

# BlackRock Global Funds

Prospectus

15 December 2011



Contents	Page
Introduction to BlackRock Global Funds	2
General	3
Distribution	4
Management and Administration	5
Enquiries	5
Board of Directors	6
Glossary	7
Investment Management of Funds	9
Special Risk Considerations	9
Excessive Trading Policy	18
Investment Objectives & Policies	19
Classes and Form of Shares	28
Dealing in Fund Shares	30
Prices of Shares	30
Application for Shares	31
Redemption of Shares	32
Conversion of Shares	32
Dividends	33
Calculation of Dividends	35
Fees, Charges and Expenses	36
Taxation	37
Meetings and Reports	39
Appendix A – Investment and Borrowing Powers and Restrictions	41
Appendix B – Summary of Certain Provisions of the Articles and of Company Practice	47
Appendix C – Additional Information	53
Appendix D – Authorised Status	62
Appendix E – Summary of Charges and Expenses	66
Summary of Subscription Procedure and Payment Instructions	75

## Introduction to BlackRock Global Funds

### Structure

BlackRock Global Funds (the “Company”) is incorporated in Luxembourg as an open-ended investment company and qualifies as a Part I UCITS (Undertaking for Collective Investment in Transferable Securities). It has an “umbrella” structure comprising a number of different Funds, each having a separate portfolio of investments. The Company has appointed BlackRock (Luxembourg) S.A. as its management company.

### Listing

Shares of certain Classes of all Funds are, or will be, listed on the Luxembourg Stock Exchange.

### Choice of Funds

As of the date of this Prospectus, investors are able to choose from the following Funds of BlackRock Global Funds:

Fund	Base Currency	Bond/Equity or Mixed Fund
1. Asian Dragon Fund	USD	E
2. Asian Local Bond Fund*	USD	B
3. Asian Tiger Bond Fund	USD	B
4. Asia Pacific Equity Income Fund	USD	E
5. China Fund	USD	E
6. Continental European Flexible Fund	EUR	E
7. Emerging Europe Fund	EUR	E
8. Emerging Markets Bond Fund	USD	B
9. Emerging Markets Diversified Equity Fund*	USD	E
10. Emerging Markets Equity Income Fund	USD	E
11. Emerging Markets Fund	USD	E
12. Euro Bond Fund	EUR	B
13. Euro Corporate Bond Fund	EUR	B
14. Euro Reserve Fund	EUR	B
15. Euro Short Duration Bond Fund	EUR	B
16. Euro-Markets Fund	EUR	E
17. European Enhanced Equity Yield Fund	EUR	E
18. European Equity Income Fund	EUR	E
19. European Focus Fund	EUR	E
20. European Fund	EUR	E
21. European Growth Fund	EUR	E
22. European Small & MidCap Opportunities Fund	EUR	E
23. European Value Fund	EUR	E
24. Fixed Income Global Opportunities Fund	USD	B
25. Flexible Multi-Asset Fund	EUR	M
26. Global Allocation Fund	USD	M
27. Global Corporate Bond Fund	USD	B
28. Global Dynamic Equity Fund	USD	E
29. Global Enhanced Equity Yield Fund	USD	E
30. Global Equity Fund	USD	E
31. Global Equity Income Fund	USD	E
32. Global Government Bond Fund	USD	B
33. Global High Yield Bond Fund	USD	B
34. Global Inflation Linked Bond Fund	USD	B
35. Global Opportunities Fund	USD	E
36. Global SmallCap Fund	USD	E
37. India Fund	USD	E
38. Japan Fund	Yen	E
39. Japan Small & MidCap Opportunities Fund	Yen	E
40. Japan Value Fund	Yen	E
41. Latin American Fund	USD	E
42. Local Emerging Markets Bond Fund*	USD	B

Fund	Base Currency	Bond/Equity or Mixed Fund
43. Local Emerging Markets Short Duration Bond Fund	USD	B
44. New Energy Fund	USD	E
45. North American Equity Income Fund*	USD	E
46. Pacific Equity Fund	USD	E
47. Renminbi Bond Fund	RMB	B
48. Swiss Small & MidCap Opportunities Fund	CHF	E
49. United Kingdom Fund	GBP	E
50. US Basic Value Fund	USD	E
51. US Dollar Core Bond Fund	USD	B
52. US Dollar High Yield Bond Fund	USD	B
53. US Dollar Reserve Fund	USD	B
54. US Dollar Short Duration Bond Fund	USD	B
55. US Flexible Equity Fund	USD	E
56. US Government Mortgage Fund	USD	B
57. US Growth Fund	USD	E
58. US Small & MidCap Opportunities Fund	USD	E
59. World Agriculture Fund	USD	E
60. World Bond Fund	USD	B
61. World Energy Fund	USD	E
62. World Financials Fund	USD	E
63. World Gold Fund	USD	E
64. World Healthscience Fund	USD	E
65. World Income Fund	USD	B
66. World Mining Fund	USD	E
67. World Resources Equity Income Fund	USD	E
68. World Technology Fund	USD	E

\* Fund not available for subscription at the date of this Prospectus. Such Funds may be launched at the Directors' discretion. Confirmation of the launch date of these Funds will then be made available from the local Investor Servicing team. Any provisions in this Prospectus relating to any one of these Funds shall only take effect from the launch date of the relevant Fund.

B Bond Fund  
E Equity Fund  
M Mixed Fund

A list of Dealing Currencies, Hedged Share Classes, Distributing and Non-Distributing Share Classes and UK Reporting Fund status Classes is available from the Company's registered office and the local Investor Servicing team.

## General

**If you are in any doubt about the contents of this Prospectus or whether an investment in the Company is suitable for you, you should consult your stockbroker, solicitor, accountant, relationship manager or other professional adviser.**

The Directors of the Company, whose names appear in the Section "Board of Directors", and the directors of the Management Company are the persons responsible for the information contained in this document. To the best of the knowledge and belief of the Directors and the directors of the Management Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors and the directors of the Management Company accept responsibility accordingly.

No person has been authorised to give any information or to make any representations other than those contained in this Prospectus,

the documents mentioned herein and any brochures that are issued by the Company as substitute offering documents.

It should be remembered that the price of the Shares of each of the Funds can go down as well as up. Changes in the rates of exchange between currencies may cause the value of Shares, expressed in their Dealing Currency(ies), to go up or down. Accordingly, an investor may not receive back the amount he or she invested.

**All decisions to subscribe for Shares should be made on the basis of the information contained in this Prospectus which is issued by the Company and in the most recent annual and (if later) interim report and accounts of the Company which are available from the registered office of the Company. Information updating this Prospectus may, if appropriate, appear in the report and accounts.**

**The Management Company draws the attention of prospective investors to the fact that any shareholder in the Company will**

**only be able to fully exercise its shareholder rights directly against the Company, and in particular the right to participate in general meetings of Shareholders, where such shareholder is registered in its own name in the register of shareholders for the Company. In cases where a shareholder invests into the Company through an intermediary investing in its own name but on behalf of the shareholder, it may not always be possible for such shareholder to exercise certain of its shareholder rights in the Company. Prospective investors are therefore advised to take legal advice in respect of the exercise of their shareholder rights in the Company.**

This Prospectus may be translated into other languages provided that any such translation shall be a direct translation of the English text. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English text shall prevail, except to the extent (and only to the extent) that the laws of a jurisdiction require that the legal relationship between the Company and investors in such jurisdiction shall be governed by the local language version of this Prospectus.

Statements made in this Prospectus are based on the law and practice currently in force in the Grand-Duchy of Luxembourg and are subject to changes in such law.

### **Distribution**

This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. Details of countries in which the Company is currently authorised to offer Shares are contained in Appendix D. Prospective subscribers for Shares should inform themselves as to the legal requirements of applying for Shares and of applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile. US Persons are not permitted to subscribe for Shares. In some countries investors may be able to subscribe for Shares through regular savings plans. Under Luxembourg law, the fees and commissions relating to regular savings plans during the first year must not exceed one third of the amount contributed by the investor. These fees and commissions do not include premiums to be paid by the investor where the regular savings plan is offered as part of a life insurance or whole life insurance product. Please contact the local Investor Servicing team for more details.

15 December 2011

## **Management and Administration**

### **Management Company**

BlackRock (Luxembourg) S.A.  
6D route de Trèves, L-2633 Senningerberg,  
Grand Duchy of Luxembourg

### **Investment Advisers**

BlackRock Financial Management, Inc.  
Park Avenue Plaza,  
55 East 52<sup>nd</sup> Street,  
New York, NY 10055,  
USA

BlackRock International Limited  
40 Torphichen Street,  
Edinburgh EH3 8JB,  
Scotland

BlackRock Investment Management, LLC  
800 Scudders Mill Road,  
Plainsboro,  
NJ 08536,  
USA

BlackRock Investment Management (UK) Limited  
12 Throgmorton Avenue,  
London EC2N 2DL  
UK

BlackRock (Singapore) Limited  
#18-01 Twenty Anson,  
20 Anson Road,  
Singapore, 079912

BlackRock Institutional Trust Company N.A.  
400 Howard Street,  
San Francisco CA 94105  
USA

### **Principal Distributor**

BlackRock (Channel Islands) Limited  
Forum House, Grenville Street,  
St. Helier,  
Jersey JE1 0BR,  
Channel Islands

### **Custodian**

The Bank of New York Mellon (International) Limited  
2-4, rue Eugène Ruppert,  
L-2453 Luxembourg,  
Grand Duchy of Luxembourg

### **Fund Accountant**

The Bank of New York Mellon (International) Limited  
2-4, rue Eugène Ruppert,  
L-2453 Luxembourg,  
Grand Duchy of Luxembourg

## **Transfer Agent and Registrar**

J.P. Morgan Bank Luxembourg S.A.  
6C, route de Trèves,  
L-2633 Senningerberg,  
Grand Duchy of Luxembourg

## **Auditor**

PricewaterhouseCoopers  
400, route d'Esch,  
L-1471 Luxembourg,  
Grand Duchy of Luxembourg

## **Legal Advisers**

Linklaters LLP  
35 avenue John F. Kennedy,  
L-1855 Luxembourg,  
Grand Duchy of Luxembourg

## **Listing Agent**

J.P. Morgan Bank Luxembourg S.A.  
6C, route de Trèves,  
L-2633 Senningerberg,  
Grand Duchy of Luxembourg

## **Paying Agents**

A list of Paying Agents is to be found in paragraph 15 of Appendix C.

## **Registered Office**

2-4, rue Eugène Ruppert,  
L-2453 Luxembourg,  
Grand Duchy of Luxembourg

## **Enquiries**

In the absence of other arrangements, enquiries regarding the Company should be addressed as follows:

Written enquiries:

BlackRock Investment Management (UK) Limited  
c/o BlackRock (Luxembourg) S.A.  
P.O. Box 1058,

L-1010 Luxembourg,  
Grand Duchy of Luxembourg

All other enquiries:

Telephone: + 44 207 743 3300,

Fax: + 44 207 743 1143.

Email: [investor.services@blackrock.com](mailto:investor.services@blackrock.com)

## Board of Directors

### Chairman

Nicholas C. D. Hall (Non Executive Director)  
85 Briarwood Road,  
London SW4 9PJ  
UK

### Directors

Frank P. Le Feuvre (Non Executive Director)  
Managing Director  
BlackRock (Channel Islands) Limited  
Forum House, Grenville Street  
St. Helier  
Jersey JE1 0BR  
Channel Islands

Francine Keiser (Non Executive Director)  
35, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

Geoffrey D. Radcliffe (Non Executive Director)  
Managing Director  
BlackRock (Luxembourg) S.A.  
6D route de Trèves  
L-2633 Senningerberg  
Grand Duchy of Luxembourg

Douglas Shaw (Non Executive Director)  
Managing Director, Chief Operating Officer  
of EMEA Fundamental Equity  
BlackRock Investment Management (UK) Limited  
12 Throgmorton Avenue  
London EC2N 2DL  
UK

Maarten F. Slendebroek (Non Executive Director)  
Managing Director, Head of Retail Business  
BlackRock Investment Management (UK) Limited  
12 Throgmorton Avenue  
London EC2N 2DL  
UK

## **Glossary**

### **2010 Law**

The Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended, modified or supplemented from time to time.

### **Barclays Group**

The Barclays group of companies, the ultimate holding company of which is Barclays PLC.

### **Base Currency**

In relation to Shares of any Fund, the currency indicated in the Section “Choice of Funds”.

### **BlackRock Group**

The BlackRock group of companies, the ultimate holding company of which is BlackRock, Inc.

### **Business Day**

In relation to Shares of any Fund, any day normally treated as a business day in Luxembourg for banks and the Luxembourg stock exchange (except for Christmas Eve) and such other days as the Directors may decide. For Funds that invest a substantial amount of assets outside the European Union, the Management Company may also take into account whether relevant local exchanges are open, and may elect to treat such closures as non-business days. Shareholders will be notified of such cases and, where possible, in advance.

### **CDSC**

Contingent deferred sales charge.

### **Dealing Currency**

The currency or currencies in which applicants may currently subscribe for the Shares of any Fund. Dealing currencies may be introduced at the Directors’ discretion. Confirmation of the Dealing Currencies is available from the registered office of the Company and from the local Investor Servicing team.

### **Dealing Day**

In relation to Shares of any Fund, any Business Day (other than one falling within a period of suspension) determined by the Directors to be a day when a Fund is open for dealing.

### **Directors**

The Directors of the Company.

### **Distributing Funds and Distributing Shares**

Dividends may be declared on Distributing Shares of Funds at the Directors’ discretion. Distributing Shares may also be treated as UK Reporting Fund status Shares. Confirmation of the Funds, Share Classes and Currencies on which dividends may be declared and Share Classes which are UK Reporting Fund status Shares (please see below for more details) is available from the registered office of the Company and from the local Investor Servicing team.

### **Funds**

The sub-funds of the Company described in this Prospectus.

### **Hedged Share Classes**

Those Share Classes to which a currency hedging strategy is applied. Hedged Share Classes may be made available in other

Funds and in other currencies at the Directors’ discretion.

Confirmation of the Funds and currencies in which the Hedged Share Classes are available can be obtained from the registered office of the Company and from the local Investor Servicing team.

### **Investment Adviser(s)**

The investment adviser(s) appointed by the Management Company in respect of the day-to-day management of the Funds as described under “Investment Management of the Funds”.

### **Investor Servicing**

The provision of dealing and other investor servicing functions by local BlackRock Group companies or branches.

### **Management Company**

BlackRock (Luxembourg) S.A., a Luxembourg société anonyme authorised as a management company under the 2010 Law.

### **Merrill Lynch**

Merrill Lynch International & Co., Inc. or one of its associated companies.

### **ML Group**

The Merrill Lynch group of companies, the holding company of which is Merrill Lynch & Co., Inc., the ultimate holding company of which is Bank of America Corporation.

### **Net Asset Value**

In relation to a Fund or a Share (of any Class), the amount determined in accordance with the provisions described in paragraphs 11 to 17 of Appendix B. The Net Asset Value of a Fund may be adjusted in accordance with paragraph 17(c) of Appendix B.

### **PNC Group**

The PNC group of companies, of which The PNC Financial Services Group, Inc. is the ultimate holding company.

### **Principal Distributor**

BlackRock (Channel Islands) Limited acting in its capacity as Principal Distributor. References to distributors may include BlackRock (Channel Islands) in its capacity as Principal Distributor.

### **Prospectus**

This offering memorandum, as amended, modified or supplemented from time to time.

### **Reserve Funds**

The Euro Reserve Fund and the US Dollar Reserve Fund. The Euro Reserve Fund and the US Dollar Reserve Fund are “Short Term Money-Market Funds” in accordance with the European Securities and Markets Authority’s (“ESMA”) “Guidelines on a common definition of European money market funds”. The investment objectives of the Euro Reserve Fund and the US Dollar Reserve Fund are intended to comply with this classification.

### **Share**

A share in the capital of the Company, as described in this Prospectus.

### **Share Class**

The class of share in each case of no par value representing the capital of the Company and linked to a particular Fund, as described in Section “Classes and Form of Shares”.

**SICAV**

A limited liability investment company with variable capital (*société d'investissement à capital variable*).

**Subsidiary**

BlackRock India Equities Fund (Mauritius) Limited, a wholly-owned subsidiary of the Company, incorporated as a private company limited by shares through which the India Fund may invest into securities.

**UK Reporting Funds**

In November 2009, the UK Government enacted Statutory Instrument 2009 / 3001 (The Offshore Funds (Tax) Regulations 2009) which provides for a new framework for the taxation of investments in offshore funds which operates by reference to whether a Fund opts into a reporting regime ("UK Reporting Funds") or not ("Non-UK Reporting Funds"). Under the new regime, investors in UK Reporting Funds are subject to tax on the share of the UK Reporting Fund's income attributable to their holding in the Fund, whether or not distributed, but any gains on disposal of their holding are subject to capital gains tax. The new regime has effect for accounting periods beginning on or after 1 December 2009.

The new UK Reporting Funds regime applies to the Company with effect from 1 September 2010.

The Directors have made a successful application for UK Reporting Fund status to apply to those Share Classes which previously had UK Distributor Status. The Directors may also choose to apply for UK Reporting Fund status in respect of Funds which did not have UK Distributor Status. However, no guarantee can be given that Reporting Fund status will be obtained.

A list of the Funds which currently have UK Reporting Fund status is available at [www.blackrock.co.uk/reportingfundstatus](http://www.blackrock.co.uk/reportingfundstatus).

## Investment Management of Funds

### Management

The Directors are responsible for the overall investment policy of the Company.

BlackRock (Luxembourg) S.A. has been appointed by the Company to act as its management company. The Management Company is authorised to act as a fund management company in accordance with Chapter 15 of the 2010 Law.

The Company has signed a management company agreement (the "Management Company Agreement") with the Management Company. Under this agreement, the Management Company is entrusted with the day-to-day management of the Company, with responsibility for performing directly or by way of delegation all operational functions relating to the Company's investment management, administration, and the marketing of the Funds.

In agreement with the Company, the Management Company has decided to delegate several of its functions as is further described in this Prospectus.

The directors of the Management Company are:

Graham Bamping  
Managing Director  
BlackRock Investment Management (UK) Limited  
12 Throgmorton Avenue,  
London EC2N 2DL  
UK

Frank P. Le Feuvre  
Managing Director,  
BlackRock (Channel Islands) Limited  
Forum House, Grenville Street, St. Helier, Jersey JE1 0BR,  
Channel Islands

Geoffrey D. Radcliffe  
Managing Director  
BlackRock (Luxembourg) S.A.  
6D route de Trèves, L-2633 Senningerberg,  
Grand Duchy of Luxembourg

BlackRock (Luxembourg) S.A. is a wholly owned subsidiary within the BlackRock Group. It is regulated by the Commission de Surveillance du Secteur Financier.

The Management Company has delegated its investment management functions to the Investment Advisers, which it has appointed. The Investment Advisers provide advice and management in the areas of stock and sector selection and strategic allocation. BlackRock Investment Management (UK) Limited has sub-delegated some of these functions to BlackRock Japan Co., Ltd., to BlackRock (Hong Kong) Limited and to BlackRock Investment Management (Australia) Limited. BlackRock Financial Management, Inc. has sub-delegated some of these functions to BlackRock International Limited, BlackRock Investment Management (Australia) Limited and BlackRock Investment Management (UK) Limited. Notwithstanding the appointment of the Investment Advisers, the Management Company accepts full responsibility to the Company for all investment transactions. BlackRock Investment Management (UK) Limited also acts as the investment manager to the Subsidiary.

### Investment Advisers

BlackRock Investment Management (UK) Limited is a principal operating subsidiary of the BlackRock Group outside the US. It is an indirect subsidiary of BlackRock Inc. BlackRock Investment Management (UK) Limited forms part of the BlackRock Group. The BlackRock Group currently employs approximately 9,700 staff who provide investment management services internationally for institutional, retail and private clients.

It is regulated by the Financial Services Authority ("FSA") but the Company will not be a customer of BlackRock Investment Management (UK) Limited for the purposes of the FSA Rules and will accordingly not directly benefit from the protection of those Rules.

BlackRock (Singapore) Limited is regulated by the Monetary Authority of Singapore.

BlackRock Institutional Trust Company N.A. is regulated by the Office of the Comptroller of the Currency (the "OCC") in the United States.

BlackRock Financial Management, Inc., BlackRock International Limited, and BlackRock Investment Management, LLC are regulated by the Securities and Exchange Commission. They are indirect operating subsidiaries of BlackRock, Inc., the principal shareholders of which are PNC Financial Services Group, Inc. which is a US public company and Barclays PLC which is a UK public company. As of 30 June 2011 BlackRock, Inc. and its subsidiaries managed \$3.659 trillion in client assets and is represented in 26 countries.

### Special Risk Considerations

**Investors must read these Special Risk Considerations before investing in any of the Company's Funds.**

**This section contains explanations of key risks that apply to the Funds. Not all risks apply to all Funds and the following table sets out the risks that, in the opinion of the Directors and the Management Company, could have significant impact to the overall risk of the portfolio. Investors should be aware that other risks may also be relevant to the Funds from time to time.**

## Special Risk Considerations

No.	FUND	Asset Class Risks				
		Risk to Capital Growth	Fixed Income	Distressed Securities	Delayed Delivery Transactions	Small Cap Companies
1.	Asian Dragon Fund					X
2.	Asian Local Bond Fund		X	X		
3.	Asian Tiger Bond Fund		X	X		
4.	Asia Pacific Equity Income Fund	X				X
5.	China Fund					X
6.	Continental European Flexible Fund					X
7.	Emerging Europe Fund					X
8.	Emerging Markets Bond Fund	X	X	X		
9.	Emerging Markets Diversified Equity Fund					X
10.	Emerging Markets Equity Income Fund	X				X
11.	Emerging Markets Fund					X
12.	Euro Bond Fund		X			
13.	Euro Corporate Bond Fund		X			
14.	Euro Reserve Fund		X			
15.	Euro Short Duration Bond Fund		X			
16.	Euro-Markets Fund					X
17.	European Enhanced Equity Yield Fund	X				X
18.	European Equity Income Fund	X				X
19.	European Focus Fund					X
20.	European Fund					X
21.	European Growth Fund					X
22.	European Small & MidCap Opportunities Fund					X
23.	European Value Fund					X
24.	Fixed Income Global Opportunities Fund		X	X	X	
25.	Flexible Multi-Asset Fund		X			
26.	Global Allocation Fund		X	X		X
27.	Global Corporate Bond Fund		X			
28.	Global Dynamic Equity Fund					X
29.	Global Enhanced Equity Yield Fund	X				X
30.	Global Equity Fund					X
31.	Global Equity Income Fund	X				X
32.	Global Government Bond Fund		X		X	
33.	Global High Yield Bond Fund		X	X	X	
34.	Global Inflation Linked Bond Fund		X		X	
35.	Global Opportunities Fund					X
36.	Global SmallCap Fund					X
37.	India Fund					X
38.	Japan Fund					
39.	Japan Small & MidCap Opportunities Fund					X
40.	Japan Value Fund					X
41.	Latin American Fund					X
42.	Local Emerging Markets Bond Fund	X	X	X		
43.	Local Emerging Markets Short Duration Bond Fund	X	X	X		
44.	New Energy Fund					X
45.	North American Equity Income Fund	X				

## Special Risk Considerations

No.	FUND	Asset Class Risks				
		Risk to Capital Growth	Fixed Income	Distressed Securities	Delayed Delivery Transactions	Small Cap Companies
46.	Pacific Equity Fund					X
47.	Renminbi Bond Fund		X	X		
48.	Swiss Small & MidCap Opportunities Fund					X
49.	United Kingdom Fund					X
50.	US Basic Value Fund					
51.	US Dollar Core Bond Fund		X		X	
52.	US Dollar High Yield Bond Fund		X	X	X	
53.	US Dollar Reserve Fund		X			
54.	US Dollar Short Duration Bond Fund		X		X	
55.	US Flexible Equity Fund					
56.	US Government Mortgage Fund	X	X		X	
57.	US Growth Fund					
58.	US Small & MidCap Opportunities Fund					X
59.	World Agriculture Fund					X
60.	World Bond Fund		X		X	
61.	World Energy Fund					X
62.	World Financials Fund					X
63.	World Gold Fund					X
64.	World Healthscience Fund					X
65.	World Income Fund	X	X	X		
66.	World Mining Fund					X
67.	World Resources Equity Income Fund	X				X
68.	World Technology Fund					X

## Special Risk Considerations

No.	FUND	Market Risks				
		Emerging Market & Sovereign Debt	Restrictions on Foreign Investments	Specific Sectors	Derivatives - General	Derivatives-Bond, Mixed and certain Equity Funds
1.	Asian Dragon Fund	X	X		X	
2.	Asian Local Bond Fund	X	X			X
3.	Asian Tiger Bond Fund	X	X			X
4.	Asia Pacific Equity Income Fund	X	X		X	
5.	China Fund	X	X		X	
6.	Continental European Flexible Fund	X	X		X	
7.	Emerging Europe Fund	X	X		X	
8.	Emerging Markets Bond Fund	X	X			X
9.	Emerging Markets Diversified Equity Fund	X	X		X	
10.	Emerging Markets Equity Income Fund	X	X		X	
11.	Emerging Markets Fund	X	X		X	
12.	Euro Bond Fund					X
13.	Euro Corporate Bond Fund	X	X			X
14.	Euro Reserve Fund					X
15.	Euro Short Duration Bond Fund					X
16.	Euro-Markets Fund				X	
17.	European Enhanced Equity Yield Fund	X	X			X
18.	European Equity Income Fund	X	X		X	
19.	European Focus Fund	X	X		X	
20.	European Fund	X	X		X	
21.	European Growth Fund	X	X		X	
22.	European Small & MidCap Opportunities Fund	X	X		X	
23.	European Value Fund	X	X		X	
24.	Fixed Income Global Opportunities Fund	X	X			X
25.	Flexible Multi-Asset Fund					X
26.	Global Allocation Fund	X	X			X
27.	Global Corporate Bond Fund	X	X			X
28.	Global Dynamic Equity Fund	X	X			X
29.	Global Enhanced Equity Yield Fund	X	X			X
30.	Global Equity Fund	X	X		X	
31.	Global Equity Income Fund	X	X		X	
32.	Global Government Bond Fund					X
33.	Global High Yield Bond Fund					X
34.	Global Inflation Linked Bond Fund	X	X			X
35.	Global Opportunities Fund	X			X	
36.	Global SmallCap Fund	X	X		X	
37.	India Fund	X	X		X	
38.	Japan Fund				X	
39.	Japan Small & MidCap Opportunities Fund				X	
40.	Japan Value Fund				X	
41.	Latin American Fund	X	X		X	
42.	Local Emerging Markets Bond Fund	X	X			X
43.	Local Emerging Markets Short Duration Bond Fund	X	X			X
44.	New Energy Fund	X	X	X	X	

## Special Risk Considerations

No.	FUND	Market Risks				
		Emerging Market & Sovereign Debt	Restrictions on Foreign Investments	Specific Sectors	Derivatives - General	Derivatives-Bond, Mixed and certain Equity Funds
45.	North American Equity Income Fund				X	
46.	Pacific Equity Fund	X	X		X	
47.	Renminbi Bond Fund	X	X			X
48.	Swiss Small & MidCap Opportunities Fund				X	
49.	United Kingdom Fund				X	
50.	US Basic Value Fund				X	
51.	US Dollar Core Bond Fund					X
52.	US Dollar High Yield Bond Fund					X
53.	US Dollar Reserve Fund					X
54.	US Dollar Short Duration Bond Fund					X
55.	US Flexible Equity Fund				X	
56.	US Government Mortgage Fund					X
57.	US Growth Fund				X	
58.	US Small & MidCap Opportunities Fund				X	
59.	World Agriculture Fund	X	X	X	X	
60.	World Bond Fund					X
61.	World Energy Fund	X	X	X	X	
62.	World Financials Fund	X	X	X	X	
63.	World Gold Fund	X	X	X	X	
64.	World Healthscience Fund	X	X	X	X	
65.	World Income Fund	X	X			X
66.	World Mining Fund	X	X	X	X	
67.	World Resources Equity Income Fund	X	X	X		X
68.	World Technology Fund	X	X	X	X	

## General

**This section explains key risks that apply to the Funds. Other risks may also be relevant from time to time and in particular, the Company's performance may be affected by changes in market and/or economic and political conditions, and in legal, regulatory and tax requirements.**

No guarantee or representation is made that the investment program will be successful and there can be no assurance that the investment objective of the Company or a Fund will be achieved. Also, past performance is no guide to future performance, and the value of investments may go down as well as up. Changes in rates of exchange between currencies may cause the value of a Fund's investments to diminish or increase.

On establishment, a Fund will normally have no operating history upon which prospective investors may base an evaluation of performance.

### Risk to Capital Growth

Certain Funds and/or certain Share Classes (e.g. Distributing (S) Shares) may make distributions from capital as well as from income and net realised and net unrealised capital gains. In addition certain Funds may pursue investment strategies in order to generate income. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital and the potential for long-term capital growth as well as increasing any capital losses. This may occur for example:

- ▶ if the securities markets in which the Fund invests were sufficiently declining so that the Fund has incurred net capital losses;
- ▶ if dividends are paid gross of fees and expenses this will mean fees and expenses are paid out of net realised and net unrealised capital gains or initially subscribed capital. As a result payment of dividends on this basis may reduce capital growth or reduce the capital of the Fund and/or relevant Share Class. See also "Tax Considerations" below.

### Tax Considerations

The Company may be subject to withholding or other taxes on income and/or gains arising from its investment portfolio. Where the Company invests in securities that are not subject to withholding or other taxes at the time of acquisition, there can be no assurance that tax may not be imposed in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Company may not be able to recover such tax and so any such change could have an adverse effect on the Net Asset Value of the Shares.

The tax information provided in the "Taxation" section is based, to the best knowledge of the Directors, upon tax law and practice as at the date of this Prospectus. Tax legislation, the tax status of the Company, the taxation of shareholders and any tax reliefs, and the consequences of such tax status and tax reliefs, may change from time to time. Any change in the taxation legislation in any jurisdiction where a Fund is registered, marketed or invested could affect the tax status of the Fund, affect the value of the Fund's investments in the affected jurisdiction and affect the Fund's ability to achieve its investment objective and/or alter the post-tax returns to shareholders. Where a Fund invests in derivatives, the preceding sentence may also extend to the jurisdiction of the

governing law of the derivative contract and/or the derivative counterparty and/or to the market(s) comprising the underlying exposure(s) of the derivative.

The availability and value of any tax reliefs available to shareholders depend on the individual circumstances of shareholders. The information in the "Taxation" section is not exhaustive and does not constitute legal or tax advice. Prospective investors are urged to consult their tax advisors with respect to their particular tax situations and the tax effects of an investment in the Company.

Where a Fund invests in a jurisdiction where the tax regime is not fully developed or is not sufficiently certain, for example jurisdictions in the Middle East, the relevant Fund, the Manager, the Investment Manager and the Custodian shall not be liable to account to any shareholder for any payment made or suffered by the Company in good faith to a fiscal authority for taxes or other charges of the Company or the relevant Fund notwithstanding that it is later found that such payments need not or ought not have been made or suffered. Conversely, where through fundamental uncertainty as to the tax liability, adherence to best or common market practice that is subsequently challenged or the lack of a developed mechanism for practical and timely payment of taxes, the relevant Fund pays taxes relating to previous years, any related interest or late filing penalties will likewise be chargeable to the Fund. Such late paid taxes will normally be debited to the fund at the point the decision to accrue the liability in the Fund accounts is made.

Shareholders should note that certain Share Classes may pay dividends gross of expenses. This may result in shareholders receiving a higher dividend than they would have otherwise received and therefore shareholders may suffer a higher income tax liability as a result. In addition, in some circumstances, paying dividends gross of expenses may mean that the Fund pays dividends from capital property as opposed to income property. Such dividends may still be considered income distributions in the hands of Shareholders, depending on the local tax legislation in place, and therefore investors may be subject to tax on the dividend at their marginal income tax rate. Shareholders should seek their own professional tax advice in this regard.

The tax laws and regulations in the People's Republic of China (the "PRC") may be expected to change and develop as China's economy changes and develops. Consequently, there may be less authoritative guidance to aid in planning and less uniform application of the tax laws and regulations in comparison to more developed markets. In addition, any new tax laws and regulations and any new interpretations may be applied retroactively. The application and enforcement of PRC tax rules could have a significant adverse effect on the Company and its investors, particularly in relation to capital gains withholding tax imposed upon non-residents. The Company does not currently intend to make any accounting provisions for these tax uncertainties.

### Hedged Share Classes

While the Fund or its authorised agent may attempt to hedge currency risks, there can be no guarantee that it will be successful in doing so and it may result in mismatches between the currency position of the Fund and the Hedged Share Class.

The hedging strategies may be entered into whether the Base Currency is declining or increasing in value relative to the relevant

currency of the Hedged Share Class and so, where such hedging is undertaken it may substantially protect investors in the relevant Class against a decrease in the value of the Base Currency relative to the Hedged Share Class currency, but it may also preclude investors from benefiting from an increase in the value of the Base Currency.

Hedged Share Classes in non-major currencies may be affected by the fact that capacity of the relevant currency market may be limited, which could further affect the volatility of the Hedged Share Class.

All gains/losses or expenses arising from hedging transactions are borne separately by the shareholders of the respective Hedged Share Classes. Given that there is no segregation of liabilities between Share Classes, there is a remote risk that, under certain circumstances, currency hedging transactions in relation to one Share Class could result in liabilities which might affect the Net Asset Value of the other Share Classes of the same Fund.

#### **Financial Markets, Counterparties and Service Providers**

Firms may be exposed to finance sector companies which act as a service provider or as a counterparty for financial contracts. In times of extreme market volatility, such companies may be adversely affected, with a consequent adverse affect on the activities of the Funds.

#### **Other Risks**

The funds may be exposed to risks that are outside of its control – for example legal risks from investments in countries with unclear and changing laws or the lack of established or effective avenues for legal redress; the risk of terrorist actions; the risk that economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity.

Regulators and self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The effect of any future regulatory action on the Company could be substantial and adverse.

Certain Share Classes of certain Funds may be denominated in a currency other than the base currency of the relevant Fund. In addition, the Funds may invest in assets denominated in currencies other than the base currency. Therefore changes in exchange rates may affect the value of an investment in the Funds.

