

Water

An Isle of Man International Collective Investment Scheme
in the form of an Open Ended Investment Company

Scheme Particulars

Scheme Particulars
relating to
THE PROTECTED WATER FUND PLC

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DEFINITIONS

In these Scheme Particulars, the following words and expressions shall have the following meanings:

Act	the Financial Supervision Act 1988 (as amended);
Determination Agent	the party responsible for determining a value for a nominal unit in a series of Notes on a monthly basis, being Barclays Bank Plc;
Closing Date	the date after which subscriptions in a Sub-Fund will no longer be accepted, being 30 th September 2008;
Custodian	BNP Paribas Trust Company (Guernsey) Limited, brief details of which are contained in section 11;
Dealing Day	has the meaning set out in section 21;
Fund	The Protected Water Fund plc, an Isle of Man incorporated open-ended investment company constituted as an international collective investment scheme under the terms of the Act;
Initial Offer	the initial offer of shares in a Sub-Fund as described in section 1;
Management Shares	management shares of £1.00 each in the capital of the Fund;
Manager	Abacus Financial Services Limited, brief details of which are contained in section 10;
Nominal Shares	nominal shares of £0.001 each in the capital of the Fund;
Notes Maturity Date	the maturity date of the Series 1 Notes, being 11 th October 2017;
Offer Price	has the meaning set out in section 21;
Promoter	Protected Distribution Limited, brief details of which are contained in section 14;
Redemption Price	has the meaning set out in section 21;
Series 1 Notes	a series of notes issued by Barclays Bank Plc as part of a structured note programme, further details of which are contained in section 6;
Shares	participating redeemable preference shares of £0.001 each in the capital of the Fund;
Sub-Fund	a sub-fund of the Fund as described in these Scheme Particulars;
Unclassified Shares	unclassified shares of £0.001 each in the capital of the Fund;
Valuation Day	has the meaning set out in section 20; and
Zero Coupon Instrument	a security on which no interest is payable during its term, which is normally sold at a discount to its face value, but of which the value generally increases as it approaches maturity.

All references in these Scheme Particulars to “US Dollars”, “dollars” or “\$” are to the lawful currency for the time being of the United States of America, to “Sterling” or “£” are to the lawful currency for the time being of the United Kingdom and to “Euros” or “€” are to the lawful currency of those members of the European Union who have elected to adopt the European euro.

KEY INFORMATION

THIS DOCUMENT IS IMPORTANT

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

The Protected Water Fund Plc (“the Fund”), and each of its sub-funds, is an international collective investment scheme under the Isle of Man Financial Supervision Act 1988 (“the Act”), to which the Financial Supervision (International Schemes)(Advertising and Scheme Particulars) Regulations 1995 apply (“the Regulations”).

The value of shares and the income produced by them can fall as well as rise. Investors may not get back the value of their original investment. The Manager and the Custodian of the Fund are both Authorised persons for the purposes of the Act. In granting permission for the Manager to manage the Scheme, the Financial Supervision Commission has reviewed the constitutional documents of the Fund. The Financial Supervision Commission has not, however, commented on, nor is it required to comment on, the investment objectives or strategy of the Fund or its suitability for any investor or class of investors. The Fund is not subject to the benefit of any compensation arrangements.

These Scheme Particulars, which have been prepared in accordance with the Regulations and comply with the requirements of the Schedule to the Regulations, are dated 1 August 2008.

1. Introduction

The Fund is an open-ended investment company and was incorporated as a public limited company in the Isle of Man with number 120157C on 29th June 2007 with unlimited duration under the Companies Acts 1931 to 2004 of the Isle of Man. The Fund is not and need not be an authorised person for the purposes of the Act.

The Fund is designed to provide investors with capital growth over the medium to long term through investment in Notes issued by Barclays Bank Plc, the return on which is related to underlying notional investments in water related assets and notional borrowings and which carry an underlying capital protection on maturity of the Notes (but not in the case of early redemption).

The manager of the Fund is Abacus Financial Services Limited and the custodian is BNP Paribas Trust Company (Guernsey) Limited, a member of BNP Paribas group.

The Fund has three sub-funds (each a “Sub-Fund”): the Sterling Series 1 Sub-Fund, valued and priced in sterling; the Dollar Series 1 Sub-Fund, valued and priced in US Dollars; and the Euro Series 1 Sub-Fund, valued and priced in Euros. The assets of each Sub-Fund are held in a segregated portfolio. The three Sub-Funds are identical, except that they are priced and valued in different currencies.

Substantially all of the assets of each Sub-Fund will be used to purchase Notes (“the Series 1 Notes”) issued by Barclays Bank Plc, with the assets of each Sub-Fund being invested in Series 1 Notes denominated in the corresponding currency. The Series 1 Notes represent an investment in a portfolio which balances water related investments intended to provide capital growth with investment in a Zero Coupon Instrument designed to enable Barclays Bank Plc to offer a minimum capital return upon maturity of the Series 1 Notes (but not on earlier redemption) together with notional borrowings. Further information in relation to the Series 1 Notes and their underlying notional investments is contained in sections 6 and 7.

The Redemption Price for Shares in each Sub-Fund will be equal to the current Offer Price less £0.01, \$0.01 or €0.01 (depending on the currency of valuation and pricing of the Sub-Fund in question). Shares in each Sub-Fund will be valued monthly by reference to the net asset value of

the relevant Sub-Fund. No switching between Sub-Funds will normally be permitted, although it may be permitted at the Directors' discretion.

An initial offer of Participating Redeemable Preference Shares ("Shares") in each of the Sub-Funds took place from 9.00am on 15 August 2007 until 5.00pm on 26th September 2007 ("the Initial Offer"). During the Initial Offer, Shares in the Sterling Series 1 Sub-Fund were made available for subscription at a price of £1 each, Shares in the Dollar Series 1 Sub-Fund were made available for subscription at a price of \$1 each and Shares in the Euro Series 1 Sub-Fund were made available for subscription at a price of €1 each. In each case the subscription price represented £0.001 nominal value and the balance share premium.

Since the end of the Initial Offer, Shares in each Sub-Fund have been available for subscription or redemption on any Dealing Day (as described in section 21) at prices calculated by reference to the net asset value of the relevant Sub-Fund. However, Shares will not be available for subscription after the Closing Date.

It is intended that, upon maturity of the Series 1 Notes on the Notes Maturity Date and receipt of the maturity proceeds by the Fund, all of the then outstanding Shares in each Sub-Fund will be compulsorily redeemed.

The remainder of these Scheme Particulars give details of the Fund and its investment objectives. An application form can be found at the end of this document ("the Application Form").

2. Directors, Structured Product Provider, Manager, Custodian, Bank, Auditors, Promoter and Legal Advisers

Directors

The Earl Cowley
Alex Foley
Arnie Iversen

Structured Product Provider

Barclays Bank Plc
1 Churchill Place
London E14 5HP
United Kingdom

Manager

Abacus Financial Services Limited
Sixty Circular Road
Douglas, Isle of Man IM1 1SA
British Isles
Tel: 44 (0) 1624 689750
Fax: 44 (0) 1624 689602
Email: afsl@abacusiom.com

Custodian

BNP Paribas Trust Company (Guernsey) Limited
PO Box 412, BNP Paribas House,
St Julians Avenue, St Peter Port,
Guernsey GY1 3WE, Channel Islands

Bank

The Royal Bank of Scotland
International Limited
PO Box 62, Royal Bank Place
1, Glatigny Esplanade, St Peter Port
Guernsey, GY1 4BQ Channel Islands

Auditors

Deloitte & Touche
66/67 Athol Street
Douglas, Isle of Man IM99 1XJ
British Isles

Promoter

Protected Distribution Limited
Akara Building
24 De Castro Street
Wickhams Cay 1
Road Town
Tortola, British Virgin Islands
Email: info@pdlgroup.com

Legal Advisers

Cains Advocates Limited
15-19 Athol Street
Douglas, Isle of Man IM1 1LB
British Isles

PART 1

3. **Water as a Resource**

Good quality water is a scarce natural resource. Of the world's total water supply, 97% is seawater and, of the remaining, less than 0.50% is usable unpolluted clear water. Water stress is heightened by an increasing population which looks set to be more than 9 billion by 2050. Water usage has increased six fold in the past 100 years and is forecast to double again by 2050, driven mainly by irrigation and demands of agriculture.

The existing water purification infrastructure is outdated which has led to high water leakage rates and global health standard issues. The price of water can be expected to increase to meet improvements in water infrastructure together with an expected 50 per cent increase in the amount of food the world will need in the next 20 years.

The Protected Water Fund Plc gives investors the opportunity to participate in this fast developing market through exposure to some of the largest publicly quoted pure water companies in the world. The dynamic nature of water stocks allows the product to be incorporated as an alternative asset class within a balanced portfolio.

4. **Water as an Investment Opportunity**

There are a number of non-investable Worldwide Water Indices that reflect the performance of publicly quoted water related companies. However, in conjunction with the Promoter, Barclays Bank Plc has created the Barclays World Water Strategy ("the Strategy") to enable a reference to these water related stocks in order to create an investable product.

The Strategy aims to generate a notional return linked to the performance of a portfolio of water-related shares. The Strategy is comprised of a "basket" of notional investments in between 7 and 40 water related companies together with any cash notionally generated by the Basket until reinvestment.

The Series 1 Notes represent a principal-protected investment linked to the performance of the Strategy. More details of the Strategy are set out in section 7.

5. **Investment Policy**

The Fund's investment policy is to achieve capital growth over the medium to long term through investment in Series 1 Notes, the return on which is related to underlying investments in water related assets and which carry **an underlying capital protection on maturity of the Notes** (but not in the case of early redemption).

Substantially all of the assets of each Sub-Fund will be used to purchase Series 1 Notes. The Series 1 Notes represent a notional investment in a portfolio which balances water related investments intended to provide capital growth with an investment in a Zero Coupon Instrument and other assets designed to enable Barclays Bank Plc to offer a minimum capital return upon maturity of the Series 1 Notes (but not on earlier redemption). Further information in relation to the Series 1 Notes and their underlying investments is contained in sections 6 and 7.

6. **The Series 1 Notes**

The Series 1 Notes that form the underlying investment of the Sub-Funds are issued by Barclays Bank Plc as part of a £40 billion Structured Note Programme, the current details of which are set out in an offering circular dated 14th December 2006 ("the Barclays Offering Circular").

The return on the Series 1 Notes will be determined by reference to a protected index with notional investments in a portfolio comprising: the Strategy (designed to provide potential investment growth over the medium to long term); and a Zero Coupon Instrument (designed to enable Barclays Bank Plc to offer a minimum capital return on the Series 1 Notes on maturity) together with notional borrowings.

On a monthly basis, the Determination Agent will determine a value for a nominal unit in each series of the Series 1 Notes, known as a “portfolio index”. On a regular basis, the allocation mechanism will compare the portfolio index value with the value of the portfolio of assets, including the Zero Coupon Instrument, required to enable the capital protection on maturity to be met. When necessary, water related assets will be sold and more will be invested in the Zero Coupon Instrument in order to ensure that the secured returns can be met. The performance of the underlying water related assets will vary the allocation mechanism and the level of notional borrowings between 0 per cent and 50 per cent.

