

PROSPECTUS FOR SWITZERLAND

OF

FIDELITY INSTITUTIONAL FUNDS

(an umbrella company with variable capital
registered in England and Wales under registered number IC3)

This document constitutes the Prospectus for Fidelity Institutional Funds and has been prepared in accordance with The Collective Investment Schemes Sourcebook ("COLL").

FIL Investment Services (UK) Limited, the Authorised Corporate Director of the Company, is the person responsible for the information contained in this Prospectus and accepts responsibility accordingly. It has taken all reasonable care to ensure that, to the best of its knowledge and belief, the information in this document does not contain any untrue or misleading statement or omit any matters required by The Collective Investment Schemes Sourcebook to be included in it.

This Prospectus is dated and is valid as at 1 July 2009.

The present Prospectus is exclusively reserved for the offer and distribution of Shares of the Company in or from Switzerland. It does not cater for the offer and distribution of Shares of the Company in any other country.

Prospectus of Fidelity Institutional Funds

An umbrella company with variable capital registered in England and Wales under registered number IC3.

No person has been authorised by the Company to give any information or to make any representations concerning the Company or in connection with the offering of Shares other than those contained in this Prospectus, and, if given or made, such information or representations must not be relied on as having been given or made by the Company. Any purchase of Shares made by any person on the basis of information or representations not contained in or inconsistent with the information and representations contained in this Prospectus will be solely at the risk of the purchaser.

The Company's Funds are designed and managed to support longer-term investment, and frequent trading is discouraged. The Company is not intended to serve as a vehicle for active trading which seeks to take advantage of short-term fluctuations in securities markets. This type of short-term or excessive trading is often described as "market timing" and may harm a Fund's performance by disrupting portfolio management strategies and by increasing expenses. FIL Investment Services (UK) Limited is committed to disallowing transactions which it knows or reasonably believes to represent a pattern of market timing activity involving the Funds. Accordingly, FIL Investment Services (UK) Limited and other distributors may reject any purchase or switch of Shares from persons who are considered to have a history of short-term or excessive trading in the Funds or in other funds managed by Fidelity or by other funds managers, or whose trading activity has been or may be disruptive.

The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date hereof.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Company to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Shares in the Company are not listed or dealt on any investment exchange.

The Company's Funds are designed principally for institutional investors such as pension funds, charities and local government bodies. However, potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

Investors in the Company agree that data relating to them may be stored or used for legitimate purposes by FIL Investment Services (UK) Limited and associated or affiliated companies, who may be based outside of the European Economic Area. Data provided by investors will be used for a number of different purposes, including to develop and process the business relationship and to comply with legal and regulatory requirements. Data may be shared with associated or affiliated companies, wherever located, with intermediaries and other parties in the business relationship, and with other third parties for the purposes mentioned above. Information about investors may also be passed to financial and other organisations for the purpose of fraud prevention and where it is suspected that the relevant investor is or has been engaging in short-term, excessive or disruptive trading in the Company's Funds or other funds, so that appropriate steps may be taken in order to protect the Company and its Shareholders. If data is transferred outside of the UK, Fidelity will ensure that the recipient agrees to hold it securely in accordance with the requirements of the Data Protection Act 1998.

The provisions of the Company's Instrument of Incorporation are binding on each of its Shareholders (who are taken to have notice of them).

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by FIL Investment Services (UK) Limited.

This Prospectus is based on information, law and practice at the date hereof. The Company cannot be bound by an out of date prospectus when it has issued a new prospectus, and investors should check with FIL Investment Services (UK) Limited that this is the most recently published prospectus.

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TERMS USED IN THIS DOCUMENT

“ACD”	FIL Investment Services (UK) Limited, the authorised corporate director of the Company.
“Approved Bank”	An approved bank as defined in the Glossary to the FSA Handbook.
“Class”	All of the Shares relating to a single Fund or a particular class of Shares relating to a single Fund.
“COLL”	Refers to the appropriate chapter or rule in the COLL Sourcebook.
“COLL Sourcebook”	The Collective Investment Schemes Sourcebook issued by the FSA as amended or re-enacted from time to time.
“Company”	Fidelity Institutional Funds.
“Company (-ies) in (name of country)”	Every time the term “company (-ies)” is used in connection with the name of a country or a region this means that this company has its head office or exercises an overriding part of its economic activity in the respective country or region.
“Depositary”	J.P.Morgan Trustee and Depositary Company Limited, the depositary of the Company.
“EEA State”	A member state of the European Economic Area.
“Efficient Portfolio Management”	Relates to transactions which are economically appropriate (they are realised in a cost effective way) and which are permitted by the COLL Sourcebook to be effected in order to achieve a reduction in certain risks or costs or the generation of additional capital or income for the Funds with a risk level which is consistent with the risk profile of the Fund and the risk diversification rules laid down in COLL.
“Eligible Institution”	One of certain eligible institutions as defined in the glossary to the FSA Handbook.
“FSA”	The Financial Services Authority.
“FSA Handbook”	The FSA Handbook of Rules and Guidance.
“Funds”	Sub-funds of the Company, details of which are set out in Appendix 1.
“Multi-Manager”	When this word is used in the name of a Fund, this means that the Fund is managed by several managers.
“Oeic Regulations”	The Open-Ended Investment Companies Regulations 2001 as amended.
“Primarily”	Where this word is used in the investment objective and policy of a Fund, at least two thirds of the assets of the Fund are directly invested in the currency, the country, the type of security or other material element set out in the name of the Fund and its investment objective and policy.
“Scheme Property”	The property of the Company.
“Shareholders”	Holders of registered Shares.
“Shares”	Shares in the capital of the Company, being shares which relate to a particular class of share of a Fund (including fractions of one hundredth of a share).
“UK Smaller Companies”	UK companies which are smaller than those contained in the FTSE 350 Index (the main London stock exchange index for shares).

DIRECTORY

The Company:

Fidelity Institutional Funds

Head Office

and address for service of notices:

Oakhill House
130 Tonbridge Road
Hildenborough
Tonbridge
Kent TN11 9DZ
United Kingdom

Authorised Corporate Director, General Distributor, Administrator and Registrar:

FIL Investment Services (UK) Limited
Oakhill House
130 Tonbridge Road
Hildenborough
Tonbridge
Kent TN11 9DZ
United Kingdom

Investment Advisers:

For Funds managed wholly or principally in the United Kingdom:

FIL Investment Services (UK) Limited
Oakhill House
130 Tonbridge Road
Hildenborough
Tonbridge
Kent TN11 9DZ
United Kingdom

For other Funds:

FIL Fund Management Limited
Pembroke Hall
42 Crow Lane
Pembroke HM19
Bermuda

Depository:

J.P.Morgan Trustee and Depository Company Limited
125 London Wall
London EC2Y 5AJ
United Kingdom

Auditors:

PricewaterhouseCoopers LLP
Hay's Galleria
1 Hay's Lane
London SE1 2RD
United Kingdom

THE COMPANY AND ITS FUNDS

The Company

Fidelity Institutional Funds is an open-ended investment company with variable capital incorporated in England and Wales under number IC3 and authorised by the FSA on 22 July 1997.

The Company qualifies as an undertaking for collective investment in transferable securities (a UCITS) and has obtained recognition under the EC Council Directive 85/611 (as amended) for marketing in certain member states of the European Economic Area. The Company has converted into a "UCITS scheme" under the COLL Sourcebook and so has adopted the revised UCITS Directive provisions (known as UCITS III) (as amended) on the basis set out in this Prospectus as from 1 November 2005.

The Company has unlimited duration. Shareholders are not liable for the debts of the Company.

Share Capital:

The maximum share capital of the Company is £100 billion and the minimum share capital of the Company is £10 million.

Base Currency:

The currency of the Company is United Kingdom Pounds Sterling.

The Funds

The Company is itself authorised as a UCITS scheme. It is structured as an umbrella company comprising various Funds each of which is operated as a distinct fund, with its own portfolio of investments. All the Funds are constituted as UCITS schemes.

The Funds in which Shares are currently available are:

Equity Funds:

- America Fund
- America Earnings Growth Fund (closed from 19 June 2009)
- American Growth Fund (closed from 24 April 2009)
- Emerging Markets Fund
- Europe (ex-UK) Fund
- Japan Fund
- Pacific (ex-Japan) Fund
- Pan European Fund
- Select Emerging Markets Equities Fund (to be available at a future date)
- Select European Equities Fund
- Select Global Equities Fund
- South East Asia Fund
- UK Fund
- UK Multi-Manager Fund (closed from 30 January 2009)
- UK Multi-Manager Plus Fund (closed from 30 January 2009)
- UK Specialist Fund

Bond Funds:

- Index-Linked Bond Fund
- International Bond Fund
- Long Bond Fund
- UK Corporate Bond Fund
- UK Gilt Fund
- UK Long Corporate Bond Fund

Full details of each Fund are set out in Appendix 1.

Investment Objectives and Policies of the Funds

Fidelity Institutional Funds provides access to the global research resources and stockpicking skills of Fidelity's investment management teams throughout the world.

Equity and bond Funds are offered. Each Fund provides investment in professionally managed pools of securities and other financial instruments in different geographical areas and currencies, with the aim of achieving capital growth, an attractive level of income, or a balance between growth and income as described below.

The aim of the equity Funds is to provide investors with long term capital growth from diversified and actively managed portfolios of securities in a wide range of stockmarkets. The income from these Funds is expected to be low. The equity Funds will invest principally in equities in the markets reflected in the title of each individual Fund and in companies established outside those markets but which derive a significant proportion of their earnings from those markets.

The aim of the bond Funds is to provide investors with relatively high income with the possibility of capital gains. With the exception of International Bond Fund, UK Corporate Bond Fund and UK Long Corporate Bond Fund, power is reserved to invest up to 100% of the assets of any bond Fund in securities issued or guaranteed by the Government of the United Kingdom.

The investment objective and policy of each Fund is set out in Appendix 1, and details of the investment powers and restrictions prescribed by the COLL Sourcebook are provided in Appendix 2.

Risk Factors

The level of risk varies between Funds. Risk is about how likely an investment is to fluctuate in value over time. While historically, over the longer term, shares and bonds have been seen to outstrip the returns expected from a bank or building society account, potential investors should consider the risk factors described below before investing in a Fund.

- Past Performance

Past performance information relating to each Fund is set out in Appendix 1. Potential investors are warned that past performance should not be seen as an indication of how a Fund will perform in the future and cannot in any way provide a guarantee of future returns. Your attention is drawn to the additional notes and warnings given in Appendix 1.

- Fluctuations in Value

The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities and other financial instruments. There can be no assurance that any appreciation in value of investments will occur, and the capital value of your original investment is not guaranteed. The value of investments and the income from them may go down as well as up and you may not get back the original amount invested. There is no assurance that the investment objective of a Fund will actually be achieved.

- Equities

For Funds investing in the shares of companies (equities), the value of those equities may fluctuate, sometimes dramatically, in response to the activities and results of individual companies or because of general market and economic conditions or other events. Currency exchange rate movements will also cause changes in value when the currency of the investment is other than the base currency of the Fund holding that investment.

- Bonds, Debt Instruments & Fixed Income (including High Yielding Securities)

For Funds which invest in bonds or other debt instruments, the value of those investments will depend on market interest rates, the credit quality of the issuer and liquidity considerations. The net asset value of a Fund invested in debt instruments will change in response to fluctuations in interest rates, perceived credit quality of the issuer, market liquidity and also currency exchange rates (when the currency of the investment is other than the base currency of the Fund holding that investment). Some Funds may invest in high yielding debt instruments where the level of income may be relatively high (compared to investment grade debt instruments); however the risk of depreciation and realisation of capital losses on such debt instruments held will be significantly higher than on lower yielding debt instruments.

- **Lower Rated/Unrated Securities**

The credit quality of debt instruments is often assessed by rating agencies. Medium and lower rated securities and unrated securities of comparable quality may be subject to wider fluctuations in yield, wider bid-offer spreads, greater liquidity premium and accentuated market expectations, and consequently greater fluctuations in market values, than higher rated securities. Changes in such ratings, or expectation of changes, will be likely to cause changes in yield and market values, at times significantly so.

- **Country concentration**

Funds which invest in essentially only one country will have greater exposure to market, political, legal, economic and social risks of that country than a Fund which diversifies country risk across a number of countries. There is a risk that a particular country may impose foreign exchange and/or conversion controls or regulate in such a way as to disrupt the way the markets in that country operate. The consequences of these actions, and others such as confiscation of assets, could be to hinder the normal operation of the Fund with regard to the purchase and sale of investments and possibly the ability to meet redemptions. Dealing in the Fund may be suspended and investors may not be able to acquire or redeem units in the Fund. These and other actions could also adversely affect the ability to price investments in the Fund which could affect the net asset value of the Fund in a material way. However, diversification across a number of countries could introduce other risks such as currency risk. In certain countries, and for certain types of investments, transaction costs are higher and liquidity is lower than elsewhere.

- **Legal and tax risks**

In some jurisdictions the interpretation and implementation of laws and regulations and the enforcement of shareholders' rights under such laws and regulations may involve significant uncertainties. Furthermore, there may be differences between accounting and auditing standards, reporting practices and disclosure requirements and those generally accepted internationally. Some of the Funds may be subject to withholding and other taxes. Tax law and regulations of any country are constantly changing, and they may be changed with retrospective effect. The interpretation and applicability of the tax law and regulations by tax authorities in some jurisdictions are not as consistent and transparent as those of more developed nations, and may vary from region to region.

- **Holdings concentration**

Some Funds may invest in a relatively small number of investments and the net asset value of the Fund may be more volatile as a result of this concentration of holdings relative to a Fund which diversifies across a larger number of investments.

- **Investments in Medium and Small sized firms**

There may be limited opportunities to find alternative ways of managing cash flows especially where the focus of investment is on small and medium sized firms. For Funds specialising in such firms, transactions, particularly those large in size, are likely to have a greater impact on the costs of running a Fund than similar transactions in larger Funds or similar transactions in large sized firms because of the relatively illiquid nature of markets in small and medium sized companies' shares.

- **Liquidity risk**

In normal market conditions a Fund's assets comprise mainly realisable investments which can be readily sold. A Fund's main liability is the redemption of any shares that investors wish to sell. In general the Fund manages its investments, including cash, such that it can meet its liabilities. Investments held may need to be sold if insufficient cash is available to finance such redemptions. If the size of the disposals are sufficiently large, or the market is illiquid, then there is a risk that either the investments might not be sold or the price at which they are sold may adversely affect the net asset value of the Fund.

- **Foreign Currency risk**

A Fund's total return and balance sheet can be significantly affected by foreign exchange rate movements if the Fund's assets and income are denominated in currencies other than the base currency of the Fund and this means that currency movements may significantly affect the value of a Fund's Share price. The three principal areas of foreign currency risk are where movements in exchange rates affect the value of investments, short term timing differences or income received. A Fund may, or may not, hedge these risks using either spot or forward foreign exchange contracts and the associated risks are explained below in the section on Financial Derivative Instruments.

- **Pricing and Valuation risk**

For quoted investments a valuation price can be obtained from an exchange or similarly verifiable source. However, investment in unquoted and/or illiquid investments may increase the risk of mispricing. Furthermore, the Fund will compute net asset values when some markets are closed for holidays or other reasons. In these and similar cases an objective verifiable source of market prices will not be available and the investment manager will invoke its Fair Value process which will determine a fair value price for the relevant investments; this Fair Value process involves assumptions and subjectivity.

- **Credit risk**

Investments may be adversely affected if any of the institutions with which money is deposited suffers insolvency or other financial difficulties (default). Credit risk also arises from the uncertainty about the ultimate repayment of principal and interest for bond or other debt instrument investments. The entire deposit or purchase price of the debt instrument is at risk of loss if there is no recovery after default. The risk of default is usually greatest with bonds and debt instruments that are classed as 'sub-investment' grade. As explained further below, in Appendix 2, under Derivatives, a credit default swap where a Fund has sold protection will involve very similar credit risks to those arising from holding the actual underlying bond, debt instrument or basket of instruments.

- **Counterparty Credit & Settlement risk**

All security investments are transacted through brokers who have been approved by the investment manager as an acceptable counterparty. The list of approved brokers is reviewed regularly. There is a risk of loss if a counterparty fails to perform its financial or other obligations to the Funds, for example, the possibility that a counterparty may default, by failing to make payments due, or make payments in a timely manner. If settlement never occurs the loss incurred by the Fund will be the difference between the price of the original contract and the price of the replacement contract, or, in the case where the contract is not replaced the absolute value of the contract at the time it is voided. Furthermore, in some markets 'Delivery versus Payment' may not be possible in which case the absolute value of the contract is at risk if the Fund meets its settlement obligations but the counterparty fails before meeting its obligations.

- **Overseas Investments**

If you choose a Fund which invests overseas you should note that, as they are sterling based and contain foreign investments, they will be affected by fluctuations in rates of currency exchange, in addition to the usual stockmarket fluctuations.

- **Emerging Markets including Russia**

Several of the Funds invest, in part or in whole, in emerging market securities. The price of these securities may be more volatile than those of securities in more developed markets. As a result there may be a greater risk of price fluctuation or of the suspension of redemptions in such Funds, compared to Funds investing in more mature markets. This volatility may stem from political and economic factors and be exacerbated by legal, trading liquidity, settlement, transfer of securities and currency factors. Some emerging market countries have relatively prosperous economies but may be sensitive to world commodity prices and/or volatile inflation rates. Others are especially vulnerable to economic conditions. Although care is taken to understand and manage these risks, the respective Funds and accordingly the Shareholders in those Funds will ultimately bear the risks associated with investing in these markets.

Some of the Funds may invest a portion of their net assets in Russia. There are specific risks linked to investing in Russia. Investors should be aware that the Russian market presents specific risks in relation to the settlement and safekeeping of securities as well as regarding the registration of assets where registrars are not always subject to effective government or other supervision. Russian securities are not on physical deposit with the Custodian or its local agents in Russia. Therefore, neither the Custodian nor its local agents in Russia can be considered to be performing a physical safekeeping or custody function in accordance with recognised international standards. The Custodian's liability only extends to its own negligence and/or wilful default and to negligence and wilful misconduct of its local agents in Russia and does not extend to losses due to the liquidation, bankruptcy, negligence and wilful default of any registrar. In the event of such losses, the Fund will have to pursue its rights against the issuer and/or the appointed registrar of the securities.

Some, or all, of the risks attributed to investing in Russia may also apply in other emerging markets.

- **Securitised or Structured Debt Instruments**

Funds may invest in securitised or structured debt instruments (collectively referred to as structured products). Such instruments include asset-backed securities, mortgage-backed securities, collateralised debt instruments and collateralised loan obligations. Structured products provide exposure, synthetically or otherwise, to underlying assets and the risk/return profile is determined by the cash flows derived from such assets. Some of such products involve multiple instruments and cash flow profiles such that it is not possible to predict with certainty the outcome from all market scenarios. Also the price of such an investment could be contingent on, or highly sensitive to, changes in the underlying components of the structured instrument. The underlying assets can take many forms including, but not limited to, credit card receivables, residential mortgages, corporate loans, manufactured housing loans or any type of receivables from a company or structured vehicle that has regular cash flows from its customers. Some structured products may employ leverage which can cause the price of the instruments to be more volatile than if they had not employed leverage. In addition investments in structured products may be less liquid than other securities. The lack of liquidity may cause the current market price of assets to become disconnected from the underlying assets' value and consequently Funds investing in securitised products may be more susceptible to liquidity risk. The liquidity of a structured product can be less than a regular bond or debt instrument and this may adversely affect either the ability to sell the position or the price at which such a sale is transacted.

- **Mortgage-Related Securities**

Generally, rising interest rates tend to extend the duration of fixed rate mortgage-related securities making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates a Fund holding mortgage-related securities may exhibit additional volatility (extension risk). In addition, adjustable and fixed rate mortgage-related securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of a Fund because the Fund may have to reinvest that money at the lower prevailing interest rates. In addition investments in securitised products may be less liquid than other securities. The lack of liquidity may cause the current market price of assets to become disconnected from the underlying assets value and consequently Funds investing in securitised products may be more susceptible to liquidity risk. The liquidity of a securitised product can be less than a regular bond or debt instrument and this may adversely affect either the ability to sell the position or the price at which such a sale is transacted.

- **Equity Linked Notes (Structured Notes)**

Equity Linked Notes (ELNs) and similar structured notes involve a counterparty structuring a note whose value is intended to move in line with the underlying security specified in the note. Unlike Financial Derivative Instruments, cash is transferred from the buyer to the seller of the note. In the event that the counterparty (structurer of the note) defaults the risk to the Fund is to that of the counterparty, irrespective of the value of the underlying security within the note. Additional risks result from the fact that the documentation of such notes programmes tends to be highly customised. The liquidity of an ELN or similar notes can be less than that for the underlying security, a regular bond or debt instrument and this may adversely affect either the ability to sell the position or the price at which such a sale is transacted.