#### **Asset class risks**

##### **Fixed Income Transferable Securities**

Debt securities are subject to both actual and perceived measures of creditworthiness. The “downgrading” of a rated debt security or adverse publicity and investor perception, which may not be based on fundamental analysis, could decrease the value and liquidity of the security, particularly in a thinly traded market.

A Fund may be affected by changes in prevailing interest rates and by credit quality considerations. Changes in market rates of interest will generally affect a Fund’s asset values as the prices of fixed rate securities generally increase when interest rates decline and decrease when interest rates rise. Prices of shorter-term securities generally fluctuate less in response to interest rate changes than do longer-term securities.

An economic recession may adversely affect an issuer’s financial condition and the market value of high yield debt securities issued by such entity. The issuer’s ability to service its debt obligations may be adversely affected by specific issuer developments, or the issuer’s inability to meet specific projected business forecasts, or the unavailability of additional financing. In the event of bankruptcy of an issuer, a Fund may experience losses and incur costs.

Non-investment grade debt may be highly leveraged and carry a greater risk of default. In addition, non-investment grade securities tend to be more volatile than higher rated fixed-income securities, so that adverse economic events may have a greater impact on the prices of non-investment grade debt securities than on higher rated fixed-income securities.

#### **Distressed Securities**

Investment in a security issued by a company that is either in default or in high risk of default (“Distressed Securities”) involves significant risk. Such investments will only be made when the Investment Adviser believes either that the security trades at a materially different level from the Investment Adviser’s perception of fair value or that it is reasonably likely that the issuer of the securities will make an exchange offer or will be the subject of a plan of reorganisation; however, there can be no assurance that such an exchange offer will be made or that such a plan of reorganisation will be adopted or that any securities or other assets received in connection with such an exchange offer or plan of reorganisation will not have a lower value or income potential than anticipated when the investment was made. In addition, a significant period of time may pass between the time at which the investment in Distressed Securities is made and the time that any such exchange offer or plan of reorganisation is completed. During this period, it is unlikely that any interest payments on the Distressed Securities will be received, there will be significant uncertainty as to whether fair value will be achieved or not and the exchange offer or plan of reorganisation will be completed, and there may be a requirement to bear certain expenses to protect the investing Fund’s interest in the course of negotiations surrounding any potential exchange or plan of reorganisation. Furthermore, constraints on investment decisions and actions with respect to Distressed Securities due to tax considerations may affect the return realised on the Distressed Securities.

Some Funds may invest in securities of issuers that are encountering a variety of financial or earnings problems and represent distinct types of risks. A Fund’s investments in equity or fixed income transferable securities of companies or institutions in weak financial condition may include issuers with substantial capital needs or negative net worth or issuers that are, have been or may become, involved in bankruptcy or reorganisation proceedings.

#### **Delayed Delivery Transactions**

Funds that invest in fixed income transferable securities may purchase “To Be Announced” securities (“TBAs”). This refers to the common trading practice in the mortgage-backed securities market in which a security is to be bought from a mortgage pool (Ginnie Mae, Fannie Mae or Freddie Mac) for a fixed price at a future date. At the time of purchase the exact security is not known, but the main characteristics of it are specified. Although the price has been established at the time of purchase, the principal value has not been finalised. Purchasing a TBA involves a risk of loss if the value of the security to be purchased declines prior to the settlement

date. Risks may also arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts.

Although the Funds will generally enter into TBA purchase commitments with the intention of acquiring securities, the Funds may also dispose of a commitment prior to settlement if it is deemed appropriate to do so. Proceeds of TBA sales are not received until the contractual settlement date. During the time a TBA sale commitment is outstanding, equivalent deliverable securities, or an offsetting TBA purchase commitment (deliverable on or before the sale commitment date), are held as cover for the transaction.

If the TBA sale commitment is closed through the acquisition of an offsetting purchase commitment, the Fund realises a gain or loss on the commitment without regard to any unrealised gain or loss on the underlying security. If the Fund delivers securities under the commitment, the Fund realises a gain or loss from the sale of the securities upon the unit price established at the date the commitment was entered into.

### **Smaller Capitalisation Companies**

The securities of smaller companies may be subject to more abrupt or erratic market movements than larger, more established companies or the market average in general. These companies may have limited product lines, markets or financial resources, or they may be dependent on a limited management group. Full development of those companies takes time. In addition, many small company stocks trade less frequently and in smaller volume, and may be subject to more abrupt or erratic price movements than stocks of large companies. The securities of small companies may also be more sensitive to market changes than the securities of large companies. These factors may result in above-average fluctuations in the Net Asset Value of a Fund's Shares.

### **Money-Market Instruments**

The Euro Reserve Fund and the US Dollar Reserve Fund invest a significant amount of their net asset value in approved money-market instruments and in this regard investors might compare the funds to regular deposit accounts. Investors should however note that holdings in these Funds are subject to the risks associated with investing in a collective investment scheme, in particular the fact that the principal sum invested is capable of fluctuation as the net asset value of the Funds fluctuates.

Money-market instruments are subject to both actual and perceived measures of creditworthiness. The "downgrading" of a rated money-market instrument or adverse publicity and investor perception, which may not be based on fundamental analysis, could decrease the value and liquidity of these instruments, particularly in an illiquid market.

### **Market Risks**

#### **Emerging Markets**

Emerging markets are typically those of poorer or less developed countries which exhibit lower levels of economic and/or capital market development, and higher levels of share price and currency volatility.

Some emerging markets governments exercise substantial influence over the private economic sector and the political and social uncertainties that exist for many developing countries

are particularly significant. Another risk common to most such countries is that the economy is heavily export oriented and, accordingly, is dependent upon international trade. The existence of overburdened infrastructures and obsolete financial systems also presents risks in certain countries, as do environmental problems.

In adverse social and political circumstances, governments have been involved in policies of expropriation, confiscatory taxation, nationalisation, intervention in the securities market and trade settlement, and imposition of foreign investment restrictions and exchange controls, and these could be repeated in the future. In addition to withholding taxes on investment income, some emerging markets may impose different capital gains taxes on foreign investors.

Generally accepted accounting, auditing and financial reporting practices in emerging markets may be significantly different from those in developed markets. Compared to mature markets, some emerging markets may have a low level of regulation, enforcement of regulations and monitoring of investors' activities. Those activities may include practices such as trading on material non-public information by certain categories of investor.

The securities markets of developing countries are not as large as the more established securities markets and have substantially less trading volume, resulting in a lack of liquidity and high price volatility. There may be a high concentration of market capitalisation and trading volume in a small number of issuers representing a limited number of industries as well as a high concentration of investors and financial intermediaries. These factors may adversely affect the timing and pricing of a Fund's acquisition or disposal of securities.

Practices in relation to settlement of securities transactions in emerging markets involve higher risks than those in developed markets, in part because the Company will need to use brokers and counterparties which are less well capitalised, and custody and registration of assets in some countries may be unreliable. Delays in settlement could result in investment opportunities being missed if a Fund is unable to acquire or dispose of a security. The Custodian is responsible for the proper selection and supervision of its correspondent banks in all relevant markets in accordance with Luxembourg law and regulation.

In certain emerging markets, registrars are not subject to effective government supervision nor are they always independent from issuers. Investors should therefore be aware that the Funds concerned could suffer loss arising from these registration problems.

Investments in China are currently subject to certain additional risks, particularly regarding the ability to deal in securities in China. Dealing in certain Chinese securities is restricted to licensed investors and the ability of the investor to repatriate its capital invested in those securities may be limited at times. Due to issues relating to liquidity and repatriation of capital, the Company may determine from time to time that making direct investments in certain securities may not be appropriate for a UCITS. As a result, the Company may choose to gain exposure to Chinese securities indirectly and may be unable to gain full exposure to the Chinese markets. The Renminbi is subject to foreign exchange restrictions and is not a freely convertible currency. The exchange rate used for the Renminbi Bond Fund is in relation to the offshore

Renminbi (“CNH”), not the onshore Renminbi (“CNY”). The value of CNH could differ, perhaps significantly, from that of CNY due to a number of factors including without limitation those foreign exchange control policies and repatriation restrictions applied by the Chinese government from time-to-time as well as other external market forces.

Investments in Russia are currently subject to certain heightened risks with regard to the ownership and custody of securities. In Russia, this is evidenced by entries in the books of a company or its registrar (which is neither an agent nor responsible to the Custodian). No certificates representing ownership of Russian companies will be held by the Custodian or any correspondent or in an effective central depository system. As a result of this system and the lack of state regulation and enforcement, the Company could lose its registration and ownership of Russian securities through fraud, negligence or even mere oversight.

Any Fund investing directly in local Russian stock will limit its exposure to no more than 10% of its Net Asset Value, except for investment in securities listed on either the Russian Trading Stock Exchange or the Moscow Interbank Currency Exchange, which have been recognised as being regulated markets.

### **Sovereign Debt**

Certain developing countries are especially large debtors to commercial banks and foreign governments. Investment in debt obligations (“Sovereign Debt”) issued or guaranteed by developing governments or their agencies and instrumentalities (“governmental entities”) involves a high degree of risk. The governmental entity that controls the repayment of Sovereign Debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A governmental entity’s willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity’s policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearage on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a governmental entity’s implementation of economic reforms and/or economic performance and the timely service of such debtor’s obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties’ commitments to lend funds to the governmental entity, which may further impair such debtor’s ability or willingness to service its debt on a timely basis. Consequently, governmental entities may default on their Sovereign Debt. Holders of Sovereign Debt, including a Fund, may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. There is no bankruptcy proceeding by which Sovereign Debt on which a governmental entity has defaulted may be collected in whole or in part.

### **Restrictions on Foreign Investment**

Some countries prohibit or impose substantial restrictions on investments by foreign entities such as a Fund. As illustrations, certain countries require governmental approval prior to investments

by foreign persons, or limit the amount of investment by foreign persons in a particular company, or limit the investment by foreign persons in a company to only a specific class of securities which may have less advantageous terms than securities of the company available for purchase by nationals. Certain countries may restrict investment opportunities in issuers or industries deemed important to national interests. The manner in which foreign investors may invest in companies in certain countries, as well as limitations on such investments, may have an adverse impact on the operations of a Fund. For example, a Fund may be required in certain of such countries to invest initially through a local broker or other entity and then have the share purchases re-registered in the name of the Fund. Re-registration may in some instances not be able to occur on a timely basis, resulting in a delay during which a Fund may be denied certain of its rights as an investor, including rights as to dividends or to be made aware of certain corporate actions. There also may be instances where a Fund places a purchase order but is subsequently informed, at the time of re-registration, that the permissible allocation to foreign investors has been filled, depriving the Fund of the ability to make its desired investment at the time. Substantial limitations may exist in certain countries with respect to a Fund’s ability to repatriate investment income, capital or the proceeds of sales of securities by foreign investors. A Fund could be adversely affected by delays in, or a refusal to grant any required governmental approval for repatriation of capital, as well as by the application to the Fund of any restriction on investments. A number of countries have authorised the formation of closed-end investment companies to facilitate indirect foreign investment in their capital markets. Shares of certain closed-end investment companies may at times be acquired only at market prices representing premiums to their net asset values. If a Fund acquires shares in closed-end investment companies, shareholders would bear both their proportionate share of expenses in the Fund (including management fees) and, indirectly, the expenses of such closed end investment companies. A Fund also may seek, at its own cost, to create its own investment entities under the laws of certain countries.

### **Funds investing in specific sectors or technologies**

Where investment is made in a limited number of market sectors Funds may be more volatile than other more diversified Funds and may be subject to rapid cyclical changes in investor activity. For example, certain Funds may have exposure to technology stocks. Investments in securities of technology related companies present certain risks that may not exist to the same degree as in other types of investments and tend to be relatively more volatile. Such companies may have limited product lines, markets, or financial resources, or may depend on a limited management group. The companies in which the Funds concerned may invest are also strongly affected by worldwide scientific or technological developments, and their products may rapidly fall into obsolescence. Investment in technology companies by a Fund may therefore be considered speculative.

The share price gains of many companies involved in the alternative energy and energy technology sectors in the recent past have been significantly greater than those experienced by equity markets as a whole. Consequently, the shares of many alternative energy and energy technology focused companies are now valued, using certain valuation criteria, at a substantial premium to the average for equity markets in general. There can be no assurance or guarantee that current valuations of alternative energy and energy technology focused companies are sustainable.

With regard to Funds that invest in asset-based securities, while the market price for an asset-based security and the related natural resource asset generally are expected to move in the same direction, there may not be perfect correlation in the two price movements. Asset-based securities may not be secured by a security interest in or claim on the underlying natural resource asset. The asset-based securities in which a Fund may invest may bear interest or pay preferred dividends at below market rates and, in some instances, may not bear interest or pay preferred dividends at all.

Certain asset-based securities may be payable at maturity in cash at the stated principal amount or, at the option of the holder, directly in a stated amount of the asset to which it is related. In such instance, a Fund would endeavour to sell the asset-based security in the secondary market prior to maturity if the value of the stated amount of the asset exceeds the stated principal amount and thereby realise the appreciation in the underlying asset.

#### **Derivatives – General**

In accordance with the investment limits and restrictions set out in Appendix A, each of the Funds may use derivatives to hedge market and currency risk, and for the purposes of efficient portfolio management.

The use of derivatives may expose Funds to a higher degree of risk. In particular, derivative contracts can be highly volatile, and the amount of initial margin is generally small relative to the size of the contract so that transactions are geared. A relatively small market movement may have a potentially larger impact on derivatives than on standard bonds or equities.

#### **Derivatives – Bond, Mixed Funds and certain Equity Funds**

In addition to the above, the Funds may use derivatives to facilitate more complex efficient portfolio management techniques. In particular this may involve:

- ▶ using swap contracts to adjust interest rate risk;
- ▶ using currency derivatives to buy or sell currency risk;
- ▶ writing covered call options to generate additional income;
- ▶ using credit default swaps to buy or sell credit risk; and
- ▶ using volatility derivatives to adjust volatility risk.

#### **Credit Default Swaps**

The use of credit default swaps may carry a higher risk than investing in bonds directly. A credit default swap allows the transfer of default risk. This allows investors to effectively buy insurance on a bond they hold (hedging the investment) or buy protection on a bond they do not physically own where the investment view is that the stream of coupon payments required will be less than the payments received due to the decline in credit quality. Conversely, where the investment view is that the payments due to decline in credit quality will be less than the coupon payments, protection will be sold by means of entering into a credit default swap. Accordingly, one party, the protection buyer, makes a stream of payments to the seller of protection, and a payment is due to the buyer in the event that there is a “credit event” (a decline in credit quality, which will be pre-defined in the agreement). If the credit event does not occur the buyer pays all the required premiums and

the swap terminates on maturity with no further payments. The risk of the buyer is therefore limited to the value of the premiums paid.

The market for credit default swaps may sometimes be more illiquid than bond markets. A Fund entering into credit default swaps must at all times be able to meet the redemption requests. Credit default swaps are valued on a regular basis according to verifiable and transparent valuation methods reviewed by the Company’s auditor.

#### **Volatility Derivatives**

The volatility of a security (or basket of securities) is a statistical measure of the speed and magnitude of changes in the price of a security (securities) over defined periods of time. Volatility derivatives are based on an underlying basket of shares, and Funds may use volatility derivatives to increase or reduce volatility risk, in order to express an investment view on the change in volatility, based on an assessment of expected developments in underlying securities markets. For example, if a significant change in the market background is expected, it is likely that the volatility of securities prices will increase as prices adapt to the new circumstances.

The Funds may only buy or sell volatility derivatives which are based on an index where:

- ▶ the composition of the index is sufficiently diversified;
- ▶ the index represents an adequate benchmark for the market to which it refers; and
- ▶ it is published in an appropriate manner.

The price of volatility derivatives may be highly volatile, and may move in a different way to the other assets of the Fund, which could have a significant effect on the Net Asset Value of a Fund’s Shares.

#### **Transfer of collateral**

In order to use derivatives the Funds will enter into arrangements with counterparties which may require the payment of collateral or margin out of a Fund’s assets to act as cover to any exposure by the counterparty to the Fund. If the title of any such collateral or margin transferred is transferred to the counterparty, it becomes an asset of such counterparty and may be used by the counterparty as part of its business. Collateral so transferred will not be held by the Custodian for safekeeping, but collateral positions will be overseen and reconciled by the Custodian. Counterparties appointed by the Fund are not entitled to rehypothecate the assets of the Fund.

#### **Excessive Trading Policy**

The Funds do not knowingly allow investments that are associated with excessive trading practices, as such practices may adversely affect the interests of all shareholders. Excessive trading includes individuals or groups of individuals whose securities transactions seem to follow a timing pattern or are characterised by excessively frequent or large trades.

Investors should, however, be aware that the Funds may be utilised by certain investors for asset allocation purposes or by structured product providers, which may require the periodic re-allocation of assets between Funds. This activity will not normally be classed as excessive trading unless the activity becomes, in the opinion of the Directors, too frequent or appears to follow a timing pattern.

As well as the general power of Directors to refuse subscriptions or conversions at their discretion, powers exist in other sections of this Prospectus to ensure that shareholder interests are protected against excessive trading. These include:

- ▶ fair value pricing – Appendix B paragraph 16;
- ▶ price swinging – Appendix B paragraph 17(c);
- ▶ in specie redemptions – Appendix B paragraphs 23-24; and
- ▶ conversion charges – Appendix B paragraphs 19-21.

In addition, where excessive trading is suspected, the Funds may:

- ▶ combine Shares that are under common ownership or control for the purposes of ascertaining whether an individual or a group of individuals can be deemed to be involved in excessive trading practices. Accordingly, the Directors reserve the right to reject any application for switching and/or subscription of Shares from investors whom they consider to be excessive traders;
- ▶ adjust the Net Asset Value per Share to reflect more accurately the fair value of the Funds' investments at the point of valuation. This will only take place if the Directors believe that movements in the market price of underlying securities mean that in their opinion, the interests of all shareholders will be met by a fair price valuation; and
- ▶ levy a redemption charge of 2% of the redemption proceeds to shareholders whom the Directors, in their reasonable opinion, suspect of excessive trading. This charge will be made for the benefit of the Funds, and affected shareholders will be notified in their contract notes if such a fee has been charged.

### Investment Objectives & Policies

**Investors must read the Special Risk Considerations section above before investing in any of the following Funds. There can be no assurance that the objectives of each Fund will be achieved.**

Each Fund is managed separately and in accordance with the investment and borrowing restrictions specified in Appendix A.

Some of the Funds may become "capacity constrained products" this means that the Directors may determine to restrict the purchase of Shares when it is in the interests of the Fund and/or its shareholders to do so, including (by way of example) when any Fund or investment strategy reaches a size that in the opinion of the Management Company could impact its ability to find suitable investments for the Fund. When a Fund reaches its capacity limit Shareholders will be notified accordingly and no further subscriptions will be permitted in the Fund. The Prospectus will be amended to reflect this in due course at its next planned update. Shareholders will not be prevented from redeeming from the relevant Fund. Should a Fund fall beneath its capacity constraint as a result of redemptions or market developments the Directors are permitted to re-open the Fund or any class of shares. Where it is stated below that a particular Fund is a "capacity constrained product", subscriptions are no longer permitted in that Fund as at the date of this Prospectus. Following the date of this Prospectus, information as to whether the purchase of Shares in

a Fund is restricted in this way is available from the local Investor Servicing team.

Unless defined otherwise in the individual investment policies of the Funds, the following definitions, investment rules and restrictions apply to all Funds of the Company:

- ▶ Where an individual investment policy of a Fund refers to 70% of its total assets being invested in a specific type or range of investments, the remaining 30% of the total assets may be invested in financial instruments of companies or issuers of any size in any sector of the economy globally, unless the individual investment policy of such Fund contains further restrictions. Where an individual investment policy of a Bond Fund refers to 70% of its total assets being invested in a specific type of investments, such Bond Fund may, within the remaining 30% of its total assets, invest up to 30% of its total assets in money market instruments, up to 25% of its total assets in convertible bonds and bonds with warrants attached and up to 10% of its total assets in equities. Otherwise where convertible bonds are used in the pursuit of a Fund's investment objective they may be classified as fixed income assets or equity assets depending on the investment rationale used.
- ▶ The term "total assets" does not include ancillary liquid assets.
- ▶ Where an investment policy requires a particular percentage to be invested in a specific type or range of investments, such requirement will not apply under extraordinary market conditions and is subject to liquidity and/or market risk hedging considerations arising from the issuance, switching or redemption of Shares. In particular, in aiming to achieve a Fund's investment objective, investment may be made into other transferable securities than those in which the Fund is normally invested in order to mitigate the Fund's exposure to market risk.
- ▶ Funds may hold cash and near-cash instruments on an incidental basis unless otherwise stated in the investment objective of the Fund.
- ▶ Funds may use derivative instruments (including those on foreign exchange) as provided for in Appendix A.
- ▶ Unless specifically stated to the contrary, the currency exposure of the Equity Funds will normally be left unhedged. Elsewhere if a Fund's investment objective states that "currency exposure is flexibly managed", this means that the Investment Adviser may be expected to regularly employ currency management and hedging techniques in the Fund. Techniques used may include hedging the currency exposure on a Fund's portfolio or/and using more active currency management techniques such as currency overlays, but does not mean that a Fund's portfolio will always be hedged in whole or in part.
- ▶ Where the term "Asia Pacific" is used, it refers to the region comprising the countries in the Asian continent and surrounding Pacific islands including Australia and New Zealand.
- ▶ Where the term "Asian Tiger countries" is used, it refers to any of the following countries: South Korea, the People's Republic

of China, Taiwan, Hong Kong, the Philippines, Thailand, Malaysia, Singapore, Vietnam, Cambodia, Laos, Myanmar, Indonesia, Macau, India and Pakistan.

- ▶ Where the term “Europe” is used, it refers to all European countries including the UK, Eastern Europe and former Soviet Union countries.
- ▶ The “weighted average maturity”, or WAM, of a fund, is a measure of the average length of time to maturity (the date at which fixed income securities become due for repayment) of the fund’s portfolio, weighted to reflect the relative size of the holdings in each instrument. In practice, this measure is an indication of current investment strategy and is not an indication of liquidity.
- ▶ A reference to the “EMU” means the Economic and Monetary Union of the European Union.
- ▶ Where the term “Greater China” is used, it refers to the People’s Republic of China, Hong Kong and Taiwan.
- ▶ Where the term “Latin America” is used, it refers to Mexico, Central America, South America and the islands of the Caribbean, including Puerto Rico.
- ▶ Where the term “Mediterranean region” is used, it refers to countries bordering the Mediterranean Sea.
- ▶ Where the term “Middle East & North Africa” is used, it refers to any of the following countries: Algeria, Armenia, Azerbaijan, Bahrain, Chad, Egypt, Eritrea, Ethiopia, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Mali, Mauritania, Morocco, Niger, Oman, Palestinian Authority, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, Turkey, Turkmenistan, UAE, Yemen and surrounding countries and authorities.
- ▶ Funds investing globally or in Europe may contain investments in Russia, subject always to the 10% limit referred to in the “Emerging Markets” section above except for investment in securities listed on either the Russian Trading Stock Exchange or the Moscow Interbank Currency Exchange, which have been recognised as being regulated markets.
- ▶ For the purpose of these investment objectives and policies all references to “transferable securities” shall include “money market instruments and both fixed and floating rate instruments”.
- ▶ Where the term “Renminbi”, “RMB” or “CNY” is used, it refers to the offshore Renminbi market (CNH).
- ▶ Where a Fund invests in initial public offerings or new debt issues, the prices of securities involved in initial public offerings or new debt issues are often subject to greater and more unpredictable price changes than more established securities.
- ▶ Funds which include “Equity Income” or “Enhanced Equity Income” in their title or investment objective and policy seek either to out-perform in terms of income (largely from equity dividends) their eligible investment universe or to generate a high level of income. The opportunity for capital appreciation within such Funds may be lower than other equity Funds of the Company – see “Risks to Capital Growth”.

- ▶ Funds which include “Absolute Return” in their title or investment objective and policy seek to achieve positive returns, however, this should not be interpreted to mean or imply that an absolute return is guaranteed, as there can be circumstances where negative returns are generated.
- ▶ Where the term “real return” is used, it means the nominal return less the level of inflation, which is typically measured by the change in an official measure of the level of prices in the relevant economy.
- ▶ The term “investment grade” defines debt securities which are rated, at the time of purchase, BBB- (Standard and Poor’s or equivalent rating) or better by at least one recognised rating agency, or, in the opinion of the Management Company, are of comparable quality.
- ▶ The terms “non-investment grade” or “high yield” define debt securities which are unrated or rated, at the time of purchase, BB+ (Standard and Poor’s or equivalent rating) or lower by at least one recognised rating agency or, in the opinion of the Management Company, are of comparable quality.
- ▶ Where an individual investment policy of a Fund refers to investment in “developed markets” or “developed countries” the Fund may invest in markets or countries contained in the MSCI World Index for Equity Funds or the JP Morgan Government Bond Index Broad for Bond Funds. Accordingly any reference to “developing” or “emerging” markets or countries is to markets or countries not contained in the applicable index.
- ▶ **United Nations Convention on Cluster Munitions** – The UN Convention on Cluster Munitions became binding international law on 1 August 2010 and prohibits the use, production, acquisition or transfer of cluster munitions. The Investment Advisers on behalf of the Company accordingly arrange for the screening of companies globally for their corporate involvement in anti-personnel mines, cluster munitions and depleted uranium ammunition and armour. Where such corporate involvement has been verified, the Directors’ policy is not to permit investment in securities issued by such companies by the Company and its Funds.

### Risk Management

The Management Company is required by the regulations to employ a risk management process in respect of the Funds which enables it to accurately monitor and manage the global exposure from financial derivative instruments (“global exposure”) which each Fund gains.

The Management Company uses a methodology known as “Value at Risk” (“VaR”) in order to measure the global exposure of the Funds and manage the potential loss to them due to market risk. The VaR methodology measures the potential loss to a fund at a particular confidence (probability) level over a specific time period and under normal market conditions. The Management Company uses the 99% confidence interval and one month measurement period for the purposes of carrying out this calculation.

There are two types of VaR measure which can be used to monitor and manage the global exposure of a fund: “Relative VaR” and “Absolute VaR”. Relative VaR is where the VaR of a fund is divided

by the VaR of an appropriate benchmark or reference portfolio, allowing the global exposure of a fund to be compared to, and limited by reference to, the global exposure of the appropriate benchmark or reference portfolio. The regulations specify that the VaR of the Fund must not exceed twice the VaR of its benchmark. Absolute VaR is commonly used as the relevant VaR measure for absolute return style funds where a benchmark or reference portfolio is not appropriate for risk measurement purposes. The regulations specify that the VaR measure for such a fund must not exceed 20% of that fund's net asset value.

The Management Company uses Relative VaR to monitor and manage the global exposure of some of the Funds and Absolute VaR for others. The type of VaR measure used for each Fund is set out below and where this is Relative VaR the appropriate benchmark or reference portfolio used in the calculation is also disclosed.

### **Leverage**

A fund's level of investment exposure (for an equity fund, when combined with its instruments and cash) can in aggregate exceed its net asset value due to the use of financial derivative instruments or borrowing (borrowing is only permitted in limited circumstances and not for investment purposes). Where a fund's investment exposure exceeds its net asset value this is known as leverage. The regulations require that the Prospectus includes information relating to the expected levels of leverage in a fund where VaR is being used to measure global exposure. The expected level of leverage of each of the Funds is set out below and expressed as a percentage of its Net Asset Value. The Funds may have higher levels of leverage in atypical or volatile market conditions for example when there are sudden movements in investment prices due to difficult economic conditions in a sector or region. In such circumstances the relevant Investment Adviser may increase its use of derivatives in a Fund in order to reduce the market risk which that Fund is exposed to, this in turn would have the effect of increasing its levels of leverage. For the purposes of this disclosure, leverage is the investment exposure gained through the use of financial derivative instruments. It is calculated using the sum of the notional values of all of the financial derivative instruments held by the relevant Fund, without netting. The expected level of leverage is not a limit and may vary over time.

The **Asian Dragon Fund** seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, Asia, excluding Japan.

**Risk management measure used: Relative VaR using MSCI AC Asia ex Japan (USD) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 5% of Net Asset Value.**

The **Asian Local Bond Fund** seeks to maximise total return. The Fund invests at least 70% of its total assets in the local currency-denominated fixed income transferable securities issued by governments and agencies of, and companies domiciled or exercising the predominant part of their economic activity in, Asia, excluding Japan. The full spectrum of available securities, including non-investment grade, may be utilised. Currency exposure is flexibly managed.

**Risk management measure used: Relative VaR using HSBC Asian Local Bond Index as the appropriate benchmark.**

**Expected level of leverage of the Fund: 571% of Net Asset Value.**

The **Asian Tiger Bond Fund** seeks to maximise total return. The Fund invests at least 70% of its total assets in the fixed income transferable securities of issuers domiciled in, or exercising the predominant part of their economic activity in, Asian Tiger countries. The Fund may invest in the full spectrum of available securities, including non-investment grade. The currency exposure of the Fund is flexibly managed.

**Risk management measure used: Relative VaR using JP Morgan Asian Credit Index as the appropriate benchmark.**

**Expected level of leverage of the Fund: 60% of Net Asset Value.**

The **Asia Pacific Equity Income Fund** seeks an above average income from its equity investments without sacrificing long term capital growth. The Fund invests at least 70% of its total assets in equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, the Asia Pacific region excluding Japan. This Fund distributes income gross of expenses.

**Risk management measure used: Relative VaR using MSCI AC Asia Pac ex Japan (Net) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 5% of Net Asset Value.**

The **China Fund** seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, the People's Republic of China.

**Risk management measure used: Relative VaR using MSCI China 10/40 Index (net) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 5% of Net Asset Value.**

The **Continental European Flexible Fund** seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in Europe excluding the UK. The Fund normally invests in securities that, in the opinion of the Investment Adviser, exhibit either growth or value investment characteristics, placing an emphasis as the market outlook warrants.

**Risk management measure used: Relative VaR using FTSE World Europe ex UK Net TR (EUR) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 30% of Net Asset Value.**

The **Emerging Europe Fund** seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, emerging European countries. It may also invest in companies domiciled in and around, or exercising the predominant part of their economic activity in and around, the Mediterranean region.

**Risk management measure used: Relative VaR using MSCI EM Europe 10/40 (net) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The **Emerging Markets Bond Fund** seeks to maximise total return. The Fund invests at least 70% of its total assets in the fixed income transferable securities of governments and agencies of, and companies domiciled or exercising the predominant part of their economic activity in, emerging markets. The Fund may invest in the full spectrum of available securities, including non-investment grade. Currency exposure is flexibly managed.

**Risk management measure used: Relative VaR using JP Morgan Emg Mkts Bd Glb as the appropriate benchmark.**

**Expected level of leverage of the Fund: 210% of Net Asset Value.**

The **Emerging Markets Diversified Equity Fund** seeks to maximise total return. The Fund invests globally at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, emerging markets. Investment may also be made in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, developed markets that have significant business operations in emerging markets. The Fund will be highly diversified across the universe of emerging market equities. The Fund normally invests in securities that, in the opinion of the Investment Adviser, exhibit either growth or value characteristics, placing an emphasis as the market outlook warrants

**Risk management measure used: Relative VaR using MSCI Emerging Mkt (Net) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The **Emerging Markets Equity Income Fund** seeks an above average income from its equity investments without sacrificing long term capital growth. The Fund invests globally at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, emerging markets. Investment may also be made in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, developed markets that have significant business operations in emerging markets. This Fund distributes income gross of expenses.

**Risk management measure used: Relative VaR using MSCI Emerging Mkt (Net) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The **Emerging Markets Fund** seeks to maximise total return. The Fund invests globally at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, emerging markets. Investment may also be made in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, developed markets that have significant business operations in emerging markets.

**Risk management measure used: Relative VaR using MSCI Emerging Mkt (Net) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 5% of Net Asset Value.**

The **Euro Bond Fund** seeks to maximise total return. The Fund invests at least 80% of its total assets in investment grade fixed income transferable securities. At least 70% of total assets will be invested in fixed income transferable securities denominated in euro. Currency exposure is flexibly managed.

**Risk management measure used: Relative VaR using BarCap Euro-Agg 500mm+ as the appropriate benchmark.**

**Expected level of leverage of the Fund: 170% of Net Asset Value.**

The **Euro Corporate Bond Fund** seeks to maximise total return. The Fund invests at least 70% of its total assets in investment grade corporate fixed income transferable securities denominated in euro. Currency exposure is flexibly managed.

**Risk management measure used: Relative VaR using BoA ML Euro Corporate Bond as the appropriate benchmark.**

**Expected level of leverage of the Fund: 160% of Net Asset Value.**

The **Euro Reserve Fund** seeks to maximise current income consistent with preservation of capital and liquidity. The Fund invests at least 90% of its total assets in investment grade fixed income transferable securities denominated in Euro and Euro cash. The weighted average maturity of the Fund's assets will be 60 days or less.

**Risk management measure used: Absolute VaR.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The **Euro Short Duration Bond Fund** seeks to maximise total return. The Fund invests at least 80% of its total assets in investment grade fixed income transferable securities. At least 70% of total assets will be invested in fixed income transferable securities denominated in euro with a duration of less than five years. The average duration is not more than three years. Currency exposure is flexibly managed.

**Risk management measure used: Relative VaR using BarCap Eur Agg 500mm 1-3 yr as the appropriate benchmark.**

**Expected level of leverage of the Fund: 210% of Net Asset Value.**

The **Euro-Markets Fund** seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities of companies domiciled in those EU Member States participating in EMU. Other exposure may include, without limitation, investments in those EU Member States that, in the opinion of the Investment Adviser, are likely to join EMU in the foreseeable future and companies based elsewhere that exercise the predominant part of their economic activity in EMU-participating countries.

**Risk management measure used: Relative VaR using MSCI EMU Net TR Index as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The *European Enhanced Equity Yield Fund* seeks to generate a high level of income. The Fund invests at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their economic activities in, Europe. The Fund makes use of derivatives in a way that is fundamental to its investment objective in order to generate additional income.

**Risk management measure used: Relative VaR using MSCI Europe Net TR Index as the appropriate benchmark.**

**Expected level of leverage of the Fund: 20% of Net Asset Value.**

The *European Equity Income Fund* seeks an above average income from its equity investments without sacrificing long term capital growth. The Fund invests at least 70% of its total assets in equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, Europe. This Fund distributes income gross of expenses.

