
HERALD (LUX)

**Société d'investissement à capital variable
Luxembourg**

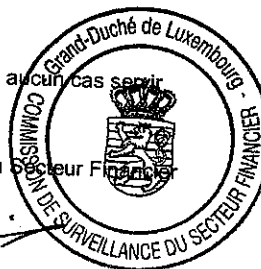
**PROSPECTUS
March 2008**

VISA 2008/37334-5558-0-PC

L'apposition du visa ne peut en aucun cas servir
d'argument de publicité

Luxembourg, le 20/05/2008

Commission de Surveillance du Secteur Financier



HERALD (LUX) is registered under part I of the Luxembourg law of 20 December 2002 on collective investment undertakings (the "2002 Law"). The Fund qualifies as an Undertaking for Collective Investment in Transferable Securities ("UCITS") under the European Council Directive 85/611/EEC of 20 December 1985, as amended.

The shares have not been registered under the United States Securities Act of 1933 and may not be offered directly or indirectly in the United States of America (including its territories and possessions) to nationals or residents thereof or to persons normally resident therein, or to any partnership or persons connected thereto unless pursuant to any applicable statute, rule or interpretation available under United States law.

The distribution of this Prospectus and the offering or purchase of the Shares may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus or the accompanying application form in any such jurisdiction may treat this Prospectus or such application form as constituting an invitation to them to subscribe for Shares, nor should they in any event use such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. Accordingly, this Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for Shares pursuant to this Prospectus to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to the legal requirements of so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

The Shares are offered only on the basis of the information contained in this Prospectus and, as appropriate, the most recent report and accounts of the Fund. Any further information or representations given or made by any dealer, broker or other person should be disregarded and, accordingly, should not be relied upon. No person has been authorised to give any information or to make any representation in connection with the offering of Shares in the Fund other than those contained in this Prospectus and in any subsequent annual report for the Fund and, if given or made, such information or representations must not be relied on as having been authorised by the Fund, the Directors, the Investment Manager, the Service Agent or the Custodian. Certain statements in this Prospectus are based on the law and practice currently in force in the Grand Duchy of Luxembourg at the date hereof and are subject to change. Neither the delivery of this Prospectus nor the issue of Shares shall under any circumstances, create any implication or constitute any representation that the affairs of the Fund have not changed since the date hereof.

All references herein to times and hours are to Luxembourg local time.

Shareholders are informed that their personal data or information given in the subscription documents or otherwise in connection with an application to subscribe for shares, as well as details of their shareholding, will be stored by the Service Agent in digital form and processed in compliance with the provisions of the Luxembourg law of 2 August 2002 on data protection.

SUMMARY

The following summary is qualified in its entirety by the more detailed information appearing in the body of this Prospectus. Information in this introduction is selective and should be read in conjunction with the full text of this Prospectus.

The Fund's Structure

Herald (Lux) is a self-managed investment company with variable share capital ("SICAV") organised under the laws of Luxembourg in accordance with article 27 of the 2002 Law. It is registered under part I of the Luxembourg law of 20 December 2002 on undertakings for collective investment and qualifies as an Undertaking for Collective Investment in Transferable Securities (UCITS) under the amended European Council Directive 85/611/EEC of 20 December 1985.

The Fund currently comprises one sub-fund, namely Herald (Lux) – US Absolute Return Fund.

The Fund's Investment Objective

The objective of the Fund is to achieve long-term capital appreciation through diversification of investments.

The Sub-Fund's Investment Policy

The investment policy of each Sub-Fund is detailed in Appendix I of the Prospectus.

Classes of Shares

Currently only I Class Shares are available in USD or EUR. Currency transactions are entered into in order to hedge the USD Class against the EUR.

Subscription and Redemption of Shares

Shares of both Classes may be subscribed and redeemed on each Valuation Day.

Investment Manager

Bank Medici AG, a joint stock company incorporated under the laws of Austria, fully licensed as a bank by the FMA, acts as Investment Manager.

Service Agent and Custodian

HSBC Securities Services (Luxembourg) S.A. acts as Service Agent and Custodian of the Fund.

Management Fees

The Investment Manager is entitled to a Management Fee as more fully described for each Sub-Fund in Appendix I.

Performance Fees

A performance Fee may be charged as more fully described for each Sub-Fund in Appendix I.

Other Fees

The Fund bears other operating expenses (including fees of the Service Agent and Custodian) which are more fully described below in this Prospectus.

HERALD (LUX)

Société d'Investissement à Capital Variable
Registered office: 40, avenue Monterey, L-2163 Luxembourg
R.C.S. Luxembourg B 136 680

Board of Directors

Chairman

Helmuth E. Frey, Director, Bank Medici, Operngasse 6/4, A-1010 Wien

Directors

- Friedrich Pfeffer, Partner, WFE-Consulting, Fuhrenweg 27, D-31515 Wunstorf
- Franco Mugnai, Financial Consultant, Via Leone XIII° n.27, I-20145 Milano

Delegates of the Board of Directors

- Andreas Pirkner, Director, Bank Medici, Operngasse 6/4, A-1010 Wien
- Richard Goddard, Director, The Director's Office, 5, allée Scheffer, L – 2565 Luxembourg

Investment Manager and Global Distributor

Bank Medici AG
Operngasse 6/4
A-1010 Vienna, Austria

Custodian, Service Agent and Listing Agent

HSBC Securities Services (Luxembourg) S.A.
40, avenue Monterey
L-2163 Luxembourg

Auditors

Ernst & Young S.A.
7, Parc d'Activité Syrdall
L-5365 Munsbach

Legal Advisors

Elvinger, Hoss & Prussen
2, Place Winston Churchill
L-1340 Luxembourg

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DEFINITIONS

In this Prospectus, in addition to words and phrases specifically defined elsewhere in this Prospectus, the following words and phrases have the meaning set forth below:

<i>2002 Law</i>	The Luxembourg Law of 20 December 2002 regarding undertakings for collective investment.
<i>Accounting Period</i>	Each period ending on 31 December with the first accounting period ending on 31 December 2008.
<i>Service Agent</i>	HSBC Securities Services (Luxembourg) S.A. or such other company as may for the time being be appointed as administrator to the Fund.
<i>Articles of Incorporation</i>	The Articles of Incorporation of the Fund.
<i>Base Currency</i>	The currency in which the accounts of the Fund and/or the Sub-Funds will be prepared.
<i>Board of Directors</i>	The board of directors of the Fund.
<i>Business Day</i>	A day on which banks in Luxembourg and Austria are open for business.
<i>Class(es)</i>	Separate classes of shares within each Sub-Fund whose assets will be commonly invested but where a specific hedging policy, fee structure, minimum investment amount, taxation, distribution policy or other feature may be applied.
<i>Custodian</i>	HSBC Securities Services (Luxembourg) S.A. or such other company as may for the time being be appointed as custodian to the Fund.
<i>Eligible Market</i>	A Regulated Market in an Eligible State.
<i>Eligible State</i>	Any Member State of the EU or any other state in Eastern and Western Europe, Asia, Africa, Australia, North and South America and Oceania.
<i>EU</i>	The European Union.

<i>EUR</i>	The single currency of participating member states of the European Monetary Union introduced on 1 January 1999.
<i>FATF</i>	Financial Action Task Force (also referred to as Groupe d'Action Financière).
<i>Fund</i>	Herald (Lux), an investment company organised under Luxembourg law as a société anonyme qualifying as a société d'investissement à capital variable ("SICAV").
<i>Investment Manager</i>	Bank Medici AG, Austria and/or such company or companies as may for the time being be appointed as investment manager to the Fund. If such companies are appointed, this prospectus will be updated accordingly.
<i>Net Asset Value</i>	The total net asset value of a Sub-Fund or a Class calculated as described in this Prospectus.
<i>Net Asset Value per Share</i>	The net asset value per Share calculated as described in this Prospectus.
<i>Prospectus</i>	Refers to the present document.
<i>Regulated Market</i>	A market within the meaning of Article 1.13 of the amended Council Directive 93/22/EEC of 10 May 1993 on investment services in the transferable securities field and any other market which is regulated, operates regularly and is recognised and open to the public.
<i>Restricted Person</i>	Person as defined in section "Restrictions on issue and transfer of Shares"
<i>Shareholder</i>	A holder of Shares.
<i>Shares</i>	Fully paid shares issued in relation to a Sub-Fund and Class.
<i>Simplified Prospectus</i>	The simplified prospectus published from time to time for each Sub-Fund in accordance with the requirements of the 2002 Law.
<i>Sub-Fund(s)</i>	One or several compartments created within the Fund in accordance with article 133 of the 2002 Law which are distinguished mainly by their specific investment policy

described in the Appendix to this Prospectus.

UCI

Undertakings for Collective Investment.

UCITS

Undertakings for Collective Investment in Transferable Securities.

UCITS Directive

The amended Council Directive 85/611/EEC of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.

US or United States

The United States of America, its territories and possessions (including the States and the District of Columbia).

USD

United States Dollars, the lawful currency of the United States.

Valuation Day

Each day on which the Net Asset Value per Share is calculated as specified in the Appendix to this Prospectus for each Sub-Fund.

Valuation Point

The time on any given Valuation Day at which the assets of each Sub-Fund are valued.

INVESTMENT POLICIES AND RESTRICTIONS

1. The Fund

HERALD (LUX) qualifies as a UCITS under the UCITS Directive. The Fund has adopted an "umbrella" structure that may comprise different Sub-Funds.

