Subsidiary has caused a wholly owned subsidiary, Argo Capital B.V., to be incorporated in the Netherlands on 4 July 2005. This company was incorporated to take advantage of tax efficiencies for investments in Indonesia. This company will not carry on other activities.