- **Securities Lending**

Securities Lending involves risks in that (a) if the borrower of securities lent by a Fund fails to return them there is a risk that the collateral received may realise less than the value of the securities lent out, whether due to inaccurate pricing, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded and that (b) delays in the return of securities on loans may restrict the ability of a Fund to meet delivery obligations under security sales.

- **Repurchase Transactions**

Repurchase Transactions involve risks in that (a) in the event of the failure of the counterparty with which cash of a Fund has been placed there is the risk that collateral received may realise less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (b) (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulty in realising collateral may restrict the ability of the Fund to meet redemption requests, security purchases or, more generally, reinvestment; and that (c) repurchase transactions will, as the case may be, further expose a Fund to risks similar to those associated with optional or forward derivative financial instruments.

- **Derivatives and Forward Transactions**

The purposes and extent of the use of derivatives and forwards by the Funds, together with some more detailed and specific risks associated with these activities, are detailed in Appendix 2.

Derivatives and forwards may be used for the efficient portfolio management of all Funds.

The ACD employs a risk management process to oversee and manage derivative exposures within the Funds. The use of derivatives has the overall intention of reducing the volatility of returns, although this outcome is not guaranteed.

The ACD may use one or more separate counterparties to undertake derivative transactions on behalf of the Funds, and may be required to pledge collateral paid out of the property of a Fund in order to secure such contracts. There may be a risk that the counterparty will wholly or partially fail to honour its contractual obligations regarding the return of collateral and any other payments due to the Fund. The ACD assesses the creditworthiness of counterparties as part of its risk management process.

- **Dealing Arrangements**

In certain circumstances, the investor's right to redeem Shares may be suspended or redemption requests may be deferred (see Appendix 4, Deferred Redemption of Shares).

- **No "ring-fencing" of Funds:**

Each Fund, in usual circumstances, is treated as having its own assets and liabilities. However the assets of each Fund are not 'ring fenced' and, if the Company is unable to meet liabilities attributable to any particular Fund out of the assets attributable to that Fund, the excess liabilities may have to be met out of the assets attributable to the other Funds. Assets may be transferred between Funds if it is necessary to do so to satisfy any creditor proceeding against certain of the assets of the Company.

Shareholders are not liable for the debts of the Company. A Shareholder is not liable to make any further payment to the Company after he has paid the purchase price of the Shares.

Investment Powers and Restrictions

The assets of each Fund will be invested with the aim of achieving the investment objective and policy of that Fund. They must also be invested so as to comply with the investment and borrowing powers and restrictions set out in the COLL Sourcebook, the Instrument of Incorporation and this Prospectus.

A summary of the investment powers and restrictions applicable to the Funds is set out in Appendix 2.

SHARES

Classes of Shares

The Classes of Shares currently available in each Fund are set out in the details of the Funds in Appendix 1.

- **Income Shares or Accumulation Shares**

Income attributable to Accumulation Shares is automatically added to (and retained as part of) the capital assets of the relevant Fund at the end of each accounting period and is reflected in the Share price.

Income attributable to Income Shares is distributed to Income Shareholders in respect of each accounting period. Income is reinvested by the purchase of further Income Shares unless the Shareholder instructs the ACD that he wishes to receive the income.

- **Gross Paying Shares**

In certain Funds, gross paying Shares may be available to be held by or on behalf of certain eligible categories of UK resident investors. In accordance with UK tax law, the income allocated to such Shares is distributed periodically to the Shareholders (in the case of gross paying Income Shares) or added periodically to capital (in the case of gross paying Accumulation Shares) without deduction of any income tax.

Gross paying Accumulation Shares are currently available in the following Funds: Index-Linked Bond Fund, International Bond Fund, Long Bond Fund, UK Corporate Bond Fund, UK Gilt Fund and UK Long Corporate Bond Fund.

Gross paying Income Shares are not currently available in any Fund.

- **Retail Shares**

The above types of Share may also be available as Retail Shares to which different charging structures and minimum investment levels will apply. At present such Shares are only available in the Europe ex-UK Fund.

Register of Shareholders and Statements

All Shares are in registered form.

Certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Company's Register of Shareholders. The Company has the power to issue bearer Shares but there are no present plans to do so.

At least once each year the ACD will send a statement to each person who holds or has held Shares since the time of issue of the last statement. In the case of joint shareholdings, statements are sent to the first named Shareholder. The statement will describe any current holding of Shares in the Company at the date of the statement and any transactions in Shares in the Company carried out by or on behalf of that person since the date of the last statement. Individual statements will also be issued at any time on request by the registered Shareholder.

BUYING, SELLING AND SWITCHING SHARES

General

Applications to buy, sell or switch Shares may be made by post or telephone between 9.00 a.m. and 5.00 p.m. UK time to the ACD on any week day excluding UK public holidays (dealing day). The ACD may from time to time make arrangements to allow dealings in Shares or communications with Shareholders to be made online or through other communication media. The Shares will be bought, sold or switched at a forward price. A forward price is the price determined after the next valuation of the property of the relevant Fund after the receipt by the ACD of the investor's instructions.

The most recent share prices currently appear daily in The Financial Times and may also be published in one or more other newspapers. For reasons beyond the ACD's control, a published price may not be the current price. In addition, share prices (except for Retail Share Classes) are made available online at www.fidelitypensions.co.uk.

Shares in the Company are not listed or dealt on any investment exchange.

Prevention of Money Laundering

Under legislation to prevent money laundering in the United Kingdom, persons conducting investment business are responsible for compliance with money laundering regulations. Investors may be asked to provide proof of identity when buying, selling or switching Shares, and, in certain circumstances, it may be necessary for the ACD to re-verify an investor's identity and obtain any missing or additional information for this purpose. Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to issue Shares, to switch Shares or pay the proceeds of sale of Shares. The ACD will not be liable for any share price movements occurring during delays while money laundering checks are carried out.

Minimum Holdings

The minimum investment amounts (except as otherwise stated in Appendix 1) are as follows:

Minimum initial or subsequent subscription for Shares in a Fund	£100,000
Minimum withdrawal amount for Shares in a Fund	£100,000 (unless all Shares are redeemed, a minimum value of £100,000 in Shares must be maintained in that Fund)

The minimum holdings, minimum withdrawal amounts and minimum purchase amounts referred to above may be waived by the ACD.

Buying and Selling Shares

Applications to purchase Shares may be made by telephone or in writing. Application forms may be obtained from the ACD if required. Completed applications with cleared moneys received on a dealing day before the valuation point (12.00 noon UK time) will normally be fulfilled that day at the next calculated net asset value.

A contract note will be sent normally by the close of the next business day. This will show the number of Shares purchased and the price. As Share certificates will not be issued, a renunciation form will also be sent with the applicant's contract note. A notice of the applicant's right to cancel the deal will be sent separately within 7 days of the receipt by the ACD of the application for Shares, if appropriate. Subscriptions monies representing less than the purchase price of a whole Share will not be returned to the applicant. Fractions of Shares (known as smaller denomination Shares) will be issued in such circumstances to the nearest whole hundredth of a Share. Shares are normally issued to an applicant only once settlement in cleared funds has been received.

Instructions to redeem Shares may be made in writing or by telephone confirmed in writing. A contract note will be issued giving details of the Shares sold and the price used. Payments to satisfy a redemption request will be issued at the latest by the close of the fourth Business Day after the later of the day of the calculation of the price and receipt by the ACD of a properly completed and signed Renunciation Form in respect of the appropriate number of Shares.

Once a request to redeem Shares has been given it cannot subsequently be withdrawn.

Generally, subscriptions and redemptions must be made in Pounds Sterling. Exceptionally on application, FIL Distributors, Bermuda or another associated or affiliated company of the ACD acting as principal may execute foreign exchange transactions for investors in certain other major currencies, but cannot give advice.

Switching Between Funds

A Shareholder in a Fund may switch all or some of his Shares in a Fund for Shares in another Fund or another Class in the same Fund at any time.

A switch involves a sale of the original Shares held and a purchase of the new Shares.

The ACD may make a switch charge (instead of a preliminary charge on the purchase of the new Shares). It is not currently intended to make such a charge except in relation to Retail Shares. The charge will not exceed an amount equal to the then prevailing preliminary charge (if any) for the new Shares.

If the switch would result in the Shareholder holding a number of original or new Shares of a value which is less than the minimum holding in the Funds concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of original Shares to new Shares or refuse to effect any switch of the original Shares.

Investors subject to UK tax on capital gains should note that a switch between Funds (but not between Classes of Shares within a Fund) is treated as a disposal for the purposes of tax on capital gains. A gain realised on such transaction may give rise to liability to tax on capital gains for UK resident or ordinarily resident Shareholders.

A Shareholder who switches Shares in one Fund for Shares in any other Fund (or who switches between Classes of Shares) will not be given a right by law to withdraw from or cancel the transaction.

SHARE PRICES

Price of a Share

Shares are priced on a single mid-market pricing basis in accordance with the COLL Sourcebook.

The price of a Share is the net asset value of the relevant Fund attributable to the relevant Share Class of that Fund divided by the number of Shares of that Class in issue.

The net asset values attributable to the Share Class(es) of each Fund will normally be calculated at 12.00 noon UK time (valuation point) on each dealing day. The ACD may at any time during a dealing day carry out an additional valuation if the ACD considers it desirable to do so.

Dilution Levy and Large Deals

The value of the property of a Fund may be reduced as a result of the costs incurred in the dealings in the Fund's investments, including stamp duty and any difference between the buying and selling price of such investments. In order to prevent such "dilution" and consequent potential adverse effect on remaining Shareholders, the ACD has the power to charge a "dilution levy" when Shares are bought or sold. Any dilution levy must be fair to all Shareholders and potential Shareholders.

The ACD reserves the right to impose a dilution levy:

- in respect of a “large deal”, i.e. a deal (or series of deals placed on the same day) in respect of Shares exceeding £1 million in value; or
- on a Shareholder who redeems or switches a shareholding within 30 days of its purchase.

It is not possible to predict accurately whether dilution would occur at any point in time. If an investor’s proposed transaction falls within one of the above categories, the investor should enquire as to whether a dilution levy will apply in respect of that transaction before giving instructions for that transaction. In deciding whether to impose a dilution levy, the ACD may consider a number of factors including the size of the transaction relative to the overall value of the Fund, the level of transaction costs within that particular market, the liquidity of the underlying investments within the Fund, the amount of investments to be bought/sold and the likely time that this will take, the likelihood of an adverse impact on the value of investments as a result of the accelerated rate of disposal, and the length of time for which the Shares in question were held.

Based on future projections and on its experience of managing the Funds, the ACD is unlikely to impose a dilution levy unless it considers that the dealing costs relating to a Shareholder transaction are significant and/or will have a material impact on the value of the Fund in question. On a large redemption, the ACD may require the redeeming Shareholder to accept an in specie redemption (see Appendix 4, In Specie Redemptions) instead of imposing a dilution levy.

Based on future projections, the levy (if imposed) will be up to 0.80% of the purchase cost or the redemption or switch proceeds. Any dilution levy would be paid to the Company and would become part of the property of the relevant Fund.

The ACD believes that its dilution levy policy described above will not materially affect the future growth of the Funds.

FEES AND EXPENSES

ACD’s Fees and Expenses

Preliminary Charge

The ACD may make a preliminary charge of 5.25% on a sale of Shares in each Fund (save as otherwise stated in Appendix 1). The charge is calculated as a percentage of the price of a Share (before applying any dilution levy) and is added to the purchase price. The maximum preliminary charge permitted in every case is 7% of the purchase price of a Share.

Redemption Charge

The ACD currently makes no charge on a cancellation or redemption of Shares.

Switch Fee

The ACD currently makes no charge on a switch of Shares for Shares in another Fund or of another Class in the same Fund (save as otherwise stated in Buying, Selling and Switching Shares – Switching Between Funds).

Investment Management Charges

In payment for carrying out its duties and responsibilities, the ACD is entitled to make an annual charge out of each Fund not exceeding 2% of the net asset value of the Fund. The charges subject to this maximum are the investment management charges and service fees described below.

The current rate of the investment management charge for each Fund is set out in the details of the Funds in Appendix 1. It is payable to the ACD in respect of the management of those Funds whose investments are managed wholly or principally in the United Kingdom and to FIL Limited for the management of all other Funds.

The charges accrue daily and are payable monthly. The daily calculation is based on the net asset value of the scheme property of the relevant Fund at 12.00 noon on the previous dealing day.

Service Fee

The ACD charges a fee of 0.05% p.a. for each Fund for its services as registrar and transfer agent and for providing all necessary administration and fund accounting services to the Company.

The fees accrue daily and are payable monthly. The daily calculation is based on the value of the scheme property of the relevant Fund at 12.00 noon UK time on the previous dealing day.

Registrar Charge

In relation to any Retail Share Class the ACD makes a charge of 0.13% of the net asset value of the Share Class for its services as registrar and transfer agent as set out in the details of any relevant Fund in Appendix 1. The registrar charges accrue and are payable on the same basis as the annual charges above.

Expenses

The ACD is also entitled to recover out of the Scheme Property of the Company all reasonable and properly evidenced out of pocket expenses incurred as the authorised corporate director of the Company.

Depositary's Charges and Expenses

The Depositary's remuneration, which is payable out of the assets of each Fund, is a periodic charge at such annual percentage of the value of the property of each Fund as is set out below, with the property of each Fund being valued and such remuneration accruing and being paid on the same basis as the ACD's periodic charge. Currently, the ACD and the Depositary have agreed that the Depositary's remuneration in respect of each Fund shall be calculated on a sliding scale as follows:

<u>Band Range</u>	<u>Fee</u>
On the first £250 million	0.010 per cent per annum
On the next £750 million	0.005 per cent per annum
On the remainder	0.001 per cent per annum

The Depositary is also entitled to receive out of the property of each Fund remuneration for such services in performing or arranging for the performance of the functions conferred on the Depositary by the Instrument of Incorporation or the COLL Sourcebook. Currently the Depositary does not receive any remuneration or service charges under this paragraph. The introduction of or increase in any such charge is subject to obtaining the requisite consent from Shareholders. Any such charges shall be on terms no less favourable than would be applicable to a comparable customer of the Depositary. Service charges shall accrue when the relevant transaction or other dealing is effected and shall be paid in arrears on the next following date on which payment of the Depositary's periodic charge is to be made or as soon as practicable thereafter.

The Depositary's remuneration may not exceed 0.50% per annum of the net asset value of the Fund.

Depositary's Expenses

In addition to the remuneration referred to above, the Depositary will be entitled to receive reimbursement for expenses properly incurred by it in the discharge of its duties or exercising any of the powers conferred upon it in relation to the Company and each Fund, subject to approval by the ACD.

The Depositary has appointed JPMorgan Chase Bank as the Custodian of the property of the Fund and is entitled to receive reimbursement of the Custodian's fees as an expense of the Fund. JPMorgan Chase Bank's remuneration for acting as Custodian is calculated at an ad valorem rate determined by the territory or country in which the assets of the Fund are held. Currently, the lowest rate is 0.005 per cent and the highest rate is 0.35 per cent. In addition, the Custodian makes a transaction charge determined by the territory or country in which the transaction is effected. Currently, these transaction charges range from US\$1 to US\$75 per transaction.

The Depositary is also entitled to be reimbursed out of the property of each Fund in respect of remuneration charged by the Custodian for such services, being services delegated to the Custodian by the Depositary in performing or arranging for the performance of the functions conferred on the Depositary by the Instrument of Incorporation or the COLL Sourcebook. Currently the Depositary does not receive any remuneration or service charges under this paragraph. The introduction of or increase in any such charge is subject to obtaining the requisite consent from Shareholders. Any such charges shall be on terms no less favourable than would be applicable to a comparable customer of the Custodian. Service charges shall accrue when the relevant transaction or other dealing is effected and shall be paid in arrears.

The Custodian's *ad valorem* remuneration may not exceed 1% per annum of the net asset value of the Fund, and its transaction charges may not exceed US\$750 per transaction.

The following further expenses may also be paid out of the property of the Fund:

- (a) all charges imposed by, and any expenses of, any agents appointed by the Depositary to assist in the discharge of its duties;
- (b) all charges and expenses incurred in connection with the collection and distribution of income;
- (c) all charges and expenses incurred in relation to the preparation of the Depositary's annual Report to Shareholders;
- (d) all charges and expenses incurred in relation to stocklending.

Other Expenses

The Company may pay out of the Scheme Property the following expenses:

- (a) charges and expenses payable to the ACD, the Depositary and FIL Limited described above;
- (b) stamp duties, taxes, brokerage or other expenses incurred in acquiring and disposing of investments;
- (c) fees in respect of the publication and circulation of details of the net asset value and Share prices;
- (d) fees and expenses of the auditors and of tax, legal and other professional advisers of the Company;
- (e) brokers' bond and errors and omissions insurance, sub-fund guarantee protection insurance;
- (f) costs of convening and holding Shareholder meetings (including Class meetings);
- (g) costs of printing and distributing reports, accounts and notices to Shareholders (including notices of general meetings), and costs incurred as a result of periodic updates of the prospectus (and the simplified prospectus) or amendment of the Instrument of Incorporation of the Company and any other administrative expenses;
- (h) expenses incurred in distributing income to Shareholders and related notifications;
- (i) interest on borrowings and charges incurred in negotiating borrowings;
- (j) taxation and duties payable by the Company;
- (k) any amount payable by the Company under any indemnity provisions contained in the Instrument of Incorporation of the Company or any agreement with a functionary of the Company;
- (l) fees of the FSA under the Financial Services and Markets Act 2000 and the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares are or may be marketed, and any related costs incurred in relation to obtaining and/or maintaining a regulatory status in a country or territory outside the United Kingdom;
- (m) any payments otherwise due by virtue of the COLL Sourcebook;
- (n) charges payable in respect of foreign exchange transactions as described below; and
- (o) such other expenses as the ACD resolves are properly payable out of the Scheme Property.

Subject to current HM Customs & Excise regulations, Value Added Tax at the prevailing rate may be payable in addition to the Depositary's remuneration, the Custodian's remuneration and the above expenses.

It is not currently proposed to seek a listing for the Shares on any stock exchange, but if a listing is sought in the future the fees connected with the listing will be payable by the Company.

Expenses are allocated between capital and income in accordance with the COLL Sourcebook.

Foreign Exchange Transactions

Foreign exchange transactions for the Company are carried out through associates or affiliates of FIL Limited (an associated company of the ACD) as agent and at rates approved by the ACD.

Foreign exchange transactions for investors are carried out by associates or affiliates of FIL Limited (an associated company of the ACD) acting as principal and may be aggregated. Such associates or affiliates will derive and retain a benefit from such transactions.

Formation Costs

The costs of authorisation and incorporation of the Company were paid by the ACD and its associates. Each Fund formed after 22 July 1997 may bear its own direct establishment costs.

Allocation of Fees and Expenses Between Funds

All the above fees and expenses will be charged as follows:

- Fees and expenses which are directly attributable to a particular Share Class of a Fund will be charged to that Class;
- Fees and expenses which are attributable to a particular Fund will be charged to that Fund. If there is more than one Class of Share in issue in the Fund, they will normally be allocated pro rata to the value of the scheme property attributable to those Share Classes;
- Fees and expenses which are attributable to the Company generally will normally be charged to each of the Funds (and its Share Classes) pro rata to the value of the scheme property attributable to those Funds (and its Share Classes).

The ACD has discretion to allocate these fees and expenses in a different manner which they consider fair to Shareholders.

INCOME

Accounting Periods

The annual accounting period of the Company ends each year on 30 June. Details of the accounting periods and income allocation dates for each of the Funds are set out in Appendix 1.

Income Allocations

Allocations of income are made in respect of the income available for allocation in each accounting period. Distributions of income for each Fund are paid on or before the annual income allocation date of 31 August. In the case of certain Funds with Income Shares in issue, interim distributions will be paid on or before the interim income allocation dates set out in Appendix 1. If a holder of Income Shares instructs the ACD that he wishes to receive the income, this is normally paid into the Shareholder's bank or building society.

The amount available for allocation in an accounting period is calculated by:

- taking the aggregate of the income property received or receivable for the account of the relevant Fund for that period;
- deducting the charges and expenses of that Fund paid or payable out of income property for that accounting period;
- adding the ACD's best estimate of tax relief on these expenses and charges; and
- making certain other adjustments which the ACD considers appropriate in relation to tax and other issues.

Where there is more than one Class of Share in issue income available for allocation will be allocated between the Share Classes based on the respective values of the property of those Share Classes on a daily basis.

If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the Company.

Income Equalisation

Part of the purchase price of a Share in a Fund reflects the relevant share of accrued income of the Fund. The first allocation of income in respect of a Share issued during an accounting period includes a capital sum by way of income equalisation.