In accordance with the requirements of the UCITS Directive and the correspondent provisions of the 2002 Law, all Sub-Funds invest in accordance with the principle of risk spreading in transferable securities and other permitted assets which may comprise units of UCITS and UCIs, deposits with credit institutions, financial derivative instruments and money market instruments.

2. Specific Investment Policy for each Sub-Fund

The specific investment policy of each Sub-Fund is described in Appendix I to this Prospectus.

The historical performance of the Sub-Funds will be published in the Simplified Prospectus for each Sub-Fund. Past performance is not necessarily indicative of future results.

3. Risk Considerations

Investment in the Fund carries a high degree of risk including, but not limited to, the risks referred to below. No assurance can be given that Shareholders will realise a profit on their investment. Moreover, Shareholders may lose some or a significant proportion of their investment. The risks referred to below do not purport to be exhaustive and potential investors should review this Prospectus carefully and in its entirety and consult with their professional advisers before making an application for Shares.

The Fund will implement strategies by using different types of securities which all carry inherent correlated and uncorrelated risks. The investment may not be suitable for all investors.

The Fund is dependent upon the Investment Manager's evaluation of global financial markets. Markets are volatile and all securities investments present a risk of loss of capital. The use of leverage and financial derivatives may increase such a loss.

Business Risk

No assurance can be given that the Fund shall achieve its objectives. Moreover, investors

may suffer a substantial or complete loss of their investments. Past performance is not necessarily an indication of future results.

Performance

The Investment Manager believes that its investment activities attempt to moderate risk through diversification. However, there can be no assurance that the Fund will achieve its investment objective. The Fund may utilize investment techniques such as, but not limited to, options, forwards and future contracts, which can, in certain circumstances, maximize the adverse impact to which the Fund may be subject.

No Investment Manager Liability to the Shareholders

The Investment Manager shall have no personal liability to the Shareholders for the return of any capital contributions, it being understood that any such return shall be made solely from the Fund's assets.

Valuation of Fund's Assets

Although the Service Agent will be responsible for calculating the Net Asset Value, in certain cases the Directors may determine that the market price of an investment does not fairly represent the value of that investment, or in cases where the value of any asset for which liquidation or third party market valuations are not available, the Directors may value such investment as they, in their sole discretion, may determine.

Futures and Options

The Fund may invest in futures and option contracts. A summary of the risks inherent in the use of futures and options include, but are not limited to: the risk that interest rates, securities prices and currency markets will not move in the direction that the Investment Manager anticipates; imperfect correlation between the prices of derivative instruments and movements in the instruments, interest rates or currencies being hedged; the possible absence of a liquid secondary market for any particular instrument and possible exchange-imposed price fluctuation limits, either of which may make it difficult or impossible to close out a position when desired; and particularly in the case of privately-negotiated instruments, the risk that the counterparty will fail to perform its obligations, which could leave the Fund in a worse position than if it had not entered into the position. When the Fund invests in futures and options instruments, it may be required to segregate cash and other high-grade liquid assets or certain portfolio securities as collateral due to its positions in futures instruments. There can be no disposal of such segregated assets, so long as the Fund maintains the positions requiring collateral. Segregating assets could diminish the Fund's return due to the opportunity losses of foregoing other potential investments with the assets transferred or pledged as collateral.

OTC Derivatives

OTC option contracts, forward contracts, swap agreements and other over-the-counter transactions entered into with principals are subject to the credit risk of the principal or its refusal to perform. OTC option contracts, forward contracts, swap agreements and other over-the-counter transactions are not guaranteed by an exchange or its clearing house and the failure, for example, of a principal with whom a forward contract is made would be likely to result in a default. No regulatory scheme currently exists in relation to the foreign currency forward market, except for the regulation of general banking activities and exchange controls in the various jurisdictions where trading may occur or in which the currency originates.

Currency

For those prospective investors whose functional currency is other than the Base Currency, consideration should be given to the potential losses that arise from currency fluctuations between the Base Currency and their own functional currency. Further, to the extent securities or other financial instruments are denominated in currencies other than the Base Currency, the Fund's investment performance is subject to changes in currency exchange rates.

Where a Class of Shares is denominated in another currency than the Base Currency of the Sub-Fund, each Investor will make an investment in that currency which will be converted into the Base Currency and invested. Such subscriptions may be hedged by the Fund to seek to minimize foreign currency risk although no guarantee can be given that the foreign currency risk is thus completely eliminated. The hedges will be entered into periodically between the Fund and the Custodian or any other party, selected by the Fund. The cost of the hedging contracts will be charged to the Class of Shares not denominated in the Base Currency.

4. Investment and Borrowing Restrictions

The Articles of Incorporation provide that the Board of Directors shall, based upon the principle of spreading of risks, determine the corporate and investment policy of the Fund and the investment and borrowing restrictions applicable, from time to time, to the investments of the Fund.

In order for the Fund to qualify as a UCITS under the 2002 Law and the UCITS Directive, the Board of Directors has decided that the following restrictions shall apply to the investments of the Fund and, as the case may be and unless otherwise specified for a Sub-Fund in Appendix I to this Prospectus, to the investments of each of the Sub-Funds:

- I. (1) The Fund, for each Sub-Fund, may invest in:
 - a) transferable securities and money market instruments admitted to or dealt in on an Eligible Market;

- b) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on an Eligible Market and such admission is secured within one year of the issue;
- c) units of UCITS and/or other UCI, whether situated in an EU Member State or not, provided that:
 - such other UCIs have been authorised under the laws of any Member State of the EU or under the laws of Canada, Hong Kong, Japan, Norway, Switzerland or the United States of America,
 - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the Directive,
 - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
 - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;
- d) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a country which is an OECD member state and a FATF State;
- e) financial derivative instruments, including equivalent cash-settled instruments, dealt in on an Eligible Market and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:
 - the underlying consists of instruments covered by this section (I) (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Funds may invest according to their investment objective;
 - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;
 - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative;

and/or

- f) money market instruments other than those dealt in on an Eligible Market, if the issue or the issuer of such instruments are themselves

regulated for the purpose of protecting investors and savings, and provided that such instruments are:

- issued or guaranteed by a central, regional or local authority or by a central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-EU Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong, or
- issued by an undertaking any securities of which are dealt in on Eligible Markets, or
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg supervisory authority to be at least as stringent as those laid down by Community law, such as, but not limited to, a credit institution which has its registered office in a country which is an OECD member state and a FATF State.
- issued by other bodies belonging to the categories approved by the Luxembourg supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million EUR (EUR 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

- (2) In addition, the Fund may invest a maximum of 10% of the net assets of any Sub-Fund in transferable securities and money market instruments other than those referred to under (1) above.

II. The Fund may hold ancillary liquid assets.

- III. a) (i) The Fund will invest no more than 10% of the net assets of any Sub-Fund in transferable securities and money market instruments issued by the same issuing body.
- (ii) The Fund may not invest more than 20% of the net assets of any Sub-Fund in deposits made with the same body.
- (iii) The risk exposure of a Sub-Fund to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I. d) above or 5% of its net assets in other cases.

- b) Moreover, where the Fund holds on behalf of a Sub-Fund, investments in transferable securities and money market instruments of issuing bodies which individually exceed 5% of the net assets of such Sub-Fund, the total of all such investments must not account for more than 40% of the total net assets of such Sub-Fund.

This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph a), the Fund may not combine for each Sub-Fund:

- investments in transferable securities or money market instruments issued by a single body,
- deposits made with a single body, and/or
- exposures arising from OTC derivative transactions undertaken with a single body

in excess of 20% of its net assets.

- c) The limit of 10% laid down in sub-paragraph a) (i) above is increased to a maximum of 35% in respect of transferable securities or money market instruments which are issued or guaranteed by an EU Member State, its local authorities, or by another Eligible State, including the federal agencies of the United States of America, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, or by public international bodies of which one or more EU Member States are members.

- d) The limit of 10% laid down in sub-paragraph a) (i) is increased to 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State of the EU and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

If a Sub-Fund invests more than 5% of its net assets in the bonds referred to in this sub-paragraph and issued by one issuer, the total value of such investments may not exceed 80% of the net assets of the Sub-Fund.

- e) The transferable securities and money market instruments referred to in paragraphs c) and d) shall not be included in the calculation of the limit of 40% in paragraph b).

The limits set out in sub-paragraphs a), b), c) and d) may not be aggregated and, accordingly, investments in transferable securities or money market instruments issued by the same issuing body, in deposits or in derivative instruments effected with the same issuing

body may not, in any event, exceed a total of 35% of any Sub-Fund's net assets;

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph III). a) to e).

The Fund may cumulatively invest up to 20% of the net assets of a Sub-Fund in transferable securities and money market instruments within the same group.

- f) **Notwithstanding the above provisions, the Fund is authorised to invest up to 100% of the net assets of any Sub-Fund, in accordance with the principle of risk spreading, in transferable securities and money market instruments issued or guaranteed by a Member State of the EU, by its local authorities or agencies, or by another member State of the OECD, including the federal agencies of the United States of America, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, or by public international bodies of which one or more Member States of the EU are members, provided that such Sub-Fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of such Sub-Fund.**

IV.