The nominal value of each unit in the Series 1 Notes is £1, \$1 or €1 (depending on the currency of denomination of the relevant series of Series 1 Notes) and fractional units will not be issued. The Custodian will always hold a whole number of units in the Series 1 Notes to ensure that each Sub-Fund’s investment allocation to Series 1 Notes is substantially fully invested and, to the extent that it holds fractions of units which are in excess of the entitlement of the Fund, it will hold such fractions on behalf of the Manager.

The secured return on maturity on each unit of each series of the Series 1 Notes is 100 per cent of the highest value achieved by a unit of such series prior to the Closing Date.

The secured return applies only on the maturity of the Series 1 Notes and not on their earlier redemption. There is no third party guarantee and the only capital protection is that provided by Barclays Bank Plc within the terms of the Series 1 Notes themselves. The capital protection by Barclays Bank Plc only extends to the return on the Series 1 Notes and there is no guarantee, whether by Barclays Bank Plc or any other party, of the performance of the underlying investments or of the return on an investment in the Fund or in any Sub-Fund.

The maturity date of the Series 1 Notes is 11th October 2017 (“the Notes Maturity Date”). If the Series 1 Notes are not held until the Notes Maturity Date, there is no secured capital return on the Series 1 Notes.

The internal notional borrowings in relation to the Series 1 Notes offer potentially enhanced returns to the Fund as an investor in the Series 1 Notes, but they also involve a corresponding increased downside risk. The internal gearing is charged at sterling LIBOR plus 50 basis points and this is the hurdle rate which needs to be achieved for the gearing to be effective to enhance investor returns. However, the internal gearing does not affect the capital protection on maturity of the Series 1 Notes.

Further details of the Series 1 Notes are contained in indicative term sheets issued by Barclays Bank Plc and dated 26th February 2008. Copies of both the Barclays Offering Circular and the indicative term sheets are available from the Manager on request and without charge. The Fund’s Directors strongly recommend any prospective investor in the Fund to read and consider these documents before making their investment decision.

7. The Strategy and the Portfolio of Water Related Investments

Underlying each series of Series 1 Notes is a notional investment in water related securities and other investments.

The water related investments will be selected from a “universe” of the largest publicly quoted water companies. The universe will comprise the largest companies around the globe whose core activities are water related. There are over 700 international water related companies, but only those which meet the specific capitalisation (over \$500 million), daily market turnover (over \$2 million) and predominant water activity requirements will be included in the “sub-universe” of companies from which the Strategy’s “Basket” of water-related investments will be selected. From the sub-universe, the Basket will comprise the top stocks which meet defined geographical criteria (the Basket will include shares from exchanges in the USA, Canada, Australia, New Zealand, Hong Kong, Japan, Singapore, Austria, Belgium, Denmark, Finland, France, Germany, Greece,

Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the UK), subject to a minimum of 7 and a maximum of 40 stocks and subject to only one class of shares issued by any one issuer being included in the Basket.

In order to provide an appropriate spread of investments, the weighting of each individual company will be dependent on the issuer's market capitalisation, subject to a maximum weighting for any particular company of 15%; the minimum notional holding will be 1%. The Determination Agent will rebalance the Basket of water companies on a quarterly basis and review the components of the Basket annually.

The initial Basket of publicly quoted water-related companies in which the Series 1 Notes were invested when the Fund was launched comprised (capitalisation figures below reflect capitalisations when the Fund was launched):

Veolia Environnement (15.00% of Basket) Capitalisation \$34,628m France

Veolia Environnement is the world leader in environmental services. With more than 270,000 employees the company has operations all around the world and provides tailored solutions to meet the needs of municipal and industrial customers in four complementary segments: water management, waste management, energy services and passenger transportation.

United Utilities PLC (15.00% of Basket) Capitalisation \$11,886m United Kingdom

United Utilities Plc manages electricity distribution, water and wastewater networks serving 2.9 million customer premises in North West England. Their strategy is to focus on their core skills of managing water, wastewater, electricity and gas networks to create a world class operator of utility infrastructure. United Utilities has over 30 sites across the UK.

Severn Trent PLC (10.79% of Basket) Capitalisation \$6,095m United Kingdom

Severn Trent Plc supplies water and sewage services worldwide. They provide water and waste water management expertise in Western Europe and North America and develop and market new and existing technologies in water and wastewater management. The company serves 3.7 million household and business customers in England and Wales.

Kelda Group PLC (8.32% of Basket) Capitalisation \$4,701m United Kingdom

Kelda Group Plc provides water and wastewater services to customers in the UK and USA, employing over 3,000 people. Yorkshire Water is Kelda's main UK subsidiary, providing water and wastewater services to more than 4.7 million people and 140,000 businesses. Kelda Group Plc also owns the USA water supply business Aquarion, one of the ten largest investor-owned water utilities in the USA and the largest privately owned utility in New England.

Sociedad General de Aguas de Barcelona SA (9.71% of Basket) Capitalisation \$5,486m Spain

Sociedad General de Aguas de Barcelona, S.A. is part of the Agbar Group which was incorporated in 1882. It provides public services, including planning, execution, and construction of the infrastructure and relevant installations. It primarily engages in the distribution and supply of drinking water in Barcelona and in the area surrounding Barcelona and have operations in Europe, the Americas, and Asia.

Pennon Group PLC (7.88% of Basket) Capitalisation \$4,453m United Kingdom

Pennon Group Plc operates and invests in the areas of water and sewerage services and waste management. It has assets of £2.7 billion and employs around 3,000 people. There are two main subsidiaries - South West Water and Viridor. South West Water holds the water and sewerage appointments for Devon, Cornwall and parts of Dorset and Somerset. Viridor is one of the leading waste treatment and disposal businesses in the United Kingdom.

Nalco Holding Co (5.89% of Basket) Capitalisation \$3,326m United States of America

Nalco Holding Co is the leading global provider of integrated water treatment and process improvement services, chemicals and equipment programs for a variety of industrial and institutional customers. Nalco's more than 10,000 employees work with more than 70,000 customers in 130 countries across six continents in industry, government and institutions to solve and prevent problems, protect the environment, decrease costs, increase productivity, improve profitability by reducing customer total costs of operation, and maintain asset reliability.

Northumbrian Water Group Plc (5.72% of Basket) Capitalisation \$3,231m United Kingdom

Northumbrian Water Group Plc provides water and sewerage services in the North East of England and water services in the South East. It serves 2.6 million people in the North with water and sewerage services and 1.7 million people in the South with water services. The companies in the Group work in three related areas: UK water supply and wastewater services; water and wastewater contracts; and technical and consultancy services focusing on water and environmental issues.

Kurita Water Industries, Ltd (7.19% of Basket) Capitalisation \$4,063m Japan

Kurita Water Industries, Ltd. provides water and environmental management products, technologies and services, and solutions that incorporate outsourcing and consulting services. The company operates in two segments, water treatment chemicals and water treatment facilities. Kurita is a multi-technology water treatment company and one of the leading water companies in the Asian region. It operates in Japan, South Korea, China, Taiwan, Singapore, Indonesia, Thailand, the United States of America, Germany, and Brazil. The company was founded in 1949 and is headquartered in Tokyo, Japan.

Aqua America Inc (5.14% of Basket) Capitalisation \$2,901m United States of America

Aqua America, Inc. is America's largest U.S. based, publicly-traded water company, providing water and wastewater services to approximately 2.5 million residents in Pennsylvania, Ohio, Illinois, Texas, New Jersey, Indiana, Virginia, Florida, North Carolina, Maine, Missouri, New York and South Carolina. Aqua America also provides water and wastewater consulting and contract operations and management services to selected clients.

Hyflux Ltd (1.80% of Basket) Capitalisation \$1,016m Singapore

Hyflux Ltd is one of Asia's leading environmental companies with operations and projects in Singapore, China, the Middle East & North Africa and India.

Fersa Energias Renovables S.A. (1.63% of Basket) Capitalisation \$919m Spain

Fersa Energias Renovables SA is based in Barcelona and develops and invests in water waste treatment.

Pico Holdings Inc (1.36% of Basket) Capitalisation \$770m United States of America

Pico Holdings Inc owns Vidler Water Company, Inc., which develops and owns water resources and water storage operations in the south western United States, primarily in Nevada and Arizona. The water resource and water storage segment supplies water to end-users, including water utilities, municipalities, developers, or industrial users. This segment also engages in the development of storage and distribution infrastructure of water for resale. Pico is based in La Jolla, California.

Sino-Environment Tech Group Ltd (1.10% of Basket) Capitalisation \$622m Singapore

Sino Environment Tech Group Ltd is an environmental protection and waste recovery solution provider in China. It is a market leader in the treatment, management and recovery of volatile organic compounds, in particular toluene, from waste gas. The company's decision to focus on toluene (a toxic water-insoluble liquid) is due to its high commercial value and wide usage by many industries, thereby resulting in good market potential for the treatment, management and recovery of toluene in various industries. In this respect, the company helps customers to achieve the twin objectives of treating polluting waste gas as well as recovering valuable toluene for use in their manufacturing processes.

California Water Service Group (1.35% of Basket) Capitalisation \$765m United States of America

California Water Service Group is the second largest investor-owned water utility in the United States of America. It has five wholly owned subsidiaries operating in California, Washington, New Mexico, and Hawaii. Four of the five subsidiaries are regulated by state public utilities commissions. Non-regulated operations leverage the company's expertise in operating water systems and provide related water utility services. The company has more than 470,000 customers, more than \$300 million in annual revenue, and more than \$1 billion in gross utility plant assets. The company's management team averages more than 20 years of experience in the water utility sector.

San Jose Water Corp (1.00% of Basket) Capitalisation \$527m United States of America

San Jose Water Corp is a public company, providing water to over 1 million people, and services to utilities including billing and backflow testing.

American States Water Co (1.11% of Basket) Capitalisation \$629m United States of America

American States Water Co is the parent of Golden State Water Company, American States Utility Services, Inc. and Chaparral City Water Company. Through its subsidiaries, it provides water service to 1 out of 30 Californians located within 75 communities throughout 10 counties in Northern, Coastal and Southern California, approximately 254,000 customers and to approximately 13,000 customers in the city of Fountain Hills, Arizona and a small portion of Scottsdale, Arizona. Through its non-regulated subsidiary, American States Utility Services, the Company contracts with municipalities, the U.S. government and private entities to provide various services, including billing and meter reading, water marketing and operation and maintenance of water and wastewater systems at various military installations throughout the United States of America.

The list of stocks and the level of investment in each stock will change as market capitalisation changes.

8. Borrowings

It is not intended that the Fund will utilise any borrowings, whether for the purpose of financing investment in Series 1 Notes or to fund the redemption of Shares, the payment of costs or to provide a liquidity reserve, although the Fund has the power to borrow in respect of each Sub-Fund an amount equal to up to 15 per cent of the net asset value of such Sub-Fund at the time

of such borrowing. The Series 1 Notes themselves involve notional internal borrowings of between 0 and 50 per cent depending on the performance of the underlying investments.

9. Directors

The Earl Cowley BSc, MBA

Formerly Chief Executive Officer of Thomas Miller Investment Limited and investment partner of Thos. R. Miller, a sponsor and manager of marine mutual insurance companies, a non-executive director of Scottish Provident International Life Assurance Limited and a member of the General Committee of Trustees, Lloyds Register Holdings. Resident in the Isle of Man.