**Risk management measure used: Relative VaR using MSCI Europe Net TR Index as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The *European Focus Fund* seeks to maximise total return. The Fund invests at least 70% of its total assets in a concentrated portfolio of equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, Europe.

**Risk management measure used: Relative VaR using MSCI Europe (Grs-EUR) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The *European Fund* seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, Europe.

**Risk management measure used: Relative VaR using MSCI Europe (net) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The *European Growth Fund* seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their economic activities in, Europe. The Fund places particular emphasis on companies that, in the opinion of the Investment Adviser, exhibit growth investment characteristics, such as above-average growth rates in earnings or sales and high or improving returns on capital.

**Risk management measure used: Relative VaR using MSCI Europe Growth Net as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The *European Small & MidCap Opportunities Fund* seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities of small and mid capitalisation

companies domiciled in, or exercising the predominant part of their economic activity in, Europe. Small and mid capitalisation companies are considered companies which, at the time of purchase, form the bottom 30% by market capitalisation of European stock markets.

**Risk management measure used: Relative VaR using S&P European Mid Small Cap as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The *European Value Fund* seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, Europe. The Fund places particular emphasis on companies that are, in the opinion of the Investment Adviser, undervalued and therefore represent intrinsic investment value.

**Risk management measure used: Relative VaR using MSCI Europe Value Net as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The *Fixed Income Global Opportunities Fund* seeks to achieve an absolute return. The Fund invests at least 70% of its total assets in fixed income transferable securities denominated in various currencies issued by governments, agencies and companies worldwide. The full spectrum of available securities, including non-investment grade, may be utilised. Currency exposure is flexibly managed.

**Risk management measure used: Absolute VaR.**

**Expected level of leverage of the Fund: 300% of Net Asset Value.**

The *Flexible Multi-Asset Fund* follows an asset allocation policy that seeks to maximise total return. The Fund invests globally in the full spectrum of permitted investments including equities, fixed income transferable securities (which may include some high yield fixed income transferable securities), units of undertakings for collective investment, cash, deposits and money market instruments. The Fund has a flexible approach to asset allocation (which includes taking indirect exposure to commodities through permitted investments, principally through derivatives on commodity indices and exchange traded funds). The Fund may invest without limitation in securities denominated in currencies other than the reference currency (euro). The currency exposure of the Fund is flexibly managed.

**Risk management measure used: Relative VaR using 50% MSCI World / 50% Citigroup WGBI (Euro hedged) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 105% of Net Asset Value.**

The *Global Allocation Fund* seeks to maximise total return. The Fund invests globally in equity, debt and short term securities, of both corporate and governmental issuers, with no prescribed limits. In normal market conditions the Fund will invest at least 70% of its total assets in the securities of corporate and governmental issuers. The Fund generally will seek to invest in securities that

are, in the opinion of the Investment Adviser, undervalued. The Fund may also invest in the equity securities of small and emerging growth companies. The Fund may also invest a portion of its debt portfolio in high yield fixed income transferable securities. Currency exposure is flexibly managed.

**Risk management measure used: Relative VaR using 36% S&P 500 Index, 24% FTSE World Index (Ex-US), 24% 5Yr US Treasury Note, 16% Citigroup Non-US World Govt Bond Index as the appropriate benchmark.**

**Expected level of leverage of the Fund: 120% of Net Asset Value.**

The *Global Corporate Bond Fund* seeks to maximise total return. The Fund invests at least 70% of its total assets in investment grade corporate fixed income securities issued by companies worldwide. Currency exposure is flexibly managed.

**Risk management measure used: Relative VaR using BarCap Global Corporate Agg Index (USD hedged) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 185% of Net Asset Value.**

The *Global Dynamic Equity Fund* seeks to maximise total return. The Fund invests globally, with no prescribed country or regional limits, at least 70% of its total assets in equity securities. The Fund will generally seek to invest in securities that are, in the opinion of the Investment Adviser, undervalued. The Fund may also invest in the equity securities of small and emerging growth companies. Currency exposure is flexibly managed.

**Risk management measure used: Relative VaR using 60% S&P 500 Index, 40% FTSE World (ex US) All Cap Index as the appropriate benchmark.**

**Expected level of leverage of the Fund: 155% of Net Asset Value.**

The *Global Enhanced Equity Yield Fund* seeks to generate a high level of income. The Fund invests globally, with no prescribed country or regional limits, at least 70% of its total assets in equity securities. The Fund makes use of derivatives in a way that is fundamental to its investment objective in order to generate additional income.

**Risk management measure used: Relative VaR using MSCI World (Net TR) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 45% of Net Asset Value.**

The *Global Equity Fund* seeks to maximise total return. The Fund invests globally at least 70% of its total assets in equity securities. At least 51% of total assets will be invested in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, developed markets.

**Risk management measure used: Relative VaR using MSCI AC World (Net TR) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 25% of Net Asset Value.**

The *Global Equity Income Fund* seeks an above average income from its equity investments without sacrificing long term capital growth. The Fund invests globally at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, developed markets. This Fund distributes income gross of expenses. Currency exposure is flexibly managed.

**Risk management measure used: Relative VaR using MSCI AC World (Net TR) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 10% of Net Asset Value.**

The *Global Government Bond Fund* seeks to maximise total return. The Fund invests at least 70% of its total assets in investment grade fixed income transferable securities issued by governments and their agencies worldwide. Currency exposure is flexibly managed.

**Risk management measure used: Relative VaR using CWGBI – 100% Hedged (USD) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 195% of Net Asset Value.**

The *Global High Yield Bond Fund* seeks to maximise total return. The Fund invests globally at least 70% of its total assets in high yield fixed income transferable securities. The Fund may invest in the full spectrum of available fixed income transferable securities, including non-investment grade. Currency exposure is flexibly managed.

**Risk management measure used: Relative VaR using BoA ML Global High Yield Constrained 100% USD Hdg as the appropriate benchmark.**

**Expected level of leverage of the Fund: 30% of Net Asset Value.**

The *Global Inflation Linked Bond Fund* seeks to maximise real return. The Fund invests at least 70% of its total assets in inflation-linked fixed income transferable securities that are issued globally. The Fund may only invest in fixed income transferable securities which are investment grade at the time of purchase. Currency exposure is flexibly managed.

**Risk management measure used: Relative VaR using BarCap World Govt. ILB Index (USD Hedged) as the appropriate benchmark**

**Expected level of leverage of the Fund: 130% of Net Asset Value.**

The *Global Opportunities Fund* seeks to maximise total return. The Fund invests globally, with no prescribed country, regional or capitalisation limits, at least 70% of its total assets in equity securities. Currency exposure is flexibly managed.

**Risk management measure used: Relative VaR using MSCI AC World (Net TR) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 50% of Net Asset Value.**

The *Global SmallCap Fund* seeks to maximise total return. The Fund invests globally at least 70% of its total assets in the equity securities of smaller capitalisation companies. Smaller capitalisation companies are considered companies which, at the time of purchase, form the bottom 20% by market capitalisation of global stock markets. Although it is likely that most of the Fund's investments will be in companies located in the developed markets of North America, Europe and the Far East, the Fund may also invest in the emerging markets of the world. Currency exposure is flexibly managed.

**Risk management measure used: Relative VaR using MSCI World Small Cap (cap) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The *India Fund* seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, India. (The Fund may invest through its Subsidiary).

**Risk management measure used: Relative VaR using S&P IFC Emerging Markets Investible India Index as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The *Japan Fund* seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities of companies domiciled in or exercising the predominant part of their economic activity in, Japan.

**Risk management measure used: Relative VaR using TSE First Section (TOPIX) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The *Japan Small & MidCap Opportunities Fund* seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities of small and mid capitalisation companies domiciled in, or exercising the predominant part of their economic activity in, Japan. Small and mid capitalisation companies are considered companies which, at the time of purchase, form the bottom 30% by market capitalisation of Japanese stock markets.

**Risk management measure used: Relative VaR using S&P Japan Mid Small Cap as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The *Japan Value Fund* seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in Japan. The Fund places particular emphasis on companies that are, in the opinion of the Investment Adviser, undervalued and therefore represent intrinsic investment value.

**Risk management measure used: Relative VaR using MSCI Japan (Grs TR) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The *Latin American Fund* seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, Latin America.

**Risk management measure used: Relative VaR using MSCI EM Latin America net as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The *Local Emerging Markets Bond Fund* seeks to maximise total return. The Fund invests at least 70% of its total assets in local currency-denominated fixed income transferable securities issued by governments and agencies of, and companies domiciled or exercising the predominant part of their economic activity in, emerging markets. The full spectrum of available securities, including non-investment grade, may be utilised. Currency exposure is flexibly managed.

**Risk management measure used: Relative VaR using JPM ELMI + as the appropriate benchmark.**

**Expected level of leverage of the Fund: 400% of Net Asset Value.**

The *Local Emerging Markets Short Duration Bond Fund* seeks to maximise total return. The Fund invests at least 70% of its total assets in local currency-denominated fixed income transferable securities with a duration of less than five years issued by governments and agencies of, and companies domiciled or exercising the predominant part of their economic activity in, emerging markets. The average duration is not more than two years. The full spectrum of available securities, including non-investment grade, may be utilised. Currency exposure is flexibly managed.

**Risk management measure used: Relative VaR using JPM ELMI + as the appropriate benchmark.**

**Expected level of leverage of the Fund: 571% of Net Asset Value.**

The *New Energy Fund* seeks to maximise total return. The Fund invests globally at least 70% of its total assets in the equity securities of new energy companies. New energy companies are those which are engaged in alternative energy and energy technologies including: renewable energy technology; renewable energy developers; alternative fuels; energy efficiency; enabling energy and infrastructure.

**Risk management measure used: Relative VaR using MSCI World (Net TR) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The *North American Equity Income Fund* seeks an above average income from its equity investments without sacrificing

long term capital growth. The Fund invests at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, the US and Canada. The Fund distributes income gross of expenses.

**Risk management measure used: Relative VaR using S&P 500 Index as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The *Pacific Equity Fund* seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in the Asia Pacific region. Currency exposure is flexibly managed.

**Risk management measure used: Relative VaR using MSCI AC Asia Pac (Net TR) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The *Renminbi Bond Fund* seeks to maximise total return. The Fund invests at least 70% of its total assets in fixed income transferable securities issued or distributed outside of mainland China and denominated in Renminbi and Renminbi Cash. The Fund may invest in the full spectrum of available fixed income transferable securities, including non-investment grade. Currency exposure is flexibly managed.

**Investors are encouraged to read the relevant disclosures contained in “Tax Considerations”, “Other Risks” and “Market Risk – Emerging Markets”, in the risk factor section “General”.**

**Risk management measure used: Relative VaR using HSBC Offshore RMB Index as the appropriate benchmark.**

**Expected level of leverage of the Fund: 220% of Net Asset Value.**

The *Swiss Small & MidCap Opportunities Fund* seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities of small and mid capitalisation companies domiciled in, or exercising the predominant part of their economic activity in, Switzerland. Small and mid capitalisation companies are considered companies which, at the time of purchase, are not members of the Swiss Market Index.

**Risk management measure used: Relative VaR using Switzerland SPI Extra Index as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The *United Kingdom Fund* seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities of companies incorporated or listed in the UK.

**Risk management measure used: Relative VaR using FTSE All-Share (TR) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The *US Basic Value Fund* seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities

of companies domiciled in, or exercising the predominant part of their economic activity in, the US. The Fund places particular emphasis on companies that are, in the opinion of the Investment Adviser, undervalued and therefore represent basic investment value.

**Risk management measure used: Relative VaR using Russell 1000 Value as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The *US Dollar Core Bond Fund* seeks to maximise total return. The Fund invests at least 80% of its total assets in investment grade fixed income transferable securities. At least 70% of the Fund's total assets are invested in fixed income transferable securities denominated in US dollars. Currency exposure is flexibly managed.

**Risk management measure used: Relative VaR using BarCap US Aggregate as the appropriate benchmark.**

**Expected level of leverage of the Fund: 240% of Net Asset Value.**

The *US Dollar High Yield Bond Fund* seeks to maximise total return. The Fund invests at least 70% of its total assets in high yield fixed income transferable securities denominated in US dollars. The Fund may invest in the full spectrum of available fixed income transferable securities, including non-investment grade. Currency exposure is flexibly managed.

**Risk management measure used: Relative VaR using BarCap 2% Const US\$ High Yield as the appropriate benchmark.**

**Expected level of leverage of the Fund: 15% of Net Asset Value.**

The *US Dollar Reserve Fund* seeks to maximise current income consistent with preservation of capital and liquidity. The Fund invests at least 90% of its total assets in investment grade fixed income transferable securities denominated in US dollars and US dollar cash. The weighted average maturity of the Fund's assets will be 60 days or less.

**Risk management measure used: Absolute VaR.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The *US Dollar Short Duration Bond Fund* seeks to maximise total return. The Fund invests at least 80% of its total assets in investment grade fixed income transferable securities. At least 70% of the Fund's total assets are invested in fixed income transferable securities denominated in US dollars with a duration of less than five years. The average duration is not more than three years. Currency exposure is flexibly managed.

**Risk management measure used: Absolute VaR.**

**Expected level of leverage of the Fund: 50% of Net Asset Value.**

The *US Flexible Equity Fund* seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of

their economic activity in, the US. The Fund normally invests in securities that, in the opinion of the Investment Adviser, exhibit either growth or value investment characteristics, placing an emphasis as the market outlook warrants.

**Risk management measure used: Relative VaR using Russell 1000 (Grs TR) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The **US Government Mortgage Fund** seeks a high level of income. The Fund invests at least 80% of its total assets in fixed income transferable securities issued or guaranteed by the United States Government, its agencies or instrumentalities, including Government National Mortgage Association (“GNMA”) mortgage-backed certificates and other US Government securities representing ownership interests in mortgage pools, such as mortgage-backed securities issued by Fannie Mae and Freddie Mac. All securities in which the Fund invests are US dollar-denominated securities.

**Risk management measure used: Relative VaR using Citigroup Mortgage Index as the appropriate benchmark.**

**Expected level of leverage of the Fund: 265% of Net Asset Value.**

The **US Growth Fund** seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, the US. The Fund places particular emphasis on companies that, in the opinion of the Investment Adviser, exhibit growth investment characteristics, such as above-average growth rates in earnings or sales and high or improving returns on capital.

**Risk management measure used: Relative VaR using Russell 1000 Growth as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The **US Small & MidCap Opportunities Fund** seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities of small and mid capitalisation companies domiciled in, or exercising the predominant part of their economic activity in, the US. Small and mid capitalisation companies are considered companies which, at the time of purchase, form the bottom 30% by market capitalisation of US stock markets.

**Risk management measure used: Relative VaR using S&P US Mid Small Cap as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The **World Agriculture Fund** seeks to maximise total return. The Fund invests globally at least 70% of its total assets in the equity securities of agricultural companies. Agricultural companies are those which are engaged in agriculture, agricultural chemicals, equipment and infrastructure, agricultural commodities and food, bio-fuels, crop sciences, farm land and forestry.

**Risk management measure used: Relative VaR using DAX Global Agribusiness as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The **World Bond Fund** seeks to maximise total return. The Fund invests at least 70% of its total assets in investment grade fixed income transferable securities. Currency exposure is flexibly managed.

**Risk management measure used: Relative VaR using BarCap Glb Agg (USD hdgd) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 135% of Net Asset Value.**

The **World Energy Fund** seeks to maximise total return. The Fund invests globally at least 70% of its total assets in the equity securities of companies whose predominant economic activity is in the exploration, development, production and distribution of energy. Additionally, the Fund may invest in companies seeking to develop and exploit new energy technologies.

**Risk management measure used: Relative VaR using MSCI World Energy (Grs TR) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The **World Financials Fund** seeks to maximise total return. The Fund invests globally at least 70% of its total assets in the equity securities of companies whose predominant economic activity is financial services.

**Risk management measure used: Relative VaR using MSCI World Financials Net as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The **World Gold Fund** seeks to maximise total return. The Fund invests globally at least 70% of its total assets in the equity securities of companies whose predominant economic activity is gold-mining. It may also invest in the equity securities of companies whose predominant economic activity is other precious metal or mineral and base metal or mineral mining. The Fund does not hold physical gold or metal.

**Risk management measure used: Relative VaR using FTSE Gold Mines (cap) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The **World Healthscience Fund** seeks to maximise total return. The Fund invests globally at least 70% of its total assets in the equity securities of companies whose predominant economic activity is in healthcare, pharmaceuticals, medical technology and supplies and the development of biotechnology. Currency exposure is flexibly managed.

**Risk management measure used: Relative VaR using MSCI World Healthcare Net as the appropriate benchmark.**

**Expected level of leverage of the Fund: 55% of Net Asset Value.**

The **World Income Fund** seeks to maximise total return, a significant portion of which may be derived from income. The Fund invests globally at least 70% of its total assets in fixed income transferable securities denominated in a variety of currencies. The Fund may invest in the full spectrum of available fixed income transferable securities, including non-investment grade. Currency exposure is flexibly managed.

**Risk management measure used: Relative VaR using JP Morgan Gbl Govt Bd Broad as the appropriate benchmark.**

**Expected level of leverage of the Fund: 200% of Net Asset Value.**

The **World Mining Fund** seeks to maximise total return. The Fund invests globally at least 70% of its total assets in the equity securities of mining and metals companies whose predominant economic activity is the production of base metals and industrial minerals such as iron ore and coal. The Fund may also hold the equity securities of companies whose predominant economic activity is in gold or other precious metal or mineral mining. The Fund does not hold physical gold or metal.

**Risk management measure used: Relative VaR using HSBC Global Mining (cap) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 5% of Net Asset Value.**

The **World Resources Equity Income Fund** seeks an above average income from its equity investments. The Fund invests at least 70% of its total assets in the equity securities of companies whose predominant economic activity is in the natural resources sector, such as, but not limited to, companies engaged in mining, energy and agriculture. The Fund makes use of derivatives in a way that may be significant to its investment objective in order to generate additional income. The Fund distributes income gross of expenses.

**Risk management measure used: Relative VaR using S&P Global Natural Resources Index as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

The **World Technology Fund** seeks to maximise total return. The Fund invests globally at least 70% of its total assets in the equity securities of companies whose predominant economic activity is in the technology sector.

**Risk management measure used: Relative VaR using MSCI AC World Info Tech (net) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 0% of Net Asset Value.**

#### **New Funds or Share Classes**

The Directors may create new Funds or issue further Classes of Shares. This Prospectus will be supplemented to refer to these new Funds or Classes.

#### **Classes and Form of Shares**

Shares in the Funds are divided into Class A, Class B, Class C, Class D, Class E, Class I, Class J, Class Q and Class X Shares, representing nine different charging structures. Shares are further

divided into Distributing and Non-Distributing Share classes. Non-Distributing Shares do not pay dividends, whereas Distributing Shares pay dividends. See Section "Dividends" for further information.

Non-Distributing Shares of any class are also referred to using the number 2 e.g. Class A2.

Distributing Shares with monthly dividend payments are further divided into Shares as follows:

- ▶ Distributing Shares for which dividends are calculated daily are known as Distributing (D) Shares, which in any class are also referred to using the number 1. e.g. Class A1.
- ▶ Those Shares for which dividends are calculated monthly are known as Distributing (M) Shares, which in any class are also referred to using the number 3. e.g. Class A3.
- ▶ Those Shares for which dividends are calculated monthly on the basis of expected gross income are known as Distributing (S) Shares, which in any class are also referred to using the number 6. e.g. Class A6.

Distributing Shares with quarterly dividend payments are known as Distributing (Q) Shares, which in any class are also referred to using the number 5. e.g. Class A5.

Distributing Shares with annual dividend payments are known as Distributing (A) Shares, which in any class are also referred to using the number 4. e.g. Class A4.

Distributing Shares where income is distributed gross of expenses will also be referred to as Distributing (G) Shares e.g. Class A4(G).

Classes of Share which have obtained UK Reporting Fund status will also be referred to using the abbreviation (RF) e.g. A4 (RF).

#### **Class A Shares**

Class A Shares are available to all investors as Distributing and Non-Distributing Shares and are issued in registered form ("Registered Shares") and global certificate form ("Global Certificates"). Unless otherwise requested, all Class A Shares will be issued as Registered Shares.

#### **Class B Shares**

Class B Shares are not available to new investors. Where in issue Class B Shares are however available for conversion by existing holders of Class B Shares of other Sub-Funds or Class Q Shares or may be issued to existing holders of Class B shares who have elected to have their dividends reinvested in the purchase of the additional Class B Shares. Class B Shares are available as Distributing and Non-Distributing Shares to clients of certain distributors (which provides nominee facilities to investors) and to other investors at the discretion of the Management Company. Class B Shares are available as Registered Shares only. The Directors intend that after 31 March 2014 any Class B Shares in issue will be transferred to the equivalent type of Class A Shares. As all outstanding CDSC liability should have been discharged by this date, no CDSC will be charged on any such transfer.

Shareholders who participate in the Merrill Lynch Global Funds Advisor ("MLGFA") service may be able to use their Class B Shares, Distributing and Non-Distributing, to fund their participation.

If they do this, their Class B Shares will be converted for Class A Distributing or Class A Non-Distributing Shares, as appropriate. No conversion fee and no CDSC or initial charge will be levied by the Fund on such conversions. Such a conversion may be a taxable event. Shareholders participating in the MLGFA service should, however, inform themselves of any fees payable under this service

#### **Class C Shares**

Class C Shares are available as Distributing and Non-Distributing Shares to clients of certain distributors (which provides nominee facilities to investors) and to other investors at the discretion of the Management Company. Class C Shares are available as Registered Shares only.

#### **Class D Shares**

Class D Shares are available as Distributing and Non-Distributing Shares and are issued as Registered Shares and Global Certificates. Unless otherwise requested, all Class D Shares will be issued as Registered Shares. They are only available at the Management Company's discretion to certain distributors who, for example, have separate fee arrangements with their clients.

#### **Class E Shares**

Class E Shares are available in certain countries, subject to the relevant regulatory approval, through specific distributors selected by the Management Company and the Principal Distributor (details of which may be obtained from the Transfer Agent or the local Investor Servicing team). They are available as Distributing and Non-Distributing Shares, and are issued as Registered Shares and Global Certificates for all Funds. Unless otherwise requested, all Class E Shares will be issued as Registered Shares.

#### **Class I Shares**

Class I Shares are available as Distributing and Non-Distributing Shares and are issued as Registered Shares and Global Certificates. Unless otherwise requested, all Class I Shares will be issued as Registered Shares. They are only available at the Management Company's discretion.

Class I Shares are only available to institutional investors within the meaning of Article 174 of the 2010 Law on undertakings for collective investment, as amended. Investors must demonstrate that they qualify as institutional investors by providing the Company and its Transfer Agent or the local Investor Servicing team with sufficient evidence.

On application for Class I Shares, institutional investors indemnify the Company and its functionaries against any losses, costs or expenses that the Company or its functionaries may incur by acting in good faith upon any declarations made or purporting to be made upon application.

#### **Class J Shares**

Class J Shares are initially only offered to fund of funds in Japan and will not be publicly offered in Japan. However, they may be offered to other funds of funds in the future, at the discretion of the Management Company. Class J Shares are available as Distributing and Non-Distributing Shares. No fees are payable in respect of Class J Shares (instead a fee will be paid to the Management Company or affiliates under an agreement). Unless otherwise requested, all Class J Shares will be issued as Registered Shares.

Class J Shares are only available to institutional investors within the meaning of Article 174 of the 2010 Law on undertakings for collective investment, as amended. Investors must demonstrate that they qualify as institutional investors by providing the Company and its Transfer Agent or the local Investor Servicing team with sufficient evidence.

On application for Class J Shares, institutional investors indemnify the Company and its functionaries against any losses, costs or expenses that the Company or its functionaries may incur by acting in good faith upon any declarations made or purporting to be made upon application.

#### **Class Q Shares**

Class Q Shares are available at the discretion of the Management Company as Non-Distributing and Distributing Shares and are a grandfathered Share Class available to investors previously holding shares in other funds sponsored by entities within either the ML Group or the BlackRock Group. Any CDSC history from a previous fund will be carried over into the new Fund. Unless otherwise requested, all Class Q Shares will be issued as Registered Shares. The Directors intend that after 31 March 2014 any Class Q Shares in issue will be transferred to the equivalent type of Class A Shares. As all outstanding CDSC liability should have been discharged by this date, no CDSC will be charged on any such transfer.

#### **Class X Shares**

Class X Shares are available as Non-Distributing Shares and Distributing Shares, and are issued as Registered Shares only at the discretion of the Management Company. No fees are payable in respect of Class X Shares (instead a fee will be paid to the Investment Adviser or affiliates under an agreement).

Class X Shares are only available to institutional investors within the meaning of Article 174 of the 2010 Law on undertakings for collective investment, as amended. Investors must demonstrate that they qualify as institutional investors by providing the Company and its Transfer Agent or the local Investor Servicing team with sufficient evidence.

On application for Class X Shares, institutional investors indemnify the Company and its functionaries against any losses, costs or expenses that the Company or its functionaries may incur by acting in good faith upon any declarations made or purporting to be made upon application.

#### **Hedged Share Classes**

The hedging strategies applied to Hedge Share Classes will vary on a fund by fund basis. Funds will apply a hedging strategy which aims to mitigate currency risk between the Net Asset Value of the Fund and the currency of the Hedged Share Class, while taking account of practical considerations including transaction costs.

#### **General**

Investors purchasing any Class of Shares through a distributor will be subject to the distributor's normal account opening requirements. Title to Registered Shares is evidenced by entries in the Company's Share register. Shareholders will receive confirmation notes of their transactions. Registered Share certificates are not issued.

Global Certificates are available under a registered common global certificate arrangement operated with Clearstream International and Euroclear. Global Certificates are registered in the Company's share register in the name of Clearstream International and Euroclear's common depository. Physical share certificates are not issued in respect of Global Certificates. Global Certificates may be exchanged for Registered Shares under arrangements between Clearstream International, Euroclear and the Central Paying Agent.

Information on Global Certificates and their dealing procedures is available on request from the Transfer Agent or the local Investor Servicing team.

## Dealing in Fund Shares

### Daily Dealing

Dealing in Shares can normally be effected daily on any day that is a Dealing Day for the relevant Fund. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on the relevant Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. At the discretion of the Company, dealing orders transmitted by a paying agent, a correspondent bank or other entity aggregating deals on behalf of its underlying clients before the Cut-Off Point but only received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point may be treated as if they had been received before the Cut-Off Point. At the discretion of the Company, prices applied to orders backed by uncleared funds may be those calculated in the afternoon of the day following receipt of cleared funds. Further details and exceptions are described under the sections entitled "Application for Shares", "Redemption of Shares" and "Conversion of Shares" below. Once given, applications to subscribe and instructions to redeem or convert are irrevocable except in the case of suspension or deferral (see paragraphs 29 to 32 of Appendix B) and cancellation requests received before 12 noon Luxembourg time. Dealing orders, other than on an initial subscription may be placed by telephone by calling the local Investor Servicing team, such calls will be recorded.

Orders placed through distributors rather than directly with the Transfer Agent or the local Investor Servicing team may be subject to different procedures which may delay receipt by the Transfer Agent or the local Investor Servicing team. Investors should consult their distributor before placing orders in any Fund.

Where shareholders subscribe for or redeem Shares having a specific value, the number of Shares dealt in as a result of dividing the specific value by the applicable Net Asset Value per Share is rounded to two decimal places. Such rounding may result in a benefit to the Fund or the shareholder.

Shareholders should note that the Directors may determine to restrict the purchase of Shares when it is in the interests of the Fund and/or its shareholders to do so, including (by way of example) when any Fund or investment strategy reaches a size that in the opinion of the Management Company could impact its ability to find suitable investments for the Fund (capacity constraint). When a Fund has reached its capacity constraint the Directors are authorised from time to time to resolve to close the Fund or any class of Shares to new subscriptions either for a specified period or until they otherwise

determine in respect of all investors. Should a Fund then fall beneath its capacity constraint as result of redemptions or market movements the Directors are permitted to re-open the Fund or any class of Shares. Information on whether the purchase of Shares in a Fund at a specific point in time is restricted in this way is available from the local Investor Servicing team.

### Non-Dealing Days for 2011-2012

On certain dates in 2011 and 2012, the stock exchange(s) in certain jurisdictions will be closed to trading. In addition, for certain Funds, the day preceding a market closure is also impacted. If the Cut-off Point occurs when the stock exchange(s) in the relevant jurisdictions are already closed to trading, the Fund will be unable to take appropriate actions in the underlying market(s) to reflect investments in or divestments out of Fund Shares made on that day until such stock exchange(s) re-open. Such days are marked with an asterisk (\*).

The Directors have determined to treat all such dates as non-dealing days for the purpose of dealings in Shares of certain Funds pursuant to the foregoing section "Daily Dealing". The non-dealing days and the Funds affected are set out below. Please note that the following is a non-exhaustive list and that the Directors may declare other non-dealing days not currently reflected in this Prospectus, or alternatively withdraw a non-dealing day reflected in this Prospectus and/or previously notified to shareholders. Should this occur, shareholders of affected Funds will be notified in writing in advance. The latest information on non-dealing days declared or withdrawn is available in the Fund Announcement section at <http://www.blackrock.co.uk/IndividualInvestors/index.htm>.

Fund	Non-Dealing Days
Japan Fund	30 December 2011*, 2 January 2012 and 3 January 2012.
Japan Small & MidCap Opportunities Fund	30 December 2011*, 2 January 2012 and 3 January 2012.
Japan Value Fund	30 December 2011*, 2 January 2012 and 3 January 2012.
Asia Pacific Equity Income Fund	20 January 2012*, 23 January 2012 and 24 January 2012.
Asian Dragon Fund	20 January 2012*, 23 January 2012 and 24 January 2012.
China Fund	20 January 2012*, 23 January 2012, 24 January 2012 and 25 January 2012.
Renminbi Bond Fund	20 January 2012*, 23 January 2012, 24 January 2012 and 25 January 2012.
Japan Fund	2 May 2012*, 3 May 2012 and 4 May 2012.
Japan Small & MidCap Opportunities Fund	2 May 2012*, 3 May 2012 and 4 May 2012.
Japan Value Fund	2 May 2012*, 3 May 2012 and 4 May 2012.
United Kingdom Fund	4 June 2012 and 5 June 2012.

### General

Confirmation notes and other documents sent by post will be at the risk of the investor.

### Prices of Shares

All prices are determined after the deadline for receipt of dealing orders 12 noon Luxembourg time on the Dealing Day concerned. Prices are quoted in the Dealing Currency(ies) of the relevant Fund. In the case of those Funds for which two or more Dealing Currencies are available, if an investor does not specify his choice of Dealing Currency at the time of dealing then the Base Currency of the relevant Fund will be used.

The previous Dealing Day's prices for Shares may be obtained during business hours from the local Investor Servicing team and are also available from the BlackRock website. They will also be published in such countries as required under applicable law and at the discretion of the Directors in a number of newspapers or electronic platforms worldwide. The Company cannot accept any responsibility for error or delay in the publication or non-publication of prices. Historic dealing prices for all Shares are available from the Fund Accountant or the local Investor Servicing team.

#### **Class A, Class D, Class E, Class I, Class J and Class X Shares**

Class A, Class D, Class E, Class I, Class J and Class X Shares may normally be acquired or redeemed at their Net Asset Value. Prices may include or have added to them, as appropriate: (i) an initial charge; (ii) a distribution fee; and (iii) in limited circumstances, adjustments to reflect fiscal charges and dealing costs (see paragraph 17(c) of Appendix B).

#### **Class B, Class C and Class Q Shares**

Class B, Class C and Class Q Shares may normally be acquired or redeemed at their respective Net Asset Values. No charge is added to or included in the price payable on acquisition or redemption but, with the exception of Shares of the Reserve Funds, a CDSC, where applicable, will be deducted from the proceeds of redemption as described in the Section "Fees, Charges and Expenses" and in paragraph 18 of Appendix B. Prices may include or have added to them, as appropriate, (i) a distribution fee; and (ii), in limited circumstances, adjustments to reflect fiscal charges and dealing costs (see paragraph 17(c) of Appendix B).

The specific levels of fees and charges that apply to each Class of Share are explained in more detail in the Section "Fees, Charges and Expenses" and in Appendices B, C and E.

### **Application for Shares**

#### **Applications**

Initial applications for Shares must be made to the Transfer Agent or the local Investor Servicing team on the application form. Certain distributors may allow underlying investors to submit applications through them for onward transmission to the Transfer Agent or the local Investor Servicing team. For initial applications for Shares by fax or telephone, applicants will be sent an application form that must be completed and returned by mail to the Transfer Agent or the local Investor Servicing team to confirm the application. Failure to provide the original application form will delay the completion of the transaction and consequently the ability to effect subsequent dealings in the Shares concerned. Subsequent applications for Shares may be made in writing or by fax or telephone. Investors who do not specify a Share Class in the application will be deemed to have requested Class A Non-Distributing Shares.

Applications for Registered Shares should be made for Shares having a specified value and fractions of Shares will be issued where appropriate. Global Certificates will be issued in whole Shares only.

The right is reserved to reject any application for Shares or to accept any application in part only. In addition, issues of Shares of any or all Funds may be deferred until the next Dealing Day or suspended, where the aggregate value of orders for all Classes of Shares of that Fund exceeds a particular value (currently fixed by the Directors at 5% by approximate value of the Fund concerned) and the Directors consider that to give effect to such orders on the relevant Dealing Day would adversely affect the interests of

existing shareholders. This may result in some shareholders having subscription orders deferred on a particular Dealing Day, whilst others do not. Applications for Shares so deferred will be dealt with in priority to later requests.

The investor acknowledges that personal information and information relating to its investments supplied to a member of the BlackRock Group may be processed by or transferred to or disclosed to any company in the BlackRock Group or any of its appointed agents (or their respective agents or delegates) including the Transfer Agent (as appropriate) world-wide in order to administer the services for which the investor has applied or may apply in the future.

This may involve the transfer of data by electronic media including the internet. The investor's information will be held in confidence and not shared other than as described without the investor's permission or as required by applicable law. The investor may at any time request information about the companies in the BlackRock Group and the countries in which they operate. The investor consents to its information being processed, transferred or disclosed within the BlackRock Group or the Transfer Agent's group of companies. The investor may at any time request a copy of the information held about it and request any errors to be corrected. Should the investor wish to enjoy protection in respect of its personal data under Luxembourg law it should make its application direct to the Transfer Agent.