- a) Without prejudice to the limits laid down in paragraph V., the limits provided in paragraph III. a) to e) are raised to a maximum of 20% for investments in shares and/or bonds issued by the same issuing body if the aim of the investment policy of a Sub-Fund is to replicate the composition of a certain stock or bond index which is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant Sub-Fund's investment policy.
- b) The limit laid down in paragraph a) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on Regulated Markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

V.

- a) The Fund may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.
- b) The Fund may acquire no more than:
- 10% of the non-voting shares of the same issuer;
 - 10% of the debt securities of the same issuer;
 - 10% of the money market instruments of the same issuer.

These limits under second and third indents may be disregarded at the time of acquisition, if at that time the gross amount of debt securities or of the money market

instruments cannot be calculated.

The provisions of paragraph V. shall not be applicable to transferable securities and money market instruments issued or guaranteed by a Member State of the EU or its local authorities or by any other Eligible State, or issued by public international bodies of which one or more Member States of the EU are members.

These provisions are also waived as regards shares held by the Fund in the capital of a company incorporated in a non-Member State of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State provided that the investment policy of the company from the non-Member State of the EU complies with the limits laid down in paragraph III. a) to e), V. a) and b) and VI.

- VI. a) The Fund may acquire units of the UCITS and/or other UCIs referred to in paragraph I) (1) c), provided that no more than 10% of a Sub-Fund's net assets be invested in aggregate in the units of such UCITS or other UCIs.

For the purpose of the application of this investment limit, each compartment of a UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.

- b) The underlying investments held by the UCITS or other UCIs in which the Fund invests do not have to be considered for the purpose of the investment and borrowing restrictions set forth under III. a) to e) above.
- c) If the Sub-Fund invests in shares or units of UCITS and/or other UCIs that are managed directly or indirectly by the Investment Manager or a company with which they are linked by way of common management or control or by way of a direct or indirect stake of more than 10% of the capital or votes ("Affiliated UCIs"), only a reduced management fee of maximum 0.25% may be charged to the Sub-Fund's assets in respect of such investments and no subscription or redemption fees may be charged to the Sub-Funds on account of its investment in shares or units of such other UCITS and/or UCIs.

If the Investment Manager invests in shares or units of an Affiliated UCI pursuant to the above paragraph which has a lower actual investment management fee as mentioned before, the Investment Manager may - instead of charging the aforementioned reduced management fee on the assets invested in this UCITS or UCI - charge the difference between the actual investment management fee of the Sub-Fund and the actual investment management fee of the Affiliated UCI.

Such investments may however entail a duplication of certain other costs and expenses such as administration, operating and auditing

costs.

- d) The Fund may acquire no more than 25% of the units of the same UCITS or other UCI. This limit may be disregarded at the time of acquisition if at that time the net amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple compartments, this restriction is applicable by reference to all units issued by the UCITS or other UCI concerned, all compartments combined.

VII. The Fund shall ensure for each Sub-Fund that the global exposure relating to derivative instruments does not exceed the net assets of the relevant Sub-Fund.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.

If the Fund invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in paragraph III.

a) to e) above. When the Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in paragraph III. a) to e) above.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this paragraph VII.

- VIII.
- a) The Fund may not borrow for the account of any Sub-Fund amounts in excess of 10% of the net assets of that Sub-Fund, any such borrowings to be from banks and to be effected only on a temporary basis, provided that the Fund may acquire foreign currencies by means of back to back loans;
 - b) The Fund may not grant loans to or act as guarantor on behalf of third parties.
This restriction shall not prevent the Fund from acquiring transferable securities, money market instruments or other financial instruments referred to in I. (1) c), e) and f) which are not fully paid.
 - c) The Fund may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments.
 - d) The Fund may not acquire movable or immovable property.
 - e) The Fund may not acquire either precious metals or certificates representing them.

- IX.
- a) The Fund needs not comply with the limits laid down in this chapter when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets. While ensuring observance of the principle of risk spreading, recently created Sub-Funds may derogate from paragraphs III. a) to e), IV. and VI. a) and b) for a period of six months following the date of their creation.
 - b) If the limits referred to in paragraph a) are exceeded for reasons

beyond the control of the Fund or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interest of its shareholders.

- c) To the extent that an issuer is a legal entity with multiple compartments where the assets of the compartment are exclusively reserved to the investors in such compartment and to those creditors whose claim has arisen in connection with the creation, operation or liquidation of that compartment, each compartment is to be considered as a separate issuer for the purpose of the application of the risk spreading rules set out in paragraphs III. a) to e), IV. and VI.

X. The Fund may engage in securities lending transactions only subject to the following conditions and restrictions:

- (i) the Fund may only participate in securities lending transactions within a standardised lending system organised by a recognised securities clearing institution or by a highly rated financial institution specialised in that type of transaction;
in relation to its lending transactions, the Fund must in principle receive security of a value which, at the conclusion of the lending agreement, must be equal to the value of the global valuation of the securities lent;
- (ii) collateral must be received in cash and/or in the form of securities issued or guaranteed by Member States of the OECD or by their local authorities or by supranational institutions and organisations with EU, regional or worldwide scope which is blocked in favour of the Fund until termination of the lending contract and the value of which must be at least equal to the value of the global valuation of the securities lent;
- (iii) lending transactions may not be carried out on more than 50% of the aggregate market value of the securities in the portfolio of each Sub-Fund provided however that this limitation is not applicable where the Fund has the right to terminate the contract at any time and obtain restitution of the securities lent; and
- (iv) lending transactions may not extend beyond a period of 30 days.

XI. The Fund may enter into repurchase agreements which consist in the purchase and sale of securities whereby the terms of the agreement entitle the seller to repurchase from the purchaser the securities at a price and at a time agreed amongst the two parties at the conclusion of the agreement.

The Fund may act either as purchaser or as seller in repurchase transactions. Its entering in such agreements is however subject to the following rules:

- The Fund may purchase or sell securities in the context of a repurchase agreement only if its counterpart is a highly rated financial institution which are experts in this type of transactions.
- During the lifetime of a repurchase agreement, the Fund may not sell the securities which are the object of the agreement either before the

repurchase of the securities by the counterparty has been carried out or the repurchase period has expired.

- The Fund must ensure to maintain the importance of purchased securities subject to a repurchase obligation at a level such that it is able, at any time, to meet its obligations to redeem its own shares.

RISK-MANAGEMENT PROCESS

The Investment Manager, to whom the Board of Directors of the Fund has delegated under its responsibility such functions, employs a risk-management process which enables the monitoring and measurement at any time the risk of the positions and their contribution to the overall risk profile of each Sub-Fund. If applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments will be employed.

Upon request of an investor, the Fund will provide supplementary information relating to the quantitative limits that apply in the risk management of each Sub-Fund, to the methods chosen to this end and to the recent evolution of the risks and yields of the main categories of instruments.

ISSUE, REDEMPTION AND CONVERSION OF SHARES

Market-timing and Late Trading

The Fund does not accept Late Trading. The repeated purchase and sale of shares designed to take advantage of pricing inefficiencies in the Fund - also known as "Market Timing"- may disrupt portfolio investment strategies and increase the Fund's expenses and adversely affect the interests of the Fund's long term shareholders. To deter such practice, the Board of Directors reserves the right, in case of reasonable doubt and whenever an investment is suspected to be related to Market Timing, which the Board of Directors shall be free to appreciate, to suspend, revoke or cancel any subscription or conversion order placed by investors who have been identified as doing frequent in and out trades within the Fund.

The Board of Directors, as safeguard of the fair treatment of all investors, takes necessary measures to ensure that (i) the exposure of the Fund to Market Timing activities is adequately assessed on an ongoing basis, and (ii) sufficient procedures and controls are implemented to minimise the risks of Market Timing in the Fund.

Anti-Money Laundering

Pursuant to the Luxembourg laws of 19 February 1973 (as amended) concerning the sale of medicinal substances and the fight against drug addiction, of 5 April 1993 (as amended) relating to the financial sector and of 12 November 2004, as may be amended from time to time, on the fight against money laundering and prevention of terrorist financing and to the relevant circulars of the Luxembourg supervisory authority, obligations have been imposed on professionals of the financial sector to prevent the use of investment funds such as the Fund for money laundering and terrorism financing purposes. As a result, the Service Agent has, inter alia, the obligation to identify investors in compliance with the FATF money laundering and terrorism financing regulations and guidelines. Existing Shareholders, potential investors in the Fund and transferees of Shares may be asked for proof of identity. Until satisfactory proof of identity is provided by potential investors or transferees, as determined by the Service Agent, the Service Agent reserves the right to withhold issue or approval of registration of transfers of Shares. Similarly, Shares will not be redeemed unless compliance with these requirements has been made in full. In any such event, whether the Fund nor the Service Agent will be liable for any interests, costs or compensation.

In case of a delay or a failure to provide satisfactory proof of identity, the Service Agent may take such action as it thinks may fit.

In compliance with the measures aimed towards the prevention of money laundering and terrorism financing, as provided by the laws of the Grand Duchy of Luxembourg and circulars issued by the Luxembourg supervisory authority, an individual may be required to

produce a copy of his passport or identification card duly certified by a competent authority (e.g. embassy, consulate, notary, police officer or any other competent authority). In the case of corporate applicants this may require production of a certified copy of the certificate of incorporation (and any change of name) or memorandum and articles of association (or equivalent), the names, occupations, dates of birth and residential and business addresses of all shareholders or directors.

