Fondo Radar

Supplement to the Prospectus

This Supplement contains information in relation to Fondo Radar (the "**Fund**"), a Fund of Celsius Funds plc (the "**Company**") an umbrella type open-ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**"),

This Supplement forms part of the Prospectus of the Company dated 18 February 2014 (the "Prospectus"), and may not be distributed unless accompanied by (other than to prior recipients of the Prospectus), and must be read in conjunction with, the Prospectus.

Celsius Funds plc

An umbrella fund with segregated liability between the sub-funds

Dated 18 February 2014

IMPORTANT INFORMATION

THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISER.

Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.

It is the intention of the Company to invest on behalf of the Fund in Transferable Securities and FDIs, including one or more Swaps, for investment and efficient portfolio management purposes (as further described in the section titled "Use of FDIs") where applicable.

There is no assurance that the Fund will achieve its investment objective. The Fund is protected subject to certain conditions only on the Scheduled Maturity Date.

An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

Certain risks attached to an investment in the Fund are set out in the Prospectus in the section "Risk Factors" and also in the section "Risk Factors" of this Supplement. The Directors of the Company expect that the Net Asset Value of the Fund will have medium volatility through investments in the FDIs.

Profile of a Typical Investor

The typical investor for whom an investment in the Fund may be appropriate would be seeking a capital protection strategy linked to a broad range of assets until the Scheduled Maturity Date and who is prepared to accept a medium to high degree of volatility until the Scheduled Maturity Date.

Suitability of Investment

You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.

You should note that the Shares subscribed on a Dealing Day are only protected to the extent of the Minimum Protection Level on the Scheduled Maturity Date which, if the Shares have been subscribed for after the Portfolio Date, may be below the Net Asset Value per Share at which they have been subscribed. You should also note that the principal protection will operate only under certain circumstances. The value of the Shares may go up or down and you may not get back the amount you have invested if the Shares are repurchased prior to the Scheduled Maturity Date. See the section headed "Risk Factors" of the Prospectus and the section headed "Risk Factors" in this Supplement for a discussion of certain risks that should be considered by you.

An investment in any Class of the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

Responsibility

The Directors (whose names appear under the heading "Management of the Company - Directors of the Company" of the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the import of such information.

General

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of Shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should be carefully read in their entirety before any investment decision with respect to Shares is made.

Distribution of this Supplement and Selling Restrictions

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus (other than to prior recipients of the Prospectus). The distribution of this Supplement and the offering or purchase of the Class of Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Class of Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement. If you wish to apply for the opportunity to purchase any Class of Shares, it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

DEFINITIONS

Words and expressions defined in the Prospectus will, unless otherwise defined in this Supplement, have the same meaning when used in this Supplement.

Accumulation Period means the period from, and including, the Launch Date up to, and excluding, the Portfolio Date.

Affiliated Company or **associate of the Portfolio Selection Agent or the Investment Manager** means any subsidiary, subsidiary undertaking or holding company of such body corporate and any subsidiary of any such holding company for the time being. For these purposes, "**holding company**" and "**subsidiary**" shall bear the same respective meaning as in s.736 of the UK Companies Act 1985 and "**subsidiary undertaking**" shall bear the same meaning as in s.258 of the UK Companies Act 1985.

Allocation Advisory Agreement means the allocation advisory agreement entered into by the Company, the Investment Manager and the Put Option Counterparty in respect of the CPPI Strategy.

Approved Counterparty means Barclays Bank PLC or any other entity selected by the Investment Manager which falls within a category permitted by the Central Bank Notices (each such entity being an "**Approved Counterparty**" and, collectively, the "**Approved Counterparties**").

Basket (or Baskets) means the Traditional Basket and/or the Diversified Basket.

Basket Constituents means those assets and/or financial instruments or FDIs comprised in the Traditional Basket and the Diversified Basket and any other assets and/or financial instruments or FDIs which may form part of the Traditional Basket and/or the Diversified Basket from time to time that are in compliance with the Investment Restrictions.

Basket Rebalancing Date means a Business Day when the net asset value of any of the Baskets reaches 60% of the combined Baskets.

Business Day means a day (other than a Saturday or a Sunday) on which (i) the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) system is open and; (ii) commercial banks and foreign exchange markets are open and settle payments (including dealings in foreign exchange and foreign currency deposits) in London, Dublin, Milan and New York, subject to Disruption Events defined below.

Cash Maturity Date means 3 Business Day prior to the Scheduled Maturity Date, unless this is not a Business Day, in which case it will be the immediately preceding Business Day.

CPPI Strategy means the Constant Proportion Portfolio Insurance Strategy run by the Put Option Counterparty.

Credit Event means one of the following events which occurs with respect to the Republic of Italy and which leads to a reduction in the Put Option payout:

(a) Failure to Pay;

(b) Repudiation/Moratorium; and

(c) Restructuring.

Cushion means the difference between the Net Asset Value of the Fund and the amount required to be invested in the Fixed Income Component on that Business Day to protect the value of the Minimum Protection Level for each Share on the Scheduled Maturity Date, expressed as a percentage of the Net Asset Value.

Dealing Day means any Business Day. For the avoidance of doubt, there shall be at least one Dealing Day per fortnight.

Default Requirement means Euro 5,000,000.

Disruption Events means, the occurrence of (i) a Market Disruption Event; and/or (ii) a Force Majeure Event where the Investment Manager determines that such Force Majeure Event affects, in a fundamental manner, the Fund or a substantial proportion of Fund Assets, making impossible for the Fund to pursue its Investment Objective.

Diversified Basket means the Basket comprised of exposures to bond markets (including inflation), equity markets (including real estate and emerging markets), volatility and money markets.

EUR or Euro means the lawful currency among participating European Union Countries.

Eurozone Member State means a EU Member State which has adopted the Euro as its official national currency.

Exchange Traded Funds (or ETFs) means a mutual fund that holds a portfolio of securities that is intended to provide a price and yield performance that replicates a given index.

Failure to Pay means after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by the Issuer to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure.

FDI means financial derivative instruments including, but not limited to, funded and unfunded swaps, total return swaps, futures, swaps, swaptions, options, forwards and contracts for difference with the Approved Counterparty.

Fee Payment Date means the 90th business day after the calendar quarter of the current fee period. The first fee period will be from the Launch Date to the end of the current calendar quarter, and subsequent fee periods shall be on a quarterly basis thereafter. The last fee period will go from the start of the fund's last calendar quarter up to (and including) the Scheduled Maturity Date.

Fixed Income Component means the portion of the Portfolio which aims to deliver the Minimum Protection Level per Share on the Scheduled Maturity Date.

Force Majeure Event means in respect of the Investment Manager, the Fund and/or the Put Option Counterparty, an event or circumstance (including, without limitation, a systems failure, natural disaster, act of God or any similar intervening circumstance) that is beyond the reasonable control of such entity.

Government Authority means any de facto or de jure government (or any agency, instrumentality, ministry, or dept thereof) court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the Issuer or of the jurisdiction of organisation of the Issuer.

Grace Period means the lesser of (i) the applicable grace period with respect to payments under the Obligations under the terms of such Obligations in effect as of the date as of which such Obligation is issued or incurred and (ii) 10 Milan Business Days.

Investment Guidelines means the investment guidelines (which form part of the Allocation Advisory Agreement) within which the Investment Manager operates and which are consistent with the investment objective, policies and the Investment Restrictions of the Fund.

Investment Manager means Barclays Bank PLC acting through its Wealth and Investment Management division or any successor thereto as the investment manager to the Company.

Issuer means, in respect of the EUR denominated non-subordinated debt issued by the government of the Republic of Italy held by the Fund, the Republic of Italy.

Libid Rate means the Libid Rate 1 Week EUR, with Bloomberg ticker LIEBB01W Index.

Market Disruption Event means the occurrence or existence of one or more of the following events:

(i) it is not possible to obtain a price or value (or an element of such price or value) of a Fund Asset, which represents a substantial proportion of the Fund Assets, according to the rules or normal accepted procedures for the determination of such price or value (whether due to the non-publication of such price or value or otherwise);

(ii) the calculation of the price or value of a Fund Asset, which represents a substantial proportion of the Fund Assets, is, at the relevant time, as determined by the Investment Manager (acting in good faith and in accordance with its fiduciary duty) impossible to make;

(iii) there is a reduction in liquidity in a Fund Asset which represents a substantial proportion of the Fund Assets, as determined by the Investment Manager (acting in good faith and in accordance with its fiduciary duty);

(iv) any suspension of, or limitation is imposed on, trading on any exchange, quotation systems or over-the-counter market where a Fund Asset, which represents a substantial proportion of the Fund Assets, is traded; and/or there exists an event or circumstance that prevents or materially limits transactions in such Fund Asset. For the purpose of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange;

(v) where the Fund Asset is not traded on any exchange, quotation system or other similar system, the Investment Manager is unable to obtain (A) from dealers in the Fund Asset firm quotations in respect thereof or (B) a subscription or a redemption price of the relevant Fund Asset according to the rules or normal accepted procedures for such Fund Asset;

(vi) the occurrence of any event that generally makes it impossible, to convert any currency which was, immediately prior to the occurrence of such event, a foreign exchange currency, as determined by the Investment Manager (acting in good faith and in accordance with its fiduciary duty);

(vii) the occurrence of any event that generally makes it impossible, to convert the currency of the country of issue and/or country of payment of a substantial proportion of the Fund Assets into the Base Currency through customary legal channels;

(viii) the occurrence of any event that generally makes it impossible, to deliver or transfer (a) the currency from accounts inside the country of issue and/or country of payment of a substantial proportion of the Fund Assets to accounts outside such country of issue and/or country of payment or (b) the currency of the country of issue and/or country of payment of a substantial proportion of the Fund Assets between accounts inside such country of issue and/or country of payment, or to a party that is a non-resident of the country of issue and/or country of payment, as determined by the Investment Manager (acting in good faith and in accordance with its fiduciary duty); and

(ix) a general moratorium is declared in respect of banking activities in London, Milan, Dublin and New York.

Merger without Assumption means the Put Option Counterparty consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer the resulting, surviving or transferee entity fails to assume all the obligations of such party under the Put Option.

Milan Business Day means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open and settle payments (including dealings in foreign exchange and foreign currency deposits) in Milan.

Minimum Protection Level means the highest Net Asset Value per Share on any date from, and including, the Launch Date up to, and excluding, the Portfolio Date divided by the Initial Issue Price per Share times 100 EUR.