For Shares of each Class the amount of income equalisation is calculated by dividing the aggregate of the amounts of income included in the price of Shares of that Class issued in an accounting period by the number of those Shares and applying the resultant average to each of the Shares in question.

UK TAXATION

The information given below does not constitute legal or tax advice and prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, switching or disposing of shares under the laws of the jurisdiction in which they may be subject to tax.

The Company

As the Funds are sub-funds of an open-ended investment company to which The Authorised Investment Funds (Tax) Regulations 2006 apply, the Company and its Funds are exempt from UK tax on capital gains realised on the disposal of investments held within them.

Funds are not taxable on dividends received from UK companies. Capital profits or losses on derivative contracts are exempt from tax. The Funds will each be subject to corporation tax at 20% on other types of income but after deducting allowable expenses (which include the gross amount of any interest distributions made). Funds may be entitled to relief from UK corporation tax on any overseas tax suffered.

Shareholders

ISA investments are not accepted into the Funds and so the tax consequences of such investments are not considered below.

Income

The type of distribution made by a Fund will depend on its investments.

Interest distributing Funds

Funds with more than 60% invested throughout an accounting period in, broadly speaking, interest paying investments may make interest distributions. These are paid after deduction of income tax at the lower rate (20%). This income tax deducted at source will satisfy the tax liability of Shareholders other than Shareholders who are higher rate taxpayers. Shareholders liable to income tax at the higher (40%) rate will be liable to pay further tax of 20% of the gross interest payment. UK residents not liable to tax on some or all of their income may reclaim the appropriate part of any income tax withheld at source from HM Revenue & Customs.

Certain categories of Shareholder, including UK pension funds, UK charities and companies resident in the UK, may, if they demonstrate to the ACD's satisfaction that they fall within one of the specified categories, hold gross paying Shares in the relevant Fund, if available. The specified categories are those referred to in sections 933 to 938 of the Income Tax Act 2007. In addition, individuals who are not ordinarily resident in the UK and companies that are not UK resident may apply to receive payment of interest distributions to which they are entitled to be paid gross of UK income tax.

Details of interest distributions paid to individuals with addresses in the UK and other specified countries (including all EU countries, UK dependencies, the USA, Australia, Canada, Japan, South Korea, New Zealand and Norway) must be reported to the UK HM Revenue & Customs by the ACD along with the names and addresses of those individuals. Should a payment be reportable under the EU Savings Tax Directive (discussed below), that payment will not be reportable under these provisions.

The attention of Shareholders within the charge to UK corporation tax is drawn to the provisions of paragraph 4 of schedule 10 to the Finance Act 1996. Under these provisions, holdings in a Fund that at any time during an accounting period holds more than 60% of its investments in, broadly speaking, interest paying investments will be taxed as creditor relationships of the Shareholder.

Dividend distributing Funds

All other Funds will pay dividend distributions which carry a tax credit equal to 10% of the dividend plus the tax credit (1/9th of the cash dividend). UK resident Shareholders other than higher rate taxpayers will have no further tax to pay. Shareholders subject to the higher rate of income tax (40%) will be liable to a further 22.5% tax on the gross dividend (25% of the net). UK residents not liable to income tax will not be able to reclaim any part of the tax credit.

Shareholders within the charge to UK corporation tax will receive dividend distributions “streamed” into franked and unfranked components depending on the underlying income of the Fund. The franked stream is treated as franked investment income in the hands of the corporate Shareholder. The unfranked stream is treated as an annual payment received after deduction of tax at the lower rate. This tax is repayable only to the extent of the Shareholder’s proportion of the Fund’s net UK corporation tax liability although all of it is available for offset against the Shareholder’s UK corporation tax liabilities. Both the proportions of a dividend distribution that are to be treated as franked and unfranked investment income and the Shareholder’s proportion of the Fund’s net UK corporation tax liability will be shown on tax vouchers accompanying dividend distributions.

Capital Gains

Shareholders who are resident in the UK for tax purposes may be liable to capital gains tax or, if a company, corporation tax in respect of gains arising from the sale, switch or other disposal of Shares (but not on switches between Classes of Shares within a Fund).

When the first income allocation is made to Shares purchased during an accounting period, the amount representing the income equalisation in the price of the Shares is a return of capital and is not taxable as income in the hands of Shareholders. This amount should be deducted from the cost of Shares in computing any capital gain realised on a subsequent disposal.

EU Savings Tax Directive

The EU Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (hereinafter the “Directive”) provides that from 1 July 2005, paying agents established in a member state of the EU or certain dependent or associated territories of member states who make savings income payments to individuals resident in another member state (and, depending on the home state of the paying agent, possibly also to individuals resident in certain dependent or associated territories of member states) will be obliged, depending on the jurisdiction of establishment of the paying agent, either to report details of the payment and payee to fiscal authorities or to withhold tax from it.

In the context of a UK authorised open-ended investment company and a UK established paying agent, a distribution will be a savings income payment if the authorised company holds more than 15% of its assets in money debts, and the payment of sale, redemption or refund proceeds will be a savings income payment if the authorised company holds more than 40% of its assets in money debts.

The identity of the relevant paying agent is dependant on how each Shareholder purchases and holds their Shares in the Fund. For investors that purchase their Shares direct the paying agents is the ACD.

The Directive also requires that certain additional information is gathered from investors who are subject to the Directive.

Stamp Duty Reserve Tax

General

In accordance with the Stamp Duty and Stamp Duty Reserve Tax (Open-Ended Investment Companies) Regulations 1997 as amended by the Stamp Duty and Stamp Duty Reserve Tax (Open-Ended Investment Companies) (Amendment No. 2) Regulations 1999, SDRT is chargeable on the surrender (i.e. the redemption or switching of Shares) and on certain transfers of Shares in the Funds. The rate of SDRT is 0.5%.

SDRT is chargeable on the value of surrenders and transfers in a Fund in each weekly charging period, but is reduced proportionately for the Fund to the extent that:

- (1) investments held by the Fund are exempt assets which means essentially any assets, other than United Kingdom equities and any investments in Collective Investment Schemes unless specific conditions are met (any Fund which holds no United Kingdom equities and no Collective Investment Schemes will normally be wholly exempt); and
- (2) during that week and the following week the purchases of Shares by number are less than surrenders of Shares.

Possible Ways of Funding SDRT

The COLL Sourcebook allows a provision for SDRT in respect of a Fund to be recovered out of the property of that Fund. This will reduce the value of the Fund in question, but, given the percentage amount of SDRT, should be of minimal significance.

The COLL Sourcebook also permits the ACD to require from an incoming or outgoing Shareholder a separate payment, or deduction, of a provision against SDRT ("SDRT provision") when Shares are surrendered or transferred by a Shareholder or issued to an incoming Shareholder. The SDRT provision can be up to 0.5% of the value of the transaction and is a provision against the SDRT owed by the Company. The SDRT provision, if imposed on an incoming Shareholder, would increase the payment required on the purchase of Shares by that Shareholder, and if on an outgoing Shareholder would decrease the redemption proceeds received by that Shareholder, and must be paid to the Company and become part of the property of the Fund in question.

The ACD's Policy for Funding SDRT on Surrenders of Shares

It is the current intention of the ACD that any SDRT chargeable on surrenders of Shares in a Fund will in general be paid out of the property of that Fund and an SDRT provision will not be levied directly on the redeeming Shareholder whatever the size of the deal. However the ACD reserves the right to impose an SDRT provision on a redeeming Shareholder for a Large Deal (as defined in the Dilution Levy section above) where to not do so would have a material impact on the Fund.

The ACD's Policy for Funding SDRT on Third Party Transfers of Shares

The Company is entitled not to register a transfer of Shares in a Fund unless (a) an SDRT provision of 0.5% of the value transferred has been paid to the Company for the account of the Fund in question or (b) the Company has received all documentation required to provide evidence that the transfer is exempt from SDRT. As the value transferred is calculated at the valuation point immediately following the Company's receipt of the instrument of transfer the transferring Shareholder (being either of the transferor or the transferee) will be contacted after this point and advised of the amount of the SDRT provision due, which amount must be paid immediately.

Notwithstanding this, the ACD has the discretion, and reserves the right, to charge to the Fund in question SDRT incurred on third party transfers of Shares in that Fund.

These statements are based on UK law and HM Revenue & Customs' practice as known at the date of this document. Shareholders are recommended to consult their professional advisers if they are in any doubt about their tax position.

APPENDIX 1: THE FUNDS

America Fund

Investment Objective and Policy

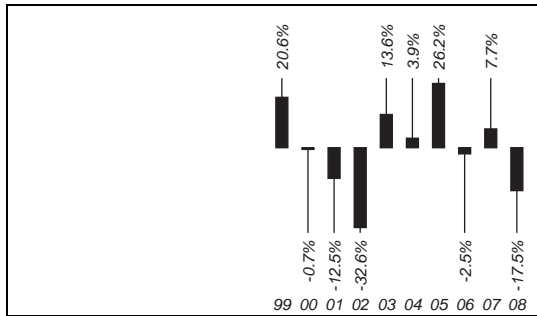
The Fund's investment objective is to achieve long term capital appreciation. The Fund will invest primarily in the shares of companies in the United States of America. There is no policy to restrict investment to particular economic sectors.

NB: Derivatives may also be used for efficient portfolio management purposes.

Class of Shares	Accumulation Shares
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	£100,000
Minimum Subsequent Investment	£100,000
Minimum Withdrawal	£100,000
Minimum Holding	£100,000
ACD's Preliminary Charge	See Fees and Expenses, ACD's Fees and Expenses, Preliminary Charge
ACD's Service Charge	0.05% per annum
Investment Management Charge	0.8% per annum
Annual Accounting Date	30 June
Interim Accounting Period	31 December
Annual Income Allocation Date	31 August
Interim Income Allocation Dates	None
Grouping Periods for Income Equalisation	Annual accounting periods
Annual Report published by	31 October
Interim Report published by	Last day of February (for period ending 31 December)

Past Performance of the Fund

Annual total return (full calendar years) 1999 to 2008



Average annual return to 31.12.08 (3Y, 5Y, 10Y)



Notes

- 1) The graphs above show the past performance of the America Fund in the Fund's reference currency. Past performance information is available from 1997. More current performance information is available from the ACD on request.
- 2) Basis of calculation: NAV to NAV with income reinvested, net of tax and annual charges but excluding any preliminary charges.
- 3) The Fund performance data is shown for information purposes only.
- 4) The Fund performance data in these graphs is not a guide to future returns. The value of investments may go down as well as up and you may not get back the amount invested.
- 5) The Fund performance data does not take into account commissions and costs (if any) incurred on the issue and redemption of Shares.

America Earnings Growth Fund

(closed on 19 June 2009 and being wound up)

Investment Objective and Policy

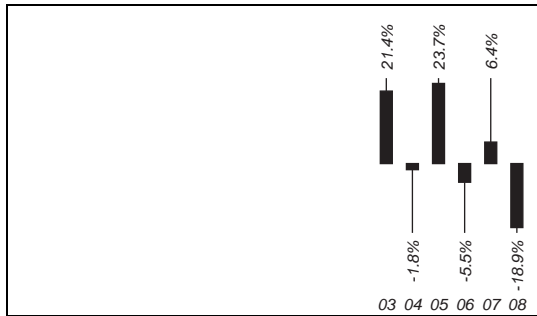
The Fund's investment objective is to achieve long term capital appreciation. The Fund will invest primarily in the shares of companies in the United States of America. There is no policy to restrict investment to particular economic sectors.

NB: Derivatives may also be used for efficient portfolio management purposes.

Class of Shares	Accumulation Shares
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	£100,000
Minimum Subsequent Investment	£100,000
Minimum Withdrawal	£100,000
Minimum Holding	£100,000
ACD's Preliminary Charge	See Fees and Expenses, ACD's Fees and Expenses, Preliminary Charge
ACD's Service Charge	0.05% per annum
Investment Management Charge	0.8% per annum
Annual Accounting Date	30 June
Interim Accounting Period	31 December
Annual Income Allocation Date	31 August
Interim Income Allocation Dates	None
Grouping Periods for Income Equalisation	Annual accounting periods
Annual Report published by	31 October
Interim Report published by	Last day of February (for period ending 31 December)

Past Performance of the Fund

Annual total return (full calendar years) 2003 to 2008



Average annual return to 31.12.08 (3Y, 5Y)



Notes

- 1) The graphs above show the past performance of the America Earnings Growth Fund in the Fund's reference currency. Past performance information is available from 2003. More current performance information is available from the ACD on request.
- 2) Basis of calculation: NAV to NAV with income reinvested, net of tax and annual charges but excluding any preliminary charges.
- 3) The Fund performance data is shown for information purposes only.
- 4) The Fund performance data in these graphs is not a guide to future returns. The value of investments may go down as well as up and you may not get back the amount invested.
- 5) The Fund performance data does not take into account commissions and costs (if any) incurred on the issue and redemption of Shares.

American Growth Fund

(closed on 24 April 2009 and being wound up)

Investment Objective and Policy

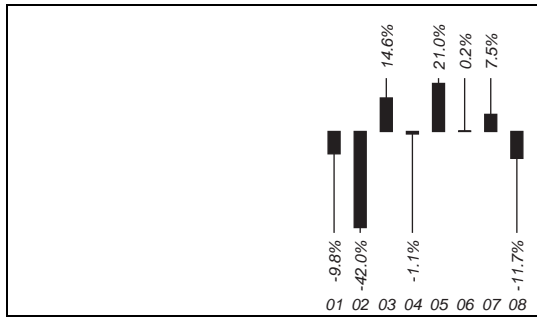
The Fund's investment objective is to achieve long term capital appreciation. The Fund will invest primarily in the shares of companies in the United States of America. There is no policy to restrict investment to particular economic sectors.

NB: Derivatives may also be used for efficient portfolio management purposes.

Class of Shares	Accumulation Shares
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	£100,000
Minimum Subsequent Investment	£100,000
Minimum Withdrawal	£100,000
Minimum Holding	£100,000
ACD's Preliminary Charge	See Fees and Expenses, ACD's Fees and Expenses, Preliminary Charge
ACD's Service Charge	0.05% per annum
Investment Management Charge	0.8% per annum
Annual Accounting Date	30 June
Interim Accounting Period	31 December
Annual Income Allocation Date	31 August
Interim Income Allocation Dates	None
Grouping Periods for Income Equalisation	Annual accounting periods
Annual Report published by	31 October
Interim Report published by	Last day of February (for period ending 31 December)

Past Performance of the Fund

Annual total return (full calendar years) 2001 to 2008



Average annual return to 31.12.08 (3Y, 5Y)



Notes

- 1) The graphs above show the past performance of the American Growth Fund in the Fund's reference currency. Past performance information is available from 2001. More current performance information is available from the ACD on request.
- 2) Basis of calculation: NAV to NAV with income reinvested, net of tax and annual charges but excluding any preliminary charges.
- 3) The Fund performance data is shown for information purposes only.
- 4) The Fund performance data in these graphs is not a guide to future returns. The value of investments may go down as well as up and you may not get back the amount invested.
- 5) The Fund performance data does not take into account commissions and costs (if any) incurred on the issue and redemption of Shares.

Emerging Markets Fund

Investment Objective and Policy

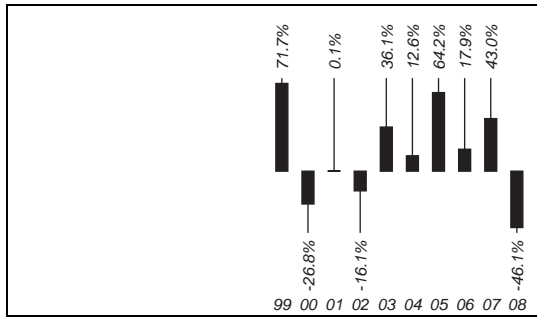
The Fund's investment objective is to achieve long term capital appreciation. The Fund will invest primarily in securities of countries experiencing rapid economic growth including, without limitation, Africa, the Indian sub-continent, Latin America, South East Asia, Europe and the Middle East. There is no policy to restrict investment to particular economic sectors.

NB: Derivatives may also be used for efficient portfolio management purposes.

Class of Shares	Accumulation Shares
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	£100,000
Minimum Subsequent Investment	£100,000
Minimum Withdrawal	£100,000
Minimum Holding	£100,000
ACD's Preliminary Charge	See Fees and Expenses, ACD's Fees and Expenses, Preliminary Charge
ACD's Service Charge	0.05% per annum
Investment Management Charge	1% per annum
Annual Accounting Date	30 June
Interim Accounting Period	31 December
Annual Income Allocation Date	31 August
Interim Income Allocation Dates	None
Grouping Periods for Income Equalisation	Annual accounting periods
Annual Report published by	31 October
Interim Annual Report published by	Last day of February (for period ending 31 December)

Past Performance of the Fund

Annual total return (full calendar years) 1999 to 2008



Average annual return to 31.12.08 (3Y, 5Y, 10Y)



Notes

- 1) The graphs above show the past performance of the Emerging Markets Fund in the Fund's reference currency. Past performance information is available from 1997. More current performance information is available from the ACD on request.
- 2) Basis of calculation: NAV to NAV with income, net of tax and annual charges but excluding any preliminary charges.
- 3) The Fund performance data is shown for information purposes only.
- 4) The Fund performance data in these graphs is not a guide to future returns. The value of investments may go down as well as up and you may not get back the amount invested.
- 5) The Fund performance data does not take into account commissions and costs (if any) incurred on the issue and redemption of Shares.

Europe (ex-UK) Fund

Investment Objective and Policy

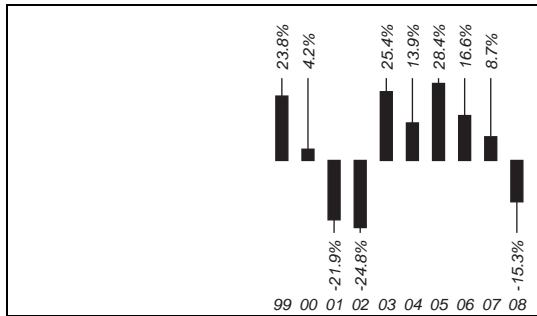
The Fund's investment objective is to achieve long term capital appreciation. The Fund will invest primarily in the shares of European companies excluding those in the United Kingdom. There is no policy to restrict investment to particular economic sectors.

NB: Derivatives may also be used for efficient portfolio management purposes.

Class of Shares	Accumulation Shares Retail Accumulation Shares
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	£100,000 – Accumulation Shares £1000 (or £50 per month under regular savings plan) – Retail Accumulation Shares
Minimum Subsequent Investment	£100,000 – Accumulation Shares £250 – Retail Accumulation Shares
Minimum Withdrawal	£100,000 None – Retail Accumulation Shares
Minimum Holding	£100,000 £1000 (except for regular savings plans – no minimum holding) – Retail Accumulation Shares
ACD's Preliminary Charge	See Fees and Expenses, ACD's Fees and Expenses, Preliminary Charge 3.50% – Retail Accumulation Shares
ACD's Service Charge	0.05% per annum
ACD's Registrar Charge	0% – Accumulation Shares 0.13% – Retail Accumulation Shares
Investment Management Charge	0.8% per annum 1.50% per annum – Retail Accumulation Shares
Annual Accounting Date	30 June
Interim Accounting Period	31 December
Annual Income Allocation Date	31 August
Interim Income Allocation Dates	None
Grouping Periods for Income Equalisation	Annual accounting periods
Annual Report published by	31 October
Interim Report published by	Last day of February (for period ending 31 December)

Past Performance of the Fund

Annual total return (full calendar years) 1999 to 2008



Average annual return to 31.12.08 (3Y, 5Y, 10Y)



Notes

- 1) The graphs above show the past performance of the Europe (ex-UK) Fund in the Fund's reference currency. Past performance information is available from 1997. More current performance information is available from the ACD on request.
- 2) Basis of calculation: NAV to NAV with income reinvested, net of tax and annual charges but excluding any preliminary charges.
- 3) The Fund performance data is shown for information purposes only.
- 4) The Fund performance data in these graphs is not a guide to future returns. The value of investments may go down as well as up and you may not get back the amount invested.
- 5) The Fund performance data does not take into account commissions and costs (if any) incurred on the issue and redemption of Shares.

Index-Linked Bond Fund

(formerly UK Index-Linked Bond Fund)

Investment Objective and Policy

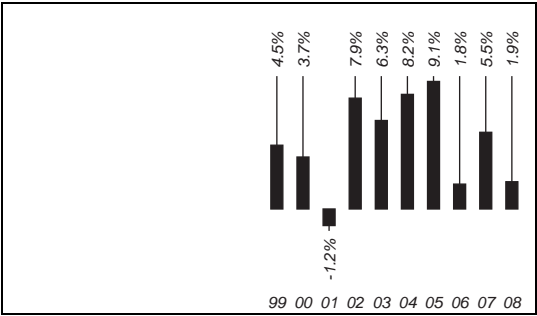
The Fund's investment objective is to achieve income and capital growth. The Fund will invest primarily in UK and overseas index-linked gilts and other index-linked fixed interest securities.