The identification procedures may be waived by the Service Agent in the following circumstances:

- In the case of a subscription through an intermediary qualifying as a professional of the financial sector resident in Luxembourg or in a country which imposes an identification obligation equivalent to that required under Luxembourg law for the prevention of money laundering;
- In the case of a subscription through qualifying branches or subsidiaries of a professional of the financial sector subject to an identification obligation equivalent to that required by Luxembourg law, where the law or a group policy applicable to the parent imposes equivalent identification obligations on its subsidiaries or branches.

It is generally accepted that professionals of the financial sector resident in a country which has ratified the conclusions of the FATF, and assimilated countries, are deemed to have an identification obligation equivalent to that required by Luxembourg law.

The list of countries which comply with the FATF regulations is available upon request at the registered office of the Service Agent or can be consulted on the Internet under "<http://www.oecd.org>".

The Fund may enter into agreements with certain entities pursuant to which they agree to act as or appoint nominees for investors subscribing for shares through their facilities. In such capacity these entities may effect subscriptions, conversions and redemptions of shares in nominee name on behalf of individual investors and request the registration of such operations on the register of shareholders of the Fund in such nominee name. The nominee maintains its own records and should provide the investor with individualised information as to its holdings of shares in the Fund. Except where local law or custom proscribes the practice, investors may invest directly in the Fund and not avail themselves of a nominee service. Unless otherwise provided by local law, any shareholder holding shares in a nominee account with such entities has the right to claim, at any time, direct title to such shares.

1. Issue of Shares

Shares of a Sub-Fund are originally available for issue during an initial offer period at an initial offer price specified in Appendix I of this Prospectus.

Each Sub-Fund and/or Class of Shares of such Sub-Fund may, as more fully described for each Sub-Fund in Appendix I, have varying initial, subsequent and minimal investment or holding requirements.

After the initial offer period, subscriptions for Shares in each Class of each Sub-Fund can be made on any day that is defined as being a Valuation Day in the relevant Appendix for each Sub-Fund. In order to be dealt with on a specific Valuation Day, applications must be received prior to the time specified for each Sub-Fund in Appendix I and (if accepted) will be dealt with at the issue price based on the Net Asset Value per Share of the relevant Class determined on that Valuation Day. Applications received after such time, will be dealt with (if accepted) at the issue price based on the Net Asset Value per Share of the relevant Class determined on the next Valuation Day.

A sales charge of up to 5% of the subscription proceeds (representing up to 5.26% of the Net Asset Value of the Shares being subscribed) may be levied for the benefit of distributors and other financial intermediaries.

The Shares in each Class shall be issued on the basis of the Net Asset Value per Share of the Class concerned determined on the applicable Valuation Day.

Application for Shares, giving details of the amount to be invested, should be on the completed Application Form and sent by post or facsimile (with the original to follow immediately by post) to the Service Agent, so as to be received at such time as set out in Appendix I for each Sub-Fund.

Share certificates will not be issued but written confirmation of ownership will be sent to the registered address of the Shareholder as soon as practicable after the acceptance of the application for a particular Valuation Day.

Shares are issued in registered form only and up to 4 decimal places. A Share may be registered in a single name or in up to four joint names.

The Board of Directors has the authority to effect the issue of Shares and has absolute discretion to accept or reject in whole or in part any application for Shares without assigning any reason therefore in particular but not limited to if the beneficial owner is a Restricted Person. The Board of Directors has power to impose such restrictions as they think necessary to ensure that no Shares are acquired by any person which might result in the legal and beneficial ownership of Shares by persons who expose the Fund to adverse tax or regulatory consequences. The Board of Directors may from time to time accept subscriptions for Shares against contribution in kind of securities or other assets which could be acquired by the relevant Sub-Fund pursuant to its investment policy and restrictions. Any such contribution in kind will be valued, at the cost of the investor, in an auditors report drawn up in accordance with the requirements of Luxembourg law.

Issue of Shares of a given Sub-Fund shall be suspended whenever the determination of the

Net Asset Value per Share of such Sub-Fund is suspended (Section 7. under "General Information").

Restrictions on issue and transfer of Shares

Shares are transferable and may be transferred to any person or any entity unless otherwise provided herein. The Board of Directors may, at its sole discretion, refuse to effect a transfer in any circumstances where such transfer would be detrimental to the Fund or its Shareholders.

The Fund has not been registered under the United States Investment Company Act of 1940. In addition, the Shares of the Fund have not been registered under the United States Securities Act of 1933 and may not be and will not be offered for sale or sold in the United States of America, its territories or possessions or to a citizen or resident of the United States of America, a corporation, partnership or other entity created or organised in or under the laws of the United States or any political subdivision thereof (other than a partnership that is not treated as a United States person under any applicable Treasury regulations), or any estate whose income is subject to U.S. federal income tax regardless of its source of income, or a trust if a court within the United States is able to exercise primary supervision of the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust and, to the extent provided in Treasury regulations, certain trusts in existence on 20 August 1996 and treated as United States persons prior to such date that elect to continue to be treated as United States persons for United States Federal income tax purposes.

Furthermore, I Class Shares are restricted to institutional investors as defined in Article 129 of the 2002 Law

2. Conversion of Shares

Subject to any suspension of the determination of the Net Asset Value concerned, and subject to compliance with any eligibility conditions of the Class into which the conversion is to be effected, shareholders have the right to convert all or part of their shares of one Class in any Sub-Fund into shares of another Class of the same Sub-Fund or of another existing Sub-Fund by applying for conversion in the same manner as for the redemption of shares.

The number of shares issued upon conversion will be based upon the respective Net Asset Values of the shares of the two Sub-Funds or Classes concerned on the common Valuation Day for which the conversion request is accepted. Unless otherwise provided for a specific Sub-Fund in the Appendix to this Prospectus, a dealing charge of up to 0.10% of the Net Asset Value of the Shares to be converted may be imposed, to be shared equally between the delivering Sub-Fund and the receiving Sub-Fund. The level of the relevant dealing charge shall be identical for Shareholders converting on the same Valuation Day. If the Net Asset Values concerned are expressed in different currencies, the conversion will be calculated by using the exchange rate applicable on the relevant Valuation Day on which the conversion is

to be effected.

Any expenses incurred in the transfers shall be borne by the Shareholders concerned.

In addition, if, as a result of a conversion, the value of a shareholder's remaining holding in the original Sub-Fund would become less than the relevant minimum holding for each Sub-Fund or Class of Shares, the relevant Shareholder will be deemed to have requested the conversion of all of his Shares.

3. Redemption of Shares

Subject to any suspension of the determination of the Net Asset Value of Shares, Shareholders may request at any time that Shares be redeemed on any Valuation Day. The Shares shall be redeemed at the Net Asset Value per Share of the relevant Class on the applicable Valuation Day.

Requests for redemptions should be made on the Redemption Request Form which must be sent by facsimile (with the original to follow immediately by post) to the Service Agent so as to be received prior to such time as set out in Appendix I for each Sub-Fund.

Requests received after such time will be held over until the next Valuation Day. The redemption request must be accompanied by such evidence of ownership as the Service Agent may request.

Redemption requests are irrevocable. Shareholders may only withdraw redemption requests when the redemption of Shares is suspended during any period when the determination of the Net Asset Value is suspended for the reasons outlined under "Temporary Suspension of Dealings" below. Such request must be in writing and is only effective if received before the termination of the period of suspension.

Investors should note that the Fund may refuse to accept a redemption request if it is not accompanied by such additional information as they may reasonably require. This power may, without limitation to the foregoing, be exercised where proper information has not been provided for money laundering verification purposes.

Minimum Redemptions

There is currently no minimum number of Shares which must be redeemed by a Shareholder in any one redemption transaction. Subject to the Fund's discretion, the remaining number of Shares held by such Shareholder must be equal to at least any minimum holding specified by the Fund from time to time as defined in Appendix I for such Sub-Fund. In the event that a partial redemption of a Shareholder's holding of Shares would leave a balance of Shares held by such Shareholder of less than such minimum holding, the Directors may redeem the whole of that Shareholder's holding of Shares. In the case of a partial redemption of Shares by a Shareholder, the Service Agent will advise such Shareholder of the number of remaining

Shares owned by him. Any request that would reduce a holding below the minimum holding referred to above may be treated as a request to redeem the entire holding.

Payment of Redemption Proceeds

Payment to Shareholders will be made in the currency of the shares being redeemed. Unless otherwise agreed with the Service Agent, subject to receipt of a duly completed redemption form, the payment of the redemption monies shall be made in the form of a wire transfer to the Shareholder's account specified in the Shareholder's redemption request form and at the risk of the Shareholder. Full payment shall be made generally within 5 Business Days of the relevant Valuation Day.

Deferred Redemptions

In the event that redemption requests are received for redemption of Shares representing in aggregate more than 10 per cent (10%) of the total value of Shares of a Sub-Fund 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 Valuation Day and carry out only sufficient redemptions which, in aggregate, amount to 10% of the value of Shares of the Sub-Fund then in issue. Shares of the Sub-Fund which are not redeemed but which would otherwise have been redeemed will be redeemed on the next Valuation Day (subject to further deferral if the deferred requests themselves exceed 10% of the Shares of the Fund then in issue) in priority to any other Shares of the Sub-Fund for which redemption requests have been received. Shares of the Fund will be redeemed at the Net Asset Value per Share of the relevant Class prevailing on the Valuation Day on which they are redeemed.