Money Market Instruments means money market instruments permitted by the Regulations, limited to (i) deposits with credit institutions resident in OECD States having a rating of at least "AA-" assigned by a Rating Agency, provided that no other Rating Agency has assigned a lower rating, and (ii) government bonds issued by a Eurozone Member State with a maturity not longer than 3 months and a rating of at least "AAA" assigned by a Rating Agency, provided that no other Rating Agency has assigned a lower rating or, in the event that such government bonds do not satisfy this criteria, the highest rated government bonds issued by a Eurozone Member State having a rating of at least "AA" assigned by a Rating Agency, provided that no other Rating Agency has assigned a lower rating.

Monthly Rebalancing Date means a Business Day that is the last Business Day of each calendar month.

Multiplier means a factor that is based on an estimated maximum loss that can occur on any Business Day in respect of the Baskets which is used to determine the Participation Level.

Notional Share Price means EUR 100 per Share.

Obligations means, with respect to the Issuer, any obligation of such person arising out of or under the EUR denominated non-subordinated debt issued by the Republic of Italy (whether present or future, contingent or otherwise) which, is held by the Fund at the time of a Credit Event

Participation Level means the percentage of the Portfolio allocated to the Baskets on a particular Business Day. The Participation Level on the Portfolio Date is expected to be 60-70%. In such event 30-40% of the Portfolio shall be allocated to the Fixed Income Component.

Payment Default means failure by a party to the Put Option to make, when due, any payment under the Put Option required to be made by it if such failure is not remedied on or before the third Business Day after notice of such failure is given to the party.

Payment Requirement means Euro 500,000.

Portfolio Date means the 29 October 2010.

Portfolio Selection Agent means BlackRock Advisors (UK) Limited (“**BlackRock**").

Put Option means the put option entered into between the Company, on behalf of the Fund, and the Put Option Counterparty, the aim of which is to ensure that, on the Scheduled Maturity Date or upon the occurrence of a Termination Event, the Fund has sufficient resources to pay out at least the Minimum Protection Level per Share on the Scheduled Maturity Date.

Put Option Counterparty means the Equity and Fund Structured Markets division of Barclays Bank PLC.

Rating Agency means any of Moody's Investors Service Inc., Standard & Poor's Financial Service LLC or Fitch Inc.

Repudiation/Moratorium means the occurrence of both of the following events: (i) an authorised officer of the Issuer or a Governmental Authority (x) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations, in an aggregate amount not less than the Default Requirement or (y) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect of one or more Obligations in an aggregate amount not less than the Default Requirement and (ii) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Scheduled Maturity Date.

Restructuring means that, with respect to one of more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs, in a form that binds all holders of such Obligation, is agreed between the Issuer or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by the Issuer or a Governmental Authority in a form that binds all holders of such Obligation and such event is not expressly provided for under the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred:

(i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
(ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
(iii) a postponement or other deferral of a date or dates for either (A) the payment of accrual of interest or (B) the payment of principal or premium;
(iv) a change in the ranking in priority of payment of any Obligation, causing the subordination of such Obligation to any other Obligation; or
(v) any change in the currency or composition of any payment of interest or principal to any currency which is not the Euro.

Notwithstanding points (i) to (v) above, none of the following shall constitute a Restructuring, provided that the sum of cash flows scheduled to be paid before the Scheduled Maturity Date in respect of the government bonds issued by the Republic of Italy held by the Fund is not reduced:

(a) the occurrence of, agreement to or announcement of any of the events described under (i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
(b) the occurrence of, agreement to or announcement of any of the events described under (i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Issuer.

Scheduled Maturity Date means 7 August 2017, unless this is not a Business Day, in which case it will be the next following Business Day.

Target Multiplier means a factor used to determine the Participation Level in the Baskets calculated having regard to the composition criteria of each Basket.

Tax means any applicable tax, levy, charge or duty which may be imposed by any governmental or regulatory body.

Traditional Basket means a Basket comprising exposures to bonds, equities and Money Market Instruments of OECD market countries.

Zero Coupon Trigger Event occurs on a Business Day on which the Cushion is below 2%.

TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND

Investment Objective

The Investment Objective of the Fund is to provide Shareholders with a return (net of fees and costs) linked to the Radar Portfolio (the "**Portfolio**"), which comprises the Traditional Basket, the Diversified Basket and a Fixed Income Component (together the "**Portfolio Components"**). Through the Portfolio Components, the Fund will be exposed via direct investment, Funded Swaps and/or unfunded total return swaps ("**Total Return Swaps**" and, together with the Funded Swaps, the "**Swaps**") and/or futures contracts or currency forwards to a diversified pool of assets including bonds, equities, foreign currency and Money Market Instruments.

Allocation between the Baskets and the Fixed Income Component shall be in accordance with the CPPI Strategy the aim of which is to dynamically allocate assets on an on-going basis between the Baskets and the Fixed Income Component as further described below, so as to ensure that the Fund Assets are sufficient to generate at least the **Minimum Protection Level** per Share on the **Scheduled Maturity Date**. The CPPI Strategy is run by the Put Option Counterparty. The Minimum Protection Level shall be the highest Net Asset Value per Share on any date from, and including, the Launch Date up to, and excluding, the Portfolio Date divided by the Initial Issue Price per Share times 100 EUR.

Any Share repurchased at the request of a Shareholder before the Scheduled Maturity Date will be repurchased at the Repurchase Price, which shall be equal to the Net Asset Value per Share and may be less than the Minimum Protection Level. The Company on behalf of the Fund will repurchase all of the Shares on the Scheduled Maturity Date at the higher of (1) the Net Asset Value per Share on the Scheduled Maturity Date, and (2) the Minimum Protection Level.

There is no assurance that the Fund will achieve its Investment Objective. Investors should note that the Fund is principal protected to the extent of the Minimum Protection Level only on the Scheduled Maturity Date and only subject to certain conditions (see the section "Use of FDIs" and section "Reduction of Put Option payout"). Accordingly, the Minimum Protection Level is not guaranteed.

Investment Policy

The Portfolio is designed to offer investors exposure to the Traditional Basket and the Diversified Basket (the "**Baskets**") (each with independent investment methodologies) and the return of a Minimum Protection Level on the Scheduled Maturity Date, by implementing the CPPI Strategy. The performance of the Baskets depends on the performance of the following asset classes: equities, fixed income, currencies, money markets, emerging markets and volatility indices, inflation linked bonds and UCITS (in the form of CIS or ETF) (which deliver exposure to any of those asset classes) less all fees and charges (including any costs as detailed under the section "**Portfolio Costs**" of this Supplement). The Baskets reflect the performance of different investment methodologies and details of the assets which the Fund shall be exposed to/invest in are set out under the headings "**Traditional Basket**", "**Diversified Basket**" and "**Fixed Income Component**" below. The Portfolio Selection Agent provides recommendations to the Investment Manager as to the composition of the Traditional Basket only. For the avoidance of doubt, the Portfolio Selection Agent will not have any discretion over the assets of the Fund. Such discretion rests with the Investment Manager. The CPPI Strategy manages the balance between the Baskets and the Fixed Income Component and is run by the Put Option Counterparty. Depending on the composition of the Portfolio and the allocations within the Portfolio to the Baskets, the Fund may have significant exposure to UCITS. The Fund shall not invest more than 20% of its net assets in any single UCITS. The Fund shall not invest in UCITS which can in terms of their prospectus or instruments of incorporation invest more than 10% of their net assets in other UCITS.

In addition, the Investment Manager shall enter into a Put Option with the Put Option Counterparty. The purpose of the Put Option is to protect the Fund against any shortfall, where the Minimum Protection Level is not achieved through the sale of the Fund Assets on or immediately prior to the Cash Maturity Date, caused by a loss incurred in the Fund in respect of the Basket Constituents of the Traditional Basket and the Diversified Basket, which may arise from a failure of the CPPI Strategy. **If, for any reason, the Put Option is terminated prior to the Scheduled Maturity Date and no replacement instrument is available, the Fund may not be able to achieve the Investment Objective.**

During the Accumulation Period, the Company on behalf of the Fund intends to invest the net proceeds of any issue of Shares in Money Market Instruments (the "**Money Market Basket**"). On the Portfolio Date, the Investment Manager will invest in the Portfolio (i) by liquidating the Money Market Basket and using the proceeds resulting from such liquidation, and/or (ii) by transferring the Money Market Basket to the Portfolio. At the Portfolio Date a portion of the Portfolio will be allocated to the Fixed Income Component, with the remaining portion being split equally between the two Baskets. On each Basket Rebalancing Date, once the net asset value of one Basket exceeds 60% of the combined Baskets, the allocation between Baskets will be rebalanced back to an equal weighting.

On the occurrence of a Zero Coupon Trigger Event, the Portfolio will be switched into the Fixed Income Component until the Scheduled Maturity Date. The Fund will hold from the Portfolio Date onwards, an amount of government bonds issued by the Republic of Italy whose originally scheduled cash flows (interest and principal) as of their date of purchase is sufficient to achieve the Minimum Protection Level on the Scheduled Maturity Date, and no allocation shall be made to the Baskets following such Zero Coupon Trigger Event. In addition, the Company has entered into a Put Option, the aim of which is to ensure the Fund has sufficient resources to pay the Minimum Protection Level on the Scheduled Maturity Date in the event the CPPI Strategy fails to achieve its objective in allocating appropriate portions of the Portfolio to the Fixed Income Component. The leverage within the Fund shall be limited to 100% of the Net Asset Value of the Fund.

On that basis, all or a substantial part of the Fund Assets will consist of government bonds issued by the Republic of Italy. Investors should note that if a Credit Event occurs investors may realise less than the Minimum Protection Level (i.e. the payment under the Put Option will be reduced). If, based on its terms and conditions, the Put Option with the Put Option Counterparty is terminated prior to the Scheduled Maturity Date and no replacement instrument is available, the Fund may not be able to achieve the Investment Objective.

The instruments listed under the headings "**Traditional Basket**", "**Diversified Basket**" and "**Fixed Income Component**" below (including the Put Option) together with ancillary cash held by the Fund shall constitute the assets of the Fund ("the **Fund Assets**") for the purposes of this Fund.

On or prior to the Cash Maturity Date, the Company on behalf of the Fund will sell the Fund Assets in exchange for cash.

Traditional Basket

The Traditional Basket aims to achieve an absolute return after fees of 2% per annum above the Libid Rate. The Traditional Basket is comprised of exposure to bonds, equities and Money Market Instruments of OECD market countries. Such exposures are achieved via direct investment in the Basket Constituents and/or indirect investment though futures contracts or Swaps over the Basket Constituents.

Portfolio Selection Agent

While the Investment Manager is responsible for the composition of the Traditional Basket, the Portfolio Selection Agent will (in accordance with and subject to the Investment Guidelines) provide the Investment Manager with recommendations in relation to the Traditional Basket. For the avoidance of doubt, the Portfolio Selection Agent will not have any discretion over the assets of the Fund. Such discretion rests with the Investment Manager. The Investment Manager may remove the Portfolio Selection Agent if its recommendations fail to meet the Investment Guidelines of the Traditional Basket or the Investment Objective of the Fund. Consequently the Investment Manager shall appoint a replacement portfolio selection agent, with the approval of the majority of the Shareholders and the Put Option Counterparty.

