

PROSPECTUS

IKANO FUNDS

SOCIETE D'INVESTISSEMENT A CAPITAL VARIABLE (SICAV)

June 2009

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L'apposition du visa ne peut en aucun cas servir
d'argument de publicité
Luxembourg, le 20/07/2009
Commission de Surveillance du Secteur Financier



IKANO FUNDS

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Investment Managers: The list of the appointed Investment Managers as of 1 September 2007 is attached in Appendix B.
An updated list of the Investment Managers (if applicable) is available upon request at the registered office and on

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I. INTRODUCTION

IKANO FUNDS, referred to hereinafter as the "Company", is a Luxembourg incorporated investment company (société d'investissement à capital variable) operating in accordance with the provisions of the law of December 20, 2002 on understandings for collective investment (the "Law"), which was originally incorporated on March 12, 1999 under the name IKANO INTERNATIONAL FUND. In particular, it is subject to the provisions of Part I of the Law, relating to undertakings for collective investment in transferable securities ("UCITS") as defined in the Directive of the Council of the European Community of December 20, 1985 (85/611/EEC), and as amended by Directives 2002/107/EC and 2002/108/EC.

The Company's articles of incorporation (the "Articles") were published in the Mémorial C, Recueil des Sociétés et Associations (the "Mémorial") on April 16, 1999. They were amended on September 3, 1999 in order to change the Company's name to IKANO INTERNATIONAL FUNDS, on March 8, 2000 in order to change the Company's name to IKANO FUNDS and on October 2, 2000, all as published respectively in the Mémorial on November 19, 1999, on July 1, 2000 and on November 6, 2000. These Articles have been amended on September 1, 2000 in order to submit the Company to the provisions of Part I of the law of 20 December 2002 that implements Directives 2002/107/EC and 2002/108/EC, as published in the Mémorial on September 14, 2004. These Articles have been amended for the last time on May 31 2006 in order to amend the registered address, as published in the Mémorial on June 22 2006. These Articles, together with the "notice légale" pertaining to the issuing of the Fund's shares (the "Shares") have been filed with the Luxembourg Trade and Companies Register (the "Registrar") where these documents are available for inspection.

The Shares may not be directly or indirectly offered or sold to any "U.S. Person". A U.S. Person is a person as defined in Regulation S of the United States Securities Act of 1933 (the "Securities Act") and thus shall include: (i) any natural person resident in the United States; (ii) any partnership or corporation organised or incorporated under the laws of the United States; (iii) any estate of which any executor or administrator is a U.S. Person; (iv) any trust of which any trustee is a U.S. Person; (v) any agency or branch of a foreign entity located in the United States; (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer, or other fiduciary for the benefit or account of a U.S. Person; (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and (viii) any partnership or corporation if: (A) organised or incorporated under the laws of any foreign jurisdiction and (B) formed by a U.S. Person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501 (a) under the Securities Act) who are not natural persons, estates or trusts; but shall not include (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. Person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States or (ii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. Person if an executor or

administrator of the estate who is not a U.S. Person has sole or shared investment discretion with respect to the assets of the estate and the estate is governed by foreign law.

The Company is established as an umbrella fund. It offers investors the opportunity to invest in a number of separate portfolios (each a "Fund" and collectively the "Funds"), each of which is subject to different investment objectives and policies. This structure offers the investor the advantage of being able to choose between a range of specifically focused Funds and to move between Funds.

The Company has appointed IKANO FUND MANAGEMENT S.A. (the "**Management Company**") as its management company.

The Management Company may employ multiple managers in each Fund for the purpose of diversifying the investment styles (see "**Multi-Manager Concept**" hereafter) together with portable risk strategies as described below.

The Funds may be listed on recognised stock exchanges.

II. DESCRIPTION OF THE FUNDS

The primary objective of all of the Funds listed in **Appendix A** below is the achievement of long term capital growth through investment in instruments traded on recognised exchanges and other regulated markets world-wide. Each Fund presents a specific risk profile and investment strategy and its performance will be measured against a recognised benchmark index or a composite of two or more recognised benchmark indices.

When used hereafter in respect of the investment strategy of a Fund, "**Active**" means that the investment manager uses his discretion in deciding the securities/markets in which to invest. "**Passive**" implies replication of the investments of a Fund in an index (i.e. no investment discretion) or a Fund representing an index. The Management Company shall have the discretion to move between and implement Active and/or Passive strategies for a Fund depending on Market conditions.

It is the intention of each Fund under "Active" management to perform above the relevant benchmark index/indices (gross of fees), where it should be noted that currency transactions can be used to enhance the Funds' performance. However there can be no assurance that this objective will be achieved. The performance of the Funds compared to their relevant index/indices will be indicated in the Company's annual accounts for the information of shareholders.

A maximum of 25% of the net assets of each Fund may be denominated in one of more of the currencies of the countries other than those listed under "**Primary Markets**" in the descriptions of the different Funds. Furthermore a maximum of 25% of the Net Asset of each Fund may be invested in issuers domiciled in one of more markets other than these "Primary Markets". Prospective investors will note "Primary Markets" does for this purpose refer to the issuers' domicile, and not to the markets in which the Funds trade. In this respect one should refer to the markets described in the Overall Investment Policy and Investment Restrictions under section V.

The Company intends to use financial derivative instruments for hedging purposes and for the purpose of efficient portfolio management subject to the restrictions described in Section VI. "Financial Techniques and Instruments". The Company intends to follow, when required, prudent hedging strategies to protect portfolios against currency fluctuation and market movements.

Furthermore, and only in Funds where it is specifically indicated the Company may use financial derivative instruments in order to create and/or alter the investment risk profile of the Funds, subject to the restrictions described in Section VI. "Financial Techniques and Instruments".

For the avoidance of doubt, each Fund irrespective of its investment policy may hold short-term (maturity of not more than 2 years) highly rated government bonds which shall be considered as "Cash and ancillary liquid assets".

Fund of Funds

In addition to the management fees, custodian and central administration fees that will be levied at the level of the Fund, each investment by those Funds categorised as fund of funds in another undertakings for collective investment will incur management fees, custodian and central administration fees that will be levied at the level of the undertakings for collective investment in which the Fund invests. The fees paid at the level of these target undertakings for collective investment will be disclosed in the appendix to the simplified prospectus of this Fund, as well as on the Company's website and in the semi-annual and annual reports of the Company.

Funds categorised as Fund of Funds may at the discretion of the Management Company allocate assets directly to a third party asset manager in the form of a segregated account using the pooling structure rather than via a UCI. In such circumstances, the Fund Management and Investment Advisory Fees as set out in Appendix E, shall be increased to include the asset management fee payable to the third party manager. In such circumstances a notice will be sent to all shareholders one month in advance of the change.

The Board of Directors of the Company (the "**Directors**") has the discretion to add other Funds at any time.

Performance of the Funds

The historical performances of those Funds that have been in existence for at least one year, is contained in the respective simplified prospectus.

III. INVESTMENT STRATEGIES

1. POOLING

Subject to the general provisions of the Articles, the Directors may choose to co-manage the assets of certain Funds on a pooled basis for the purposes of efficient portfolio management. In these cases, assets of the Funds participating in the co-management process will be managed according to a common investment objective and shall be referred to as a "**pool**".

The pools do not constitute separate legal entities and are not directly accessible to investors. Cash, or other assets, may be allocated from one or more Funds into one or more of the pools established by the Company. Further allocations may be made, from time to time, thereafter. Transfers from the pool(s) back to the Funds may only be made up to the amount of that Fund's participation in the pool(s).

The proportion of any Fund's participation in a particular pool shall be measured by reference to its initial allocation of cash and/or other assets to such a pool and, on an ongoing basis, according to adjustments made for further allocations or withdrawals.

Where the Company incurs a liability relating to any asset of a particular pool or to any action taken in connection with an asset of a particular pool, such liability is allocated to the relevant pool. Regardless of this, all liabilities, whether attributable to pools or otherwise will, unless otherwise agreed upon with the creditors, be binding upon the Company as a whole. Assets or liabilities of the Company that cannot be attributed to a specific pool, will, nevertheless, be recorded in the particular Fund(s) to which they relate.

Upon dissolution of the pool, the pool's assets will be allocated to the Fund(s) in proportion to its/their participation in the pool.

Dividends, interest, and other distributions of an income nature earned in respect of the assets of a particular pool will be immediately credited to the Funds in proportion to its respective participation in the pool at the time such income is recorded.

Expenses directly attributable to a particular pool will be recorded as a charge to that pool and, where applicable, will be allocated to the Funds in proportion to their respective participation in the pool at the time such expense is incurred. Expenses, which are not attributable to a particular pool, will be charged to the relevant Fund(s).

In the books and accounts of the Company the assets and liabilities of a Fund, whether participating or not in a pool, will, at all times, be identified or identifiable as an asset or liability of the Fund concerned including, as the case may be, between two accounting periods a proportionate entitlement of a Fund to a given asset. Accordingly such assets can, at any time, be segregated. On the Custodian's records for the Fund such assets and liabilities shall also be identified as a given Fund's assets and liabilities and, accordingly, segregated on the Custodian's books.

2. TRANSITION MANAGEMENT

As a result of the pooling structure and the multi-manager approach as described above, the Management Company, in the best interest of the shareholders of the Funds, may decide, from time to time, to deselect an Investment Manager and replace it with another investment manager. The Management Company may employ, where it deems appropriate, specialised transition managers (the "Transition Manager") to exchange the portfolios of outgoing and incoming investment managers. It should be noted that the Transition Managers are included in the list of appointed investment managers in **Appendix B**.

During the course of such transitions the portfolio is unlikely to be actively managed and may be fully liquidated to cash for short periods of time. As a result the portfolio may not be fully aligned with the investment policy of the Fund(s) which participate in the portfolio. Where circumstances allow the Transition Manager will expose the portfolio to appropriate market risk using futures (which shall be fully cash backed). Such market exposure is considered as passive risk. While the Transition Manager is required to respect the Overall Investment Policy and Investment Restrictions the effect of the transitioning could be significant or even material to the performance of the Fund(s) depending on the weight of the transitioning portfolio in any given Fund.

The cost of the transition management will be charged to the portfolio in the form of brokerage fees/pricing spreads. As trades may be crossed by the Transition Manager, we would expect the overall cost of the transition to be lower or at least no greater than the cost of straightforward sales and purchases. Other costs such as custody fees and transaction costs normally associated with the portfolio may increase due to the transitioning. However, no Fund Management and Investment Advisory Fees will be payable to the Management Company on the assets of the portfolio during the transitioning period.

3. PORTABLE ALPHA STRATEGIES

Certain Funds as described in Appendix A below may employ "**Portable Alpha Strategies**"

"**Alpha**" is a risk-adjusted measure of the so-called "excess return" of an investment. It is a measure for assessing an Active investment manager's performance as compared to the manager's benchmark index. Alpha may be either negative or positive depending on whether the manager under/out performs the benchmark. .

Alpha can be expressed as: Total Return of the Strategy – Market or Benchmark Return ("**Beta**").

Thus Portable Alpha is an investment strategy which refers to the return of an investment manager where the Market Return or Beta has been intentionally and completely eliminated. The return of such a portfolio will only represent the manager's skill in selecting investments within the market, and will be independent of the direction or magnitude of the market's movement. The elimination of market risk can be accomplished through use of financial derivative instruments such as futures, swaps and options.

Example of Portable Alpha

Consider an investment manager who invests only in small-cap US stocks. For the year, the manager's portfolio increased by 5%, while the benchmark small-cap US stock market (the Russell 2000) declined by 2%. The difference between the 5% and minus 2% is attributed to the skill of the investment manager and is called alpha. So his alpha for this year would be 7%.

To isolate the 7% alpha and make it "portable," the investment manager would sell Russell 2000 index futures at the beginning of the year, hedging out his exposure to the market. An investor in this type of portfolio would experience a positive return of 7% as compared to 5% in the unhedged portfolio and minus 2% in a Passive portfolio.

4. BETA STRATEGIES (SWAPPING MARKET RISK)

Certain Funds as described in Appendix A below may also employ "Beta Strategies". Beta Strategies involve the use of financial derivative instruments to eliminate and create market exposures in sectors/markets where the individual investment manager has no expertise.

Example of a Beta Strategy

Consider once again the portfolio of US small-cap stocks above. The investment manager has sold Russell 2000 futures to eliminate the market risk attaching to the US small-cap equity market. The manager now wishes to undertake exposure to the Japanese Equity Market so he buys a future on the Japanese Equity Market and thereby swaps the risk of the US small-cap equity market for the Japanese Equity Market without changing the underlying securities in the portfolio. The return generated will be the return of the Japanese Equity Market plus the manager's Alpha.

5. COST / VALUATION OF PORTABLE ALPHA AND BETA STRATEGIES

*The Financial derivative instruments to be used for both Portable Alpha and Beta Strategies may be both exchange trade and over the counter ("**OTC**") and include contracts for differences, swaps (total return, credit default interest rate), options, future and forwards. In general, the costs of trading in financial derivative instruments are significantly lower than the cost of trading individual securities. Exchanges trading derivatives and certain OTC counterparties will often require initial and variation margins to be posted by the Company. Margins will be a percentage of the exposure being undertaken and usually reflect the volatility of the underlying market.*

OTC contracts may only be negotiated at arm's length and entered into with a highly rated financial institution specialised in this type of transactions (the "OTC Counterparty"). Such contracts will be subject to the terms of standard ISDA Agreements entered into between the Company and the OTC Counterparties.

OTC contracts will be valued on each Valuation Date by the OTC Counterparty on a consistent basis utilising proprietary valuation models(based on Black & Scholes methodology).

Funds utilising Portable Alpha and Beta strategies are considered to be so called "**sophisticated funds**" and are subject to specific risk management controls under the responsibility of the Management Company

When applying the limits specified in part 8 of Section IV "Financial Techniques and Instruments" to the OTC transactions, reference must be made to the net counterparty risk exposure. The Company may reduce the gross counterparty risk of the Fund's OTC transactions by causing the OTC Counterparty to deliver to the Custodian collateral in the form of cash or liquid securities issued and guaranteed by a member state of the OECD or by their local authorities or by supranational institutions and undertakings of community, regional or worldwide nature. Such collateral will be enforceable by the Company at all times and will be marked to market on a daily basis. The amount of collateral to be delivered will be at least equal to the value by which the gross exposure limit has been exceeded.

IV. RISK FACTORS

Investments of the Company and its several Funds will generally take place in developed markets where political risk and those associated with liquidity, settlement and repatriation of funds are greatly reduced. Other risks, including foreign currency risk and risk specifically associated with both debt and equity security investments, will naturally still exist, but will be prudently managed as follows:

1. Foreign currency risk

All of the Funds are denominated and priced in Euro or, where applicable, in US Dollar or Swedish Kronor ("Reference Currencies"), though a significant portion of the assets in the portfolios of the Funds may be denominated in currencies other than the Reference Currencies

As a result, foreign currency risk will arise on the purchase or sale of securities denominated in a foreign currency or through the receipt of interest or dividends also in a foreign currency. A Fund may enter into both spot and forward foreign exchange transactions in an attempt to protect the Fund against the adverse effects of changes in foreign currency exchange rates on assets or income flows denominated in a currency other than the Reference Currencies of the Fund. Although these transactions may be undertaken for the purpose of minimising foreign currency risk, at the same time they limit the potential gain that might be realised should the value of the hedged currency increase. In addition, the precise matching of the forward contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in value of such securities subsequent to the date on which the forward contract is entered into.

The Funds are not obliged to engage in hedging activities but may do so from time to time and may not necessarily be engaging in such activities when movements in the equity, debt or currency markets occur.

2. Risks specifically relating to debt security investments

Investments in debt securities are primarily subject to interest rate, credit and prepayment risks. According to generally accepted rating principles in the financial services industry, investments in debt securities are classified into 2 broad categories:

- Investment grade securities with ratings by S&P (or Moody's equivalent) of BBB- or better
 - Speculative grade securities with ratings by S&P (or Moody's equivalent) lower than BBB-
- Both the Short Term Bond Funds and Bond Funds (excluding the IKANO High Yield Bond Fund, where the specific investment objective is to invest in below investment grade securities) will primarily invest in bonds, fixed or floating rate securities and short-term debt securities of investment grade (as defined above). However the investments of these Funds may, though to a more limited extent, include Lower Rated Securities.

3. Risks specifically relating to high yield debt security investments

It is the specific investment policy of the IKANO High Yield Bond Fund to invest in speculative grade securities. Such Lower Rated Securities typically are subject to greater market fluctuations and to greater risk of loss of income and principal due to default by the issuer than are higher rated fixed income securities and as a result offer higher yields in order to compensate for these risks. Lower Rated Securities generally tend to reflect short-term corporate specific, economic or market developments and investor perceptions of the issuer's credit quality to a greater extent than higher rated securities that react primarily to fluctuations in the general level of interest rates.

In addition it may be more difficult to dispose of or to determine the value of such Lower Rated Securities. Securities rated below BBB- are generally described by rating agencies as: "Speculative with respect to their capacity to pay interest and to ultimately repay principal in accordance with the terms of the obligation. While such securities are likely to have some qualitative / protective characteristics, these are outweighed by uncertainties or exposure to adverse conditions.