#### **Settlement**

For all Shares, settlement in cleared funds net of bank charges must be made within three Business Days of the relevant Dealing Day unless otherwise specified in the contract note in cases where the standard settlement date is a public holiday for the currency of settlement. If timely settlement is not made (or a completed application form is not received for an initial subscription) the relevant allotment of Shares may be cancelled and an applicant may be required to compensate the relevant distributor and/or the Company (see paragraph 26 of Appendix B).

Payment instructions are summarised at the back of this Prospectus. Payments made by cash or cheque will not be accepted.

Settlement should normally be made in the Dealing Currency for the relevant Fund or, if there are two or more Dealing Currencies for the relevant Fund, in the one specified by the investor. An investor may, by prior arrangement with the Transfer Agent or the local Investor Servicing team, provide the Transfer Agent with any other freely convertible currency and the Transfer Agent will arrange the necessary currency exchange transaction. Any such currency exchange will be effected at the investor's cost.

#### **Minimum Subscription**

The minimum initial subscription in respect of any Class of Shares of a Fund is currently US\$5,000 (except for Class D Shares where the minimum is US\$500,000 and Class I Shares, Class J Shares and Class X Shares where the minimum is US\$10 million) or the approximate equivalent in the relevant Dealing Currency. The minimum for additions to existing holdings of any Class of Shares of a Fund is US\$1,000 or the approximate equivalent. These minima may be varied for any particular case or distributor or generally. Details of the current minima are available from the Transfer Agent or the local Investor Servicing team.

## Money Laundering Prevention

In order to comply with anti-money laundering regulation, additional documentation may be required for subscriptions for Shares. The circumstances under which it is required and the precise requirements are available upon request. This information will be used to verify the identity of investors or, in some cases, the status of financial advisers; it will be used only for compliance with these requirements. Please note that the Transfer Agent or the local Investor Servicing team reserve the right in all cases to request further documentation or information. Failure to provide documentation may result in the withholding of redemption proceeds. If you have any questions regarding the identification documentation required, you should contact the local Investor Servicing team or the Transfer Agent.

## Redemption of Shares

### Applications to Redeem

Instructions for the redemption of Registered Shares should normally be given by completing the form that accompanies confirmation notes and is available from the Transfer Agent or the local Investor Servicing team. Certain distributors may allow underlying investors to submit instructions for redemptions through them for onward transmission to the Transfer Agent or the local Investor Servicing team. They may also be given to the Transfer Agent or the local Investor Servicing team in writing, or by fax or telephone followed in each case by confirmation in writing sent by mail to the Transfer Agent or the local Investor Servicing team unless a coverall renunciation and fax indemnity including instructions to pay the redemption proceeds to a specified bank account has been agreed. Failure to provide written confirmations may delay settlement of the transaction (see also paragraph 26 of Appendix B). Written redemption requests (or written confirmations of such requests) must include the full name(s) and address of the holders, the name of the Fund, the Class (including whether it is the Distributing or Non-Distributing Share class), the value or number of Shares to be redeemed and full settlement instructions and must be signed by all holders. If a redemption order is made for a cash amount or for a number of Shares to a higher value than that of the applicant's account then this order will be automatically treated as an order to redeem all of the Shares on the applicant's account.

Redemptions may be suspended or deferred as described in paragraphs 29 to 32 of Appendix B.

### Settlement

Subject to paragraph 22 of Appendix B, redemption payments will normally be despatched in the relevant Dealing Currency on the third Business Day after the relevant Dealing Day, provided that the relevant documents (as described above and any applicable money laundering prevention information) have been received. On written request to the Transfer Agent or the local Investor Servicing team, payment may be made in such other currency as may be freely purchased by the Transfer Agent with the relevant Dealing Currency and such currency exchange will be effected at the shareholder's cost.

Redemption payments for Shares are made by telegraphic transfer to the shareholder's bank account at the shareholder's cost. Investors with bank accounts in the European Union must provide the IBAN (International Bank Account Number) and BIC (Bank Identifier Code) of their account.

Details of redemptions in specie are set out in paragraph 24 of Appendix B.

## Conversion of Shares

### Switching Between Funds and Share Classes

Investors may make conversions of their shareholdings between the same Class of Shares of the various Funds and thereby alter the balance of their portfolios to reflect changing market conditions.

Conversions are also permitted from one Class of Share of a Fund to Shares of another Class of either the same Fund or a different Fund. Such conversions are permitted provided that the shareholder satisfies the conditions applicable to investment in the Share Class being converted into (see "Classes and Form of Shares" above) including but not limited to, satisfying any minimum investment requirement, by demonstrating that they qualify as an eligible investor for the purposes of investing in a particular Class of Share, the suitability of the charging structure of the Share Class being converted into and by satisfying any applicable conversion charges that may apply. Conversion from a Class of Share carrying a CDSC, where the CDSC is still outstanding, will not be treated as a conversion but as a redemption thereby causing any CDSC due at the time of conversion to become payable. This does not apply to holders of Class Q Shares who wish convert to Class B Shares (if available) as in this case any CDSC history will be carried over and the conversion will not be treated as a redemption. Conversion and investment into and out of certain Share Classes is at the discretion of the Management Company.

The Directors may, at their discretion, refuse conversions in order to ensure that the Shares are not held by or on behalf of any person who does not meet the conditions applicable to investment in that Share Class, or who would then hold the Shares in circumstances which could give rise to a breach of law, or requirements of any country, government or regulatory authority on the part of that person or the Company or give rise to adverse tax or other pecuniary consequences for the Company, including a requirement to register under any securities or investment or similar laws or requirements of any country or authority. In particular, the Directors have determined not to permit conversions between a Renminbi-denominated Class of Shares and a non Renminbi-denominated Class of Shares where cross currency conversion is required.

Shareholders may also convert between Distributing and Non-Distributing Shares of the same Class or between hedged and un-hedged Shares of the same Class (where available).

In addition, shareholders may convert between any Class of UK Reporting Fund status Shares in the relevant currency and the equivalent class of Distributing Shares in non-UK Reporting Fund status currencies. Shareholders should note that a conversion between a Share Class which has UK Reporting Fund status and a Share Class which does not have UK Reporting Fund status may cause the shareholder to be subject to an "offshore income gain" on the eventual disposal of their interest in the Fund. If this is the case, any capital gain realised by shareholders on disposal of their investment (including any capital gain accruing in relation to the period where they held the UK Reporting Fund Share Class) may be subject to tax as income at their appropriate income tax rate. Shareholders should seek their own professional tax advice in this regard.

In addition, a conversion between Shares held in different funds may give rise to an immediate tax charge.

As tax laws differ widely from country to country, shareholders should consult their tax advisers as to the tax implications of such a conversion in their individual circumstances.

For holders of all Classes of Shares, there is normally no conversion charge by the Management Company. However, conversion charges may apply in some circumstances – see paragraphs 19 to 21 of Appendix B.

### **Instructions to Convert**

Instructions for the conversion of Registered Shares should normally be given by completing the appropriate form that accompanies confirmation notes and is available from the Transfer Agent or the local Investor Servicing team. Certain distributors may allow underlying investors to submit instructions for conversions through them for onward transmission to the Transfer Agent or the local Investor Servicing team. Instructions may also be given by fax or telephone or in writing to the Transfer Agent or the local Investor Servicing team. Conversion instructions must include the full name(s) and address of the holder(s), the name of the Fund, the Class (including whether it is the Distributing or Non-Distributing Share class), the value or number of Shares to be converted and the Fund to be converted into (and the choice of Dealing Currency of the Fund where more than one is available) and whether or not they are UK Reporting Fund status Shares.

Where the Funds to which a conversion relates have different Dealing Currencies, currency will be converted at the relevant rate of exchange on the Dealing Day on which the conversion is effected.

Conversions may be suspended or deferred as described in paragraphs 29 to 32 of Appendix B and an order for conversion into a Fund constituting over 10% of such Fund's value may not be accepted, as described in paragraph 31 of Appendix B.

### **Exchange Privilege through Merrill Lynch**

Merrill Lynch allows investors who have acquired Shares through it to exchange their Shares for shares with a similar charging structure of certain other funds, provided that Merrill Lynch believes that an exchange is permitted under applicable law and regulations. Details of this exchange privilege can be obtained from Merrill Lynch financial advisors.

### **Transfer of Shares**

Investors holding Shares of any Class through a distributor or other intermediary may request that their existing holdings be transferred to another distributor or intermediary which has an agreement with the Principal Distributor. Any transfer of Class B, Class C or Class Q Shares in this way is subject to the payment of any outstanding CDSC to the investor's existing distributor or intermediary.

### **Minimum Dealing & Holding Sizes**

The Company may refuse to comply with redemption, conversion or transfer instructions if they are given in respect of part of a holding in the relevant Class of Shares which has a value of less than US\$1,000 or the approximate equivalent in the relevant Dealing Currency or if to do so would result in such a holding of less than US\$5,000 (except for Class D, Class I Class J and Class X Shares where there is no ongoing minimum holding size once the initial subscription amount has been made). These minima may be varied for any particular case or distributor or generally. Details of any variations to the current minima shown above are available from the Transfer Agent or the local Investor Servicing team.

If as a result of a withdrawal, switch or transfer a small balance of Shares, meaning an amount of US\$5 or less, is held by a

shareholder, the Management Company shall have absolute discretion to realise this small balance and donate the proceeds to a UK registered charity selected by the Management Company.

### **Dividends**

#### **Dividend Policy**

The Directors' current policy is to retain and reinvest all net income except for income attributable to Distributing Share Classes. For the Distributing Share Classes, the policy is to distribute substantially all the investment income for the period after deduction of expenses. The Directors may also determine if and to what extent dividends may include distributions from both net realised and net unrealised capital gains. Where Distributing Share Classes pay dividends that include net realised capital gains or net unrealised capital gains, or, in the case of Funds which distribute income gross of expenses, dividends may include initially subscribed capital. Shareholders should note that dividends distributed in this manner may be taxable as income, depending on the local tax legislation, and should seek their own professional tax advice in this regard.

Where a Fund has UK Reporting Fund status and reported income exceeds distributions made then the surplus shall be treated as a deemed dividend and will be taxed as income, subject to the tax status of the investor.

For those Funds which offer UK Reporting Fund status Share Classes, the frequency at which the dividend payment is generally made is determined by the Fund type as described in the Section "Classes and Form of Shares".

A list of Dealing Currencies, Hedged Share Classes, Distributing and Non-Distributing Share Classes and UK Reporting Fund status Classes is available from the Company's registered office and the local Investor Servicing team.

Distributing Shares with alternative payment frequencies may be introduced at the Directors' discretion. Confirmation of additional distribution frequencies and the date of their availability can be obtained from the Company's registered office and the local Investor Servicing team. An updated list including such additional Distributing Shares will be included in the next version of the Prospectus.

The Company may operate income equalisation arrangements with a view to ensuring that the level of net income accrued within a Fund (or gross income in the case of Distributing (G) Shares and Distributing (S) Shares) and attributable to each Share is not affected by the issue, conversion or redemption of those Shares during an accounting period.

Where an Investor buys Shares during an accounting period, the price at which those Shares were bought may be deemed to include an amount of net income accrued since the date of the last distribution. The result is that, in relation to Distributing (M) Shares, Distributing (S) Shares, Distributing (Q) Shares or Distributing (A) Shares, the first distribution which an Investor receives following purchase may include a repayment of capital. Accumulating Shares do not distribute income and so should not be impacted in the same way.

Where an Investor sells Shares during an accounting period the redemption price in relation to Distributing (M) Shares,

Distributing (S) Shares, Distributing (Q) Shares or Distributing (A) Shares, may be deemed to include an amount of net income accrued since the date of the last distribution. In the case of Distributing (G) Shares and Distributing (S) Shares, equalisation will be calculated on the gross income of the Fund. Accumulating Shares do not distribute income and so should not be impacted in the same way.

The list of Funds operating income equalisation arrangements and the income element included in the daily price of Distributing (M) Shares, Distributing (S) Shares, Distributing (Q) Shares and Distributing (A) Shares will be made available upon request from the Company's registered office.

## Calculation of Dividends

The calculation method for each type of Distributing Share Class is described below.

	Calculation Method
Distributing (D) Shares	The dividend is calculated daily based upon daily-accrued income less expenses, for the number of Shares outstanding on that day.  A cumulative monthly dividend is then distributed to shareholders based upon the number of Shares held and the number of days for which they were held during the period. Holders of Distributing (D) Shares shall be entitled to dividends from the date of subscription to the date of redemption.
Distributing (M) Shares	The dividend is calculated monthly based upon income accrued during the dividend period less expenses.  The dividend is distributed to shareholders based upon the number of Shares held at the month end.
Distributing (S) Shares	The dividend is calculated at the discretion of the Directors on the basis of the expected gross income over a given period (such period to be determined by the Directors from time to time) with a view to providing consistent monthly dividend distributions to shareholders during such period.  At the discretion of the Directors the dividend may include distributions from both net realised and net unrealised capital gains.  The dividend is calculated monthly and distributed to shareholders based upon the number of Shares held at the month end.
Distributing (Q) Shares	The dividend is calculated quarterly based upon income accrued during the dividend period less expenses.  The dividend is distributed to shareholders based upon the number of Shares held at the end of the quarter.
Distributing (A) Shares	The dividend is calculated annually based upon income accrued during the dividend period less expenses.  The dividend is distributed to shareholders based upon the number of Shares held at the end of the annual period.

Where Distributing (G) Shares are issued, the calculation method set out above is amended to reflect that income is distributed gross of expenses, as is the case for all Distributing (S) Shares as set out in the table above.

## Declaration, Payment of Reinvestment of Dividend

The chart below describes the declaration and payment of dividends and the reinvestment options available to shareholders.

Dividend Classification*	Declaration	Payment	Automatic Dividend Reinvestment	Payment Method
Distributing (D) Shares	Last Business Day of each calendar month in the Dealing Currency(ies) of the relevant Fund.	Within 1 calendar month of declaration to shareholders holding Shares during the period following the previous declaration.	Dividends will be automatically reinvested in further Shares of the same form of the same class of the same Fund, unless the shareholder requests otherwise either in writing to the local Investor Servicing team or on the application form.	Dividends (where a shareholder has notified the local Investor Servicing team or on the application form) are paid directly into the shareholder's bank account by telegraphic transfer in the shareholder's chosen dealing currency at the shareholder's cost (except as otherwise agreed with by an underlying investor with his/her distributor).
Distributing (M) Shares		Within 1 calendar month of declaration to shareholders registered in the share register on the Business Day prior to the declaration date.		
Distributing (S) Shares				
Distributing (Q) Shares	20 March, 20 June, 20 September and 20 December (provided such day is a Business Day and if not, the following Business Day).	Within 1 calendar month of the date of the declaration to shareholders.		
Distributing (A) Shares	Last Business Day of each fiscal year in the Dealing Currency(ies) of the relevant Fund.	Within 1 calendar month of declaration to shareholders registered in the share register on the Business Day prior to the declaration date.		

\* The options described in this chart will also apply to the respective class(es) of UK Reporting Fund status Shares.

Declarations and payment of dividends are announced in the d'Wort in Luxembourg.

No initial charge or CDSC is made on Class A, Class B or Class Q Distributing Shares, respectively, issued by way of dividend reinvestment.

It should be borne in mind that re-invested dividends are likely to be treated for tax purposes in most jurisdictions as income received by the shareholder.

## Fees, Charges and Expenses

### Please see Appendix E for a summary of fees and charges.

Further information on fees, charges and expenses is given in paragraphs 18 to 25 of Appendix C, and the following information must be read in conjunction with those paragraphs.

#### Management Fees

The Company will pay the Management Fee at an annual rate as shown in Appendix E. The level of management fee varies according to which Fund and share class the investor buys. These fees accrue daily, are based on the Net Asset Value of the relevant Fund and are paid monthly. Certain costs and fees are paid out of the management fee, including the fees of the Investment Advisers.

#### Distribution Fees

The Company pays annual distribution fees as shown in Appendix E. These fees accrue daily, are based on the Net Asset Value of the relevant Fund (reflecting, when applicable, any adjustment to the Net Asset Value of the relevant Fund, as described in paragraph 17(c) of Appendix B) and are paid monthly.

#### Securities Lending Fees

The securities lending agent, BlackRock Advisors (UK) Limited, receives remuneration in relation to its activities at the cost of the Company. Such remuneration shall not exceed 40% of the net revenue from the activities, with all operational costs borne out of BlackRock's share.

#### Administration Fees

The Company pays an Administration Fee to the Management Company.

The level of Administration Fee may vary at the Directors' discretion, as agreed with the Management Company, and will apply at different rates across the various Funds and Share Classes issued by the Company. However, it has been agreed between the Directors and the Management Company that the Administration Fee currently paid shall not exceed 0.25% per annum. It is accrued daily, based on the Net Asset Value of the relevant Share Class and paid monthly.

The Directors and the Management Company set the level of the Administration Fee at a rate which aims to ensure that the total expense ratio of each Fund remains competitive when compared across a broad market of similar investment products available to investors in the Funds, taking into account a number of criteria such as the market sector of each Fund and the Fund's performance relative to its peer group.

The Administration Fee is used by the Management Company to meet all fixed and variable operating and administrative costs and expenses incurred by the Company, with the exception of the Custodian fees, Distribution fees and Securities Lending fees, plus any taxes thereon and any taxes at an investment or Company level.

These operating and administrative expenses include all third party expenses and other recoverable costs incurred by or on behalf of the Company from time to time, including but not limited to, fund accounting fees, transfer agency fees (including sub-transfer agency and associated platform dealing charges), all professional costs, such as consultancy, legal, tax advisory and audit fees,

Directors' fees (for those Directors who are not employees of the BlackRock Group), travel expenses, reasonable out-of-pocket expenses, printing, publication, translation and all other costs relating to shareholder reporting, regulatory filing and licence fees, correspondent and other banking charges, software support and maintenance, operational costs and expenses attributed to the Investor Servicing teams and other global administration services provided by various BlackRock Group companies.

The Management Company bears the risk of ensuring that the Fund's total expense ratio remains competitive. Accordingly the Management Company is entitled to retain any amount of the Administration Fee paid to it which is in excess of the actual expenses incurred by the Company during any period whereas any costs and expenses incurred by the Company in any period which exceed the amount of Administration Fee that is paid to the Management Company, shall be borne by the Management Company or another BlackRock Group company.

#### Other Fees

The Company also pays the fees of the Custodian. This fee is normally allocated between the relevant Funds (plus any taxes thereon) on a fair and equitable basis at the Directors' discretion.

#### Initial Charge

On application for Shares an initial charge, payable to the Principal Distributor, of up to 5% may be added to the price of Class A Shares and Class D Shares. An initial charge of up to 3% may be added to the price of some Class E Shares (see Appendix E for details) subject to terms available from relevant distributors. No initial charge is levied on subscriptions into the Reserve Funds.

#### Contingent Deferred Sales Charge

A CDSC will be deducted from redemption proceeds and paid on redemption of all Class B and Class Q Shares of all Funds (except in the case of Reserve Funds) unless the Shares are held for more than four years. For shorter holding periods, the table below sets out the maximum rate of the CDSC that will apply, which is a percentage of the lower of the original purchase price or of the redemption price of the Class B or Class Q Shares redeemed:

Relevant Holding Period	CDSC
Up to one year	4.0%
Over one year and up to two years	3.0%
Over two years and up to three years	2.0%
Over three years and up to four years	1.0%
Over four years	Zero

CDSC of 1% will be deducted from redemption proceeds and paid on redemption of all Class C Shares of all Funds (except in the case of Reserve Funds) unless the Shares are held for more than a year.

Further information on the CDSC is contained in paragraph 18 of Appendix B.

#### Conversion Charges

Conversion charges may be applied by selected distributors, on conversion from a Reserve Fund into another of the Company's Funds, or on excessively frequent conversions. See paragraphs 19 to 21 of Appendix B for further details.

## Redemption Charges

A redemption charge of 2% of the redemption proceeds can be charged to a shareholder at the discretion of the Directors where the Directors, in their reasonable opinion, suspect that shareholder of excessive trading as described in the Section "Excessive Trading Policy". This charge will be made for the benefit of the Funds, and shareholders will be notified in their contract notes if such a fee has been charged. This charge will be in addition to any applicable conversion charge or deferred sales charge.

## General

Over time, the different charging structures summarised above may result in Shares of different Classes of the same Fund, which were bought at the same time, producing different investment returns. In this context investors may also wish to consider the services provided by their distributor in relation to their Shares.

The Management Company may pay fees and charges to the Principal Distributor, which in turn may pay fees to other distributors as described in paragraph 22 of Appendix C where permitted by applicable local laws.

## Taxation

The following summary is based on current law and practice, which is subject to change.

**Investors should inform themselves of, and when appropriate consult their professional advisers on, the possible tax consequences of subscribing for, buying, holding, redeeming, converting or selling shares or the effects of any equalisation policy relevant in respect of shares, under the laws of their country of citizenship, residence or domicile. Investors should note that the levels and bases of, and relief from, taxation can change.**

## Luxembourg

Under present Luxembourg law and practice, the Company is not liable to any Luxembourg income or capital gains tax, nor are dividends paid by the Company subject to any Luxembourg withholding tax. However, the Company is liable to a tax in Luxembourg of 0.05% per annum or, in the case of the Reserve Funds, Class I, Class X and Class J Shares, 0.01% per annum of its Net Asset Value, payable quarterly on the basis of the value of the net assets of the respective Funds at the end of the relevant calendar quarter. No stamp or other tax is payable in Luxembourg on the issue of Shares.

The benefit of the 0.01% tax rate is available to Class I, Class X and Class J Shares on the basis of Luxembourg legal, regulatory and tax provisions as known to the Company at the date of this Prospectus and at the time of admission of subsequent investors. However, such assessment is subject to interpretations on the status of an institutional investor by any competent authorities as will exist from time to time. Any reclassification made by an authority as to the status of an investor may submit all Class I, Class X and Class J Shares to a tax of 0.05%.

Under Luxembourg tax law in force at the time of this Prospectus, shareholders are not subject to any capital gains, income, withholding, estate, inheritance or other taxes in Luxembourg (except for those domiciled, resident or having a permanent establishment in Luxembourg). Non-resident shareholders are not

subject to tax in Luxembourg on any capital gain realized from January 1, 2011, upon disposal of Shares held in the Company.

## United Kingdom

The Company is not resident in the UK for tax purposes and it is the intention of the Directors to continue to conduct the affairs of the Company so that it does not become resident in the UK. Accordingly it should not be subject to UK taxation (except in respect of income for which every investor is inherently subject to UK tax). Any gain realised by a UK resident shareholder on disposal of Shares in the Company that have not obtained UK Reporting Fund status would be expected to be an 'offshore income gain' subject to tax as income. UK residents are likely to be subject to income tax on any dividends declared in respect of such shares in the Company, even if they elect for such dividends to be reinvested.

Dividends from offshore funds received by investors subject to UK income tax will generally qualify for a non repayable dividend tax credit of 10% provided that the Fund does not at any time during the distribution period hold more than 60% of its assets in interest-bearing (or economically similar) form. Basic rate taxpayers will have no further tax liability. Higher-rate and additional higher rate taxpayers will be charged an effective rate of tax of 25% and 36.1% respectively.

If the Fund holds more than 60% of its assets in interest-bearing (or economically similar) form, any distribution received by UK investors who are subject to income tax will be treated as a payment of yearly interest and will not qualify for a dividend tax credit. The tax rates applying will be those applying to interest (section 378A ITTOIA 2005).

The attention of individuals ordinarily resident in the UK is drawn to sections 714 to 751 of the Income Tax Act 2007, which contains provisions for preventing avoidance of income tax by transactions resulting in the transfer of income to persons (including companies) abroad and may render them liable to taxation in respect of undistributed income and profits of the Company.

The provisions of section 13 TCGA 1992 may apply to a holding in the Company. Where at least 50% of the Shares in a Fund are held by five or fewer participators, then any UK person who (together with connected parties) holds more than 10% of the Shares may be taxed upon his proportion of the chargeable gain realised by the Fund as calculated for UK tax purposes.

On the death of a UK resident and domiciled individual shareholder, the shareholder's estate (excluding the UK Reporting Fund status Share Classes) may be liable to pay income tax on any accrued gain. Inheritance tax may be due on the value of the holding after deduction of income tax and subject to any available inheritance tax exemptions.

A UK corporate shareholder may be subject to UK taxation in relation to its holdings in the Fund. It may be required to apply fair value accounting basis in respect of its shareholding in accordance with provisions of Chapter 3 Part 6 Corporation Tax Act 2009 and any increases or decreases in value of the Shares may be taken into account as receipts or deductions for corporation tax purposes.

Corporate investors should note the "controlled foreign companies" provisions in Chapter IV of Part XVII of Income and Corporation

Taxes Act 1988 (the “1988 Act”). These provisions could be material to any UK resident companies which, alone or together with certain associated persons, are deemed to be interested in at least 25% of the chargeable profits of a non-resident company which is controlled by residents of the UK and which does not distribute substantially all of its income on an annual basis. The legislation is not directed towards the taxation of capital gains.

It is the intention of the Company that assets held by the Funds will generally be held for investment purposes and not for the purposes of trading. Even if Her Majesty’s Revenue & Customs (“HMRC”) successfully argued that a Fund is trading for UK tax purposes, it is expected that the conditions of the Investment Management Exemption (“IME”) should be met, although no guarantee is given in this respect. Assuming that the requirements of the IME are satisfied, the Fund should not be subject to UK tax in respect of the profits / gains earned on its investments (except in respect of income for which every investor is inherently subject to UK tax). This is on the basis that the investments held by the Funds meet the definition of a “specified transaction” as defined in The Investment Manager (Specified Transactions) Regulations 2009. It is expected that the assets held by the Company should meet the definition of a “specified transaction”, although no guarantee is given in this respect.

If the Company failed to satisfy the conditions of the IME or if any investments held are not considered to be a “specified transaction”, this may lead to tax leakage within the Funds.

In addition to the above, if HMRC successfully argue that a Fund is trading for UK tax purposes, the returns earned by the Fund from its interest in the underlying assets may need to be included in the Fund’s calculation of “income” for the purposes of computing the relevant amount to report to investors in order to meet the requirements for UK Reporting Fund status. However, it is considered that the investments held by the Funds should meet the definition of an “investment transaction” as defined by The Offshore Funds (Tax) Regulations 2009 (“the regulations”) which came into force on 1 December 2009. Therefore, it is considered that these investments should be considered as “non-trading transactions” as outlined in the regulations. This assumption is on the basis that the Company meets both the “equivalence condition” and the “genuine diversity of ownership” condition as outlined in the regulations. On the basis that the Company is a UCITS fund, the first condition should be met. Shares in each of the Sub-Funds shall be widely available. The intended categories of investors for the Sub-Funds are retail and institutional investors. Shares in the Sub-Funds shall be marketed and made available sufficiently widely to reach the intended categories of investors, and in a manner appropriate to attract those categories of investors. On this basis, the second condition should also be met.

### **UK Reporting Funds**

In November 2009, the UK Government enacted Statutory Instrument 2009 / 3001 (The Offshore Funds (Tax) Regulations 2009) which provides for a new framework for the taxation of investments in offshore funds, and which operates by reference to whether a fund opts into a reporting regime (“UK Reporting Funds”) or not (“Non- UK Reporting Funds”). Under the new regime, investors in UK Reporting Funds are subject to tax on the share of the UK Reporting Fund’s income attributable to their holding in the Fund, whether or not distributed, but any gains on disposal of their

holding are subject to capital gains tax. The new regime has effect for accounting periods beginning on or after 1 December 2009.

The new UK Reporting Funds regime applies to the Company with effect from 1 September 2010.

The Directors have made a successful application for UK Reporting Fund status in relation to Funds which previously had UK Distributor Status (see below). The Directors may also choose to apply for UK Reporting Fund status in respect of Funds which did not have UK Distributor Status.

A list of the Funds which currently have UK Reporting Fund status is available at [www.blackrock.co.uk/reportingfundstatus](http://www.blackrock.co.uk/reportingfundstatus).

Provided such certification is obtained, shareholders who are UK taxpayers (i.e. resident or ordinarily resident in the UK for tax purposes) will (unless regarded as trading in securities) have any gain realised upon disposal or conversion of the Company’s Share treated as a capital gain which will be subject to UK capital gains tax. Otherwise any such gain would be treated as income subject to income tax. In the case of individuals domiciled for UK tax purposes outside the UK, the tax implications in relation to any gain on disposal will depend on whether or not the individual is subject to the remittance basis of taxation. Please note that the changes made in Finance Bill 2008 relating to the UK taxation of non-domiciled, UK resident individuals are complex therefore investors subject to the remittance basis of taxation should seek their own professional advice.

In accordance with Regulation 90 of the Offshore Funds (Tax) Regulations 2009, shareholder reports are made available within six months of the end of the reporting period at [www.blackrock.co.uk/reportingfundstatus](http://www.blackrock.co.uk/reportingfundstatus). The intention of the Offshore Fund Reporting regulations is that reportable income data shall principally be made available on a website accessible to UK investors. Alternatively, the shareholders may if they so require, request a hard copy of the reporting fund data for any given year. Such requests must be made in writing to the following address:

Head of Product Tax, BlackRock Investment Management (UK) Limited, 12 Throgmorton Avenue, London EC2N 2DL.

Each such request must be received within three months of the end of the reporting period. Unless the fund manager is notified to the contrary in the manner described above, it is understood that investors do not require their report to be made available other than by accessing the appropriate website.

### **Hong Kong**

Hong Kong profits tax is charged on the Hong Kong sourced profits of individuals or corporations that carry on a trade, business or profession in Hong Kong. The Fund believes that, as an offshore fund, it will be entitled to exemptions from this tax with respect to profits derived from (i) “specified transactions” (as defined in Revenue Ordinance 2006 (the “Ordinance”)) arranged by BlackRock (Hong Kong) Limited, a “specified person” (as defined in the Ordinance), and (ii) transactions “incidental” to carrying out specified transactions. However certain other types of transactions in which the Fund may engage may be subject to this tax, and if the Fund’s “incidental” transactions exceed 5% of the total transactions effected, the incidental transactions will be subject to the profits tax.

### **People's Republic of China ("PRC")**

Although the PRC's enactment of the Enterprise Income Tax Law, effective January 1, 2008, provided a 10% withholding tax upon non-residents with respect to capital gains, significant uncertainties remain. Such uncertainties may result in capital gains imposed upon the Fund relative to companies being, or deemed to be, headquartered, managed or listed in China. The Investment Adviser anticipates that a proportion of the portfolio will comprise issuers having that degree of connection with the PRC and hence at risk of such taxation. While the application and enforcement of this law with respect to the Fund remains subject to clarification, to the extent that such taxes are imposed on any capital gains of the Fund relative to companies being, or deemed to be, headquartered, managed or listed in China, the Fund's net asset value or returns would be adversely impacted. The Fund does not currently intend to make any accounting provision for these tax uncertainties.

### **Foreign Account Tax Compliance Act ("FATCA")**

The Hiring Incentives to Restore Employment Act (the "Hire Act") was signed into US law in March 2010. It includes provisions generally known as FATCA. The intention of these is that details of US investors holding assets outside the US will be reported by financial institutions to the IRS, as a safeguard against US tax evasion. As a result of the Hire Act, and to discourage non-US financial institutions from staying outside this regime, all US securities held by a financial institution that does not enter and comply with the regime will be subject to a US tax withholding of 30% on gross sales proceeds as well as income. This regime will become effective in phases between 1 July 2013 and 1 January 2015. The basic terms of the Hire Act currently appear to include the Company as a "Financial Institution", such that in order to comply, the Company may require all shareholders to provide mandatory documentary evidence of their tax residence. However, the Hire Act grants the US Treasury Secretary extensive powers to relax or waive the requirements where an institution is deemed to pose a low risk of being used for the purposes of US tax evasion. The detailed regulations that are expected to define how widely those powers will in fact be exercised have not yet been published, and accordingly the Company cannot at this time accurately assess the extent of the requirements that FATCA may place upon it.

Shareholders, and intermediaries acting for prospective shareholders, should therefore take particular note that – as further outlined in Appendix B, Section "Company Practice" – that it is the existing policy of the Company that US Persons may not invest in the Funds, and that investors who become US Persons are liable to compulsory redemption of their holdings. Further, under the FATCA legislation, the definition of a US reportable account will include a wider range of investors than the current US Person definition. The Directors may therefore resolve, once further clarity about the implementation and impact of FATCA becomes available, that it is the interests of the Company to widen the class of investors prohibited from further investing in the Funds and to make proposals regarding existing investor holdings that fall within the wider FATCA definition.

### **Generally**

Dividends and interest received by the Company on its investments may be subject to withholding taxes in the countries of origin which are generally irrecoverable as the Company itself is exempt from income tax. Recent European Union case law may, however, reduce the amount of such irrecoverable tax.

Investors should inform themselves of, and when appropriate consult their professional advisers on, the possible tax consequences of subscribing for, buying, holding, redeeming, converting or selling Shares under the laws of their country of citizenship, residence or domicile. Investors should note that the levels and bases of, and reliefs from, taxation can change.

Under current Luxembourg tax law and subject to the application of the laws dated 21 June 2005 (the "Laws") implementing Council Directive 2003/48/EC on the taxation of savings income (the "EUSD"), there is no withholding tax on payments made by the Company or its paying agent to the shareholders.

Under the Laws, a Luxembourg-based paying agent (within the meaning of the EUSD) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State of the European Union ("EU") or an entity in the sense of Article 4.2. of the EUSD ("Residual Entities"), established in another Member State of the EU, unless the beneficiary of the interest payments elects for an exchange of information or for the tax certificate procedure. The same regime applies to payments to individuals or Residual Entities resident in any of the following EU dependent or associated territories: Netherlands Antilles, Aruba, Guernsey, Jersey, the Isle of Man, Montserrat and the British Virgin Islands.