Selection Methodology

The Portfolio Selection Agent, in making recommendations in respect of the composition of the Traditional Basket to the Investment Manager makes selections based on an active asset allocation strategy on the basis of the analysis of market variables. The variables are described as follows:

(i) Fundamental value: assesses the underlying fair value over the long term, e.g. value of expected future profits. Academic research has shown that “value” strategies are most likely to be rewarded over long periods of time. But a strategy based exclusively on value, even if drawing on a broad range of value measures, would inevitably fail over short periods and possibly even over quite long periods of time.

(ii) Economic environment: capture response to changing conditions over the medium term.

(iii) Market sentiment: assesses investor behaviour over the short term, e.g. analyst earnings revisions. A strategy based purely on short-term momentum may possibly deliver very positive returns over relatively short periods of time but, unless accompanied by judicious switching between assets would be most unlikely to last the distance.

The set of above variables draws upon a number of investment criteria: value, economic environment and market sentiment that seek not only to maximize the trade-off between risk and return but also to ensure that this trade-off is achieved consistently over time.

Traditional Basket Criteria

The composition of the Traditional Basket and weight of each Basket Constituent within the Traditional Basket may be modified on each Monthly Rebalancing Date such that any modification is in accordance with the investment objective, investment policy and Investment Restrictions of the Fund. The Portfolio Selection Agent may recommend that the composition of the Basket be modified more frequently.

The current Basket Constituents of the Traditional Basket and weight limits of each of these Basket Constituents relating to the Traditional Basket are shown below. If the allocation of the Traditional Basket is in breach of the Investment Restrictions, the Investment Manager may, as soon as practicably possible, increase or decrease the allocation to any single Basket Constituent. In this situation the Investment Manager may even remove or replace Basket Constituents within the Traditional Basket in order to be in compliance with the Investment Restrictions. In such instances, the replacement Basket Constituents shall continue to provide exposure to bonds, equities and/or equity indices and Money Market Instruments of OECD market countries.

Constituents	Asset Class	Min Weight	Max Weight
Money Market Instruments	Money Market	0%	100%
EUR Bund Futures	Fixed Income	0%	35%
UK Long Gilts Futures	Fixed Income	0%	35%
US 10yr Bond Futures	Fixed Income	0%	35%
10 Year JGB Futures	Fixed Income	0%	35%
S&P® 500 Index Futures	Equity	0%	50%
FTSE® 100 Index Futures	Equity	0%	50%
Euro Stoxx 50 Index Futures	Equity	0%	50%
TOPIX Index Futures	Equity	0%	50%

For the avoidance of doubt cash may be invested into Money Market Instruments and/or bonds and strips issued by the Republic of Italy in combination with futures positions entered into for the purposes of interest rate hedging on any Business Day. Short term currency forwards and/or foreign currency transactions can be entered into for the purposes of currency hedging of the exposures in the Basket.

Traditional Basket Fees

The Traditional Basket shall include a deduction in respect of annual running costs and a performance fee payable to the Portfolio Selection Agent. Details of such fees are set out under the heading "**Fees and Expenses**".

Diversified Basket

The Diversified Basket is comprised of exposures to bonds (including inflation-linked bonds), equity securities (including real estate and emerging market equity securities), volatility (through the VIX, a financial index based on equity volatility) and Money Market Instruments. Such exposures are achieved via direct investment in the Basket Constituents and/or indirect investment through futures contracts or Swaps on the Basket Constituents. The Investment Manager implements an asset allocation strategy that aims to generate returns after fees of 2% per annum above the Libid Rate. The asset allocation within the Diversified Basket is based on a mean variance optimisation strategy (the “**Strategy**”) that determines the core weights of each Basket Constituent based on a specific risk and return parameters. The Strategy generates buy or sell signals based on the relative position of the Basket Constituents. The Strategy allocates a greater weight to a Basket Constituent with a positive outlook. The Strategy is applied every month to determine the optimal allocation.

The Strategy is designed to generate a well diversified portfolio that meets the above criteria and the Diversified Basket Criteria.

Diversified Basket Criteria

The Diversified Basket Constituents and their weightings are determined by Investment Manager in accordance with the Strategy and the criteria below. The composition of the Basket and the weighting of each Basket Constituent may be modified on each Monthly Rebalancing Date such that any modification is in accordance with the investment objective, investment policy and Investment Restrictions of the Fund. The Investment Manager may decide to modify the composition of the Basket more frequently.

The current Basket Constituents of the Diversified Basket and weight limits of each of these Basket Constituents relating to the Diversified Baskets are shown below.

Constituents	Asset Class	Min Weight	Max Weight
Money Market Instruments	Money Market	0%	50%
US Inflation Linked Bonds Index	Fixed Income	0%	50%
Gilt Long Dated	Fixed Income	0%	20%
US Treasury Bond	Fixed Income	0%	20%
German Bund	Fixed Income	0%	35%
German Bobl	Fixed Income	0%	35%
German Schatz	Fixed Income	0%	35%
S&P 500 Index	Traditional Equity	0%	20%
Nikkei 225 Index	Traditional Equity	0%	20%
Euro Stoxx 50	Traditional Equity	0%	20%
FTSE® EPRA Euro Zone Public Real Estate Index	Traditional Equity	0%	20%
MSCI Emerging Markets Equity Index	Traditional Equity	0%	40%
Macquarie Global Infrastructure Index	Equity	0%	20%
VIX	Equity	0%	2%

For the avoidance of doubt cash may be invested into Money Market Instruments and/or bonds and strips issued by the Republic of Italy in combination with futures positions entered into for the purposes of interest rate hedging on any Business Day. Short term currency forwards and/or foreign currency transactions can be entered into for the purposes of currency hedging of the exposures in the Basket.

Diversified Basket Fees

The Diversified Basket shall include a deduction in respect of annual running costs and a performance fee payable to the Investment Manager. Details of such fees are set out under the heading "**Fees and Expenses**".

Fixed Income Component

The Fixed Income Component shall comprise a number of coupon bearing and zero coupon bonds and strips issued by the Republic of Italy, in accordance with the Investment Restrictions, which will mature on or before the Cash Maturity Date at par, with the amount invested in the Fixed Income Component at any time being determined by the CPPI Strategy. The performance of the Fixed Income Component depends on the value on a given date of a portfolio of government bonds issued by the Republic of Italy having a maturity shorter or similar to the Cash Maturity Date.

Shareholders should note that through the investment into bonds issued by the Republic of Italy they are exposed to the credit risk of the Republic of Italy, i.e., if a Credit Event occurs, investors may realise less than the Minimum Protection Level and therefore might sustain a loss as payment under the Put Option will be reduced.

On the Portfolio Date or at any later time the Fund may invest partially in the Fixed Income Component to ensure it reaches the Minimum Protection Level at the Scheduled Maturity Date.

Put Option

In addition to the Fixed Income Component, the Company, on behalf of the Fund, has entered into a Put Option with the Put Option Counterparty in respect of the Fund. The purpose of such Put Option is to protect the Fund against any shortfall, being an event where the Minimum Protection Level is not achieved through the sale of the Fund Assets on or immediately prior to the Cash Maturity Date, caused by a loss incurred by the Fund in respect of the Basket Constituents of the Traditional Basket and the Diversified Basket, which may arise from the failure of the CPPI Strategy.

However, the Put Option is subject to several (i) disinvestment events; (ii) termination events and (iii) events which may result in a reduction in the payout under the Put Option and the Put Option shall not cover any loss or shortfall which may occur in respect of the Minimum Protection Level which is caused by a Credit Event relating to the bonds issued by the Republic of Italy. Investors should therefore read this section carefully and understand the circumstances in which such reduction or non-payment may occur as set out below.

Disinvestment Events

The Put Option contains the following events, which, if any occurs, may lead to the allocation to the Baskets being reduced to zero and the Portfolio being 100% allocated to the Fixed Income Component until such events are remedied (the "**Disinvestment Events**").

(i) any breach of the Investment Guidelines;

(ii) the activities of either the Fund or the Investment Manager are in breach of any law, rule or any regulation applicable to the Fund and/or to the Investment Manager; or

(iii) trading of assets which represent 30% or more of the Portfolio Components are suspended or refused by the relevant exchange for trading for 8 consecutive Business Days.

Reduction of Put Option payout

The payout under the Put Option at the Scheduled Maturity Date (or upon early termination) may be reduced and as a result the Minimum Protection Level may not be achieved in the following circumstances (each a "**Reduction Event**"):

a) the Custodian or Administrator default, which results in a reduction of the Fund Asset;
b) a loss by reason of a Credit Event; or
c) a material adverse economic effect caused by action of a taxation authority.

Termination Events of the Put Option

If any of the events listed below occur (each a "**Put Option Termination Event**"), the Put Option Counterparty may determine (acting in good faith), that such event has had, or can be expected to have, a material effect on the Put Option and as such may terminate it and settle according to the Put Option terms.

(i) Merger without Assumption;
(ii) Payment Default;
(iii) the Allocation Advisory Agreement is terminated;
(iv) any of the Fund, the Custodian, the Administrator or the Investment Manager is subject to an insolvency;
(v) a Credit Event occurs; or
(vi) a Termination Event occurs.

Upon the occurrence of a termination of the Put Option, it is intended that the Fund will liquidate all the Fund Assets, other than the government bonds issued by the Republic of Italy, and the Fund subject to the Reduction Events, will own for each Share an amount of government bonds issued by the Republic of Italy whose sum of scheduled cash flows (interest and principal) as of their date of purchase is at least equal to the Minimum Protection Level at the Scheduled Maturity Date.

CPPI Strategy and Allocation Advisory Agreement

As a condition of the Put Option Counterparty providing the protection of the Minimum Protection Level via the Put Option, the Investment Manager and the Company on behalf of the Fund have entered into the Allocation Advisory Agreement with the Put Option Counterparty, pursuant to which the Put Option Counterparty also provides the allocation advice for the implementation of the CPPI Strategy to the Investment Manager. This Allocation Advisory Agreement relates to the operation of the CPPI Strategy.

The CPPI Strategy aims to dynamically allocate assets on an on-going basis between the Fixed Income Component and the Baskets, so as to ensure that the Fund Assets are sufficient to generate at least the Minimum Protection Level per Share on the Scheduled Maturity Date. The Minimum Protection Level shall be the highest Net Asset Value per Share on any date from, and including, the Launch Date up to, and excluding, the Portfolio Date divided by the Initial Issue Price per Share times 100 EUR.