4. Risks specifically relating to equity security investments

Following the OVERALL INVESTMENT POLICY AND INVESTMENT RESTRICTIONS (see section V 1 and 2 (a)) the Equity Funds will mainly trade equity security investments on regulated markets. However, even in a regulated market, due to the nature of equity security investments, there continues to be a risk that an investment may from time to time become not readily realisable. There may be no active market for the investment so, it may be difficult to trade and to obtain reliable information about the value of such an investment. This is particularly true of equity security investments in smaller companies traded on OTC markets, which qualify as regulated markets.

Although it is not anticipated that the Funds (with the exception of the IKANO Small Cap Equity Fund) will invest in equities of this nature, any investment may experience short-term price volatility and wide spreads between bid and offer prices. The combination of price volatility and the limited liquidity of those markets may have an adverse effect on the investment performance of equity security investments.

5. Risks specifically relating to small capitalisation equity security investments

Equity securities of smaller companies with lower levels of market capitalisation capital (generally between USD 200,- million and USD 2.000,- million) are often traded on OTC markets, which are qualifying as regulated markets within the meaning of Article 40 of the Law may present greater liquidity risk for investors. It is the specific investment policy of the IKANO Small Cap Equity Fund to invest in equity securities of such smaller companies. Such small capitalised securities typically are subject to greater market fluctuations, greater price spreads and greater risk of not being readily realisable. There may be no active market for the investment so, it may be difficult to trade and to obtain reliable information about the value of such an investment.

6. Risks specifically relating to certain types of markets (emerging markets)

It is permissible within the investment policy of the IKANO Emerging Markets Fund to invest in securities (both debt and equity) traded in the markets of certain countries (usually referred to as "Emerging Markets"), which while are qualifying as regulated markets within the meaning of Article 40 of the Law may present greater risk for investors, in terms of liquidity, settlement and realisation risk due to political and socio-economic factors affecting these countries. Securities traded in such Emerging Markets typically are subject to greater price and currency fluctuations, greater market instability and settlement risk and a greater risk of not being readily realisable. Debt securities (including Government Debt) traded in such markets will typically qualify as Lower Rated Debt Securities. There may be no active market for the investment so, it may be difficult to trade and to obtain reliable information about the value of such an investment.

7. Multi-manager concept

In the selection of managers the Management Company has used its best effort to appoint high performing managers with different investment skills and thereby lower correlated performance. Historical performance, however, is no guarantee of future performance and the investment style of the different asset managers may not prove to be complementary leading to a higher than expected risk level for the Funds.

It is also possible that the investment strategies of the different asset managers could lead to a larger (or smaller) than anticipated holding in a specific security or market leading to a higher risk level for the Company.

The use of multiple managers may also result in a larger turnover of assets when compared to a single manager fund. This may result in higher transaction costs for the Company. The Management Company will carefully monitor transaction volumes and costs in the context of a given Investment Manager's performance measurement.

The use of multiple managers will not result in the assets and liabilities of a Fund not being properly identified or identifiable as assets and liabilities of the Fund concerned.

8. Use of derivatives

Each Fund may, while observing the Overall Investment Policy and Investment Restrictions, deal in futures, options, contracts for differences and swaps (including interest rate swaps, total return swaps and credit default swaps) on financial instruments. While the prudent use of such derivatives can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The following is a general discussion of important risk factors and issues concerning the use of derivatives that investors should understand before investing in a Fund.

Market Risk

This is a general risk that applies to all investments meaning that the value of a particular derivative may change in a way that may be detrimental to a Fund's interests.

Control and Monitoring

Derivative products are highly specialised instruments that require investment techniques and risk analysis different from those associated with equity and fixed income securities. The use of derivative techniques requires an understanding not only of the underlying assets of the derivative but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to a Fund and the ability to forecast the relative price, interest rate or currency rate movements correctly.

For those funds which have been designated as "sophisticated" by the Directors market risk exposure will be monitored by the management Company using value-at-risk ("VAR") methodologies. Depending on the construction of the Fund the maximum market risk exposure will be:

a VAR of not greater than 20% of the Total Net Asset value of the Fund

or

a VAR of not greater than 2 time the relative VAR of the benchmark portfolio

Liquidity Risk

Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid, it may not be possible to initiate a transaction or liquidate a position at an advantageous price (however, the Company will only enter into OTC derivatives if it is allowed to liquidate such transactions at any time at fair value).

Counterparty Risk

The Funds may enter into transactions in OTC markets, which will expose the Funds to the credit of its counterparties and their ability to satisfy the terms of such contracts. In the event of a bankruptcy or insolvency of a counterparty, the Funds could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. However this risk is limited in view of the investment restrictions laid down in sub-section 8 of the section "VI. Financial Techniques and Instruments".

Other Risks

Other risks in using derivatives include the risk of differing valuations of derivatives arising out of different permitted valuation methods and the inability of derivatives to correlate perfectly with underlying securities, rates and indices. Many derivatives, in particular OTC

derivatives, are complex and often valued subjectively and the valuation can only be provided by a limited number of market professionals which often are acting as counterparties to the transaction to be valued. Inaccurate valuations can result in increased cash payment requirements to counterparties or a loss of value to a Fund. However, this risk is limited as the valuation method used to value OTC derivatives must be verifiable by an independent auditor.

Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, a Fund's use of derivative techniques may not always be an effective means of, and sometimes could be counterproductive to, following a Fund's investment objective.

For a more detailed description of the use of financial instruments to hedge market risks, refer to the Section VI. "Financial Techniques and Instruments".

V. OVERALL INVESTMENT POLICY AND INVESTMENT RESTRICTIONS

1. The investments of the Company and of its several Funds shall consist of:

- (a) Transferable securities and money market instruments admitted to official listings on stock exchanges in Member States of the European Union (the "EU"),
- (b) Transferable securities and money market instruments dealt in on other regulated markets in Member States of the EU, that are operating regularly, are recognised and are open to the public,
- (c) Transferable securities and money market instruments admitted to official listings on stock exchanges in any country in Europe (other than those belonging to the EU) as well as Australasia¹ the American continent and Africa,
- (d) Transferable securities and money market instruments dealt in on other regulated markets that are operating regularly, are recognised and open to the public of any European country (other than those belonging to the EU) as well as Australasia, the American Continent and Africa,
- (e) Recently issued transferable securities and money market instruments provided that the terms of the issue include an undertaking that application will be made for admission to the official listing on one of the stock exchanges as specified in a) and c) or regulated markets that are operating regularly, are recognised and open to the public as specified in b) and d) and that such admission is secured within a year of issue,
- (f) Units of UCITS and/or other undertakings for collective investment ("UCIs") within the meaning of Article 1(2), first and second indents of Directive 85/611/EEC, as amended, whether they are situated in a Member State or not, provided that:
 - such other UCIs are authorized under laws which provide that they are subject to supervision considered by the Commission de Surveillance du Secteur Financier ("CSSF") to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured;
 - the level of protection for unit holders in the other UCIs is equivalent to that provided for unit holders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 85/611/EEC, as amended;

¹ Australasia is defined as countries within the Asian continent and Australia including Japan and New Zealand.

- the business of the other UCIs is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;
 - no more than 10 % of the UCITS' or the other UCIs' assets (or of the assets of any sub-fund thereof, provided that the principle of segregation of liabilities of the different compartments is ensured in relation to third parties), whose acquisition is contemplated, can, according to their constitutional documents, be invested in aggregate in units of other UCITS or other UCIs;
- (g) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in an EU Member State or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;
- (h) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market; and/or financial derivative instruments dealt in over-the-counter ('OTC derivatives'), provided that:
- the underlying consists of instruments described in sub-paragraphs (a) to (g) above, financial indices, interest rates, foreign exchange rates or currencies, in which the Company may invest according to its investment objectives;
 - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF and;
 - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative;
- (i) money market instruments other than those dealt in on a regulated market, which fall under Article 1 of the Law, if the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:
- issued or guaranteed by a central, regional or local authority or central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-Member State or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong or;
 - issued by an undertaking any securities of which are dealt in on regulated markets referred to in subparagraphs (a),(b) or (c) above, or;
 - issued or guaranteed by an establishment subject to prudential supervision ,in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by Community law or;
 - issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least EUR 10 million and

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

2. Furthermore, each Fund may:

Invest no more than 10% of its net assets in securities and money market instruments other than those referred to in sub-paragraph 1 (a) to (i).

3. Each Fund may acquire the units of UCITS and/or other UCIs referred to in paragraph 1 (f), provided that no more than 20 % of its net assets are invested in units of a single UCITS or other UCIs.

Investments made in units of UCIs other than UCITS may not exceed, in aggregate, 30% of the net assets of each Fund.

When each Fund has acquired shares of UCITS and/or other UCIs, the assets of the respective UCITS or other UCIs do not have to be combined for the purposes of the limits laid down in paragraph 5.

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

4. A Fund may hold ancillary liquid assets.

5. A Fund may not invest in any one issuer in excess of the limits set out below:

(a) Not more than 10% of a Fund's net assets may be invested in transferable securities or money market instruments issued by the same entity;

(b) Not more than 20% of a Fund's net assets may be invested in deposits made with the same entity;

(c) By way of exception, the 10% limit stated in the first paragraph of this section may be increased to:

- a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by an EU Member State, by its local authorities, by a non-Member State or by public international bodies to which one or more Member States belong;
- a maximum of 25% in the case of certain bonds when these are issued by a credit institution that has its registered office in an EU Member State and is subject by law to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer,

would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest. When a Fund invests more than 5% of its net assets in the bonds referred to in this paragraph and issued by one issuer, the total value of these investments may not exceed 80% of the value of the net assets of such Fund.

- (d) The total value of the transferable securities or money market instruments held by a Fund in the issuing bodies in each of which it invests more than 5% of its net assets must not then exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision. The transferable securities and money market instruments referred to in the two indents 5 (c) here above shall not be taken into account for the purpose of applying the limit of 40% referred to in this paragraph.

Notwithstanding the individual limits laid down in sub-paragraphs 5 (a) to (d) above, a Fund may not combine

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

in excess of 20% of its net assets.

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

The limits provided for in sub-paragraphs 5 (a) to (d) above may not be combined, and thus investments in transferable securities or money market instruments issued by the same entity or in deposits or derivative instruments made with this entity carried out in accordance with paragraphs i, ii and iii shall under no circumstances exceed in total 35% of the net assets of the Fund.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/ EEC or in accordance with recognized international accounting rules, are regarded as a single entity for the purpose of calculating the investment limits mentioned in sub-paragraphs 5 (a) to (d) above.

The Fund may not invest cumulatively more than 20% of its net assets in transferable securities or money market instruments of the same group subject to restrictions 5 a) and 1), 2) and 3) above.

Without prejudice to the limits laid down in paragraph 7 below, the limit of 10% laid down in sub-paragraph 5(a) above is raised to a maximum of 20% for investment in equity and/or debt securities issued by the same body when the aim of the investment policy of a Fund is to replicate the composition of a certain equity or debt securities index which is recognised by the CSSF, on the following basis:

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

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

By way of derogation, each Fund is authorised to invest up to 100% of its net assets in different transferable securities and money market instruments issued or guaranteed by an EU Member State, its local authorities, by another member state of the OECD or public international bodies of which one or more EU Member States are members, provided that (i) such securities are part of at least six different issues and (ii) securities from any one issue do not account for more than 30% of the net assets of such Fund.

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

7. The Company may not:

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

The limits stipulated in sub-paragraphs 7 (b) (c) and (d) above may be disregarded at the time of acquisition if, at that time, the gross amount of debt securities or of the money market instruments, or the net amount of securities in issue cannot be calculated.

8. The limits stipulated in paragraphs 6 and 7 above do not apply to:

- (a) Transferable securities and money market instruments issued or guaranteed by an EU Member State or its local authorities,
- (b) Transferable securities and money market instruments issued or guaranteed by a non-EU Member State,
- (c) Transferable securities and money market instruments issued by public international institutions to which one or more EU Member States are members.
- (d) Transferable securities held by a Fund in the capital of a company incorporated in a non-Member State investing its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which such Fund can invest in the securities of issuing bodies of that State. This derogation, however, shall apply only if in its investment policy the company from the Non-Member State complies with the limits laid down in Articles 43, 46 and 48 (1) and (2) of the Law. Where the limits set in Articles 43 and 46 of the Law are exceeded, Article 49 shall apply mutatis mutandis;

(e) Transferable securities held by the Company in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit holders' request exclusively on its or their behalf.

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

When the maximum percentages stated in paragraphs 2 through 7 above are exceeded for reasons beyond the control of the Company, or as a result of the exercise of subscription rights, the Company must adopt, as a priority objective, sales transactions to remedy the situation, taking due account of the interests of its shareholders.

- 10.** A Fund may borrow to the extent of 10% of its total net assets (valued at market value) provided these borrowings are made on a temporary basis. A Fund will not purchase securities while borrowings are outstanding except to fulfil prior commitments and/or to exercise subscription rights. However, the Company may acquire for the account of a Fund foreign currency by way of back-to-back loan.

- 11.** The Company may not grant credit facilities nor act as guarantor on behalf of third parties, provided that for the purpose of this restriction (i) the acquisition of transferable securities, money market instruments or other financial investments referred to in subparagraphs 1 (f), (h) and (i) of section V above, in fully or partly paid form and (ii) the permitted lending of portfolio securities shall be deemed not to constitute the making of a loan.

- 12.** Under paragraph 2 (a) above, the Company may invest up to 10% of the net assets of each Fund in certain types of securities or any other such securities that are not listed nor dealt on a regulated market. This limitation shall also apply to certain restricted securities (i.e. securities not readily marketable in the United States without registration under the US Securities Act of 1933 (the "1933 Act") but which may be offered to "qualified institutional buyers" under Rule 144A of the 1933 Act ("Rule 144A Securities")) where the securities are deemed not to qualify as transferable securities. Rule 144A securities will only be considered as transferable securities provided they are liquid and provided the issuer has undertaken pursuant to a written agreement with the purchaser to register such securities under the 1993 Act and to exchange the Rule 144 Securities for securities which are freely tradable as soon as they are registered, provided that this exchange be secured within a year of purchase.

- 13.** The Company undertakes not to carry out uncovered sales transactions of transferable securities, money market instruments or other financial instruments referred to in subparagraphs 1 (f), (h) and (i) of section V above; provided that this restriction shall not prevent the Company from making deposits or carrying out accounts in connection with financial derivatives instruments, permitted within the limits referred to above.

14. The Company's assets may not include precious metals or certificates representing them, commodities, commodities contracts, or certificates representing commodities.
15. The Company may not purchase or sell real estate or any option, right or interest therein, provided that the Company may invest in securities secured by real estate or interests therein or issued by companies that invest in real estate or interests therein.

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

VI. FINANCIAL TECHNIQUES AND INSTRUMENTS

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

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

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

Under no circumstances shall these operations cause the Company to diverge from its Overall Investment Policy and Investment Restrictions.

The Company will ensure that the global exposure of the underlying assets shall not exceed the total net value of a Fund. The underlying assets of index based derivative instruments are not combined to the investment limits laid down under sub-paragraphs 5 (a) to (d) of section V above.

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

1. Securities lending

The Company may enter into securities lending transactions under the following conditions:

- (a) The Company may only lend securities through a standardised lending system organised by a recognised clearing institution or through a highly rated financial institution specialising in this type of transaction.
- (b) As part of the lending transactions, the Company must in principle receive a guarantee, the value of which at the conclusion of the contract must be at least equal to the global valuation of the securities lent. This guarantee may be given in the form of cash and/or securities issued by or guaranteed by a member state of the OECD or by their local authorities or by supranational institutions and undertakings of a community, regional or world-wide nature and must be blocked in the name of the Company until the expiry of the loan contract.
- (c) Securities lending transactions may not exceed 50% of the aggregate market value of the securities portfolio of each Fund. This limit will not apply in situations where the Company is entitled, at all times, to cancel the contract and obtain restitution of the securities lent.
- (d) Securities lending transactions may not extend beyond a period of 30 days.

In the context of securities lending arrangements entered into by the Company, it may consent to the use of cash collateral for investment and reinvestment of same in accordance with agreed investment guidelines. The Company may enter into such arrangements in respect of one or several of its Funds. It may authorise the Custodian to give instructions for the investment and reinvestment of such cash collateral, in accordance with the Law and any interpretative guidance there under.

2. Repurchase agreements

The Company may enter, either as purchaser or seller, into repurchase agreements under the following conditions:

- (a) The Company may only transact with highly rated financial institutions specialised in these types of the transactions.
- (b) The Company may not sell the securities involved in repurchase agreements either before the repurchase of the securities by the counterpart has been carried out or the repurchase agreement has expired.
- (c) The Company must ensure that it restricts the value of purchased securities subject to repurchase obligation at such a level that it is able, at all times, to meet its obligations to redeem its own Shares.

3. Currency hedging

The Funds are authorised to enter into currency hedging transactions against any Benchmark Currency listed under "Benchmark Currencies" in the description of the Funds (Section II) and as further detailed in the "Risk Factors" (Section IV).

4. Market exposure

The Funds are authorised to enter into derivative transactions (both OTC and exchange traded derivatives) in order to create, hedge, alter or and/cap Market Exposure to a specific asset class. The use of such derivatives (futures, warrants, options, and swaps) is specific to particular Funds and share classes there of as is further described in Appendix A below.