The withholding tax rate is 35% as from 1 July 2011. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

Interest as defined by the Laws and the EUSD encompasses income realised upon the sale, refund, redemption of shares or units held in certain funds of the Company if, under its investment policy or, in the absence of a clear investment policy, under the real composition of the funds' investment portfolio, said funds invest, directly or indirectly, more than 25% of their assets in debt claims, as well as any income distributed by said funds where the investment in debt claims of such funds exceeds 15% of their assets. Subject to the 15% and/or 25% thresholds being reached, a withholding tax could thus apply when a Luxembourg-based paying agent makes payments available on account of a dividend distribution (a reinvested dividend is considered dividend distribution) and/or a redemption or refund of Shares (including redemption in kind) to the immediate benefit of a shareholder who is an individual or a Residual Entity residing in another EU Member State or in certain EU dependent or associated territories.

Investors should note that the European Commission made proposals to amend the EUSD. If implemented, the proposed amendments would, inter alia, extend the scope of the EUSD to (i) payments made through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU resident individual, and (ii) a wider range of income similar to interest.

### **Meetings and Reports**

#### **Meetings**

The annual general meeting of shareholders of the Company is held in Luxembourg at 11 a.m. (Luxembourg time) on 20 February each year (or if such day is not a Business Day in Luxembourg, on the next following Business Day in Luxembourg). Other general meetings of shareholders will be held at such times and places as

are indicated in the notices of such meetings. Notices are sent to registered shareholders and (when legally required) published in such newspapers as decided by the Board of Directors and in the Recueil des Sociétés et Associations du Mémorial in Luxembourg.

### **Reports**

Financial periods of the Company end on 31 August each year. The annual report containing the audited financial accounts of the Company and of each of the Funds in respect of the preceding financial period is available within four months of the relevant year-end. An unaudited interim report is available within two months of the end of the relevant half-year. Copies of all reports are available upon request at the registered office of the Company and from the local Investor Servicing teams. Registered shareholders will be sent a personal statement of account twice-yearly.

## Appendix A – Investment and Borrowing Powers and Restrictions

### Investment and Borrowing Powers

1. The Company's Articles of Association permit it to invest in transferable securities and other liquid financial assets, to the full extent permitted by Luxembourg law. The Articles have the effect that, subject to the law, it is at the Directors' discretion to determine any restrictions on investment or on borrowing or on the pledging of the Company's assets.
2. The Company's Articles of Association permit the subscription, acquisition and holding of securities issued or to be issued by one or more other Fund of the Company under the conditions set forth by Luxembourg laws and regulations.

### Investment and Borrowing Restrictions

2. The following restrictions of Luxembourg law and (where relevant) of the Directors currently apply to the Company:

#### 2.1. The investments of each Fund shall consist of:

- (a) Transferable securities and money market instruments admitted to official listings on stock exchanges in Member States of the European Union (the "EU"),
- (b) Transferable securities and money market instruments dealt in on other regulated markets in Member States of the EU, that are operating regularly, are recognised and are open to the public,
- (c) Transferable securities and money market instruments admitted to official listings on stock exchanges in any other country in Europe, Asia, Oceania, the American continents and Africa,
- (d) Transferable securities and money market instruments dealt in on other regulated markets that are operating regularly, are recognised and open to the public of any other country in Europe, Asia, Oceania, the American continents and Africa,
- (e) Recently issued transferable securities and money market instruments provided that the terms of the issue include an undertaking that application will be made for admission to the official listing on one of the stock exchanges as specified in a) and c) or regulated markets that are operating regularly, are recognised and open to the public as specified in b) and d) and that such admission is secured within a year of issue,
- (f) Units of UCITS and/or other undertakings for collective investment ("UCIs") within the meaning of Article 1(2), points (a) and (b) of Directive 2009/65/EE, as amended, whether they are situated in a Member State or not, provided that:
  - ▶ such other UCIs are authorised under laws which provide that they are subject to supervision considered by the Commission de Surveillance du Secteur Financier ("CSSF") to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured;
  - ▶ the level of protection for unitholders in the other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EE, as amended;
  - ▶ the business of the other UCIs 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 UCITS' or the other UCIs' assets (or of the assets of any sub-fund thereof, provided that the principle of segregation of liabilities of the different compartments is ensured in relation to third parties), whose acquisition is contemplated, can, according to their constitutional documents, be invested in aggregate in units of other UCITS or other UCIs;

- (g) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in an EU Member State or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;

- (h) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market; and/or financial derivative instruments dealt in over-the-counter ('OTC derivatives'), provided that:

- ▶ the underlying consists of instruments described in subparagraphs (a) to (g) above, financial indices, interest rates, foreign exchange rates or currencies, in which the Company may invest according to its investment objectives;
- ▶ the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF; and
- ▶ the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative;

- (i) money market instruments other than those dealt in on a regulated market, which fall under Article 41(1)(a) of the 2010 Law, if the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:

- ▶ issued or guaranteed by a central, regional or local authority or central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-Member 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 Member States belong; or
- ▶ issued by an undertaking any securities of which are dealt in on regulated markets referred to in subparagraphs (a), (b) or (c) above; or
- ▶ issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by Community law; or
- ▶ issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least EUR 10 million and which presents and publishes its annual accounts in

accordance with Directive 78/660/EEC (1), is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

- 2.2. Furthermore, each Fund may invest no more than 10% of its net assets in securities and money market instruments other than those referred to in sub-paragraph 2.1 (a) to (i).
- 2.3. Each Fund may acquire the units of UCITS and/or other UCIs referred to in paragraph 2.1. (f), provided that the aggregate investment in UCITS or other UCIs does not exceed 10% of the net assets of each Fund, unless otherwise provided for in the relevant Fund's investment policy.

When each Fund has acquired shares of UCITS and/or other UCIs, the assets of the respective UCITS or other UCIs do not have to be combined for the purposes of the limits laid down in paragraph 2.5.

When a Fund invests in the units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the same investment manager or by any other company with which the investment manager is linked by common management or control, or by a substantial direct or indirect holding, that no subscription or redemption fees may be charged to the Company on its investment in the units of such other UCITS and/or UCIs.

- 2.4. A Fund may hold ancillary liquid assets.
- 2.5. A Fund may not invest in any one issuer in excess of the limits set out below:
  - (a) Not more than 10% of a Fund's net assets may be invested in transferable securities or money market instruments issued by the same entity.
  - (b) Not more than 20% of a Fund's net assets may be invested in deposits made with the same entity.
  - (c) By way of exception, the 10% limit stated in the first paragraph of this section may be increased to:
    - ▶ a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by an EU Member State, by its local authorities, by a non-Member State or by public international bodies to which one or more Member States belong;
    - ▶ a maximum of 25% in the case of certain bonds when these are issued by a credit institution which has its registered office in an EU Member State and is subject by law to special public supervision designed to protect bond holders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest. When a Fund invests more than 5% of its net assets in the bonds referred to in this paragraph and issued by one issuer, the total value of these investments may not exceed 80% of the value of the net assets of such Fund.
  - (d) The total value of the transferable securities or money market instruments held by a Fund in the issuing bodies in each of which it invests more than 5% of its net assets must not then

exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision. The transferable securities and money market instruments referred to in the two indents of paragraph 2.5. (c) above shall not be taken into account for the purpose of applying the limit of 40% referred to in this paragraph.

Notwithstanding the individual limits laid down in sub-paragraphs 2.5. (a) to (d) above, a Fund may not combine:

- investments in transferable securities or money market instruments issued by a single entity, and/or
  - deposits made with a single entity, and/or
  - exposures arising from OTC derivative transactions undertaken with a single entity,
- in excess of 20% of its net assets.

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

The limits provided for in sub-paragraphs 2.5. (a) to (d) above may not be combined, and thus investments in transferable securities or money market instruments issued by the same entity or in deposits or derivative instruments made with this entity carried out in accordance with paragraphs 2.5. (a) to (d) shall under no circumstances exceed in total 35% of the net assets of the Fund.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single entity for the purpose of calculating the investment limits mentioned in sub-paragraphs 2.5. (a) to (d) above.

The Fund may not invest cumulatively more than 20% of its net assets in transferable securities or money market instruments of the same group subject to restrictions 2.5. (a) and the three indents under 2.5. (d) above.

Without prejudice to the limits laid down in paragraph 2.7. below, the limit of 10% laid down in sub-paragraph 2.5.(a) above is raised to a maximum of 20% for investment in equity and/or debt securities issued by the same body when the aim of the investment policy of a Fund is to replicate the composition of a certain equity or debt securities index which is recognised by the CSSF, on the following basis:

- ▶ the composition of the index is sufficiently diversified,
- ▶ the index represents an adequate benchmark for the market to which it refers,
- ▶ it is published in an appropriate manner.

This limit is 35% where that proves to be justified by exceptional market conditions in particular in regulated markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

By way of derogation, each Fund is authorised to invest up to 100% of its net assets in different transferable securities and money market instruments issued or guaranteed by an EU Member State, its local authorities, by another member state of the OECD or public international bodies of which one or more EU Member States are members, provided that (i) such securities are part of at least six

different issues and (ii) securities from any one issue do not account for more than 30% of the net assets of such Fund.

2.6. The Company may not invest in shares with voting rights enabling it to exercise significant influence over the management of the issuing body.

2.7. The Company may not:

- (a) Acquire more than 10% of the shares with non-voting rights of one and the same issuer.
- (b) Acquire more than 10% of the debt securities of one and the same issuer.
- (c) Acquire more than 25% of the units of one and the same undertaking for collective investment.
- (d) Acquire more than 10% of the money market instruments of any single issuer.

The limits stipulated in sub-paragraphs 2.7. (b) (c) and (d) above may be disregarded at the time of acquisition if, at that time, the gross amount of debt securities or of the money market instruments, or the net amount of securities in issue cannot be calculated.

2.8. The limits stipulated in paragraphs 2.6. and 2.7. above do not apply to:

- (a) Transferable securities and money market instruments issued or guaranteed by an EU Member State or its local authorities;
- (b) Transferable securities and money market instruments issued or guaranteed by a non-EU Member State;
- (c) Transferable securities and money market instruments issued by public international institutions to which one or more EU Member States are members;
- (d) Transferable securities held by a Fund in the capital of a company incorporated in a non-Member State investing its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which such Fund can invest in the securities of issuing bodies of that State. This derogation, however, shall apply only if in its investment policy the company from the non-Member State complies with the limits laid down in Articles 43, 46 and 48(1) and (2) of the 2010 Law. Where the limits set in Articles 43 and 46 of the 2010 Law are exceeded, Article 49 shall apply mutatis mutandis;
- (e) Transferable securities held by the Company in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unitholders' request exclusively on its or their behalf.

2.9. The Company may always, in the interest of the shareholders, exercise the subscription rights attached to securities, which forms part of its assets.

When the maximum percentages stated in paragraphs 2.2. through 2.7. above are exceeded for reasons beyond the control of the Company, or as a result of the exercise of subscription rights, the Company must adopt, as a priority objective, sales transactions to remedy the situation, taking due account of the interests of its shareholders.

2.10. A Fund may borrow to the extent of 10% of its total net assets (valued at market value) provided these borrowings are made on a temporary basis. However, the Company may acquire for the account of a Fund foreign currency by way of back-to-back loan.

2.11. The Company may not grant credit facilities nor act as guarantor on behalf of third parties, provided that for the purpose of this restriction (i) the acquisition of transferable securities, money market instruments or other financial investments referred to in sub-paragraphs 2.1. (f), (h) and (i) above, in fully or partly paid form and (ii) the permitted lending of portfolio securities shall be deemed not to constitute the making of a loan.

2.12. The Company undertakes not to carry out uncovered sales transactions of transferable securities, money market instruments or other financial instruments referred to in sub-paragraphs 2.1. (f), (h) and (i) above; provided that this restriction shall not prevent the Company from making deposits or carrying out accounts in connection with financial derivatives instruments, permitted within the limits referred to above.

2.13. The Company's assets may not include precious metals or certificates representing them, commodities, commodities contracts, or certificates representing commodities.

2.14. The Company may not purchase or sell real estate or any option, right or interest therein, provided that the Company may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.

2.15. The Company will in addition comply with such further restrictions as may be required by the regulatory authorities in any country in which the Shares are marketed.

2.16. Short Term Money-Market Funds

A Fund which is categorised in this Prospectus as a "Short Term Money-Market Fund" in accordance with the ESMA's "Guidelines on a common definition of European money market funds" will satisfy the following conditions:

- ▶ the Fund's primary investment objective is to maintain the principal and aim to provide a return in line with money-market rates;
- ▶ the Fund will invest only in approved money-market instruments (in accordance with Section 2 of this Appendix) and deposits with credit institutions;
- ▶ the Fund will, on an ongoing basis, ensure the approved money-market instruments it invests in are of "high quality" as determined by the Investment Manager in accordance with the range of factors to determine "high quality" set out in the ESMA Guidelines;
- ▶ the Fund will provide daily net asset value and price calculation and allow for daily subscription and redemption of shares;
- ▶ the Fund will invest only in securities with a residual maturity until the legal redemption date of less than or equal to 397 days and the Fund will maintain a weighted average maturity of no more than 60 days and a weighted average life of no more than 120 days;
- ▶ the Fund will not take direct or indirect exposure to equities or commodities, including via derivatives and will only use derivatives in line with its money market investment strategy. If using derivatives that give exposure to foreign exchange the Fund will do so only for the purposes of hedging;
- ▶ the Fund will only invest in non-base currency securities where its exposure is fully hedged;
- ▶ the Fund will limit its investment in other collective investment schemes to those permitted under Section 2 of this Appendix

and which meet the definition of a “Short-Term Money-Market Fund” in accordance with ESMA’s “Guidelines on a common definition of European money market funds”; and

- ▶ the Fund will aim to maintain a fluctuating net asset value or a constant net asset value.

**The Company shall take the risks that it deems reasonable to reach the assigned objective set for each Fund; however, it cannot guarantee that it shall reach its goals given stock exchange fluctuations and other risks inherent in investments in transferable securities.**

### 3. Financial Techniques and Instruments.

3.1. The Company must employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the portfolio; it must employ a process for accurate and independent assessment of the value of OTC derivative instruments. It must communicate to the CSSF regularly and in accordance with the detailed rules defined by the latter, the types of derivative instruments, the underlying risks, the quantitative limits and the methods which are chosen in order to estimate the risks associated with transactions in derivative instruments.

3.2. In addition, the Company is authorised to employ techniques and instruments relating to transferable securities and to money market instruments under the conditions and within the limits laid down by the CSSF provided that such techniques and instruments are used for the purpose of efficient portfolio management or for hedging purposes.

3.3. When these operations concern the use of derivative instruments, these conditions and limits shall conform to the provisions laid down in the 2010 Law.

Under no circumstances shall these operations cause the Company to diverge from its investment policies and investment restrictions.

3.4. The Company will ensure that the global exposure of the underlying assets shall not exceed the total net value of a Fund. The underlying assets of index based derivative instruments are not combined to the investment limits laid down under sub-paragraphs 2.5. (a) to (d) above.

- ▶ When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of the above-mentioned restrictions.
- ▶ The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

### 3.5. Securities Lending and Repo Transactions

The rules applicable to securities lending and repo transactions are set out in the CSSF Circular 08/356, as amended from time to time. The investment restrictions set out under this section 3.5 and section 3.6 describe the main rules applicable to securities lending and repo transactions but are not exhaustive.

Any securities lending and/or repo transactions shall be entered into for one or more of the following specific aims:

- (i) reduction of risk,
- (ii) reduction of cost; and
- (iii) the generation of additional capital or income for the Company with a level of risk which is consistent with the risk profile of the

Company and its relevant Funds and the risk diversification rules applicable to them.

Moreover those transactions may be carried out for 100% of the assets held by the relevant Fund provided (i) that their volume is kept at an appropriate level or that the Company is entitled to request the return of the securities lent in a manner that enables it, at all times, to meet its redemption obligations; and (ii) that these transactions do not jeopardise the management of the Company’s assets in accordance with the investment policy of the relevant Fund. Risks shall be monitored in accordance with the risk management process of the Company.

Any net income (net of any remuneration to which the Company’s securities lending agent is entitled) generated from securities lending to which the Company is entitled will be reinvested in the relevant Funds.

#### 3.5.1 Securities lending transactions

The Company may enter into securities lending transactions provided that it complies with the following rules:

- (i) the Company may lend securities either directly or through a standardised system organised by a recognised clearing institution or a lending program organised by a financial institution subject to prudential supervision rules which are recognised by the CSSF as equivalent to those laid down in Community law and specialised in this type of transactions;
- (ii) the borrower must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law;
- (iii) the counterparty risk of the Company vis-à-vis a single counterparty arising from one or more securities lending transaction(s) may not exceed 10% of the assets of the relevant Fund when the counterparty is a credit institution domiciled in the EU or a country where the CSSF considers that supervisory regulations are equivalent to those prevailing in the EU, or 5% of its assets in all other cases.
- (iv) as part of its lending transactions, the Company must receive collateral, the value of which, during the duration of the lending agreement, must be equal to at least 90% of the global valuation of the securities lent (interests, dividends and other eventual rights included);
- (v) such collateral must be received prior to or simultaneously with the transfer of the securities lent. When the securities are lent through an intermediary referred to under 3.5.1 (i) above, the transfer of the securities lent may be effected prior to receipt of the collateral, if the relevant intermediary ensures proper completion of the transaction. The intermediary may, instead of the borrower, provide to the UCITS collateral in lieu of the borrower;
- (vi) the collateral must be given in the form of:
  - (a) liquid assets such as cash, short term bank deposits, money market instruments as defined in Directive 2007/16/EC of 19 March 2007, letters of credit and guarantees at first demand issued by a first class credit institution not affiliated to the counterparty;
  - (b) bonds issued or guaranteed by a Member State of the OECD or by their local authorities or supranational institutions and bodies of a community, regional or world-wide scope;

- (c) shares or units issued by money market-type UCIs calculating a daily net asset value and having a rating of AAA or its equivalent;
  - (d) shares or units issued by UCITS investing mainly in bonds/shares mentioned under (e) and (f) hereunder;
  - (e) bonds issued or guaranteed by first class issuers offering an adequate liquidity; or
  - (f) shares admitted to or dealt in on a regulated market of a Member State of the European Union or on a stock exchange of a Member State of the OECD, provided that these shares are included in a main index.
- (vii) the collateral given under any form other than cash or shares/units of a UCI/UCITS shall be issued by an entity not affiliated to the counterparty;
  - (viii) when the collateral given in the form of cash exposes the Company to a credit risk vis-à-vis the trustee of this collateral, such exposure shall be subject to the 20% limitation as laid down in section 2.5 above.
  - (ix) the collateral given in a form other than cash shall not be held in custody by the counterparty, except if it is adequately segregated from the counterparty's own assets and legally protected from consequences of counterparty default;
  - (x) the Company shall proceed on a daily basis to the valuation of the collateral received. In case the value of the collateral already granted appears to be insufficient in comparison with the amount to be covered, the counterparty shall provide additional collateral on a very short term basis. If appropriate, safety margins shall apply in order to take into consideration exchange risks or market risks inherent to the assets accepted as collateral;
  - (xi) the Company shall ensure that it is able to claim its rights on the collateral in case of the occurrence of an event requiring the execution thereof, meaning that the collateral shall be available at all times, either directly or through the intermediary of a first class financial institution or a wholly-owned subsidiary of this institution, in such a manner that the Company is able to appropriate or realise the assets given as collateral, without delay, if the counterparty does not comply with its obligation to return the securities lent;
  - (xii) during the duration of the agreement, the collateral cannot be sold or given as a security or pledged, except if the Company has other means of coverage; and
  - (xiii) the Company shall disclose the global valuation of the securities lent in the annual and semi-annual reports.

### 3.6. Repo transactions

The Company may enter into:

- (i) repurchase transactions which consist in the purchase or sale of securities with provisions reserving the seller the right or the obligation to repurchase from the buyer securities sold at a price and term specified by the two parties in their contractual arrangement; and
- (ii) reverse repurchase agreement transactions, which consist of a forward transaction at the maturity of which the seller (counterparty) has the obligation to repurchase the securities

sold and the Company the obligation to return the securities received under the transaction (collectively, the "repo transactions").

3.6.1 The Company can act either as buyer or seller in repo transactions. Its involvement in such transactions is however subject to the following rules:

- (a) the fulfilment of the conditions 3.5.1 (ii) and 3.5.1 (iii);
- (b) during the life of a repo transaction with the Company acting as purchaser, the Company shall not sell the securities which are the object of the contract, before the counterparty has exercised its option or until the deadline for the repurchase has expired, unless the Company has other means of coverage;
- (c) the securities acquired by the Company under a repo transaction must conform to the Fund's investment policy and investment restrictions and must be limited to:
  - (i) short-term bank certificates or money market instruments as defined in Directive 2007/16/EC of 19 March 2007;
  - (ii) bonds issued by non-governmental issuers offering an adequate liquidity;
  - (iii) assets referred to under 3.5.1 (vi) (b), (c) and (d) above; and

The Company shall disclose the total amount of the open repo transactions on the date of reference of its annual and interim reports.

### 3.6.2 Reinvestment of the cash collateral

The Company may reinvest the collateral received in the form of cash under securities lending and/or repo transactions in:

- (i) shares or units of UCIs of the money market-type, calculating a daily net asset value and which have a rating of AAA or its equivalent;
- (ii) short-term bank eligible deposits;
- (iii) eligible money market instruments as defined in Directive 2007/16/EC of 19 March 2007, in accordance with this Appendix A;
- (iv) eligible short-term bonds issued or guaranteed by a Member State of the European Union, Switzerland, Canada, Japan or the United States or by their local authorities or by supranational institutions and bodies of a community, regional or world-wide scope, in accordance with this Appendix A;
- (v) bonds issued or guaranteed by first class issuers offering an adequate liquidity; and
- (vi) reverse repurchase agreements.

In addition, the conditions under 3.5.1 (vii), (viii), (ix) and (xii) above, shall apply on the same terms to the assets into which the cash collateral is reinvested. The reinvestment of the cash collateral is not subject to the diversification rules generally applicable to the Company, provided however, that the Company must avoid an excessive concentration of its reinvestments, both at issuer level and at instrument level (reinvestments in assets referred to under 3.6.2 (i) and (ii) above are exempt from this requirement). The reinvestment of the cash collateral in financial assets providing a return in excess of the risk free rate shall be taken into account for the calculation of the Company's global exposure in accordance with section 3.4 above.

## Appendix A

The annual and semi-annual reports of the Company shall disclose the assets into which the cash collateral is re-invested.

### 3.7. Risk associated with OTC derivatives

The counterparty risk on any transaction involving an OTC derivative instruments may not exceed 10% of the assets of a Fund when the counterparty is a credit institution domiciled in the EU or in a country where the CSSF considers that supervisory regulations are equivalent to those prevailing on the EU. This limit is set at 5% in any other case.

The Company's delegates will continuously assess the credit or counterparty risk as well as the potential risk, which is for trading activities, the risk resulting from adverse movements in the level of volatility of market prices and will assess the hedging effectiveness on an ongoing basis. They will define specific internal limits applicable to these kinds of operations and monitor the counterparties accepted for these transactions.

## Appendix B – Summary of Certain Provisions of the Articles and of Company Practice

### Articles of Association

1. Terms used in this summary that are defined in the Articles have the same meaning below.
  - (a) **Corporate Existence**  
The Company is a company existing in the form of a société anonyme qualifying as a société d'investissement à capital variable (SICAV) under the name of BlackRock Global Funds with the status of a Part I Undertaking for Collective Investment in Transferable Securities (UCITS).
  - (b) **Sole Object**  
The sole object of the Company is to place the funds available to it in one or more portfolios of transferable securities or other assets referred to in Article 41(1) of the 2010 Law, referred to as "Funds", with the purpose of spreading investment risks and affording to its shareholders the results of the management of the Company's Funds.
  - (c) **Capital**  
The capital is represented by fully paid Shares of no par value and will at any time be equal to the aggregate value of the net assets of the Funds of the Company. Any variation of the Company's capital has immediate effect.
  - (d) **Fractions**  
Fractions of Shares may be issued only as Registered Shares.
  - (e) **Voting**  
In addition to the right to one vote for each whole Share of which he is the holder at general meetings, a holder of Shares of any particular Class will be entitled at any separate meeting of the holders of Shares of that Class to one vote for each whole Share of that Class of which he is the holder.
  - (f) **Joint Holders**  
The Company will register Registered Shares jointly in the names of not more than four holders should they so require. In such case the rights attaching to such a Share must be exercised jointly by all those parties in whose names it is registered except that verbal instructions will be accepted by the Company from any one joint holder in cases where verbal instructions are permitted pursuant to provisions of this Prospectus. Written instructions will be accepted by the Company from any one joint holder where all the holders have previously given written authority to the Transfer Agent or the local Investor Servicing teams to accept those instructions. Instructions accepted on either of such bases will be binding on all the joint holders concerned.
  - (g) **Allotment of Shares**  
The Directors are authorised without limitation to allot and issue Shares at any time at the current price per Share without reserving preferential subscription rights to existing shareholders.
  - (h) **Directors**  
The Articles provide for the Company to be managed by a board of Directors composed of at least three persons. Directors are elected by the shareholders. The Directors are vested with all powers to perform all acts of administration and disposition in the Company's interest. In particular the Directors have power to appoint any person to act as a functionary to the Fund.

No contract or other transaction between the Company and any other company or firm shall be affected or invalidated by the fact

that any one or more of the Directors or officers of the Company is interested in, or is a director, associate, officer or employee of, that other company or firm.

- (i) **Indemnity**  
The Company may indemnify any Director or officer against expenses reasonably incurred by him in connection with any proceedings to which he may be made a party by reason of such position in the Company or in any other company of which the Company is a shareholder or creditor and from which he is not entitled to be indemnified, except where due to gross negligence or wilful misconduct on his part.
- (j) **Winding up and Liquidation**  
The Company may be wound up at any time by a resolution adopted by a general meeting of shareholders in accordance with the provisions of the Articles. The Directors must submit the question of the winding up of the Company to a general meeting of shareholders if the corporate capital falls below two-thirds of the minimum capital prescribed by law (the minimum capital is currently the equivalent of €1,250,000).  
  
On a winding up, assets available for distribution amongst the shareholders will be applied in the following priority:
  - (i) first, in the payment of any balance then remaining in the relevant Fund to the holders of Shares of each Class linked to the Fund, such payment being made in accordance with any applicable rights attaching to those Shares, and otherwise in proportion to the total number of Shares of all the relevant Classes held; and
  - (ii) secondly, in the payment to the holders of Shares of any balance then remaining and not comprised in any of the Funds, such balance being apportioned as between the Funds pro rata to the Net Asset Value of each Fund immediately prior to any distribution to shareholders on a winding up, and payment being made of the amounts so apportioned to the holders of Shares of each Class linked to that Fund in such proportions as the liquidators in their absolute discretion think equitable, subject to the Articles and Luxembourg law.

Liquidation proceeds not claimed by shareholders at close of liquidation of a Fund will be deposited at the Caisse de Consignation in Luxembourg and shall be forfeited after thirty years.
- (k) **Unclaimed Dividends**  
If a dividend has been declared but not paid, and no coupon has been tendered for such dividend within a period of five years, the Company is entitled under Luxembourg law to declare the dividend forfeited for the benefit of the Fund concerned. The Directors have, however, resolved as a matter of policy not to exercise this right for at least twelve years after the relevant dividend is declared. This policy will not be altered without the sanction of the shareholders in general meeting.

### Company Practice

#### Restrictions on Holding of Shares

2. Shares will be divided into Classes each linked to a Fund. More than one Class of Shares may be linked to a Fund. Currently, up to nine Classes of Shares (Class A, B, C, D, E, I, J, Q and X Shares) are linked to each Fund except for the Distributing Funds for which there are up to eighteen Classes of Shares (Class A Distributing, Class A Non-Distributing, Class B Distributing, Class B Non-Distributing, Class C Distributing, Class C Non-Distributing, Class D Distributing, Class D Non-Distributing, Class E Non-Distributing, Class E Distributing, Class

I Non-Distributing, Class I Distributing, Class J Distributing, Class J Non-Distributing, Class Q Distributing, Class Q Non-Distributing and Class X Non-Distributing, Class X Distributing Shares). They have no preferential or pre-emption rights and are freely transferable, save as referred to below. Non-Distributing Shares are referred to using the number 2. Distributing Shares are further referred to using the numbers 1 (distributing daily), 3 (distributing monthly), 4 (distributing annually), 5 (distributing quarterly) (See the Section entitled “Class and Form of Shares” for further details.

3. The Directors may impose or relax restrictions (including restrictions on transfer and/or the requirement that Shares be issued only in registered form) on any Shares or Class of Shares (but not necessarily on all Shares within the same Class) as they may think necessary to ensure that Shares are neither acquired nor held by or on behalf of any person in circumstances giving rise to a breach of the laws or requirements of any country or governmental or regulatory authority on the part of that person or the Company, or which might have adverse taxation or other pecuniary consequences for the Company, including a requirement to register under any securities or investment or similar laws or requirements of any country or authority. The Directors may in this connection require a shareholder to provide such information as they may consider necessary to establish whether he is the beneficial owner of the Shares that he holds. In addition to the foregoing, the Directors may determine to restrict the issue of shares when it is in the interests of the Fund and/or its Shareholders to do so, including when the Company or any Fund reaches a size that could impact the ability to find suitable investments for the Company or Fund. The Directors may remove such restriction at their discretion.

If the Company becomes aware that any Shares are owned directly or beneficially by any person in breach of any law or requirement of a country or governmental or regulatory authority, or otherwise in the circumstances referred to in this paragraph, the Directors may require the redemption of such Shares, decline to issue any Share and register any transfer of any Share or decline to accept the vote of any person who is precluded from holding Shares at any meeting of the shareholders of the Company.

4. The Directors have resolved that no US Persons will be permitted to own Shares. The Directors have resolved that “US Person” means any US resident or other person specified in Regulation S under the US Securities Act of 1933 as amended from time to time and as may be further supplemented by resolution of the Directors.

If a shareholder currently resident outside the US becomes resident in the US (and consequently comes within the definition of a US Person), that shareholder will be required to redeem its Shares. All US residents and citizens should note the requirements of the Foreign Account Tax Compliance Act (“FATCA”), please see “Taxation” section above.

#### Funds and Classes of Shares

5. The Company operates separate investment “Funds” and within each Fund separate Classes of Shares are linked to that Fund. Pursuant to Article 181 of the 2010 Law, each Fund is only liable for the liabilities attributable to it.
6. Shares may be issued with or have attached thereto such preferred, deferred or other special rights, or such restrictions whether in regard to dividend, return of capital, conversion, transfer, the price payable on allotment or otherwise as the Directors may from time to time determine and such rights or restrictions need not be attached to all Shares of the same Class.
7. The Directors are permitted to create more than one Class of Share linked to a single Fund. This allows, for example, the creation of accumulation and distribution Shares, Shares with different dealing

currencies or Classes of Shares with different features as regards participation in capital and/or income linked to the same Fund; and also permits different charging structures. The Directors are also permitted, at any time, to close a particular Class of Shares, or, subject to at least 30 days’ prior notice to the shareholders of the relevant Class, to decide to merge such Class with another Class of Shares of the same Fund. The Articles provide that certain variations of the rights attached to a Class of Shares may only be made with the sanction of a Class meeting of holders of Shares of that Class.

8. The Directors may require redemption of all the Shares linked to a particular Fund if the Net Asset Value of the relevant Fund falls below US\$50 million (or the equivalent in any relevant Dealing Currency). The Articles also permit the Directors to notify shareholders of the closure of any particular Fund where they deem it in the interests of the shareholders or appropriate because of changes in the economic or political situation affecting the Fund but in such circumstances the Directors intend as a matter of policy to offer holders of any Class of Shares a free transfer into the same Class of Shares of other Funds. As an alternative, subject to such prior notice to holders of Shares of all Classes of the relevant Fund, as may be required by law or regulation from time to time, the Directors may arrange for a Fund to be merged with another Fund of the Company or with another UCITS (see also paragraph 26 below). Any such merger will be binding on the holders of the Shares of the Classes of that Fund.

A Fund may be terminated or merged in circumstances other than those mentioned above with the consent of a majority of the Shares present or represented at a meeting of all shareholders of the Classes of Shares of that Fund (at which no quorum requirement will apply). To the extent applicable, where a Fund is terminated the redemption price payable on termination will be calculated on a basis reflecting the realisation and liquidation costs on terminating the Fund. Where a Fund is merged, the redemption price payable on a merger will only reflect transaction costs.

The Directors have power to suspend dealings in the Shares linked to any Fund where it is to be terminated or merged in accordance with the above provisions. Such suspension may take effect at any time after the notice has been given by the Directors as mentioned above or, where the termination or merger requires the approval of a meeting of holders, after the passing of the relevant resolution. Where dealings in the Shares of the Fund are not suspended, the prices of Shares may be adjusted to reflect the anticipated realisation and liquidation costs or transaction costs mentioned above.

#### Valuation Arrangements

9. Under the Articles, for the purpose of determining the issue and redemption price per Share, the net asset value of Shares shall be determined as to the Shares of each Class of Share by the Company from time to time, but in no instance less than twice monthly, as the Directors may direct.
10. The Directors’ policy is normally to deal with requests received before 12 noon Luxembourg time on a Dealing Day on that day; other requests are normally dealt with on the next Dealing Day.