The CPPI Strategy indicates (on the basis of an algorithmic formula), the allocations to be made within the Portfolio in order to achieve the Minimum Protection Level on the Scheduled Maturity Date. Such allocations are implemented by the Investment Manager. For the avoidance of doubt the algorithmic formula applies only to the allocation between the Fixed Income Component and the Basket, but not to the allocation within the Baskets.

In that regard, the Allocation Advisory Agreement does not delegate or impart any management or advisory function in respect of the Fund to the Put Option Counterparty but sets out the framework upon which the Put Option Counterparty will enter into the Put Option. The Allocation Advisory Agreement

(a) stipulates the following:

- (i) that the various service providers provide information relating to the Fund Assets and the composition of the Portfolio to the Put Option Counterparty in a prescribed format and in accordance with prescribed timetable;
- (ii) that the Investment Manager follows the algorithmic CPPI Strategy;
- (iii) that the allocation under the CPPI Strategy is provided to the Investment Manager by the Put Option Counterparty on a daily basis;

(b) and contains Investment Guidelines which provide details on, inter alia, the following:

- (i) lists all the exchanges on which the futures may be traded;
- (ii) gives the exact Bloomberg tickers for the equity indices that can be traded in the Fund; and
- (iii) specifies a number of Approved Counterparties with whom Investment Manager may enter into Swaps, the minimum credit ratings for such Approved Counterparties and the mechanism of approving a new Approved Counterparty
- (iv) specifies the maximum maturity of government bonds to be used as Money Market Instruments
- (v) the minimum and maximum hedging level of the foreign currency exposure in the Fund (such hedging levels being in accordance with the requirements of the Central Bank).

Multiplier and Participation Level

The Multiplier means a factor that is based on an estimated maximum loss that can occur on any Business Day in respect of the Baskets, to be assessed also taking into account the percentage of fixed income and cash represented in each of the respective Baskets. The Multiplier is used to determine the Participation Level and depends on the Baskets' composition. The "**Minimum Multiplier**" shall be equal to 4.0, the "**Maximum Multiplier**" shall be equal to 5.0 and the "**Target Multiplier**" shall be equal to 4.5. The Maximum Multiplier, the Target Multiplier and Minimum

Multiplier (together the “**Multipliers**”), shall be reduced by 0.25 each if the allocation to the Money Market Instruments is below 15% of the combined Baskets but the allocation to or investment in Money Market Instruments and fixed income securities (as listed in the sections "Traditional Basket Criteria" and "Diversified Basket Criteria" above) together is above 15%. The Multipliers shall be reduced by 0.5 if the allocation to or investment in Money Market Instruments and fixed income securities together is below 15% of the combined Baskets. The value of the Multipliers so determined shall be used until the next Monthly Rebalancing Date on which it will be adjusted to the new value in accordance with the above.

Participation Level on Portfolio Date

The Participation Level on the Portfolio Date is expected to be 60-70%. The remaining 30-40% of the Portfolio shall be allocated to the Fixed Income Component.

Ongoing Participation Levels

The Cushion is used to determine the allocation to the Baskets (the “**Baskets Allocation**”) and to the Fixed Income Component. On each Business Day, the actual level of the Multiplier ("**Actual Multiplier**") will be calculated as the ratio of the Baskets Allocation to the Cushion on such Business Day. If the Actual Multiplier either exceeds the Maximum Multiplier or falls below the Minimum Multiplier it means that an **“Allocation Trigger Event”** has occurred.

Following an Allocation Trigger Event, the Investment Manager will adjust the allocation to the Baskets to adjust the Participation Level to the lower of (i) the product of the Target Multiplier and the Cushion and (ii) 100%.

Zero Coupon Trigger Event

If a Zero Coupon Trigger Event occurs, the level of the Portfolio allocated to the Baskets will be reduced to zero and the Portfolio will be 100% allocated to the Fixed Income Component and will perform in a similar manner to a zero coupon bond issued by the Republic of Italy until the Cash Maturity Date.

Termination Events of the Allocation Advisory Agreement

The circumstances in which the Put Option Counterparty may terminate the Allocation Advisory Agreement, which in turn will lead to a termination of the Put Option before maturity and therefore may lead to a reduced payment which may not match the Minimum Protection Level are set out below.

(i) Insolvency or bankruptcy (or similar event) of either party.
(ii) A Force Majeure Event which lasts for more than 30 days.
(iii) Any change of law or regulation which results in it becoming illegal for a party to perform its obligations under the Allocation Advisory Agreement
(iv) A Put Option Termination Event occurs.

Further information relevant to the Fund’s investment policy is contained in the main part of the Prospectus under “Investment Objectives and Policies” and under “Investment Restrictions”.

Use of FDIs

Swaps

The Fund may be exposed to the Baskets and the corresponding Basket Constituents through investing in Swaps with the Approved Counterparty. With respect to Funded Swaps, the Fund will pay an up-front payment to the Approved Counterparty in exchange for the Approved Counterparty paying a return linked to the relevant Basket Constituent. With respect to the Total Return Swaps, the

Approved Counterparty will pay to the Fund the return of a Basket Constituent in return for the Fund paying to the Approved Counterparty a return linked to a money market rate.

The Approved Counterparty will be required under the terms of the relevant Funded Swap to provide collateral to the Company in order to reduce the Fund exposure to the Approved Counterparty under the Funded Swap so that 100% of such exposure is collateralized.

The Swaps used to gain exposure to the Baskets in this way may be terminated by either party at any time if the Fund or the Investment Manager become subject to an insolvency (as well as if other industry standard events occur), in which case the non-defaulting party or the unaffected party respectively is entitled to calculate the close-out value of the Swap and it will do so in line with the industry standard requirements set out in the Swap. If the Swap is terminated, the Fund may then enter into new Swaps (unless the Directors resolve that it is inadvisable to do so) with the Approved Counterparty.

Futures

Futures are contracts to buy or sell a standard quantity of a specific asset (or, in some cases, receive or pay cash based on the performance of an underlying asset, instrument or index) at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange. Futures contracts allow the Fund to gain exposure to the Basket Constituents. Since these contracts are marked-to-market daily, the Fund can, by closing out their position, exit from their obligation to buy or sell the Basket Constituents prior to the contract's delivery date. Any futures contract entered into by the Fund will be in accordance with the limits prescribed by the law.

Put Option

The Put Option contains a number of termination events as more particularly set out under "**Termination Events of the Put Option**" in which case the non-defaulting party or the unaffected party respectively is entitled to calculate the close-out value of the Put Option and terminate the Put Option. The Fund will then enter into a new Put Option in order to achieve the Investment Objective (unless the Directors resolve that it is inadvisable to do so).

Risk Management

The Company on behalf of the Fund has filed its risk management policy with the Central Bank. The Fund will only invest in FDIs in accordance with its risk management policy agreed with the Central Bank. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

Leverage Policy

The Fund will employ leverage through the use of FDIs in accordance with the requirements of the Central Bank and subject to the limits set out under the section Investment Restrictions below. In such an event, the leverage within the Fund shall be limited to 100% of the Net Asset Value of the Fund.

Collateral

The Approved Counterparty will provide collateral to the Fund in the form of cash, government bonds issued by the Republic of Italy and/or government bonds issued by a Eurozone Member State with a rating of at least "AAA" or equivalent assigned by at least one Rating Agency, provided that no other Rating Agency has assigned a lower rating (the "**Collateral**") within the requirements set out by the Central Bank (as set out in the Prospectus) to reduce the Fund's exposure to the Approved Counterparty under the FDIs. The Collateral will be held in a segregated account with the Custodian on behalf of the Fund. In the unlikely event that the Approved Counterparty defaults under the FDIs, the Company can apply such Collateral, if any, to cover amounts owed to the Fund under the defaulted FDIs.

Efficient Portfolio Management

Repurchase Transactions

The Fund may, with regard to its ancillary cash, for efficient portfolio management purposes, enter into one or more repurchase transactions (each a "**Repo Transaction**"), at all times in compliance with the requirements of the Financial Regulator. In a Repo Transaction, the Fund would purchase securities from the relevant counterparty (the "**Repo Counterparty**") for an agreed purchase price and the Repo Counterparty would agree to repurchase equivalent securities from the Fund at a repurchase date and repurchase price agreed between them. Any Repo Counterparty must be a financial institution with a minimum credit rating for long-term debt of "**A2**" or equivalent assigned by a Rating Agency, provided that no other Rating Agency has assigned a lower rating.

The securities purchased by the Fund under a Repo Transaction will be highly liquid, with a minimum credit rating for long-term debt of "**A2**" or equivalent assigned by a Rating Agency, provided that no other Rating Agency has assigned a lower rating, and will help the Fund mitigate against counterparty risk, in accordance with the Financial Regulator's notices.

Each and any Repo Transaction entered into by the Fund will be marked to market daily and, if the market value of the securities purchased by the Fund is ever less than the initial purchase price paid by the Fund to initially purchase the securities under the Repo Transaction, then additional equivalent securities will be delivered to the Fund so that the current market value of the securities held by the Fund will, on a daily basis, at least match such purchase price.

By entering into any Repo Transaction, the Fund is not taking any economic exposure to the performance of the relevant securities.

Money Market Instruments and Government Bonds

The Fund may, with regard to its ancillary cash, for efficient portfolio management purposes, also invest directly in Money Market Instruments and government bonds issued by a Eurozone Member State with a maturity not longer than 3 months and a rating of at least "AAA" assigned by a Rating Agency, provided that no other Rating Agency has assigned a lower rating, or in the event that such government bonds do not satisfy this criteria, the highest rated government bonds issued by a Eurozone Member State having a rating of at least "AA" assigned by a Rating Agency, provided that no other Rating Agency has assigned a lower rating, in each case and at all times in compliance with the requirements of the Central Bank. Where such investments in Money Market Instruments, government bonds are made, the Fund will be taking economic exposure to the performance of the relevant instruments or bonds. Consequently, any negative performance in such instruments or bonds will have a negative impact on the Net Asset Value of the Fund.

Subscription Price and Repurchase Price

The subscription price and the Repurchase Price at which a Share will be subscribed for or repurchased, as the case may be, on a Dealing Day is the Net Asset Value per Share of the relevant Class on the relevant Dealing Day, as adjusted in accordance with any applicable Preliminary Charge, Exchange Charge or Repurchase Charge and in accordance with the provisions of this section.

The Net Asset Value per Share Class will differ on each Dealing Day: (a) as the value of the Fund Assets will increase or decrease over time by reference to the performance of the Portfolio; (b) as the fees and expenses in relation to the Fund will accrue over time; and (c) due to dealing charges, taxes and other similar costs and spreads from buying and selling prices of the Fund Assets.