Mandatory Redemption of Shares

As more fully described in its Articles of Incorporation, the Fund may compulsorily redeem at any time Shares held by Shareholders who are excluded from purchasing or holding Shares.

Shareholders are required to notify the Fund and the Service Agent immediately in the event that they become Restricted Persons whereupon they may be required to dispose of their Shares by offering those Shares for sale to the Fund at a sale price equal to the Net Asset Value of the Shares of the relevant class on the next Valuation Day succeeding the offer date. The Fund reserves the right to redeem any Shares which are or become owned, directly or indirectly, for any reason, by a Restricted Person (other than as permitted in accordance with this Prospectus) or if the holding of the Shares by any person is unlawful or may result in the Fund or its Shareholders suffering a legal, pecuniary, taxation, fiscal, regulatory or other material administrative disadvantage.

4. Transferability of Shares

Shareholders will be entitled to transfer Shares by an instrument in writing executed by or on behalf of the transferor in such form as may be approved by the Fund.

The Fund and the Service Agent may refuse any transfer which may result in the Fund or its Shareholders incurring any liability to taxation or suffering any other pecuniary, legal or material administrative disadvantage to the Fund or its Shareholders as a whole, which the Fund might not otherwise have incurred or suffered.

No transfer shall be deemed to be effective until the name of the transferee has been entered in the Shareholders' register. A transferee shall not be entered on the register of Shareholders unless it has certified in writing to the Fund or its delegate that it is aware of the risk involved in investment in the Fund and of the fact that inherent in the investment is the potential to lose all of the sum invested. For new investors, the application form must be completed and provided to the Service Agent.

DISTRIBUTION POLICY

The Articles of Association of the Fund empower, but do not require, the Directors to declare dividends in respect of the Shares. The distribution policy for each Class of Shares of a Sub-Fund are set forth in the relevant appendix.

Dividends, if paid, may be paid from any account permitted by law. Dividends if declared and paid shall be debited to the relevant Class of Shares.

MANAGEMENT AND ADMINISTRATION

1. The Board of Directors

The Directors of the Fund are responsible for managing the business affairs of the Fund in accordance with the Articles of Association.

The Directors are listed below with their principal occupations. None of the Directors has a service contract with the Fund, nor is such proposed.

The Chairman of the Board of Directors is Helmuth E. Frey.

The Directors of the Fund are:

Helmuth E. Frey – Mr. Frey graduated in Law and Economics at Vienna University with a PhD in 1968. He subsequently worked for African Consolidated Investment Corporation Limited in Johannesburg and with the Ministry of Finance with the Government of Rhodesia. From 1973 to 1984 he was Director and subsequently Branch Manager of Bank of America NT & SA, Vienna Branch. From 1985 to 1992, he was CEO of Bank Gebrüder Gutmann Nfg. AG in Vienna and subsequently assumed the position of a CEO with both Investment Bank Austria AG and Bank Invest Austria GmbH. From 1996 to 2003, he was a CEO of INVESCO Bank Österreich AG. From 2004 to 2005, he assumed the position of CEO of INVESCO Bank OHG in Frankfurt and hereafter INVESCO Asset Management, Austria GmbH. Since 2006, he is a member of the board of directors of Bank Medici AG.

Friedrich Pfeffer – Mr. Pfeffer is a Partner of WFE Consulting which specializes in financial consulting services in the fields of investing and financing, organization and risk control.

Mr. Pfeffer joined Commerzbank in 1966 and subsequently became Head of Equities and Income Trading. He was later responsible for the Bank's development of derivatives products, the creation of the Deutsche Terminbörse, the set-up of OTC-Clearing in Chicago and development of the private client business in derivatives.

In 1990 Mr. Pfeffer was responsible for the overall securities business of Commerzbank.

From 1991 to 2002 Mr. Pfeffer was Managing Director at ADIG-Investment GmbH, responsible for fixed income funds management, compliance, fund risk control, IT and incentive plans. From 1991 to 2002 he was also a Member of the Board of ADIG-Investment Luxembourg. He also established an investment company in Poland, being the vice chairman of the supervisory board of SKARBIEC TFP in Warsaw.

Until 2002 Mr. Pfeffer was a Member of the Supervisory Board of the Frankfurt Stock Exchange and a Member of the Board of BVI, (Bundesverband Deutscher Investmentgesellschaften e.V.).

Mr Pfeffer is also a financial analyst, and a member of DVFA e.V., and of DAI (Deutsches Aktieninstitut e.V.).

Franco Mugnai – Mr. Mugnai graduated in Economics and Management in 1961 in Milan and subsequently worked as an Official Italian Auditor (Revisore Ufficiale dei Conti). He started his career with Peat, Marwick, Mitchell & Co. in Milan. From 1965 to 1980 Mr. Mugnai was a Director at Fiscambi, part of the Toro Assicurazioni Group, responsible for real estate investments and was appointed Director for the Leasing and Factoring division. In 1980, Mr. Mugnai was appointed Managing Director of Fiscambi Holdings, a company quoted on the Milan Stock Exchange.

From 1985 to 2000 Mr. Mugnai was a Director of Banca Intesa Group with the following responsibilities: General Director of Centrale Fondi, a mutual fund company, CEO of Intesa Fiduciaria, Asset Management Company and Chairman of Intesa Italia SIM, a distribution network of financial planners and Chairman of Italfid, a trust company.

Up to 2002 Mr. Mugnai was with Fundsworld, Milan, an online financial company supporting financial institutions in fund distribution controlled by Banca Intesa.

Since 2002, Mr Mugnai acts as an independent financial consultant to various financial companies.

Andreas Pirkner – details are provided under 2. below.

Dr Richard Goddard – details are provided under 2. below.

The Articles of Association provide that, so long as the nature of their interest is or has been declared at the earliest opportunity, a Director or prospective Director may enter into any contract or arrangement with the Fund or entity bound contractually or otherwise to the Fund and such contract or arrangement shall not be liable to be avoided and the Director concerned shall not be liable to account to the Fund for any profit realised by any such contract or arrangement by reason of their holding of that office or the fiduciary relationship so established and may hold any other office or place of profit with the Fund (except that of Auditor) in conjunction with the office of Director on such terms as to tenure of office and otherwise as the Directors may determine.

At the date of this Prospectus, no Director or any connected person has any interest, beneficial or non-beneficial, in the share capital of the Fund or any material interest in the Fund or in any agreement or arrangement with the Fund.

No Director has any direct or indirect interest in any contract or arrangement which was either unusual in its nature or significant to the business of the Fund.

2. Delegates of the Board of Directors

Andreas Pirkner – Andreas Pirkner, Swiss citizen based in Vienna, is Director of Asset Management of Vienna based BANK MEDICI AG. He has a masters degree in industrial engineering from University of Technology Vienna. After gaining experience in the IT sector as sales and project manager he joined the Medici Group of companies in 2002 as director for M-Tech. In this position he was among other projects involved in transforming Medici Finanz into what is today BANK MEDICI AG. Andreas has since as well been responsible for setting up several funds and structured vehicles.

Dr Richard Goddard – Richard Goddard is a Luxembourg-domiciled independent Company Director, based at The Directors' Office. After qualifying as a Chartered Accountant with Price Waterhouse in the UK, he transferred to Luxembourg in 1991. From 1994 to 2000, he worked for the Flemings Group, first as General Manager of the Bank in Luxembourg, and subsequently as Director of Operations and Client Services of the European Asset Management Division. From 2000 to 2007, he was with ABN AMRO Asset Management, first as CEO of their Luxembourg Management Company, and then as Head of European Funds, based in Amsterdam.

In compliance with the provisions of CSSF Circular 03/108, the Directors of the Fund have granted a mandate in order to conduct the daily business of the Fund to the Conducting Officers (the "Conducting Officers").

The Conducting Officers shall have the duty to ensure that the different service providers to which the Fund has delegated certain functions (comprising the Investment Manager, the Service Agent and any distributors) perform their function in compliance with the 2002 Law, the Articles of Incorporation, the Prospectus and the provisions of the contracts which have been entered into between the Fund and each of them. The Conducting Officers shall also ensure compliance of the Fund with the investment restrictions and oversee the implementation of the Sub-Funds' investment policies.

The Conducting Officers shall also report to the Directors on at least a semi-annual basis and inform each Director without delay of any non-compliance of the Fund with the investment restrictions.

3. The Investment Manager

The Board of Directors has, pursuant to an Investment Management Agreement as of 1 March 2008, appointed Bank Medici AG as the investment manager of the Fund with discretionary investment authority to invest the assets of the Fund in furtherance of the investment objectives and in accordance with the investment policies of the Fund as described in this Prospectus. In case of sub-delegation, the present Prospectus will be

updated accordingly.

Bank Medici AG was incorporated in Austria on 9 March 1994 under the name of Medici Finanz Service GmbH and was granted a full banking licence by the Austrian Financial Authority on 3 December 2003 under the name of Bank Medici AG. The Investment Manager's institutional minority shareholder is Bank Austria Creditanstalt, Austria's largest bank and a member of the Unicredit Group.

The Investment Manager will be paid fees (including performance fees, if any) for its services as more fully described under "Fees and Expenses" below.

4. The Service Agent

The Board of Directors has appointed HSBC Securities Services (Luxembourg) S.A. (the "Service Agent") to provide share issue, redemption, transfer, accounting, valuation and certain other administrative services, pursuant to the Service Agent Agreement between the Service Agent and the Fund, as of 1 March 2008.