#### Net Asset Value and Price Determination

11. All prices for transactions in Shares on a Dealing Day are based on the Net Asset Value per Share of the Class of Shares concerned, as shown by a valuation made at a time or times determined by the Directors. The Directors currently operate “forward pricing” for all Funds and Classes of Share, i.e., prices are calculated on the Dealing Day concerned after the closing time for acceptance of orders (see Section “Dealing in Fund Shares, Daily Dealing”). Prices in respect of a Dealing Day are normally published on the next Business Day. Neither the Company nor the Custodian can accept any responsibility for any error in publication, or for non-publication of prices or for any inaccuracy of

- prices so published or quoted. Notwithstanding any price quoted by the Company, by the Custodian or by any distributor, all transactions are effected strictly on the basis of the prices calculated as described above. If for any reason such prices are required to be recalculated or amended, the terms of any transaction effected on the basis of them will be subject to correction and, where appropriate, the investor may be required to make good any underpayment or reimburse any overpayment as appropriate. Periodic valuations of holdings in any Fund or Class of Shares may be supplied by arrangement with the Transfer Agent or the local Investor Servicing teams.
12. The Net Asset Value of each Fund, calculated in its Base Currency, is determined by aggregating the value of securities and other assets of the Company allocated to the relevant Fund and deducting the liabilities of the Company allocated to that Fund. The Net Asset Value per Share of the Classes of Shares of a particular Fund will reflect any adjustment to the Net Asset Value of the relevant Fund described in paragraph 17(c) below and will differ as a result of the allocation of different liabilities to those Classes (see Section “Fees, Charges and Expenses” and as a result of dividends paid).
  13. The value of all securities and other assets forming any particular Fund’s portfolio is determined by last known prices upon close of the exchange on which those securities or assets are traded or admitted for trading. For securities traded on markets closing after the time of the valuation, last known prices as of this time or such other time may be used. If net transactions in Shares of the Fund on any Dealing Day exceed the threshold referred to in paragraph 17(c) below, then additional procedures apply. The value of any securities or assets traded on any other regulated market is determined in the same way. Where such securities or other assets are quoted or dealt in on or by more than one stock exchange or regulated market the Directors may in their discretion select one of such stock exchanges or regulated markets for such purposes. Where possible, swaps are marked to market based upon daily prices obtained from third party pricing agents and verified against the quotations of the actual market maker. Where third party prices are not available, swap prices are based upon daily quotations available from the market maker.
  14. In addition, the Directors shall be entitled to value the relevant securities or assets of certain Funds, using the amortised cost method of valuation whereby the value of its securities or assets are valued at their cost of acquisition adjusted for amortisation of premium or accretion or discount on those securities or assets rather than at the current market value of those securities or assets. The Directors will periodically review the value of the securities or assets concerned as compared to their market value. This method of valuation will only be used in accordance with Committee of European Securities Regulators (CESR) guidelines concerning eligible assets for investments by UCITS and only with respect to securities with a maturity at issuance or residual term to maturity of 397 days or less or securities that undergo regular yield adjustments at least every 397 days and provided the Fund’s investments also maintain a weighted average duration of 60 days or less. A list of the relevant Funds will be made available upon request from the Company’s registered office or online at [www.blackrock.com](http://www.blackrock.com)
  15. If a security is not traded on or admitted to any official stock exchange or any regulated market, or in the case of securities so traded or admitted the last known price is not considered to reflect their true value, the Directors will value the securities concerned with prudence and in good faith on the basis of their expected disposal or acquisition price. Cash, bills payable on demand and other debts and prepaid expenses are valued at their nominal amount, unless it appears unlikely that such nominal amount is obtainable.
  16. If in any case a particular value is not ascertainable by the methods outlined above, or if the Directors consider that some other method of valuation more accurately reflects the fair value of the relevant security or other asset for the purpose concerned, the method of valuation of the security or asset will be such as the Directors in their absolute discretion decide. Discrepancies in value of securities may result, for example, where the underlying markets are closed for business at the time of calculating the net asset value of certain funds or where governments chose to impose fiscal or transaction charges on foreign investment. The Directors may set specific thresholds that, where exceeded, result in adjustment to the value of these securities to their fair value by applying a specific index adjustment.
  17. (a) Under current procedures adopted by the Directors the price for all Classes of Shares of any Fund is the Net Asset Value per relevant Class of that Fund calculated to the nearest currency unit of the relevant Dealing Currency.
  - (b) For those funds with more than one Dealing Currency, the additional Dealing Currency prices are calculated by converting the price at the relevant spot exchange rate at the time of valuation.
  - (c) The Directors may adjust the Net Asset Value per Share for a Fund in order to reduce the effect of “dilution” on that Fund. Dilution occurs when the actual cost of purchasing or selling the underlying assets of a Fund, deviates from the carrying value of these assets in the Fund’s valuation due to dealing charges, taxes and any spread between the buying and selling prices of the underlying assets. Dilution may have an adverse effect on the value of a Fund and therefore impact Shareholders. By adjusting the Net Asset Value per Share this effect can be reduced or prevented and Shareholders can be protected from the impact of dilution. The Directors may adjust the Net Asset Value of a Fund if on any Dealing Day the aggregate transactions in Shares of all Classes of that Fund result in a net increase or decrease of Shares which exceeds a threshold set by the Directors from time to time for that Fund (relating to the cost of market dealing for that Fund). In such circumstances the Net Asset Value of the relevant Fund may be adjusted by an amount (not exceeding 1.50%, or 3% in the case of bond Funds, of that Net Asset Value) which reflects the dealing costs that may be incurred by the Fund and the estimated bid/offer spread of the assets in which the Fund invests. In addition, the Directors may agree to include anticipated fiscal charges in the amount of the adjustment. These fiscal charges vary from market to market and are currently expected not to exceed 2.5% of that Net Asset Value. The adjustment will be an addition when the net movement results in an increase of all Shares of the Fund and a deduction when it results in a decrease. As certain stock markets and jurisdictions may have different charging structures on the buy and sell sides, the resulting adjustment may be different for net inflows than for net outflows. Where a Fund invests substantially in government bonds or money market securities, the Directors may decide that it is not appropriate to make such an adjustment. Shareholders should note that due to adjustments being made to the Net Asset Value per Share, the volatility of a Fund’s Net Asset Value per Share may not fully reflect the true performance of the Fund’s underlying assets.
- Redemption and Deferred Sales Charges**
18. (a) The Directors are entitled to levy a discretionary redemption charge on shareholders of all Classes of Shares where they believe that excessive trading is being practised.
  - (b) On redemption of Class B, C and Q Shares, the relevant CDSC rate is charged on the lower of (i) the price of the redeemed shares on the Dealing Day for redemption or (ii) the price paid by the shareholder for the original purchase of the redeemed shares or for the shares from which they were converted or exchanged, in either case calculated in the relevant Dealing Currency of the redeemed shares.

## Appendix B

- (c) No CDSC will be levied on the redemption of (a) Class B, C and Q Shares derived from reinvestment of dividends; or (b) Class B, C and Q Shares in the Reserve Funds (provided they were not converted from Shares of a non-Reserve Fund).
- (d) The CDSC is levied by reference to the “Relevant Holding Period”, which is an aggregate of the periods during which (a) the redeemed shares, and (b) the shares from which they were derived (if any) as a result of conversion or exchange, were held in any Fund except a Reserve Fund or any other exchangeable money market funds.

When the Relevant Holding Period exceeds four years no CDSC is payable in respect of the redeemed shares.

In cases where redeemed shares are only part of a larger holding of Class B, C and Q Shares, any Shares acquired by dividend reinvestment will be redeemed first; and where the holding consists of Class B, C and Q Shares acquired at different times, it will be assumed that those acquired first are redeemed first (thus resulting in the lowest CDSC rate possible).

Where the redeemed shares have a different dealing currency to the Shares (or similar shares from which they were converted or exchanged) originally purchased, for purposes of determining the CDSC the price paid for the latter will be converted at the spot exchange rate on the Dealing Day for redemption.

The CDSC may be waived or reduced by the relevant distributor at its discretion or for shareholders who, after purchasing Class B, C and Q Shares, become US Persons and are required to redeem their Shares as a result (see paragraph 4 above).

### Conversion

19. The Articles allow the Directors on issuing new Classes of Shares to impose such rights of conversion as they determine, as described in paragraph 6 above. The basis of all conversions is related to the respective Net Asset Values per Share of the relevant Class of the two Funds concerned.
20. The Directors have determined that the number of Shares of the Class into which a shareholder wishes to convert his existing Shares will be calculated by dividing (a) the value of the number of Shares to be converted, calculated by reference to the Net Asset Value per Share by (b) the Net Asset Value per Share of the new Class. This calculation will be adjusted where appropriate by the inclusion of a conversion charge (see paragraph 21 below) or a delayed initial charge on Class A, Class D or Class E Shares (see paragraph 21 below). No conversion charge will be made when a delayed initial charge is payable. If applicable, the relevant exchange rate between the relevant Dealing Currencies of the Shares of the two Funds will be applied to the calculation.

The Net Asset Value(s) per Share used in this calculation may reflect any adjustment(s) to the Net Asset Value(s) of the relevant Fund(s) described in paragraph 17(c) above.

21. Conversions are permitted between different Classes of Shares of the same Fund or of different Funds, subject to the limitations set out under the section “Switching Between Funds and Share Classes” and provided investors and/or the holding (as appropriate) meet the specific eligibility criteria for each Share Class set out above (see “Classes and Form of Shares”).

Selected distributors may impose a charge on each conversion of those Shares acquired through it, which will be deducted at the time of conversion and paid to the relevant distributor. While other conversions between the same Class of Shares of two Funds are normally free of charge, the Management Company may, at its

discretion (and without prior notice), make an additional conversion charge which would increase the amount paid to up to 2% if excessively frequent conversions are made. Any such charges will be deducted at the time of conversion and paid to the relevant distributor or the Principal Distributor (as applicable).

When Class A, Class D or Class E Shares of a Reserve Fund resulting from a direct investment into that or any other Reserve Fund (“direct Shares”) are converted for the first time into Class A, Class D or Class E Shares of a non-Reserve Fund, a delayed initial charge of up to 5% of the price of the new Class A Shares or Class D Shares or up to 3% of the price of the new Class E Shares (where applicable) may be payable to the Management Company. Where a Reserve Fund holding includes both direct Shares and Shares acquired as a result of a conversion from Shares in any Fund other than a Reserve Fund (“ordinary Shares”) a partial conversion of the holding will be treated as a conversion of the direct Shares first and then of the ordinary Shares.

The Directors reserve the right to waive or vary these requirements and also to amend their policy if they consider it appropriate to do so, either generally or in particular circumstances.

### Settlement on Redemptions

22. Payment of an amount to a single shareholder in excess of US\$500,000 may be deferred for up to seven Business Days beyond the normal settlement date. The redemption price may be payable in specie as explained in paragraph 24 below. Failure to meet money laundering prevention requirements may result in the withholding of redemption proceeds. The Company reserves the right to extend the period of payment of redemption proceeds to such period, not exceeding eight Business Days, as shall be necessary to repatriate proceeds of the sale of investments in the event of impediments due to exchange control requirements or similar constraints in the markets in which a substantial part of the assets of the Company are invested or in exceptional circumstances where the liquidity of the Company is not sufficient to meet the redemption requests.

### In Specie Applications and Redemptions

23. Shares of the Company may be allotted as consideration for the vesting in the Company of securities acceptable to it and having a value (after deducting any relevant charges and expenses) equal to the price payable for the Shares. Such securities will be independently valued in accordance with Luxembourg law by a special report of an independent auditor, such report being deposited with the Register of Commerce and Companies of Luxembourg.
24. The obligation to pay redemption proceeds may also be satisfied by payment in specie by allocating to the holder (subject to their prior consent) investments from the portfolio of the relevant Fund equal in value (calculated in the manner referred to in paragraphs 13 to 15 above) to the price of the relevant Shares to be redeemed (net of any applicable CDSC in the case of Class B, Class C and Class Q Shares). The nature and type of asset to be transferred in such case will be determined on an equitable basis and without prejudicing the interests of the other holders of Shares of the same Class, and the valuations used will be confirmed by a special report of an independent auditor, deposited with the Register of Commerce and Companies of Luxembourg. In specie applications and redemptions may attract transaction taxes depending on the assets in question. In the case of an in specie redemption these taxes will be at the charge of the investor. Investors should inform themselves of, and when appropriate consult their professional advisers on the possible tax consequences of redeeming their shareholding in this way, under the laws of their country of citizenship, residence or domicile. Investors should note that the levels and bases of, and relief from, taxation can change.

### Dealings in Shares by the Principal Distributor

25. The Principal Distributor, may as principal acquire and hold Shares and may at its sole discretion satisfy, in whole or in part, an

application or request for the issue, redemption or conversion of such Shares by selling Shares to and/or buying them from the applicant, as appropriate, provided that the applicant consents to such transaction. Shareholders will be deemed to have consented to deal with the Principal Distributor unless they have expressly informed the Transfer Agent or the local Investor Servicing teams to the contrary. Any such transaction will be effected on the same terms as to price and settlement as would have applied in the case of a corresponding issue, redemption or conversion of Shares (as relevant) by the Company. The Principal Distributor is entitled to retain any benefit arising from these transactions.

#### Default in Settlement

26. Where an applicant for Shares fails to pay settlement monies on subscription or to provide a completed application form for an initial application by the due date, the Directors may, in accordance with the Company's Articles, cancel the allotment or, if applicable, redeem the Shares. Redemption or conversion instructions may be refused or treated as though they have been withdrawn if payment for the Shares has not been made or a completed initial application form has not been received by the Company. In addition, no dealings will be effected following a conversion instruction and no proceeds will be paid on a redemption until all documents required in relation to the transaction have been provided to the Company. **An applicant may be required to indemnify the Company or, as described below, the Principal Distributor against any losses, costs or expenses incurred directly or indirectly as a result of the applicant's failure to pay for Shares applied for or to lodge the required documents by the due date.**

In computing any losses covered under this paragraph 26, account shall be taken, where appropriate, of any movement in the price of the Shares concerned between the transaction date and cancellation of the transaction or redemption of the Shares, and of the costs incurred by the Company or, if applicable, the Principal Distributor in taking proceedings against the applicant.

The Principal Distributor has agreed to exercise its discretion to take steps to avoid the Company suffering losses as a result of late settlement by any applicant. In cases where payment for Shares is not made on a timely basis, the Principal Distributor may assume ownership of the Shares and it shall also have the right to give instructions to the Company to make any consequent alterations in its register of shareholders, delay the completion of the relevant transaction, redeem the Shares in question, claim indemnification from the applicant and/or take proceedings to enforce any applicable indemnity, all to the same extent that the Company itself may do so.

The Company has instructed the Custodian that any interest benefit that may arise as a result of the early settlement of Share subscriptions and late clearance of redemption proceeds may be set off against any interest obligation that the Principal Distributor may incur as a result of its arrangements to protect the Company from losses from the late settlement of Share subscriptions. The Principal Distributor will benefit from interest earned on any balances held in client money accounts. No interest is paid to shareholders by the Principal Distributor in respect of amounts relating to individual transactions.

#### Compulsory Redemption

27. If at any time the Net Asset Value of the Company is less than US\$100 million (or equivalent), all Shares not previously redeemed may be redeemed by notice to all shareholders. There is a similar power to redeem Shares of any Class if the Net Asset Value of the Fund to which that Class is linked falls below US\$50 million (or equivalent), or in the circumstances described in paragraphs 3, 4 and 8 above.

#### Limits on Redemption and Conversion

28. The Company will not be bound to redeem or convert on any one Dealing Day more than 10% of the value of Shares of all Classes of a Fund then in issue or deemed to be in issue, as described in paragraph 31 below.

#### Suspension and Deferrals

29. Valuations (and consequently issues, redemptions and conversions) of any Class of Shares of a Fund may be suspended in certain circumstances including:
- ▶ the closure (otherwise than for ordinary holidays) of or suspension or restriction of trading on any stock exchange or market on which are quoted a substantial proportion of the investments held in that Fund;
  - ▶ the existence of any state of affairs which constitutes an emergency as a result of which disposals or valuation of assets owned by the Company attributable to such Class of Shares would be impracticable;
  - ▶ any breakdown in the means of communication normally employed in determining the price or value of any of the investments of such Class of Shares or the current price or values on any stock exchange or other market;
  - ▶ any period when the Company is unable to repatriate funds for the purpose of making payments on the redemption of such Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of shares cannot in the opinion of the directors be effected at normal rates of exchange;
  - ▶ any period when the net asset value per share of any subsidiary of the Company may not be accurately determined;
  - ▶ where notice has been given or a resolution passed for the closure or merger of a Fund as explained in paragraph 8;
  - ▶ in respect of a suspension of the issuing of Shares only, any period when notice of winding up of the Company as a whole has been given;
  - ▶ in addition, in respect of Funds that invest a substantial amount of assets outside the European Union, the Management Company may also take into account whether local relevant local exchanges are open and may elect to treat such closures (including ordinary holidays) as non Business Days for those Funds. Please see definition of Business Day in the Glossary.
30. Each period of suspension shall be published, if appropriate, by the Company. Notice will also be given to any shareholder lodging a request for redemption or conversion of Shares.
31. The Company will also not be bound to accept instructions to subscribe for, and will be entitled to defer instructions to redeem or convert any Shares of a Fund on any one Dealing Day if there are redemption or outgoing conversion orders that day for all Classes of Shares of that Fund with an aggregate value exceeding a particular level (currently fixed at 10%) of the approximate value of that Fund. In addition, the Company may defer redemptions and conversions in exceptional circumstances that may, in the opinion of the Directors, adversely affect the interests of holders of any Class or Classes of Shares of that Fund. In either case, the Directors may declare that redemptions and conversions will be deferred until the Company has executed, as soon as possible, the necessary realisation of assets out of the Fund concerned or until the exceptional circumstances cease

## Appendix B

to apply. Redemptions and conversions so deferred will be done on a pro rata basis and will be dealt with in priority to later requests.

32. During a period of suspension or deferral a shareholder may withdraw his request, in respect of any transaction which is deferred or suspended, by notice in writing to the Company. Such notice will only be effective if received before the transaction is effected.

Shareholders may not redeem a holding of the Company's Shares unless and until cleared funds have been received by the Company in respect of that holding.

### Transfers

33. The transfer of Registered Shares may normally be effected by delivery to the Transfer Agent of an instrument of transfer in appropriate form. If a transfer or transmission of Shares results in a holding on the part of the transferor or the transferee having a value of less than a prescribed minimum the Directors may require the holding to be redeemed. The current minimum is US\$5,000 or equivalent, except for Class D Shares (where the prescribed minimum is US\$500,000) and Class I Shares, Class J Shares and Class X Shares (where the prescribed minimum is US\$10 million).

### Probate

34. Upon the death of a shareholder, the Directors reserve the right to require the provision of appropriate legal documentation to evidence the rights of the shareholder's legal successor. Upon the death of a shareholder whose investment is held jointly with another shareholder, where permitted by applicable law, ownership of the investment will be transferred to the name of the surviving shareholder.

### Dividends

35. The Articles impose no restriction on dividends other than the requirement to maintain the statutory minimum level of capital (currently the equivalent of €1,250,000). The Directors have the power to pay interim dividends in respect of any Fund. The current dividend policy of the Directors is explained in the Section "Dividends".

### Changes of Policy or Practice

36. Except as otherwise provided in the Articles, and subject to any legal or regulatory requirements, the Directors reserve the right to amend any practice or policy stated in this Prospectus. The Management Company may, in the interests of shareholders and subject to the discretion of the Directors, vary or waive the operational procedures of the Company.

### Intermediary Arrangements

37. Where Shares are issued by the Company to financial institutions (or their nominees) which act as intermediaries, the benefits and obligations described in this Prospectus may be applied by the Company to each of the intermediary's clients as if such client were a direct shareholder.

## Appendix C – Additional Information

### History of the Company

1. The Company is registered under Number B.6317 at the Register of Commerce and Companies of Luxembourg where its Articles of Association are available for inspection and where copies thereof may be obtained upon request (and see also paragraph 36 below).
2. The Company's constitution is defined in the Articles. The original Articles were published in the Recueil des Sociétés et Associations du Mémorial (the "Mémorial") of the Grand-Duchy of Luxembourg on 21<sup>st</sup> July 1962. The Articles have been amended and restated several times, most recently on 27 May 2011, effective 31 May 2011, with publication in the Mémorial on 24 June 2011.
3. The Company was incorporated as Selected Risk Investments S.A. on 14<sup>th</sup> June 1962.
4. With effect from 31<sup>st</sup> December 1985 the name of the Company was changed to Mercury Selected Trust, the Company adopted the legal status of a société d'investissement à capital variable (SICAV) and was reconstituted to enable it to issue different classes of Shares. It qualifies as an Undertaking for Collective Investment in Transferable Securities.

With effect from 1 July 2002 the name of the Company changed to Merrill Lynch International Investment Funds.

With effect from 28 April 2008 the name of the Company changed to BlackRock Global Funds.

With effect from 16 September 2005 the Company was submitted to Part I of the 20 December 2002 law that implemented Directives 2001/107/EC and 2001/108/EC.

With effect from 16 September 2005 the Company has appointed BlackRock (Luxembourg) S.A. (previously named Merrill Lynch Investment Managers (Luxembourg) S.A.) as its management company.

5. As from the date of this Prospectus, Shares are offered solely on the basis of this Prospectus, which supersedes all previous versions.

### Directors' Remuneration and Other Benefits

6. The Articles contain no express provision governing the remuneration (including pension or other benefits) of the Directors. The Directors receive fees and out-of-pocket expenses from the Company. For Directors who are not representatives of the BlackRock Group, the annual fees received by them are from time to time disclosed in the annual report of the Company.

### Auditor

7. The Company's auditor is PricewaterhouseCoopers of 400 route d'Esch, L-1471 Luxembourg.

### Administrative Organisation

#### 8. The Investment Advisers

The Management Company is entitled to delegate its investment management functions to any of its subsidiaries or associates and any other person. The Management Company has delegated some functions to the Investment Advisers, BlackRock Financial Management, Inc., BlackRock Institutional Trust Company N.A., BlackRock International Limited, BlackRock Investment Management, LLC, BlackRock Investment Management (UK) Limited and BlackRock (Singapore) Limited as described in the Section "Investment Management of Funds", "Management". In the case of certain Funds, BlackRock Investment Management (UK) Limited has in turn sub-delegated some functions to BlackRock Japan Co., Ltd. whose registered office is at Nihonbashi 1-chome Building, 1-4-1,

Nihonbashi, Chuo-ku, Tokyo 103-0027, Japan and to BlackRock (Hong Kong) Limited, whose registered office is at 16/F Cheung Kong Center, 2 Queen's Road Central, Hong Kong and to BlackRock Investment Management (Australia) Limited of Level 18, 120 Collins Street, Melbourne 3000, Australia. BlackRock Financial Management, Inc. has sub-delegated some functions to BlackRock International Limited, and BlackRock Investment Management (Australia) Limited of Level 18, 120 Collins Street, Melbourne 3000, Australia, BlackRock Investment Management (UK) Limited.

DSP BlackRock Investment Managers Private Limited ("DSPBIM") provides non-binding investment advice to the Subsidiary, BlackRock India Equities Fund (Mauritius) Limited. DSPBIM is duly registered with the SEBI as an asset management company to DSP BlackRock Mutual Fund. DSPBIM is one of India's leading asset management companies and offers investors a broad range of investment options across various asset classes and risk parameters. DSPBIM also offers Portfolio Management Services and Offshore Advisory Services. DSPBIM began operations in 1997, and as at 31 March 2011, had assets under management/advice of approximately US\$8 billion (including domestic asset management, portfolio management services and offshore advisory).

The Subsidiary is registered as a sub-account of BlackRock Investment Management (UK) Limited which is an entity registered as a Foreign Institutional Investor with the Securities and Exchange Board of India under the SEBI (Foreign Institutional Investors) Regulations, 1995 and invests in India under the provisions of the said regulations.

BlackRock Advisors Singapore Private Limited owns a 40% stake in DSPBIM.

#### 9. The Principal Distributor

The Principal Distributor, incorporated with limited liability in Jersey on 10<sup>th</sup> August 1972 for an unlimited period, has an issued and fully paid-up share capital of £530,000. The directors of the Principal Distributor are: Mr. D. McSparran, Mr. G.D. Bamping, Mr. F.P. Le Feuvre, Mr. R.E.R. Rumboll and Mr. I.A. Webster. The Management Company has entered into an agreement with the Principal Distributor for the provision of distribution, promotion and marketing services.

The registered office of the Principal Distributor is at Forum House, Grenville Street, St. Helier, Jersey JE1 0BR, Channel Islands. The Principal Distributor is regulated by the Jersey Financial Services Commission.

#### 10. Investor Servicing

The Management Company has entered into an Agreement with various BlackRock Group companies for the provision of dealing facilities and related investor support functions.

#### 11. The Custodian

The Company has entered into a Custodian Agreement with the Custodian whereby the Custodian has agreed to act as custodian of the assets of the Company and to assume the functions and responsibilities of a custodian under the Luxembourg law of 17 December 2010.

The Custodian and Fund Accountant (see paragraph 12 below) is The Bank of New York Mellon (International) Limited. Its office is at 2-4, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg. The Bank of New York Mellon (International) Limited was incorporated with limited liability in England on 9<sup>th</sup> August 1996 with an issued and fully paid up share capital of £200 million. Its registered office is One Canada Square, London E14 5AL and its ultimate holding company is The Bank of New York Company, Inc. ("BNY") which is incorporated in the United States of America. The Custodian's and the Fund Accountant's principal business activity is

the provision of custodial and investment administration services and treasury dealing.

**12. The Fund Accountant**

The Management Company has entered into an agreement with the Fund Accountant whereby the Fund Accountant has agreed to provide fund accounting, Net Asset Value determination and services related to these functions. Subject to Luxembourg law and regulation the Fund Accountant is entitled to delegate specific functions to any other person, firm or company (with the approval of the Management Company and the regulatory authority).

**13. The Transfer Agent**

The Management Company has entered into a Transfer Agency Agreement with the Transfer Agent whereby the Transfer Agent has agreed to provide all necessary transfer agency functions including application and transaction processing, maintaining the share register, and services related to these functions.

**14. Relationship of Custodian and Fund Accountant with BlackRock Group**

The Custodian's and Fund Accountant's associates provide custody and fund accounting services to BlackRock Investment Management (UK) Limited and some of its associates in respect of their investment management business generally. Under agreements between companies in the BNY group and some companies in the BlackRock Group relating to the provision of these services, payments due from the relevant companies in the BlackRock Group to BNY companies will be abated by the fees paid by the Company to the Custodian and Fund Accountant in respect of custodian and fund accounting services.

**15. The Paying Agents**

The Company has appointed the following as Paying Agents:

*Austria*

Raiffeisen Bank International AG  
Am Stadtpark 9  
1030 Vienna

*Belgium*

J.P. Morgan Chase Bank, Brussels Branch  
1 Boulevard du Roi Albert II  
Brussels  
B1210-Belgium

*Luxembourg*

(Central Paying Agent)  
J.P. Morgan Bank Luxembourg S.A.  
6, route de Trèves, Building C  
L-2633, Senningerberg

*Italy*

Allfunds Bank, S.A., Milan branch  
Via Santa Margherita 7  
20121 – Milan

State Street Bank S.p.A.  
Registered Office  
Via Ferrante Aporti, 10  
20125 Milan

RBC Dexia Investor Services Bank S.A. – Succursale di Milano,  
Via Vittor Pisani, 26  
20124 Milan

Banca Monte Dei Paschi di Siena S.p.A.  
Registered Office  
Con Piazza Salimbeni 3  
53100 Siena

Société Générale Securities Services S.p.A,  
Registered Office  
Via Benigno Crespi,  
19/A, MAC II,  
20159 Milan

BNP Paribas Securities Services  
Succursale di Milano – Via Ansperto 5  
20123 Milan

*Poland*

Bank Handlowy w Warszawie S.A.  
ul. Senatorska 16  
00-923 Warsaw

*Switzerland*

JPMorgan Chase Bank, National Association,  
Columbus, Zurich Branch  
Dreikönigstrasse 21  
CH-8002 Zurich

*United Kingdom*

J.P. Morgan Trustee and Depositary Company Limited  
Hampshire Building, 1<sup>st</sup> Floor  
Chaseside  
Bournemouth  
BH7 7DA

**16. The Subsidiary**

The India Fund may invest into securities through its subsidiary, BlackRock India Equities Fund (Mauritius) Limited (the "Subsidiary"). The Subsidiary is incorporated as a private company, limited by shares. The Subsidiary holds a Category 1 Global Business Licence for the purpose of the Financial Services Act 2007 and is regulated by the Financial Services Commission, Mauritius ("FSC"). The Subsidiary will invest in Indian securities. It must be understood that in giving this authorisation, the FSC does not vouch for the financial soundness or the correctness of any of the statements made or opinions expressed with regard to the Subsidiary. Investors in the Subsidiary are not protected by any statutory compensation arrangements in Mauritius in the event of the Subsidiary's failure.

The Subsidiary was incorporated on 1 September 2004, and has an unlimited life. It is a wholly owned subsidiary of the Company. The Subsidiary is registered with the Registrar of Companies, Mauritius, and bears file number 52463 C1/GBL. The Constitution is available for inspection at the registered office of the Subsidiary.

The stated capital of the Subsidiary is capped at US\$ 5,000,000,100 and is divided into 100 management shares of nominal value US \$1.00 each, which are issued to the Company; 4,000,000,000 class A redeemable participating shares of nominal value US \$1.00 each of which may be issued as A shares ("A Shares"), which may only be issued to the Company; and 1,000,000,000 redeemable participating shares of nominal value US \$1.00 each of which may be issued to the Company in such classes of participating shares as the directors may determine with such preferred or qualified or other special rights or restrictions whether in regard to voting, dividend, return of capital or otherwise. Additional classes of shares may be issued to the Company at a later stage in accordance with the Subsidiary's Constitution. The Subsidiary issues registered shares only.

The directors of the Subsidiary may for efficient management authorise a committee of directors to issue participating shares of the Subsidiary on such terms as approved by the directors.

The business and affairs of the Subsidiary are managed by the directors. The directors of the Subsidiary are Mr. Geoffrey Radcliffe,

Mr. Frank Le Feuvre and Mr. Nicholas Hall as non-resident directors and Mr. Couldip Basanta Lala and Mr. Kapildeo Joory as resident directors. At any time, the directors of the Subsidiary will comprise a majority of directors who are also Directors of the Company. The directors are responsible, inter alia, for establishing the investment objectives and policy of the Subsidiary and for monitoring the Subsidiary's investments and performance.

The Subsidiary carries out exclusively activities relating to the Company.

The Subsidiary complies with the investment restrictions of the Company.

The Subsidiary has appointed BlackRock Investment Management (UK) Limited as its investment manager and DSP BlackRock Investment Managers Private Limited to act as its Indian Investment Adviser.

International Financial Services Limited ("IFSL"), Mauritius has been appointed by the Subsidiary as its administrator and secretary (the "Mauritian Administrator"). IFSL is a leading management company incorporated in Mauritius and licensed by the Financial Services Commission (FSC) to provide advisory and management services for global business licence companies.

The Mauritian Administrator carries on the general administration of the Subsidiary, keeps or causes to be kept the accounts of the Subsidiary and such financial books and records as are required by law or otherwise for the proper conduct of its financial affairs. The net asset value per share, the subscription price and the redemption price are calculated on each valuation day in accordance with the constitution of the Subsidiary.

The Mauritian Administrator convenes meetings of the directors, keeps the statutory books and records of the Subsidiary, maintains the register of shareholders and makes all returns required to be made by the Subsidiary under the laws of Mauritius. The Mauritian Administrator is responsible for all tax filings in Mauritius relating to the Subsidiary.

The Subsidiary has entered into a Custodian Agreement with the Custodian and the Company whereby the Custodian has agreed to act as custodian of the assets of the Subsidiary and the Company.

The Subsidiary has appointed the Mauritian Auditor as auditor of the Subsidiary in Mauritius to perform the auditor's duties required by Mauritius law. The Company and the Subsidiary issue consolidated accounts. All assets and liabilities, income and expenses of the Subsidiary are consolidated in the statement of net assets and operations of the Company. All investments held by the Subsidiary are disclosed in the accounts of the Company. All cash, securities and other assets of the Subsidiary are held by the Custodian on behalf of the Company.

#### **Indian Investment Adviser to the Subsidiary**

DSP BlackRock Investment Managers Private Limited  
Mafatlal Chambers, 10<sup>th</sup> Floor, Nariman Point,  
Mumbai - 400 021, India

#### **Mauritian Auditor to the Subsidiary**

PricewaterhouseCoopers  
18, Cybercity, Ebene, Mauritius

#### **Mauritian Administrator to the Subsidiary**

IFS International Financial Services Limited  
IFS Court, TwentyEight, Cybercity, Ebene, Mauritius

## **17. Taxation of the Subsidiary and the India Fund**

### **Mauritius**

The Subsidiary holds a Category 1 Global Business Licence for the purpose of the Financial Services Act, 2007 and is liable to tax in Mauritius at the rate of 15% on its net income. However, the Subsidiary is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or a deemed tax credit of 80% of the Mauritian tax on its foreign source income. This will result in a maximum effective income tax rate of 3% on its net income. The Subsidiary is not subject to capital gains tax in Mauritius.

Profits or gains on disposals by the Subsidiary of Indian securities are exempt from income tax in Mauritius. There is no withholding tax payable in Mauritius in respect of payments of dividends to shareholders or in respect of redemption or exchange of shares held in the Subsidiary.

The Subsidiary annually renews its tax residence certificate from the Mauritian authorities on the basis of certain undertakings and such certification is considered determinative of its resident status for treaty purposes. Accordingly, the Subsidiary qualifies as a resident of Mauritius for the purposes of the India/Mauritius Double Tax Avoidance Treaty (the "Treaty"). On this basis, the Subsidiary is entitled to certain reliefs from Indian tax, subject to the continuance of the current terms of the Treaty.

Shareholders are not subject to any wealth, capital gains, income, withholding, gift, estate, inheritance or other tax in Mauritius (except for shareholders domiciled, resident or having a permanent establishment in Mauritius).

### **India**

The following is a general summary based on the law and practice of the Indian Income-Tax Act, 1961 (Indian Income Tax Act) and the provisions of the India-Mauritius Double Tax Avoidance Agreement (Treaty). The Indian Income Tax Act is amended every year by the finance act of the relevant year. This summary is based on the provisions as amended by the Finance Act, 2011. The tax rates provided in the document are as per the current provisions of the Indian Income Tax Act and are exclusive of a corporate surcharge of 2% (where total income exceeds INR 10 million) levied on non resident companies and an education cess of 3% on tax and surcharge.

The summary provides general information on Indian income tax implications arising on non-resident investors, but is neither intended to be a complete discussion of all tax implications, nor does it purport to be a complete description of all potential tax costs, tax incidence and risks inherent on the acquisition, ownership and sale of Indian securities.

In addition, the comments herein are not binding on the Indian tax authorities and there can be no assurance that the authorities will not take a position contrary to any of the comments herein. It is emphasised that neither the Subsidiary, the India Fund nor any other person involved in the preparation of this Prospectus accepts responsibility for any tax effects or liabilities resulting from the purchase, ownership or disposition of Shares/any other securities by the Subsidiary, the India Fund. Prospective investors should consult their own tax advisors concerning the tax consequences of their particular situations.

The following discussion of existing Indian tax law and the application of the Treaty does not address the potential application of the proposed Direct Taxes Code Bill, 2010 that was tabled before the Lok Sabha on 30 August 2010 which, if enacted, will replace the existing Indian Income Tax Act effective April 1, 2012. Several provisions in the Direct Taxes Code Bill, 2010, if enacted, could alter the tax

implications outlined below for the Subsidiary under existing Indian tax law. Please also refer Section “The Direct Taxes Code Bill, 2010” below.