Where there are net subscriptions and repurchases of Shares of in excess of 35% of the Net Asset Value of the Fund (other than during the Accumulation Period), an Anti-Dilution Levy may be charged which in any case and notwithstanding any other provision contained in the Prospectus shall not be more than 0.50% of the Net Asset Value per Share. Where there is no dealing in the Fund or Share Class on the relevant Dealing Day, the Repurchase Price will be the unadjusted Net Asset Value per Share Class rounded downwards to such number of decimal places as the Directors deem appropriate. Such Anti-Dilution Levy shall be charged in order to cover dealing costs associated with the net subscriptions and repurchases of Shares.

You should note that the Shares subscribed on a Dealing Day are only protected to the extent of the Minimum Protection Level on the Scheduled Maturity Date which, if the Shares have been subscribed for after the Portfolio Date, may be below the Net Asset Value per Share at which they have been subscribed. In this case the Net Asset Value per Share at any time may be less than the original value of your investment and you should be prepared to sustain a loss on your investment.

Shares will only be offered for further subscriptions up to the Portfolio Date.

Example

The table shows certain values for the Portfolio on various days (each, a "**Portfolio Value**"), the percentage change of the Portfolio Value and the corresponding expected Net Asset Value per Share on the corresponding days. The figures included in the following table are purely illustrative and should not be understood as indicators of potential Fund performance.

Dealing Day	Portfolio Value	Percentage change of the Portfolio Value	Cash in the Fund	Net Asset Value per Share (EUR)
Portfolio Date	93.94		0.15	94.09
Dealing Day 1	96.22	2.43%	0.15	96.37
Dealing Day 2	96.22	0.00%	0.15	96.37
Dealing Day 3	93.62	-2.70%	0.15	93.77
Dealing Day 4	94.61	1.06%	0.15	94.76
Dealing Day 5	96.88	2.40%	0.15	97.03

The example shown in the table assumes that the Fund holds the Baskets and ancillary cash and that any FDIs entered into by the Fund are collateralised to the extent required by the Central Bank. The Fund will effectively only invest directly and/or indirectly in one or more constituent of the Traditional and Diversified Baskets at the expiry of the Accumulation Period.

The example also assumes a constant investment with no additional subscriptions or repurchases in the Fund and without deduction of any fees or expenses.

Disruption Events

Upon the occurrence of a Disruption Event, and without limitation to the Directors' general powers as further described in the Prospectus:

(i) the Directors may, with the approval of the Custodian and acting with care and in good faith, make adjustments to determine the value of the Portfolio Components. The Net Asset Value of the Fund may be affected by such adjustment; and/or

(ii) the Directors may temporarily suspend the calculation of the Net Asset Value of the Fund and any subscription, repurchase and exchange of Shares in accordance with the provisions of the Prospectus under the section "Suspension of Calculation of the Net Asset Value".

It is not expected that the suspension of the calculation of the Net Asset Value of the Fund and any subscription, repurchase and exchange of Shares will last more than 8 consecutive Business Days. Following such suspension, the Investment Manager, acting in good faith, will undertake to use its best efforts to procure the Administrator or Directors,

(a) to resume the calculation of the Net Asset Value and

(b) once the Net Asset Value is published, to resume repurchase of the Shares.

Termination of the Fund

The Directors may terminate the Fund only in the following circumstances (each a "**Termination Event**"):

(a) if the Fund shall cease to be authorised or otherwise officially approved;

(b) if any law shall be passed which renders it in the opinion of the Directors impracticable or inadvisable for the Directors to continue the Fund; or

(c) there is a change in material aspects of the business, in the economic or political situation relating to the Fund which the Directors consider would have material adverse consequences on the investments of the Fund.

Upon the occurrence of a Termination Event, it is intended that the Fund will (i) liquidate all the Fund Assets, other than the government bonds issued by the Republic of Italy and (ii) satisfy the repurchase obligation by a distribution of the relevant cash proceeds and the bonds issued by the Republic of Italy in specie. Any such in specie transaction shall be in accordance with the requirements of the Central Bank and shall be subject to the prior consent of the relevant Shareholder and approval of the Custodian in respect of such distribution to ensure that each Shareholder will receive its pro rata share of the Fund Assets. In this case the Put Option will be subject to early termination and will be settled in accordance with its terms such that the Fund can deliver for each Share to the Shareholders at least an amount of cash and government bonds issued by the Republic of Italy whose sum of scheduled cash flows (interest and principal) as of their date of purchase is equal to the Minimum Protection Level at the Scheduled Maturity Date.

Investment Restrictions

The general investment restrictions set out under "Funds – Investment Restrictions" in the Prospectus apply to the Fund, provided that investments of the Fund shall be effected in accordance with the provisions of Articles 19 to 26 of Directive 85/611/EEC, as amended by Directives 2001/107/EC and 2001/108/EC (together the "**UCITS Directives**").

Eligible Investments

The Fund may invest into the following asset categories:

(i) financial instruments issued or guaranteed by OECD States, by local entities or by public entities of EU Member States or by international organisations of which one or more of the aforesaid States are members or by entities resident in the EU Member States, which include one of the following categories;

    a) government securities;

    b) bonds, which are capital protected at maturity, with the exclusion of structured securities;

    c) equity securities; and

    d) FDIs (both OTC and/or traded on an exchange), including futures contracts as well as Funded Swaps and/or Total Return Swaps entered into with the Approved Counterparty (see section "Use of FDIs"), which (i) are used for investment but not for speculative purposes; (ii) are linked to eligible underlying assets, within the limits defined in this Supplement and the Prospectus, and (iii) are entered into for the purposes of (a) reducing the investment risk for the underlying assets or (b) allowing an efficient investment of the Portfolio in which case the investment risk of any such FDI must be equivalent to the risk obtained by direct investment in the underlying assets.

(ii) Money Market Instruments issued or guaranteed by entities resident in OECD States or by international organisations of which one or more States is a member, that include the following categories and whose maturity does not exceed six months:

a) deposits with credit institutions having a rating of at least "AA-" assigned by a Rating Agency, provided that no other Rating Agency has assigned a lower rating, as permitted by the Regulations, provided they are repayable on demand or have the right to be withdrawn and are made with a credit institution in the EEA, Switzerland, Canada, Japan and the US;

b) repurchase transaction, with the obligation to repurchase and to deposit the securities with a banking institution.

(iii) CIS investing in transferable securities issued by CIS harmonised in accordance with the UCITS Directives (UCITS).

Investments in financial instruments not traded on a regulated market will be carefully analysed in order to assess the risk profiles in terms of yield, safety, liquidity and financial duration. These profiles must be consistent with the investment policies of the Fund and, with respect to liquidity, with the expected cashflows. Any such investment in financial instruments not traded on a regulated market shall not exceed 10% of the Net Asset Value of the Fund.

The above-described categories of financial instruments and the counterparties for such financial instruments carried out on the Fund's assets must have a rating of at least "A" or equivalent assigned by at least one Rating Agency, provided that no other Rating Agency has assigned a lower rating. When a net positive position can be determined, the above categories of financial instruments and the counterparties for such financial instruments must have a rating of at least "BB" or equivalent assigned by at least a Rating Agency, provided that no other Rating Agency has assigned a lower rating. Counterparties to OTC derivative transactions must have a rating of at least "A2" or equivalent assigned by a Rating Agency, provided that no other Rating Agency has assigned a lower rating. With regard to these financial instruments, the rating requirement may alternatively be fulfilled by referring to the issuer or the guarantor.

Following the Portfolio Date, investments in assets with a rating lower than "BB" or "not rated" are permitted within a 5% limit of the current Net Asset Value of the Fund. This limit does not include (i) "not rated" securities issued by entities subject to prudential supervision on an individual basis (ii) shares and (iii) government bonds and/or strips issued by the Republic of Italy.

With respect to CIS units, the risk profile of the corresponding credit must not exceed the expected risk profile of the above-mentioned financial instruments. In particular, the credit risk profile may be assessed by means of composition of the Fund Assets, also in terms of prevalent investment resulting from CIS regulations. CIS units that do not fulfil this condition must fall within the above mentioned limit of 5%.

Limits to Investment Management

In managing the Fund, the Investment Manager is not permitted to (whether directly or through the use of FDIs):

- short sell financial instruments, unless for hedging purposes;

- invest in financial instruments representing, or having as underlying, commodities;
- accrue any indebtedness of whatsoever nature. However, it is permitted to temporarily have liabilities through Money Market Instruments for values not exceeding 3% of the Net Asset Value of the Fund.

The mark to market value of investments in financial instruments not traded in a regulated market shall not exceed the threshold of 10% of the Net Assets Value of the Fund. However, such limit is not applicable to currency forwards, the mark to market value of which shall not exceed the threshold of 20% of the Net Asset Value of the Fund. If the Fund invests in more than 20% of a single issuance of a financial instrument, such financial instrument shall be considered as not traded for the purposes of calculating the above threshold but this restriction should not include FDIs that are fully collateralised in accordance with the requirements set out under the "Collateral" section above of this Supplement.

Investments in financial instruments or Money Market Instruments issued by the same entity shall not exceed the threshold of 10% of the Net Assets Value of the Fund. However such limit is not applicable (i) to debt securities issued or guaranteed by an European Union Member State or issued by supra-national bodies participated by one or more European Member States; and (ii) to debt securities issued by OECD States with an “AAA” or equivalent rating assigned by at least one Rating Agency, according to the classification scale relating to medium-long term investments, provided that no other Rating Agency has assigned a lower rating.

The Fund may not invest more than 30% of its Net Asset Value in financial instruments issued by (i) the Affiliated Companies (subject to a 20% restriction per each Affiliated Company) or (ii) different entities belonging to the same group. However such limit is not applicable to government fixed income securities issued by the Republic of Italy.

The Fund may not invest in units of UCITS, the assets of which are invested for more than 10% in other UCITS.

The Fund may not invest more than 20% of its Net Asset Value in any one UCITS.

The Fund may not invest in units of non-UCITS.

Segregated Liability

The Company has segregated liability between its Funds and accordingly any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of that Fund in accordance with the Irish Companies Acts.

Limited Recourse

A Shareholder will solely be entitled to look to the Fund Assets in respect of all payments in respect of its Shares. If the realised net assets of the Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other fund or any other asset of the Company.

Each FDI may contain limited recourse provisions under which the recourse against the Company in respect of any claims arising under or in relation to the FDI are expressed to be limited to the Fund Assets, and the Approved Counterparty will have no recourse to any other assets of the Company. If following the realisation of the Fund Assets and the application of such realisation proceeds in payment of all claims of the Approved Counterparty relating to the Fund and all other liabilities (if any) of the Company ranking *pari passu* with or senior to such claims which have recourse to the Fund, such claims are not paid in full, (a) the amount outstanding in respect of such claims will be automatically extinguished, (b) the Approved Counterparty will have no further right of payment in respect thereof and (c) the Approved Counterparty will not be able to petition for the winding-up of the Company as a consequence of any such shortfall.