Alex Foley

Formerly an executive director of Singer & Friedlander (Isle of Man) Limited and involved in offshore banking and trust management for over 25 years. Resident in the Isle of Man.

Arnie Iversen

Chairman and CEO of T.I.S Group Limited and of Absolute Assigned Policies Limited. Formerly CEO of Everyday Financial Solutions, the financial services arm of Littlewoods Shop Direct, the largest home shopping retail group in the UK. Mr Iversen has over 35 years' experience in the Financial Services sector, of which over 25 years has been at the MD, CEO level. Resident in the UK.

The company secretary of the Fund is Stewart Fleming.

10. Manager

The manager of the Fund is Abacus Financial Services Limited.

Abacus Financial Services Limited is a private limited company incorporated in the Isle of Man with number 69975C on 9th September 1994 with unlimited duration under the Companies Acts 1931 to 1993 of the Isle of Man.

The directors of the Manager are Stephen Thomas Moorhouse, John Hatcliffe Cannell, Christopher John Talavera, Michael John MacBain and Stewart Henderson Fleming, all of whom are chartered accountants, and Paul Kneen, John Paul Watterson and Michael Lewis Hodgson. The registered office and principal place of business of the Manager in the Isle of Man is at Sixty Circular Road, Douglas, Isle of Man IM1 1SA.

The directors of the Manager (with the exception of Paul Kneen) are also directors of Abacus Trust Company Limited, a company licensed by the Isle of Man Government Financial Supervision Commission as a corporate and trust service provider.

The Manager is wholly owned by Abacus (Holdings) Limited, a company incorporated in the Isle of Man controlled by a majority of the directors of the Manager.

The Manager is the holder of an investment business licence issued under section 3 of the Investment Business Act 1991 of the Isle of Man and, as such, is an authorised person licensed to conduct investment business by the Isle of Man Government Financial Supervision Commission.

The principal activity of the Manager is to act as manager or administrator of collective investment schemes and to provide management and administration services in relation to collective investment schemes. In addition to providing management and administration services to the Fund, the Manager currently manages or administers a number of other funds.

Under the management agreement between the Fund and the Manager, the Manager will, subject to the control and supervision of, and review by, the Directors, deal with the management and administration of the Fund. The Manager has power to act so as to contract on behalf of or

otherwise bind the Fund, subject to the terms of the management agreement.

The Fund has its registered office at the offices of the Manager, Sixty Circular Road, Douglas, Isle of Man IM1 1SA.

11. Custodian

The Custodian has its registered office and principal place of business in Guernsey at BNP Paribas House, St Julians Avenue, St. Peter Port, Guernsey GY1 1WA, Channel Islands.

The Custodian is a private limited company incorporated in Guernsey on 27th October 2000 and has an authorised and paid up share capital of £1 million. It is a wholly owned subsidiary of BNP Paribas Securities Services (Holdings) Limited, a company incorporated in the Island of Jersey which is in turn ultimately wholly owned by BNP Paribas SA (a company incorporated in France).

The Custodian's principal activity is the provision of a range of trustee and custodian services. It is licensed under the Protection of Investors (Bailiwick of Guernsey) Law 1987.

The Custodian is responsible for the custody of the subscription monies received from the Manager and, following the investment of subscription monies, is responsible for the custody of the assets of the Fund which are held to the order of, or registered in the name of, the Fund or the Custodian. In addition, the Custodian has a fiduciary role in safeguarding the interests of investors at all times and is under a duty to ensure that the Fund is managed in accordance with the provisions of its constitutional documents.

The Custodian may appoint sub-custodians, agents or delegates ("Correspondents") to hold the assets of the Fund. The Custodian will retain responsibility for the acts and omissions of its Correspondents. The Custodian will not be liable for any loss arising as a result of the liquidation, bankruptcy or insolvency of its Correspondents provided that the Custodian has not been negligent in the selection of such Correspondents.

12. Bank

The Royal Bank of Scotland International Limited ("RBSI"), St Peter Port, Guernsey has been appointed as the Fund's bank.

13. Auditors

Deloitte & Touche of Douglas, Isle of Man IM99 1XJ have been appointed as auditors to the Fund.

14. Promoter

The Promoter is a company incorporated with limited liability in the British Virgin Islands.

The Promoter's registered office and principal place of business is at Akara Building, 24 De Castro Street, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands. The directors of the Promoter are Mr. John Terry and Dr. Sarah Terry.

Under the principal terms of the agreement entered into between the Fund, the Manager and the Promoter, the Promoter is appointed to promote and market the Fund.

15. Fees and Expenses

Professional Charges:

Further details of the following charges and how they are to be paid are contained in section 31:

Manager	0.25% per annum of the NAV of the Fund (subject to a minimum of £30,000 per annum).
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Custodian	0.03% per annum of the NAV of the Fund (subject to a minimum of £8,000 per annum).
Promoter	up to 8% of the subscription price of Shares in the Fund, a non-performance related fee (as set out in section 31A) and (subject to the performance of the Series 1 Notes) 1% per annum of the nominal value of the Series 1 Notes (as set out in section 31 B).

Note: The charges of the Manager and the Custodian, together with Directors' fees, auditors' fees and other costs, are calculated on the basis of the aggregate NAV of the Sub-Funds and apportioned between them by reference to their respective NAVs.

Other costs which have been or will be incurred consist of:

Set-up costs	The set-up costs of the Fund are estimated to be £80,000 and will be borne by the Promoter.
Directors' Fees	The Directors' fees have been agreed at £7,500 per annum per director but reduced as follows: £3,000 per Director per annum until the Fund's NAV reaches £10 million £5,000 per Director per annum until the Fund's NAV reaches £25 million £7,500 per Director per annum thereafter.

Where applicable, Directors' fees will be subject to VAT.

In addition to the above, there are ancillary expenses of the Fund in each year, including the cost of audit, meeting and travel, additional printing and publishing the share price.

More details of the charges, fees and expenses relating to the Fund and the way in which the fees and charges outlined above are to be paid are set out in sections 16 and 31.

PART 2

16. General Expenses

The following expenses will be paid by the Manager as agent on behalf of the Fund out of fees received from the Determination Agent as referred to in section 31A:

- (a) the costs (if any) of dealing in the property of the Fund;
- (b) interest on borrowings (if any) incurred in respect of the Fund and charges incurred in negotiating, effecting or varying the terms of such borrowings (if any);
- (c) taxation and duties payable in respect of the property of the Fund, the principal constitutional documents of the Fund and the creation and sale of Shares;
- (d) any costs incurred in modifying the principal constitutional documents of the Fund;
- (e) the costs incurred in the preparation and publication of scheme particulars and any associated shareholder key features documents as well as costs associated with substituted or supplementary scheme particulars;
- (f) costs as approved by the Directors in their absolute discretion associated with dissemination of information on the Fund to intermediaries and shareholders;
- (g) any costs incurred in respect of meetings of shareholders;
- (h) any charges reasonably incurred by the Custodian in depositing any part of the property of the Fund in safe-keeping in a country or territory outside Guernsey;
- (i) expenses and disbursements of the Custodian incurred in connection with its duties including:
 - (i) the fees, expenses and disbursements of any agent appointed by the Custodian in connection with its duties in relation to the Fund and the custodianship;
 - (ii) the fees, expenses and disbursements of any legal or accountancy adviser, valuer, broker or other professional person appointed by the Custodian in connection with its duties in relation to the Fund and the custodianship including the cost of obtaining advice on whether or not the Custodian has the power or capacity to act in any question relating to the Fund;
 - (iii) all other expenses and disbursements bona fide incurred by the Custodian in connection with the custodianship and management and administration of the Fund;
- (j) the fees and expenses of the Auditors (or any other auditors of the Fund, if appointed);
- (k) the costs incurred in publishing (and providing copies of) annual and interim reports;
- (l) the costs incurred in keeping the register of shareholders;
- (m) the reasonable expenses of the Promoter (except insofar as they relate to the promotion or marketing of the Fund);
- (n) the costs incurred in administering the Fund, including (without limitation) the expenses and disbursements of the Manager in connection with the performance of its duties as administrator of the Fund; and

- (o) the fees of any regulatory authority in a country or territory in which Shares are or may be marketed.

The preliminary expenses of the Fund will be paid for by the Promoter on behalf of the Fund.

Expenses which are not clearly attributable to one Sub-Fund in particular shall be allocated between the Sub-Funds in such a way as the Manager considers to be fair to Shareholders in all of the Sub-Funds.

17. The Register of Shareholders

The register of holders of Shares is available for inspection at the offices of the Manager, which is the registrar of the Fund.

18. Constitution, Objectives, Powers, Restrictions and Risks

A. Constitution

1.1 the Fund is an Isle of Man international collective investment scheme under the Financial Supervision Act 1988.

1.2 the Fund has an authorised share capital of £400,100 divided into 100 Management Shares (“Management Shares”) of £1.00 each, all of which have been subscribed in full in cash and 400,000,000 Unclassified Shares (“Unclassified Shares”) of £0.001 each, available for issue as Shares or as nominal shares (“Nominal Shares”) (see section 19). 99 Management Shares are held by the Promoter and 1 Management Share is held by L.R.J. Portnoi.

B. Objectives

The Fund’s objective is to achieve capital growth over the medium to long term through investment in Series 1 Notes, the return on which is related to underlying investments in water related assets and which carry an underlying capital protection on maturity of the Notes (but not in the case of early redemption).

C. Investment Powers, Policies and Parameters

The Directors of the Fund have overall responsibility for investment policy in relation to the Fund. The Fund intends to invest substantially all of the assets of each Sub-Fund in Series 1 Notes.

The Sterling Series 1 Sub-Fund will invest in the sterling denominated series of Series 1 Notes, the Dollar Series 1 Sub-Fund will invest in the US dollar denominated series of Series 1 Notes and the Euro Series 1 Sub-Fund will invest in the euro denominated series of Series 1 Notes.

Whilst the Fund will endeavour to be fully invested at all times, this may not always be possible. The minimum Series 1 Notes redemption requirements may result in the Fund receiving more Notes redemption proceeds than it needs to meet its immediate needs to redeem Shares. In such circumstances, the Fund will retain such proceeds in cash until they are required in order to finance subsequent redemptions of Shares.

The Fund will not invest in any assets other than the Series 1 Notes.

D. Borrowings

The Directors have the power to borrow in respect of each Sub-Fund an amount equal to up to 15 per cent of the net asset value of such Sub-Fund at the time of such borrowing, but it is not anticipated that the Fund will incur any borrowings. The Series 1 Notes themselves involve notional internal borrowings of between 0 and 50 per cent depending on the performance of the underlying investments.

E. Risk Factors

Returns on an investment in the Fund are not guaranteed. Prospective shareholders should consider the risks attached to an investment in the Fund including, but not limited to, those indicated below. Consideration should be given to whether such risks are suitable for them and prospective shareholders should ensure that they fully understand the contents of these Scheme Particulars.

The price of the Shares may go down as well as up due to market fluctuations and other considerations. This and the charging structure (including redemption penalties in relation to Shares in the Fund) may be contributory factors to an investor receiving less than the amount of the original investment on a redemption of Shares.

Investment decisions made or advice given by the Directors may not prove to have been successful or correct.