### **Taxation of the Subsidiary**

**General** – The taxation of income and capital gains in India is subject to the fiscal law of India. The basis of charge of Indian income tax depends upon the residential status of the taxpayer during a tax year, as well as the nature of the income earned. A person who is an Indian tax resident is liable to taxation in India on worldwide income, subject to certain tax exemptions which are afforded under the provisions of the Indian Income Tax Act. A person who is treated as non-resident for Indian income tax purposes is generally subject to tax in India only on such person’s Indian-sourced income, including income attributable to a permanent establishment (PE) maintained by that person in India.

**Residence** – A company is a resident of India if it is incorporated in India or the control and the management of its affairs is situated wholly in India. A firm or other association of persons is regarded as resident in India if the control and management of its affairs is partly or wholly situated in India. Persons who are not residents of India will be treated as non-residents for the purposes of the Indian Income Tax Act. The Indian Income Tax Act provides that the taxability of the income earned by a non-resident should be governed by the provisions of the Indian Income Tax Act or the applicable double tax avoidance agreement, if any, whichever is more beneficial.

### **Taxation of Dividend Distributions**

Currently, the shareholders (whether resident or non-resident) are neither taxed in respect of dividends paid to them by an Indian company on shares nor are the dividends subject to any withholding tax. However, the Indian company paying the dividend is subject to dividend distribution tax at the rate of 15% (plus a corporate surcharge of 5% and an education cess of 3% on tax and surcharge), which is in addition to the normal corporate tax. The above will also be applicable to dividends on shares underlying depository receipts onward distributed by the Overseas Depository Bank to the holders of the depository receipts.

### **Taxation of Interest**

Indian sourced interest income will be subject to tax in India. Interest income earned from securities by an FII or sub-account will be taxed at 20% on a gross income basis. However, interest income earned by a non-resident (including an FII or sub-account) on FCCBs issued by an Indian company will be taxed at 10% on a gross income basis.

### **Taxation of gains from investments in Indian securities**

Characterization of income – Gains arising from the sale of Indian securities may be taxed as business income or capital gains depending on the facts and circumstances of the case. Characterisation of income arising from the sale of Indian securities has been the subject of legal debate. The Central Board of Direct Taxes (“CBDT”) issued Circular No 4/2007 dated June 15, 2007 outlining certain judicial principles pronounced by various courts on the determination of whether shares are held as stock-in-trade or held as investments. The Circular states that no single principle is determinative and that the specific facts and circumstances of each case are required to be considered in order to make a determination of whether the shares held would be regarded as stock-in-trade or investment.

Ordinarily offshore Funds registered with SEBI as an FII or sub-account and investing into Indian securities offer gains/losses arising from the sale of their investments in Indian securities as capital gains. In this context, there have been a few instances where Funds have approached the Authority of Advance Rulings (“AAR”) for a confirmation as to whether the income from the sale of Indian equity shares is in the nature of business income or capital gains. While the

AAR has held such gains in a few instances as being in the nature of business income, the most recent rulings of the AAR have held that the income earned on the sale of investments in Indian equity shares should be regarded as capital gains and taxed accordingly. Practically, the Indian Revenue authorities have till date, accepted the position of the FIIs or sub-accounts offering such income to tax as capital gains. Please also refer to discussions under “Applicable tax rates for capital gains” and “Treaty” below.

In addition to the above, in cases where Funds have approached the AAR to seek the confirmation specifically on the characterisation of gains earned from transactions in Indian exchange traded derivatives, the AAR has held that the gains from the sale of Indian exchange traded derivatives should be regarded as business income. Practically, the Indian Revenue authorities have sought to tax the gains earned by several FIIs or sub-accounts from exchange traded derivatives as business income. However, it is relevant to note that there has been a recent ruling of the Income-tax Appellate Tribunal on this issue, wherein the Tribunal has held that the income earned from Indian exchange traded derivatives should be regarded as capital gains. Please also refer to discussions under “Taxation of Other Income” and “Treaty” below.

The rulings of the AAR are only binding on the party seeking the ruling and the revenue authorities (in so far as disposing of the case of the applicant). However, such rulings do have a persuasive value in the Revenue authorities’ dealing with other cases.

Holding period for capital assets - The capital gains tax payable on the transfer or sale of shares or other securities of an Indian company held as capital assets, will vary depending on whether the gain realised on the sale qualifies as a short-term capital gain or a long-term capital gain.

Gains arising on the sale of shares, or other securities listed on a recognized Indian stock exchange or units of a mutual fund registered with SEBI which are held for a period of 12 months or less are regarded as short-term capital gains. If the shares or other securities listed on a recognized Indian stock exchange or units of a mutual fund registered with SEBI are held for a period of more than 12 months, the gains arising on the sale thereof are regarded as long-term capital gains. The period of 12 months is enhanced to 36 months in the case of debt securities and other securities that are not listed on a recognised Indian stock exchange.

Computation of capital gains – Under the Indian Income Tax Act, capital gains are computed by deducting from the full value of the consideration, the cost of acquisition and expenditure incurred wholly and exclusively in connection with such transfer. In computing the capital gains, the benefits of the inflation and the movement of the foreign currency are not available to FIIs or sub-accounts.

Applicable tax rates – The applicable rate of tax would vary depending on whether such gains are in the nature of short-term or long-term gains. Short-term capital gains derived by an FII or sub-account from the transfer of listed equity shares on a recognized stock exchange in India or units of an equity oriented mutual fund which are chargeable to Securities Transaction Tax (“STT”) (discussed below under the heading “Securities Transaction Tax”), will be subject to tax at the rate of 15%. However, long-term capital gains on transfer of such shares and units are exempt from tax.

Capital gains derived by an FII or sub-account from (i) the transfer of unlisted equity shares, (ii) listed shares whose transfer is not executed on the stock exchange and therefore, not liable to STT, (iii) debt securities and (iv) exchange traded derivatives will also be subject to tax in India. Short-term capital gains arising on transfer of equity shares and units of an equity-oriented mutual fund not chargeable to STT and sale of other securities including exchange traded derivatives

will be taxed at the rate of 30%. Long-term capital gains arising on transfer of equity shares and units of an equity-oriented mutual fund not chargeable to STT and sale of other securities will be taxed at 10%. The above rates are subject to the provisions of the Treaty (please also refer to discussions under “Treaty” below).

#### Taxation of Other Income

Any other income earned by the Subsidiary from the investment in securities in India, except by way of dividends, interest and capital gains, as discussed above, is likely to be taxable at the normal rate applicable to a non-resident of 40%.

#### Taxation of gains from investments in depository receipts

Capital gains – Depository receipts (such as American Depository Receipts and Global Depository Receipts) issued against shares of an Indian company subscribed to and transferred by a non-resident to another non-resident outside India would not be taxable in India. The conversion of the depository receipts into underlying equity shares is not regarded as a transfer of a capital asset and accordingly, would not be chargeable to tax in India.

Subsequently, when the underlying shares received on redemption of the receipts are sold, the same would be taxable in India. Please also refer to discussions under “Holding period for capital assets” above for determining whether the underlying shares would qualify as short-term or long-term capital assets. In this regard, the holding period would commence from the date of the conversion of the depository receipts into the underlying shares.

Also, please refer to discussions under “Computation of capital gains” above for computing the capital gains arising on the transfer of underlying shares. In this connection, the cost of acquisition of the underlying shares is computed with reference to the market price of the shares quoted on the stock exchange through which the sale is routed, on the date of conversion.

The applicable rate of tax would vary depending on whether such gains are in the nature of short-term or long-term gains. Short-term capital gains derived by a non-resident from the transfer of underlying equity shares on a recognized stock exchange in India which are chargeable to STT (discussed below under “Securities Transaction Tax”), will be subject to tax at the rate of 15%. However, long-term capital gains on transfer of such shares are exempt from tax.

Capital gains derived by a non-resident from the transfer of listed shares whose transfer is not executed on the stock exchange and therefore, not liable to STT will be subject to tax in India. Short-term capital gains arising on transfer of underlying equity shares not chargeable to STT is expected to be taxed at the rate of 40 % (however, since the shares are transferred by the Subsidiary as a sub-account of a registered FII, a position could be adopted, although debatable, that the applicable tax rate should be 30%). Long-term capital gains arising on transfer of underlying equity shares not chargeable to STT is expected to be taxed at 10%. Please also refer to discussions under “Treaty” below.

#### Taxation of gains from investments in FCCBs

Capital gains – Please refer to discussions under “Taxation of gains from investments in depository receipts – Capital gains” above. With regard to computing capital gains on shares issued on conversion of FCCBs, please refer to discussions under “Computation of capital gains” above. In this connection, there is a debate on the interpretation of the current provisions of the Indian Income Tax Act with regard to determining the cost of acquisition of shares acquired as a result of conversions of FCCBs. Though one view is that the cost of the FCCBs should be regarded as the cost of acquisition of the shares acquired as a result of conversion of FCCBs, the prevalent practice has been to compute the cost of acquisition of the shares acquired as a result of conversion of FCCBs with reference to the

market price of the shares quoted on the stock exchange through which the sale is routed as on the date of resolution for conversion of the FCCBs. Please also refer to discussions under “Treaty” below.

#### The Treaty

The Indian Income Tax Act provides that the taxability of the income earned by a Mauritius tax resident should be governed by the provisions of the Indian Income Tax Act or the Treaty, whichever is more beneficial. The CBDT issued, on April 13, 2000, a circular (Circular 789) clarifying that wherever the Mauritius Revenue authorities have issued a certificate of tax residence, such certificate would constitute sufficient evidence for accepting the status of residence of Mauritius tax residents for applying the provisions of the Treaty. Pursuant to certain litigation in this regard, the Supreme Court of India has held and declared Circular 789 to be valid and efficacious, and as of the date of this Memorandum, the Circular is still valid and in force. The Supreme Court decision also held that Indian authorities may not reconsider the validity of an entity’s residency (through an examination of where management and control of the entity is situated) if such entity has received a Mauritius tax residence certificate. However, a circular issued by the CBDT thereafter (Circular 1/2003) provided that the Indian tax authorities have the ability to tax income (including capital gains) of Mauritius companies (including those that have obtained Mauritius tax residency certificate) if the effective management of such entities is in India and they are consequently deemed to be residents of both Mauritius and India.

Assuming that the Subsidiary will be a tax resident in Mauritius, holding a valid certificate of tax residence, will be effectively managed from Mauritius and will not have a permanent establishment in India, then on that basis:

- i. Pursuant to the provisions of the Treaty, any capital gains earned by the Subsidiary on disposal of Indian securities will not be liable to tax in India.
- ii. Dividend income earned by the Subsidiary from investments in equity of the Indian securities will be exempt from tax in the hands of the Subsidiary as per the provisions of the Indian Income Tax Act (although the dividend will be subject to the entity-level dividend distribution tax discussed above).
- iii. Indian sourced interest earned by the Subsidiary will be subject to tax in India as per the provisions of the Indian Income Tax Act, being taxable at the rate of 10/20%.
- iv. Any business income or other income earned by the Subsidiary (not being in the nature of dividend, interest and royalties) should only be subject to tax in India to the extent that it is attributable to a permanent establishment in India. Where the Subsidiary does not have a permanent establishment in India, such business income or other income should not be subject to tax in India. In the event that the Subsidiary has a permanent establishment in India, any income attributable to such permanent establishment will be taxed in India at the applicable rate on a net income basis (ie after reducing all deductible expenditure).

There can be no assurance that the terms of the Treaty will not be subject to re-negotiation in the future and that any future changes to the Treaty or future interpretations of the Treaty will not adversely affect the tax position of the Subsidiary’s investments in India. In addition, there can be no assurance that changes in the law or government policy of India or Mauritius limiting or eliminating the benefit of residential status of the Subsidiary to make investments into India will not occur. Kindly also refer to our discussions in the Section “Special Risk Considerations for the Subsidiary”

### Taxation of gains from OTC derivatives

On the basis that the OTC derivatives such as participatory notes, total return equity swaps or contract-for-differences and similar instruments will not entitle the Subsidiary to any ownership (directly or indirectly) of the underlying Indian securities and such derivatives will be executed outside India, the gains derived by Subsidiary from transacting in such derivatives should not be regarded as Indian-sourced income and thus, should not be taxable in India.

### Securities Transaction Tax

The Subsidiary at the time of purchase or sale of shares, units of equity oriented mutual funds or derivatives would be liable to pay STT on the transaction value at prescribed rates in the manner prescribed as outlined below:

Nature of transaction	Rate of STT effective from June 1, 2006	Payable by	Value on which STT payable
Purchase of an equity share in a company or units of an equity oriented fund – delivery based	0.125%	Purchaser	Price at which shares / units are purchased
Sale of an equity share in a company or units of an equity oriented fund – delivery based	0.125%	Seller	Price at which shares / units are sold
Sale of a future in securities	0.017%	Seller	Price at which futures are traded
Sale of an option in securities	0.017%	Seller	The option premium
Sale of an option in securities, where option is exercised	0.125%	Purchaser	The settlement price of the option
Sale of a unit of an equity oriented fund to the Mutual Fund	0.25%	Seller	Price at which units are sold

### Taxation of the India Fund

The investments made by the India Fund into the Subsidiary should not ordinarily be subject to income-tax in India.

### Direct Taxes Code Bill, 2010

With the intent to revise, consolidate and simplify the direct tax laws into a single legislation, the Government of India tabled the Direct Taxes Code Bill, 2010 before the Lok Sabha (i.e., the Indian lower house of Parliament). If enacted, the Direct Taxes Code Bill, 2010 is currently slated to replace the existing Indian Income Tax Act effective April 1, 2012. The Direct Taxes Code Bill, 2010 proposes several changes in the Indian tax regime and administration thereof. It is relevant to note that the Direct Taxes Code Bill, 2010 is currently in the nature of a bill introduced in the Parliament and there can be no assurances that the same will be passed into law, and if so, whether in its present form and within the timelines presently sought to be implemented by the Government of India.

Below are certain material proposals in the Direct Taxes Code Bill, 2010, which could be relevant to the Subsidiary. The same is not intended to constitute a complete analysis of the tax consequences under the Direct Taxes Code Bill, 2010, as applicable to the Subsidiary.

- (a) The Direct Taxes Code Bill, 2010 seeks to clarify the debate on the characterization of income earned by an FII/ a sub-account from transactions in Indian securities. The Direct Taxes Code Bill, 2010 proposes that any security held by an FII/ a sub-account would qualify as an investment asset (i.e. a capital asset). Consequently, income arising from the transfer of such investment assets is proposed to be regarded as income chargeable under the head 'Capital gains'.

- (b) The Direct Taxes Code Bill, 2010 proposes to retain the current effective tax rates for sale of investments made in equity shares and units of equity oriented mutual fund. The Direct Taxes Code Bill, 2010 provides that certain capital gains would qualify for prescribed deductions resulting in a lower effective tax rate. Capital gains derived from the transfer of listed equity shares on a recognized stock exchange in India or units of an equity oriented mutual fund which are chargeable to STT are proposed to be taxed as follows:

- Short-term capital gains will be taxed at the effective rate of 15%.
- Long-term capital gains on transfer of such shares and units will effectively not be subject to a levy of tax.

However, the Direct Taxes Code Bill, 2010 proposes to eliminate the concessionary rate currently available under the Indian Income Act for long-term capital gains to FIIs/ sub-account i.e. 10% for (i) transfer of unlisted equity shares and (ii) listed shares whose transfer is not executed on the stock exchange and therefore, not liable to STT. The new rate proposed for the taxation of long term gains arising from the transfer of such assets is 30%. However, the taxable gains are to be computed after considering applicable indexation benefit.

- (c) General Anti Avoidance Rules ("GAAR") provisions have been proposed, which would empower the Indian tax authorities to declare an arrangement an impermissible avoidance arrangement if, inter alia, any step in or part of the arrangement was entered into for the primary purpose of obtaining a tax benefit and it lacks commercial substance, or does not have a bona fide purpose. The GAAR provisions if invoked would override the provisions of a Double Taxation Avoidance Agreement. The Central Board of Direct Taxes is expected to issue guidelines and prescribe the manner in which the GAAR provisions may be invoked.
- (d) It is proposed that a company incorporated outside India may be considered to be tax resident in India if its place of effective management is in India at any time in the year. "Place of effective management" is defined in the Direct Taxes Code Bill, 2010 as (i) the place where the board of directors of the company or its executive directors, as the case may be, make their decisions; or (ii) in the case of a board of directors that routinely approves the commercial and strategic decisions made by the executive directors or officers of the company, the place where such executive directors or officers perform their functions.
- (e) The Direct Taxes Code Bill, 2010 proposes to widen the taxable income concept to include gains from an "indirect" transfer of a capital asset situated in India. The Direct Taxes Code Bill, 2010 provides that income arising from the transfer of any share or interest in a foreign company outside India shall be taxable in India if at any time during the 12 months preceding the transfer, the fair market value ("FMV") of the assets in India, owned directly or indirectly by the company, represents at least 50% of the FMV of all the assets owned by the company. The capital gains proportionate to the ratio of the FMV of the assets in India as compared to the FMV of the total assets owned by the company would be taxable in India.

### Special Risk Considerations for the India Fund

#### Applicability of beneficial treatment of capital gains under the Treaty

The Subsidiary expects that, under the Treaty, no Indian tax will be payable in respect of any capital gains realized by the Subsidiary on their Indian investments. There can be no assurance that any future

changes to the Treaty or future interpretations or renegotiations thereof will not adversely affect the tax position of the Subsidiary's investments in India.

#### Modifications to the Tax Treaty

The Subsidiary expects that, under the Treaty, no Indian tax will be payable in respect of any capital gains realized by the Subsidiary on its Indian investments. There can be no assurance that the Treaty will not be changed, amended, terminated or renegotiated during the term of the Subsidiary or interpreted differently than on the date hereof. If the Treaty is interpreted, amended, terminated or renegotiated in a manner that would adversely affect the tax treatment in India of the Subsidiary, such an interpretation, amendment or renegotiation may cause the Subsidiary to incur capital gains tax in India and reduce the returns of the Subsidiary.

#### The Direct Taxes Code Bill, 2010

The Government of India on 30 August 2010 tabled the Direct Taxes Code Bill, 2010 before the Lok Sabha (i.e., the Indian lower house of Parliament). If enacted, the Direct Taxes Code Bill, 2010 is currently slated to replace the existing Indian Income Tax Act effective April 1, 2012. The Direct Taxes Code Bill, 2010 proposes several changes in the tax regime and administration thereof. Several provisions in the Direct Taxes Code Bill, 2010, if enacted, could alter the tax implications for the Subsidiary and the India Fund under existing Indian tax law. It is relevant to note that the Direct Taxes Code Bill, 2010 is currently in the nature of a bill introduced in the Parliament and there can be no assurances that the same will be passed into law, and if so, whether in its present form and within the timelines presently sought to be implemented by the Government of India.

#### Fees, Charges and Expenses

18. The Management Company is remunerated from the management fees based on the Net Asset Value of each Fund, at an annual rate as shown in Appendix E.
19. The Custodian receives annual fees, based on the value of securities, which accrue daily, plus transaction fees. The annual custody safekeeping fees range from 0.005% to 0.441% per annum and the transaction fees range from US\$8.8 to US\$196 per transaction. The rates for both categories of fees will vary according to the country of investment and, in some cases, according to asset class. Investments in bonds and developed equity markets will be at the lower end of these ranges, while some investments in emerging or developing markets will be at the upper end. Thus the custody cost to each Fund will depend on its asset allocation at any time.

The Company pays administration fees of up to 0.25% per annum. The level of administration fees may vary at the Directors' discretion, as agreed with the Management Company, across Funds and Classes. Administration fees accrue daily, are based on the Net Asset Value of the relevant Class and are paid monthly. Administration fees comprise without limitation all operational costs and expenses incurred by the Company, with the exception of the fees of the Custodian and any taxes thereon. In addition taxes payable by the Company such as subscription taxes remain payable by the Company. The administration fee shall not exceed 0.25% per annum and any costs and expenses in excess shall be borne by a BlackRock Group Company. For further details, please see Section "Fees, charges and expenses".

20. The Principal Distributor is entitled to receive:
- ▶ the initial charge of up to 5% of the price of the Class A Shares and Class D Shares issued, where levied;
  - ▶ the initial charge of up to 3% of the Net Asset Value of the Class E Shares issued, where applicable and levied;

- ▶ the CDSC on redemptions;
- ▶ any delayed initial charge on Class A or Class E Shares, respectively;
- ▶ the Management Company's charge on excessively frequent conversions of any Class of Shares (see paragraph 21 of Appendix B); and
- ▶ any distribution fees.

21. Subject to the approval of the Directors, the combined Management Fee and Administration Fee for any Fund may be increased up to 2.25% in total by giving shareholders at least three months' prior notice. Any increase to the combined Management Fee and Administration Fee above this level would require approval of shareholders at an extraordinary general meeting. At least one month's notice will be given to shareholders of any increase in the rates of other fees and charges specified in this Prospectus, unless prior shareholder consent is required under the Company's Articles when at least one month's notice will be given from the date of such consent.
22. The Principal Distributor is entitled, at its sole discretion and without recourse or cost to the Company, to waive any initial charge, in whole or in part, or determine to make a rebate payment in respect of the payment of any fees charged in respect of any holding of Shares to any investor (including discounts on charges to directors and employees of the Principal Distributor and its affiliates in the BlackRock Group) or its distributors, authorised intermediaries or other agents in respect of any subscriptions for, redemption or holdings of, Shares.

Rebates of any annual management fee or distribution fee will not exceed the amount of the annual management fee or distribution fee for each Fund as set out in Appendix E and will vary depending on the share class concerned, for instance, in respect of Class A Shares the average rebate will not exceed 45% of these fees although may be higher in respect of share classes which are available to certain distributors only. Rebates are not available for all share classes.

The terms of any rebate will be agreed between the Principal Distributor and the relevant investor from time to time. If so required by applicable rules, the investor shall disclose to any underlying clients the amount of any rebate on the annual management fee it receives from the Principal Distributor. The Management Company shall also disclose to shareholders, upon request, details of any rebate paid by the Principal Distributor to an authorised intermediary in connection with a holding of Shares where the authorised intermediary has acted on behalf of that Shareholder. Payment of such rebates is subject to the Management Company and the Principal Distributor receiving their fees and charges from the Company.

23. If a Fund is closed at a time when any expenses previously allocated to that Fund have not been amortised in full, the Directors shall determine how the outstanding expenses should be treated, and may, where appropriate, decide that the outstanding expenses should be met by the Fund as a liquidation expense.
24. The operating costs of the Subsidiary including the fees for the Mauritian Administrator, estimated at approximately US\$50,000 to US\$60,000 per year excluding disbursements and the fees of unaffiliated Directors, are borne by the Subsidiary.
25. The India Fund was launched upon its merger with the Merrill Lynch Specialist Investment Funds – India Fund and the unamortised expenses of that fund of US\$120,241.50 were carried over to the India Fund as part of the merger process.

**Conflicts of Interest and Relationships within the BlackRock Group and with the Barclays Group and the PNC Group**

26. The ultimate holding company of the Management Company, the Principal Distributor and the Investment Advisers is BlackRock, Inc., a company incorporated in Delaware, USA. Barclays PLC and PNC Financial Services Group Inc. are substantial shareholders in BlackRock, Inc.
27. Subject to any policies established by the Directors, when arranging investment transactions for the Company, the Investment Advisers will seek to obtain the best net results for the Company, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution and operational facilities of the firm involved and the firm's risk in positioning a block of securities. Therefore, whilst the Investment Advisers generally seek reasonably competitive commission rates, the Company does not necessarily pay the lowest commission or spread available. In a number of developing markets, commissions are fixed pursuant to local law or regulation and, therefore, are not subject to negotiation.
28. When arranging transactions in securities for the Company, companies in the Barclays Group or the PNC Group may provide securities brokerage, foreign exchange, banking and other services, or may act as principal, on their usual terms and may benefit therefrom. Commissions will be paid to brokers and agents in accordance with the relevant market practice and the benefit of any bulk or other commission discounts or cash commissions rebates provided by brokers or agents will be passed on to the Company. The services of Barclays Group or PNC Group companies may be used by the Investment Advisers where it is considered appropriate to do so provided that (a) their commissions and other terms of business are generally comparable with those available from unassociated brokers and agents in the markets concerned, and (b) this is consistent with the above policy of obtaining best net results. Consistent with the above policies, it is anticipated that a proportion of the Company's investment transactions will be executed through Barclays Group or PNC Group broker dealers and that they will be amongst a relatively small group of global firms which may each be assigned a larger proportion of transactions than the proportion assigned to any other firm.
29. Subject to the foregoing, and to any restrictions adopted by the Directors or set forth in the Articles, the Investment Advisers and any other BlackRock Group company or a Barclays Group, or PNC Group company, and any directors of the foregoing, may (a) have an interest in the Company or in any transaction effected with or for it, or a relationship of any description with any other person, which may involve a potential conflict with their respective duties to the Company, and (b) deal with or otherwise use the services of Barclays Group or PNC Group companies in connection with the performance of such duties; and none of them will be liable to account for any profit or remuneration derived from so doing.

For example, such potential conflicts may arise because the relevant BlackRock Group company, Barclays Group company or PNC Group company:

- (a) undertakes business for other clients;
- (b) has directors or employees who are directors of, hold or deal in securities of, or are otherwise interested in, any company the securities of which are held by or dealt in on behalf of the Company;
- (c) may benefit from a commission, fee, mark-up or mark-down payable otherwise than by the Company in relation to a transaction in investment;

- (d) may act as agent for the Company in relation to transactions in which it is also acting as agent for the account of other clients of itself;
- (e) may deal in investments and/or currencies as principal with the Company or any of the Company's shareholders;
- (f) transacts in units or shares of a collective investment scheme or any company of which any BlackRock Group company, Barclays Group company, or PNC Group company is the manager, operator, banker, adviser or trustee;
- (g) may effect transactions for the Company involving placings and/or new issues with another of its group companies which may be acting as principal or receiving agent's commission.

30. As described above, securities may be held by, or be an appropriate investment for, the Company as well as by or for other clients of the Investment Advisers or other BlackRock Group companies. Because of different objectives or other factors, a particular security may be bought for one or more such clients, when other clients are selling the same security. If purchases or sales of securities for the Company or such clients arise for consideration at or about the same time, such transactions will be made, insofar as feasible, for the relevant clients in a manner deemed equitable to all. There may be circumstances when purchases or sales of securities for one or more BlackRock Group clients have an adverse effect on other BlackRock Group clients.

31. With respect to the Funds (or portion of a Fund) for which they provide investment management and advice, companies within the BlackRock Group may select brokers (including, without limitation, brokers who are affiliated with the BlackRock Group, Barclays Group or PNC Group) that furnish the BlackRock Group, directly or through third-party or correspondent relationships, with research or execution services which provide, in BlackRock Group's view, lawful and appropriate assistance to each applicable BlackRock Group company in the investment decision-making or trade execution processes and the nature of which is that their provision can reasonably be expected to benefit the Fund as a whole and may contribute to an improvement in the Funds' performance. Such research or execution services may include, without limitation and to the extent permitted by applicable law: research reports on companies, industries and securities; economic and financial information and analysis; and quantitative analytical software. Research or execution services obtained in this manner may be used in servicing not only the account from which commissions were used to pay for the services, but also other BlackRock Group client accounts. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods and services, general office equipment, computer hardware or premises, membership fees, employee salaries or direct money payments. To the extent that BlackRock uses its clients' commission dollars to obtain research or execution services, BlackRock Group companies will not have to pay for those products and services themselves. BlackRock Group companies may receive research or execution services that are bundled with the trade execution, clearing and/or settlement services provided by a particular broker-dealer. To the extent that each BlackRock Group company receives research or execution services on this basis, many of the same potential conflicts related to receipt of these services through third party arrangements exist. For example, the research effectively will be paid by client commissions that also will be used to pay for the execution, clearing and settlement services provided by the broker-dealer and will not be paid by that BlackRock Group company.

Each BlackRock Group company may endeavour, subject to best execution, to execute trades through brokers who, pursuant to such

arrangements, provide research or execution services in order to ensure the continued receipt of research or execution services that BlackRock Group company believes are useful in their investment decision-making or trade execution process. Each BlackRock Group company may pay, or be deemed to have paid, commission rates higher than it could have otherwise paid in order to obtain research or execution services if that BlackRock Group Company determines in good faith that the commission paid is reasonable in relation to the value of the research or execution services provided. BlackRock Group believes that using commission dollars to obtain the research or execution services enhances its investment research and trading processes, thereby increasing the prospect for higher investment returns.

BlackRock Group may from time to time choose to alter or choose not to engage in the above described arrangements to varying degrees, without notice to BlackRock Group clients, to the extent permitted by applicable law.

32. Establishing, holding or unwinding opposite positions (i.e., long and short) in the same security at the same time for different clients may prejudice the interests of clients on one side or the other and may pose a conflict of interest for the BlackRock Group as well, particularly if a BlackRock Group company or the portfolio managers involved may earn higher compensation from one activity than from the other. This activity may occur as a result of different portfolio management teams taking different views of a particular security or in the course of implementing risk management strategies, and special policies and procedures are not generally utilized in these situations.

This activity may also occur within the same portfolio management team as a result of the team having both long only mandates and long-short or short only mandates or in the course of implementing risk management strategies. Where the same portfolio management team has such mandates, shorting a security in some portfolios that is held long in other portfolios or establishing a long position in a security in some portfolios that is held short in other portfolios may be done only in accordance with established policies and procedures designed to ensure the presence of an appropriate fiduciary rationale and to achieve execution of opposing transactions in a manner that does not systematically advantage or disadvantage any particular set of clients. BlackRock's compliance group monitors compliance with these policies and procedures and may require their modification or termination of certain activities to minimize conflicts. Exceptions to these policies and procedures must be approved by the compliance group.

Among the fiduciary rationales that may justify taking opposite positions in the same security at the same time would be differing views as to the short-term and long-term performance of a security, as a result of which it may be inappropriate for long only accounts to sell the security but may be appropriate for short-term oriented accounts that have a shorting mandate to short the security over the near term. Another rationale may be to seek to neutralize the effect of the performance of a particular segment of one company's business by taking the opposite position in another company whose business is substantially similar to that of the segment in question.

In certain cases BlackRock's efforts to effectively manage these conflicts may result in a loss of investment opportunity for its clients or may cause it to trade in a manner that is different from how it would trade if these conflicts were not present, which may negatively impact investment performance.

33. The investment activities of the BlackRock Group for its own account and for other accounts managed by it or by a Barclays Group or PNC Group company may limit the investment strategies that can be conducted on behalf of the Funds by the Investment Advisers as a result of aggregation limits. For example, the definition of corporate

and regulatory ownership of regulated industries in certain markets may impose limits on the aggregate amount of investment by affiliated investors that may not be exceeded. Exceeding these limits without the grant of a license or other regulatory or corporate consent may cause the BlackRock Group and the Funds to suffer disadvantages or business restrictions. If such aggregate ownership limits are reached, the ability of the Funds to purchase or dispose of investments or exercise rights may be restricted by regulation or otherwise impaired. As a result, the Investment Advisers on behalf of the Funds may limit purchases, sell existing investments or otherwise restrict or limit the exercise of rights (including voting rights) in light of potential regulatory restrictions on ownership or other restriction resulting from reaching investment thresholds.

34. For investments in the units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the Management Company itself or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding of more than 10% of the capital or voting rights, no management, subscription or redemption fees may be charged to the Company on its investment in the units of such other UCITS and/or other UCIs.
35. With reference to Paragraph 3.5 of Appendix A, the Company has appointed BlackRock Advisors (UK) Limited as securities lending agent which in turn may sub-delegate the provision of securities lending agency services to other BlackRock Group companies. BlackRock Advisors (UK) Limited has the discretion to arrange stock loans with highly rated specialist financial institutions (the "counterparties"). Such counterparties can include associates of BlackRock Advisors (UK) Limited. Collateral is marked to market on a daily basis and stock loans are repayable upon demand. At the cost of the Company, BlackRock Advisors (UK) Limited receives remuneration in relation to its activities above. Such remuneration shall not exceed 40% of the net revenue from the activities.

#### Statutory and Other Information

36. Copies of the following documents (together with a certified translation thereof where relevant) are available for inspection during usual business hours on any weekday (Saturdays and Public Holidays excepted) at the registered office of the Company and at the offices of BlackRock (Luxembourg) S.A., 6D route de Trèves, L-2633 Senningerberg, Luxembourg:
- (a) the Articles of Association of the Company; and
  - (b) the material contracts entered into between the Company and its functionaries (as varied or substituted from time to time).

A copy of the Articles of Association of the Company may be obtained free of charge at the above addresses.

37. Shares in the Company are and will continue to be made widely available. The intended categories of investors include both the general public as well as institutional investors. Shares in the Company will be marketed and made available sufficiently widely to reach the intended categories of investors and in a manner appropriate to attract these investors.

## Appendix D – Authorised Status

### Australia

Prospective investors must read this Prospectus or any other disclosure document before making a decision to acquire Shares in the Company. The Company which is the issuer of this Prospectus is not licensed to provide financial product advice, within the meaning of the Corporations Act 2001 (Cth) in Australia.

The Company is not available for investment by retail clients within the meaning of the Corporations Act 2001 (Cth) and accordingly there is no product disclosure statement or cooling off regime for the Company.

Please note:

- ▶ investment in the Company can be subject to investment risk, including possible delays in repayment and loss of income and principal invested; and
- ▶ unless otherwise specified in this Prospectus, no guarantee is provided by the Company in relation to the success of the Company or the achievement of a particular rate or return on income or capital.

By investing in the Company, you acknowledge that you have read and understood the above disclosures.

### Austria

The Company has notified the Financial Market Authority of its intention to distribute its Shares in Austria pursuant to Article 36 of the Investment Fund Act 1993. This Prospectus is available in a German language version, which includes additional information for Austrian investors. The simplified prospectus is also available in German.

### Bahrain

Approval has been granted by the Bahrain Monetary Agency to market the Company in Bahrain, subject to its Regulation, Governing Collective Investment Schemes including regulations and principles on the General Supervision, Operation and Marketing of Collective Investment Schemes. The Bahrain Monetary Agency takes no responsibility for the financial soundness of the Company or for the correctness of any statement made or expressed in relation thereto.