NB: Derivatives may also be used for efficient portfolio management purposes.

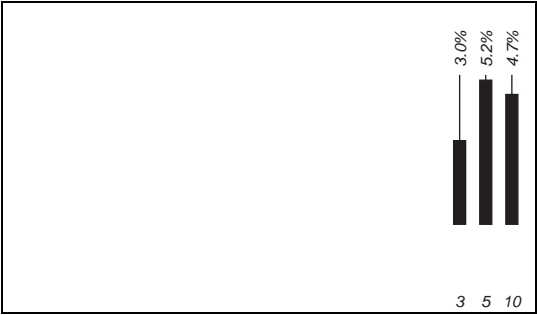
Classes of Shares	Income Shares Gross Paying Accumulation Shares (eligible investors only)
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	£100,000
Minimum Subsequent Investment	£100,000
Minimum Withdrawal	£100,000
Minimum Holding	£100,000
ACD's Preliminary Charge	See Fees and Expenses, ACD's Fees and Expenses, Preliminary Charge
ACD's Service Charge	0.05% per annum
Investment Management Charge	0.25% per annum
Annual Accounting Date (and date of reinvestment of income for Income Shares and for Gross Paying Accumulation Shares)	30 June
Interim Accounting Period end (and date of reinvestment of income for Income Shares and for Gross Paying Accumulation Shares)	31 December
Annual Distribution Payment Date for Income Shares	31 August
Interim Distribution Payment Dates for Income Shares	Last day of February
Grouping Periods for Income Equalisation	Biannual accounting periods
Annual Report published by	31 October
Interim Report published by	Last day of February (for period ending 31 December)

Past Performance of the Fund

Annual total return (full calendar years) 1999 to 2008



Average annual return to 31.12.08 (3Y, 5Y, 10Y)



Notes

- 1) The graphs above show the past performance of the Index-Linked Bond Fund in the Fund’s reference currency. Past performance information is available from 1999. More current performance information is available from the ACD on request.
- 2) Basis of calculation: NAV to NAV with income reinvested, net of tax and annual charges but excluding any preliminary charges.
- 3) The Fund performance data is shown for information purposes only.
- 4) The Fund performance data in these graphs is not a guide to future returns. The value of investments may go down as well as up and you may not get back the amount invested.
- 5) The Fund performance data does not take into account commissions and costs (if any) incurred on the issue and redemption of Shares.

International Bond Fund

Investment Objective and Policy

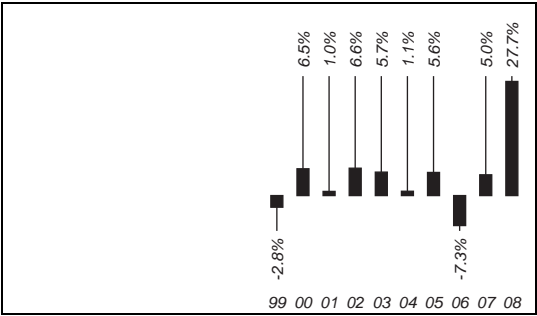
The Fund's investment objective is to achieve income and capital growth. The Fund will invest primarily in government bonds and fixed interest securities without any limitation as to the geographical areas in which those investments are made.

NB: Derivatives may also be used for efficient portfolio management purposes.

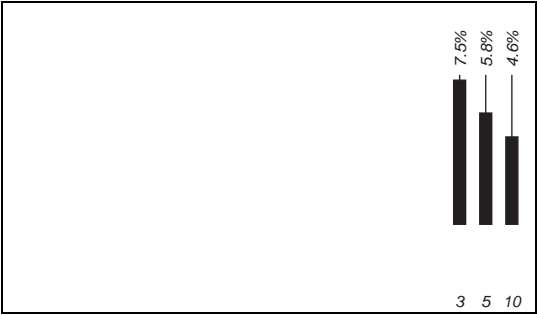
Classes of Shares	Income Shares Gross Paying Accumulation Shares (eligible investors only)
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	£100,000
Minimum Subsequent Investment	£100,000
Minimum Withdrawal	£100,000
Minimum Holding	£100,000
ACD's Preliminary Charge	See Fees and Expenses, ACD's Fees and Expenses, Preliminary Charge
ACD's Service Charge	0.05% per annum
Investment Management Charge	0.35% per annum
Annual Accounting Date (and date of reinvestment of income for Income Shares and for Gross Paying Accumulation Shares)	30 June
Interim Accounting Period end (and date of reinvestment of income for Income Shares and for Gross Paying Accumulation Shares)	30 September, 31 December and 31 March
Annual Distribution Payment Date for Income Shares	31 August
Interim Distribution Payment Dates for Income Shares	30 November, last day of February and 31 May
Grouping Periods for Income Equalisation	Quarterly accounting periods
Annual Report published by	31 October
Interim Report published by	Last day of February (for period ending 31 December)

Past Performance of the Fund

Annual total return (full calendar years) 1999 to 2008



Average annual return to 31.12.08 (3Y, 5Y, 10Y)



Notes

- 1) The graphs above show the past performance of the International Bond Fund in the Fund’s reference currency. More current performance information is available from the ACD on request.
- 2) Basis of calculation: NAV to NAV with income reinvested, net of tax and annual charges but excluding any preliminary charges.
- 3) The Fund performance data is shown for information purposes only.
- 4) The Fund performance data in these graphs is not a guide to future returns. The value of investments may go down as well as up and you may not get back the amount invested.
- 5) The Fund performance data does not take into account commissions and costs (if any) incurred on the issue and redemption of Shares.

Japan Fund

Investment Objective and Policy

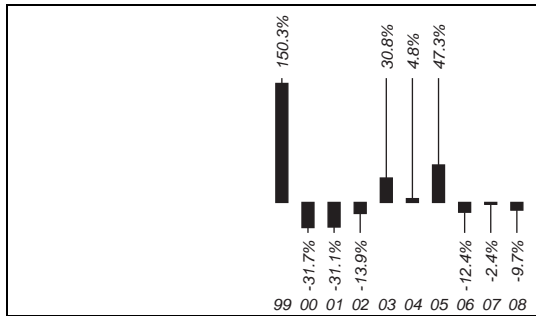
The Fund's investment objective is to achieve long term capital appreciation. The Fund will invest primarily in the shares of companies in Japan. There is no policy to restrict investment to particular economic sectors.

NB: Derivatives may also be used for efficient portfolio management purposes.

Class of Shares	Accumulation Shares
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	£100,000
Minimum Subsequent Investment	£100,000
Minimum Withdrawal	£100,000
Minimum Holding	£100,000
ACD's Preliminary Charge	See Fees and Expenses, ACD's Fees and Expenses, Preliminary Charge
ACD's Service Charge	0.05% per annum
Investment Management Charge	0.8% per annum
Annual Accounting Date	30 June
Interim Accounting Period	31 December
Annual Income Allocation Date	31 August
Interim Income Allocation Dates	None
Grouping Periods for Income Equalisation	Annual accounting periods
Annual Report published by	31 October
Interim Report published by	Last day of February (for period ending 31 December)

Past Performance of the Fund

Annual total return (full calendar years) 1999 to 2008



Average annual return to 31.12.08 (3Y, 5Y, 10Y)



Notes

- 1) The graphs above show the past performance of the Japan Fund in the Fund's reference currency. Past performance information is available from 1997. More current performance information is available from the ACD on request.
- 2) Basis of calculation: NAV to NAV with income reinvested, net of tax and annual charges but excluding any preliminary charges.
- 3) The Fund performance data is shown for information purposes only.
- 4) The Fund performance data in these graphs is not a guide to future returns. The value of investments may go down as well as up and you may not get back the amount invested.
- 5) The Fund performance data does not take into account commissions and costs (if any) incurred on the issue and redemption of Shares.

Long Bond Fund

(formerly Long Gilt Fund)

Investment Objective and Policy

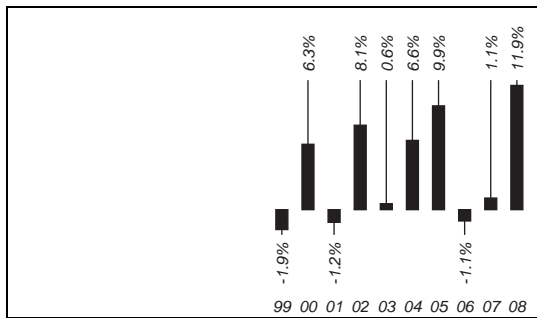
The Fund's investment objective is to achieve both capital growth and income. At least half of the portfolio will be invested in UK and overseas gilts and other fixed interest securities with a remaining maturity of at least 15 years. The Fund may also invest in other UK and overseas gilts and fixed interest securities.

NB: Derivatives may also be used for efficient portfolio management purposes.

Classes of Shares	Income Shares Gross Paying Accumulation Shares (eligible investors only)
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	£100,000
Minimum Subsequent Investment	£100,000
Minimum Withdrawal	£100,000
Minimum Holding	£100,000
ACD's Preliminary Charge	See Fees and Expenses, ACD's Fees and Expenses, Preliminary Charge
ACD's Service Charge	0.05% per annum
Investment Management Charge	0.25% per annum
Annual Accounting Date (and date of reinvestment of income for Income Shares and for Gross Paying Accumulation Shares)	30 June
Interim Accounting Period end (and date of reinvestment of income for Income Shares and for Gross Paying Accumulation Shares)	30 September, 31 December and 31 March
Annual Distribution Payment Date for Income Shares	31 August
Interim Distribution Payment Dates for Income Shares	30 November, last day of February and 31 March
Grouping Periods for Income Equalisation	Quarterly accounting periods
Annual Report published by	31 October
Interim Report published by	Last day of February (for period ending 31 December)

Past Performance of the Fund

Annual total return (full calendar years) 1999 to 2008



Average annual return to 31.12.08 (3Y, 5Y, 10Y)



Notes

- 1) The graphs above show the past performance of the Long Bond Fund in the Fund's reference currency. Past performance information is available from 1996. More current performance information is available from the ACD on request.
- 2) Basis of calculation: NAV to NAV with income reinvested, net of tax and annual charges but excluding any preliminary charges.
- 3) The Fund performance data is shown for information purposes only.
- 4) The Fund performance data in these graphs is not a guide to future returns. The value of investments may go down as well as up and you may not get back the amount invested.
- 5) The Fund performance data does not take into account commissions and costs (if any) incurred on the issue and redemption of Shares.

Pacific (ex-Japan) Fund

Investment Objective and Policy

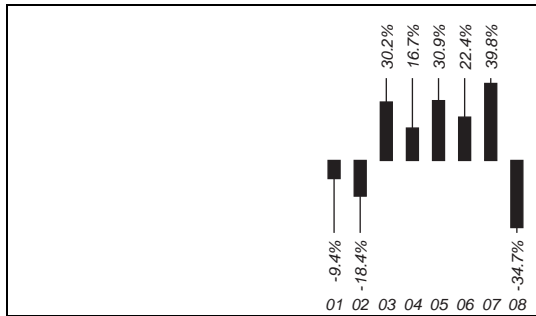
The Fund's investment objective is to achieve long term capital appreciation. The Fund will invest primarily in the shares of companies in Australia, Hong Kong, Malaysia, New Zealand and Singapore. The Fund may not invest in Japan. There is no policy to restrict investment to particular economic sectors.

NB: Derivatives may also be used for efficient portfolio management purposes.

Class of Shares	Accumulation Shares
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	£100,000
Minimum Subsequent Investment	£100,000
Minimum Withdrawal	£100,000
Minimum Holding	£100,000
ACD's Preliminary Charge	See Fees and Expenses, ACD's Fees and Expenses, Preliminary Charge
ACD's Service Charge	0.05% per annum
Investment Management Charge	0.8% per annum
Annual Accounting Date	30 June
Interim Accounting Period	31 December
Annual Income Allocation Date	31 August
Interim Income Allocation Dates	None
Grouping Periods for Income Equalisation	Annual accounting periods
Annual Report published by	31 October
Interim Report published by	Last day of February (for period ending 31 December)

Past Performance of the Fund

Annual total return (full calendar years) 2001 to 2008



Average annual return to 31.12.08 (3Y, 5Y)



Notes

- 1) The graphs above show the past performance of the Pacific (ex-Japan) Fund in the Fund's reference currency. Past performance information is available from 2001. More current performance information is available from the ACD on request.
- 2) Basis of calculation: NAV to NAV with income reinvested, net of tax and annual charges but excluding any preliminary charges.
- 3) The Fund performance data is shown for information purposes only.
- 4) The Fund performance data in these graphs is not a guide to future returns. The value of investments may go down as well as up and you may not get back the original amount invested.
- 5) The Fund performance data does not take into account commissions and costs (if any) incurred on the issue and redemption of Shares.

Pan European Fund

Investment Objective and Policy

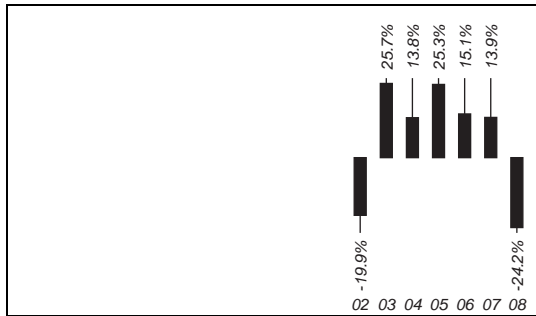
The Fund's investment objective is to achieve long term capital appreciation. The Fund will invest primarily in the shares of European companies, including those in the United Kingdom. There is no policy to restrict investment to particular economic sectors.

NB: Derivatives may also be used for efficient portfolio management purposes.

Class of Shares	Accumulation Shares
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	£100,000
Minimum Subsequent Investment	£100,000
Minimum Withdrawal	£100,000
Minimum Holding	£100,000
ACD's Preliminary Charge	See Fees and Expenses, ACD's Fees and Expenses, Preliminary Charge
ACD's Service Charge	0.05% per annum
Investment Management Charge	0.8% per annum
Annual Accounting Date	30 June
Interim Accounting Period	31 December
Annual Income Allocation Date	31 August
Interim Income Allocation Dates	None
Grouping Periods for Income Equalisation	Annual accounting periods
Annual Report published by	31 October
Interim Report published by	Last day of February (for period ending 31 December)

Past Performance of the Fund

Annual total return (full calendar years) 2002 to 2008



Average annual return to 31.12.08 (3Y, 5Y)



Notes

- 1) The graphs above show the past performance of the Pan European Fund in the Fund's reference currency. Past performance information is available from 2002. More current performance information is available from the ACD on request.
- 2) Basis of calculation: NAV to NAV with income reinvested, net of tax and annual charges but excluding any preliminary charges.
- 3) The Fund performance data is shown for information purposes only.
- 4) The Fund performance data in the graphs is not a guide to future returns. The value of investments may go down as well as up and you may not get back the amount invested.
- 5) The Fund performance data does not take into account commissions and costs (if any) incurred on the issue and redemption of Shares.

Select Emerging Markets Equities Fund

(to be available at a future date)

Investment Objective and Policy

The Fund's investment objective is to achieve long term capital appreciation. The Fund will invest primarily in the shares of companies in developing countries, including those in Africa, the Indian sub-continent, Latin America, South East Asia, Europe and the Middle East. There is no policy to restrict investment to particular economic sectors.

NB: Derivatives may also be used for efficient portfolio management purposes.

Class of Shares	Accumulation Shares
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	£100,000
Minimum Subsequent Investment	£100,000
Minimum Withdrawal	£100,000
Minimum Holding	£100,000
ACD's Preliminary Charge	See Fees and Expenses, ACD's Fees and Expenses, Preliminary Charge
ACD's Service Charge	0.05% per annum
Investment Management Charge	1.0% per annum
Annual Accounting Date	30 June
Interim Accounting Period	31 December
Annual Income Allocation Date	31 August
Interim Income Allocation Dates	None
Grouping Periods for Income Equalisation	Annual accounting periods
Annual Report published by	31 October
Interim Report published by	Last day of February (for period ending 31 December)

Past performance will be available from the ACD in future and will be included in later versions of the Prospectus.

Select European Equities Fund

Investment Objective and Policy

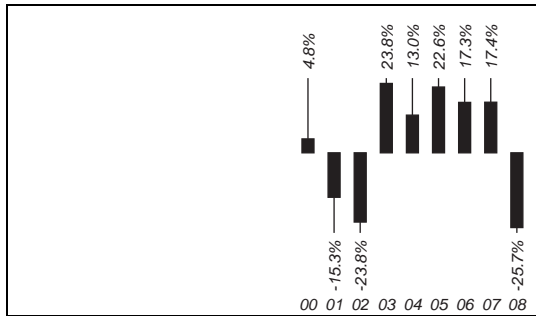
The Fund's investment objective is to achieve long term capital appreciation. The Fund will invest primarily in the shares of European companies, including those in the United Kingdom. There is no policy to restrict investment to particular economic sectors.

NB: Derivatives may also be used for efficient portfolio management purposes.

Class of Shares	Accumulation Shares
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	£100,000
Minimum Subsequent Investment	£100,000
Minimum Withdrawal	£100,000
Minimum Holding	£100,000
ACD's Preliminary Charge	See Fees and Expenses, ACD's Fees and Expenses, Preliminary Charge
ACD's Service Charge	0.05% per annum
Investment Management Charge	0.8% per annum
Annual Accounting Date	30 June
Interim Accounting Period	31 December
Annual Income Allocation Date	31 August
Interim Income Allocation Dates	None
Grouping Periods for Income Equalisation	Annual accounting periods
Annual Report published by	31 October
Interim Report published by	Last day of February (for period ending 31 December)

Past Performance of the Fund

Annual total return (full calendar years) 2000 to 2008



Average annual return to 31.12.08 (3Y, 5Y)



Notes

- 1) The graphs above show the past performance of the Select European Equities Fund in the Fund's reference currency. Past performance information is available from 2000. More current performance information is available from the ACD on request.
- 2) Basis of calculation: NAV to NAV with income reinvested, net of tax and annual charges but excluding any preliminary charges.
- 3) The Fund performance data is shown for information purposes only.
- 4) The Fund performance data in these graphs is not a guide to future returns. The value of investments may go down as well as up and you may not get back the amount invested.
- 5) The Fund performance data does not take into account commissions and costs (if any) incurred on the issue and redemption of Shares.

Select Global Equities Fund

Investment Objective and Policy

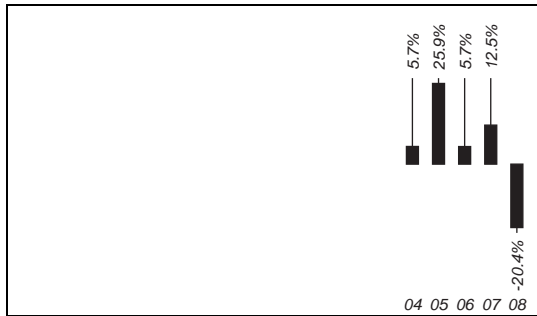
The Fund's investment objective is to achieve long term capital appreciation. The Fund will invest primarily in the shares of companies in markets throughout the world. There is no policy to restrict investments to particular economic sectors.

NB: Derivatives may also be used for efficient portfolio management purposes.

Class of Shares	Accumulation Shares
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	£100,000
Minimum Subsequent Investment	£100,000
Minimum Withdrawal	£100,000
Minimum Holding	£100,000
ACD's Preliminary Charge	See Fees and Expenses, ACD's Fees and Expenses, Preliminary Charge
ACD's Service Charge	0.05% per annum
Investment Management Charge	0.8% per annum
Annual Accounting Date and Annual Income Allocation Date	30 June
Interim Accounting Period	31 December
Interim Income Allocation Dates	None
Grouping Periods for Income Equalisation	Annual accounting periods
Annual Report published by	31 October
Interim Report published by	Last day of February (for period ending 31 December)

Past Performance of the Fund

Annual total return (full calendar years) 2004 to 2008



Average annual return to 31.12.08 (3Y, 5Y)



Notes

- 1) The graphs above show the past performance of the Select Global Equities Fund in the Fund's reference currency. The Fund was launched on 28 February 2002, but did not receive investment until March 2003. More current performance information is available from the ACD on request.
- 2) Basis of calculation: NAV to NAV with income reinvested, net of tax and annual charges but excluding any preliminary charges.
- 3) The Fund performance data is shown for information purposes only.
- 4) The Fund performance data in the graphs is not a guide to future returns. The value of investments may go down as well as up and you may not get back the amount invested.
- 5) The Fund performance data does not take into account commissions and costs (if any) incurred on the issue and redemption of Shares.