HSBC Securities Services (Luxembourg) S.A. was incorporated in the Grand Duchy of Luxembourg as a public limited company (société anonyme) on 19 July 1988 under the name of Bank of Bermuda (Luxembourg) S.A. and has its registered office at 40, Avenue Monterey, L-2163 Luxembourg.

The Service Agent is responsible for matters pertaining to the administration of the Fund as delegated by the Board of Directors, including, but not limited to: (a) calculating the Net Asset Value of the Shares; (b) maintaining the corporate and financial books and records of the Fund; (c) providing registrar and transfer agent services in connection with the issuance, transfer and redemption of the Shares; and (d) performing other administrative and clerical services necessary in connection with the administration of the Fund.

The duties and liabilities of the Service Agent are more fully defined in the agreements referred to under "Material Contracts" of the prospectus.

The Service Agent will be paid fees for its services as more fully described under "Fees and Expenses" below.

5. The Custodian

The Fund has, pursuant to a Custody Agreement as of 1 March 2008, appointed HSBC Securities Services (Luxembourg) S.A. as Custodian to the Fund. The Custodian is responsible for the safekeeping of the assets of the Fund. Sub-custodians may be appointed by the Custodian, provided that the Custodian will exercise reasonable skill, care and diligence in the selection of suitable sub-custodians and shall be responsible to the Fund for the duration of the sub-custody agreements for satisfying itself as to the ongoing suitability of the sub-custodians to provide custodial services to the Fund. The Custodian will also

maintain an appropriate level of supervision over the sub-custodians and will make the appropriate inquiries periodically to confirm that the obligations of the sub-custodians continue to be competently discharged. Any sub-custodian appointed will be paid at normal commercial rates.

Moreover, the Custodian must:

- ensure that the sale, issue, redemption and cancellation of Shares effected by or on behalf of the Fund are carried out in accordance with the law and the Articles of Incorporation of the Fund;
- ensure that in transactions involving the assets of the Fund, the consideration is remitted to it within the usual time limits;
- ensure that the income of the Fund is applied in accordance with its Articles of Incorporation.

The Custodian will be paid fees for its services as more fully described under "Fees and Expenses" below.

The duties and liabilities of the Custodian are more fully defined in the agreements referred to under "Material Contracts" of the prospectus.

The Custodian will have no decision-making discretion relating to the Fund's investments. 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 the accuracy of any information contained in this document.

FEES AND EXPENSES

Investment Manager

Management and Performance Fee:

The Investment Manager is entitled to a management fee, payable out of the assets of the Sub-Fund managed by it, as defined in Appendix I. The same applies to a performance fee, if any.

Custodian and Service Agent

The Custodian and the Service Agent receive from the Fund aggregate fees that amount to a maximum of 0.125% per annum of the total net assets of each Sub-Fund. Transaction costs will be charged separately. The fees effectively charged to each Sub-Fund will be disclosed in the semi-annual and annual reports of the Fund. The Custodian and Service Agent fees are payable monthly in arrears.

Other Costs

The Fund bears its operational costs including but not limited to the cost of buying and selling portfolio securities, governmental fees, taxes, fees and out-of-pocket expenses of its Directors, legal and auditing fees, publishing and printing expenses, the cost of preparing the explanatory memoranda, financial reports and other documents for the shareholders, postage, telephone and telex. The Fund also pays advertising expenses and the costs of the preparation of this Prospectus and any other registration fees. All expenses are taken into account in the determination of the Net Asset Value of the Shares of each Sub-Fund.

All fees, costs and expenses to be borne by the Fund will be charged initially against the investment income of the Fund.

The organisation expenses of the Fund, estimated at about EUR 80,000.- are to be amortised over a period of 5 years. These expenses were divided in equal parts between the Sub-Funds in existence, six months after the end of the initial offering period. In case where further Sub-Funds are created in the future, these Sub-Funds will bear their own formation expenses.

TAXATION

1. The Fund

Under current law and practice, the Fund is not liable to any Luxembourg income tax, nor are dividends paid by the Fund liable to any Luxembourg withholding tax.

However, the Fund is liable in Luxembourg to a "*taxe d'abonnement*" of 0.05% per annum of its net assets, such tax being payable quarterly and calculated on the total net asset value of each Class of each Sub-Fund at the end of the relevant quarter. For Classes of Shares reserved to institutional investors a reduced rate of 0.01% applies. The "*taxe d'abonnement*" is not applicable in respect of assets invested (if any) in Luxembourg UCIs, which are themselves subject to such tax.

No stamp duty or other tax is payable in Luxembourg on the issue of shares in the Fund except a one off tax of EUR 1,250 which was paid upon incorporation.

No tax is payable in Luxembourg on realised or unrealised capital appreciation of the assets of the Fund. Although the Fund's realised capital gains, whether short- or long-term, are not expected to become taxable in another country, the shareholders must be aware and recognise that such a possibility, though quite remote, is not totally excluded. The regular income of the Fund from some of its securities as well as interest earned on cash deposits in certain countries may be liable to withholding taxes at varying rates, which normally cannot be recovered.

As a result of recent developments in European law concerning the scope of the VAT exemption for management services rendered to investment funds, VAT on some of the fees paid out of the assets of the Fund to remunerate service providers might be applied.

2. Shareholders

Investors should consult their professional advisors on the possible tax or other consequences of buying, holding, transferring or selling the Fund's Shares under the laws of their countries of citizenship, residence or domicile.

Under existing laws of Luxembourg and except as provided for by the law implementing the Savings Directive (as detailed below), shareholders are (with the exception of shareholders domiciled, resident or having a permanent establishment in Luxembourg and except for certain former residents of Luxembourg if owning more than 10% of the Shares) not subject to capital gains, income, withholding or other tax in Luxembourg.

The law passed by parliament on 21 June 2005 (the "Law") has implemented into

Luxembourg law, Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (referred to as Savings Directive).

Dividends, if any, distributed by a Sub-Fund of the Fund will be subject to the Savings Directive and the Law if more than 15% of the relevant Sub-Fund's assets are invested in debt claims (as defined in the Law). Proceeds realised by shareholders on the disposal of Shares will be subject to the Savings Directive and the Law if more than 40% of the relevant Sub-Fund's assets are invested in debt claims.

Under the Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual or certain residual entities as defined by the Law, who as a result of an identification procedure implemented by the paying agent are identified as residents or are deemed to be residents of an EU Member State other than Luxembourg, the Swiss Confederation, dependant or associated territories in the Caribbean, the Channel Islands, the Isle of Man, the Principality of Monaco, the Principality of Liechtenstein, the Principality of Andorra and the Republic of San Marino, will be subject to a withholding tax unless the relevant beneficiary has adequately instructed the relevant paying agent in Luxembourg to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her country of residence or deemed residence or has provided a tax certificate from his/her fiscal authority in the format required by the Law to the relevant paying agent.

Pursuant to the Law, from 1 July 2005 until 30 June 2008, the applicable withholding tax rate will be 15% and from 1 July 2008 until 30 June 2011 the applicable withholding tax rate will be 20%, rising to 35% from 1 July 2011.

The Fund reserves the right to reject any application for shares if the information provided by any prospective investor does not meet the standards required by the Law.

GENERAL INFORMATION

1. Organisation

The Fund is an investment company organised as a société anonyme under the laws of the Grand-Duchy of Luxembourg and qualifies as a société d'investissement à capital variable (SICAV). The Fund was incorporated in Luxembourg on 18 February 2008 for an unlimited period with an initial share capital of EUR 300'000. Its Articles of Incorporation were published in the Mémorial on 13 March 2008. The Fund is registered with the Registre de Commerce et des Sociétés, Luxembourg, under number B 136 680.

The Articles of Incorporation have been filed with the Registre de Commerce et des Sociétés of Luxembourg.

The minimum capital of the Fund required by Luxembourg law is 1,250,000 EUR, to be attained within 6 months of its approval as a UCITS by the CSSF.

2. The Shares

The Shares in each Sub-Fund are freely transferable and are each entitled to participate equally in the profits and liquidation proceeds attributable to each Sub-Fund concerned. The rules governing such allocation are set forth under 5. "Allocation of Assets and Liabilities among the Sub-Funds" hereunder. The Shares, which are of no par value and which must be fully paid upon issue, carry no preferential or pre-emptive rights and each one is entitled to one vote at all meetings of shareholders. Shares redeemed by the Fund become null and void.

The Fund may restrict or prevent the ownership of its shares by any person, firm or corporation, if such ownership is such that it may be against the interests of the Fund or of the majority of its shareholders. Where it appears to the Fund that a person who is precluded from holding shares, either alone or in conjunction with any other person, is a beneficial owner of shares, the Fund may proceed to compulsory redemption of all shares so owned. Under the Articles of Incorporation, the Board of Directors of the Fund may decide to issue, in respect of each Class, distribution shares and/or capitalisation shares.

Should the Shareholders, at an annual general meeting, decide any distributions in respect of Distribution Shares (if issued) these will be paid within one month of the date of the annual general meeting. Under Luxembourg law, no distribution may be decided as a result of which the net assets of the Fund would become less than the minimum provided for under Luxembourg law.

The Board of Directors may decide to list Shares of the Fund on the Luxembourg Stock Exchange. Further information in regard to such listing is available from the registered office of the Fund.