Borrowings

The Company on behalf of the Fund may borrow up to 3% of the Net Asset Value of the Fund on a temporary basis and without prejudice to the limitations referred to under the section Investment Policy above.

Listing

No application has been made to list the Shares on any stock exchange. The Directors may, however, seek listing of the Shares on one or more stock exchanges following the Launch Date.

General Information Relating to the Fund

Base Currency	Euro
Dealing Deadline	1 p.m. (Milan time) on the relevant Dealing Day.
Dealing Day	Any Business Day.
Launch Date	Means 29 July 2010.
Portfolio Date	Means the 29 October 2010
Cash Maturity Date	Means 3 Business Day prior to the Scheduled Maturity Date, unless this is not a Business Day, in which case it will be the immediately preceding Business Day.
Minimum Fund Size	Not Applicable
Valuation Point	The close of business in Dublin on the relevant Dealing Day by reference to which the Net Asset Value per Share for each Class of Shares of the Fund is determined.
Settlement Date	Three Business Days after the relevant Dealing Day provided the Fund receives the proceeds upon liquidation of the Fund Assets. Otherwise the Investment Manager may postpone the Settlement Date in accordance with the UCITS Directives and the Regulations. In all instances, settlement shall occur within 10 Business Days of the relevant Dealing Deadline.

Description of the Shares

Classes of Shares	"**A**"
ISIN Code	IE00B6757H53
Initial Issue Price per Share	EUR 94.09
Minimum Initial Investment Amount	EUR 1,000
Minimum Additional Investment Amount	EUR 1,000

Fees and Expenses

The following fees will be incurred on each Class of Share by Shareholders (which accordingly will not be incurred by the Company on behalf the Fund and will not affect the Net Asset Value of the Fund):

Classes of Shares	**"A"**
Exchange Charge	No Charge
Repurchase Charge	No Charge
Preliminary Charge	No Charge

Portfolio Costs

Certain reasonable transaction costs may be incurred in gaining such exposure to the Portfolio or relevant Portfolio Components and these costs may include, but not be limited to brokerage charges, commissions, bid-offer spreads and licensing fees. The Net Asset Value of the Fund will reflect such transaction costs.

The following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value of the Fund.

Investment Manager Fees	Up to 0.45% per annum of the Net Asset Value of the Fund (plus VAT, if any) is payable by the Company out of the assets of the Fund to the Investment Manager. The fee will accrue daily, from the Portfolio Date, and be calculated on each Dealing Day and paid on each Fee Payment Date in arrears. The Investment Manager and the Distributor will not be entitled to be reimbursed out of the assets of the Fund for their respective out-of-pocket expenses.
Traditional Basket Fees	*(i) Base Fee:* The Traditional Basket includes a deduction in respect of annual running costs of 0.20% per annum of the net asset value of the Traditional Basket accrued daily, from the Portfolio Date, and paid quarterly in arrears on each Fee Payment Date to the Portfolio Selection Agent. *(ii) Performance Fee:* The Traditional Basket includes a deduction in respect of a performance fee, payable to the Portfolio Selection Agent, of up to 25%, charged on the daily positive performance (calculated as a percentage) of the net asset value of the Traditional Basket (without taking into account the performance of any cash, deposits and government fixed income securities within the Traditional Basket, after deduction of Base Fees) above the highest previous net asset value of the Traditional Basket on which a performance fee was paid on any Business Day since the Portfolio Date. No performance fee shall be paid until the net asset value of the Traditional Basket calculated as described above exceeds the previous highest net asset value of the Traditional Basket on which the performance fee was paid. For the avoidance of doubt, deductions from the net asset value of the Traditional Basket shall be applied on a consistent basis to the performance fee calculation over the life of the Fund. The first fee period will be from the Portfolio Date to the end of the respective calendar quarter and subsequent fee periods shall be on a quarterly basis thereafter and paid quarterly in arrears on each Fee Payment Date. The Performance Fee will accrue and will be deducted from the Traditional Basket on each Business Day The calculation of the Performance Fee payable to the Portfolio Selection Agent shall be verified by the Custodian. The net asset value of the Traditional Basket shall be published daily on Bloomberg.
Diversified Basket Fees	*(i) Base Fee:* The Diversified Basket includes a deduction in respect of annual running costs of 0.20% per annum of the net

	asset value of the Diversified Basket accrued daily, from the Portfolio Date, and paid quarterly in arrears on each Fee Payment Date to the Investment Manager. *(ii) Performance Fee:* The Diversified Basket includes a deduction in respect of a performance fee, payable to the Investment Manager, of up to 25%, charged on the daily positive performance (calculated as a percentage) of the net asset value of the Diversified Basket (without taking into account the performance of any cash, deposits and government fixed income securities within the Diversified Basket, after deduction of Base Fees) above the highest previous net asset value of the Diversified Basket on which a performance fee was paid on any Business Day since the Portfolio Date. No performance fee shall be paid until the net asset value of the Diversified Basket calculated as described above exceeds the previous highest net asset value of the Diversified Basket on which the performance fee was paid. For the avoidance of doubt, deductions from the net asset value of the Diversified Basket shall be applied on a consistent basis to the performance fee calculation over the life of the Fund. The first fee period will be from the Portfolio Date to the end of the respective calendar quarter and subsequent fee periods shall be on a quarterly basis thereafter and paid quarterly in arrears on each Fee Payment Date. The Performance Fee will accrue and will be deducted from the Diversified Basket on each Business Day The calculation of the Performance Fee payable to the Investment Manager shall be verified by the Custodian. The net asset value of the Diversified Basket shall be published daily on Bloomberg.
Protection Fee	The Put Option Counterparty will charge 0.10% p.a. of the Net Asset Value as protection fee in order to provide the Minimum Protection Level on the Scheduled Maturity Date under the terms of the Put Option. The fee will accrue daily, from the Portfolio Date, and be calculated on each Dealing Day and paid on each Fee Payment Date in arrears.
Fixed Fee	The Fixed Fee is payable by the Company for the Fund and is up to (a) 0.10% of the Net Asset Value of the Fund per annum or (b) 0.20% of the Net Asset Value of the Fund per annum, in case the Net Asset Value of the Fund is less than EUR 150 million. The Fixed Fee is in respect of the ordinary fees, expenses and costs in each case actually incurred by the Fund that include Transaction Fees and Administrative Expenses (including the Administrator's Fees, the Custodian's Fees, the Setting up Costs and other Administrative Expenses) as further described in the Prospectus. The fee will accrue daily and be calculated on each Dealing Day and paid each Fee Payment Date in arrears. **The Fixed Fee arrangement expressly excludes the Fees of the Investment Manager and extraordinary expenses.**

Please see the section "Fees and Expenses – Portfolio Costs" for further information on additional costs related to the Portfolio which may affect the performance of the Fund.

RISK FACTORS

Certain risks relating to the Shares are set out under the heading "Risk Factors" in the Prospectus.

Investors should also be aware that an investment in a derivative involves valuing the Portfolio and, where applicable, the Fund Assets. The value of the Portfolio and the Fund Assets and the techniques which may be used to link them may vary over time. Consequently, the value of Fund Assets may increase or decrease by reference to a variety of factors which may include, amongst others, corporate actions, macroeconomic factors, general market trends and speculation.

Please note that the risks factors outlined below and in the Prospectus do not purport to be exhaustive or fully explain all of the risks involved with an investment in the Fund, and that the headings below are for convenience only and the categorisation of the risk factors should not be considered unique or exhaustive.

General Risk Factors

General risks related to investments in the Fund

a) The sub-funds of the Company are segregated as a matter of Irish law and as such, in Ireland, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, it should be noted that the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability as set out above.

b) The return payable under an FDI is subject to the credit risk of Barclays Bank PLC as Approved Counterparty. Investors should note that not only will they be exposed to the credit risk of Barclays Bank PLC but also potential conflicts of interest in the performance of the functions undertaken by Barclays Bank PLC in respect of the Fund. In such circumstances, Barclays Bank PLC has undertaken to use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that Barclays Bank PLC is suitable and competent to perform such functions.

c) Exposure to the Portfolio is also achieved through an investment in FDIs which seek to replicate the performance of the Portfolio but which may not be able to do so exactly. Consequently, the return Shareholders will receive may not exactly track the value of the Portfolio. Shareholders should thus be familiar with the risks associated with such an approach to investment.

d) This investment is suitable for investors who believe that the Baskets will appreciate on a steady and continuous basis until the Cash Maturity Date of the Fund and will not experience at any time any serious decline in value during this period. The objective of this Fund is to offer exposure to the Baskets with capital protection and will therefore not track the performance of the Baskets on a one-for-one basis. Investors should note that the negative performance of the Basket may result in the Portfolio being fully invested in a zero coupon bond style investment in EUR in order to protect the value of the Minimum Protection Level on the Scheduled Maturity Date.

e) Fund Assets may comprise securities issued by the Republic of Italy. Investors should note that they are exposed to the credit risk of the Republic of Italy, i.e. if a Credit Event occurs in respect of such securities, investors may realise less than the Minimum Protection Level (i.e. payment under the Put Option will be reduced).

f) **Investors should note that there is a difference between the nature of a deposit and the nature of an investment in the Fund. The return on the Shares may be less than that of other securities of comparable maturity or less than interest rates available in the market.**

g) Any Repo Transaction may be terminated in accordance with its terms upon the occurrence of certain events with respect to either the Repo Counterparty or the Fund (including failure to pay, insolvency, or breach of agreement). Upon such termination, the default market value of the securities which are the subject of the Repo Transaction will be determined in accordance with the terms of the relevant Repo Transaction and a payment settling each party's claim against the other under such Repo Transaction will, based on such determination, be made by either the Repo Counterparty or the Fund. From this point on (1) the Fund will take ownership of such securities and therefore will be exposed to the market risk and credit risk of these securities and (2) there is no further obligation on the Repo Counterparty to repurchase equivalent securities and/or to deliver to the Fund additional equivalent securities if the market value of the securities decreases.

h) Returns on any investments made by the Fund may be subject to tax, withholding and other deductions (including deductions made by Barclays Bank PLC as the Approved Counterparty). Such tax, withholding or deductions will affect the Net Asset Value of the Fund.

i) Shareholders should note that Barclays Bank PLC shall act as the Approved Counterparty and Investment Manager and Shareholders may be exposed to potential conflicts of interest as a result. In addition, the Fund may be exposed to the potential conflicts of interest in the performance of the function of Approved Counterparty and Investment Manager. The operational risks arising from any such potential lack of independence are in part reduced by the fact that different divisions within Barclays Bank PLC will be responsible for the different roles. In such circumstances, Barclays Bank PLC has undertaken to use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that Barclays Bank PLC is suitable and competent to perform such functions.