South East Asia Fund

Investment Objective and Policy

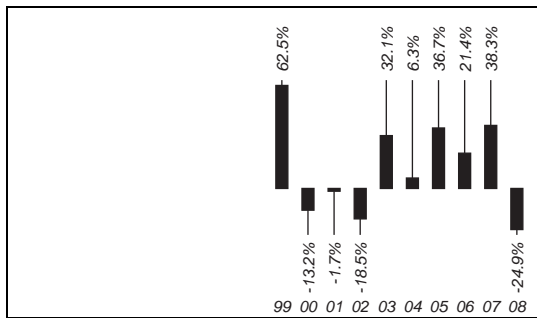
The Fund's investment objective is to achieve long term capital appreciation. The Fund will invest primarily in the shares of companies in South East Asia excluding those in Japan. There is no policy to restrict investment to particular economic sectors.

NB: Derivatives may also be used for efficient portfolio management purposes.

Class of Shares	Accumulation Shares
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	£100,000
Minimum Subsequent Investment	£100,000
Minimum Withdrawal	£100,000
Minimum Holding	£100,000
ACD's Preliminary Charge	See Fees and Expenses, ACD's Fees and Expenses, Preliminary Charge
ACD's Service Charge	0.05% per annum
Investment Management Charge	0.8% per annum
Annual Accounting Date	30 June
Interim Accounting Period	31 December
Annual Income Allocation Date	31 August
Interim Income Allocation Dates	None
Grouping Periods for Income Equalisation	Annual accounting periods
Annual Report published by	31 October
Interim Report published by	Last day of February (for period ending 31 December)

Past Performance of the Fund

Annual total return (full calendar years) 1999 to 2008



Average annual return to 31.12.08 (3Y, 5Y, 10Y)



Notes

- 1) The graphs above show the past performance of the South East Asia Fund in the Fund's reference currency. Past performance information is available from 1997. More current performance information is available from the ACD on request.
- 2) Basis of calculation: NAV to NAV with income reinvested, net of tax and annual charges but excluding any preliminary charges.
- 3) The Fund performance data is shown for information purposes only.
- 4) The Fund performance data in these graphs is not a guide to future returns. The value of investments may go down as well as up and you may not get back the amount invested.
- 5) The Fund performance data does not take into account commissions and costs (if any) incurred on the issue and redemption of Shares.

UK Corporate Bond Fund

Investment Objective and Policy

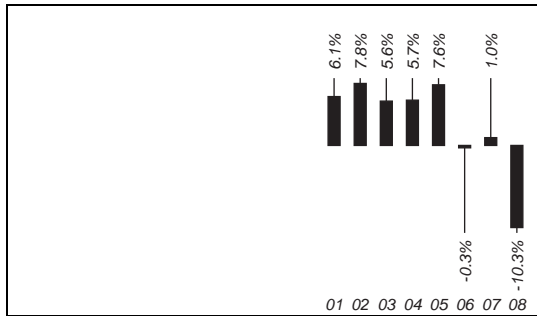
The Fund's investment objective is to achieve both capital growth and income. The Fund will invest primarily in non-gilt fixed interest securities.

NB: Derivatives may also be used for efficient portfolio management purposes.

Classes of Shares	Income Shares Gross Paying Accumulation Shares (eligible investors only)
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	£100,000
Minimum Subsequent Investment	£100,000
Minimum Withdrawal	£100,000
Minimum Holding	£100,000
ACD's Preliminary Charge	See Fees and Expenses, ACD's Fees and Expenses, Preliminary Charge
ACD's Service Charge	0.05% per annum
Investment Management Charge	0.35% per annum
Annual Accounting Date (and date of reinvestment of income for Income Shares and for Gross Paying Accumulation Shares)	30 June
Interim Accounting Period end (and date of reinvestment of income for Income Shares and for Gross Paying Accumulation Shares)	31 December
Annual Distribution Payment Date for Income Shares	31 August
Interim Distribution Payment Dates for Income Shares	Last day of February
Grouping Periods for Income Equalisation	Biannual accounting periods
Annual Report published by	31 October
Interim Report published by	Last day of February (for period ending 31 December)

Past Performance of the Fund

Annual total return (full calendar years) 2001 to 2008



Average annual return to 31.12.08 (3Y, 5Y)



Notes

- 1) The graphs above show the past performance of the UK Corporate Bond Fund in the Fund's reference currency. Past performance information is available from 2001. More current performance information is available from the ACD on request.
- 2) Basis of calculation: NAV to NAV with income reinvested, net of tax and annual charges but excluding any preliminary charges.
- 3) The Fund performance data is shown for information purposes only.
- 4) The Fund performance data in these graphs is not a guide to future returns. The value of investments may go down as well as up and you may not get back the amount invested.
- 5) The Fund performance data does not take into account commissions and costs (if any) incurred on the issue and redemption of Shares.

UK Fund

Investment Objective and Policy

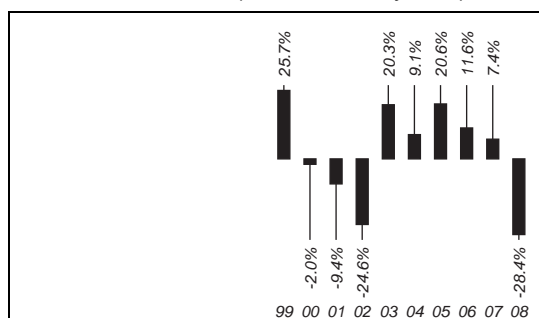
The Fund's investment objective is to achieve long term capital appreciation. The Fund will invest primarily in the shares of companies in the United Kingdom. There is no policy to restrict investment to particular economic sectors.

NB: Derivatives may also be used for efficient portfolio management purposes.

Class of Shares	Accumulation Shares
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	£100,000
Minimum Subsequent Investment	£100,000
Minimum Withdrawal	£100,000
Minimum Holding	£100,000
ACD's Preliminary Charge	See Fees and Expenses, ACD's Fees and Expenses, Preliminary Charge
ACD's Service Charge	0.05% per annum
Investment Management Charge	0.8% per annum
Annual Accounting Date	30 June
Interim Accounting Period	31 December
Annual Income Allocation Date	31 August
Interim Income Allocation Dates	None
Grouping Periods for Income Equalisation	Annual accounting periods
Annual Report published by	31 October
Interim Report published by	Last day of February (for period ending 31 December)

Past Performance of the Fund

Annual total return (full calendar years) 1999 to 2008



Average annual return to 31.12.08 (3Y, 5Y, 10Y)



Notes

- 1) The graphs above show the past performance of the UK Fund in the Fund's reference currency. Past performance information is available from 1997. More current performance information is available from the ACD on request.
- 2) Basis of calculation: NAV to NAV with income reinvested, net of tax and annual charges but excluding any preliminary charges.
- 3) The Fund performance data is shown for information purposes only.
- 4) The Fund performance data in these graphs is not a guide to future returns. The value of investments may go down as well as up and you may not get back the amount invested.
- 5) The Fund performance data does not take into account commissions and costs (if any) incurred on the issue and redemption of Shares.

UK Gilt Fund

Investment Objective and Policy

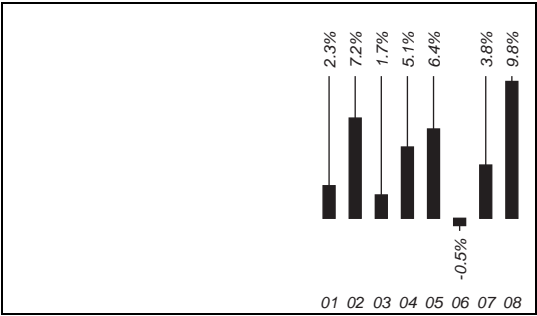
The Fund's investment objective is to achieve both capital growth and income. The Fund will invest primarily in UK gilts. The Fund may also invest in other fixed interest securities.

NB: Derivatives may also be used for efficient portfolio management purposes.

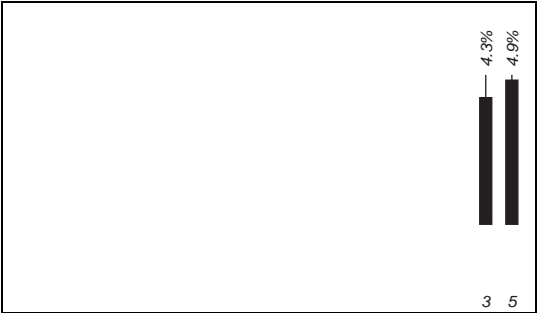
Classes of Shares	Income Shares Gross Paying Accumulation Shares (eligible investors only)
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	£100,000
Minimum Subsequent Investment	£100,000
Minimum Withdrawal	£100,000
Minimum Holding	£100,000
ACD's Preliminary Charge	See Fees and Expenses, ACD's Fees and Expenses, Preliminary Charge
ACD's Service Charge	0.05% per annum
Investment Management Charge	0.25% per annum
Annual Accounting Date (and date of reinvestment of income for Income Shares and for Gross Paying Accumulation Shares)	30 June
Interim Accounting Period end (and date of reinvestment of income for Income Shares and for Gross Paying Accumulation Shares)	31 December
Annual Distribution Payment Date for Income Shares	31 August
Interim Distribution Payment Dates for Income Shares	Last day of February
Grouping Periods for Income Equalisation	Biannual accounting periods
Annual Report published by	31 October
Interim Report published by	Last day of February (for period ending 31 December)

Past Performance of the Fund

Annual total return (full calendar years) 2001 to 2008



Average annual return to 31.12.08 (3Y, 5Y)



Notes

- 1) The graphs above show the past performance of the UK Gilt Fund in the Fund’s reference currency. Past performance information is available from 2001. More current performance information is available from the ACD on request.
- 2) Basis of calculation: NAV to NAV with income reinvested, net of tax and annual charges but excluding any preliminary charges.
- 3) The Fund performance data is shown for information purposes only.
- 4) The Fund performance data in these graphs is not a guide to future returns. The value of investments may go down as well as up and you may not get back the amount invested.
- 5) The Fund performance data does not take into account commissions and costs (if any) incurred on the issue and redemption of Shares.

UK Long Corporate Bond Fund

Investment Objective and Policy

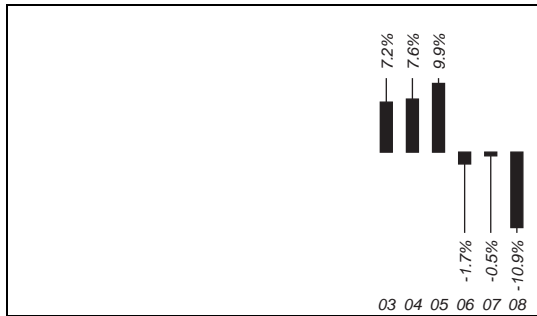
The Fund's investment objective is to achieve both capital growth and income. The Fund will invest primarily in non-gilt fixed interest securities, at least half of which will have a remaining maturity of at least 10 years.

NB: Derivatives may also be used for efficient portfolio management purposes.

Classes of Shares	Income Shares Gross Paying Accumulation Shares (eligible investors only)
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	£100,000
Minimum Subsequent Investment	£100,000
Minimum Withdrawal	£100,000
Minimum Holding	£100,000
ACD's Preliminary Charge	See Fees and Expenses, ACD's Fees and Expenses, Preliminary Charge
ACD's Service Charge	0.05% per annum
Investment Management Charge	0.35% per annum
Annual Accounting Date (and Date of reinvestment of income for Income Shares and for Gross Paying Accumulation Shares)	30 June
Interim Accounting Period end (and Date of reinvestment of income for Income Shares and for Gross Paying Accumulation Shares)	31 December
Annual Distribution Payment Date for Income Shares	31 August
Interim Distribution Payment Dates for Income Shares	Last day of February
Grouping Periods for Income Equalisation	Biannual accounting periods
Annual Report published by	31 October
Interim Report published by	Last day of February (for period ending 31 December)

Past Performance of the Fund

Annual total return (full calendar years) 2003 to 2008



Average annual return to 31.12.08 (3Y, 5Y)



Notes

- 1) The graphs above show the past performance of the UK Long Corporate Bond Fund in the Fund's reference currency. Past performance information is available from 2003. More current performance information is available from the ACD on request.
- 2) Basis of calculation: NAV to NAV with income reinvested, net of tax and annual charges but excluding any preliminary charges.
- 3) The Fund performance data is shown for information purposes only.
- 4) The Fund performance data in these graphs is not a guide to future returns. The value of investments may go down as well as up and you may not get back the amount invested.
- 5) The Fund performance data does not take into account commissions and costs (if any) incurred on the issue and redemption of Shares.

UK Multi-Manager Fund

(merged into UK Fund on 31 January 2009 and being wound up)

Investment Objective and Policy

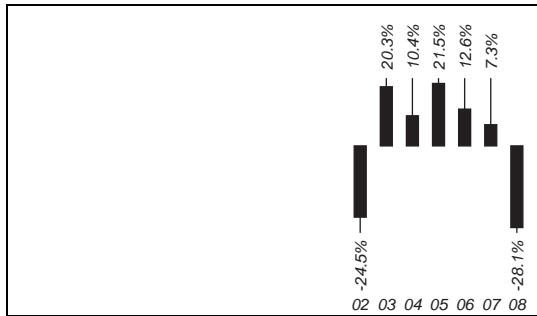
The Fund's investment objective is to achieve long term capital appreciation. The Fund will invest primarily in the shares of companies in the United Kingdom. There is no policy to restrict investment to particular economic sectors.

NB: Derivatives may also be used for efficient portfolio management purposes.

Class of Shares	Accumulation Shares
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	£100,000
Minimum Subsequent Investment	£100,000
Minimum Withdrawal	£100,000
Minimum Holding	£100,000
ACD's Preliminary Charge	See Fees and Expenses, ACD's Fees and Expenses, Preliminary Charge
ACD's Service Charge	0.05% per annum
Investment Management Charge	0.8% per annum
Annual Accounting Date	30 June
Annual Income Allocation Date	31 August
Interim Income Allocation Dates	None
Grouping Periods for Income Equalisation	Annual accounting periods
Annual Report published by	31 October
Interim Report published by	Last day of February (for period ending 31 December)

Past Performance of the Fund

Annual total return (full calendar years) 2002 to 2008



Average annual return to 31.12.08 (3Y, 5Y)



Notes

- 1) The graphs above show the past performance of the UK Multi-Manager Fund in the Fund's reference currency. Past performance information is available from 2002. More current performance information is available from the ACD on request.
- 2) Basis of calculation: NAV to NAV with income reinvested, net of tax and annual charges but excluding any preliminary charges.
- 3) The Fund performance data is shown for information purposes only.
- 4) The Fund performance data in the graphs is not a guide to future returns. The value of investments may go down as well as up and you may not get back the amount invested.
- 5) The Fund performance data does not take into account commissions and costs (if any) incurred on the issue and redemption of Shares.

UK Multi-Manager Plus Fund

(formerly UK High Alpha Fund)

(closed on 30 January 2009 and being wound up)

Investment Objective and Policy

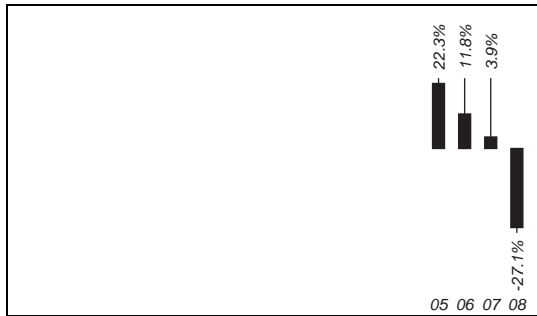
The Fund's investment objective is to achieve long term capital appreciation. The Fund will invest primarily in the shares of companies in the United Kingdom. There is no policy to restrict investment to particular economic sectors.

NB: Derivatives may also be used for efficient portfolio management purposes.

Class of Shares	Accumulation Shares
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	£100,000
Minimum Subsequent Investment	£100,000
Minimum Withdrawal	£100,000
Minimum Holding	£100,000
ACD's Preliminary Charge	See Fees and Expenses, ACD's Fees and Expenses, Preliminary Charge
ACD's Service Charge	0.05% per annum
Investment Management Charge	0.8% per annum (0.85% from 10 January 2005)
Annual Accounting Date	30 June
Annual Income Allocation Date	31 August
Interim Income Allocation Dates	None
Grouping Periods for Income Equalisation	Annual accounting periods
Annual Report published by	31 October
Interim Report published by	Last day of February (for period ending 31 December)

Past Performance of the Fund

Annual total return (full calendar years) 2005 to 2008



Average annual return to 31.12.08 (3Y)



Notes

- 1) The graph above shows the past performance of the UK Multi-Manager Plus Fund in the Fund's reference currency. Past performance information is available from 2005. More current performance information is available from the ACD on request.
- 2) Basis of calculation: NAV to NAV with income reinvested, net of tax and annual charges but excluding any preliminary charges.
- 3) The Fund performance data is shown for information purposes only.
- 4) The Fund performance data in the graphs is not a guide to future returns. The value of investments may go down as well as up and you may not get back the amount invested.
- 5) The Fund performance data does not take into account commissions and costs (if any) incurred on the issue and redemption of Shares.

UK Specialist Fund

Investment Objective and Policy

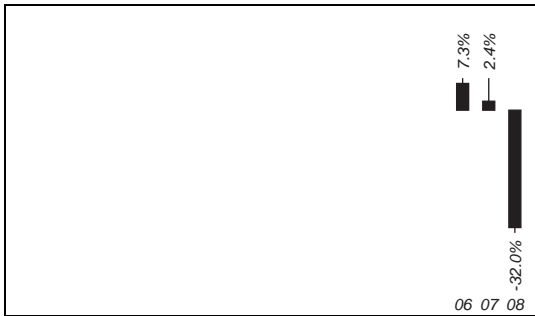
The Fund's investment objective is to achieve long term capital appreciation. The Fund will invest primarily in the shares of United Kingdom companies. There is no policy to restrict investment to particular economic sectors.

NB: Derivatives may also be used for efficient portfolio management purposes.

Class of Shares	Accumulation Shares
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	£100,000
Minimum Subsequent Investment	£100,000
Minimum Withdrawal	£100,000
Minimum Holding	£100,000
ACD's Preliminary Charge	See Fees and Expenses, ACD's Fees and Expenses, Preliminary Charge
ACD's Service Charge	0.05% per annum
Investment Management Charge	0.8% per annum
Annual Accounting Date	30 June
Interim Accounting Period	31 December
Annual Income Allocation Date	31 August
Interim Income Allocation Dates	None
Grouping Periods for Income Equalisation	Annual accounting periods
Annual Report published by	31 October
Interim Report published by	Last day of February (for period ending 31 December)

Past Performance of the Fund

Annual total return (full calendar years) 2006-2008



Average annual return to 31.12.08 (3Y)



Notes

- 1) The graph above shows the past performance of the UK Specialist Fund in the Fund's reference currency. Past performance information is available from 2006. More current performance information is available from the ACD on request.
- 2) Basis of calculation: NAV to NAV with income reinvested, net of tax and annual charges but excluding any preliminary charges.
- 3) The Fund performance data is shown for information purposes only.
- 4) The Fund performance data in the graph is not a guide to future returns. The value of investments may go down as well as up and you may not get back the amount invested.
- 5) The Fund performance data does not take into account commissions and costs (if any) incurred on the issue and redemption of Shares.

APPENDIX 2: INVESTMENT POWERS AND RESTRICTIONS

Each Fund is categorised as a UCITS scheme. Although the ACD does not necessarily intend to market the Funds in other EU member states pursuant to the passport which is available under the EU UCITS Directive, each Fund has the investment powers permitted for schemes which comply with that Directive.

General

Authorised funds, such as the Funds of the Company, are required to comply with a number of investment rules that require the spreading of risk. The ACD must ensure that, taking account of the investment objective and policy of each Fund, the scheme property of each Fund aims to provide a prudent spread of risk. An aim of the restrictions on investment and borrowing powers set out in the COLL Sourcebook (which are summarised below) is to help protect Shareholders by laying down minimum standards for the investments that may be held. In particular, the restrictions on the proportion of transferable securities and derivatives which are not listed on eligible markets are intended to restrict investment in transferable securities and derivatives that cannot accurately be valued and readily disposed of.

The ACD will, on a Shareholder's request, provide supplementary information to that set out in this Prospectus relating to the quantitative limits applying in the risk management of each Fund, the methods used in this connection, and any recent development of the risk and yields of the main categories of investment of each Fund.

The property of a Fund must only consist of any or all of:

- (a) transferable securities;
- (b) units in collective investment schemes;
- (c) money market instruments which are normally dealt in on the money markets, are liquid, whose values can accurately be determined at any time, and provided they meet one of certain criteria;
- (d) derivatives and forward transactions;
- (e) deposits with an Approved Bank which are repayable on demand or have the right to be withdrawn and maturing in no more than twelve months; and
- (f) cash and near cash.

The Scheme Property of the Company may also include movable and immovable property that is necessary for the direct pursuit of the Company's business, but it is not intended that the Company will hold any such property.

Note: In accordance with each Fund's investment objective and policy, the Funds will invest primarily in transferable securities but other investments may also be made. The following paragraphs therefore summarise the restrictions for UCITS schemes generally under the COLL Sourcebook.