3. Meetings

The annual general meeting of shareholders will be held at the registered office of the Fund in Luxembourg on the second Monday of the month of May of each year at 2 p.m. or, if any such day is not a Business Day in Luxembourg, on the next following Business Day and for the first time in 2009. Notices of all general meetings will be published to the extent required by Luxembourg law, and in such other newspaper as the Board of Directors shall determine and will be sent to the holders of registered shares by post at least 8 days prior to the meeting at their addresses shown on the register of shareholders. Such notices will include the agenda and will specify the time and place of the meeting and the conditions of admission. They will also refer to the rules of quorum and majorities required by Luxembourg law and laid down in Articles 67 and 67-1 of the Luxembourg law of 10 August 1915 on commercial companies (as amended) and in the Articles of Incorporation of the Fund.

Each Share confers the right to one vote. The vote on the payment of a dividend on a particular Class requires a separate majority vote from the meeting of shareholders of the Class concerned. Any change in the Articles of Incorporation affecting the rights of a Sub-Fund must be approved by a resolution of both the general meeting of the Fund and the Shareholders of the Sub-Fund concerned.

4. Reports and Accounts

Audited annual reports shall be published within 4 months following the end of the accounting year and unaudited semi-annual reports shall be published within 2 months following the period to which they refer. The annual reports and the semi-annual reports shall be made available at the registered offices of the Fund during ordinary office hours. The Fund's accounting year ends on 31 December in each year and for the first accounting year, on 31 December 2008. The first report of the Fund will be the semi-annual report as of 30 June 2008.

The Base Currency of the Fund is the EUR. The aforesaid reports will comprise consolidated accounts of the Fund expressed in EUR as well as individual information on each Sub-Fund expressed in the Base Currency of each Sub-Fund.

5. Allocation of assets and liabilities among the Sub-Funds

For the purpose of allocating the assets and liabilities between the Sub-Funds, the Board of Directors has established a pool of assets for each Sub-Fund in the following manner:

- (a) the proceeds from the issue of each Share of each Sub-Fund are to be applied in the books of the Fund to the pool of assets established for that Sub-Fund and the assets and liabilities and income and expenditure attributable thereto are applied to such pool subject to the provisions set forth hereafter;
- (b) where any asset is derived from another asset, such derivative asset is applied in the books of the Fund to the same pool as the asset from which it was derived and on each valuation of an asset, the increase or diminution in value is applied to the relevant pool;
- (c) where the Fund incurs a liability which relates to any asset of a particular pool or to any action taken in connection with an asset of a particular pool, such liability is allocated to the relevant pool;
- (d) in the case where any asset or liability of the Fund cannot be considered as being attributable to a particular pool, such asset or liability is allocated to all the pools in equal parts or, if the amounts so justify, pro rata to the net asset values of the relevant Sub-Funds;
- (e) upon the payment of dividends to the holders of shares in any Sub-Fund, the Net Asset Value of such Sub-Fund shall be reduced by the amount of such dividends.

If there have been created within each Sub-Fund different classes of shares, the rules shall mutatis mutandis apply for the allocation of assets and liabilities amongst Classes.

6. Determination of the Net Asset Value of Shares

The net asset value of the shares of each Sub-Fund is determined in its reference currency. It shall be determined on each Valuation Day by dividing the net assets attributable to each Sub-Fund by the number of shares of such Sub-Fund then outstanding. The net assets of each Sub-Fund are made up of the value of the assets attributable to such Sub-Fund less the total liabilities attributable to such Sub-Fund calculated at such time as the Board of Directors shall have set for such purpose.

The value of the assets of the Fund shall be determined as follows:

- (a) the value of any investment which is quoted, listed or normally dealt in on a stock exchange or market, shall (save in the specific cases set out in paragraphs (c), (h) and (i) below) be based on the last available prices for such investment available to the Directors at the relevant Valuation Point, provided that:

- (i) if an investment is quoted, listed or normally dealt in on more than one stock exchange or market the market used for the purposes of valuation shall be the one which constitutes the main market or the one which the Directors determine provides the fairest criteria in valuing the relevant investment; and
 - (ii) in the case of any investment which is quoted, listed or normally dealt in on a stock exchange or market but in respect of which for any reason, prices on that market may not be available at any relevant time, or, in the opinion of the Directors, may not be representative, the value therefor shall be the probable realisation value thereof estimated with care and in good faith by a competent person, firm or association making a market in such investment and/or any other competent person, in the opinion of the Directors;
- (b) the value of any investment which is not quoted, listed or normally dealt in on a stock exchange or market shall be the probable realisable value estimated with care and in good faith by a competent person, firm or association making a market in such Investment and/or any other competent person, in the opinion of the Directors;
- (c) the value of any investment which is a unit of or participation in a collective investment scheme/mutual fund shall be the latest available net asset value of such unit/participation or if the latest available net asset value is not available, the estimated value based on the advice of the manager or administrator of such collective investment scheme;
- (d) the value of any cash in hand, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof unless in any case the Directors are of the opinion that the same is unlikely to be paid or received in full in which case the value thereof shall be arrived at after making such discount as the Directors may consider appropriate in such case to reflect the true value thereof;
- (e) deposits shall be valued at their principal amount plus accrued interest from the date on which the same were acquired or made;
- (f) treasury bills shall be valued at the probable realisation value estimated with care and good faith by a competent person;
- (g) bonds, notes, debenture stocks, certificates of deposit, bank acceptances, trade bills and similar assets shall be valued at the last available price on the market on which these assets are traded or admitted for trading (being the market which is the sole market or in the opinion of the Directors the principal market on which the assets in question are quoted or dealt in) plus any interest accrued thereon from the date on which same were acquired;
- (h) forward foreign exchange contracts will be valued by reference to the price at the Valuation Point at which a new forward contract of the same size and maturity could be undertaken;

(i) the value of any future contracts and options which are dealt in on a market shall be calculated at the previous day's closing price as determined by the market in question, provided that where it is not the practice of the relevant market to quote a previous day's closing price or if such previous day's closing price is not available for any reason such value shall be the probable realisation value estimated with care and in good faith by a competent person;

(j) the value of any over the counter contracts shall be the quotation from the counter-party provided that such quotation is provided on at least a weekly basis and is approved or verified on a monthly basis by an independent party;

(k) notwithstanding any of the foregoing sub-paragraphs, the Directors may adjust the value of any investment if, having regard to currency, applicable rate of interest, maturity, marketability and/or such other considerations as they may deem relevant, they consider that such adjustment is required to reflect the fair value thereof;

(l) if in any case a particular value is not ascertainable as above provided or if the Directors shall consider that some other method of valuation better reflects the fair value of the relevant investment then in such case the method of valuation of the relevant investment shall be such as the Directors shall decide;

(m) notwithstanding the foregoing, where at any time of any valuation any asset of the Fund has been realised or contracted to be realised there shall be included in the assets of the Fund in place of such asset the net amount receivable by the Fund in respect thereof provided that if such amount is not then known exactly then its value shall be the net amount estimated by the Directors as receivable by the Fund.

In certain cases where the Directors may determine that the market price of an investment does not fairly represent the value of that investment, or in cases where the value of any asset for which liquidation or third party market valuations are not available, the Directors may value such investment as they, in their discretion reasonably determine. In such cases, when calculating the Net Asset Value and Net Asset Value per Share, the Service Agent may entirely rely upon and use such value determined by the Directors. In addition, the Service Agent may rely solely on and use the valuations provided by the Investment Manager or the Managers with whom the Fund has invested its assets or their agents or other intermediaries. In such circumstances, the Service Agent shall not, in the absence of fraud, gross negligence or wilful default on the part of the Service Agent, be liable for any loss suffered by the Fund or any Shareholder by reason of any error in the calculation of the Net Asset Value and Net Asset Value per Share resulting from any inaccuracy in the information and/or value provided by the Directors, the Investment Manager, the Managers or their agents or other intermediary.

The liabilities of the Fund shall be deemed to include:

- (a) all bills and notes payable and accounts payable;
- (b) all expenses payable and/or accrued;
- (c) all contractual obligations for the payment of money or property; and
- (d) all other liabilities of the Fund of any kind and nature (including without limitation dividends declared but not paid), except liabilities represented by shares of the Fund.

The Net Asset Value per Share of each Class in a Sub-Fund and the issue and redemption prices thereof are available at the registered office of the Fund.

7. Temporary Suspension of Issues, Redemptions and Conversions

The determination of the Net Asset Value of Shares of one or several Sub-Funds may be suspended during:

- (a) any period when any of the principal markets or stock exchanges on which a substantial portion of the investments of the concerned Sub-Fund is quoted or dealt in, is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended; or
- (b) the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of assets of the concerned Sub-Fund would be impracticable; or
- (c) any breakdown in the means of communication or computation normally employed in determining the price or value of the assets of the concerned Sub-Fund or the current prices or values on any market or stock exchange; or
- (d) any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of shares cannot in the opinion of the Board of Directors be effected at normal rates of exchange.

The Board of Directors has the power to suspend the issue, redemption and conversion of shares in one or several Sub-Funds for any period during which the determination of the Net Asset Value per Share of the concerned Sub-Fund(s) is suspended by the Fund by virtue of the powers described above. Any redemption/conversion request made or in abeyance during such a suspension period may be withdrawn by written notice to be received by the Fund before the end of such suspension period. Should such withdrawal not be effected, the shares in question shall be redeemed/converted on the first Valuation Day following the termination

of the suspension period. In the event of such period being extended, notice may be published in newspapers in the countries where the Fund's shares are publicly sold. Investors who have requested the issue, redemption or conversion of shares shall be informed of such suspension when such request is made.