None of the Sub-Funds or any combination of them is intended to be a complete investment programme.

There is no guarantee against the default of a counterparty with which the Fund may deal.

In certain circumstances, the ability to redeem Shares may be restricted and compulsory redemptions of Shares may be made by the Manager, as described in section 23F.

An investment in a Sub-Fund is not intended as a short term investment. Subject to the discretion of the Directors, redemptions will not normally be permitted in the first year following subscription. The secured capital return on the Series 1 Notes is only available if the Notes are held until maturity. Where Shares are redeemed in advance of the maturity of the corresponding Notes, Notes will have to be redeemed without the benefit of the secured capital return. The impact of redemption penalties and other charges could have a significant adverse affect on the amount received by way of net proceeds of redemption in these circumstances.

The majority of the assets of each Sub-Fund have been invested in the Series 1 Notes (having met marketing and sales costs). The performance of each Sub-Fund is therefore dependent upon the performance of the Notes. The performance of the Notes is in turn largely dependent on the performance of the underlying Strategy, the water related investments and the proportion of the Zero Coupon Instrument held within the Notes. Investment decisions made in relation to Notes and/or the portfolio of funds may not prove to have been successful or correct.

Series 1 Notes have been purchased by the Sub-Funds; investors in the Fund will not have a direct holding in the Notes. Barclays Bank Plc and the Determination Agent have not promoted or endorsed the Fund and do not guarantee the returns on an investment in a Sub-Fund.

As mentioned above, the secured return on the Series 1 Notes applies only on their maturity and not on their earlier redemption. The secured return relates only to the payment obligations of Barclays Bank Plc and is not a guarantee of performance of the underlying funds or a guarantee that the Fund, as holder of the Series 1 Notes, will receive any amounts in excess of the initial investment in the Notes. Prospective investors should be aware that, if the Series 1 Notes are not held to maturity or are otherwise redeemed early, there is no guaranteed payment or other principal protection. Investors may receive less than their original investment.

The Series 1 Notes involve credit risk in Barclays Bank Plc. If Barclays Bank Plc defaults,

the holder of the Series 1 Notes will rank as an unsecured creditor and consequently any amounts invested would be at risk.

Changes in interest rates may make a Zero Coupon Instrument more expensive to acquire and the composition of the portfolio of investments underlying the Series 1 Notes may have to be rebalanced in favour of a Zero Coupon Instrument and away from funds earlier than would otherwise be the case; this is likely to have an adverse effect on the performance of the Notes.

The internal notional borrowings in relation to the Series 1 Notes offer potentially enhanced returns to the Fund as an investor in the Series 1 Notes, but they also involve a corresponding increased downside risk. The internal gearing is charged at sterling LIBOR plus 50 basis points and this is the hurdle rate which needs to be achieved for the gearing to be effective to enhance investor returns. However, the internal gearing does not affect the capital protection on maturity of the Series 1 Notes.

The closer the Fund gets to maturity, the more expensive the capital protection on maturity of the Series 1 Notes becomes to provide; therefore, the composition of the portfolio of investments underlying the Notes is more likely to be rebalanced in favour of a Zero Coupon Instrument and away from the underlying funds in order to secure the capital protection on the Notes.

In certain circumstances, unrelated to interest rates or the maturity of the Notes, assets in the portfolio of investments underlying the Notes may be reallocated to a Zero Coupon Instrument; this is likely to have an adverse effect on the performance of the Notes.

The Fund is recently incorporated and has a short operating history.

An investment in the Fund is not protected against the effects of inflation.

The Fund, the Promoter and their officers and agents are responsible for ensuring compliance with all applicable laws and regulations which may apply in respect of the sale or marketing of the Notes in any jurisdiction, including compliance with any registration or notification requirements. Neither Barclays Bank Plc nor the Determination Agent nor any of their affiliates or subsidiaries has any such responsibility nor will they incur any liability in the event of any such non-compliance.

The price of Shares in the Fund is likely to be affected as a result of the amortisation of sales and marketing fees payable to the Promoter (see section 31C). The timing and level of subscriptions into the Fund may lead to some inequality between different Shareholders when amortisation is used. However, it is to be noted that the risk of inequality is minimised as a result of the fact that the period during which subscriptions for Shares will be received is limited to twelve months.

If the aggregate amount of Series 1 Notes sold on or before 1st October 2008 is less than £7.5 million and, in the sole discretion and determination of Barclays Bank Plc, that has had or will have a material effect on the Series 1 Notes, then Barclays Bank Plc will redeem all of the Series 1 Notes for an amount calculated by reference to the value of the underlying investments, but subject to reduction to reflect the cost of unwinding any hedging arrangements and any other factors that Barclays Bank Plc reasonably considers to be relevant. If in such circumstances Barclays Bank Plc redeems the Series 1 Notes, the Fund reserves the right to close the Fund by accepting the proceeds of such redemption and, out of such proceeds of redemption, to redeem all of the Shares, subject to any redemption penalties and other charges that may apply to such redemption. If this does happen, investors should note that, as a result of the impact of redemption penalties and other charges, they would be likely to receive back less than the amount of their original

investment.

If at any time the aggregate net asset values of the Sub-Funds falls below £7.5 million, the Directors reserve the right to close the Fund by redeeming the underlying Series 1 Notes, notwithstanding any penalties or charges applicable to any such early redemption, and, out of the proceeds of redemption of such Notes, to redeem all of the Shares subject to any redemption penalties and other charges that may apply to such redemption. If this does happen, investors should note that, as a result of the impact of redemption penalties and other charges, it is possible that they would receive back less than the amount of their original investment.

19. Characteristics of Shares

A. *Shares*

The Shares confer the right to a proportionate share in the property of the Fund and to its dividend income, if any. At general meetings of the Fund no holder of a Share will generally be entitled to vote, save where a special resolution is proposed to wind up the Fund or to alter the rights attaching to such shares or to issue shares other than as Management Shares, Shares or Nominal Shares, in which event the consent of a separate class meeting of holders of Shares is also required. For the rights of holders of Shares on a winding up, see section 29D.

B. *Management Shares*

The Management Shares exist to comply with Isle of Man law which requires that Shares have a preference over another class of capital in order to be redeemable. Management Shares carry no right to a dividend. For the rights of holders on a winding up, see section 29D. Management Shares carry the right to vote at general meetings of the Fund.

C. *Nominal Shares*

Nominal Shares will only be issued at par to the Manager for the purpose of providing funds for the redemption of the nominal value of Shares. For the rights of holders on a winding up, see section 29D. Nominal Shares may be converted into Shares. Nominal Shares carry no other rights.

D. *Unclassified Shares*

These may be issued either as Shares or as Nominal Shares.

E. *Contract Notes*

Proof of purchase of Shares will be evidenced by the issue of a contract note to the applicant with a duplicate to the applicant's authorised agent, if one is appointed. No share certificates or bearer Shares will be issued.

F. *Variation of Class Rights*

The rights attached to Shares are deemed to be varied by any variation of the rights attached to shares of any other class or by the creation or issue of any shares, other than Shares, ranking *pari passu* with or in priority to them as respects rights in a winding up or reduction of capital.

Except as referred to in the preceding paragraph, the rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares of that class ranking *pari passu* therewith or, for the avoidance of doubt, the issue of Shares relating to subsequent class funds.

G. *Issue of Shares*

The Directors are authorised without limitation, but subject always to the availability of

Shares, to allot and issue Shares at any time without reserving preferential subscription rights to existing shareholders.

The Directors may in the future issue further classes of Shares with such investment objectives and policies as they think fit.

No fractions of Shares will be issued. Where fractions of Shares would otherwise be required to be issued, the number of Shares to be issued will be rounded down and any excess subscription moneys retained for the benefit of the relevant Sub-Fund.

The Fund shall register Shares jointly in the names of not more than four holders should they so require. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of holders.

H. *Qualified Holders*

The Directors may determine whether or not any particular person or class of person should become or remain the holder of Shares should they be of the opinion that the holding of Shares by such person may be in breach of any governmental regulation or announcement or would otherwise render the Fund liable to taxation for which it would otherwise not be liable.

No new participant, whether by virtue of subscription or transfer of any interest in the Fund, will be recognised and no such subscription or transfer will be effected unless and until such person has delivered or arranged for the delivery of a signed declaration acknowledging that the new participant or transferee has read and understood the Fund's Scheme Particulars.

No person resident for taxation purposes in the Isle of Man (other than the Manager) is permitted to have an interest in the Fund or in any Share.

20. Net Asset Value

The net asset value of each Sub-Fund will be determined in the Isle of Man as at 5.00 pm on the last business day of each calendar month and on such other occasions as the Directors may determine (each a "Valuation Day"). The Determination Agent will deliver to the Manager a valuation of the Series 1 Notes on each Valuation Day in the form of a percentage of nominal value.

The net asset value of each Sub-Fund as at each Valuation Day will be calculated by: multiplying the nominal amount of the Series 1 Notes held by such Sub-Fund by the percentage stated in the most recent valuation provided by the Determination Agent; and adding unamortised sales and marketing costs and any retained cash.

To ensure equity between investors, any expense or liability of a Sub-Fund may, if the Directors consider it appropriate, be amortised over such period as the Directors may determine (and the Directors may at any time and from time to time determine to lengthen or shorten any such period) and the unamortised amount thereof at any time shall also be deemed to be an asset of the relevant Sub-Fund.

For the purposes of calculating the net asset value of a Sub-Fund, the total amount payable in respect of Shares which have been redeemed or whose allotment has been cancelled will, from the time at which such shares are deemed to cease to be in issue until such amount is paid, be deemed to be a liability of the relevant Sub-Fund.

For the purposes of calculating the net asset value of a Sub-Fund, sales and marketing fees paid to

the Promoter will be amortised over a period of five years and any redemption penalties payable by investors will be credited to the relevant Sub-Fund and charged to deferred acquisition costs. For the purposes of the statutory accounts, such costs will be written off as incurred and a reconciliation to the net asset value of the relevant Sub-Fund will be contained in the statutory accounts.

21. Offer Price and Redemption Price

Between the expiry of the Initial Offer and the Closing Date, Shares in a Sub-Fund will be issued on the first business day of each calendar month or such other date or dates as the Directors may in their discretion determine (each a “Dealing Day”) at a price per Share calculated by dividing the net asset value of the relevant Sub-Fund (by reference to the most recent Valuation Day) by the number of Shares of the relevant Sub-Fund in issue or deemed to be in issue, rounded down to the nearest one-hundredth of a penny (“the Offer Price”).

Shares will be redeemed on a Dealing Day at a redemption price (“the Redemption Price”) which will be equal to the current Offer Price less £0.01, \$0.01 or €0.01 (depending on the currency of valuation and pricing of the Sub-Fund in question). Redemptions of Shares in a Sub-Fund will be subject to redemption penalties in the first five years following their issue and may be subject to other charges and restrictions, as described in section 23F. Subject to the discretion of the Directors, redemptions of Shares will not generally be permitted in the first year following their issue.

22. Suspension of Valuation

The Directors may suspend the allocation, issue, repurchase and cancellation of Shares in a Sub-Fund and the calculation of the net asset value per Share, if, inter alia, the value of the assets of the relevant Sub-Fund cannot reasonably be ascertained.