Transferable Securities

A Fund may invest in "approved securities", which are transferable securities traded on eligible securities markets (as defined below), otherwise than by the specific permission of the market authority. Not more than 10% in value of a Fund's property may consist of transferable securities which are not approved securities.

Transferable securities are essentially shares, instruments creating or acknowledging indebtedness, government and public securities, instruments giving entitlement to such investments, and certificates representing certain securities, in each case which are transferable without the consent of a third party.

"Eligible securities markets" are regulated markets, which are defined by reference to provisions of the Investment Services Directive; markets established in EEA member states on which transferable securities admitted to official listing in those states are dealt in or traded; and other markets which the ACD, after consultation with the Depositary, has decided are appropriate for the purpose of investment of the property of the relevant Fund. In accordance with the relevant criteria in the COLL Sourcebook and formal guidance from the FSA, such markets must operate regularly and be regulated, recognised and open to the public.

The eligible markets for each Fund (in addition to those established in EEA member states) are as follows:

Alberta Stock Exchange
American Stock Exchange
Australian Stock Exchange
Boston Stock Exchange
Buenos Aires Stock Exchange
Chicago Stock Exchange
Cincinnati Stock Exchange
Colombo Stock Exchange
Fukuoka Stock Exchange
Hong Kong Stock Exchange
Hungarian Stock Exchange
Indian Stock Exchange
Istanbul Stock Exchange
Jakarta Stock Exchange
Jasdaq
Johannesburg Stock Exchange
Korea Stock Exchange
Kosdaq
Kuala Lumpur Stock Exchange
Lima Stock Exchange
Mexican Stock Exchange
Montreal Stock Exchange
Nagoya Stock Exchange
Nasdaq
New York Stock Exchange
New Zealand Stock Exchange
Osaka Stock Exchange
Pacific Stock Exchange
Philadelphia Stock Exchange
Philippines Stock Exchange
Rio de Janeiro Stock Exchange
Sao Paulo Stock Exchange
Sapporo Stock Exchange
Singapore Exchange
SIX Swiss Exchange
Taiwan Stock Exchange
Tel Aviv Stock Exchange
Thailand Stock Exchange
Tokyo Stock Exchange
Toronto Stock Exchange
TSX Ventures Exchange
US Fixed Income Market
US Government Securities Market

Collective Investment Schemes

Investment by a Fund in units in collective investment schemes is subject to the following restrictions:

- A Fund may invest in any of the following types of collective investment scheme:
 - (a) a scheme which complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive. A UCITS scheme for this purpose also includes, in addition to qualifying UK authorized unit trusts and open-ended investment companies, UCITS schemes established in other EEA member states which are recognised under section 264 of the Financial Services and Markets Act 2000 to meet the UCITS Directive requirements;
 - (b) a scheme which is recognised under the provisions of section 270 of the Financial Services and Markets Act 2000 (schemes authorised in designated countries or territories);
 - (c) a scheme which is a UK authorised scheme which is classified as a non-UCITS retail scheme, if the requirements set out in Article 19(1)(e) of the UCITS Directive are met; or
 - (d) a scheme which is authorised in another EEA State, if the requirements set out in Article 19(1)(e) of the UCITS Directive are met.
- In relation to the schemes mentioned at paragraphs (c) and (d) above, the requirements of Article 19(1)(e) of the UCITS Directive are as follows:
 - the scheme is authorised under laws which provide that it is subject to supervision considered by UCITS competent authorities to be equivalent to that laid down in community law and that co-operation between authorities is sufficiently assured;
 - the level of protection for unitholders in the scheme is equivalent to that provided for unitholders in the UCITS and, in particular, the rules on asset segregation, borrowing, lending and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the UCITS Directive;
 - the business of the scheme is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;
 - no more than 10% of the scheme's assets, whose acquisition is contemplated, can, according to its fund rules or instrument of incorporation, be invested in aggregate units of other UCITS or other collective investment undertakings; and
 - the object of the scheme must be to invest solely in UCITS eligible assets.

UK non-UCITS retail schemes are therefore possible investments, subject to their being restricted to investment in UCITS eligible assets only.

- Whilst investment is possible in schemes in any of the categories mentioned in paragraphs (a) to (d) above, not more than 30% in value of a Fund may be invested in schemes which are within paragraphs (b), (c) and (d) above.
- Any scheme in which a Fund invests must have terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes.
- As mentioned below (see "Spread Requirements"), under COLL no more than 20% in value of a Fund is to consist of units in any one collective investment scheme. However, in order that each Fund is available as an underlying investment of another UCITS scheme operating under the COLL Sourcebook, the Company's Instrument of Incorporation provides that no more than 10% in value of the scheme property of a Fund may consist of units in collective investment schemes. This is in addition to the limit imposed under this Prospectus, which is that no more than 5% in value of the scheme property of a Fund may be invested in units or shares in other regulated collective investment schemes. For the purposes of this spread requirement, if investment is made in sub-funds of an umbrella scheme, each sub-fund is treated as if it were a separate scheme.

- Also as mentioned below (see “Concentration Restrictions”), the Company’s Funds must not together acquire more than 25% of the units in any single collective investment scheme.
- No Fund may invest in another Fund in the Company. However, a Fund may invest in associated collective investment schemes (other collective investment schemes which are managed or operated by the ACD or an associate of the ACD) provided there is no double charging of the preliminary charge on investment, or of the redemption charge on disinvestment, on the basis set out in the COLL Sourcebook.

Money Market Instruments

A Fund may invest in money market instruments including those which are normally dealt in on the money markets, are liquid and whose value can be accurately determined at any time, provided that:

- (a) the instrument is listed on or normally dealt in on an eligible market; or
- (b) the money market instrument is (i) issued or guaranteed by a central, regional or local authority, a central bank of an EEA state, the European Central Bank of the European Union or the European Investment Bank, a non-EEA state or, in the case of a federal state, by one of the members making up the federation or by a public international body to which one or more EEA states belong; or (ii) issued by a body any securities of which are dealt in on an eligible market; or (iii) issued or guaranteed by an establishment subject to prudential supervision in accordance with criteria defined by EU law or by an establishment which is subject to, and complies with, prudential rules considered by the FSA to be at least as stringent as those laid down by EU law.

Not more than 10% in value of the scheme property of a Fund may consist of money market instruments which do not satisfy the above conditions.

Derivatives and Forward Transactions

Under the COLL Sourcebook, derivatives may be used by UCITS schemes for efficient portfolio management purposes (such as hedging) or for achieving a scheme’s investment objectives, or for both.

The power to use derivatives for specific investment purposes is currently not available to any of the Funds listed in this Prospectus for Switzerland. Any use of derivatives for more than efficient portfolio management purposes in the future would first have to be approved by a resolution of the relevant Shareholders.

The use of derivatives and forward transactions for the Company’s Funds listed in this Prospectus for Switzerland is currently governed as follows:

- (i) by the COLL Sourcebook provisions explained in sections (a) to (e) below, which apply to all Funds generally; and
 - (ii) in addition, by the terms set out in section (f) below, which explain the extent of the possible use of derivatives for the Funds (and which, in particular, confirm that, for all Funds derivatives and forward transactions may only be used for limited purposes of efficient portfolio management).
- (a) Subject to certain detailed restrictions, a transaction in a derivative or a forward transaction may be effected for a Fund if it is a permitted transaction and the transaction is covered, on the basis explained below. A transaction in a derivative must not cause a Fund to diverge from its investment objectives. For any derivative transactions, there are requirements if that transaction will or could lead to the delivery of property, and there must be an appropriate risk management process in place.
 - (b) To be a permitted transaction, the following constraints must be complied with.
The underlying property of any transaction in a derivative must consist of property to which the Fund is dedicated.
A transaction in a derivative must be in an approved derivative, (i.e. a transaction effected on or under the rules of an eligible derivatives market) or, subject to restrictions, an OTC derivative transaction.

Eligible derivatives markets are those which are regulated as defined in the FSA Handbook or markets in EEA states which are regulated, operate regularly and are open to the public. Markets not falling within either of these definitions are eligible if the ACD, after consultation with the Depositary, has decided that such markets are appropriate for the purposes of investment of or dealing in the property of a Fund with regard to the relevant criteria set out in the COLL Sourcebook and the formal guidance on eligible markets issued by the FSA as amended from time to time. The eligible derivatives markets for the Funds as at the date of this Prospectus are as follows:

(i) For all Funds:

Chicago Board of Trade
Chicago Mercantile Exchange
EDX
Eurex (Germany; Zurich)
Euronext (Amsterdam; Brussels; Paris-MATIF; Paris-MONEX; LIFFE)
Korean Futures Exchange (KOFAX)
Malaysia Derivatives Exchange (MDEX)
New York Futures Exchange
New Zealand Futures and Options Exchange
Osaka Securities Exchange
Singapore Exchange
Sydney Futures Exchange
Tokyo International Financial Futures Exchange
Tokyo Stock Exchange

(ii) Additionally for Emerging Markets Fund, Global Focus Fund, Pacific (ex-Japan) Fund, Select Global Equities Fund, and South East Asia Fund only: Hong Kong Futures Exchange.

A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, money market instruments, units in a collective investment scheme or derivatives.

Any forward transaction must be made with an Eligible Institution or an Approved Bank.

(c) A transaction in derivatives or a forward transaction may only be entered into if the maximum exposure, in terms of the principal or notional principal created by the transaction to which a Fund is or may be committed by another person is covered globally. Exposure is covered globally if adequate cover from within the scheme property of the Fund is available to meet the Fund's total exposure, taking into account the value of the underlying assets and any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

The global exposure relating to derivatives held in the Fund may not exceed the net value of the Fund.

(d) A derivative or forward transaction which will or could lead to the delivery of property for the account of a Fund, may be entered into only if at the time of execution:

(i) that property can be held for the account of the relevant Fund; and

(ii) the ACD, having taken reasonable care, determines that delivery of the property under that transaction will not occur or will not lead to a breach of the applicable restrictions.

(e) The ACD must use a risk management process enabling it to monitor and measure as frequently as appropriate the risk of each Fund's derivatives positions and their contribution to the overall risk profile of the Fund. This process must take into account the investment objectives and policy of the Fund and the creditworthiness of counterparties used to undertake derivative transactions. The use of derivatives has the overall intention of reducing the volatility of returns, although this outcome is not guaranteed and derivatives held may at times lead to increased price volatility. The Depositary is obliged to take reasonable care to review the appropriateness of the risk management process in line with its duties. Before using the process, the ACD will notify the FSA of the details of the risk management process.

(f) For the time being, the ACD will not enter into derivative and forward transactions for a Fund except for limited purposes of efficient portfolio management of the Fund, as explained below.

The ACD may utilise the property of a Fund to enter into transactions for the purposes of efficient portfolio management of that Fund, i.e. transactions which relate to transferable securities or money market instruments, are economically appropriate (they are realised in a cost effective way) and which are permitted by the COLL Sourcebook to be effected in order to achieve a reduction in certain risks or costs or the generation of additional capital or income for the Funds with a risk level which is consistent with the risk profile of the Fund and the risk diversification rules laid down in COLL. There is no limit on the amount or value of the property of a Fund which may be used for such efficient portfolio management purposes, but the ACD will only enter into the transaction if it reasonably believes the transaction to be economically appropriate.

A Fund may use various Financial Derivative Instruments to reduce risks or costs or to generate additional capital or income in order to meet the investment objectives of that Fund. Certain Funds may use derivatives extensively and/or for more complex strategies (i.e. have extended derivative powers) as referred to in their investment objective and policy. In this section and others that refer to derivatives, privately negotiated or non-exchange traded derivatives are referred to as being "Over The Counter", or "OTC".

Investors may wish to consult their financial adviser about the suitability of a particular Fund for their investment needs bearing in mind its powers with regard to the use of derivatives.

While the judicious use of derivative instruments by experienced investment managers can be beneficial, derivative instruments also involve risks different from, and, in certain cases, greater than, the risks associated with more traditional investments. The use of derivatives may give rise to a form of leverage, which may cause the net asset values of these Funds to be more volatile and/or change by greater amounts than if they had not been leveraged. This is because leverage tends to exaggerate the effect of any increase or decrease in the value of the respective Funds' portfolio of securities and other instruments.

The following types of risks are amongst those relevant in relation to the use of derivatives and forwards by the Funds:

- **Market Risk** – which is the general risk applicable to all investments that the value of a particular investment may fluctuate. Where the value of the underlying asset (either security or reference benchmark) of a derivative instrument changes, the value of the instrument will become positive or negative, depending on the performance of the underlying asset. For non-option derivatives the absolute size of the fluctuation in value of a derivative will be very similar to the fluctuation in value of the underlying security or reference benchmark. In the case of options, the absolute change in value of an option will not necessarily be similar to the change in value of the underlying because, as explained further below, changes in options values are dependent on a number of other variables.
- **Liquidity Risk** – Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative instrument transaction is particularly large or if the relevant market is illiquid (as can be the case with OTC derivative instruments), it may not be possible to initiate a transaction or liquidate a position at an advantageous price.
- **Counterparty Credit Risk** – which is the risk that a loss may be sustained by a Fund as a result of the failure of the other party to a derivative instrument (usually referred to as a 'counterparty') to comply with the terms of the derivative instrument contract. The counterparty credit risk for an exchange-traded derivative instrument is generally less than for an OTC derivative instrument, since the clearing firm, which is the issuer or counterparty to each exchange-traded derivative instrument, provides a guarantee of clearing. This guarantee is supported by a daily payment system (i.e. margin requirements) operated by the clearing firm in order to reduce overall counterparty credit risk. Assets deposited as margin with the brokers and/or exchanges may not be held in segregated accounts by these counterparties and may therefore become available to the creditors of such counterparties in the event of default by them. For privately negotiated OTC derivative instruments, there is no similar clearing firm guarantee. Therefore, the investment manager adopts a counterparty risk management framework which measures, monitors and manages counterparty credit risk, taking into account both current and potential future credit exposure, through the use of internal credit assessments and external credit agency ratings. Privately negotiated OTC derivative instruments are not standardised. They are an agreement between two parties and can therefore be tailored to the requirements of the parties involved. The documentation risk is reduced by adhering to standard ISDA documentation.

A Fund's exposure to an individual counterparty may not exceed 10% of the relevant Fund's net assets. Counterparty credit risk may be further mitigated through the use of collateral agreements. However, collateral arrangements are still subject to the insolvency risk and credit risk of the issuers or depository of the collateral. Further, collateral thresholds exist below which collateral is not called for and timing differences between calculating the need for collateral and its receipt by the Fund from the counterparty will both mean that not all the current exposure will be collateralized.

- **Settlement risk** – Settlement risk exists when futures, forwards, contracts for differences, options and swaps (of any type) are not settled in a timely manner, thereby increasing counterparty credit risk prior to settlement and potentially incurring Funding costs that would otherwise not be experienced. If settlement never occurs the loss incurred by the Fund will be the same as it is for any other such situation involving a security namely the difference between the price of the original contract and the price of the replacement contract, or, in the case where the contract is not replaced the absolute value of the contract at the time it is voided.
- **Fund Management Risk** – Derivative products are highly specialised instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative instrument requires an understanding not only of the underlying asset but also of the derivative instrument itself, without necessarily the benefit of observing the performance of the derivative instrument under all possible market conditions. Further, the price of an OTC derivative might not move in line with the price of the underlying instrument in some market conditions.
- **Other Risks** – Other risks in using derivative instruments include the risk of mispricing or improper valuation. Some derivative instruments, in particular privately negotiated OTC derivative instruments, do not have prices observable on an exchange and so involve the use of formulae, with prices of underlying securities or reference benchmarks obtained from other sources of market price data. OTC options involve the use of models, with assumptions, which increases the risk of pricing errors. Improper valuations could result in increased cash payment requirements to counterparties or a loss of value to the Funds. Derivative instruments do not always perfectly or even highly correlate with or track the value of the assets, rates or indices they are designed to track. Consequently, a Fund's use of derivative instruments may not always be an effective means of, and sometimes could be counterproductive to, furthering that Fund's investment objective.

Risks in relation to specific derivative instruments

For Funds using one or a combination of the following instruments the following are among the risks which should be considered as relevant:

- **Security Forward Contracts and Contracts for Difference** – the risk to the buyer or seller of such contracts is the change in value of the underlying security. When the value of the underlying security changes, the value of the contract becomes positive or negative. Unlike futures contracts (which are settled through a clearing firm), OTC forward contracts and contracts for difference are privately negotiated between two parties and are not standardised. Furthermore, the two parties must bear each other's credit risk, which is not the case with a futures contract and collateral is arranged to mitigate this risk. Also, since these contracts are not exchange traded, there is no marked-to-market margin requirement, which allows a buyer to avoid almost all capital outflow initially.
- **Equity Index, Single Stock, Interest Rate and Bond Futures** – the risk to the buyer or seller of an exchange-traded future is the change in value of the underlying reference index/security/contract/bond. Futures contracts are forward contracts, meaning they represent a pledge to make a certain economic transfer at a future date. The exchange of value occurs by the date specified in the contract; the majority of contracts have to be cash settled and where physical delivery is an option the underlying instrument is rarely exchanged. Futures are distinguished from generic forward contracts in that they contain standardised terms, trade on a formal exchange, are regulated by overseeing agencies, and are guaranteed by clearing firms. Also, in order to ensure that payment will occur, futures have both an initial margin and a daily margin requirement which moves in line with the market value of the underlying asset.

- Exchange-traded and OTC Options – Options are complex instruments whose value depends on many variables including the strike price of the underlying (versus the spot price both at the time the option is transacted and subsequently), the time to maturity of the option, the type of option (European or American or other type) and volatility among others. The most significant contributor to market risk resulting from options is the market risk associated with the underlying when the option has an intrinsic value (i.e. it is ‘in-the-money’), or the strike price is near the price of the underlying (‘near-the-money’). In these circumstances the change in value of the underlying will have a significant influence on the change in value of the option. The other variables will also have an influence, which will likely to be greater the further away the strike price is from the price of the underlying. Unlike exchange traded option contracts (which are settled through a clearing firm), OTC option contracts are privately negotiated between two parties and are not standardised. Further, the two parties must bear each other’s credit risk and collateral is arranged to mitigate this risk. The liquidity of an OTC option can be less than that of an exchange traded option and this may adversely affect the ability to close out the option position, or the price at which the close out is effected.
- Interest Rate Swaps – an interest rate swap normally involves exchanging a fixed interest amount per payment period for a payment that is based on a floating rate benchmark. The notional principal of an interest rate swap is never exchanged, only the fixed and floating amounts. Where the payment dates of the two interest amounts coincide there is normally one net settlement. The market risk of this type of instrument is driven by the change in the reference benchmarks used for the fixed and floating legs. An interest rate swap is an OTC agreement between two parties and so can be tailored to the requirements of the parties involved. Consequently each party bears the other’s credit risk and collateral is arranged to mitigate this risk.
- Foreign Exchange contracts – these involve the exchange of an amount in one currency for an amount in a different currency on a specific date. Once a contract has been transacted the value of the contract will change depending on foreign exchange rate movements and, in the case of forwards, interest rate differentials. To the extent that such contracts are used to hedge non-base currency foreign currency exposures back to the base currency of the Fund, there is a risk that the hedge may not be perfect and movements in its value may not exactly offset the change in value of the currency exposure being hedged. Since the gross amounts of the contract are exchanged on the specified date, there is a risk that if the counterparty with whom the contract has been agreed goes into default between the time of payment by the Fund but before receipt by the Fund of the amount due from the counterparty, then the Fund will be exposed to the counterparty credit risk of the amount not received and the entire principal of a transaction could be lost.
- Credit Default Swaps (CDS) – these contracts represent a credit derivative, whose market value will change in line with the perceived credit standing of the underlying security or basket of securities. Where protection has been sold, the Fund has a similar credit exposure to the underlying security or basket of securities as if they had actually been bought. Where protection has been bought, the Fund will receive a payment from the counterparty to the swap if the underlying security (or one in the basket of securities) defaults, based on the difference between the notional principal of the swap and the expected recovery value, as determined by the market at the time of default. The swap contract is an agreement between two parties and therefore each party bears the other’s counterparty credit risk. Collateral is arranged to mitigate this risk. The documentation risk for CDS is reduced by adhering to standard ISDA documentation. The liquidity of a CDS may be worse than the liquidity of the underlying security or securities in the basket and this may adversely affect the ability to close out a CDS position or the price at which close out is effected.
- Total Return Swaps (TRS) – these contracts represent a combined market and credit default derivative and their value will change as a result of fluctuations in interest rates as well as credit events and credit outlook. A TRS which involves the Fund receiving the total return is similar in risk profile to actually owning the underlying reference security. These transactions may be less liquid than interest rate swaps as there is no standardisation of the underlying reference benchmark and this may adversely affect the ability to close out a TRS position or the price at which close out is effected.