Risks related to valuation of assets

a) The value of investments in the Fund may fall as well as rise and investors may get back less than they originally invested. Investors should also be aware that the value of any investments in the fund may be extremely volatile and subject to sudden fluctuations.

b) Investors should be aware that if the Fund is required to satisfy a large repurchase order the Investment Manager may not, given the size of the repurchase, be able to liquidate the entire order on one day as this may have an adverse impact on the liquidation proceeds of the Fund Assets and may lead to the corresponding proceeds received by the redeeming investors being significantly lower than the repurchase proceeds achievable during an orderly liquidation over several days.

c) Investors should be aware that if the Fund is required to satisfy a substantial repurchase order during the time of increased volatility or distressed market conditions, the price of realization of the Funds assets and the corresponding repurchase proceeds received by the redeeming investors may be significantly lower than the prices of assets and the repurchase proceeds achievable during normal market conditions or they may even be zero.

d) Investors should be aware that a number of provisions in the Prospectus relating to the ability of the Company or its Directors to satisfy the repurchase requests, including the suspension of the calculation of Net Asset Value, repurchase of Shares beyond certain limits, and satisfaction of repurchase in specie, will be limited to the following circumstances: (i) a Termination of the Fund by the Directors or (ii) a temporary suspension of the calculation of the Net Asset Value that lasts more than 8 Business Days. For more details please refer to section "Other Information – Amendments to the Prospectus". As a result, the ability of the Investment Manager to effect an orderly repurchase could be limited and therefore the repurchase proceeds available to the investors could be less than they would have been had such orderly repurchase been available.

e) Investors should be aware that the Base Currency of the Fund is Euro. Currency fluctuations between the Base Currency and the investors' currency of reference may adversely affect the value of an investment in the Fund.

f) The FDIs providing exposure to the Basket Constituents may be terminated in accordance with their terms upon the occurrence of certain events with respect to either the Approved Counterparty or the Fund in event of default (such as a failure to pay, breach of agreement or bankruptcy), insolvency filing, hedging disruption, increased cost of hedging, or a termination event due, for example, illegality or a change in the tax or accounting laws. Upon such termination, the Fund or the Approved Counterparty may be liable to make a termination payment (regardless of which party may have caused such termination) based on the mark to market value of the FDIs at such time, as determined by the Approved Counterparty.

g) Should the FDIs linked to the Basket Constituents be terminated prior to the Scheduled Maturity Date, the Fund may then enter into new FDIs with the Approved Counterparty.

h) Under certain circumstances beyond the control of the Investment Manager, including (but not limited to) Disruption Events, termination of the FDIs by the Approved Counterparty, the Fund may fail to achieve its Investment Objective. Under such circumstances, the Net Asset Value of the Shares may fall below the Minimum Protection Level and Shareholders may no longer receive the Minimum Protection Level, and may therefore sustain an even greater loss.

Risks related to settlement

Investors should be aware that if the Investment Manager is forced to liquidate a substantial part of the Fund Assets in order to satisfy a significant repurchase order, the Settlement Date of such repurchase order can be postponed until the time the Fund receives the proceeds upon liquidation of the Fund Assets. Otherwise the Investment Manager shall pay the proceeds as soon as possible and in any event within the time period required by the Regulations being within 10 Business Days of the relevant Dealing Deadline.

Risks related to termination events

The Directors may terminate the Fund in the following circumstances:

- if the Fund shall cease to be authorised or otherwise officially approved;
- if any law shall be passed which renders it in the opinion of the Directors impracticable or inadvisable to continue the Fund;
- there is a change in material aspects of the business, in the economic or political situation relating to the Fund which the Directors consider would have material adverse effect on the investments of the Fund;

Risks related to Disinvestment Events

The Portfolio may reduce its allocation to the Basket to zero. Such circumstances may include, without limitation, those set out in “Zero Coupon Trigger Event”. Once such an event occurs, such FDIs, and consequently the Fund, will no longer be exposed to the performance of the Basket, and as a result, may not participate in any subsequent positive performance of the Baskets.

Risks related to CPPI

a) The Portfolio follows the CPPI Strategy, a dynamic allocation strategy that algorithmically manages the allocation of the Portfolio to the Portfolio Components with the aim of achieving at least the Minimum Protection Level on the Scheduled Maturity Date. Therefore investors are accepting that their investment shall be exposed to this particular determined CPPI Strategy and acknowledge that the performance of the Portfolio (and, consequently, the Fund) will depend on the CPPI Strategy. In addition, investors should note as the CPPI Strategy is a predetermined methodology, it may be the case that the Portfolio is not exposed to the best performing assets or instruments

b) Under the CPPI Strategy, in order to protect the Minimum Protection Level, during any periods of negative performance of the Baskets, the allocation of the Portfolio to the Baskets may be reduced and, conversely, the allocation to the Fixed Income Component may be increased. Consequently if, following such reduction in exposure, the Baskets perform positively, the Portfolio will benefit less from such positive performance than would have been the case had the exposure to the Baskets not been reduced.

c) Under the CPPI Strategy, negative performance of the Baskets may cause a Zero Coupon Trigger Event, as a consequence of which the exposure of the Portfolio to the Basket will be reduced to zero. Once such an event occurs, the Fund will no longer be exposed to the performance of the Baskets, and as a result, may not participate in any subsequent positive performance of the Baskets. Also increases in the volatility of the Baskets by a small amount may significantly increase the likelihood of the occurrence of a Zero Coupon Trigger Event, particularly when the expected annual return of the Baskets do not increase at the same time.

d) The CPPI Strategy is designed to ensure that the assets of the Fund are sufficient to provide investors with repurchase proceeds equal to at least the Minimum Protection Level on or after the Scheduled Maturity Date. Therefore, if the investment objective is achieved, investors who redeem their Shares on or after the Scheduled Maturity Date are expected to receive a repurchase amount per Share at least equal to the Minimum Protection Level. However, if an investor redeems Shares prior to the Scheduled Maturity Date, the Net Asset Value of such Shares may be less than the Minimum Protection Level and such investor may therefore receive less than the Minimum Protection Level.

Market risks

Price movements of FDIs in which funds may invest are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and U.S. and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

Risks related to Portfolio Selection Agent

Investors should note that the Portfolio Selection Agent may be removed, if it is in breach of Investment Guidelines relating the Traditional Basket. The removal of the Portfolio Selection Agent may increase the risk that the investment objective of the Traditional Basket will not be achieved if a suitable replacement for the Portfolio Selection Agent is not found.

Risks related to Performance Fees:

In so far as the Performance Fees are concerned, Shareholders should be aware that:

a) The increase in the value of the Traditional Basket or the Diversified Basket, which are used as a basis for the calculation of performance fees, may comprise of both realized and unrealized gains. As a result, performance fees may be paid on unrealized gains which may subsequently never be realized by the Fund so the shareholders might receive a lower return than if Performance Fees were not charged but instead fixed fees would apply;

b) The payment of performance fees may incentivize the Investment Manager or the Portfolio Selection Agent, with respect to the Traditional Basket or the Diversified Basket, to take higher risks in its investment decisions, but subject to the Investment Guidelines described herein; this might have an adverse effect on the risk of the investment which might increase;

c) The performance fees are based on net realised and net unrealised gains and losses and as a result, performance fees may be paid on unrealised gains which may subsequently never be realised;

d) It is possible that performance fees in respect of performance achieved may be payable to the Portfolio Selection Agent or the Investment Manager even though the overall Net Asset Value of the Fund may not have increased as the performance fees payable are based only on the performance of the Basket for which the Portfolio Selection Agent and the Investment Manager are responsible.

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S&P 500 Index

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EURO STOXX 50 Index

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- recommend that any person invest in the Shares or any other shares;
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consider the needs of the Shareholders in determining, composing or calculating the Index or have any obligation to do so.

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TOPIX Index

(i) The TOPIX Index Value and the TOPIX Index Marks are subject to the rights owned by the Tokyo Stock Exchange, Inc. and the Tokyo Stock Exchange, Inc. owns all rights relating to the TOPIX Index such as calculation, publication and use of the TOPIX Index Value and relating to the TOPIX Index Marks.

(ii) The Tokyo Stock Exchange, Inc. shall reserve the rights to change the methods of calculation or publication, to cease the calculation or publication of the TOPIX Index Value or to change the TOPIX Index Marks or cease the use thereof.

(iii) The Tokyo Stock Exchange, Inc. makes no warranty or representation whatsoever, either as to the results stemmed from the use of the TOPIX Index Value and the TOPIX Index Marks or as to the figure at which the TOPIX Index Value stands on any particular day.

(iv) The Tokyo Stock Exchange, Inc. gives no assurance regarding accuracy or completeness of the TOPIX Index Value and data contained therein. Further, the Tokyo Stock Exchange, Inc. shall not be liable for the miscalculation, incorrect publication, delayed or interrupted publication of the TOPIX Index Value.

(v) No Licensed Products are in any way sponsored, endorsed or promoted by the Tokyo Stock Exchange, Inc.

(vi) The Tokyo Stock Exchange, Inc. shall not bear any obligation to give an explanation of the Licensed Products or an advice on investments to any purchaser of the Licensed Products or to the public.

(vii) The Tokyo Stock Exchange, Inc. neither selects specific stocks or groups thereof nor takes into account any needs of the issuing company or any purchaser of the Licensed Products for calculation of the TOPIX Index Value.

(viii) Including but not limited to the foregoing, the Tokyo Stock Exchange, Inc. shall not be responsible for any damage resulting from the issue and sale of the Licensed Products.

OTHER INFORMATION

1. The following paragraph of the **Deferral of Subscriptions** section of the Prospectus will be disapplied in respect of this Fund **but only during the Accumulation Period**:

> "The Directors may, in their sole and absolute discretion, determine that in certain circumstances, it is detrimental for existing Shareholders to accept an application for Shares in cash or in specie, representing more than 5% of the Net Asset Value of a Fund. In such case, the Directors may postpone the application and, in consultation with the relevant investor, either require such investor to stagger the proposed application over an agreed period of time, or establish an Investment Account outside."

2. The following paragraph of the **Limitations on Repurchases** section of the Prospectus will be disapplied in respect of this Fund:

> "The Directors are entitled to limit the number of Shares in a Fund repurchased on any Dealing Day to Shares representing 10% of the total Net Asset Value of that Fund on that Dealing Day. In this event, the limitation will apply *pro rata* so that all Shareholders wishing to have Shares of that Fund repurchased on that Dealing Day realise the same proportion of such Shares. Shares not repurchased, but which would otherwise have been repurchased, will be carried forward for repurchase on the next Dealing Day and will be dealt with in priority (on a rateable basis) to repurchase requests received subsequently. If requests for repurchase are so carried forward, the Administrator will inform the Shareholders affected."