The issue, allocation, repurchase and redemption of the Shares in a Sub-Fund shall cease forthwith upon such suspension or upon the occurrence of an event causing it to enter into liquidation.

Shareholders having requested a repurchase (or redemption) of their Shares will be notified in writing of any such suspension within seven days of their request and will be promptly notified upon termination of such suspension.

The beginning and end of any period of suspension (except for customary closing of stock exchanges for not more than three days) will be made known at the registered office of the Fund and announced to shareholders affected.

23. The Issue and Redemption of Shares

A. Dealing Day

A Dealing Day in relation to Shares is normally the first business day in each calendar month.

B. Dealing

The Manager will accept applications for Shares on any Dealing Day and will normally (subject to the general restriction on redemptions during the first year after issue) effect redemptions of Shares on any Dealing Day, in each case at prices based upon the underlying investments as set out in section 21.

Transactions will take place at the current Offer Price or Redemption Price (as the case may be) on the relevant Dealing Day (or, if no price is available at that time, due to a suspension or revaluation, at the next available price), subject to any applicable redemption penalties.

C. *Currency of Payment and Foreign Exchange Transactions*

Where payments in respect of purchase or redemption of Shares are tendered or requested in a freely transferable currency other than the currency of valuation and pricing of the relevant Sub-Fund, the necessary foreign exchange transaction will be arranged by the Manager for the account of, and at the expense of, the applicant at the time the application is received and accepted. The Manager will take no responsibility for the rate of exchange obtained.

D. *Communications*

All communications regarding the purchase or redemption of Shares must be made to the Manager whose details appear in section 2.

E. *Application Procedure*

Until the Closing Date, applications for Shares may be made to the Manager up to 5.00 pm on any Valuation Day. Applications should be made by completing the Application Form and sending it by post or by fax followed by post duly completed to the Manager. An acknowledgement of the investment will be made by the issue of a contract note which will be sent to the applicant with a duplicate to the applicant's authorised agent, if one is appointed.

Payment for Shares may be made by cheque or telegraphic transfer. Applicants will be allotted Shares on the Dealing Day following the day on which the Manager receives advice from the receiving bank that cleared funds are available and the duly completed Application Form is accepted by the Manager. An application for Shares made by an applicant, whether or not such applicant has an existing holding of Shares, will not be accepted if it is for less than £10,000, €15,000 or \$20,000 (depending on the currency of valuation and pricing of the Sub-Fund in question) by value or such other value as the Directors may in their discretion determine.

Payments received from third parties will usually be refused.

Interest will not be paid to investors on monies awaiting investment.

E. *Redemption Procedure*

The Manager will generally redeem Shares on any Dealing Day. However, redemptions of Shares in the first year following the issue of the relevant Shares will not generally be permitted, unless specifically approved by the Directors in their absolute discretion.

Save where the Directors in their absolute discretion determine otherwise, redemptions of Shares will be subject to a redemption penalty calculated as a percentage of the aggregate subscription price at which they were acquired as follows:

<u>Time Participating Shares Held</u>	<u>Redemption Penalty</u> (reducing by 0.4 per cent per quarter)
Up to 1 year (if permitted)	8.0 to 6.4%
From 1 year to 2 years	6.4 to 4.8%
From 2 years to 3 years	4.8 to 3.2%
From 3 years to 4 years	3.2 to 1.6%
From 4 years to 5 years	1.6 to 0%
From 6 years onwards	0%

The amount of any redemption penalty is intended to include reimbursement of the relevant Sub-Fund for any unamortised sales and marketing fees paid to the Promoter on the initial allotment of the Shares in question and will be credited to the relevant Sub-Fund.

Where an application for redemption is received in respect of part of a Shareholder's holding of Shares, such application will be treated as an application that the Shares first subscribed shall be those first redeemed.

Requests to redeem Shares should be made to the Manager at least 30 days prior to the Dealing Day upon which the redemption is requested to take effect and may be made by telephone, facsimile or in writing. Telephone and facsimile requests must be immediately confirmed in writing. The following written information shall be given: the name and personal account number of the holder of Shares; and the number of Shares to be redeemed.

Requests for redemption received and accepted by the Manager will, save as outlined below, be dealt with at the relevant Redemption Price ruling on the Dealing Day next following the expiration of the 30 day period referred to above. Requests received with inadequate notice will be held over until the next Dealing Day.

Upon receipt of a redemption request, the Fund will seek to redeem the corresponding Notes. The Fund will generally be under no obligation to redeem the relevant Shares unless and until it has received the redemption moneys in respect of the corresponding Notes.

The Manager will refuse to comply with instructions for dealings in Shares if the value of the deal is less than £10,000, €15,000 or \$20,000 (depending on the currency of valuation and pricing of the Sub-Fund in question) or if to do so would result in a residual holding in the Fund of less than £10,000, €15,000 or \$20,000 (depending on the currency of valuation and pricing of the Sub-Fund in question) by value (or such other value as the Directors may in their discretion determine).

The Fund may, but is not bound to, redeem on any Dealing Day more than 5% of the Shares in any Sub-Fund in issue. If the number of redemption requests exceeds this limit, the requests may be reduced proportionately. Any requests not redeemed in full on the first Dealing Day will be carried forward to each succeeding Dealing Day until complied with in full. Requests carried forward from an earlier Dealing Day will be given priority over later redemption requests.

Requests to redeem, once made, may only be withdrawn in the event of a suspension or deferral of the redemption of Shares.

The Manager may redeem compulsorily the Shares of any shareholder by not less than 30 days' prior written notice to that shareholder.

It is intended that, upon maturity of the Series 1 Notes and receipt of the maturity proceeds by the Fund, all of the then outstanding Shares in each Sub-Fund will be compulsorily redeemed.

On the redemption of Shares, the nominal value of each Share will be financed by the issue of a Nominal Share (for which, during the currency of the Management Agreement, the Manager has agreed to subscribe). A holder of Nominal Shares shall be entitled at any time to convert such shares into Shares by paying to the Fund on any Dealing Day the difference between the current Dealing Price for Shares and the nominal value of the Nominal Shares converted.

If the aggregate amount of Series 1 Notes sold on or before 1st October 2008 is less than £7.5 million and, in the sole discretion and determination of Barclays Bank Plc, that has had or will have a material effect on the Series 1 Notes, then Barclays Bank Plc will redeem all of the Series 1 Notes for an amount calculated by reference to the value of the underlying investments, but subject to reduction to reflect the cost of unwinding any hedging arrangements and any other factors that Barclays Bank Plc reasonably considers to be relevant. If in such circumstances Barclays Bank Plc redeems the Series 1 Notes, the Fund reserves the right to close the Fund by accepting the proceeds of such redemption and, out of such proceeds of redemption, to redeem all of the Shares, subject to any redemption penalties and other charges that may apply to such redemption. If this does happen, investors should note that, as a result of the impact of redemption penalties and other charges, they would be likely to receive back less than the amount of their original investment.

If at any time the aggregate net asset values of the Sub-Funds falls below £7.5 million, the Directors reserve the right to close the Fund by redeeming the underlying Series 1 Notes, notwithstanding any penalties or charges applicable to any such early redemption, and, out of the proceeds of redemption of such Notes, to redeem all of the Shares subject to any redemption penalties and other charges that may apply to such redemption. If this does happen, investors should note that, as a result of the impact of redemption penalties and other charges, it is possible that they would receive back less than the amount of their original investment.

G. Settlement

Payment of the redemption proceeds (net of any redemption penalty and any other costs or charges) will be made to the relevant shareholder upon delivery of written instructions.

Payments will normally be made in sterling, or in a freely transferable currency as requested by the shareholder, within five business days of receipt of the redemption proceeds of the underlying Series 1 Notes. Any costs in respect of currency conversions will be borne by the shareholder.

Redemption proceeds will be sent by cheque or telegraphic transfer at the expense and risk of the shareholder to the credit of the bank account of the first-named registered shareholder. No interest will be paid to investors on redemption moneys.

24. Minimum Holding of Shares

The minimum holding of Shares in the Fund is Shares to a value of not less than £10,000, €15,000 or \$20,000 (depending on the currency of valuation and pricing of the Sub-Fund in question) by value (or such other value as the Directors may in their discretion determine).

25. Transfers

The transfer of Shares may normally be effected by delivery to the Manager of an instrument of transfer in a form acceptable to the Manager together with a specimen signature of the transferee. The register of shareholders may be inspected at the registered office of the Fund.

No transfer will be effected unless and until the transferee has delivered or arranged for the delivery of a signed declaration acknowledging that the transferee has read and fully understood these Scheme Particulars and has complied with the Manager's requirements for information relating to verification of identity, if any, as detailed at section 34.

The register of shareholders may be inspected at the registered office of the Fund.

26. Value Added Tax

All fees and charges will, where appropriate, be subject to VAT in the United Kingdom or the Isle of Man, currently levied at 17.5%. Such VAT will be paid by the Fund.

27. Dividends, Meetings and Reports

A. Dividends

It is not anticipated that any income will be received in respect of the Fund and it is not intended that any income that is received will be distributed by way of dividend or otherwise, although the Manager may in its discretion do so.

B. Meetings

The annual general meeting of shareholders of the Fund will be held in the Isle of Man each year and not less than twenty-one clear days' notice will be given in writing to shareholders.

C. Reports

Financial periods of the Fund will end on 31st July in each year, being the Fund's annual accounting date. The first such financial period will end on 31st July 2008. The annual report containing the audited financial accounts of the Fund will be sent to all shareholders within four months of the end of the financial period. Annual reports will also be available at the Fund's registered office at least 21 days before each annual general meeting.

Copies of all financial reports, constitutional documents (and amendments, if any) and the latest scheme particulars of the Fund may be obtained from the registered office of the Fund and the Manager. Copies of all reports are available free of charge.

28. Taxation

The following summary is based on the law and practice currently in force in the Isle of Man and is subject to changes therein.

A. Taxation of the Fund

The Isle of Man Government has introduced a standard income tax rate of zero per cent for companies with effect from 6th April 2006. As a consequence, the Fund will be subject to Isle of Man tax on its income, but at a rate of zero per cent.

The articles of association of the Fund contain provisions designed to exclude the holding of Shares by Isle of Man resident persons. As a result, the Distributable Profits Charge, which is payable by Isle of Man zero per cent taxed companies which have Isle of Man shareholder interests, will not apply to the Fund. The replacement to the Distributable Profits Charge, the Attribution Regime for Individuals ('ARI'), which applies for accounting periods commencing on or after 6th April 2008, will similarly not apply.

With effect from 6th April 2006 a charge, known as the corporate charge, applies to all Isle of Man resident companies. The corporate charge is payable on an annual basis. In the previous year, the amount of the corporate charge was £250. The charge is now included within the annual company filing fee of £320.

The Isle of Man does not levy taxes on capital inheritances, capital gains, gifts or sales. A probate fee may be payable on the estate of a deceased shareholder, up to a current maximum of £576.

It is intended that the Fund will be so organised as to be fiscally resident in the Isle of Man. The Fund may invest in various jurisdictions and, as a consequence, certain of its income and gains may be liable to taxation in those jurisdictions. However, the Fund will aim to minimise taxation on its income and gains to the extent to which the Directors and the Manager consider reasonable. It is not proposed that the Fund will apply for certification as a distributing fund in the UK under the provisions of section 757 et seq, Income and Corporation Taxes Act 1988.