The swap contract is an agreement between two parties and therefore each party bears the other's counterparty credit risk and collateral is arranged to mitigate this risk. The documentation risk for TRS is reduced by adhering to standard ISDA documentation.

- Inflation Index Swaps – the market risk of this type of instrument is driven by the change in the reference benchmarks used for the two legs of the transaction, one of which will be an inflation benchmark. This is an agreement between two parties and so can be tailored to the requirements of the parties involved. Consequently each party bears the other's credit risk and collateral is arranged to mitigate this risk. An inflation index swap normally involves exchanging a fixed final amount for a payment that is not fixed (the floating side of the swap would usually be linked to an inflation index in one of the major currencies).

Please note that the above is an indicative list of risks. For Funds using other instruments, different/additional risks may have to be considered.

Spread Requirements

There are limitations on the proportion of the value of a Fund which may be held in certain forms of investment. The general spread requirements are as set out below.

- (a) Not more than 5% in value of a Fund's property may consist of transferable securities or money market instruments issued by a single body, except that the 5% limit is increased to 10% in respect of up to 40% in value of the Fund's property (and, in applying these limits, certificates representing certain securities are treated as equivalent to the underlying security).
- (b) Under COLL not more than 20% in value of a Fund may consist of units in any one collective investment scheme (but see additional restrictions under "Collective Investment Schemes" above).
- (c) Not more than 20% in value of a Fund's property may consist of deposits with a single body.
- (d) The exposure to any one counterparty in an over-the counter (OTC) derivative transaction must not exceed 5% in value of a Fund's property, although this limit is raised to 10% where the counterparty is an Approved Bank.
- (e) Not more than 20% in value of a Fund may consist of transferable securities or money market instruments issued by the same group (meaning companies included for the same group for the purposes of consolidated accounts as defined in accordance with EU Directive 83/349/EEC or in the same group in accordance with international accounting standards).
- (f) In applying the limits in (a), (c) and (d) above, not more than 20% in value of a Fund's property may consist of any combination of any two or more of the following:
 - transferable securities or money market instruments issued by a single body; or
 - deposits made with a single body; or
 - exposure from OTC derivatives transactions made with a single body.
- (g) For the purpose of calculating the limits in (d) and (f) above, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:
 - it is marked-to-market on a daily basis and exceeds the value of the amount at risk;
 - it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash);
 - it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
 - can be fully enforced by the UCITS scheme at any time.

- (h) For the purposes of calculating the limits in (d) and (f) above, OTC derivative positions with the same counterparty may be netted provided that the netting procedures:
- comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to the Banking Consolidation Directive; and
 - are based on legally binding agreements.
- (i) In applying these spread limits, all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:
- it is backed by an appropriate performance guarantee; and
 - it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.
- (j) The above restrictions do not apply to government and public securities. Government and public securities are, essentially, securities issued by certain governments, local authorities and public international bodies.

For each Fund other than Index-Linked Bond Fund, Long Bond Fund, UK Corporate Bond Fund, UK Gilt Fund and UK Long Corporate Bond Fund, no more than 35% of the Fund's property may be invested in Government and public securities issued by any one issuer. Apart from this restriction, there is no limit on the amount which may be invested in such securities or in such securities issued by any one issuer or of any one issue.

In the case of Index-Linked Bond Fund, Long Bond Fund and UK Gilt Fund only, up to 100% of the property of each Fund may be invested in Government and public securities issued by or on behalf of or guaranteed by the Government of the UK.

In the case of UK Corporate Bond Fund and UK Long Corporate Bond Fund only, up to 100% of the property of each Fund may be invested in Government and public securities issued by or on behalf of or guaranteed by any of the following international organisations, namely Asian Development Bank (ADB), Council of Europe Development Bank, Deutsche Ausgleichsbank (DTA), Eurofima, European Bank for Reconciliation and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank (IADB), International Bank for Reconstruction & Development (IBRD), International Finance Corporation (IFC), Kreditanstalt Fuer Wiederaufbau (KfW), LCR Finance PLC, and the Nordic Investment Bank (NIB).

If more than 35% in value of the property of a Fund is invested in Government and public securities issued by any one issuer, up to 30% in value of the property of the Fund may consist of such securities of any one issue and the Fund's property must include at least six different issues whether of that issuer or another issuer.

The spread requirements above do not apply until the expiry of six months after the launch of a Fund, although the ACD must still aim to maintain a prudent spread of risk during this initial period.

Concentration Restrictions

The Company must not acquire:

- (a) transferable securities (other than debt securities) issued by a company which do not carry rights to vote at a general meeting of that company and which represent more than 10% of the securities issued by that company; or
- (b) more than 10% of the debt securities (which are debentures, government and public securities, and warrants which confer rights of investment in these) issued by a single body; or
- (c) more than 25% of the units in a collective investment scheme; or
- (d) more than 10% of the money market instruments issued by any single body,

but need not comply with the limits in (b), (c) and (d) if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

Prohibition on Acquiring Significant Influence in a Company

The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:

- (a) immediately before the acquisition, the aggregate of such securities held by the Company gives the Company power significantly to influence the conduct of business of that body corporate; or
- (b) the acquisition will give the Company such power.

The power significantly to influence is assumed if the securities held by the Company allow it to exercise or control the exercise of 20% or more of the voting rights in the body corporate.

Warrants and Nil-Paid and Partly-Paid Securities

A warrant is an instrument giving entitlements to investments (a warrant or other instrument entitling the holder to subscribe for a share, debenture or government and public security) and any other transferable security (not being a nil-paid or partly-paid security) which is listed on an eligible securities market; and akin to an investment which is an instrument giving entitlements to investments, in that it involves a down payment by the then holder and a right later to surrender the instrument and pay more money in return for a further transferable security.

Where a Fund invests in a warrant, the exposure created by the exercise of the right conferred by that warrant must not exceed the spread requirements set out above.

A warrant falls within any power of investment if it is reasonably foreseeable that the right conferred by the proposed warrant could be exercised without contravening the investment restrictions in the COLL Sourcebook (assuming that there is no change in a Fund's property between the acquisition of the proposed warrant and its exercise and that the rights conferred by the proposed warrant and all other warrants forming part of the Fund's property at the time of acquisition of the proposed warrant will be exercised, whether or not it is intended that they will be).

No more than 5% of each Fund will consist of warrants.

A transferable security or a money market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Fund, at the time when payment is required, without contravening the COLL Sourcebook rules as they are applicable to the Fund.

Power to Underwrite or Accept Placings

Underwriting and sub-underwriting contracts and placings may be entered into for the account of the Company, subject to certain conditions set out in the COLL Sourcebook.

Neither the Company (nor the Depositary on account of the Company) must provide any guarantee or indemnity in respect of the obligation of any person. None of the property of a Fund may be used to discharge any obligation arising under any guarantee or indemnity with respect to the obligation of any person. This is subject to exceptions in the case of an indemnity or guarantee given for margin requirements where derivatives or forward transactions are being used in accordance with the COLL Sourcebook provisions (summarised above) and an indemnity of an officer, auditor or depositary of the Company from liability as permitted by the OEIC Regulations or an indemnity given to a person winding-up the scheme.

Stocklending

Stocklending involves a lender transferring securities to a borrower otherwise than by way of sale and the borrower is to transfer those securities, or securities of the same type and amount, back to the lender at a later date. In accordance with good market practice, a separate transaction by way of transfer of assets is also involved for the purposes of providing collateral to the "lender", to cover it against the risk that the future transfer back of the securities may not be satisfactorily completed.

Stocklending may be entered into in respect of a Fund when it is appropriate with a view to generating additional income with an acceptable degree of risk. The Depositary, at the ACD's request, may enter into stocklending transactions in respect of a Fund of a kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C) on certain terms specified in the COLL Sourcebook. There is no limit on the value of the property of a Fund which may be the subject of stocklending transactions.

Repurchase Agreement Transactions

A Fund may, on an ancillary basis, enter into repurchase agreement transactions which consist of the purchase and sale of securities with a clause reserving the seller the right or the obligation to repurchase from the acquirer the securities sold at a price and on terms specified by the two parties in their contractual arrangement. A Fund can act either as purchaser or seller in repurchase agreement transactions. Its involvement in such transactions is, however, subject to the following rules:

- (a) A Fund may not buy or sell securities using a repurchase agreement transaction unless the counterparty in such transactions is a first class financial institution specialising in this type of transaction.
- (b) During the life of a repurchase agreement contract, a Fund cannot sell the securities which are the object of the contract, either before the right to repurchase these securities has been exercised by the counterparty, or the repurchase term has expired.
- (c) Where a Fund is exposed to redemptions of its own Shares, it must ensure that the level of its exposure to repurchase agreement transactions is such that it is able, at all times, to meet its redemption.

Borrowing

The Company (on the instruction of the ACD) may borrow money from an Eligible Institution or an Approved Bank (for example, a bank or building society) for the use of a Fund on terms that the borrowing is to be repayable out of the property of the Fund. The ACD must ensure that any such borrowings comply with the COLL Sourcebook.

Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months without the prior consent of the Depositary. The Depositary's consent may be given only on conditions which appear appropriate to the Depositary to ensure that the borrowing remains on a temporary basis.

The ACD must ensure that borrowing does not, on any business day, exceed 10% of the value of a Fund.

These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

Cash and Near Cash

The investment manager's policy may mean that at times it is appropriate for the property of a Fund not to be fully invested and for cash or "near cash" (meaning, essentially, certain types of deposits) to be held. A Fund may hold cash or near cash where this may reasonably be regarded as necessary in order to enable:

- (a) the pursuit of the Fund's investment objectives; or
- (b) redemption of Shares; or
- (c) efficient management of the Fund in accordance with its investment objectives; or
- (d) other purposes which may reasonably be regarded as ancillary to the investment objectives of the Fund.

During the initial offer period for any new Fund, the scheme property of that Fund may consist of cash and near cash without limitation.

Breaches of the Investment and Borrowing Powers and Limits

Generally the ACD must, at its own expense, take action to rectify a breach of the investment and borrowing powers and limits as soon as it becomes aware of it. However,

- (a) if the reason for the breach is beyond the control of the ACD and the Depositary, the ACD must take the steps necessary to rectify a breach as soon as is reasonably practicable, having regard to the interests of Shareholders, and, in any event, within six months or, if it is a transaction in derivatives or a forward transaction, generally within five business days; and

- (b) if the exercise of rights conferred by investments held by a Fund would involve a breach, those rights may still be exercised if the prior written consent of the Depositary is obtained and the ACD must then take steps necessary to rectify the breach as soon as is reasonably practicable having regard to the interest of Shareholders and, in any event, within six months or, if it is a transaction in derivatives or a forward transaction, generally within five business days.

Immediately upon the Depositary becoming aware of any breach of any of the investment and borrowing powers and limits, it must ensure that the ACD takes such appropriate action.

APPENDIX 3: MANAGEMENT, DISTRIBUTION AND ADMINISTRATION

Authorised Corporate Director

The authorised corporate director ("ACD") of the Company is FIL Investment Services (UK) Limited. It is the sole director of the Company.

FIL Investment Services (UK) Limited is a private limited liability company incorporated in England and Wales on 2 May 1986 under number 2016555. The ultimate holding company of the ACD is FIL Limited, a company incorporated in Bermuda on 6 January 1969. The ACD is the sole director of the Company. The registered office of the ACD is Oakhill House, 130 Tonbridge Road, Hildenborough, Kent TN11 9DZ.

The Directors of the ACD are:

Kristina Isherwood

Mary-Anne McIntyre

Andrew Morris

Linda Robinson

Gary Shaughnessy

Andrew Steward

Share Capital:

The authorised share capital of the ACD is £20,100,000 made up of 100,000 ordinary £1 shares and 200,000 redeemable preference shares of £100 each, of which all of the ordinary shares and 100,000 of the preference shares are issued and fully paid up.

Terms of Appointment:

The appointment of the ACD was made under an Agreement dated 25 July 1997 between the Company and the ACD (as amended and restated by a Management and Administration Agreement and separate Investment Management Agreement, both dated 21 July 2003).

The ACD is responsible for managing and administering the Company's affairs in compliance with the COLL Sourcebook. Under the terms of the Agreements, the ACD is to provide investment management services; administrative, accounting and secretarial services; and registrar services to the Company.

The ACD may provide similar services for other clients, but will endeavour to ensure fair treatment as between the Company and other customers whose funds are managed or advised by the ACD.

The Agreements may be terminated by the Company in general meeting on giving 12 months' written notice to the ACD or by the ACD on giving 12 months' written notice to the Depositary. They terminate automatically if the ACD ceases to be the authorised corporate director of the Company or if the Company is wound up.

Each Agreement includes an indemnity from the ACD to the Company in respect of liabilities incurred by the Company by reason of the acts or omissions of the ACD. However, the Company indemnifies the ACD in respect of liabilities incurred by the ACD by reason of the ACD's performance of its duties in accordance with the terms of the Agreements.

Distribution:

By a General Distributor's Agreement dated 13 July 2001, the Company has appointed the ACD to assist in the promotion of Shares. The ACD, as general distributor, is authorised to appoint other companies in the FIL group to distribute the Shares as sub-distributors. The ACD acts as principal in the purchase and sale of Shares via sub-distributors, and Shares are issued to and redeemed by the Company to the ACD on the terms of this Prospectus. A sub-distributor acts as the agent for the ACD. By a Sub-Distribution Agreement dated 13 July 2001, the ACD has appointed FIL Pensions Management to distribute Shares in certain jurisdictions as agreed between the parties from time to time. By a separate Sub-Distribution Agreement dated 1 March 2004, the ACD has appointed FIL Investissements to distribute Shares in France.

Other Schemes Managed/Operated by the ACD:

The ACD is also the authorised corporate director of [The names of the investment companies which are not registered for public distribution in or from Switzerland have been deleted].

In addition, the ACD is the manager of the following authorised unit trust schemes: [The names of the unit trust schemes which are not registered for public distribution in or from Switzerland have been deleted.]

The Depositary

J.P.Morgan Trustee and Depositary Company Limited is the depositary of the Company. The Depositary is responsible for the safekeeping of all the Scheme Property of the Company and has a duty to take reasonable care to ensure that the Company is managed in accordance with the provisions of the COLL Sourcebook relating to the pricing of, and dealing in, Shares and relating to the income of the Funds. It is a private company limited by shares incorporated in England and Wales on 7 May 1986.

The ultimate holding company of the Depositary is JPMorgan, Chase & Co, incorporated in Delaware, USA.

The Depositary's principal business activity is acting as trustee and depositary of collective investment schemes.

The appointment of the Depositary has been made under an agreement dated 4 May 2001 (as amended) between the Company, the ACD and the Depositary ("the Depositary Agreement").

Registered Office: 125 London Wall, London EC2Y 5AJ

Head Office: Chaseside, Bournemouth, Dorset BH7 7DB

Subject to the COLL Sourcebook, the Depositary has full power under the Depositary Agreement to delegate (and authorise its sub-delegates to sub-delegate) all or any part of its duties as Depositary.

The Depositary Agreement may be terminated by three months notice given by either the Company or the Depositary, provided that the Depositary may not voluntarily retire except on the appointment of a new Depositary.

The Depositary Agreement contains indemnities by the Company in favour of the Depositary against (other than in certain circumstances) any liability incurred by the Depositary as a consequence of its safe keeping of any of the Scheme Property or incurred by it as a consequence of the safe keeping of any of the Scheme Property by anyone retained by it to assist it to perform its functions of the safe keeping of the Scheme Property and also (in certain circumstances) exempts the Depositary from liability.

The Depositary has appointed JPMorgan Chase Bank to assist the Depositary in performing its functions of custodian of the documents of title or documents evidencing title to the property of the Company. The relevant arrangements prohibit JPMorgan Chase Bank as such custodian from releasing the documents into the possession of a third party without the consent of the Depositary. The Depositary has appointed FIL Investment Services (UK) Limited in its capacity as registrar to assist the Depositary in performing its functions in relation to the distribution of income.

The Investment Manager for Certain Investments

The ACD provides full investment management and advisory services to the Company in respect of those Funds whose securities are managed wholly or principally in the United Kingdom, under the terms of the Investment Management Agreement between the Company and the ACD mentioned above.

FIL Fund Management Limited, which is an associated company of the ACD, provides investment management and advisory services to the Company in respect of all other Funds. References in this Prospectus to the ACD shall include FIL Fund Management Limited in the context of the Funds for which FIL Fund Management Limited provides such services.

Principal Activity:

The principal business activity of FIL Fund Management Limited is investment management. FIL Fund Management Limited is not authorised by the FSA.

Terms of Appointment:

The Company has appointed FIL Fund Management Limited by an assignment of the Investment Management Agreement dated 25 July 1997 (as amended) between the Company, FIL Limited and the ACD.

FIL Fund Management Limited has full discretionary investment management powers in respect of those Funds whose securities are managed wholly or principally outside the United Kingdom. It may delegate all or some of its duties to another Fidelity group company.

FIL Fund Management Limited may provide similar services for other clients, but will endeavour to ensure fair treatment as between the Company and other customers whose funds are managed or advised by it.

The Agreement may be terminated by either the Company or FIL Fund Management Limited on 12 months' written notice. It terminates automatically if the ACD ceases to be the authorised corporate director of the Company or, in relation to any Fund, if that Fund is wound up.

FIL Fund Management Limited accepts responsibility for loss suffered by the Company resulting from the fraud, negligence, willful default or bad faith of FIL Fund Management Limited or any delegate. However the Company indemnifies FIL Fund Management Limited in respect of liabilities incurred by FIL Fund Management Limited by reason of its proper performance of its duties in accordance with the terms of Agreement.

The Auditors

The auditors of the Company are PricewaterhouseCoopers, Hay's Galleria, 1 Hay's Lane, London SE1 2RD.

General

The Company, the ACD and the Depositary must each comply with the relevant requirements of the COLL Sourcebook in a timely manner unless delay is lawful and also in the interests of the Company.

The ACD may retain the services of third parties to assist it in the performance of its duties. Subject to the OEIC Regulations the ACD remains responsible for any function delegated.

A mandate to manage investments in the Scheme Property:

- (a) must not be given to the Depositary or to any party whose interests may conflict with those of the ACD or the Shareholders;
- (b) may only be given to a party authorised or registered to manage investments, provided that, if such a party is outside the UK there should be a cooperation agreement in place between the FSA and the relevant overseas regulator;
- (c) must be such that the ACD ensures it can effectively monitor the delegate's activities at all times;
- (d) must permit the ACD to give further instructions to the delegate and enable the mandate to be withdrawn immediately when in the best interests of Shareholders; and
- (e) must not prevent effective supervision of the ACD and it must not prevent the ACD from acting in or the Company from being managed in the best interests of Shareholders.

The Depositary must not delegate:

- (a) to the Company or the ACD any function of oversight of the Company or the ACD;
- (b) to the Company or the ACD any function of custody or control of Scheme Property;
- (c) to an associate of the Company or the ACD to assist the Depositary to perform any function of oversight of the Company or the ACD; or
- (d) to any party to assist it in being custodian of documents evidencing title to Scheme Property unless the arrangements prohibit release of those documents into possession of a third party without consent of the Depositary.

The Depositary remains responsible under the rules in the COLL Sourcebook for any act or omission of a delegate retained by it but will not be responsible where it can show:

- (a) that it was reasonable for it to obtain assistance to perform that function;
- (b) that the delegate was and remained competent to provide that function; and

- (c) that the Depository took reasonable care to ensure that the function was provided in a competent manner.

The COLL Sourcebook contains various requirements relating to transactions entered into between the Company and the ACD, any investment adviser or any associate of them which may involve a conflict of interest. These are designed to protect the interests of the Company. Certain transactions between the Company and the ACD, or an associate of the ACD, may be voidable at the instance of the Company in certain circumstances.

The ACD, FIL Fund Management Limited and other companies within the FIL group and the affiliated FMR LLC group based in the United States may, from time to time, act as investment managers or advisers to other funds or sub-funds which follow similar investment objectives to those of the Funds of the Company. It is therefore possible that the ACD and/or FIL Fund Management Limited may in the course of their business have potential conflicts of interest with the Company or a particular Fund. Each of the ACD and FIL Fund Management Limited will, however, have regard in such event to its obligations under its Agreement with the Company and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients when undertaking any investment where potential conflicts of interest may arise.

Each of the ACD and FIL Fund Management Limited may aggregate orders for Funds of the Company with orders for other funds or sub-funds, accounts of other clients, other companies within the FIL group and the affiliated FMR LLC group or its or their employees. Such transactions will be allocated on a fair and reasonable basis in accordance with the requirements of the FSA rules as applicable. The overall effect of such aggregation is advantageous for the Funds of the Company over time but individual aggregated transactions may on some occasions operate to their disadvantage.