5. Risk associated with Over The Counter (OTC) Derivatives

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

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

VII. THE COMPANY

The Company is organised as a “société d’investissement à capital variable” and was incorporated on March 12, 1999. Its Articles and any amendments hereto were and will be published in the Mémorial. The Company is registered under number B-68.837 with the Registrar. Its Articles are available for inspection at the Registrar and a copy thereof may be obtained upon request.

The Company’s registered office is at 31, Z.A. Bourmicht, L-8070 Bertrange, Grand Duchy of Luxembourg. The “Notice Légale” required by Luxembourg law in connection with the present offering of Shares was filed with the Registrar. The Directors are listed on page 2 of this Prospectus.

The Company’s accounting year will start on the first day of each year and end on the last day of December in each year. Audited annual accounts shall be published within 4 months following the end of the accounting year and unaudited semi-annual accounts shall be published within 2 months following the period to which they refer. The annual accounts shall be sent to each registered shareholder at the address shown on the register of shareholders and the annual and semi-annual accounts shall be made available at the registered office of the Company during ordinary office hours and on the Company’s website www.ikanofunds.com.

The reference currency of the Company is the Euro. The aforesaid reports will comprise consolidated accounts of the Company expressed in Euro as well as individual information on each Fund expressed in the Reference Currency of each Fund.

VIII. MANAGEMENT OF THE FUNDS

The Directors are responsible for the Company's management and administration including the overall investment policy and investment restrictions of the Company and its several Funds.

The Company has appointed IKANO Fund Management S.A. (the "**Management Company**") to act as its management company.

1. THE MANAGEMENT COMPANY

The Management Company is authorised to act as a fund management company in accordance with Chapter 13 of the Law. The Management Company has been authorised on 4 March 2004.

The Company has signed a fund management agreement (the "Fund Management Agreement") with the Management Company whereby the Management Company was entrusted with the day to day management of the Company, with the responsibility for the Management Company to perform directly or by way of delegation all operational functions relating to the Company's investment management, and to the administration, and the marketing and distribution of the Funds.

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

2. INVESTMENT MANAGERS

The Management Company has entered into investment management agreements (the "Management Agreements") with each of the Investment Managers listed in Appendix B. Furthermore, by way of assignment and amendment agreements, the Management Company has become a party to all the Management Agreements into between the Company and the Investment Managers prior to September 2004. An Investment Manager may, from time to time, be replaced by another Investment Manager, but the replacement Investment Manager may only be chosen from the list of Managers, approved by the competent authorities, and provided in Appendix B. The updated list of the Investment Managers is available upon request at the registered office and on the Company's website www.ikanofunds.com.

Investment Managers will be appointed by the Management Company upon instructions from the Company to the Management Company to service the Funds upon the recommendation of the Investment Advisor. Each Investment Manager has been selected upon its proven expertise and/or strategies in a specific field of professional asset management to manage such part of the Company's and Funds' assets as are allocated to them from time to time by the Management Company. Each Investment Manager shall apply to that part of the Company's and Funds' assets under his management such investment policy, limitations, financial techniques and instruments as specified in this Prospectus or such further restrictions as agreed to with the individual Managers, from time to time. It is understood that the investment guidelines agreed with the Investment Managers are such that they may require amendments with any update of the Prospectus. It is also understood that the overall

Investment Restrictions set out in the Prospectus take precedence over any other guidelines or restrictions agreed with the Investment Managers.

The management of the assets of the Company and the compliance by the Company with the overall investment policy and investment restrictions are organised under the control and the ultimate responsibility of the Directors. The Company has delegated to the Management Company the duty to monitor compliance by the Company with its investment restrictions.

The Management Company has requested to be assisted by Citibank International plc (Luxembourg Branch) and Citibank International plc (Luxembourg Branch) has accepted to assist the Management Company with its monitoring duties, on the terms agreed between the Company, the Management Company and Citibank International plc (Luxembourg Branch), and as may be further agreed between the Management Company and Citibank International plc (Luxembourg Branch).

While the Investment Managers are at all times subject to the supervision of the Management Company, the several Management Agreements provide that the Investment Managers are responsible for the management of the Company assets allocated to them. The responsibility for making decisions to buy, sell or hold a particular security rests with the Investment Managers concerned. The Investment Managers, in providing portfolio management for the Company, will consider analysis from various sources, make the necessary investment decision and place transactions accordingly, comply with the Company's and Fund's investment restrictions, monitor such compliance in respect of the Company's and Funds' assets managed by them and take responsibility therefore.

Investment Managers shall be remunerated at terms agreed with the Management Company and by the Management Company out of the Fund Management and Advisory fees for a given Fund.

As remuneration for the above-mentioned services, the Investment Managers shall receive from the Management Company, in arrears, a quarterly fee set as an agreed percentage of the average net asset value under their management. Such fee is payable within 30 days following the receipt of the invoice of the managers by the Management Company.

The Investment Manager may carry out transactions through another intermediary body that has an agreement with the Investment Manager or those connected to them, on the basis of which it is established that on occasions the said body shall provide the Investment Manager or anyone connected to them with goods and services such as consultancy and research, information technology material associated with specialist software, performance methods and instruments for setting prices. The Investment Manager may undertake to place all their orders or part of them through the brokerage services of this body, preserving however at all times the best interests of the Shareholders.

The supply of these goods and services may contribute to the improved performance of the portfolio of assets of one or more Funds (the "Portfolio") in question, and to improving the services provided by the Investment Manager.

The Investment Manager or anyone connected to it shall not personally benefit from any financial return on the commission collected by brokers or dealers. Any rebate, profit or financial payment received by the Investment Manager or anyone connected to it, due on these brokerage commissions or transactions in relation to past orders for the Portfolios shall be exclusively paid into these Portfolios.

The financial reports will inform investors of the detail of the soft commissions effectively received.

3. THE INVESTMENT ADVISOR

The Company has appointed IKANO Advisors S.A.H. (the “**Investment Advisor**”) to act as its investment advisor.

The Investment Advisor was established in Luxembourg on March 12, 1999 with capital of EUR 75.000.- to offer investment advisory services exclusively to the Company. Its articles of incorporation were published in the Mémorial on April 16, 1999.

The Investment Advisor has been appointed by the Company in order to advise the Company, on the selection of Investment Managers and on the allocation of assets to such Investment Managers.

The services of the Investment Advisor are limited to advising in respect of the selection of Investment Managers and the allocation of assets to such Investment Managers.

4. FUND MANAGEMENT AND ADVISORY FEES

As remuneration for the above-mentioned services, the Management Company and the Investment Advisor shall be entitled to receive from each Fund a fee (the “Fund Management and Advisory Fees”).

The maximum Fund Management and Advisory Fees for each Class of Share which has been approved by the Board of Directors for issuance is set out in **Appendix E**. Fund Management and Advisory Fees are calculated quarterly on the basis of the average daily Net Asset Value of the respective Fund for the quarter. The Fund Management and Advisory Fees are payable quarterly in arrears within 30 days following the end of the relevant quarter.

Where a Fund invests in a UCITS or UCI, the investment in the target funds may result in a duplication of fees and expenses, in particular a duplication of the fees payable to the custodian(s), transfer agent(s), investment adviser(s) and other agents and, the case being, subscription and redemption charges, which are generated both at a level of the Fund and of the target funds in which the Fund invests.

5. CUSTODIAN AND CENTRAL ADMINISTRATION AGENT

A) Citibank International plc (Luxembourg Branch) (the “Custodian”) has been appointed custodian of the Company’s assets in accordance with an agreement between the Custodian and the Company entered into for an undetermined duration signed on December 2, 2002. Each of the parties may terminate the agreement subject to a notice period of 90 days (details of the Custodian are provided in Appendix B).

The safekeeping of the Company’s assets has been entrusted to the Custodian who shall fulfil the obligations and duties stipulated by law. The Custodian may, under its responsibility, entrust all or part of the Company’s assets to other banking institutions or financial intermediaries.

The Custodian must:

- (a) ensure that the sale, issue, redemption, conversion and cancellation of Shares executed by the Company or on its behalf are carried out in accordance with the Law or the Company's Articles;
- (b) ensure that in the case of transactions involving the Company's assets, the consideration is remitted to it within the usual time limits;
- (c) ensure that the income of the Company is applied in accordance with the Articles of Incorporation.

The fees payable to Citibank International plc (Luxembourg Branch) include safekeeping, transaction and accounting fees, are based on the value of the net assets of a Fund and volume of transactions and vary depending on the country of investment. Safekeeping fees currently range between 0,007% and 0,8%, transaction fees between 15 and 150 EUR and accounting fees shall, in average, not exceed 0,04%. These fees are payable directly by the Company under the supervision of the Management Company. The actual custody fees paid will be disclosed in the semi-annual and annual reports of the Company.

Any reasonable out-of-pocket expenses incurred by the custodian and central administration agent will be borne by the relevant Fund.

B) The Company has appointed Citibank International plc (Luxembourg Branch) as Registrar, Transfer, Administrative and Domiciliary Agent of the Company to provide related administrative services, and as Paying Agent for the payment of dividends (where applicable). By way of an assignment and amendment agreement the Management Company has become a party to the fund administration services agreement previously entered into between the Company and Citibank International plc (Luxembourg Branch).

By way of an amendment agreement, the Company and Citibank International plc (Luxembourg Branch) have agreed to amend the Custodian and Paying Agent Agreement. Following this amendment agreement the Management Company has entered into a Paying Agent Services Agreement with Citibank International plc (Luxembourg Branch) in order to appoint the bank as the Company's Paying Agent.

The Management Company remains responsible for monitoring these activities.

6. DISTRIBUTION AGENTS

The Company has delegated all other distribution of the Funds to the Management Company and the Management Company will act as the sole global distributor of the Funds. The Management Company will be entitled to appoint sub-distributors.

The Management Company has entered into a non-exclusive distribution agreement with Bankaktiebolaget Avanza AB who acts as a distribution agent for the Funds in Sweden.

7. LISTING AGENT

The Company has applied for the listing of certain Share Classes of the Funds on the Luxembourg Stock Exchange and has appointed Citibank International plc (Luxembourg Branch) as listing agent (the "Listing Agent") for this purpose.

8. AUDITORS AND LEGAL ADVISORS

Deloitte S.A., 560, rue de Neudorf, L-2220 Luxembourg, have been appointed as external auditors of the Company.

KPMG Audit S.à.r.l., 9, allée Scheffer L-2520 Luxembourg have been appointed as external auditors of the Management Company.

The Company's legal advisors are Linklaters Loesch, 35, Avenue John F. Kennedy, L-1011 Luxembourg.

IX. SHARES

1. INTRODUCTION

The Directors reserve the right to issue shares in any class of any Fund on a date to be decided by the Directors and with an initial price as notified herein.

Class "F" Shares

Class "F" Shares will, initially, be issued in the following Funds:

Fund Name	Initial issue price/share	Date first issued
IKANO Short Term Bond Fund	EUR 10,-	Sept 8, 1999
IKANO Global Bond Fund	EUR 10,-	Sept 8, 1999
IKANO European Bond Fund	EUR 10,-	Sept 8, 1999
IKANO High Yield Bond Fund	EUR 10,-	To be decided
IKANO Global Equity Fund	EUR 10,-	Sept 8, 1999
IKANO European Equity Fund	EUR 10,-	Sept 8, 1999
IKANO U.S. Equity Fund	EUR 10,-	Sept 8, 1999
IKANO Japanese Equity Fund	EUR 10,-	To be decided
IKANO Small Cap Equity Fund	USD 10,-	To be decided
IKANO Portable Alpha Fund I (Cash +)	USD 10,-	To be decided
IKANO Portable Alpha Fund II (Bonds +)	EUR 10,-	To be decided
IKANO Global Emerging Markets Equity (Portable Alpha V)	EUR 10,-	To be decided
IKANO All Seasons Fund	EUR 10,-	June 1, 2005

Class "F" Shares in the above Funds marked "To be decided" have been approved for launch by the Directors at a date as yet to be determined. The launch of these Funds are at the discretion of the Management Company.

Investors will be given notice in writing of the initial offer period for Shares of the above Funds and the Prospectus will then be updated accordingly. It should also be noted that the Directors do not intend to offer Class "F" shares in any Fund other than those listed above.

Class "F" Shares shall be denominated in Euro or any other currency at the discretion of the Directors and are issued in registered form only. The Shares are registered in the shareholders' register, which is maintained in Luxembourg by the Registrar and Transfer Agent. Class "F" Shares must be fully paid-up and are without par value. The Company will issue fractions of Shares up to two decimals.

Subscriptions for Shares via an authorised Distribution Agent shall be registered in the name of the Distribution Agent only and will be held by the Distribution Agent on a nominee basis for the benefit of the ultimate shareholder.

However, investors have at any time the possibility to apply directly to the Fund and have the Shares registered in their own name.

Only a confirmation of registration shall be issued. No Share certificates will be available for Class "F" Shares.

There is no restriction with respect to the number of Shares that may be issued. The rights attached to Shares are those provided for in the Luxembourg Law.

All the Shares of each Fund, whatever their value or their Class, have an equal voting right. Fractions of Shares are not entitled to voting rights. Shares of whatever Class have an equal right to liquidation proceeds of the relevant Fund.

Class "G" Shares

Class "G" Shares will, initially, be issued in the following Funds:

Fund Name	Initial issue price/shar	Date first issued
IKANO All Seasons Fund	EUR 10,-	June 1, 2005

Class "G" Shares shall be issued in tranches, each tranche being issued on predetermined date (the "Investment Date) and for a limited and predetermined amount. Shares will be offered to investors for a period of up to two months prior to the issue date. Shares will be allocated to Investors by the Transfer Agent on a first come first served basis. Subscriptions will not be accepted for Class "G" Shares on any date other than an Investment Date.

Class "G" Shares have a price guarantee attached to them whereby the Management Company guarantees to pay, at the Expiry date of the tranche being, the Investment date plus five years (or the nearest subsequent business day) out of its own assets an amount per Class "G" Share as described below.

Tranche 1

Investment Date: June 1, 2005
 Expiry Date: June 1, 2010
 Initial Issue Price: EUR 10,-per share
 Guaranteed Expiry Price: EUR 10,- per share

The number of Class "G" Shares to be issued on June 1,2005 in Tranche 1 shall be limited to 500.000 Shares.

A maximum of 25,000 Shares will be allocated to each investor in Tranche 1.

Class "G" Shares are only available to investors subscribing EUR 50,000, - or more. The Directors at their discretion may decide to waive or amend these limits.

The Board of Directors may decide, in its discretion, but always taking into account the interest of the existing shareholder, to offer further tranches of Class "G" Shares during additional subscription periods.

The guarantee will only be exercisable if, on the Expiry Date, the Net Asset Value per Share (as calculated by the Administrative Agent) is lower than the Initial Issue Price on the Investment Date. In case the guarantee shall be exercised, the Compensation Amount (being the Initial Issue Price at the Investment Date less the net asset value at the Expiry Date multiplied by the number of outstanding Shares in the tranche at the Expiry Date), will be charged to the Management Company. The published Net Asset Value per share on the Expiry Date shall therefore be equal to the Initial Issue Price. The Compensation Amount shall be paid by the Management Company to the account of the IKANO All Seasons Fund by cash transfer with three business days of Expiry Date.

-No compensation will be payable if the Net Asset Value per share on the Expiry Date exceeds the - Initial Issue Price on the Investment Date.

If Shares are sold or otherwise redeemed before the Expiry Date, the guarantee shall be reduced pro-rata in accordance with the number of Shares redeemed or sold.

Prospective investors should note that the guarantee only applies on the Expiry Date. Accordingly, investors in the Shares should recognise that the Shares may decline in value and should be prepared to sustain a total or partial loss of their investment in the Shares if the Shares are redeemed prior to the Expiry Date.

Further, if changes in taxes or in applicable law or regulations or the issuance of any directive or any change in the interpretation thereof, whether formal or informal, by any court, tribunal or regulatory authority during the guarantee period have an adverse effect on the price performance of the Fund, the guarantee will be reduced by the amount of this difference per share, including the opportunity cost of not reinvesting at the appropriate time as dictated by market conditions.

If under any applicable law the Management Company, is required to make any payment under the Guarantee subject to deduction or withholding of taxes, duties or charges, then it shall be entitled to deduct from any payment to be made under the guarantee, the amount of such taxes so that the Fund shall receive an amount after taking into account the amount of such deduction or withholding. In no circumstances shall the Management Company, be under any obligation to make any additional payment under the guarantee in respect of any such deduction or withholding.

The guarantee is *intuitu personae* in the sense that the guarantee will only benefit to the initial subscriber of the Shares and will be lost in case of transfer of the Shares, except in the event of death or divorce of the initial subscriber and with the express written consent of the

Management Company acting in its capacity of guarantor, such consent not to be unreasonably withheld.

Class "G" Shares shall be denominated in Euro and are issued in registered form only. The Shares are registered in the shareholders' register, which is maintained in Luxembourg by the Registrar and Transfer Agent. Class "G" Shares must be fully paid-up and are without par value. The Company will issue fractions of Shares up to two decimals.

Only a confirmation of registration shall be issued. No Share certificates will be available for Class "G" Shares.

The rights attached to Shares are those provided for in the Luxembourg Law.

All the Shares of each Fund, whatever their value or their Class, have an equal voting right. Fractions of Shares are not entitled to voting rights. Shares of whatever Class have an equal right to liquidation proceeds of the relevant Fund.