3. The following paragraph of the **Limitations on Repurchases** section of the Prospectus will be applied in respect of this Fund in the following situations (a) following a temporary suspension of the calculation of the Net Asset Value of the Fund and any subscription, repurchase and exchange of Shares (with such suspension lasting no more than 8 consecutive Business Days) as described in "Disruption Events, clause (ii)" or (b) a termination of the Fund by the Directors as described in section "Termination of the Fund", if practical:

> "The Articles contain special provisions where a repurchase request received from a Shareholder would result in Shares representing more than 5% of the Net Asset Value of any Fund being repurchased by the Company on any Dealing Day. In such a case, the Company may satisfy the repurchase request by a distribution of investments of the relevant Fund in specie provided that such a distribution would not be prejudicial to the interests of the remaining Shareholders of that Fund. Where the Shareholder requesting such repurchase receives notice of the Company's intention to elect to satisfy the repurchase request by such a distribution of assets that Shareholder may require the Company, instead of transferring those assets, to arrange for their sale and the payment of the proceeds of sale to that Shareholder less any costs incurred in connection with such sale."

4. The following paragraph of the **Mandatory Repurchases** section of the Prospectus will not apply to an institutional investor tax-resident in an EU Member State, which is eligible to invest in a UCITS fund in accordance with its own local laws and regulations or under Irish laws and regulations:

"The Company reserves the right to repurchase any Shares which are or become owned, directly or indirectly, by a U.S. Person (unless pursuant to an exemption under U.S. securities laws), by any individual under the age of 18 (or such other age as the Directors think fit) or if the holding of the Shares by any person is in breach of any law or requirement of any country or governmental authority or by virtue of which such person is not qualified to hold such Shares or might result in the Company incurring any liability to taxation or suffering other pecuniary legal or material administrative disadvantages which the Company might not otherwise have incurred, suffered or breached."

5. The following paragraph of the **Subscription for Shares**-**Anti-Dilution Levy** section of the Prospectus will be disapplied in respect of this Fund **but only during the Accumulation Period**:

   "In calculating the Net Asset Value per Share, the Directors may, where there are large subscriptions, adjust the Net Asset Value per Share by adding an Anti-Dilution Levy of up to 1% the Net Asset Value per Share (will be described in the relevant Supplement) for retention as part of the assets of the relevant Fund, further details of which will be set out in the relevant Supplement. This Anti-Dilution Levy will cover dealing costs and preserve the value of the assets of the relevant Fund."

6. The following points of the **Termination of Funds** section of the Prospectus will be disapplied in respect of this Fund:

   "Any Fund may be terminated by the Directors, in their sole and absolute discretion, […] in any of the following events:

   (i) if at any time the Net Asset Value of the relevant Fund shall be less than such amount as may be determined by the Directors in respect of that Fund;
   (ii) if the Directors shall have resolved that it is impracticable or inadvisable for a Fund to continue to operate having regard to prevailing market conditions and the best interests of the Shareholders."

Miscellaneous

The Company has also the following Funds established as at the date of this Supplement namely:

(a) Global Commodities Delta Fund (USD)
(b) Asian Real Estate Income Fund (SGD)
(c) Barclays Asia Equity Dividend Fund
(d) Asian Real Estate Income Fund (GBP)
(e) Entertainment Select Income Fund (SGD)
(f) China Accelerated Growth Fund (HKD)
(g) Investment Legends Fund
(h) Global Agriculture Delta Fund
(i) GEMS Fund
(j) Fondo Radar
(k) Barclays Real Return USD Fund
(l) Barclays RMB Bond Fund
(m) Barclays Roll Yield Commodities Fund
(n) Dynamic Allocation Index Fund*
(o) Global Commodities Dynamic Fund*
(p) Sector Rotation Fund*
(q) Revolution Fund*
(r) Dynamic Money Builder Fund (SGD)*
(s) Power Select Income Fund (USD)*
(t) Bonus Select Income Fund (SGD)*
(u) Bonus Select Income Fund (USD)*
(v) Sector Select Income Fund (USD)*

(w) Strategic Select Income Fund (SGD)*
(x) Strategic Select Income Fund (USD)*
(y) China Accelerated Growth Fund (USD)*
(z) Life Select Income Fund (SGD)*
(aa) Barclays Global Asset Allocation Fund*
(bb) China Accelerated Growth Fund (SGD)*
(cc) New Zealand Dollar Income Fund*
(dd) Liquidity Compass (EUR) Fund*
(ee) Mexico Equity Protect 80 Fund (MXN)*
(ff) Dynamic Golden Allocation Fund*
(gg) Barclays HFRX Opportunity Fund*

* These funds are no longer active and application for withdrawal of approval of these funds is in the process of being made.

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SCHEDULE

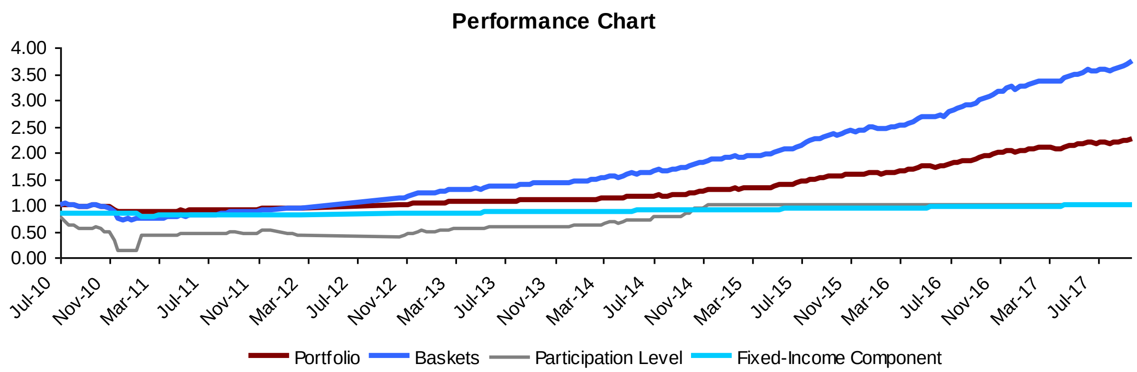
Scenarios

The examples below demonstrate four possible return scenarios for the Portfolio and the Baskets, expressed as a percentage of their respective values on the Portfolio Date. All of them represent hypothetical randomly generated scenarios that reflect a certain risk and return profile. Investors should keep in mind, that each of these scenarios only represents one possible manifestation of a given risk-return profile. The examples assume a Participation Level of 65%.

The examples below are indicative only and do not represent the likely or future performance of the Baskets, the Portfolio or the Fund.

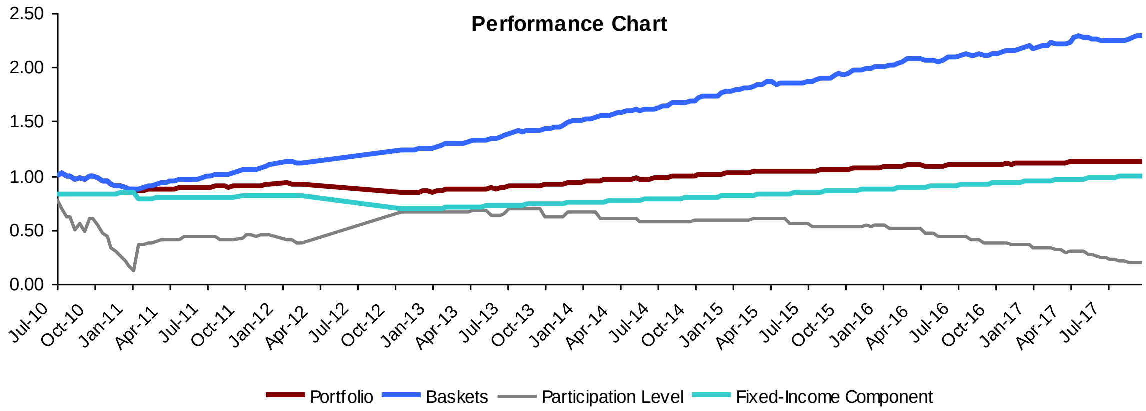
Example 1

The Baskets deliver a steady growth, and in this case the Portfolio reaching the 100% Participation Level remains 100% exposed to the Baskets until the Cash Maturity Date.



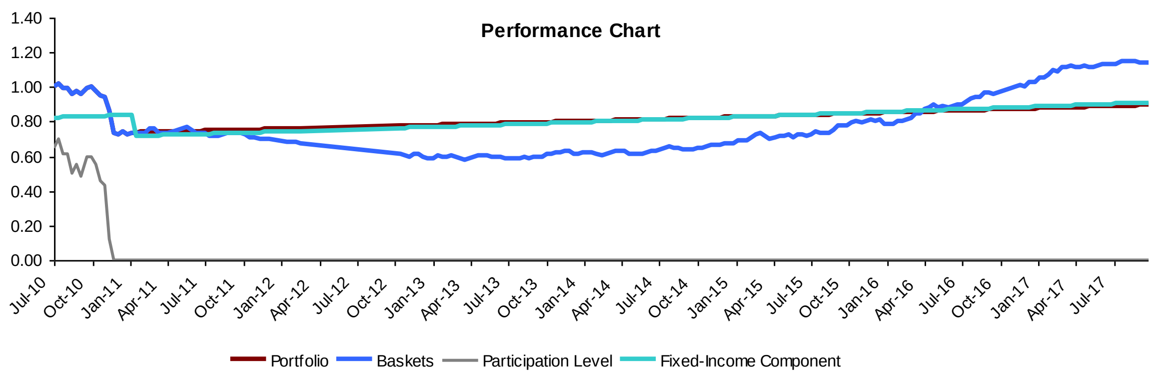
Example 2

The Baskets experience high volatility and negative returns in the first few years of the investment that leads to a decreasing Participation Level to the Baskets. Consequently, when the Baskets start performing better during the last years of the investment, the Portfolio will have a lower growth rate and investors lose the chance of fully benefiting from the growth of the Baskets up to the Cash Maturity Date.



Example 3

The Baskets decline sharply over a short period of time leading to a Zero Coupon Trigger Event that results in the Portfolio being fully allocated to the Fixed Income Component. This scenario demonstrates the possibility of losing exposure to the Baskets before it starts delivering a good performance.



Example 4

This scenario demonstrates the protective nature of the CPPI Strategy. The Baskets show a declining poor performance, however, the CPPI Strategy ensures that investors will receive back the Minimum Protection Level on the Scheduled Maturity Date.