There are no current exchange control restrictions applicable in the Isle of Man.

Savings Directive

The Savings Directive is an agreement between the Member States of the European Union (EU) which requires each Member State to exchange information (or in the case of certain Member States, offer a choice between exchange of information and a withholding tax) in respect of EU residents who earn interest on savings in one EU Member State but live in another. Although the Isle of Man is not part of the EU and has not adopted the Savings Directive, it has put in place legislation and agreements with each of the EU Member States that support the aims of the Directive. However, payments by the Fund

(such as distributions or redemption proceeds) are outside the scope of the Isle of Man's implementation of the requirements of the Savings Directive.

B. *Shareholders' Tax Position*

It is expected that shareholders in the Fund may be resident for tax purposes in a number of different countries. Consequently, no attempt is made in these Scheme Particulars to summarise the actual taxation consequences for each investor of subscribing for, buying, holding, transferring, redeeming, selling or otherwise acquiring or disposing of Shares. These consequences will vary in accordance with the law and practice currently in force in a shareholder's country of citizenship, residence, and/or domicile and with his personal circumstances or, in the case of a corporation, its country of incorporation or place of management and control.

All investors should inform themselves of, and when appropriate consult their professional advisers on, the possible tax consequences and any exchange control requirements of subscribing for, buying, holding, transferring, redeeming, selling or otherwise acquiring or disposing of Shares.

29. General Information

A. *Directors*

The board of Directors of the Fund shall be composed of at least two persons. Directors may be removed or replaced at any time by resolution of the shareholders. There is no age limit or share qualification for Directors.

The Directors are vested with all powers to perform all acts necessary or useful for accomplishing the Fund's investment objectives.

The Fund may indemnify any Director or officer to the extent permitted by the Companies Acts 1931 to 2004 out of the property of the Fund against all losses or liabilities which he may sustain or incur in relation thereto.

At no time will a majority of the Directors be resident in the United Kingdom nor will a meeting of Directors be validly constituted unless a majority of the Directors present at the meeting is not resident in the United Kingdom nor will the board of Directors meet in the United Kingdom.

B. *Dealings in Shares by the Manager*

Subject to the taxation status of the Fund not being prejudiced thereby, the Manager may, as principal, acquire and hold Shares and may at its sole discretion satisfy, in whole or in part, an application or request:

- (a) for the purpose of the purchase of Shares by an applicant by effecting a transfer to the applicant of Shares owned by the Manager at a price determined by it, but in no circumstances to be greater than the relevant Offer Price;
- (b) for the purpose of a redemption of Shares by a shareholder by buying such Shares in the Fund from the shareholder at a price determined by the Manager, but in no circumstances to be at a price less than the relevant Redemption Price.

The Manager is under no obligation to account to the Fund or to the shareholders for any profit which it makes on the issue of Shares or on the re-issue or cancellation of Shares which it has repurchased.

C. *Amendment to the Fund's Articles of Association*

The Fund's Articles of Association may be amended at any time by a resolution of a meeting of shareholders subject to the quorum and voting requirements provided by Isle of Man law.

Written notice to shareholders of the effectiveness of each amendment of the Articles of Association shall be provided with the next statement of account following its effectiveness. Such notice shall either state the text of amendments or summarise its content and provide that the complete text of the amendment shall be sent to any shareholder upon request.

D. *Winding up*

The Fund may be wound up if a special resolution of the shareholders so determines.

On a winding up, the assets available for distribution amongst the shareholders shall be applied by the liquidator in the following priority:

- (a) firstly, in the repayment *pari passu* to the holders of Shares of sums up to the nominal amount paid up thereon;
- (b) secondly, in the repayment *pari passu* to the holders of Nominal Shares of sums up to the nominal amount paid up thereon;
- (c) thirdly, in the repayment *pari passu* to the holders of the Management Shares of sums up to the nominal amount paid up thereon;
- (d) fourthly, in the payment to holders of Shares of any surplus of assets then remaining attributable to the Shares, such payment being made in proportion to the nominal amounts paid up on such Shares; and
- (e) fifthly, in the payment to the holders of the Nominal Shares of any balance then remaining and not attributable to the Shares, in proportion to the nominal amounts paid up on such Nominal Shares.

E. *Listing*

The Shares in the Fund are not presently quoted or listed on any stock exchange and no such listing is currently intended. However, the Dealing Price may be published in the relevant sections of the Financial Times, Reuters, Bloomberg or other agencies

E. *Business Day and Time*

References in these Scheme Particulars to a 'business day' means a day other than a Saturday or Sunday or a day which is a public holiday in the Isle of Man or a day falling within a period of suspension of the determination of the net asset value of Shares, as described in section 22. References to time are to time in the Isle of Man.

30. *Material Agreements*

The Fund has entered into agreements with:

- (a) the Manager dated 2nd August 2007, whereby the Manager agrees to provide management and administration services in return for the consideration described in these Scheme Particulars ("Management Agreement");
- (b) the Manager and the Custodian dated 9th August 2007, whereby the Custodian agrees to provide custodian services in return for the consideration described in these Scheme

Particulars (“Custodian Agreement”); and

- (c) the Promoter and the Manager dated 2nd August 2007, whereby the Promoter agrees to market and promote the Sub-Funds in return for the consideration described in these Scheme Particulars (“Promoters Agreement”).

The Management Agreement can be terminated upon not less than six months’ notice by either party, the Custodian Agreement can be terminated upon not less than 90 days’ notice by any party and the Promoters Agreement can be terminated by any party giving not less than twelve months’ notice at any time after the first anniversary of the date of the Promoters Agreement. Each of the Agreements can also be terminated earlier in certain exceptional circumstances.

The agreements contain indemnities in favour of the Manager, the Custodian and the Promoter generally in the absence of negligence, fraud or wilful default on their part.

At least 60 days’ advance notice will generally be given to shareholders of any proposal to change the Manager or Custodian or to vary materially the agreements set out above or the fee arrangements described herein.

31. Details of Charges, Fees and Expenses

The Series 1 Notes held by each Sub-Fund will be subject to the following charges, which will be paid by the Determination Agent as set out below. All of the charges and fees outlined in this section 31 (except where stated to be minimum amounts) are the maximum amounts that may be charged by the party concerned.

A. Non-Performance Related Fee

An ongoing distribution fee (“OGDF2”) equal to 0.75% per annum of the nominal value of the Series 1 Notes will be received by the Manager as agent on behalf of the Fund from the Determination Agent quarterly in arrears.

Out of OGDF2, the Manager will:

- retain its own remuneration, which will comprise a periodic fee equal to 0.25% per annum of the net asset value of each Sub-Fund (determined in the manner outlined in section 20), subject to a minimum aggregate fee for all Sub-Funds of £30,000 per annum, such fee to be calculated and paid quarterly in arrears. This is the maximum remuneration payable to the Manager;
- pay the remuneration of the Custodian, which will be calculated and paid monthly in arrears and will be at the rate of 0.03% per annum of the net asset value of each Sub-Fund (determined in the manner outlined in section 20) up to £50 million and 0.025% per annum of such net asset value over £50 million, subject to a minimum aggregate remuneration of £8,000 per annum, and pay settlement fees to the Custodian in an amount equal to £50 per transaction. This is the maximum remuneration payable to the Custodian;
- pay the Directors’ fees outlined in section 15 and the expenses outlined in section 16; and
- pay the balance of OGDF2 remaining to the Promoter.

For the avoidance of doubt, if and to the extent that OGDF2 is not sufficient to enable the Manager to make all of the above payments in full, the Manager shall be under no obligation to make good such shortfall out of its own resources and shall be under no obligation to make such payments to the extent of such shortfall. The Promoter has

undertaken to fund such payment to the extent of any such shortfall.

B. *Performance Related Fees*

In addition to the non-performance related fee outlined in section 31A, the Series 1 Notes held by each Sub-Fund will be subject to the following additional performance related fees, which will be paid by the Determination Agent only if the difference between the Net Asset Value of the relevant Sub-Fund less the present value of the underlying capital protection is greater than zero:

- a further ongoing distribution fee (OGDF1) equal to 1% per annum of the nominal value of the Series 1 Notes, which will be paid to the Promoter quarterly in arrears; and
- an index administration fee equal to 1% per annum of the nominal value of the Series 1 Notes, which will be retained by the Determination Agent.

If at any time the difference between the Net Asset Value of the relevant Sub-Fund less the present value of the underlying capital protection falls below zero, then no further ongoing distribution fee or index administration fee will be payable for the remainder of the term of the Series 1 Notes.

C. *Promoter's Sales and Marketing Fee*

The Promoter will be entitled to receive a one-off up front sales and marketing fee of 8 per cent of subscription moneys received by the Fund and out of that sales and marketing fee the Promoter will pay introductory fees to intermediaries. For the purposes of determining the net asset value of a Sub-Fund, sales and marketing fees will be amortised over a period of five years (see section 20).

32. *Directors' Responsibilities, Consents, etc.*

The Directors and the Manager are responsible for the information contained in this document. To the best of the knowledge and belief of the Directors and the Manager (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 Manager accept responsibility accordingly.

Statements made in this document are based on the law and practice currently in force in the Isle of Man and are subject to changes in those laws. The distribution of this document and the offering of the Shares may be restricted in certain jurisdictions. It is the responsibility of any person in possession of this document and any persons wishing to make application for Shares pursuant to this document to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions.

Shares may not be acquired by persons resident in the Isle of Man, except for the acquisition of Nominal Shares by the Manager.

Prospective applicants for Shares should inform themselves as to the legal requirements and consequences of applying for, holding and disposing of Shares and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

This document 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 is not qualified to do so to anyone to whom it is unlawful to make such offer or solicitation.

The Shares have not been registered under the United States Securities Act of 1933 and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its

jurisdiction, or to or from the benefit of a United States person (within the meaning of Regulation S promulgated under the said Act).

The Fund is an unregulated collective investment scheme as defined in the United Kingdom Financial Services and Markets Act 2000 (the “FSMA”). It has not been authorised or otherwise approved by the United Kingdom Financial Services Authority and, as an unregulated scheme, it cannot be marketed in the United Kingdom to the general public. This document can therefore be issued in the United Kingdom only to persons regulated under the FSMA to carry on investment business and to other categories of investor to whom unregulated collective investment schemes can be marketed without contravening section 238 of the FSMA. The issue of this document in the United Kingdom to any other person in connection with the offer of Shares is an offence. The protections offered by the FSMA do not apply to the Fund and compensation under the United Kingdom Financial Services Compensation Scheme will not be available.

For the avoidance of doubt, neither Barclays Bank Plc nor the Determination Agent nor any of their affiliates or subsidiaries shall have any responsibility or liability for the distribution of this document and the offering of the Shares in any jurisdiction.