Class "S" Shares

Class "S" Shares will, initially, be issued in the following Funds:

Fund Name	Initial issue price/share	Date first issued
IKANO Global Equity Fund	SEK100,-	To be decided
IKANO European Equity Fund	SEK 100,-	To be decided
IKANO All Seasons Fund	SEK 100,-	October 17, 2005
IKANO Japanese Equity Fund	SEK 100,-	To be decided
IKANO Small Cap Equity Fund	SEK 100,-	To be decided

Class "S" Shares in the above Funds marked "To be decided" have been approved for launch by the Directors at a date as yet to be determined. The launch of these Funds are at the discretion of the Management Company. Investors will be given notice in writing of the initial offer period for Shares of the above Funds and the Prospectus will then be updated accordingly. It should also be noted that the Directors do not intend to offer Class "S" shares in any Fund other than those listed above.

Class "S" Shares will be denominated in Swedish Kronor ("SEK") and are issued in registered form only and are only made available for Sale in the Kingdom of Sweden. The Shares are registered in the shareholders' register, which is maintained in Luxembourg by the Registrar and Transfer Agent. Class "S" Shares must be fully paid-up and are without par value. The Company will issue fractions of Shares up to two decimals.

Subscriptions for Shares via authorised Distribution Agents shall be registered in the name of the Distribution Agent only and will be held by the Distribution Agent on a nominee basis for the benefit of the ultimate shareholder.

However, investors have at any time the possibility to apply directly to the Fund and have the Shares registered in their own name.

Only a confirmation of registration shall be issued. No Share certificates will be available for Class "S" Shares.

There is no restriction with respect to the number of Shares that may be issued. The rights attached to Shares are those provided for in the Luxembourg Law.

All the Shares of each Fund, whatever their value or their Class, have an equal voting right. Fractions of Shares are not entitled to voting rights. Shares of whatever Class have an equal right to liquidation proceeds of the relevant Fund.

Class "S" Shares may be exposed to different costs, foreign exchange risks and performance when compared to Euro denominated shares.

Class "M" Shares

Class "M" Shares shall, initially, be issued in the following Funds:

Fund Name	Initial issue price/share	Date first issued
IKANO Global Bond Fund	EUR 10,-	August 18, 2004
IKANO European Bond Fund	EUR 10,-	April 17, 2001
IKANO European Bond Fund	USD 10,-	October 28, 2005
IKANO High Yield Bond Fund	EUR 10,-	November 6, 2001
IKANO Global Equity Fund	EUR 10,-	March 29, 2001
IKANO European Equity Fund	EUR 10,-	February 6, 2004
IKANO U.S. Equity Fund	EUR 10,-	June 25, 2004
IKANO U.S. Growth Fund	USD 10,-	November 30, 2005
IKANO U.S. Growth Fund	EUR 10,-	August 25, 2006
IKANO Japanese Equity Fund	EUR 10,-	July 3, 2006
IKANO Small Cap Equity Fund	USD 10,-	July 31, 2003
IKANO Portable Alpha Fund I (Cash +)	EUR 10,-	January 28, 2005
IKANO Portable Alpha Fund I (Cash +)	USD 10,-	July 7, 2005
IKANO Portable Alpha Fund I (Cash +)	JPY 1.000,-	October 25, 2006
IKANO Portable Alpha Fund II (Bonds +)	EUR 10,-	January 28, 2005
IKANO Portable Alpha Fund III (Healthcare)	EUR 10,-	March 1, 2007
IKANO European Equity Fund (Portable Alpha IV)	EUR 10,-	January 21, 2008
IKANO Global Emerging Markets Equity Fund (Portable Alpha V)	EUR 10,-	March 7, 2005
IKANO Alternative Energy/Water Fund (of funds)	EUR 10,-	February 15, 2007

Investors will be given notice in writing of the initial offer period for such Shares and the Prospectus will then be updated accordingly.

Class "M" Shares are available to institutional investors only.

An "Institutional investor" is defined as an investor meeting the requirements to qualify as an institutional investor for the purpose of article 129 of the Law.

In considering the qualification of a subscriber as an institutional investor, the Company will have due regard to the guidelines or recommendations (if any) issued by Luxembourg authorities.

Institutional investors subscribing in their own name, but on behalf of a third party, must certify to the Company that such subscription is made in conformity with the guidelines and recommendations issued by Luxembourg authorities to allow the Company or its appointed agents to verify whether these conditions are met, and the Company may require, at its sole discretion, evidence as it shall deem useful or necessary.

Class "M" Shares shall be issued in registered form only. The Shares will be registered in the shareholders' register, which is maintained in Luxembourg by the Registrar and Transfer Agent. Class "M" Shares must be fully paid-up and are without par value. The Company will issue fractions of Shares up to two decimals.

Only a confirmation of registration shall be issued. No Share certificates will be available for Class "M" Shares.

There is no restriction with respect to the number of Shares that may be issued. The rights attached to Shares are those provided for in the Luxembourg Law.

All the Shares of each Fund, whatever their value or their Class, have an equal voting right. Fractions of Shares are not entitled to voting rights. The Shares have an equal right to liquidation proceeds of the relevant Fund.

In accordance with the Articles, the Directors may decide in the future to create, within any particular Fund, additional Classes of Shares. Although assets attributable to one or more Classes of Shares within the same Fund will be commonly invested in accordance with the specific investment policy established for that particular Fund, they may be subject to differing sales or redemption charge structures, and/or fee structures. If additional Classes of Shares are created, the Prospectus will be updated to reflect such changes.

2. DIVIDEND POLICY

The Directors do not intend to pay dividend on any of the Class "F", "S", "G" or "M" Shares but to rather follow a policy of dividend accumulation and to re-invest all net investment income, as well as net capital gains. The Directors, however, reserve the right, in any given accounting year and where they deem it to be appropriate, to propose to the shareholders of any share class, at the Annual General Meeting the payment of a dividend out of all or part of that Class's current net investment income and net capital gains. The Directors may only propose the payment of a dividend out of any Class's pro-rata share of profits of the Fund to which it belongs.

3. NET ASSET VALUE

Class "F" Shares

In respect of each Fund issuing Class "F" Shares, the net asset value per Share (the "Net Asset Value") is calculated on each day (the "Valuation Date"), which is a bank business day in Luxembourg, under the responsibility of the Directors and the Management Company, by the Administrative Agent.

Class "G" Shares

In respect of each Fund issuing Class "G" Shares, the net asset value per Share (the "Net Asset Value") is calculated on each day (the "Valuation Date"), which is a bank business day in Luxembourg, under the responsibility of the Directors and the Management Company, by the Administrative Agent.

Class "S" Shares

In respect of each Fund issuing Class "S" Shares, the net asset value per Share (the "Net Asset Value") is calculated on each day (the "Valuation Date"), which is a bank business day in Luxembourg, under the responsibility of the Directors and the Management Company, by the Administrative Agent.

Class "M" Shares

In respect of each Fund issuing Class "M" Shares, the net asset value per Share (the "Net Asset Value") is calculated on each day (the "Valuation Date"), which is a bank business day in Luxembourg, under the responsibility of the Directors and the Management Company, by the Administrative Agent. The Net Asset Value of whichever Share Class will be determined on the basis of the last available prices on the Luxembourg bank business day preceding the Valuation Date. This Net Asset Value can be obtained through enquiry at the registered address of the Company.

The Net Asset Value per Share of all Classes of Shares in all Funds shall be expressed in Euro, US Dollars or Swedish Kronor as appropriate or, exceptionally, any other currency as the Directors shall be free to determine. The Net Asset Value per Share of each Class of Share shall be determined on each Valuation Date by dividing the net assets (being the market value of its assets less its liabilities) of the Fund allocated to that particular Class of Share, by the total number of Shares of such Class outstanding. The calculation of the Net Asset Value per Share shall be rounded up or down to four decimal places.

The net assets of the Company shall be assessed in accordance with the "Valuation Principles" outlined in Appendix C.

4. SUSPENSION OF THE CALCULATION OF THE NET ASSET VALUE AND THE ISSUANCE REPURCHASE AND CONVERSION OF SHARES

The Directors are authorised to temporarily suspend the calculation of the net assets of the Company or of any particular Fund, as well as the issue, redemption and conversion from and to of Shares of such Fund in the following instances:

- (a) For any period during which a market or stock exchange which is the main market or stock exchange on which a substantial portion of the Company's investments is listed at a given time, is closed, except in the case of regular closing days, or for days during which trading is considerably restricted or suspended;
- (b) when the political, economic, military, monetary or social situation, or Act of God beyond the Company's responsibility or control, make it impossible to dispose of its assets through reasonable and normal channels, without seriously harming the interests of shareholders;
- (c) during any breakdown in communications normally used to determine the value of any of the Company's investments or current prices on any market or stock exchange;
- (d) whenever exchange or capital movement restrictions prevent the execution of transactions on behalf of the Company or in case purchase and sale transactions of the Company's assets are not realisable at normal exchange rates;
- (e) if the Directors so decide, as soon as a meeting is called during which the liquidation of the Company shall be put forward.

Under exceptional circumstances that may adversely affect the interest of shareholders, or in instances of massive redemption applications of the Company, the Directors reserve the right only to determine the share price after having executed, as soon as possible, the necessary sales of transferable securities on behalf of the Company. In this case, subscriptions and redemption applications in process shall be dealt with on the basis of the net asset value thus calculated.

Subscribers and shareholders tendering Shares for repurchase and conversion shall be advised of the suspension of the calculation of the net asset value at the time of the filing of their written request for such redemption or conversion.

Suspended subscription, redemption and conversion applications may be withdrawn through a written notice provided the Company receives such notice before the suspension ends. Suspended subscription, redemption and conversion applications shall be taken into consideration on the first Valuation Date after the suspension ends.

5. ISSUANCE OF SHARES, SUBSCRIPTION AND PAYMENT PROCEDURES

The Directors are authorised to issue Shares at all times and without limits.

Instructions may be given to the Company for the subscription, conversion or redemption of Shares on any day (the "Dealing Date") being a Luxembourg bank business day. Initial application for Shares must be made in writing to the Company's Registrar and Transfer Agent using the official application forms available from the Company at its registered office. Subsequent applications may be made in writing or by fax.

Shares are offered on each Dealing Date subject to the receipt by the Company's Registrar and Transfer Agent of the completed application documents and the clearance of funds in

Euro, no later than 16:00 CET on the Dealing Date (the "cut-off time"). Applications received after this deadline shall be executed on the following Dealing Date.

The Directors reserve the right to waive the above requirement for cleared funds and offer delayed settlement in respect of applications for all or any Class of Shares in all or any of the Funds where the application is made by a professional counterpart (Distributor, Bank etc) and at the risk of that counterpart. The settlement delay cannot be more than three business days.

Payment for Shares may either be in cash or, with prior approval of the Directors, by assets contributed in kind. Subscription for Shares against contribution in kind will be made at the investor's costs.

Subscriptions for Shares in cash may only be made in Euro, US Dollars or Swedish Kronor as appropriate and by using the official application forms available from the Company. Subscriptions received for a Share Class in currencies other than the denominated currency of that Class, will be converted at the market rate on the Dealing Date as set by the Transfer Agent.

Payment in kind may be made by contributing to the Company securities acceptable to the Directors and consistent with the investment policy and restrictions of the Company and the relevant Fund. The valuation of any assets contributed in kind will, subject to all applicable laws, be prepared by the auditor of the Fund who shall confirm the value of such assets in a special audit report.

Shares for which both the completed application documentation and cleared funds have been received, as above, will be issued on the subsequent business day at the Net Asset Value determined on the Dealing Date. The number of shares to be issued will be calculated by dividing the cleared funds by the Net Asset Value on the Dealing Date. The number of issued Shares will be rounded up or down to two decimal places.

Subscriptions for Shares will, as a matter of consequence, be made on the basis of unknown prices only (as opposed to known prices).

The Directors reserve the right to apply a sales charge in respect of all or any Class of Shares in all or any of the Funds.

As of the date of this Prospectus, a sales charge amounting to 5% of the subscription amount (otherwise expressed as 5.263% of the Net Asset Value per Share) shall be applied for Class "G" Shares. This charge shall be used to enable the Fund to enter into a guarantee with the Management Company.

Dealing Charges will apply on all subscriptions to Class "F", "G", "S" and "M", as set out in the Fee Schedule (Appendix E). This amount shall be remitted to the Funds to cover notional dealing costs and the cost of registering the subscription and issuing a confirmation.

The initial minimum investment in Class "F" Shares in all Funds, except the IKANO All Seasons Fund (excluding the amount paid in respect of the sales charges and transfer fees) is EUR 10.000,-. For the IKANO All Seasons Fund, the initial minimum investment amounts to EUR 50.000,-. Subsequent investments of a minimum amount of EUR 10.000,- (excluding the amount paid in respect of the sales charges and transfer fees) will be accepted. The Directors reserve the right to waive or otherwise alter these limits in certain circumstances, having due regard to the interests of existing shareholders.

The initial minimum investment in Class "G" Shares in all Funds (excluding the amount paid in respect of the sales charges and transfer fees) is EUR 50.000.-. There is no subsequent minimum investment. The Directors reserve the right to waive or otherwise alter these limits in certain circumstances, having due regard to the interests of existing shareholders.

The initial minimum investment in Class "S" Shares in all Funds except the IKANO All Seasons Fund (excluding the amount paid in respect of the sales charges and transfer fees) is SEK 500.- For the IKANO All Seasons Fund, the initial minimum investment amounts to SEK 100,-. Subsequent investments of a minimum amount of SEK 100,- (excluding the amount paid in respect of the sales charges and transfer fees) will be accepted for all Funds. The Directors reserve the right to waive or otherwise alter these limits in certain circumstances, having due regard to the interests of existing shareholders.

The initial minimum investment in Class "M" Shares in all Funds (excluding the amount paid in respect of the sales charges) is EUR 5.000.000.- or, where applicable, USD 5.000.000.-. Subsequent investments of a minimum amount of EUR 100.000,- or, where applicable, USD 100.000,- (excluding the amount paid in respect of the sales charges) will be accepted. The Directors reserve the right to waive or otherwise alter these limits in certain circumstances, having due regard to the interests of existing shareholders.

The Company reserves the right to:

- (a) refuse all or part of a subscription application for Shares, without having to give reason for such refusal;
- (b) repurchase, at any time, Shares held by persons not authorised to buy or own the Company's Shares.

6. CONVERSION OF SHARES

Shareholders may ask to convert all or part of their Shares for Shares of the same Class (or any other Share Class provided the Shareholder qualifies) in another Fund at a price corresponding to the Net Asset Value per Share of the relevant Share Class of the relevant Fund.

Shareholders who want to make such a conversion may make the request in writing or fax to the Company's Registrar and Transfer Agent, indicating the number/value of the Shares to be converted from one Fund to another.

An application to convert must reach the Company's Registrar and Transfer Agent at the latest by 16:00 CET on a Dealing Date (the "cut-off time"). Such conversion will be effected on the basis of the Net Asset Value per Share of the applicable Funds calculated on the following Valuation Date. A conversion charge of up to 1% of the conversion amount (otherwise expressed as 1.01% of the Net Asset Value per Share) is payable to the Company and will be split between the relevant Funds (See Appendix E), in order to cover any realisation and/or the redeployment costs on any Dealing Date, depending on the status of liquidity of the Fund.

The number of Shares allotted to the new Fund will be established according to the following formula:

$$A = \frac{B \times C \times D}{E}$$

- A equals the number of Shares to be allotted in the new Fund
- B equals the number of Shares to be converted in the initial Fund
- C equals the Net Asset Value, on the applicable Dealing Date, of the Shares to be converted in the initial Fund
- D equals the currency conversion factor (where applicable)
- E equals the Net Asset Value on the applicable Dealing Date, of the Shares to be allotted in the new Fund

The number of shares allotted in this way shall be rounded up or down to two decimal places.

7. REDEMPTION OF SHARES

Shares may be redeemed on any Dealing Date. Shares redeemed by the Company shall be cancelled.

(a) Redemption procedure

Redemption requests received by the Company's Registrar and Transfer Agent by 16:00 C.E.T on any Dealing Date (the "cut-off time") will be effected at the Net Asset Value of the applicable Fund calculated on the Valuation Date. Requests received after this deadline shall be dealt with on the following Dealing Date. A redemption request is irrevocable (subject to the provisions of subsection 4 above) and must indicate the amount or number of Shares to be redeemed as well as all references (including full bank account details) necessary to allow the settlement of the redemption.

Redemptions of Shares will, as a matter of consequence, be made on the basis of unknown prices only (as opposed to known prices).

The payment for redeemed Shares shall be made within 5 business days following the Dealing Date. Payment shall be made, net of transfer fees, to the registered shareholder in the same currency elected for subscription.

A shareholder may at his own cost, request and receive, upon approval of the Directors having due regard to all applicable laws and regulations and without prejudice to the interests of all remaining shareholders, redemption proceeds by way of an *in specie* distribution. In such event the Auditor of the Company shall deliver an audit report in accordance with the applicable laws.

The Directors may decide that, in the event that total requests for redemption on any Dealing Date for any one Fund exceed 10% of the total net assets of that Fund, then redemptions on that Dealing Date will be complied with pro rata among the redeeming shareholders and declare that such redemptions in excess of 10 % of the total net assets of that Class are deferred until the subsequent Dealing Date. Any redemption request so reduced or deferred shall be effected in priority to subsequent redemption requests.