For certain Funds, as part of providing investment management and advisory services, the Investment Manager may from time to time enter into commission sharing arrangements with brokers, under which the broker will provide or procure services or other benefits (at present these relate to investment research) which can be reasonably expected to assist in the provision of investment services. The Funds make no direct payment for these services. Any transactions conducted under these arrangements are done so in accordance with FSA rules.

The Company and each of the Funds from time to time may place orders for the purchase or sale of securities in which the Funds may invest with affiliates of FIL Fund Management Limited and other affiliates of FMR LLC, Boston, Massachusetts, provided that, among other conditions, they can reasonably be expected to execute the transaction on terms as favourable as could be expected to be obtained from other brokers qualified to execute the transaction and at commission rates comparable to those which would have been charged by such other brokers.

The Depository may, from time to time, act as the depository of other investment companies with variable capital.

APPENDIX 4: GENERAL INFORMATION

Register of Shareholders

The Register of Shareholders is maintained by the ACD at Oakhill House, 130 Tonbridge Road, Hildenborough, Kent TN11 9DZ, United Kingdom. It may be inspected by any Shareholder or his duly authorised agent during normal business hours at that address, without charge.

Copies of the entries on the Register relating to a Shareholder are available on request by that Shareholder without charge. The Company has the power to close the Register for such periods not exceeding 30 days in any one year.

Calculation of Net Asset Value

The value of the Scheme Property (or scheme property attributable to a particular Fund or Class, as the case may be) shall be the value of the relevant assets less the value of the relevant liabilities determined in accordance with the Company's Instrument of Incorporation. A summary of the provisions follows.

1. All the Scheme Property (including receivables) is to be included, subject to the following provisions.
2. Property which is not a contingent liability transaction shall be valued as follows:
 - (a) units or shares in a collective investment scheme:
 - (i) if a single price for buying and selling units or shares is quoted, at the most recent price; or
 - (ii) if separate buying and selling prices are quoted, at the average of the two prices (provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto); or
 - (iii) if, in the opinion of the ACD, the price obtained is unreliable or if no recent traded price is available or if no price exists, at a value which in the opinion of the ACD is fair and reasonable;
 - (b) any other transferable security:
 - (i) if a single price for buying and selling the security is quoted, at that price; or
 - (ii) if separate buying and selling prices are quoted, at the average of those two prices; or
 - (iii) if, in the opinion of the ACD, the price obtained is unreliable or if no recent traded price is available or if no price exists, at a value which in the opinion of the ACD is fair and reasonable;
 - (c) property other than that described in (a) and (b) above: at a value which, in the opinion of the ACD, is fair and reasonable.
3. Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.
4. Property which is a contingent liability transaction shall be valued as follows:
 - (a) if it is a written option (and the premium for writing the option has become part of the Scheme Property), the amount of the net valuation of premium receivable shall be deducted;
 - (b) if the property is an off-exchange derivative, the method of valuation shall be agreed between the ACD and the Depositary;
 - (c) if it is an off-exchange future, it will be included at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
 - (d) if it is any other form of contingent liability transaction, it will be included at the net value of margin on closing out (whether as a positive or negative value).

5. In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
6. Subject to paragraphs 7 and 8 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
7. Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 6.
8. All agreements are to be included under paragraph 6 which are, or ought reasonably to have been, known to the person valuing the property.
9. An estimated amount for anticipated tax liabilities at that point in time, including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty, stamp duty reserve tax and any foreign taxes or duties, will be deducted.
10. An estimated amount for any liabilities payable out of the Scheme Property and any tax thereon will be deducted, treating periodic items as accruing from day to day.
11. The principal amount of any outstanding borrowings (whenever repayable) and any accrued but unpaid interest on borrowings will be deducted.
12. An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added.
13. Any other credits or amounts received or receivable will be added.
14. Currencies or values in currencies other than sterling shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interest of the Shareholders or potential Shareholders.
15. A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added.
16. Adjustments will be made for tax, outstanding borrowings and dealing expenses.

Transfers

Shareholders are entitled to transfer their Shares to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. Completed instruments of transfer must be returned to the ACD in order for the transfer to be registered by the ACD. The ACD may refuse to register a transfer unless an amount equivalent to the applicable SDRT has been paid.

Restrictions and Compulsory Transfer or Redemption of Shares

The ACD may impose the restrictions it thinks necessary to ensure that no Shares in the Company are acquired or held by any person in breach of law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory. In this connection, the ACD may reject any application for, or sale of, Shares or any exchange notice given.

If the ACD becomes aware that:

- any Shares are owned directly or beneficially in breach of any law or governmental regulation or
- the Shareholder in question is not eligible to hold such Shares or if it reasonably believes this to be the case,

then the ACD may give notice requiring the transfer or repurchase of such Shares. If any person does not take those steps within 30 days, he shall then be deemed to have given a written request for the redemption of all of his Shares.

A person who becomes aware that he is holding or owning Shares in breach of any law or governmental regulation or is not eligible to hold those Shares must either:

- transfer all those Shares to a person qualified to own them; or
- give a request in writing for the redemption of all such Shares unless he has already received such a notice from the ACD to transfer the Shares or for them to be repurchased.

US Persons

The Shares have not been and will not be registered under the United States Securities Act of 1933 as amended ("Securities Act") and, subject to certain exceptions, may not be offered or sold in the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia ("United States of America") or offered or sold to US Persons (as defined below). The Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. The ACD has not been and will not be registered under the United States Investment Advisers Act of 1940.

"US Person" means:

- (a) a citizen or resident of the United States of America;
- (b) a partnership, limited liability company, corporation or similar entity organised or incorporated under the laws of the United States of America, or an entity taxed as such or subject to filing a tax return as such under the United States federal income tax laws;
- (c) any estate or trust the executor, administrator or trustee of which is a US Person unless, in the case of trusts of which any professional fiduciary acting as trustee is a US Person, a trustee who is not a US Person has sole or shared investment discretion with respect to trust assets and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person;
- (d) any estate or trust whose income from sources outside the United States of America is includable in gross income for purposes of computing United States income tax payable by it;
- (e) any agency or branch of a foreign entity located in the United States of America;
- (f) any discretionary or non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary located within or outside the United States of America for the benefit or account of a US Person;
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States of America, except that any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated or (if an individual) resident in the United States of America shall not be deemed a US Person;
- (h) any firm, corporation or other entity, regardless of citizenship, domicile, situs or residence if under the income tax laws of the United States of America from time to time in effect, any portion of the income thereof would be taxable to a US Person even if not distributed other than as a passive foreign investment company;
- (i) any partnership, corporation or other entity if (A) organised or incorporated under the laws of any foreign jurisdiction and (B) owned or formed by a US Person or Persons principally for the purpose of investing in securities not registered under the US Securities Act of 1933 (including but not limited to Shares of the Company); or
- (j) any employee benefit plan unless such employee benefit plan is established and administered in accordance with the laws of a country other than the United States of America and customary practices and documentation of such country and is maintained primarily for the benefit of persons substantially all of whom are non-resident aliens with respect to the United States of America; and

- (k) any other person or entity whose ownership of Shares or solicitation for ownership of Shares the ACD through its officers or Directors, shall determine may violate any securities law of the United States of America or any state or other jurisdiction thereof.

(Except that "US Person" shall not include any eligible investor or any person or entity, notwithstanding the fact that such person or entity may come within any of the categories referred to above, as to whom the ACD or the Fund shall determine that ownership of Shares or solicitation for ownership of Shares shall not violate any securities law of the United States of America or any state or other jurisdiction thereof.)

United States of America includes its territories and possessions.

Issue of Shares in Exchange for In Specie Assets

The ACD may arrange for the Company to issue Shares in exchange for assets other than money, but will only do so where the Depositary is satisfied that the Company's acquiring those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

The ACD will ensure that the beneficial interest in the assets is transferred to the Company with effect from the issue of the Shares.

The ACD will not issue Shares in any Fund in exchange for assets the holding of which would be inconsistent with the investment objective of that Fund.

In Specie Redemptions

If a Shareholder requests the redemption or cancellation of Shares, the ACD may, if it considers the deal substantial in relation to the total size of the Fund concerned, arrange for the Company to cancel the Shares and transfer scheme property to the Shareholder instead of paying the price of the Shares in cash, or, if required by the Shareholder, pay the net proceeds of sale of the relevant scheme property to the Shareholder. A deal involving Shares representing 5% or more in value of a Fund will normally be considered substantial, although the ACD may in its discretion agree an in specie redemption with a Shareholder whose Shares represent less than 5% in value of the Fund concerned.

Before the proceeds of cancellation of the Shares become payable, the ACD will give written notice to the Shareholder that scheme property (or the proceeds of sale of that scheme property) will be transferred to that Shareholder.

The ACD will select the property to be transferred (or sold) in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming Shareholder than to continuing Shareholders. The Company retains from that property (or proceeds) the value (or amount) of any stamp duty reserve tax to be paid on the cancellation of Shares.

Suspension of Dealings in Shares

If the ACD or the Depositary is of the opinion that there is good and sufficient reason to suspend the issue, cancellation, sale and redemption of Shares in any or all of the Funds of the Company having regard to the interests of Shareholders or potential Shareholders, then if the Depositary agrees, the ACD may, or, if the Depositary requires, the ACD will suspend dealings for a period of up to 28 days.

Re-calculation of the Share price will commence on the next relevant valuation point after the period of suspension.

Deferred Redemption of Shares

If requested redemptions of Shares on a particular dealing day exceed 10% of a Fund's value, redemptions of Shares of that Fund may be deferred to the next valuation point. Any such deferral would only be undertaken in such manner as to ensure consistent treatment of all Shareholders who had sought to redeem Shares at the valuation point at which redemptions were deferred. Deferral would be pro-rata based on the value of Shares being redeemed (provided that the ACD may determine in its discretion a value threshold below which all redemptions will be effected and above which the pro-rata deferral will apply), and so that all deals relating to the earlier valuation point were completed before those relating to a later valuation point were considered. The intention of the deferred redemption power is to reduce the impact of dilution on the scheme. In times of high levels of redemption, deferred redemption provisions would enable the ACD to protect the interests of continuing Shareholders by allowing it to match the sale of property of a Fund to the level of redemptions of Shares in that Fund.

Limited Issue

A Fund or a Class of Shares may be closed to purchases or switches in (but not to redemptions or switches out) if, in the opinion of the ACD, this is necessary to protect the interests of existing Shareholders. One such circumstance would be where a Fund or Class of Shares has reached a size such that the capacity of the market and/or of the Investment Manager have been reached, and where to permit further inflows would be detrimental to the performance of that Fund or Class of Shares. Any Fund or Class of Shares which, in the opinion of the ACD, is materially capacity constrained may be closed to purchases or switches in without notice to Shareholders. A Share issue closure will not apply (in the circumstances above) to Shareholders who are acquiring Shares through regular savings plans. During the period of closure, the ACD may in its discretion agree to the purchase of Shares redeemed to investors. Following closure, a Fund or a Class of Shares will not be re-opened until, in the opinion of the ACD, the circumstances which required closure no longer apply, significant capacity is available within the Fund or Class of Shares for new investment, and the issue of Shares can be made without materially prejudicing existing Shareholders.

Reports

Annual reports of the Company will be published on or before 31 October and half yearly reports will be published on or before the last day of February. Both short reports and long versions will be produced. Copies of reports may be obtained from the ACD or inspected at the ACD's offices at Oakhill House, 130 Tonbridge Road, Hildenborough, Kent TN11 9DZ, United Kingdom.

The short reports published in respect of each annual accounting period and half-yearly accounting period will be sent to each Shareholder (or to the first named of joint Shareholders) entered in the register at the end of the relevant period.

Shareholder Meetings and Voting Rights

General Meetings

Following an amendment to the OEIC Regulations in April 2005, Shareholders have been notified that an annual general meeting of Shareholders will no longer be held.

General meetings of Shareholders may be held from time to time as necessary. Notice of the date, place and time of general meetings will be given to Shareholders.

The convening and conduct of meetings of Shareholders and the voting rights of Shareholders at those meetings are governed by the Company's Instrument of Incorporation and the COLL Sourcebook, which are summarised below.

A meeting of all Shareholders in the Company, in a Fund or in a Class of Shares of a Fund may be convened. All references below to a meeting apply equally to Company, Fund and Class meetings.

Requisitions of Meetings

The Directors may convene a meeting at any time.

Shareholders registered as holding at least 1/10th in value of all the relevant Shares then in issue may require that a meeting be convened. A requisition by Shareholders must state the objects of the meeting, be dated and be signed by those Shareholders. The ACD must convene a meeting no later than eight weeks after receipt of such requisition at the head office of the Company.

Notice and Quorum

Shareholders will receive at least 14 days' notice of a meeting. They are entitled to be counted in the quorum and vote at a meeting either in person or by proxy. The quorum for a meeting is two Shareholders, present in person or by proxy.

Voting Rights

Every Shareholder who (being an individual) is present in person or (being a corporation) by its properly authorised representative shall have one vote on a show of hands.

A Shareholder may vote in person or by proxy or in any other manner permitted by the Company's Instrument of Incorporation on a poll vote.

A Shareholder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

For some resolutions, for example to approve certain amendments to the Instrument of Incorporation of the Company, an extraordinary resolution is required. For an extraordinary resolution to be passed, at least 75% of the votes cast at the meeting must be in favour.

For other resolutions an ordinary resolution is required. For an ordinary resolution to be passed, more than 50% of the votes cast at the meeting must be in favour.

The rights attached to a Class of Share will not be varied and a conversion of Shares of a particular Class of Shares into Shares of another Class will not be effected without the sanction of an ordinary resolution passed at a Class meeting of the holders of that Class of Share.

The ACD will not be counted in the quorum for a meeting. The ACD and associates of them are not entitled to vote at any meeting, except in respect of Shares which the ACD or an associate hold on behalf of or jointly with a person who, if himself the registered Shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions.

“Shareholder” or “Shareholders”, for the purposes of attending and voting at a meeting, means Shareholders on the date seven days before the notice of the relevant meeting was sent out but excludes holders who are known to the ACD not to be Shareholders at the time of the meeting.

Winding Up of the Company or a Fund

The Company may not be wound up except as an unregistered company under part V of the Insolvency Act 1986 or, if the Company is solvent, under Chapter 7 of the COLL Sourcebook. A Fund may only be wound up under the COLL Sourcebook.

Where the Company or a Fund is to be wound up under the COLL Sourcebook, such winding up may only be commenced following approval by the FSA. The FSA will only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within 12 months of the date of the statement or that the Company will be unable to do so. The Company may not be wound up under the COLL Sourcebook if there is a vacancy in the position of authorised corporate director at the relevant time.

The Company may be wound up or a Fund terminated under the COLL Sourcebook if:

- (a) an extraordinary resolution to that effect is passed by Shareholders; or
- (b) the period (if any) fixed for the duration of the Company or the Fund by the Instrument of Incorporation of the Company expires, or an event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company or Fund is to be wound up (for example, if the share capital of the Company is below its prescribed minimum or (in relation to any Fund) if the net asset value of the Fund is less than £30 million or the equivalent in the currency of denomination, or if in the ACD's opinion, it is desirable to terminate the Fund); or
- (c) on the effective date of an agreement by the FSA to a request by the ACD for the revocation of the authorisation order in respect of the Company or for the termination of the Fund.

A Fund may also be terminated in accordance with the terms of a scheme of amalgamation or reconstruction, in which case Shareholders in the Fund will become entitled to receive shares or units in another regulated collective investment scheme in exchange for their Shares in the Fund.

On the occurrence of any of the events in paragraphs (a) to (c) above:

- (a) COLL 5 (relating to investment and borrowing powers) and COLL 6.2 and 6.3 (relating to dealing and pricing) will cease to apply to the Company or the relevant Fund;
- (b) the Company will cease to issue and cancel Shares in the Company or the Fund, and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the Fund;
- (c) no transfer of a Share shall be registered and no other change to the register shall be made without the sanction of the ACD;
- (d) where the Company is being wound-up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company; and
- (e) the corporate status and powers of the Company and, subject to the provisions of paragraphs (a) and (d) above, the powers of the ACD shall remain until the Company is dissolved.

The ACD shall, as soon as practicable after the Company or a Fund falls to be wound up, realise the assets and meet the liabilities of the Company or Fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the property of the Company or the Fund. In the case of the Company, the ACD shall also publish notice of the commencement of the winding up of the Company. If the ACD has not previously notified Shareholders of its proposal to wind up the Company or terminate the Fund, the ACD shall, as soon as practicable, after the commencement of winding up of the Company, or the termination of the Fund, give written notice of the commencement of winding-up or termination to Shareholders. When the ACD has caused all of the scheme property to be realised and all of the liabilities of the Company or the particular Fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders, on or prior to the date on which the final account is sent to Shareholders, of any balance remaining in proportion to their holdings in the Company or the particular Fund.

On completion of a winding up of the Company, the Company will be dissolved and any money (including unclaimed distributions) standing to the account of the Company will be paid into court within one month of dissolution.

Following the completion of the winding up of the Company or of a Fund, the ACD shall notify the FSA that the winding up has been completed.

Following the completion of a winding up of either the Company or a Fund, the ACD must prepare a final account showing how the winding up took place and how the scheme property was distributed. The auditors of the Company shall make a report in respect of the final account, stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FSA, to each relevant Shareholder and, in the case of the winding up of the Company, to the Registrar of Companies within two months of the termination of the winding up. On completion of a winding up of the Company, the Company will be dissolved and any money (including unclaimed distribution still standing to the account of the Company) will be paid into court.

As the Company is an umbrella company, any liabilities attributable or allocated to a particular Fund under the COLL Sourcebook shall be met first out of the scheme property attributable or allocated to that Fund. If the liabilities of a Fund are greater than the proceeds of the realisation of the scheme property attributable or allocated to the Fund, the deficit shall be met out of the scheme property attributable or allocated to Funds in respect of which the proceeds of realisation exceed liabilities and will be divided between the Funds in a manner which is fair to Shareholders in those Funds.

Documents of the Company

The following documents may be inspected free of charge between 9.00 a.m. and 5.00 p.m. UK time on every business day at the offices of the ACD at Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ, United Kingdom:

- (a) the Reports of the Company; and
- (b) the Instrument of Incorporation.

Shareholders may obtain copies of the above documents (and of this Prospectus) from the same address.

Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and are, or may be, material:

- (a) the Management and Administration Agreement dated 21 July 2003 between the Company and the ACD;
- (b) the Investment Management Agreement dated 21 July 2003 between the Company and the ACD;
- (c) the Depositary Agreement dated 4 May 2001 between the Company, the ACD and the Depositary; and
- (d) the Investment Management Agreement dated 25 July 1997 between the Company, FIL Limited and the ACD (as amended and assigned to FIL Fund Management Limited).

Details of the above contracts are given in Appendix 3 (Management, Distribution and Administration).

Complaints

Complaints concerning the operation or marketing of the Company may be referred to the Compliance Officer of the ACD at Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ, United Kingdom. If an investor is dissatisfied with the response received, complaints may also (where the investor is eligible under FSA rules) be made direct to The Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR.

APPENDIX 5: IMPORTANT INFORMATION FOR INVESTORS IN SWITZERLAND

Representative

The representative of the Company in Switzerland (the “Representative”) is Fortis Foreign Fund Services AG, Rennweg 57, P.O. Box, CH-8021 Zurich.

Paying agent

The paying agent of the Company in Switzerland is Fortis Banque (Suisse) SA, Zurich branch, Rennweg 57, P.O. Box, CH-8021 Zurich.

Place where the relevant documents may be obtained

The prospectus for Switzerland and simplified prospectus, the instrument of incorporation as well as the annual and semi-annual reports of the Company may be obtained free of charge from the Representative.

Publications

Publications in respect of the Company must be made in Switzerland in the Swiss Official Gazette of Commerce (“SOGC”) and on the electronic platform www.swissfunddata.ch.

The issue and the redemption prices, respectively the net asset value together with a footnote stating “excluding commissions” of all relevant Share Classes will be published daily on the electronic platform www.swissfunddata.ch.

Payment of remunerations and distribution remuneration

In connection with distribution in Switzerland, Fidelity may pay reimbursements to the following qualified investors who, from the commercial perspective, hold the units of collective investment schemes for third parties:

- life insurance companies
- pension funds and other retirement provision institutions
- investment foundations
- Swiss fund management companies
- foreign fund management companies and providers
- investment companies.

In connection with distribution in Switzerland, Fidelity may pay distribution remunerations to the following distributors and sales partners:

- distributors subject to the duty to obtain authorisation pursuant to Art. 19.1 CISA
- distributors exempt from the duty to obtain authorisation pursuant to Art. 19.4 CISA and Art. 8 CISO
- sales partners who place the units of collective investment schemes exclusively with institutional investors with professional treasury facilities
- sales partners who place the units of collective investment schemes exclusively on the basis of a written asset management mandate.

Place of performance and jurisdiction

In respect of the Shares distributed in and from Switzerland, the place of performance and jurisdiction is at the registered office of the Representative.