PART 3

33. Disclosure Statement and Anti-Money Laundering Provisions

A. *Disclosure Statement*

By applying for Shares, applicants are deemed to make the following acknowledgements, confirmations, commitments, warranties and undertakings to the Fund and to the Manager:

- (1) I/We acknowledge receipt of the current Scheme Particulars of the Fund, which I/we have carefully considered in advance of my/our application and have taken particular note of the investment policy and, in particular, the risk factors relating thereto.
- (2) I/We hereby confirm that my/our application is made solely on the terms of the current Scheme Particulars of the Fund and subject to the Fund's Memorandum and Articles of Association.
- (3) I/We acknowledge that any financial intermediary who advised me/us in relation to this application did so as my/our advisor and was not an agent of or acting on behalf of the Fund and/or the Promoter.
- (4) I/We confirm that I/we have the authority to make the investment pursuant to the Application Form whether this investment is my/our own or is made on behalf of another person or institution and I/we confirm that I/we have the right and authority to request redemption of shares of the Fund and that I/we will comply with the redemption instructions set out in the Scheme Particulars.
- (5) The Manager is hereby authorised and instructed to accept and execute any instructions in respect of the Shares to which my/our application relates and the Manager and the Fund may rely conclusively upon and shall incur no liability in acting upon such notice, request, consent, instruction or other instrument believed by either of them in good faith to be genuine or to be signed by the proper person(s) or duly authorised or properly made.
- (6) I/We irrevocably apply for such number of shares (including fractions) at a price determined in accordance with the Scheme Particulars as may be purchased with the amount subscribed. I/We hereby undertake and agree to accept any number of Shares in respect of which my/our application may be accepted. I/We acknowledge that the Fund reserves the right to reject any application in whole or in part and to restrict or prevent the ownership of shares by any person, firm or corporation in the circumstances outlined in the Scheme Particulars.
- (7) On demand I/we (jointly and severally) promise to pay to the Fund or order the sum of the amount subscribed and pledge the subscribed Shares as security for payment of all sums due hereunder. I/We note that the Fund's Articles of Association contain provisions enabling forfeiture of Shares in the event of non-payment of my subscription.
- (8) I/We warrant that the acceptance of my/our application to subscribe for Shares together with the appropriate remittance will not breach any applicable money laundering rules and regulations and I/we undertake to provide verification of my/our identity reasonably satisfactory to the Manager, if so requested. I/We shall hold the Fund and the Manager and any other party including the other shareholders harmless and indemnified against any loss arising due to the process of this application if such information as has been required has not been provided by me/us or if, by virtue of my/our holding, I/we are in breach of the laws and regulations of any competent jurisdiction.

- (9) (Applicable where there are joint shareholders) We direct that, on the death of one of us, the Shares for which we apply be held in the name of and to the order of the survivor(s) of us or the executors and/or administrator of such survivor and we authorise the Manager and the Directors to accept instructions (including redemption requests) in accordance with the signing authority on the Application Form, save that, where that authority indicated “all of us”, it shall be interpreted after the death of one of us as meaning all of the survivors.
- (10) I/We declare that the Shares subscribed for are not being acquired directly or indirectly by a person who is resident in the Isle of Man for the purposes of taxation.
- (11) I/We certify that the Shares are not being acquired directly or indirectly by a US Person (as defined by regulation S of the United States Securities Act of 1933), nor in violation of any applicable law. In particular, (i) I/we understand that the Fund has not been and will not be registered under the United States Investment Company Act of 1940, as amended, and that the Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any State of the United States and, unless described otherwise in the Scheme Particulars, the Shares may not be offered, sold, transferred, assigned or delivered, directly or indirectly, in the United States or to a US Person at any time; and (ii) I am not/none of us is a US Person.
- (12) I/We agree to notify the Manager in writing immediately if I/we become aware that any of the above representations is no longer complete and accurate in all respects and agree immediately either to redeem, or tender to the Fund for repurchase, a sufficient number of Shares to allow the representations to be made.
- (13) I/We warrant to the Fund and to the Manager that no applicable money laundering rules and regulations will be breached by the acceptance of my/our application or of the related remittance.
- (14) I/We undertake to the Fund and the Manager that I/we shall provide to the Manager such verification of identity as the Manager may reasonably require.
- (15) (Applicable to residents of Singapore) I/We hereby acknowledge and agree that the Shares in each Sub-Fund which are available to Singapore Investors on the terms and conditions set out in section 33 of the Scheme Particulars are being offered to me/us pursuant to the exemption in section 305 of the Securities and Futures Act, Chapter 289 of Singapore (“SFA”). Accordingly, I/we undertake:
- (a) not to circulate or distribute the Scheme Particulars or other document or materials in connection therewith; and
 - (b) not to offer or sell or make the subject of an invitation for subscription or purchase, whether directly or indirectly, the Shares of the Sub-Funds,
to persons in Singapore other than (i) to a relevant person, or any person pursuant to section 305(2), and in accordance with the conditions, specified in section 305 of the SFA, (ii) to an institutional investor specified in section 304 of SFA or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.
- (16) (Applicable to residents of Singapore) I/we hereby acknowledge and agree that, where the Shares of the relevant Sub-Fund are subscribed or purchased under section 305 of the SFA by me/us, as 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,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Shares of the relevant Sub-Fund pursuant to an offer made under section 305 except:

- (i) to an institutional investor (for corporations, under section 274 of the SFA) or to a relevant person defined in section 305(5) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than \$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in section 275 of the SFA;
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law.

B. *Anti Money-Laundering Provisions*

All subscriptions must comply with all applicable money laundering rules and regulations. The Manager may, at its absolute discretion, require verification of identity from any person applying to subscribe for Shares (an 'applicant').

Unless the Fund in its absolute discretion shall otherwise determine, the obligation of the Fund to allot Shares to an applicant is conditional on the Manager being provided with such evidence within a reasonable time (as determined by the Directors) after a request for such evidence. Accordingly, if this condition is not fulfilled or waived by the Fund, the application by and any allotment of Shares to the applicant will be deemed to have lapsed and the money paid by the applicant will be returned (without interest) to the account of the bank from which such sums were originally debited (but in each case subject to applicable money laundering rules and regulations and without prejudice to any rights the Fund may have to take proceedings to recover in respect of loss or damage suffered or incurred by it as a result of the failure to provide satisfactory evidence as aforesaid).

C. *Information for Singapore Investors*

The offer of Shares in the Fund which is the subject of these Scheme Particulars is only allowed to be made to sophisticated investors and not to the retail public of Singapore. Moreover, these Scheme Particulars do not constitute a prospectus as defined in the Singapore Securities and Futures Act, Chapter 289 (the "SFA"). Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. Prospective investors should carefully consider whether the investment is suitable for them. The offer which is the subject of these Scheme Particulars may also be made to the institutional investors specified in section 304 of the SFA.

The Manager is licensed and regulated by the Isle of Man Financial Supervision Commission (“IOMFSC”). The contact details of the IOMFSC are as follows: Isle of Man Government Financial Supervision Commission, PO Box 58, Finch Hill House, Bucks Road, Douglas, Isle of Man, IM99 1DT, Tel; +44 (0) 1624 689300, Fax; +44 (0) 1624 689399.

These Scheme Particulars have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, these Scheme Particulars and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the 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, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor specified in section 304 of the FSA, (ii) to a sophisticated investor, 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 applicable provision of the SFA.

34. Application Procedure

A. Procedure

In order to be processed on a particular Dealing Day, applications for Shares in a Sub-Fund should be made to the Manager by the deadline specified in these Scheme Particulars. In addition, applications are conditional on the Manager being in receipt of cleared funds by the further deadline specified in these Scheme Particulars. Applicants should note that applications are subject to certain restrictions (as outlined in section 23), which may result in them not being processed on the next Dealing Day even if the deadlines referred to in this paragraph are met.

An acknowledgement of the investment will be made by the issue of a contract note which will be sent to the applicant with a duplicate to the applicant’s authorised agent, if one is appointed.

Payment for Shares may be made by cheque or telegraphic transfer. Subject to the deadlines outlined above being met, applicants will be allotted Shares on the next Dealing Day following receipt by the Manager of the later of the duly completed Application Form and advice from the receiving bank that cleared funds are available.

Payments received from third parties will usually be refused.

The minimum investment in Shares in each Sub-Fund is Shares to a value of not less than £10,000, €15,000 or \$20,000 (depending on the currency of valuation and pricing of the relevant Sub-Fund by value (or such other value as the Directors may in their discretion determine).

B. Application Address

The completed form should be detached and posted or faxed (with the original following by post) to the Manager:

Abacus Financial Services Limited
Sixty Circular Road
Douglas
Isle of Man IM1 1SA

Tel No: +44 (0) 1624 689750
Fax No: +44 (0) 1624 689602
e-mail: afsl@abacusiom.com

C. **Verification Documents Required**

Measures aimed towards the prevention of money laundering require each applicant for Shares, or transferee of Shares, to verify his identity and source of funds and wealth to the Manager. This obligation is absolute and the Manager will notify applicants if proof of identity in addition to that specified below is required. The Manager reserves the right to request such documentation as is necessary to verify the identity of the applicant. Full details of the anti money-laundering requirements of the Manager are set out below:

Individuals

For each individual applicant for business, the following due diligence information will be required:

1. Acceptable Evidence of Identity documentation in the form of one of the following
 - a) Full passport;
 - b) Armed forces ID card;
 - c) Full driving licence; or
 - d) Government/National Identity Card.

The document will need to be certified as a true copy of the original.

The document must be in date/valid and should show the issue and expiry date and it must show a good quality photograph, bearer's signature, and the name of the issuing authority.

2. Acceptable Verification of Address documentation in the form of an original or certified true copy of one of the following documents:
 - a) Recognised bank/credit card statement;
 - b) Utility bill;
 - c) Rates or council tax bill; or
 - d) A letter from the applicant's employer or a respected professional (e.g. lawyer, accountant, doctor) confirming the applicant's address will also be acceptable for problem cases where it is difficult to get a standard bill or statement confirming the applicant's true residential address.

Verification of address documents must show the name of the individual and their address and should have been issued within the last 3 months.

Mobile telephone bills and store card statements are not acceptable as verification of address.

Where an applicant uses a PO Box address, evidence of their 'true' address must be provided.

Companies

The following information is required for all companies:

- a) Certified copy Certificate of Incorporation or equivalent;
- b) Details of the registered office and place of business;
- c) Details of the nature of the applicant's business;
- d) The reason for investing the monies;

- e) An indication of the expected turnover of the investment;
- f) A certified copy of the last available accounts of the applicant where appropriate;
- g) Satisfactory due diligence on each of the beneficial owners of the applicant*;
- h) Satisfactory due diligence on at least two signatories;
- i) Satisfactory due diligence on two directors of the company where these are different from the beneficial owners and signatories; and
- j) A certified copy of the Board Resolution authorising the investment;

*For public companies with numerous shareholders it would be impractical for “know your customer” documentation to be provided for every single one. In such circumstances the Manager will ask for “know your customer” documentation on the largest individual or corporate shareholders. The Manager may also ask for a complete list of all shareholders of the company in certain circumstances.

Trusts

The following information will be requested for all trusts:

- a) Satisfactory due diligence on the trustees
- b) Satisfactory due diligence on the settlor (and the person providing the funds where not the settlor);
- c) Satisfactory due diligence on any protector, controller or similar person who has power to appoint or remove the trustees;
- d) Satisfactory due diligence on the beneficiaries* of the trust;
- e) Evidence as to the source or origin of the assets held in the trust;
- f) Satisfactory evidence of proper appointment of trustees. e.g. a copy of extracts from the Deed of Trust or relevant deed of appointment or a letter from an advocate verifying the same; and
- g) The nature and purpose of the trust.