In case of substantial redemption requests on any Valuation Date, the Company, having regard to the fair and equal treatment of shareholders, on receiving the redemption request may elect to sell assets representing, as nearly as practicable, the same proportion of the Company's assets as the Shares for which redemption applications have been received. If the Company exercises this option, then the amount due to the shareholders who have applied to have their Shares redeemed, will be based on the Net

Asset Value per Share calculated after such sale or disposal. Payment will be made forthwith upon completion of the sales and the receipt by the Company of the proceeds of sale in freely convertible currency.

The redemption price of the shares of the Fund may be higher or lower than the purchase price paid by the shareholder at the time of subscription due to the appreciation or depreciation of the Net Asset Value per Share of the Fund.

(b) Redemption charge

For Classes "F", "G", "S" and "M" Shares, no redemption charge will be applied.

However, a Dealing Charge to cover notional dealing costs will be levied on redemptions in Share Classes "F", "G", "S" and "M", as set out in the Fee Schedule (Appendix E). Proceeds of the charge will be remitted to the relevant Fund.

For Class "M" Shares the notional dealing charge may be calculated on the basis of the estimated actual cost of the transactions.

8. EXCESSIVE TRADING

Issue and redemption of Shares are meant for investment purposes only. Under no circumstances will the Company knowingly participate in transactions that result from late trading, market timing or other unacceptable trading practices.

Late Trading is to be understood as the acceptance of a subscription (or conversion or redemption) order after the cut-off time (as specified above) on the relevant Dealing Date and the execution of such order at the price based on the Net Asset Value applicable to such same day. Late Trading is strictly forbidden.

Market Timing is to be understood as an arbitrage method through which an investor systematically subscribes and redeems or converts Shares of the Company within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value of the relevant Fund. Market Timing practices may disrupt the investment management of the portfolios and harm the performance of the relevant Fund.

In order to avoid such practices, Shares are issued at an unknown price and neither the Company, nor any Distribution Agent will accept orders received after the relevant cut-off time.

The Company reserves the right to refuse subscription, conversion and redemption orders into a Fund by any person who is suspected of market timing activities.

9. LISTING OF SHARES

The Directors may decide, by simple resolution of the Board, to list and/or cause to be traded the Shares or any individual Class of Shares of any of the Funds on any recognised Stock Exchange.

The Directors may also decide, by simple resolution of the Board, to de-list or suspend trading of a listed share or Class of Shares if they consider it to be in the best interest of the Funds.

X. CHARGES AND COSTS

The Company shall bear its incorporation expenses, including the costs of drawing up and printing the Prospectus, notary public fees, the filing costs with authorities, the costs of printing the confirmation of Shares and any other costs pertaining to the setting up and launching of the Company, unless borne by an affiliate of the Investment Advisor, or the Investment Advisor itself. Incorporation expenses borne by the Company will be amortised over a 5-year period.

In addition to the above incorporation expenses, and the fees payable to the Investment Advisor, the Company will also pay all expenses incurred in its operation, which include, but are not limited to:

- (a) Charges and/or expenses of the Custodian Bank (including those of any correspondent (clearing system or bank) of the Custodian Bank to whom custody of the assets of the Company is entrusted), the Domiciliary Agent and the Paying Agent and any other agent of the Company as provided in their respective agreements with the Company;
- (b) charges and expenses of auditors, legal advisors and other professional advisers of the Company;
- (c) charges and expenses of all representatives and listing agents (if any) of the Company;
- (d) all taxes, corporate fees and governmental charges and duties payable by the Company in Luxembourg or elsewhere;
- (e) fees (if any) of the Directors and reimbursement to all Directors of their reasonable travelling, hotel and other incidental expenses of attending and returning from meetings of the Directors, or of committees thereof, or General Meetings of the shareholders of the Company;
- (f) the cost of printing, translating (where necessary), publishing and distributing the half-yearly report and accounts, the annual audited report and accounts and all prospectuses and of publishing prices in the financial press;
- (g) brokerage, commissions, fiscal or governmental charges or duties in respect of or in connection with the acquisition, holding or disposal of any of the assets of the Company or otherwise in connection with its business;
- (h) the expenses of and fiscal and governmental charges and duties relating to the purchase, sale, issue, transfer, redemption or conversion by the Company of Shares and increases in the share capital of the Company or making distributions thereon;
- (i) any interest, fees or charges payable on account of any borrowing by the Company;
- (j) all expenses of shareholders' and Directors' meetings and of preparing, printing, circulating and, if so decided, publishing notices and circulars to shareholders;
- (k) the printing of confirmations for registered Shares.

All fees and expenses will be charged firstly against the applicable Fund's income and, to the extent that such income is insufficient, against that Fund's capital.

XI. TAX CONSIDERATIONS

1. Taxation of the Company

In accordance with current legislation and current practices, the Company is not liable for any Luxembourg income and capital gains tax. Likewise, dividends paid by the Company are not subject to any Luxembourg withholding tax.

However, the Company is subject to an annual tax in Luxembourg ("Taxe d'abonnement") at the following rates:

- a. of 0.05% p.a. of the value of the net assets of Classes "F", "G" and "S" Shares;
- b. of 0.01% p.a. of the value of the net assets of Class "M" Shares and;
- c. of 0.01% p.a. of the value of the net assets of the IKANO Short Term Bond Fund, irrespective of the Share Class.

Shareholders of Class "M" are admitted to the benefit of such Class on the basis of the assessment made by the Fund of the status as eligible institutional investors of shareholders of such Class. This assessment is based on the Luxembourg legal, regulatory and tax provisions as these exist and as they are known to the Company at the time of admittance of a shareholder to such Class. It is subject, for the past and for the future, to such changes in the laws and regulations of Luxembourg and to such changes of interpretation made by any competent Luxembourg authority.

This tax is payable quarterly on the basis of each Fund's net assets calculated at the end of the quarter to which the tax relates. Moreover, upon incorporation the Company has paid an incorporation tax of EUR 1,200.

Some of the income to be received by the Company in the form of dividends and interest may be subject to taxes at varying rates, withheld at source in their country of origin.

2. Taxation of shareholders

Except for shareholders domiciled, resident (or, in certain circumstances, formerly domiciled or resident) in Luxembourg or having in Luxembourg a permanent establishment, and except for taxation of capital gains realised by shareholders who sell an interest in the Company of more than 10% of its capital and sell whole or part of such interest within six months after having acquired it for consideration, no corporation, income, transfer, capital or other taxes will be withheld or payable in Luxembourg in connection with any shareholders' holding, sale, purchase or other payments made to such shareholders in respect of such Shares.

The above provisions are based on the law and practices currently in force and may be amended.

Prospective shareholders are advised to inquire and, if necessary, to take advice on the laws and regulations (such as those on taxation and exchange controls) that are applicable to them as a result of the subscription, purchase, holding and sale of Shares in their country of origin, place of residence or domicile.

In accordance with the provisions of the European Union Savings Directive ("EUSD") coming into force on 1 July 2005, withholding tax will apply when a Luxembourg Paying Agent makes distributions from and redemptions of Shares in certain Funds and where the beneficiary of these proceeds is an individual residing in another EU Member State. Unless this individual specifically request to be brought within the EUSD exchange of information regime such distributions and redemptions will be subject to withholding at the rate of 15% until 31 December 2007, 20% until 31 December 2010 and 35% thereafter.

XII. GENERAL MEETINGS OF SHAREHOLDERS

The Annual General Meeting of shareholders is held at the Company's registered office, or at any other address in Luxembourg stipulated in the notice, and shall be held on the last business day of the month of May at 9 a.m. Other meetings of shareholders may be held under the conditions provided in the Articles and the Law.

Notices of all General Meetings are sent by mail to all registered shareholders, to their address indicated in the register of shareholders, at least 15 days before the General Meeting.

These notices shall indicate the time and place of the General Meeting, the admission conditions, the agenda and the Luxembourg legal quorum and majority requirements.

Where in the interest of the shareholders of a particular Fund or of a Class of Shares within a Fund, meetings of shareholders of that Fund or Class of Shares within a Fund may further be held under the same conditions as above.

XIII. LIQUIDATION

The liquidation of the Company will take place under the conditions provided for by the Law.

If the Company's capital is lower than two thirds of the minimum capital required by the Law, the Directors are required to submit the question of liquidation of the Company to a General Meeting that shall consider the issue without any quorum requirement; decisions shall be taken on a simple majority of Shares present or represented at the meeting.

If the Company's capital is lower than one quarter of the minimum capital required by the Law, the Directors are required to submit the question of liquidation of the Company to a General Meeting which shall consider the issue without any quorum requirement; decisions shall be taken by the shareholders owning one quarter of the Shares present or represented at the meeting.

The notice for the General Meeting has to be made in a way that will make it possible to have the General Meeting held within 40 days of the date at which it is established that the net assets are lower than two thirds or one quarter of the minimum capital respectively. In addition, the Company may be liquidated through a decision taken by the General Meeting giving a decision in accordance with the relevant statutory provisions.

The decisions of the General Meeting or the court that pronounces the winding up and liquidation of the Company shall be published in the "Mémorial" and three newspapers with an appropriate distribution, including at least one Luxembourg newspaper. These publications shall be made at the request of the liquidator.

The Directors may, at any time and for whatever reason, suggest to an Extraordinary Meeting that the Company be wound up and liquidated.

The issuing of new Shares and the repurchase by the Company of Shares from the shareholders who so apply shall cease on the date of publication of the notice of meeting of the General Meeting in which the winding up and liquidation of the company shall be put forward.

If the Company is to be wound up, liquidation shall be carried out by one or more liquidators appointed in accordance with the Articles of Incorporation and the Law.

The net proceeds of the liquidation of each Fund shall be distributed to shareholders in proportion to the number of Shares held in that Fund. Any amounts unclaimed by shareholders at the end of the liquidation period shall be transferred to the "Caisse de Consignation" in Luxembourg. Amounts unclaimed at the end of the prescribed period shall be forfeited.

The Directors may propose to the shareholders to liquidate a Fund whilst offering the possibility to the shareholders of that Fund to convert their Shares into Shares of another Fund within the terms and time limits established by the Directors. In the event that the Shareholders do not apply to convert their Shares into Shares of another Fund within the terms and time limits established by the Directors, the Shares of the Fund concerned shall be cancelled and reimbursed to the shareholder at the last Net Asset Value per Share calculated for such Fund after all asset attributable to such Fund have been realised, by cheque mailed to their address. Any amounts unclaimed by Shareholders at the end of the liquidation of a Fund shall be transferred to the "Caisse de Consignation" in Luxembourg. Amounts unclaimed after 30 years shall be forfeited.

The Directors may propose to the shareholders to merge one Fund with another Fund and will publish all the details relating to such merger in due course. The Directors will fix the period during which a shareholder of a Fund, the absorption of which by another Fund has been proposed, will have the possibility either to have his shares redeemed or can apply to have his Shares converted into those of another Fund being a different one than the absorbing Fund planned. After the expiration of this period, those shareholders who have not applied for the redemption will have their Shares automatically converted into Shares of the absorbing Fund. Once the decision to merge a Fund with another Fund has been taken, the issuing of Shares of that Fund will not be allowed.

The liquidation and the merger of Funds will be subject to the final approval of the shareholders of the relevant Funds. However, in the event that the net assets of a Fund fall below the equivalent of EUR 5 million for a period of at least 3 months, the Directors may decide on the compulsory repurchase of the remaining Shares in the Fund without shareholders' approval being necessary. Such redemption will be made

at the Net Asset Value per Share calculated for such Fund after all assets attributable to such Fund have been realised.

APPENDIX A – AUTHORISED FUNDS

At present, Shares may be offered in the following Funds and Categories of Funds and in the Share Classes noted in Section 9 above:

1. SHORT TERM BOND FUNDS

- IKANO FUNDS SHORT TERM BOND FUND (THE "IKANO SHORT TERM BOND FUND")

2. BOND FUNDS

- IKANO FUNDS – GLOBAL BOND FUND (THE "IKANO GLOBAL BOND FUND")
- IKANO FUNDS - EUROPEAN BOND FUND (THE "IKANO EUROPEAN BOND FUND")
- IKANO FUNDS – HIGH YIELD BOND FUND (THE "IKANO HIGH YIELD BOND FUND")

3. EQUITY FUNDS

- IKANO FUNDS - GLOBAL EQUITY FUND (THE "IKANO GLOBAL EQUITY FUND")
- IKANO FUNDS - EUROPEAN EQUITY FUND (THE "IKANO EUROPEAN EQUITY FUND")
- IKANO FUNDS - U.S. EQUITY FUND (THE "IKANO U.S. EQUITY FUND")
- IKANO FUNDS – U.S. GROWTH FUND (THE "IKANO U.S. GROWTH FUND")
- IKANO FUNDS - JAPANESE EQUITY FUND (THE "IKANO JAPANESE EQUITY FUND")
- IKANO FUNDS – SMALL CAPITALISATION EQUITY FUND (THE "IKANO SMALL CAP EQUITY FUND")

4. FUNDS UTILISING PORTABLE ALPHA AND BETA STRATEGIES

- IKANO FUNDS - PORTABLE ALPHA FUND I (CASH +) (THE "IKANO PORTABLE ALPHA FUND I (CASH +)")
- IKANO FUNDS - PORTABLE ALPHA FUND II (BONDS +) (THE "IKANO PORTABLE ALPHA FUND II (BONDS +)")
- IKANO FUNDS - PORTABLE ALPHA FUND III (HEALTHCARE) (THE "IKANO PORTABLE ALPHA FUND III (HEALTHCARE)")
- IKANO FUNDS – GLOBAL EMERGING MARKETS EQUITY FUND (PORTABLE ALPHA V) (THE "IKANO GLOBAL EMERGING MARKET EQUITY FUND (PORTABLE ALPHA FUND V)")
- IKANO FUNDS – ALL SEASONS FUND (THE "IKANO ALL SEASONS FUND")
- IKANO FUNDS – ALTERNATIVE ENERGY & WATER FUND (THE "IKANO ALTERNATIVE ENERGY & WATER FUND")

1. SHORT TERM BOND FUNDS

IKANO SHORT TERM BOND FUND

Asset Type:	Short-term fixed income securities
Investment Strategy:	Active investment in qualifying transferable fixed income securities including securities issued or guaranteed by any government(s), their agencies, instrumentalities, and political sub-divisions; supranational entities of EU or OECD Member States, corporations and their subsidiaries domiciled in the "Primary Markets" listed below. Authorised investments include mortgage pass-throughs, CMO's, mortgage-backed securities, floating rate notes, asset-backed securities, commercial papers and certificates of deposit as far as they qualify as transferable securities. The Fund may also hold ancillary liquid assets (which, for the avoidance of doubt, shall not include commercial papers).
Primary Markets:	European Union, Norway, Switzerland, United States, Canada, Australia, New Zealand, Japan, Cayman Islands and Channel Islands.
Benchmark Index:	European Central Bank EONIA Capitalisation Index 7 Day – Bloomberg ticker "EONCAPL7"
Benchmark Currencies:	EUR
Denomination:	The Shares of the Fund will be denominated in Euro
Profile of the typical investor:	<p>In light of this Fund's investment objective and strategy, the Fund is appropriate for investors who seek short-term interest rate returns and to protect their investments from volatile market fluctuations.</p>
Risk profile:	<p>Investment in this Fund shall entail certain risks; see Section IV entitled "Risk Factors", sub-section 2 entitled "Risks specifically relating to debt security investments". It should be noted that Shares are neither guaranteed nor principal protected and that there can be no assurance that Shares are redeemed at the price for which they have been subscribed.</p>

The average maturity of the securities held within the Short Term Bond Fund shall at all times be less than 12 months. However, the Portfolios may contain individual qualifying securities with a maturity of greater than one year.

2. BOND FUNDS

IKANO GLOBAL BOND FUND

Asset Type:	Fixed income securities
Investment strategy:	Active investment in qualifying transferable fixed income securities including securities issued or guaranteed by any government(s), their agencies, instrumentalities, and political sub-divisions; supranational entities and corporations primarily traded in the markets listed below. This includes mortgage pass-throughs, CMO's, mortgage-backed securities, floating rate notes, asset-backed securities, commercial papers and certificates of deposit as far as they qualify as transferable securities. The Fund may also hold ancillary liquid assets (which, for the avoidance of doubt, shall not include commercial papers).
Primary markets:	European Union, Norway, Switzerland, United States, Canada, Australia, New Zealand and Japan.
Benchmark Index:	Lehman Brothers Global Aggregate Bond Index (Unhedged)
Benchmark Currencies:	USD, JPY, EUR, GBP, CAD, SEK, DKK, TWD, AUD, KRW, MYR, SGD, NOK, NZD, THB, CHF, HKD, CNY
Denomination:	The Shares of the Fund will be denominated in Euro

Profile of the typical investor:

In light of this Fund's investment objective and strategy, the Fund is appropriate for investors who seek longer-term exposure to global fixed income markets and to protect their investments from volatile fluctuations.

Risk profile:

Investment in this Fund shall entail certain risks; see Section IV entitled "Risk Factors", sub-section 2 entitled "Risks specifically relating to debt security investments". It should be noted that Shares are neither guaranteed nor principal protected and that there can be no assurance that Shares are redeemed at the price for which they have been subscribed.