8. Merger or Liquidation of Sub-Funds

The Board of Directors of the Fund may decide to liquidate any Sub-Fund if the net assets of such Sub-Fund fall below the equivalent of EUR 10 million or if a change in the economical or political situation relating to the Sub-Fund concerned would justify such liquidation. The decision of the liquidation will be notified to the shareholders concerned prior to the effective date of the liquidation and the notification will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Board of Directors otherwise decides in the interests of, or to keep equal treatment between the shareholders, the shareholders of the Sub-Fund concerned may continue to request redemption or conversion of their shares on the basis of the applicable Net Asset Value, taking into account the estimated liquidation expenses. Assets which could not be distributed to their beneficiaries upon the close of the liquidation of the Sub-Fund will be deposited with the Custodian for a period of 6 months after the close of liquidation. After such time, the assets will be deposited with the Caisse de Consignation on behalf of their beneficiaries.

Under the same circumstances as provided above, the Board of Directors may decide to close down any Sub-Fund and/or Class of Shares by merger into another Sub-Fund and/or Class of Shares (the "new Sub-Fund"). In addition, such merger may be decided by the Board of Directors if required by the interests of the shareholders of any of the Sub-Funds concerned. Such decision will be notified to shareholders in the same manner as described in the preceding paragraph and, in addition, the notification will contain information in relation to the new Sub-Fund. Such notification will be made within one month before the date on which the merger becomes effective in order to enable shareholders to request redemption of their shares, free of charge, before the operation involving contribution into the new Sub-Fund becomes effective.

9. Liquidation of the Fund

The Fund is incorporated for an unlimited period and liquidation shall normally be decided upon by an extraordinary general meeting of shareholders. Such a meeting must be convened by the Board of Directors within 40 days if the net assets of the Fund become less than two thirds of the minimum capital required by law. The meeting, for which no quorum shall be required, shall decide on the dissolution by a simple majority of shares represented at the meeting. If the net assets fall below one fourth of the minimum capital, the dissolution may be resolved by shareholders holding one fourth of the shares at the meeting.

Should the Fund be liquidated, such liquidation shall be carried out in accordance with the provisions of the 2002 Law which specifies the steps to be taken to enable shareholders to participate in the liquidation distributions and in this connection provides for deposit in

escrow at the Caisse de Consignation in Luxembourg of any such amounts which it has not been possible to distribute to the shareholders at the close of liquidation. Amounts not claimed within the prescribed period are liable to be forfeited in accordance with the provisions of Luxembourg law. The net liquidation proceeds of each Sub-Fund shall be distributed to the shareholders of the relevant Sub-Fund in proportion to their respective holdings.

10. Material Contracts

The following material contracts have been entered into:

- (a) An Agreement between the Fund and HSBC Securities Services (Luxembourg) S.A. pursuant to which the latter was appointed Custodian. The Agreement is entered into for an unlimited period and may be terminated by either party upon 90 days written notice.
- (b) An Agreement between the Fund and HSBC Securities Services (Luxembourg) S.A. pursuant to which the latter was appointed Service Agent. The Agreement is entered into for an unlimited period and may be terminated by either party upon 90 days written notice.
- (c) An Agreement between the Fund and the Investment Manager pursuant to which the latter was appointed Investment Manager. The Agreement is entered into for an unlimited period and may be terminated by either party upon 90 days written notice.

11. Documents

Copies of the contracts mentioned above are available for inspection, and copies of the Articles of Incorporation of the Fund, the current Prospectus, the Simplified Prospectuses for the Sub-Funds and the latest annual and semi-annual reports may be obtained free of charge during normal office hours at the registered office of the Fund in Luxembourg.

APPENDIX I
TO THE PROSPECTUS OF
Herald (Lux)
RELATING TO HERALD (LUX) US ABSOLUTE RETURN FUND

1. *Name of the Sub-Fund*

Herald (Lux) US Absolute Return Fund (hereinafter referred to as the "Sub-Fund").

2. *Investment objective and policy*

The Sub-Fund will invest at least 67% of its total assets (excluding cash and cash equivalents) either directly or through the use of financial derivative instruments in (i) highly liquid equity securities of issuers having a) their registered office in the United States of America ("US"), or b) that derive a predominant part of their economic activity from the US, or c) that are holding companies whose holdings consist predominantly of companies with their registered office in the US even if all of the foregoing are not listed in the US, and (ii) debt securities issued by the government of the US. The Sub-Fund may invest up to 33% of its total assets (excluding cash and cash equivalents) in other transferable securities worldwide.

The Sub-Fund may hold up to 10% of its assets in cash or cash equivalents.

The Sub-Fund may, in order to attain its investment objective, use financial derivative instruments and/or techniques within the limits laid down in the Prospectus, including the buying of put options and selling of call options on indices where constituent securities are represented in its assets.

Notwithstanding point VI.(c) under section "4. Investment and Borrowing Restrictions", the Sub-Fund may invest only up to 2% of its net assets in shares or units of UCITS and/or other UCIs, referred to in point I.1.(c) under the same section.

The Sub-Fund shall be managed with the view to achieve positive returns under all market conditions.

3. *Sub-Fund's risk profile*

The investments in equity securities and in the financial derivative instruments the sub-fund may invest in involve risks linked to stock markets, including volatility risk, and risks related to the use of financial derivative instruments as described in section 3 of Investment Policies and Restrictions. The Sub-Fund's investments are subject to market fluctuations. No assurance can, therefore, be given that the Sub-Fund's investment objective will be achieved. It can not be guaranteed either that the value of a Share in the Sub-Fund will not fall below its value at the time of acquisition.

4. *Profile of the typical investor*

The Sub-Fund is suitable for investors who see investment funds as a convenient way of participating in US equity market developments. It is suitable for experienced investors wishing to attain defined investment objectives and accepting volatility which is inherent to equity markets with an investment horizon of at least 5 years.

5. *Base Currency*

The Base Currency of the Sub-Fund is the USD.

6. *Classes of Shares*

- I Class Shares (EUR).
- I Class Shares (USD).

7. *Offer of Shares*

The initial subscription period for Shares is on 3 March 2008. During such period, Shares in the USD Class and the EUR Class will be issued at an initial issue price of 1,000 USD and 1,000 EUR respectively. The initial subscription monies must be received by the Custodian in cleared funds by 29 February 2008.

The minimum initial investment is USD 50,000 for the USD Class and EUR 50,000 for the EUR Class. The minimal subsequent investment is USD 20,000 for the USD Class and EUR 20,000 for the EUR Class.

Shares will be issued at the current Net Asset Value of the relevant Class of Shares on every Valuation Day plus any applicable sales charge of up to 5.26% of the applicable Net Asset Value per Share.

The minimum holding for the Sub-Fund is USD 50,000 for the USD Class and EUR 50,000 for the EUR Class.

8. *Applicable Valuation Day for subscriptions, redemptions and conversions*

The Net Asset Value per Share in the Sub-Fund is calculated as of every 15th and last day of every month. If the 15th or last day of the month is not a Business Day, the preceding Business Day will be a Valuation Day.

9. *Issue, conversion and redemption of Shares*

Requests for the issue and conversion of Shares must be received by 16.00 (Luxembourg time) 3 Business Days prior to a Valuation Day.

Subscription proceeds must be received in cleared funds by 16.00 (Luxembourg time) 2 Business Days prior to a Valuation Day at the latest.

Requests for the redemption of Shares must be received by 16.00 (Luxembourg time) 8 Business Days prior to the Valuation Day on which the redemption is to be made. Redemption proceeds will generally be paid within 5 Business Days of the relevant Valuation Day.

10. Dividend Policy

The Sub-Fund will not distribute any dividends. All income and capital gains realised by the Classes of Shares of this Sub-Fund will be automatically reinvested.

11. Management Fee

The Investment Manager is entitled to Investment Management Fees equal to 2% per annum of the Net Asset Value of the Fund calculated (before deduction of accrued Management Fees and/or accrued Performance Fees, if any) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears.

12. Performance Fee

The Investment Manager is further entitled to a Performance Fee which shall be equal to 10 per cent of the appreciation in the Net Asset Value per Share from one Valuation Day to another, provided that such Net Asset Value per Share is higher than any other Net Asset Value per Share calculated at the end of any previous Valuation Day (High Water Mark). The Performance Fee will be calculated by reference to the Net Asset Value.

The Performance Fee will be deducted from the relevant Sub-Fund, will accrue on each Valuation Day and will be payable monthly in arrears. If the Investment Management Agreement is terminated, any accrued Performance Fee shall be calculated and payable on a pro rata basis.

13. Tax warning

Investors should be aware that the Sub-Fund may, at times, be invested in debt securities in such a manner that the Sub-Fund may be deemed "in-scope" of the Savings Directive and that dividends, if any, distributed by the Sub-Fund and/or any proceeds realised by investors upon disposal of Shares of the Sub-Fund may be subject to the Savings Directive as more closely detailed in the section "Taxation" of this prospectus.

Investors should consult their professional advisor on possible tax or other consequences of buying, holding, transferring or selling of the Sub-Fund's Shares.