### Belgium

The Company has been registered with the Banking and Finance Commission in accordance with Article 130 of the Act of 20 July 2004 relating to financial transactions and the financial markets. The French language version of this Prospectus distributed in Belgium includes additional information for Belgian investors.

### Brunei

The Company's administrator in Brunei is The Hong Kong and Shanghai Banking Corporation Limited, Brunei Darussalam, who holds a license to distribute Shares of the Company pursuant to Section 7 of the Mutual Funds Order 2001. Shares may only be publicly distributed in Brunei by the Company's Brunei administrator.

### Canada

The Shares have not been, nor will they be, qualified for distribution to the public in Canada as no prospectus for the Fund has been filed with any securities commission or regulatory authority in Canada or any province or territory thereof. This Prospectus is not, and under no circumstances is to be construed, as an advertisement or any other step in furtherance of a public offering of Shares in Canada. No Canadian resident may purchase or accept a transfer of Shares unless it is eligible to do so under applicable Canadian or provincial laws.

### Chile

The Company has obtained the registration of certain Funds with the Risk Classification Commission in Chile following an application by a local

pension fund manager. The Company's Shares may only be marketed to certain Chilean pension funds.

### Denmark

Approval has been granted to the Company by the Danish Financial Supervisory Authority (Finanstilsynet) in accordance with Section 18 of the Danish Act on Investment Associations (Act no. 456 of 18 May 2011) to market its Shares to institutional investors in Denmark. The simplified prospectus as well as certain information on taxation are available in Danish.

### Finland

The Company has notified the Financial Supervision Authority in accordance with Section 127 of the Act on Common Funds (29.1.1999/48) and by virtue of confirmation from the Financial Supervision Authority the Company may publicly distribute its Shares in Finland. This Prospectus and all other information and documents that the Company must publish in Luxembourg pursuant to applicable Luxembourg Law are translated into Finnish and are available for Finnish investors at the offices of the appointed distributors in Finland.

### France

The requirements of General Regulation of the "Autorité des Marchés Financiers" (the "AMF") having been met, the Company has been authorised to market its Shares in France. CACEIS Bank will perform the services of Centralising Correspondent in France. This Prospectus is available in a French language version that includes additional information for French investors. The additional information for French investors should be read in conjunction with this Prospectus. Documentation relating to the Company can be inspected at the offices of CACEIS Bank, the registered office of which is at 1, place Valhubert, F-75013 Paris, France, during normal business hours and copies of the documentation can be obtained from them if required.

### Gibraltar

The Company has obtained the status of a recognised scheme under Section 24 of the Gibraltar Financial Services Ordinance, 1989. By virtue of a confirmation from the Financial Services Commission the Company may publicly distribute its Shares in Gibraltar.

### Greece

Approval has been granted to the Company by the Capital Markets Committee in accordance with the procedures of Articles 49a and 49b of the Law 1969/1991, to distribute its Shares in Greece. This Prospectus is available in a Greek language translation. It must be noted that the relevant Capital Markets Committee guidelines provide that "Mutual Funds do not have a guaranteed return and that previous performance does not secure future performance".

### Guernsey

Consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinances, 1959 to 1989, has been obtained to the circulation of this Prospectus in Guernsey. Neither the Guernsey Financial Services Commission nor the States Advisory and Finance Committee takes any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

### Hong Kong

The Company is authorised as a collective investment scheme by the Securities and Futures Commission in Hong Kong (the "SFC"). The SFC's authorisation is not a recommendation or endorsement of the Company nor does it guarantee the commercial merits of the Company or its performance. It does not mean the Company is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Prospectus is available for Hong Kong residents in both English and Chinese. Please note that not all of the Funds are available for distribution in Hong Kong and investors should read this Prospectus in conjunction with the Information for Residents of Hong Kong ("IRHK"), which contains additional information for Hong Kong residents. The Company's representative in Hong Kong is BlackRock (Hong Kong) Limited.

## Hungary

The Hungarian Financial Supervisory Authority authorized on 16 April 2007 the Hungarian distribution of the Company's Shares pursuant to Section 288 (1) of the Hungarian Act CXX of 2001 on the Capital Market. This full Prospectus and the simplified prospectuses are available to investors also in a Hungarian language version.

## Iceland

The Company has notified the Icelandic Financial Supervisory Authority (*Fjármálaeftirlitid*) in accordance with the provisions of the Act No. 30/2003 on Undertakings for Collective Investment in Transferable Securities (UCITS) and Investment Funds no. 30/2003 regarding the offering of foreign UCITS-funds for sale in Iceland. By virtue of a confirmation from the Icelandic Financial Supervisory Authority, the following funds may be offered for sale in Iceland:

Asian Dragon Fund  
 European Small & Mid Cap Opportunities Fund  
 Global Allocation Fund  
 Global Opportunities Fund  
 New Energy Fund  
 Pacific Equity Fund  
 World Gold Fund  
 Euro-Markets Fund  
 Emerging Europe Fund  
 Emerging Markets Fund  
 World Income Fund  
 Local Emerging Markets Short Duration Bond Fund  
 US Dollar Reserve Fund  
 Global High Yield Bond Fund  
 World Healthscience Fund  
 World Financials Fund  
 European Fund  
 Japan Small and Midcap Opportunities Fund  
 US Growth Fund  
 Continental European Flexible Fund  
 Global Dynamic Equity Fund  
 Euro Short Duration Bond Fund  
 Euro Bond Fund  
 Global Government Bond Fund  
 World Bond Fund  
 US Government Mortgage Fund

According to rules on foreign exchange control, issued by the Central Bank of Iceland on 15 December 2008 (as amended), Icelandic investors are prohibited from investing in securities, unit shares of UCITS and/or investment funds, money market instruments or other transferable financial instruments denominated in other currencies than Icelandic krona (ISK). However, parties that have invested in such financial instruments prior to the entry into force of the rules are permitted to reinvest. Investors can apply for an exemption from these provisions.

The Company's local distributor in Iceland is responsible for arranging for all necessary information to be available for Icelandic retail investors, in accordance with the Act No. 30/2003 on Undertakings for Collective Investment in Transferable Securities (UCITS) and Investment Funds, as amended.

## Ireland

The requirements of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 having been met, the Central Bank of Ireland has confirmed that the Company may market its Shares in Ireland. J.P. Morgan Administration Services (Ireland) Limited will perform the services of facility agent in Ireland. Documentation relating to the Company can be inspected at J.P. Morgan Administration Services (Ireland) Limited's offices at J.P. Morgan House, International Financial Services Centre, Dublin 1, Ireland during normal business hours and copies of the documentation can be obtained from them if required.

J.P. Morgan Administration Services (Ireland) Limited will also forward any redemption or dividend payment requests or any complaints relating to the Company to the Transfer Agent.

## Italy

The Company has obtained the registration in Italy of certain Funds from the Commissione Nazionale per le Società e la Borsa (CONSOB) and from the Banca d'Italia pursuant to article 42 of Legislative Decree no. 58 of 24 February 1998 and implementing regulations. The offering of the Funds can only be carried out by the appointed distributors indicated in the Italian wrapper (New Subscription Form) in accordance with the procedures indicated therein. The Italian translation of this Prospectus is available for Italian investors together with the Italian wrapper and the other documents indicated in the Italian wrapper at the offices of the appointed correspondent bank of the Company. A shareholder who makes a subscription or a redemption of Shares through the local Paying Agent or other entities responsible for processing Share transactions in Italy may be charged with the expenses linked to the activity carried out by such entities. In Italy, additional expenses incurred by the Italian Paying Agent(s) or other entities responsible for processing Share transactions for and on behalf of Italian shareholders (for example for the cost of foreign exchange dealing and for intermediation in payments) may be charged to those shareholders directly. Investors in Italy may confer on the Italian Paying Agent a specific mandate empowering the latter to act in its own name and on behalf of the same investors. Under this mandate, the Italian Paying Agent in its own name and on behalf of the investors in Italy shall (i) transmit in aggregated form to the Company subscription /redemption/conversion orders; (ii) hold the Shares in the register of shareholders of the Company and (iii) carry out any other administrative activity under the investment contract. Further details of such mandate will be provided in the subscription form for Italy.

In Italy investors may be able to subscribe for Shares through Regular Savings Plans. Under Regular Savings Plans may be also possible to periodically/regularly redeem and/or convert the Shares. Details of the Regular Savings Plans facilities offered will be provided in the subscription form for Italy.

## Jersey

The consent of the Jersey Financial Services Commission (the "Commission") has been obtained pursuant to the Control of Borrowing (Jersey) Order 1958, as amended, to raise money in the Island by the issue of Shares of the Company and for the distribution of this Prospectus. The Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law.

## Korea

distribution and offering of the Shares in the Company to the public in Korea, the Company has been registered with the Financial Services Commission (the "FSC") and the securities registration statement (as defined under the Financial Investment Services and Capital Market Act of Korea (the "FSCMA")) has been filed with the FSC in accordance with the FSCMA.

## Macau

Authorisation is given by the Autoridade Monetaria De Macau for the advertising and marketing the Company and certain registered sub-funds in Macau in accordance with Article 61 and 62 of Decree Law No. 83/99/M of 22 November 1999. This Prospectus is available to Macau residents in both English and Chinese.

## Netherlands

The Company has notified the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten) in accordance with section 2:72 of the Netherlands Financial Markets Supervision Act (Wet op het financieel toezicht) and may offer its Shares to the public in the Netherlands. This Prospectus, a Dutch translation of the simplified prospectus and all information and documents that the Company must publish in Luxembourg

## Appendix D

pursuant to applicable Luxembourg laws are available from BlackRock Investment Management (UK) Limited, Amsterdam Branch.

### Norway

The Company has notified the Banking, Insurance and Securities Commission of Norway (Kredittilsynet) in accordance with the Securities Funds Act of 1981 and the Regulation of 1994 regarding foreign investment undertakings rights to offer UCITS-funds for sale in Norway. By virtue of a confirmation letter from the Banking, Insurance and Securities Commission dated 5 March 2001 the Company may market and sell its Shares in Norway.

### People's Republic of China

The Company's interests are not being offered or sold and may not be offered or sold, directly or indirectly within the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities and funds laws of the People's Republic of China.

### Peru

The Shares of the Company will not be registered in Peru under Decreto Legislativo 862: Texto Unico Ordenado de la Ley del Mercado de Valores, as amended, and may only be offered and sold to institutional investors pursuant to a private placement. The Company has obtained registration in Peru of certain Funds with the Superintendencia de Banca, Seguros y AFP pursuant to Decreto Supremo 054-97-EF Texto Unico Ordenado de la Ley del Sistema Privado del Fondo de Pensiones, as amended, and the rules and regulations enacted thereunder.

### Poland

The Company has notified the Polish Securities and Exchange Commission (Komisja Nadzoru Finansowego) of its intention to distribute its Shares in Poland under article 253 of an Act on investment funds (Dz. U. 04.146.1546). The Company has established its representative and payment agent in Poland. The Company is obliged to publish in the Polish language this Prospectus, simplified version of Prospectus, annual and semi-annual financial reports and other documents and information required by the provisions of laws of the state where it maintains its head office. The Company distributes its Shares in Poland by authorised distributors only.

### Portugal

In Portugal, the Comissão do Mercado dos Valores Mobiliários has issued notifications of no objection to the marketing of certain Funds by several distributors (according to the list of Funds contained in the respective non objection notifications) with whom the Principal Distributor has entered into distribution agreements.

### Saudi Arabia

The Shares may only be offered and sold in the Kingdom of Saudi Arabia in accordance with Article 4 of the Investment Funds Regulations issued on December 24, 2006 (the "Regulations"). Article 4(b)(4) of the Regulations states that, if investment fund units are offered to no more than 200 offerees in the Kingdom of Saudi Arabia and the minimum amount payable per offeree is not less than Saudi Riyals 1 million or an equivalent amount in another currency, such offer of investment fund units shall be deemed a private placement for purposes of the Regulations. Investors are informed that Article 4(g) of the Regulations places restrictions on secondary market activity with respect to such investment fund units.

### Singapore

Certain Sub-Funds of the Company (the "Restricted Sub-Funds") have been entered onto the list of restricted schemes maintained by the Monetary Authority of Singapore (the "MAS") for purpose of restricted offer in Singapore pursuant to section 305 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") and the list of Restricted Sub-Funds may be accessed at: <https://masnetvc2.mas.gov.sg/cisnetportal/jsp/list.jsp>

In addition, certain Sub-Funds of the Company (including the Latin American Fund), have also been recognised in Singapore for retail

distribution (the "Recognised Sub-Funds"). Please refer to the Singapore prospectus (which has been registered by the MAS) relating to the retail offer of the Recognised Sub-Funds for the list of Sub-Funds which are Recognised Sub-Funds. The registered Singapore prospectus may be obtained from the relevant appointed distributors.

A restricted offer or invitation of the shares (the "Shares") of each Restricted Sub-Fund is the subject of this Prospectus. Save for the Latin American Fund, the Restricted Sub-Funds are not authorised or recognised by the Monetary Authority of Singapore (the "MAS") and the Shares are not allowed to be offered to the retail public in Singapore. The Latin American Fund is a Recognised Scheme, however, a concurrent restricted offer of Shares of the Latin American Fund is made under and in reliance of sections 304 and/or 305 of the SFA.

This Prospectus and any other document or material issued in connection with this restricted offer or sale is not a prospectus as defined in the SFA. Accordingly, statutory liability under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

This Prospectus has not been registered as a prospectus with the MAS. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, pursuant to this Prospectus whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Shares are subscribed or purchased under Section 305 by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 305 except:

- (1) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 305A(5) of the SFA.

### Spain

The Company is duly registered with the Comisión Nacional de Mercado de Valores in Spain under number 140.

### Sweden

The Company has notified the Financial Supervisory Authority in accordance with Section 7 b of the Securities Fund Act (1990:1114) and by virtue of

a confirmation from the Financial Supervisory Authority the Company may publicly distribute its Shares in Sweden.

#### **Switzerland**

The Swiss Financial Market Authority FINMA has authorised BlackRock Asset Management Switzerland Limited, as the Company's Swiss representative, to publicly distribute the Shares of each of the Company's Funds in or from Switzerland in accordance with Article 123 of the Collective Investment Schemes Act of 23 June 2006. A German language version of this Prospectus is available which also includes the additional information for Swiss investors.

#### **Taiwan**

Certain Funds have been approved by the Financial Supervisory Commission (the "FSC") or effectively registered with the FSC for public offering and sale through the master agent and/or sales agents in Taiwan in accordance with the Securities Investment Trust and Consulting Act and the relevant regulations and rules of the FSC.

#### **United Kingdom**

The contents of this Prospectus have been approved solely for the purposes of section 21 of the UK Financial Services and Markets Act 2000 (the "Act") by the Company's UK Distributor, BlackRock Investment Management (UK) Limited, 12 Throgmorton Avenue, London EC2N 2DL (which is regulated by the Financial Services Authority in the conduct of investment business in the UK). The Company has obtained the status of "recognised scheme" for the purposes of the Act. Some or all of the protections provided by the UK regulatory system will not apply to investments in the Company. Compensation under the UK Investors Compensation Scheme will generally not be available. The Company provides the facilities required by the regulations governing such schemes at the offices of BlackRock Investment Management (UK) Limited. An applicant for Shares will not have the right to cancel his application under the UK Financial Services Authority Conduct of Business Rules. Further details on BlackRock Global Funds can be obtained from the UK Distributor's Broker Support Desk in London, telephone: 08457 405 405.

#### **USA**

The Shares will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") and may not be directly or indirectly offered or sold in the USA or any of its territories or possessions or areas subject to its jurisdiction or to or for the benefit of a US Person. The Company will not be registered under the US Investment Company Act of 1940. US Persons are not permitted to own Shares. Attention is drawn to paragraphs 3 and 4 of Appendix B which specify certain compulsory redemption powers and define "US Person".

#### **Generally**

The distribution of this Prospectus and the offering of the Shares may be authorised or restricted in certain other jurisdictions. The above information is for general guidance only and it is the responsibility of any persons in possession of this Prospectus and of any persons wishing to make application for Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions.

Appendix E

Appendix E – Summary of Charges and Expenses

All Share Classes are also subject to an Administration Fee, which may be charged at a rate of up to 0.25% per annum.

Asian Dragon Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.00%	1.00%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Asian Local Bond Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.00%	0.00%	0.00%
Class C	0.00%	1.00%	1.25%	1.00% to 0.00%
Class D	5.00%	0.50%	0.00%	0.00%
Class E	3.00%	1.00%	0.50%	0.00%
Class I	0.00%	0.50%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Asian Tiger Bond Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.00%	0.00%	0.00%
Class B	0.00%	1.00%	1.00%	4.00% to 0.00%
Class C	0.00%	1.00%	1.25%	1.00% to 0.00%
Class D	5.00%	0.50%	0.00%	0.00%
Class E	3.00%	1.00%	0.50%	0.00%
Class I	0.00%	0.50%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	0.55%	1.00%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Asia Pacific Equity Income Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

China Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Continental European Flexible Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Emerging Europe Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.75%	0.00%	0.00%
Class B	0.00%	1.75%	1.00%	4.00% to 0.00%
Class C	0.00%	1.75%	1.25%	1.00% to 0.00%
Class D	5.00%	1.00%	0.00%	0.00%
Class E	3.00%	1.75%	0.50%	0.00%
Class I	0.00%	1.00%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.75%	1.25%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Emerging Markets Bond Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.25%	0.00%	0.00%
Class B	0.00%	1.25%	1.00%	4.00% to 0.00%
Class C	0.00%	1.25%	1.25%	1.00% to 0.00%
Class D	5.00%	0.65%	0.00%	0.00%
Class E	3.00%	1.25%	0.50%	0.00%
Class I	0.00%	0.65%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	0.55%	1.00%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Emerging Markets Diversified Equity Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Emerging Markets Equity Income Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Emerging Markets Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.50%	1.25%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Euro Bond Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	0.75%	0.00%	0.00%
Class B	0.00%	0.75%	1.00%	4.00% to 0.00%
Class C	0.00%	0.75%	1.25%	1.00% to 0.00%
Class D	5.00%	0.40%	0.00%	0.00%
Class E	3.00%	0.75%	0.50%	0.00%
Class I	0.00%	0.40%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	0.75%	1.25%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Euro Corporate Bond Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	0.90%	0.00%	0.00%
Class B	0.00%	0.90%	1.00%	4.00% to 0.00%
Class C	0.00%	0.90%	1.25%	1.00% to 0.00%
Class D	5.00%	0.45%	0.00%	0.00%
Class E	3.00%	0.90%	0.50%	0.00%
Class I	0.00%	0.45%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Euro Reserve Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	0.00%	0.45%	0.00%	0.00%
Class B	0.00%	0.45%	0.00%	0.00%
Class C	0.00%	0.45%	0.00%	0.00%
Class D	0.00%	0.25%	0.00%	0.00%
Class E	0.00%	0.45%	0.25%	0.00%
Class I	0.00%	0.25%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Euro Short Duration Bond Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	0.75%	0.00%	0.00%
Class B	0.00%	0.75%	1.00%	4.00% to 0.00%
Class C	0.00%	0.75%	1.25%	1.00% to 0.00%
Class D	5.00%	0.40%	0.00%	0.00%
Class E	3.00%	0.75%	0.50%	0.00%
Class I	0.00%	0.40%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Euro-Markets Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.15%	1.25%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Appendix E

European Enhanced Equity Yield Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

European Equity Income Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

European Focus Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.75%	0.00%	0.00%
Class C	0.00%	1.75%	1.25%	1.00% to 0.00%
Class D	5.00%	1.00%	0.00%	0.00%
Class E	3.00%	1.75%	0.50%	0.00%
Class I	0.00%	1.00%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

European Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.15%	1.25%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

European Growth Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

European Small & MidCap Opportunities Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.50%	1.25%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

European Value Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.00%	1.00%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Fixed Income Global Opportunities Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.00%	0.00%	0.00%
Class B	0.00%	1.00%	1.00%	4.00% to 0.00%
Class C	0.00%	1.00%	1.25%	1.00% to 0.00%
Class D	5.00%	0.50%	0.00%	0.00%
Class E	3.00%	1.00%	0.50%	0.00%
Class I	0.00%	0.50%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Flexible Multi-Asset Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Global Allocation Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.00%	1.00%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Global Corporate Bond Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	0.90%	0.00%	0.00%
Class C	0.00%	0.90%	1.25%	1.00% to 0.00%
Class D	5.00%	0.45%	0.00%	0.00%
Class E	3.00%	0.90%	0.50%	0.00%
Class I	0.00%	0.45%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Global Dynamic Equity Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.00%	1.00%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Global Enhanced Equity Yield Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Global Equity Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.15%	1.25%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Global Equity Income Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Global Government Bond Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	0.75%	0.00%	0.00%
Class B	0.00%	0.75%	1.00%	4.00% to 0.00%
Class C	0.00%	0.75%	1.25%	1.00% to 0.00%
Class D	5.00%	0.40%	0.00%	0.00%
Class E	3.00%	0.75%	0.50%	0.00%
Class I	0.00%	0.40%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	0.75%	1.25%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Global High Yield Bond Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.25%	0.00%	0.00%
Class B	0.00%	1.25%	1.00%	4.00% to 0.00%
Class C	0.00%	1.25%	1.25%	1.00% to 0.00%
Class D	5.00%	0.65%	0.00%	0.00%
Class E	3.00%	1.25%	0.50%	0.00%
Class I	0.00%	0.65%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.25%	1.25%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Appendix E

Global Inflation Linked Bond Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	0.75%	0.00%	0.00%
Class C	0.00%	0.75%	1.25%	1.00% to 0.00%
Class D	5.00%	0.40%	0.00%	0.00%
Class E	3.00%	0.75%	0.50%	0.00%
Class I	0.00%	0.40%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Global Opportunities Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.50%	1.25%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Global SmallCap Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.00%	1.00%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

India Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Japan Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.15%	1.25%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Japan Small & MidCap Opportunities Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.50%	1.25%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Japan Value Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Latin American Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.75%	0.00%	0.00%
Class B	0.00%	1.75%	1.00%	4.00% to 0.00%
Class C	0.00%	1.75%	1.25%	1.00% to 0.00%
Class D	5.00%	1.00%	0.00%	0.00%
Class E	3.00%	1.75%	0.50%	0.00%
Class I	0.00%	1.00%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.00%	1.00%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Local Emerging Markets Bond Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.25%	0.00%	0.00%
Class C	0.00%	1.25%	1.25%	1.00% to 0.00%
Class D	5.00%	0.65%	0.00%	0.00%
Class E	3.00%	1.25%	0.50%	0.00%
Class I	0.00%	0.65%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Local Emerging Markets Short Duration Bond Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.00%	0.00%	0.00%
Class B	0.00%	1.00%	1.00%	4.00% to 0.00%
Class C	0.00%	1.00%	1.25%	1.00% to 0.00%
Class D	5.00%	0.50%	0.00%	0.00%
Class E	3.00%	1.00%	0.50%	0.00%
Class I	0.00%	0.50%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	0.55%	1.00%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

New Energy Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.75%	0.00%	0.00%
Class B	0.00%	1.75%	1.00%	4.00% to 0.00%
Class C	0.00%	1.75%	1.25%	1.00% to 0.00%
Class D	5.00%	1.00%	0.00%	0.00%
Class E	3.00%	1.75%	0.50%	0.00%
Class I	0.00%	1.00%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.75%	1.25%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

North American Equity Income Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Pacific Equity Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.15%	1.00%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Renminbi Bond Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	0.75%	0.00%	0.00%
Class C	0.00%	0.75%	1.25%	1.00% to 0.00%
Class D	5.00%	0.40%	0.00%	0.00%
Class E	3.00%	0.75%	0.50%	0.00%
Class I	0.00%	0.40%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Swiss Small & Mid Cap Opportunities Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

United Kingdom Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.15%	1.25%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Appendix E

US Basic Value Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.00%	1.00%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

US Dollar Core Bond Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	0.85%	0.00%	0.00%
Class B	0.00%	0.85%	1.00%	4.00% to 0.00%
Class C	0.00%	0.85%	1.25%	1.00% to 0.00%
Class D	5.00%	0.45%	0.00%	0.00%
Class E	3.00%	0.85%	0.50%	0.00%
Class I	0.00%	0.45%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	0.65%	1.00%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

US Dollar High Yield Bond Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.25%	0.00%	0.00%
Class B	0.00%	1.25%	1.00%	4.00% to 0.00%
Class C	0.00%	1.25%	1.25%	1.00% to 0.00%
Class D	5.00%	0.65%	0.00%	0.00%
Class E	3.00%	1.25%	0.50%	0.00%
Class I	0.00%	0.65%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	0.55%	0.75%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

US Dollar Reserve Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	0.00%	0.45%	0.00%	0.00%
Class B	0.00%	0.45%	0.00%	0.00%
Class C	0.00%	0.45%	0.00%	0.00%
Class D	0.00%	0.25%	0.00%	0.00%
Class E	0.00%	0.45%	0.25%	0.00%
Class I	0.00%	0.25%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

US Dollar Short Duration Bond Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	0.75%	0.00%	0.00%
Class B	0.00%	0.75%	1.00%	4.00% to 0.00%
Class C	0.00%	0.75%	1.25%	1.00% to 0.00%
Class D	5.00%	0.40%	0.00%	0.00%
Class E	3.00%	0.75%	0.50%	0.00%
Class I	0.00%	0.40%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

US Flexible Equity Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.15%	1.25%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

US Government Mortgage Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	0.75%	0.00%	0.00%
Class B	0.00%	0.75%	1.00%	4.00% to 0.00%
Class C	0.00%	0.75%	1.25%	1.00% to 0.00%
Class D	5.00%	0.40%	0.00%	0.00%
Class E	3.00%	0.75%	0.50%	0.00%
Class I	0.00%	0.40%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	0.75%	0.75%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

US Growth Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.00%	1.00%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

US Small & MidCap Opportunities Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.50%	1.25%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

World Agriculture Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.75%	0.00%	0.00%
Class C	0.00%	1.75%	1.25%	1.00% to 0.00%
Class D	5.00%	1.00%	0.00%	0.00%
Class E	3.00%	1.75%	0.50%	0.00%
Class I	0.00%	1.00%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

World Bond Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	0.85%	0.00%	0.00%
Class B	0.00%	0.85%	1.00%	4.00% to 0.00%
Class C	0.00%	0.85%	1.25%	1.00% to 0.00%
Class D	5.00%	0.45%	0.00%	0.00%
Class E	3.00%	0.85%	0.50%	0.00%
Class I	0.00%	0.45%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

World Energy Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.75%	0.00%	0.00%
Class B	0.00%	1.75%	1.00%	4.00% to 0.00%
Class C	0.00%	1.75%	1.25%	1.00% to 0.00%
Class D	5.00%	1.00%	0.00%	0.00%
Class E	3.00%	1.75%	0.50%	0.00%
Class I	0.00%	1.00%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.75%	1.25%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

World Financials Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.00%	1.00%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

World Gold Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.75%	0.00%	0.00%
Class B	0.00%	1.75%	1.00%	4.00% to 0.00%
Class C	0.00%	1.75%	1.25%	1.00% to 0.00%
Class D	5.00%	1.00%	0.00%	0.00%
Class E	3.00%	1.75%	0.50%	0.00%
Class I	0.00%	1.00%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.50%	1.25%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

World Healthscience Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.50%	1.25%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

World Income Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	0.85%	0.00%	0.00%
Class B	0.00%	0.85%	1.00%	4.00% to 0.00%
Class C	0.00%	0.85%	1.25%	1.00% to 0.00%
Class D	5.00%	0.45%	0.00%	0.00%
Class E	3.00%	0.85%	0.50%	0.00%
Class I	0.00%	0.45%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

## Appendix E

World Mining Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.75%	0.00%	0.00%
Class B	0.00%	1.75%	1.00%	4.00% to 0.00%
Class C	0.00%	1.75%	1.25%	1.00% to 0.00%
Class D	5.00%	1.00%	0.00%	0.00%
Class E	3.00%	1.75%	0.50%	0.00%
Class I	0.00%	1.00%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.50%	1.25%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

World Resources Equity Income Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.75%	0.00%	0.00%
Class C	0.00%	1.75%	1.25%	1.00% to 0.00%
Class D	5.00%	1.00%	0.00%	0.00%
Class E	3.00%	1.75%	0.50%	0.00%
Class I	0.00%	1.00%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%

World Technology Fund	Initial charge	Management Fee	Distribution Fee	CDSC
Class A	5.00%	1.50%	0.00%	0.00%
Class B	0.00%	1.50%	1.00%	4.00% to 0.00%
Class C	0.00%	1.50%	1.25%	1.00% to 0.00%
Class D	5.00%	0.75%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%
Class Q	0.00%	1.00%	1.00%	4.00% to 0.00%
Class X	0.00%	0.00%	0.00%	0.00%

Note: Subject to the approval of the Directors, the combined Management Fee and Administration Fee for any Fund may be increased up to 2.25% in total by giving shareholders three months' prior notice in accordance with paragraph 20 of Appendix C. Any increase above this level would require approval of shareholders at a general meeting.

## Summary of Subscription Procedure and Payment Instructions

### 1. Application Form

For initial subscriptions for Shares you must complete the application form which may be obtained from the Transfer Agent or the local Investor Servicing teams and the form must be signed by all joint applicants. Subsequent subscriptions may be made in writing or by fax or telephone, stating your registration details and the amount to be invested. If your application is being submitted by your professional adviser, section 5 of the application form should be completed. Completed application forms must be sent to the Transfer Agent or the local Investor Servicing teams.

### 2. Money Laundering Prevention

Please read the notes on the application form regarding the identification documents required and ensure that you provide these to the Transfer Agent or the local Investor Servicing teams together with your application form.

### 3. Payment

A copy of your telegraphic transfer instructions should be supplied with your application (see sections 4 and 5 below).

### 4. Payment by Telegraphic Transfer

Payment by SWIFT/bank transfer in the relevant currency should be made to one of the accounts opposite. The SWIFT/bank transfer instruction should contain the following information:

- (i) Bank Name
- (ii) SWIFT Code or Bank Identifier
- (iii) Account (IBAN)
- (iv) Account Number
- (v) Account Reference – “BGF – Fund name subscribed into”
- (vi) By order of Shareholder name/agent name & Shareholder number/agent number

### 5. Foreign Exchange

If you wish to make payment in a currency other than that in the Dealing Currency (or one of the Dealing Currencies) of your chosen Fund, this must be made clear at the time of application.

## Bank Details

### US Dollars:

JP Morgan Chase New York  
SWIFT code CHASUS33  
For the account of: BlackRock (Channel Islands) Limited  
Account Number 001-1-460185, CHIPS UID 359991  
ABA Number 021000021  
Quoting Reference “Name of Fund – Name of Applicant”

### Euros:

JP Morgan Frankfurt  
SWIFT code CHASDEFX, BLZ 501 108 00  
For the account of: BlackRock (Channel Islands) Limited  
Account Number (IBAN) DE40501108006161600066  
(formerly 616-16-00066)  
Quoting Reference “Name of Fund – Name of Applicant”  
An applicant’s obligation to pay for Shares is fulfilled once the amount due has been paid in cleared funds into this account.

### Sterling:

JP Morgan London  
SWIFT code CHASGB2L, Sort Code 60-92-42  
For the account of: BlackRock (Channel Islands) Limited  
Account Number (IBAN) GB07CHAS6092421118940  
(formerly 11118940)  
Quoting Reference “Name of Fund – Name of Applicant”

## Others:

### Australian Dollars:

Pay ANZ National Bank Limited Sydney  
SWIFT code ANZBAU3M  
In favour of JP Morgan Bank London  
SWIFT CODE CHASGB2L  
For the account of BlackRock (Channel Islands) Ltd  
Account Number (IBAN) GB56CHAS60924224466325  
Quoting Reference: “Name of Fund – Name of Applicant”

### Hong Kong Dollars:

Pay JP Morgan Hong Kong  
SWIFT code CHASHKHH  
In favour of JP Morgan Bank London  
SWIFT CODE CHASGB2L  
For the account of BlackRock (Channel Islands) Ltd  
Account Number (IBAN) GB24CHAS60924224466319  
(formerly 24466319)  
Quoting Reference: “Name of Fund – Name of Applicant”

### Japanese Yen:

Pay JP Morgan Tokyo  
SWIFT code CHASJPJT  
In favour of JP Morgan Bank London  
SWIFT CODE CHASGB2L  
For the account of BlackRock (Channel Islands) Ltd  
Account Number (IBAN) GB69CHAS60924222813405  
(formerly 22813405)  
Quoting Reference: “Name of Fund – Name of Applicant”

### New Zealand Dollars:

Pay Westpac Banking Corporation Wellington  
SWIFT code WPACNZ2W  
In favour of JP Morgan Bank London  
SWIFT CODE CHASGB2L  
For the account of BlackRock (Channel Islands) Ltd  
Account Number (IBAN) GB83CHAS60924224466324  
Quoting Reference: “Name of Fund – Name of Applicant”

### Singapore Dollars:

Pay Overseas Chinese Banking Corp Ltd  
SWIFT code OCBCSGSG  
In favour of JP Morgan Bank London  
SWIFT CODE CHASGB2L  
For the account of BlackRock (Channel Islands) Ltd  
Account Number (IBAN) GB13CHAS60924224466323  
Quoting Reference: “Name of Fund – Name of Applicant”

### Swedish Kroner:

Pay Svenska Handelsbanken Stockholm  
SWIFT code HANDSESS  
In favour of JP Morgan Bank London  
SWIFT CODE CHASGB2L  
For the account of BlackRock (Channel Islands) Ltd  
Account Number (IBAN) GB80CHAS60924222813401  
(formerly 22813401)  
Quoting Reference: “Name of Fund – Name of Applicant”

### Swiss Francs:

Pay UBS Zürich  
SWIFT code UBSWCHZH8OA  
In favour of JP Morgan Bank London  
SWIFT CODE CHASGB2L  
For the account of BlackRock (Channel Islands) Ltd  
Account Number (IBAN) GB56CHAS60924217354770  
(formerly 17354770)  
Quoting Reference: “Name of Fund – Name of Applicant”





**FOR MORE INFORMATION**  
Tel +44 (0)20 7743 3300  
[blackrockinternational.com](http://blackrockinternational.com)

PRISMA 11/1811/1 BGF PRO ENG 1211

**BLACKROCK®**

BlackRock® is a trademark of the BlackRock Group registered, amongst others, in the United States, the European Union and other jurisdictions around the world