IKANO EUROPEAN BOND FUND

Asset Type:	European fixed income securities
Investment strategy:	Active investment in securities in qualifying transferable fixed income securities including securities issued or guaranteed by any European or non-European government(s), their agencies, instrumentalities, and political sub-divisions; supranational entities and European and non-European corporations primarily traded in the markets listed below. This includes mortgage pass-throughs, CMO's, mortgage-backed securities, floating rate notes, asset-backed securities, commercial papers and certificates of deposit as far as they qualify as transferable securities. The securities may be denominated in Euro or any other European currency. The Fund may also hold ancillary liquid assets (which, for the avoidance of doubt, shall not include commercial papers).
Primary markets:	European Union, Norway & Switzerland
Benchmark Index:	EUR Shares - Lehman Brother Pan-European Aggregate Bond Index (Unhedged in EUR) USD Shares - Lehman Brother Pan-European Aggregate Bond Index (Hedged in USD)
Benchmark Currencies:	EUR, GBP, SEK, DKK, NOK, CHF
Denomination:	The Shares of the Fund may be denominated in Euro and US Dollar. The Reference Currency of the Fund is the Euro.
Profile of the typical investor:	In light of this Fund's investment objective and strategy, the Fund is appropriate for investors who seek the Fund is appropriate for investors who seek longer-term exposure to European fixed income markets to protect their interest from volatile fluctuations.
Risk profile:	Investment in this Fund shall entail certain risks; see Section IV entitled "Risk Factors", sub-section 2 entitled "Risks specifically relating to debt security investments". It should be noted that Shares are neither guaranteed nor principal protected and that there can be no assurance that Shares are redeemed at the price for which they have been subscribed.

IKANO HIGH YIELD BOND FUND

Asset Type:	Fixed income securities
Investment Strategy:	Active investment in qualifying transferable fixed income securities rated below investment grade by a recognized rating agency ("Lower Rated Securities"). The securities acquired by the Fund will generally be in the lower rating categories of the major rating agencies (BB+ or lower by Standard & Poor's or Ba1 or lower by Moody's). Such securities usually pay an interest premium in order to compensate investors for the risk associated with such low-rated issuers (See Section IV last paragraph). The fixed income securities in which the Fund may invest include securities issued or guaranteed by the U.S. or any non-U.S. government(s), their agencies, instrumentalities, and political sub-divisions; supranational entities and U.S. and non-U.S. corporations primarily traded in the markets listed below. This includes mortgage pass-throughs, mortgage-backed securities, commercial paper, zero coupon securities, pay-in-kind securities ² , collateralised mortgage obligations, asset-backed securities, Rule 144A securities and convertible securities as far as they qualify as transferable securities. The Fund may also hold ancillary liquid assets (which, for the avoidance of doubt, shall not include commercial papers).
Primary Markets:	European Union, Norway, Switzerland, United States, Canada, Australia, New Zealand, Japan, Cayman Islands and Channel Islands.
Benchmark Index:	Merrill Lynch US High Yield Master Cash Pay Only Index
Benchmark Currencies:	USD
Denomination:	The Shares of the Fund will be denominated in Euro
Profile of the typical investor:	

In light of this Fund's investment objective and strategy, the Fund is only appropriate for institutional investors who:

- seek capital appreciation over the long-term;

² Payment-in-kind (PIK) securities are securities that give the issuer the option (during an initial period) either to make coupon payments in cash or in the form of additional securities.

- do not seek income from their investment;
- are willing to take increased risks associated with investing in foreign securities; and
- can withstand volatility associated with higher risk investments.

Risk profile:

Investment in this Fund shall entail certain risks; see Section IV entitled "Risk Factors". Specifically, investors should be aware that the Funds investment objective is to invest in speculative grade securities which are subject to greater market fluctuations, greater risk, potential loss of principal and may be less liquid.

3. EQUITY FUNDS

IKANO GLOBAL EQUITY FUND

Asset Type: Equities and/or Derivatives representing Equities or their related returns

Investment Strategy:

The Fund may actively or indirectly (in which case, via the use of derivatives) invest in qualifying assets of the type specified above. The Fund may utilise derivative instruments of whatsoever nature, both listed and OTC, for hedging purposes and in order to gain market exposures. In addition, the Fund may passively obtain market exposure through investment in qualifying exchange traded funds in so far as the underlying securities are representative of the investment strategy of the Fund.

The Fund may hold physical bond securities and other money market instruments. Market Exposure to these instruments will be converted to Equity Market Exposure using appropriate overlay techniques, through the use of derivatives instruments.

Authorised investments for the Fund include equities, bonds and similar fixed income instruments, exchange traded funds ("ETF's") , futures, total return swaps, credit default swaps, options, warrants, notes, time deposits, money market mutual funds, short term investment funds, commercial papers in so far as they qualify as eligible assets in accordance with the Law and prevailing regulation.

Market Exposure resulting from investments by the Fund in securities other than equity securities and bonds qualifying as cash must at all times be converted to the appropriate Equity Market Exposure.

Investments, instruments and techniques used in order to implement the above strategy will comply with the limits set forth in the sections "Overall Investment Policy and Investment Restrictions" and "Financial Techniques and Instruments".

Market Exposure to an asset class ("**Market Exposure**") is the sum of the physical securities held plus/minus the exposure created through the use of futures, swaps and options, including, as the case may be, OTC swaps and options negotiated at arms' length and entered into with a highly rated financial institution specialised in this type of transaction (the "OTC counterparty") and valued on each Valuation Day by the OTC counterparty on a consistent basis using a valuation methodology based on the net present value of future cash flows in case of swaps and proprietary valuation models based on Black & Scholes methodology in case of options.

The Fund may also hold ancillary liquid assets (which, for the avoidance of doubt, shall not include commercial papers).

The Fund may directly invest in highly rated government bonds, time deposits, money market mutual funds, short term investment funds, commercial papers or similar for the purposes of cash management.

The Directors have decided that the Fund is a sophisticated fund for risk management purposes and accordingly is subject to specific risk management controls under the responsibility of the Management Company.

When applying the limits specified in section 8 of chapter VI "Financial Techniques and Instruments" to the OTC transactions, reference must be made to the net counterparty risk exposure. The Company will reduce the gross counterparty risk of the Fund's OTC transactions by requiring the OTC Counterparty to deliver to the Custodian collateral in the form of cash or liquid securities issued and guaranteed by a member state of the OECD or by their local authorities or by supranational institutions and undertakings of community, regional or worldwide nature. Such collateral will be enforceable by the Company at all times and will be marked to market on a daily basis. The amount of collateral to be delivered will be at least equal to the value by which the gross exposure limit has been exceeded.

Primary markets: European Union, Norway and Switzerland, United States, Canada, Australia, New Zealand and Japan.

Benchmark Index: MSCI World Net Return (Unhedged)

Benchmark Currencies: USD, JPY, EUR, GBP, CAD, SEK, DKK, AUD, SGD, NOK, NZD, CHF, HKD

Denomination: The Shares of the Fund will be denominated in Euro, or, where applicable, in Swedish Kronor

Profile of the typical investor:

In light of this Fund's investment objective and strategy, the Fund is only appropriate for investors who:

- seek capital appreciation over the long-term;
- do not seek income from their investment;
- are willing to take increased risks associated with investing in foreign securities; and
- can withstand volatility associated with equity investments.

Risk profile:

Investment in this Fund shall entail certain risks; see Section IV entitled "Risk Factors", sub-section 4 entitled "Risks specifically relating to equity security investments". Depending on market conditions, investors should be prepared to bear an unrealised loss on their original investment over a period of time, or an actual loss should they decide to dispose of their investment in an unfavourable market. Class "F" Shares are neither guaranteed nor principal protected and there can be no assurance that Shares may be redeemed at the price for which they have been subscribed.

IKANO EUROPEAN EQUITY FUND

Asset Type: Equities and/or Derivatives representing Equities or their related returns

Investment Strategy:

The Fund may actively or indirectly (in which case, via the use of derivatives) invest in qualifying assets of the type specified above. The Fund may utilise derivative instruments of whatsoever nature, both listed and OTC, for hedging purposes and in order to gain market exposures. In addition, the Fund may passively obtain market exposure through investment in qualifying exchange traded funds in so far as the underlying securities are representative of the investment strategy of the Fund.

The Fund may hold physical bond securities and other money market instruments. Market Exposure to these instruments will be converted to Equity Market Exposure using appropriate overlay techniques, through the use of derivatives instruments.

Authorised investments for the Fund include equities, bonds and similar fixed income instruments, exchange traded funds ("ETF's"), futures, total return swaps, credit default swaps, options, warrants, notes, time deposits, money market mutual funds, short term investment funds, commercial papers in so far as they qualify as eligible assets in accordance with the Law and prevailing regulation.

Market Exposure resulting from investments by the Fund in securities other than equity securities and bonds qualifying as cash must at all times be converted to the appropriate Equity Market Exposure.

Investments, instruments and techniques used in order to implement the above strategy will comply with the limits set forth in the sections "Overall Investment Policy and Investment Restrictions" and "Financial Techniques and Instruments".

Market Exposure to an asset class ("**Market Exposure**") is the sum of the physical securities held plus/minus the exposure created through the use of futures, swaps and options, including, as the case may be, OTC swaps and options negotiated at arms' length and entered into with a highly rated financial institution specialised in this type of transaction (the "OTC counterparty") and valued on each Valuation Day by the OTC counterparty on a consistent basis using a valuation methodology based on the net present value of future cash flows in case of swaps and proprietary valuation models based on Black & Scholes methodology in case of options.

The Fund may also hold ancillary liquid assets (which, for the avoidance of doubt, shall not include commercial papers).

The Fund may directly invest in highly rated government bonds, time deposits, money market mutual funds, short term investment funds, commercial papers or similar for the purposes of cash management.

The Directors have decided that the Fund is a sophisticated fund for risk management purposes and accordingly is subject to specific risk management controls under the responsibility of the Management Company.

When applying the limits specified in section 8 of chapter VI "Financial Techniques and Instruments" to the OTC transactions, reference must be made to the net counterparty risk exposure. The Company will reduce the gross counterparty risk of the Fund's OTC transactions by requiring the OTC Counterparty to deliver to the Custodian collateral in the form of cash or liquid securities issued and guaranteed by a member state of the OECD or by their local authorities or by supranational institutions and undertakings of community, regional or worldwide nature. Such collateral will be enforceable by the Company at all times and will be marked to market on a daily basis. The amount of collateral to be delivered will be at least equal to the value by which the gross exposure limit has been exceeded.

Primary markets:	European Union, Norway and Switzerland
Benchmark Index:	MSCI Europe Net Return (Unhedged)
Benchmark Currencies:	EUR, GBP, SEK, DKK, NOK, CHF
Denomination:	The Shares of the Fund will be denominated in Euro, or, where applicable, in Swedish Kronor
Profile of the typical investor:	

In light of this Fund's investment objective and strategy, the Fund is only appropriate for investors who:

- seek capital appreciation over the long-term;
- do not seek income from their investment;
- are willing to take increased risks associated with investing in foreign securities; and
- can withstand volatility associated with equity investments.

Risk profile:

Investment in this Fund shall entail certain risks; see Section IV entitled "Risk Factors", sub-section 4 entitled "Risks specifically

relating to equity security investments". Depending on market conditions, investors should be prepared to bear an unrealised loss on their original investment over a period of time, or an actual loss should they decide to dispose of their investment in an unfavourable market. Class "F" Shares are neither guaranteed nor principal protected and there can be no assurance that Shares may be redeemed at the price for which they have been subscribed.

IKANO U.S. EQUITY FUND

Asset Type: Equities

Investment Strategy: Active investment in equity securities listed on recognised exchanges or dealt on other regulated markets primarily in the U.S. The Fund may also hold ancillary liquid assets (which, for the avoidance of doubt, shall not include commercial papers).

Primary markets: United States

Benchmark Index: MSCI U.S. Net Return (Unhedged)

Benchmark Currencies: USD

Denomination: The Shares of the Fund will be denominated in Euro

Profile of the typical investor:

In light of this Fund's investment objective and strategy, the Fund is only appropriate for investors who:

- seek capital appreciation over the long-term;
- do not seek income from their investment;
- are willing to take increased risks associated with investing in foreign securities; and
- can withstand volatility associated with equity investments.

Risk profile:

Investment in this Fund shall entail certain risks; see Section IV entitled "Risk Factors", sub-section 4 entitled "Risks specifically relating to equity security investments". Depending on market conditions, investors should be prepared to bear an unrealised loss on their original investment over a period of time, or an actual loss should they decide to dispose of their investment in an unfavourable market.

IKANO U.S. GROWTH FUND

Asset Type:	Equities
Investment Strategy:	Active investment in equity securities listed on recognised exchanges or dealt on other regulated markets primarily in the U.S.. The Fund will concentrate its investment strategy on growth stocks (those that are considered to have the potential to produce above average earnings growth). The Fund may also hold ancillary liquid assets (which, for the avoidance of doubt, shall not include commercial papers).
Primary markets	United States
Benchmark Index:	MSCI U.S. Growth Net Return (Unhedged)
Benchmark Currencies:	USD
Denomination:	The Shares of the Fund may be denominated in Euro and in US Dollar. The Reference Currency of the Fund is the U.S. Dollar.

Profile of the typical

investor: In light of this Fund's investment objective and strategy, the Fund is only appropriate for investors who:

- seek capital appreciation over the long-term;
- do not seek income from their investment;
- are willing to take increased risks associated with investing in foreign securities; and
- can withstand volatility associated with equity investments.

Risk profile:

Investment in this Fund shall entail certain risks; see Section IV entitled "Risk Factors", sub-section 4 entitled "Risks specifically relating to equity security investments". Depending on market conditions, investors should be prepared to bear an unrealised loss on their original investment over a period of time, or an actual loss should they decide to dispose of their investment in an unfavourable market.

IKANO JAPANESE EQUITY FUND

Asset Type:	Equities
Investment Strategy:	Active investment in equity securities listed on recognised exchanges or dealt on other regulated markets primarily in Japan. The Fund may also hold ancillary liquid assets (which, for the avoidance of doubt, shall not include commercial papers).
Primary markets:	Japan
Benchmark Index:	MSCI Japan Net Return (Unhedged)
Benchmark Currencies:	JPY
Denomination:	The Shares of the Fund will be denominated in Euro
Profile of the typical investor:	

In light of this Fund's investment objective and strategy, the Fund is only appropriate for investors who:

- seek capital appreciation over the long-term;
- do not seek income from their investment;
- are willing to take increased risks associated with investing in foreign securities; and
- can withstand volatility associated with equity investments.

Risk profile:

Investment in this Fund shall entail certain risks; see Section IV entitled "Risk Factors", sub-section 4 entitled "Risks specifically relating to equity security investments". Depending on market conditions, investors should be prepared to bear an unrealised loss on their original investment over a period of time, or an actual loss should they decide to dispose of their investment in an unfavourable market.

IKANO SMALL CAP EQUITY FUND

Asset Type:

Equities

Investment Strategy:

Active investment in equity securities of smaller companies with similar risk characteristics to the benchmark. The equity securities are listed on recognised exchanges or dealt on other regulated markets, worldwide but primarily in those countries listed below. The Fund may also hold ancillary liquid assets (which, for the avoidance of doubt, shall not include commercial papers). Prospective investors should in particular refer to section "Risks Factors", as investment in smaller companies involves certain risks.

Primary markets:

European Union, Norway and Switzerland, United States, Canada, Australia, New Zealand and Japan.

Benchmark Index:

Russell 2000

Benchmark Currencies:

USD

Denomination:

The Shares of the Fund will be denominated in US Dollar.

Profile of the typical investor:

In light of this Fund's investment objective and strategy, the Fund is only appropriate for investors who:

- seek capital appreciation over the long-term;
- do not seek income from their investment;
- are willing to take increased risks associated with investing in foreign securities; and
- can withstand volatility associated with equity investment in smaller companies.

Risk profile:

Investment in this Fund shall entail certain risks; see Section IV entitled "Risk Factors", sub-section 5 entitled "Risks specifically relating to small capitalization equity security investments". The attention of investors is drawn to the investment objective of investing in smaller companies. This objective heightens the associated risks compared to investing in other of our equity funds. Particularly risks include greater market fluctuations, greater price spreads and greater risk of the investment not being readily realisable.

4. FUNDS UTILISING PORTABLE ALPHA AND BETA STRATEGIES

IKANO PORTABLE ALPHA FUND I (CASH +)

Asset Type:	Equities / fixed income / money market securities and derivatives
Targeted Return:	European Central Bank EONIA Capitalisation Index 7 Day – Bloomberg ticker “EONCAPL7” + 1% (gross return) (Investors must be aware that there is no guarantee at all that this targeted return will be achieved)
Investment Strategy:	Active investment in equity, fixed income and money market securities listed on recognised exchanges or dealt on other regulated markets, worldwide but primarily in those countries listed below. The Fund may also hold ancillary liquid assets (which, for the avoidance of doubt, shall not include commercial papers). The “Portable Alpha” strategy refers to the process separating the “Alpha” return (i.e., the return that comes from security selection within an asset class, such “Alpha” return reflecting the investment manager’s selection skill ¹) from the “Beta” return (i.e., the return that comes from the exposure to the broad market for the asset class).