*This requirement does not apply for any named beneficiaries that are not yet aware of their status within the trust. However, “know your customer” documentation would be required before any payment of trust property is made to such a beneficiary.

Other applicants

Please contact the Manager for details of its requirements in relation to other applicants.

Certification of documents

Where original documents cannot be supplied they need to be suitably certified. The following will be accepted as suitable certifiers:

- § Lawyer
- § Accountant
- § Notary Public
- § Member of the Judiciary
- § Consular Official of a British Embassy or Consulate
- § Senior Civil Servant
- § Serving Police Officer
- § Director or manager of an authorised credit or financial institution
- § Director, Company Secretary or manager of a licensed Corporate or Trust Service Provider
- § Broker that has satisfied the Manager that they qualify as a suitable certifier

Each certification must state that the document is a true copy of the original and must show the certifier's name, certifier's signature, date of certification, and occupation/capacity of certifier.

Source of Funds and Source of Wealth

For all applicants, the Manager will seek to establish “source of funds” i.e. the bank account the funds are coming from, or who the cheque is issued by and the “source of wealth” i.e. how the applicants have acquired their wealth e.g. savings from employment, inheritance, sale of stocks and shares, sale of property etc. The Manager reserves the right to request further information and/or documentation as may be required to verify source of funds and source of wealth.

The Protected Water Fund plc – Individual Subscription Form

To: Abacus Financial Services Limited, Sixty Circular Road, Douglas, Isle of Man, IM1 1SA.
 Telephone: +44 (0) 1624 689750 Fax +44 (0) 1624 689602 (*original of fax must be posted*)

PLEASE READ THE DISCLOSURE STATEMENT IN THE SCHEME PARTICULARS PRIOR TO COMPLETING THIS APPLICATION FORM.

1. ACCOUNT DETAILS			
Account Name	<input type="text"/>		
Mailing Address	<input type="text"/>		
Details of First Applicant			
Title	<input type="text"/>	Full Name	<input type="text"/>
Previous, Maiden, Other Names	<input type="text"/>	Marital Status	<input type="text"/>
Date of Birth (dd/mm/yy)	<input type="text"/>	Occupation	<input type="text"/>
Nationality	<input type="text"/>		
Residential Address <i>(please provide a certified utility bill in evidence of address)</i>	<input type="text"/>		
Post Code	<input type="text"/>	Country of Residence	<input type="text"/>
Home Telephone No. (include country code)	<input type="text"/>	Work Telephone No. (include country code)	<input type="text"/>
Preferred method of contact:	E-mail	Fax	Post
E-mail Address / Fax Number	<input type="text"/>		
Source of Wealth - Please explain how your general wealth has been accrued including a specific comment on the source of the monies being invested:			
<input type="text"/>			
Annual Income from all Sources	<input type="text"/>		
Source of Funds – Please provide details of the financial institution that the investment monies are coming from:			
Account Name:			
Name of Financial Institution:			
Address of Financial Institution:			
Reason for investing in the Fund:			
<input type="text"/>			
Do you anticipate making additional investments into the Fund during the next 12 months? If yes, please give an estimate of the number of transactions and likely value of the investments:			
<input type="text"/>			

Details of Additional Applicant			
Title	<input type="text"/>	Full Name	<input type="text"/>
<i>Previous, Maiden, Other Names</i>	<input type="text"/>	Marital Status	<input type="text"/>
<i>Date of Birth (dd/mm/yy)</i>	<input type="text"/>	Occupation	<input type="text"/>
Nationality	<input type="text"/>		
Residential Address <i>(please provide a certified utility bill in evidence of address)</i>	<input type="text"/>		
Post Code	<input type="text"/>	Country of Residence	<input type="text"/>
Home Telephone No. <i>(include country code)</i>	<input type="text"/>	Work Telephone No. <i>(include country code)</i>	<input type="text"/>
Preferred method of contact:	E-mail	Fax	Post
E-mail Address / Fax Number	<input type="text"/>		
Relationship to First Applicant	<input type="text"/>		
Source of Wealth - Please explain how your general wealth has been accrued including a specific comment on the source of the monies being invested:			
Annual Income from all Sources	<input type="text"/>		
Source of Funds – Please provide details of the financial institution that the investment monies are coming from:			
Account Name:			
Name of Financial Institution:			
Address of Financial Institution:			
Reason for investing in the Fund:			
Do you anticipate making additional investments into the Fund during the next 12 months? If yes, please give an estimate of the number of transactions and likely value of the investments:			

2. SIGNING AUTHORITY		
	Any One of us	All of us
Please complete	<input type="text"/>	<input type="text"/>

NOTE: In the absence of alternative instructions, the signature of all parties will be required on all instructions

3. INVESTMENT DETAILS (please indicate amount and currency to be invested)			
Fund	Currency	Amount in Figures	Amount in Words
Sterling	Sterling	<input type="text"/>	<input type="text"/>
Dollars	Dollars	<input type="text"/>	<input type="text"/>
Euros	Euros	<input type="text"/>	<input type="text"/>

The minimum initial investment is £10,000, €15,000 or \$20,000 (depending on the currency of valuation and pricing of the Sub-Fund in question).

Method of Payment: Cheque (attached)/Telegraphic Transfer (please state payment date) (cheques should be made payable to "AFSL re Protected Water Fund plc Client A/c").
Cheques in a currency other than sterling are not accepted.

FOR INVESTMENTS OVER £225,000 A SUPPLEMENTARY QUESTIONNAIRE MUST BE COMPLETED (AVAILABLE FROM THE MANAGER).

4. EVIDENCE OF IDENTITY

Evidence of identity:

Certified signed copy of a passport or pictorial ID enclosed

Evidence of residential address:

Certified copy of utility bill, or bank or credit card statement enclosed (please note that mobile telephone and store credit card bills are not acceptable and utility bill must not be older than 3 months)

CERTIFICATION: All copies shall be certified "I certify that this is a true copy of the original", signed, dated and contact details affixed by the certifier. All copies must be certified by one of the following - a bank official, lawyer, embassy official, accountant, serving police officer, public notary, broker that has satisfied the Manager that they qualify as a Suitable Certifier or member of the Judiciary.

5. BANK ACCOUNT DETAILS (please provide details of the bank account to which redemption payments should be paid)

Account Name:	
Account Number:	
Name of Bank/Building Society:	
Address:	
Country:	
Post Code:	
Sort Code/Branch:	

6. DECLARATIONS

I/We hereby apply for the number of Shares in the capital of The Protected Water Fund plc (the "Company") as may be purchased with amount subscribed (as above) upon the terms and conditions of the Scheme Particulars dated 1 August 2008 which I/we have received and read and understood. By completing and signing this application form I/we hereby warrant, represent and agree as set out below and in the disclosure statements set out in the Offering Document:

- 1 I/We confirm that I/we have read, fully understood and accepted the risks associated with an investment in the Company.
- 2 I/We acknowledge receipt of the Offering Document which I/we have carefully considered in advance of my/our application and have taken note in particular of the investment policy and the risk factors relating thereto. I/We hereby confirm that my/our application is made solely on the terms thereof and subject to the Memorandum & Articles of Association of the Company. I/We acknowledge that any financial intermediary who advised me/us in relation to this application did so as my/our advisor and was not an agent of or acting on behalf of the Company.
- 3 I/We hereby authorise the Manager, its nominees and/or its directors and officers to obtain independent verification of any information I/we have provided with respect to this application.
- 4 I/we undertake to provide additional verification of identity and source of funds/wealth to the Manager, if so requested.
- 5 I/we consent to my/our details being passed by and between the Promoter, the Company, the Manager and the Custodian in order to enable those persons to perform their designated functions in relation to the Company. In addition, I/we note that the names of Shareholders will be added to a mailing list which may be used by the Promoter to send details of new and existing products. I/we note that if I/we do not want to receive such details, I/we should notify the Manager in writing.

7. SIGNATURE(S)

First Applicant: _____

Date: _____

Additional Applicant: _____

Date: _____

Please be advised that applications signed under a Power of Attorney cannot be accepted

PROTECTED WATER FUND SEDOL / ISIN NUMBERS

	SEDOL	ISIN
THE PROTECTED WATER FUND GBP	B23XWN6	IM00B23XWN67
THE PROTECTED WATER FUND USD	B23YN81	IM00B23YN816
THE PROTECTED WATER FUND EUR	B23YN58	IM00B23YN584

8. FOR PROFESSIONAL ADVISER'S USE ONLY

Advisor Name:	
Company Name:	
Address:	
Telephone Number:	
Fax Number:	
Email:	

The Protected Water Fund plc

9. BANK INSTRUCTION LETTER

To: The Manager

Bank Details

Name of Bank:	Tel:
Address of Bank:	
Post Code :	Sort Code:
Account Number:	Account Name:

Please Transfer (after deduction of any bank and agent's charges): GBP

From the above referenced account day of 20

(insert date):

Please note cleared funds must be available in the Manager's Collection Account by the last Business Day of the month or the investment will be held over and not dealt until the next monthly Dealing Day.

Please quote
(insert Shareholder name):

Please charge the amount of the payment, together with any bank and agent's charges to my/our account:

Full Name:	
Address:	
Country:	Post Code:

Signature(s)	Signature 1	Signature 2
	<input type="text"/>	<input type="text"/>
Date (dd/mm/yy)	<input type="text"/>	<input type="text"/>

The name of the applicant(s) should be quoted as a reference to all payments

On all payments please ensure that a SWIFT MT103 is sent to Royal Bank of Scotland International Limited SWIFT Code RBOSGGSP

Sterling payments being remitted from the UK should be sent direct to the beneficiary bank:	
Beneficiary Bank:	Royal Bank of Scotland International Limited 22 High Street St Peter Port, Guernsey, GY1 4BQ
Account Name: Account Number: Sort Code: IBAN: Applicants Ref:	Abacus Financial Services Ltd re: The Protected Water Fund Plc Client A/c 56303232 16-20-29 GB81RBOS16202956303232
Payments from outside the UK should be made via the following correspondent banks:	
Sterling Correspondent Bank:	The Royal Bank of Scotland Plc Correspondent Banking Branch Great Tower Street, London
Account Name: Account Number: Swift Address: <u>For further credit to</u> Account Name: Account Number:	The Royal Bank of Scotland International Ltd WGIIJRY GBPc1 RBOSGB2L Abacus Financial Services Ltd re: The Protected Water Fund Plc Client A/c 56303232
United States Dollars Correspondent Bank:	Wachovia Bank NA 4/f 11, Penn Plaza New York NY 10001, USA
Account Name: Account Number: Swift Address: <u>For further credit to</u> Account Name: Account Number:	The Royal Bank of Scotland International Ltd 2000193009149 (CHIPS 155424) PNBPUS3NNYC Abacus Financial Services Ltd re: The Protected Water Fund Plc Client A/c 56303232
Euros Correspondent Bank:	The Royal Bank of Scotland Plc Correspondent Banking Branch Great Tower Street, London
Account Name: Account Number: Swift Address: <u>For further credit to</u> Account Name:	The Royal Bank of Scotland International Ltd WGIIJRY-EURC RBOSGB2L Abacus Financial Services Ltd re: The Protected Water Fund Plc Client A/c 56303232

Protected |  water
fund_{plc}

Web: www.pwf.co.im
Email: info@pdlgroup.com