The Fund will invest in equity securities as described above and will hedge the investment risk inherent in the broad equity market through the use of futures and options (including, as the case may be, OTC options negotiated at arm’s length and entered into with a highly rated financial institution specialised in this type of transactions (the “OTC Counterparty”) and valued on each Valuation Date by the OTC Counterparty on a consistent basis utilising proprietary valuation models based on Black & Scholes methodology) against the return of the short-term money market. This will enable the investment manager to isolate the “Alpha” return from the “Beta” return.

Therefore, the return of the Fund will be a function of these “Alpha” and “Beta” variables, the “Alpha” return of the equity securities being added or transposed (hence the concept of “portable Alpha”) to the “Beta” return of the short-term money market. Investors must be aware of the fact that the “Alpha” return can be negative in which case the return of the Fund will be inferior to the return of the short-term money market so that there can be no assurance that Shares will be redeemed at the price for which they have been subscribed.

¹ The Fund does not qualify as an index tracker fund to the extent that it does not implement a passive investment strategy consisting in the replication of a given index.

Investments, instruments and techniques used in order to implement the above strategy will comply with the limits set forth in the sections "Overall Investment Policy and Investment Restrictions" and "Financial Techniques and Instruments".

The Directors have designated that the Fund is a sophisticated fund for risk management purposes and accordingly is subject to a specific risk management controls under the responsibility of the Management Company.

When applying the limits specified in section 8 of the chapter VI "Financial Techniques and Instruments" to the OTC transactions, reference must be made to the net counterparty risk exposure. The Company will reduce the gross counterparty risk of the Fund's OTC transactions by causing the OTC Counterparty to deliver to the Custodian collateral in the form of cash or liquid securities issued and guaranteed by a member state of the OECD or by their local authorities or by supranational institutions and undertakings of community, regional or worldwide nature. Such collateral will be enforceable by the Company at all times and will be marked to market on a daily basis. The amount of collateral to be delivered will be at least equal to the value by which the gross exposure limit has been exceeded.

Primary markets:	European Union, Norway and Switzerland, United States, Canada, Australia, New Zealand and Japan.
Benchmark Indices:	EUR Shares - European Central Bank EONIA Capitalisation Index 7 Day – Bloomberg ticker "EONCAPL7" USD Shares – US Federal Funds Effective Rate Index 7 Day – Bloomberg Ticker "FEDF07" JPY Shares – Tokyo Overnight Average Rate (TONAR) – Bloomberg ticker "DYENCALM"-
Benchmark Currencies:	USD, JPY, EUR, GBP, CAD, SEK, DKK, AUD, SGD, NOK, NZD, CHF, HKD
Denomination:	The Shares of the Fund may be denominated in Euro, US Dollar and Japanese Yen. The Reference Currency of the Fund is the Euro.
Profile of the typical investor:	In light of the investment objective and strategies, the "F" class shares in this Fund are appropriate for retail investors and the "M" class shares available only to institutional investors. In all cases the investor should be someone who:

- seek capital appreciation over the long-term;
- do not seek income from their investment;
- are willing to take increased risks associated with investing in foreign securities; and
- can withstand volatility associated with equity investment in smaller companies.

Risk profile:

Investment in this Fund shall entail certain risks; see Section IV entitled "Risk Factors", sub-section 4 entitled "Risks specifically relating to equity security investments and sub-section 8 specifically relating to the use of derivatives. It should be noted that Shares are neither guaranteed nor principal protected and that there can be no assurance that Shares are redeemed at the price for which they have been subscribed.

IKANO PORTABLE ALPHA FUND II (BONDS +)

Asset Type:	Equities fixed income / money market securities and derivatives
Targeted Return:	JP Morgan EMU Government Bond Index + 1% (gross return) (Investors must be aware that there is no guarantee at all that this targeted return will be achieved)
Investment Strategy:	<p>Active investment in equity, fixed income and money market securities listed on recognised exchanges or dealt on other regulated markets, worldwide but primarily in those countries listed below. The Fund may also hold ancillary liquid assets (which, for the avoidance of doubt, shall not include commercial papers). The "Portable Alpha" strategy refers to the process separating the "Alpha" return (i.e., the return that comes from security selection within an asset class, such "Alpha" return reflecting the investment manager's selection skill¹) from the "Beta" return (i.e., the return that comes from the exposure to the broad market for the asset class). This strategy will be implemented as follows:</p> <ul style="list-style-type: none">• in a first stage, the Fund will invest in equity securities as described above and will hedge the investment risk inherent in the broad equity market through the sale of futures against the return of the short-term money market. This will enable to isolate the "Alpha" return from the "Beta" return;• in a second stage, the "Beta" return of the short-term money market so isolated will be swapped for the "Beta" return of the bond market. Such exchanges will be obtained through the use of futures, swaps and options (including, as the case may be, OTC swaps and options negotiated at arm's length and entered into with a highly rated financial institution specialised in this type of transactions (the "OTC Counterparty") and valued on each Valuation Date by the OTC Counterparty on a consistent basis utilising a valuation methodology based on the net present value of future cash flows in case of swaps and proprietary valuation models based on Black & Scholes methodology in case of options).

Therefore, the return of the Fund will be a function of these "Alpha" and "Beta" variables, the "Alpha" return of the equity securities being added or transposed (hence the concept of "portable Alpha") to the "Beta" return of the bond market. Investors must be aware of the fact that the "Alpha" return can be negative in which case the return of the Fund will be inferior to the return of the bond

¹ The Fund does not qualify as an index tracker fund to the extent that it does not implement a passive investment strategy consisting in the replication of a given index.

market so that there can be no assurance that Shares will be redeemed at the price for which they have been subscribed.

Investments, instruments and techniques used in order to implement the above strategy will comply with the limits set forth in the sections "Overall Investment Policy and Investment Restrictions" and "Financial Techniques and Instruments".

The Directors have designated that the Fund is a sophisticated fund for risk management purposes and accordingly is subject to a specific risk management controls under the responsibility of the Management Company.

When applying the limits specified in section 8 of the chapter VI "Financial Techniques and Instruments" to the OTC transactions, reference must be made to the net counterparty risk exposure. The Company will reduce the gross counterparty risk of the Fund's OTC transactions by causing the OTC Counterparty to deliver to the Custodian collateral in the form of cash or liquid securities issued and guaranteed by a member state of the OECD or by their local authorities or by supranational institutions and undertakings of community, regional or worldwide nature. Such collateral will be enforceable by the Company at all times and will be marked to market on a daily basis. The amount of collateral to be delivered will be at least equal to the value by which the gross exposure limit has been exceeded.

Primary markets:	European Union, Norway and Switzerland, United States, Canada, Australia, New Zealand and Japan.
Benchmark Index:	JMorgan EMU Government Bond Index.
Benchmark Currencies:	USD, JPY, EUR, GBP, CAD, SEK, DKK, AUD, SGD, NOK, NZD, CHF, HKD
Denomination:	The Shares of the Fund will be denominated in Euro.
Profile of the typical investor:	

In light of the investment objective and strategies, the "F" class shares in this Fund are appropriate for retail investors and the "M" class shares available only to institutional investors. In all cases the investor should be someone who:

- seek capital appreciation over the long-term;
- do not seek income from their investment;
- are willing to take increased risks associated with investing in foreign securities; and
- can withstand volatility associated with equity investment in smaller companies.

Risk profile:

Investment in this Fund shall entail certain risks; see Section IV entitled "Risk Factors", sub-section 4 entitled "Risks specifically relating to equity security investments and sub-section 8 specifically relating to the use of derivatives. It should be noted that Shares are neither guaranteed nor principal protected and that there can be no assurance that Shares are redeemed at the price for which they have been subscribed.

IKANO PORTABLE ALPHA FUND III (HEALTH CARE)

Asset Type:	Equities / fixed income / money market securities and derivatives
Targeted Return:	MSCI Global Healthcare - Equipment and Services + 1% (gross return). Investors must be aware that there is no guarantee that this targeted return will be achieved.
Investment Strategy:	<p>Active risk exposure to the healthcare sector (in particular the equipment and services sub-sector) through the use of derivative instruments both listed and OTC by employing the "Portable Alpha Strategy". The underlying securities of the Fund will be investments in equity, fixed income and money market securities listed on recognised exchanges or dealt on other regulated markets, worldwide but primarily in those countries listed below. Such equity securities will not be specifically healthcare investments but will have a broad exposure to the equity markets. The Fund may also hold ancillary liquid assets (which, for the avoidance of doubt, shall not include commercial papers). The "Portable Alpha" strategy refers to the process separating the "Alpha" return (i.e., the return that comes from security selection within an asset class, such "Alpha" return reflecting the investment manager's selection skill¹) from the "Beta" return (i.e., the return that comes from the exposure to the broad market for the asset class). This strategy will be implemented as follows:</p> <ul style="list-style-type: none">• in a first stage, the Fund will invest in equity securities as described above and will hedge the investment risk inherent in the broad equity market through the sale of futures against the return of the short-term money market. This will enable to isolate the "Alpha" return from the "Beta" return;• in a second stage, the "Beta" return of the short-term money market so isolated will be swapped for the "Beta" return of the Target sector. Such exchanges will be obtained through the use of futures, swaps and options (including, as the case may be, OTC swaps and options negotiated at arm's length and entered into with a highly rated financial institution specialised in this type of transactions (the "OTC Counterparty") and valued on each Valuation Date by the OTC Counterparty on a consistent basis utilising a valuation methodology based on the net present value of future cash flows in case of swaps and proprietary valuation models based on Black & Scholes methodology in case of options).

¹ The Fund does not qualify as an index tracker fund to the extent that it does not implement a passive investment strategy consisting in the replication of a given index.

Therefore, the return of the Fund will be a function of these "Alpha" and "Beta" variables, the "Alpha" return of the equity securities being added or transposed (hence the concept of "portable Alpha") to the "Beta" return of the targeted healthcare sector. Investors must be aware of the fact that the "Alpha" return can be negative in which case the return of the Fund will be inferior to the return of the market so that there can be no assurance that Shares will be redeemed at the price for which they have been subscribed.

Investments, instruments and techniques used in order to implement the above strategy will comply with the limits set forth in the sections "Overall Investment Policy and Investment Restrictions" and "Financial Techniques and Instruments".

The Directors have designated that the Fund is a sophisticated fund for risk management purposes and accordingly is subject to a specific risk management controls under the responsibility of the Management Company.

When applying the limits specified in section 8 of the chapter VI "Financial Techniques and Instruments" to the OTC transactions, reference must be made to the net counterparty risk exposure. The Company will reduce the gross counterparty risk of the Fund's OTC transactions by causing the OTC Counterparty to deliver to the Custodian collateral in the form of cash or liquid securities issued and guaranteed by a member state of the OECD or by their local authorities or by supranational institutions and undertakings of community, regional or worldwide nature. Such collateral will be enforceable by the Company at all times and will be marked to market on a daily basis. The amount of collateral to be delivered will be at least equal to the value by which the gross exposure limit has been exceeded.

Primary markets:	European Union, Norway and Switzerland, United States, Canada, Australia, New Zealand and Japan.
Benchmark Index:	MSCI Global Healthcare – Equipment and Services Index
Benchmark Currencies:	USD, JPY, EUR, GBP, CAD, SEK, DKK, AUD, SGD, NOK, NZD, CHF, HKD
Denomination:	The Shares of the Fund will be denominated in Euro.
Profile of the typical investor:	

In light of the investment objective and strategies, the "F" class shares in this Fund are appropriate for retail investors and the "M" class shares available only to institutional investors. In all cases the investor should be someone who:

- seeks capital appreciation over the long-term;
- does not seek income from their investment;

- is willing to take on the increased risks associated with investing in foreign securities; and
- can withstand volatility in the value of their shares.

Risk profile:

Investment in this Fund shall entail certain risks; see Section IV entitled "Risk Factors", sub-section 4 entitled "Risks specifically relating to equity security investments and sub-section 8 specifically relating to the use of derivatives. It should be noted that Shares are neither guaranteed nor principal protected and that there can be no assurance that Shares are redeemed at the price for which they have been subscribed.

IKANO GLOBAL EMERGING MARKETS EQUITY FUND (PORTABLE ALPHA V)

Asset Type:	Equities/ fixed income / money market securities and derivatives
Targeted Return:	MSCI Emerging Markets (net return) (unhedged)(Investors must be aware that there is no guarantee at all that this targeted return will be achieved)
Investment Strategy:	<p>Active investment in Global Emerging Equity Markets Risk through the use of Portable Alpha and Beta Strategies (refer to Section III above).</p> <p>The portfolio of the Fund will comprise financial derivative instruments providing the risk and return profile of Global Emerging Equity Markets. The underlying securities in the Fund while qualifying as eligible securities listed on recognised exchanges and/or dealt on other regulated markets worldwide, may indicate a wide variety of market and asset class risks which will be eliminated using the Portable Alpha Strategy. The Fund may also hold ancillary liquid assets (which, for the avoidance of doubt, shall not include commercial papers).</p> <p>Investments, instruments and techniques used in order to implement the above strategy will comply with the limits set forth in the sections "Overall Investment Policy and Investment Restrictions" and "Financial Techniques and Instruments".</p> <p>The Directors have designated that the Fund is a sophisticated fund for risk management purposes and accordingly is subject to a specific risk management controls under the responsibility of the Management Company.</p> <p>When applying the limits specified in section 8 of the chapter VI "Financial Techniques and Instruments" to the OTC transactions, reference must be made to the net counterparty risk exposure. The Company will reduce the gross counterparty risk of the Fund's OTC transactions by causing the OTC Counterparty to deliver to the Custodian collateral in the form of cash or liquid securities issued and guaranteed by a member state of the OECD or by their local authorities or by supranational institutions and undertakings of community, regional or worldwide nature. Such collateral will be enforceable by the Company at all times and will be marked to market on a daily basis. The amount of collateral to be delivered will be at least equal to the value by which the gross exposure limit has been exceeded.</p>
Benchmark Index:	MSCI Emerging Markets Net Return (Unhedged)
Denomination:	The Shares of the Fund will be denominated in Euro.

Profile of the typical investor:

In light of the investment objective and strategies, only "M" Class Shares available to institutional investors. The investor should be someone who:

- seeks capital appreciation over the long-term;
- does not seek income from their investment;
- is willing to take on the increased risks associated with investing in foreign securities;
- understands the portable alpha and beta strategies
- can withstand volatility in the value of their shares

Risk profile:

Investment in this Fund shall entail certain risks; see Section IV entitled "Risk Factors", sub-section 4 entitled "Risks specifically relating to equity security investments and sub-section 8 specifically relating to the use of derivatives. It should be noted that Shares are neither guaranteed nor principal protected and that there can be no assurance that Shares are redeemed at the price for which they have been subscribed.

IKANO ALL SEASONS FUND

Asset Type Equities / Fixed Income / Money Market Securities / Derivatives representing these instruments or their related returns including market exposures to Commodities and Real Estate*

Investment Strategy The Fund may actively or passively invest in qualifying assets of the type specified above. The Fund may utilise derivative instruments of whatsoever nature, both listed and OTC, for hedging purposes and in order to gain market exposures. In addition, the Fund may passively obtain market exposure through investment in qualifying exchange traded funds in so far as the underlying securities are representative of the investment strategy of the Fund.

Authorised investments for the Fund include equities, bonds and similar fixed income instruments, exchange traded funds ("ETF's") indices on commodities and real estate, futures, total return swaps, credit default swaps, options, warrants, notes, time deposits, money market mutual funds, short term investment funds, commercial papers in so far as they qualify as eligible assets in accordance with the Law and prevailing regulation.**

Investments, instruments and techniques used in order to implement the above strategy will comply with the limits set forth in the sections "Overall Investment Policy and Investment Restrictions" and "Financial Techniques and Instruments".

The Fund must apply the following limits in terms of Market Exposure:

- 0-100% to cash and money markets
- 0-70% to investment grade bond markets
- 0-50% to high yield bond markets
- 20-60% in equity markets
- Equity exposure outside the 20-60% range can be added using opt but overall delta exposure should remain within a 0-100% range.
- 0-10% commodities / real estate

Market Exposure to an asset class ("**Market Exposure**") is the sum of the physical securities held plus/minus the exposure created through the use of futures, swaps and options, including, as the case may be, OTC swaps and options negotiated at arms' length and entered into with a highly rated financial institution specialised in this type of transaction (the "OTC counterparty") and valued on each Valuation Day by the OTC counterparty on a consistent basis using a valuation methodology based on the net present value of future cash flows in case of swaps and

proprietary valuation models based on Black & Scholes methodology in case of options.

The Fund may invest up to 100% of its total net assets in physical equity securities however a portion of the broad equity market exposure must be hedged away to achieve the Market Exposure limit above.

The Fund may also hold ancillary liquid assets (which, for the avoidance of doubt, shall not include commercial papers).

The Fund may directly invest in highly rated government bonds, time deposits, money market mutual funds, short term investment funds, commercial papers or similar for the purposes of cash management.

The Directors have decided that the Fund is a sophisticated fund for risk management purposes and accordingly is subject to specific risk management controls under the responsibility of the Management Company.

When applying the limits specified in section 8 of chapter VI "Financial Techniques and Instruments" to the OTC transactions, reference must be made to the net counterparty risk exposure. The Company will reduce the gross counterparty risk of the Fund's OTC transactions by requiring the OTC Counterparty to deliver to the Custodian collateral in the form of cash or liquid securities issued and guaranteed by a member state of the OECD or by their local authorities or by supranational institutions and undertakings of community, regional or worldwide nature. Such collateral will be enforceable by the Company at all times and will be marked to market on a daily basis. The amount of collateral to be delivered will be at least equal to the value by which the gross exposure limit has been exceeded.

Denomination	The Shares of the Fund will be denominated in Euro, or, where applicable, Swedish Kronor. The Reference Currency of the Fund is Euro
Profile of the typical investor	The Fund is targeted for investors with a long term investment horizon and a preference for a balanced absolute return product with exposure to multiple asset classes and multiple asset managers.
Risk profile	Investment in this Fund shall entail certain risks ; see Section IV entitled « Risk Factors ». It should be noted that class « G » Shares, as described in Section IX « Shares » are guaranteed and that investors in class « G »

Shares will receive, at the Expiry Date as described in the above-mentioned section, EUR 10 per Share held should the Net Asset Value on the Expiry Date be below EUR 10. Class « F » Shares are neither guaranteed nor principal protected and there can be no assurance that Shares may be redeemed at the price for which they have been subscribed.

Fund of Funds Where the Fund invests in ETF's or other qualifying UCI's the Fund may incur additional asset management fees, custody and/or other administration costs in the form of charges paid by the the ETF or UCI. Such additional costs where incurred will be set out in the semi-annual and annual report of the Fund.

* Market exposure to commodities and real estate may only be taken through investment in indices and derivatives representing returns on indices. No direct holding of real estate or commodities is allowable under the Law.

** This list is not exhaustive.

IKANO ALTERNATIVE ENERGY & WATER FUND (OF FUNDS)

Asset Type:	All eligible security types
Targeted Return:	This is an Absolute return product
Investment Strategy:	<p>The Fund shall employ a sector allocation strategy. "Sectors" are those as defined by Bloomberg – Industry Sector reference "IBQ" and any sub-category thereof. The sector allocation has been determined by the Management Company as Alternative Energy and Water. The weighting of each sector in the may vary but at least 20% must be allocated to each of the chosen sectors.</p> <p>The sector exposure will be achieved through active investment in other UCITS and/or other UCIs remaining always within the limits set out in the Overall Investment Policy and Investment Restrictions, which in turn, invest in securities qualifying as transferable securities. Furthermore, the Fund may employ both exchange traded and OTC derivatives in the form of futures, option, swaps within the limits of the Overall Investment Policies and Investment Restrictions for the purpose of gaining exposure to particular sectors. The Fund may also hold ancillary liquid assets (which, for the avoidance of doubt, shall not include commercial papers).</p>
Primary markets:	All countries included in the MSCI All countries World index
Denomination:	The Shares of the Fund will be denominated in Euro
Profile of the typical investor:	<p>In light of this Fund's investment objective and strategy, the Fund will be issued in class "M" Shares and is only appropriate for professional / institutional investors who:</p> <ul style="list-style-type: none">• seek capital appreciation over the long-term;• do not seek income from their investment;• are willing to take increased risks associated with investing in foreign securities; and• can withstand volatility associated with equity investments/ specific sector exposure.

Risk profile:

Investment in this Fund shall entail certain risks; see Section IV entitled "Risk Factors", sub-section 4 entitled "Risks specifically relating to equity security investments". Depending on market conditions, investors should be prepared to bear an unrealised loss on their original investment over a period of time, or an actual loss should they decide to dispose of their investment in an unfavourable market.

APPENDIX B – INVESTMENT MANAGERS

CITIGROUP GLOBAL MARKETS LIMITED (TRANSITION MANDATE ONLY)

Country of incorporation: England

Incorporation date: October 21, 1983

Registered address: Citigroup Centre, 33 Canada Square, Canary Wharf, London E14 5LB
England

Amount of capital: USD 1,994 billion as of December 31, 2006

Main activity: Transition Management

Ultimate parent company: Citigroup Inc

Eagle Asset Management, Inc

Country of incorporation: USA

Incorporation date: April 1, 1976

Registered address: 880, Carillion Parkway; P.O. Box 10520, St. Petersburg, Florida FL
33733-0520, USA

Amount of capital: USD 6,1 million as at December 31, 2003

Main activity: Asset management

Ultimate parent company: Raymond James Financials, Inc

Assets under management: USD 5,68 billion as at January 1, 2003

LORD ABBETT & CO., LLC

Country of incorporation: USA

Registered address: 90, Hudson Street, Jersey City, NJ 07302-3973 USA

Amount of Capital: USD 161,7 million as at September 30, 2007

Main activity: Asset Management

Ultimate parent company: Privately owned

Assets under management: USD 96,7 billion as of June 30, 2008

NYKREDIT BANK A/S

Country of incorporation: Denmark

Incorporation date: October 9, 1986

Registered address: Kalvebod Bvrgge 1-3, DK-1780 Kobenhavn V

Amount of Capital: DKK 1,4 billion (€ 188 million) as at December 31, 2006

Main activity: Asset Management

Ultimate parent company: NYKREDIT GROUP

Assets under management: DKK 40 billion (€5,4billion) as at July 1st, 2007

OFI ASSET MANAGEMENT

Country of incorporation: France

Incorporation date: December 9, 1985

Registered address: 1, Rue Vernier 75017 Paris, France

Shareholders Equity: EUR 7,44 million as of December 31, 2007

Main activity: Asset management

Ultimate parent company: Various French insurance companies

Assets under management: EUR 9,606 billion as of December 31, 2007

Post Advisory Group LLC.

Country of incorporation: USA

Incorporation date: September 2000

Registered address: 11755, Wilshire Blvd, Suite 1400, Los Angeles CA 90 025

Amount of capital: USD 48,5 million at 31 December, 2003

Main activity: Investment management

Ultimate parent company: Principal Global Investors

Assets under management: USD 6,3 billion as at 31 January 2005

SANDS CAPITAL MANAGEMENT INC

Country of incorporation: USA

Incorporation date: March 1, 1990

Registered address: 1100 Wilson Blvd Suite 3050, Arlington VA 2203, USA

Amount of capital: USD 143.067,-

Main activity: Asset management

Ultimate parent company: Privately owned corporation

Assets under management: USD 1,5 billion as at March 31, 2002

State Street Global Advisors (UK) Limited (Transition mandate only)

Country of incorporation: England

Incorporation date: July 11, 1990

Registered address: 1 Canada Square, London E14 5AF, England

Amount of capital: GBP 6.5 million

Main activity: Institutional and pension fund investment management

Ultimate parent company: State Street Corporation

Assets under management: USD 27 billion as at September 30, 2000

TOKIO MARINE ASSET MANAGEMENT CO., LTD

Country of incorporation: Japan

Incorporation date: December 9, 1985

Registered address: 1-2-3, Kaigan, Minato-ku, Tokyo 105-0022, Japan

Shareholders Equity: JPY 5.764,- million as of March 31, 2008

Main activity: Asset management

Ultimate parent company: Tokio Marine & Nichido Fire Insurance

Assets under management: JPY 4.956,- as of March 30, 2008

The Putnam Advisory Company LLC

Country of incorporation: USA

Incorporation date: December 29, 2000

Registered address: c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801 USA

Amount of capital: Marsh & McLennan Companies (MMC) Inc. consolidated USD 5.018 billion as at December 31, 2002

Main activity: Asset management

Ultimate parent company: Marsh & McLennan Companies Inc.

TRUST COMPANY OF THE WEST

Country of incorporation: USA

Incorporation date: July 1980

Registered address: 200, Park Avenue, Suite 2200, New York, NY 10166

Amount of capital: USD 337 million

Main activity: Asset management

Ultimate parent company: Société Générale Group

Assets under management: USD 2.1 billion as at March 31, 2001

TT INTERNATIONAL INVESTMENT MANAGEMENT

Country of incorporation: UK

Incorporation date: January 1993

Registered address: 5, Martin Lane, London EC4R 0DP

Amount of capital: Not disclosed

Main activity: Asset management

Ultimate parent company: Private partnership

Assets under management: EUR 6,502 billion as at December 31, 2002

APPENDIX C – THE CUSTODIAN

Citibank International plc (Luxembourg Branch)

Country of incorporation: England

Incorporation date: March 1, 1993

Registered address: Atrium Business Park, 31, Z.A. Bourmicht,
L-8070 Bertrange, Grande Duchy of Luxembourg

Amount of capital: GBP 1,7 billion

Main activity: The provision of corporate and investment banking, private banking, asset management and consumer banking services through its branch network in the UK and Continental Europe.

Ultimate parent company: Citigroup Inc.

APPENDIX D – VALUATION PRINCIPLES

I. The Company's assets shall include:

1. All cash at hand and on deposit, including interest due but not yet collected and interest accrued on these deposits up to the valuation date,
2. All bills and demand notes and accounts receivable (including the result of the sale of securities which proceeds have not yet been received),
3. All securities, units, Shares, debt securities, option or subscription rights and other investments and transferable securities owned by the Company,
4. All dividends and distribution proceeds to be received by the Company in cash or securities insofar as the Company is aware of such,
5. All interest due but not yet received and all interest yielded up to the business date preceding the Valuation Date by securities owned by the Company, unless this interest is included in the principal amount of such securities.
6. The unamortised incorporation expenses of the Company.
7. All other assets of whatever nature, including prepaid expenses.

II. The value of these assets shall be determined as follows:

1. The value of any cash at hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, dividends and interests declared or due but not yet collected will be deemed to be the full value thereof, unless it is unlikely that such values are received in full, in which case the value thereof will be determined by deducting such amount the Directors consider appropriate to reflect the true value thereof.
2. The valuation of any security listed or traded on an official stock exchange or any other regulated market operating regularly, recognised and open to the public is based on the last quotation known in Luxembourg on the business date preceding the Valuation Date and, if this security is traded on several markets, on the basis of the last price known on the market considered to be the main market for trading this security. If the last known price is not representative, the valuation shall be based on the probable realisation value estimated by the Directors with prudence and in good faith.
3. Securities not listed or traded on a stock exchange or any other regulated market, operating regularly, recognised by and open to the public shall be assessed on the basis of the probable realisation value estimated with prudence and in good faith.

Securities expressed in a currency other than the currency of the Fund concerned shall be converted on the basis of the rate of exchange ruling on the relevant business day preceding the Valuation Date, in Luxembourg.

III. The Company's liabilities shall include:

1. All borrowings, bills matured and accounts due,
2. All liabilities known, whether matured or not, including all matured contractual obligations that involve payments in cash or in kind (including the amount of dividends declared by the Company but not yet paid),
3. All reserves authorised or approved by the Directors. In particular those that have been built up to reflect a possible depreciation on some of the Company's assets.
4. All of the Company's other liabilities of whatever nature with the exception of those represented by Shares in the Company. To assess the amount of these other liabilities, the Company shall take into account all expenditures to be borne by it including, without any limitation, the incorporation expenses and costs for subsequent amendments to the articles of incorporation, fees and expenses payable to the managers, custodian and correspondent agents, domiciliary agents, administrative agents, transfer agents, paying agents or other mandatees and employees of the Company, as well as the permanent representatives of the Company in countries where it is subject to registration, the costs for legal assistance and for the auditing of the Company's annual reports, the advertising costs, the cost of printing and publishing the documents prepared in order to promote the sale of Shares, the costs of printing the annual and interim financial reports, the cost of convening and holding shareholders' and Directors' meetings, reasonable travelling expenses of Directors, Directors' fees, the costs of registration statements, all taxes and duties charged by governmental authorities and stock exchanges, the costs of publishing the issue and repurchase prices as well as any other running costs, including financial, banking and brokerage expenses incurred when buying or selling assets or otherwise and all other administrative costs. For the valuation of the amount of these liabilities, the Company shall take into account pro rata temporis the expenses, administrative and other, which occur regularly or periodically.
5. The assets, liabilities, expenses and costs that cannot be allotted to one Fund will be charged to the different Funds in equal parts or, as far as it is justified by the amounts concerned, proportionally to their respective net assets. The liabilities of each Fund of the Company shall be segregated on a Fund basis with third party creditors having recourse only to the assets of the Fund concerned

IV. Each of the Company's Shares in the process of being redeemed shall be considered as a Share issued and existing until the close of business on the Dealing Date applied to the redemption of such Share and its price shall be considered as a liability of the Company from the close of business on this date and until the price has been paid.

Each Share to be issued by the Company in accordance with subscription applications received shall be considered as issued from the close of business on the Dealing Date of its issue price and its price shall be considered as an amount owed to the Company until it has been received.

APPENDIX E – SUMMARY OF FEES

Fee Type	Fund/Asset Class	Class "F" Shares	Class "S" Shares	Class "M" Shares	Class "G" Shares
Fund Management and Advisory Fees See Section VIII(1.)	IKANO Short Term Bond Fund	0,25% per annum (p.a.)	N/A	N/A	N/A
	IKANO Global Bond Fund	0,50% p.a.	N/A	0,40% p.a.	N/A
	IKANO European Bond Fund	0,50% p.a.	N/A	0,40% p.a.	N/A
	IKANO High Yield Bond Fund	1,25%	N/A	0,75% p.a.	N/A
	IKANO Global Equity Fund	1,25% p.a.	1,25% p.a.	0,75% p.a.	N/A
	IKANO European Equity Fund	1,25% p.a.	1,25% p.a.	0,75% p.a.	N/A
	IKANO U.S. Equity Fund	1,25% p.a.	N/A	0,75% p.a.	N/A
	IKANO US Growth Fund	N/A	N/A	0,90% p.a.	N/A
	IKANO Japanese Equity Fund	1,25% p.a.	1,50% p.a.	1% p.a.	N/A
	IKANO Small Cap Equity Fund	1,75% p.a.	2% p.a.	1,50% p.a.	N/A
	IKANO Portable Alpha Fund I (Cash +)	N/A	N/A	0,75% p.a.	N/A
	IKANO Portable Alpha Fund II (Bonds +)	N/A	N/A	0,75% p.a.	N/A
	IKANO Portable Alpha Fund III (Healthcare)	N/A	N/A	1% p.a.	N/A
	IKANO Global Emerging Markets Equity (Portable Alpha	N/A	N/A	1,25%	N/A

	V)				
	IKANO All Seasons Fund	1,25% p.a.	1,50% p.a.	N/A	1,25% p.a.
	IKANO Alternative Energy & Water Fund	N/A	N/A	0,20% p.a.*	N/A

* In the event that the Fund allocates assets to a third party asset manager in the form of a segregated account using the pooling structure, the asset management fee payable to this manager shall be borne by the Fund.

Fee Type	Fund/Asset Class	Class "F" Shares	Class "S" Shares	Class "M" Shares	Class "G" Shares
Sales Charge (See Section IX (5))	IKANO All Seasons Fund	N/A	N/A	N/A	Fixed Charge 5%
Dealing Charge on subscription* (See Section IX (5))	Equity Funds	0,3%	N/A	0,3%	0,3%
	Small cap Equity	0,5%		0,5%	0,5%
	Bond Funds	0,1%		0,1%	0,1%
	S/T Bond	0,1%		0,1%	0,1%
	High Yield Bond	0,4%		0,4%	0,4%
	Balanced Funds	0,25%		0,25%	0,25%
Conversion Charge* (See Section IX (6))	All Funds	Up to 1%	Up to 1%	Up to 1%	Up to 1%
Dealing Charge on redemption* (See Section IX (7.b))	Equity Funds	0,3%	N/A	0,3%	0,3%
	Small cap Equity	0,5%		0,5%	0,5%
	Bond Funds	0,1%		0,1%	0,1%
	S/T Bond	0,1%		0,1%	0,1%
	High Yield Bond	0,4%		0,4%	0,4%
	Balanced Funds	0,25%		0,25%	0,25%

*The dealing charges/conversion charges are for the benefit of the relevant Fund. The sales charge in the use of Class "G" Shares shall be remitted to the Management Company.

APPENDIX F – TAXATION OF INVESTOR RESIDENT IN DENMARK

The Fund is a capital accumulation product which means that the results of the investments are reinvested and no dividends are payable to the investors.

Taxation of gains on ordinary, general savings by private individuals:

Taxation of investors resident in Denmark is based on the principle of market valuation (the accruals principle). This means that:

If an investor has purchased shares during a calendar year, the investor will be taxable on any market value gains made from the date of purchase to the end of the year.

If an investor has held shares for a whole calendar year, the investor will become taxable on any market value gains made for the calendar year.

Thus taxation is payable on the gains even though they have not been realised through the sale of shares. All unrealised gains and losses are included in the tax return for coming year.

If an investor has sold shares:

- that have been bought during the calendar year, the realised gain or the loss is included in the year's taxable income.
- that have been held since the beginning of the year the difference (gain or loss) between the realised value and the value at the beginning of the year is included in the year's taxable income.

Taxation of gains on pension investments:-

If an investment has been made via a pension scheme (i.e. kapitalpensions and ratepensionsordninger) the collective gains are taxed at 15% according to the law. The investor is not responsible for filing the tax return. The pension fund provider automatically calculates and withholds the tax from the pension account.

Investment by or through companies (other than pension funds):

If the investor has purchased shares during a calendar year, the investor will be taxable on any market value gains made from the date of purchase to the end of the year.

If the investor has held shares for a whole calendar year, the investor will become taxable on any market value gains made for the calendar year.

Taxation is payable on the gains even though they have not been realised through a sale of shares. All unrealised gains and losses are included in the tax return for coming year.