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**If you are in any doubt about the contents of this Prospectus, the risks involved in investing in the Company or the suitability for you of investment in the Company, you should consult your stock broker, bank manager, solicitor, accountant or other independent financial adviser.**

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**Prices for shares in the Company may fall as well as rise. The difference at any one time between the sale price (to which may be added a sales charge or commission) and the redemption price of shares (from which may be deducted a redemption fee) means an investment should be viewed as medium to long term.**

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

**GUINNESS ASSET MANAGEMENT FUNDS PLC**

**An umbrella fund with segregated liability between sub-funds**

(An open-ended umbrella investment company with variable capital and with segregated liability between Funds incorporated with limited liability in Ireland under the Companies Acts 1963 to 2006 with registration number 450670 and established as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (S.I. No. 211 of 2003), as amended.

**MANAGER**

**Capita Financial Managers (Ireland) Limited**

**P R O S P E C T U S**

**Promoter & Investment Manager**

**GUINNESS ASSET MANAGEMENT LIMITED**

**The date of this Prospectus is 11<sup>th</sup> February 2011**

## **IMPORTANT INFORMATION**

This Prospectus should be read in conjunction with the Section entitled "Definitions".

### **The Prospectus**

This Prospectus describes the Company, an open-ended investment company with variable capital incorporated in Ireland and authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations. The Company is structured as an umbrella fund and may comprise several portfolios of assets. The share capital of the Company may be divided into different classes of shares each representing a separate portfolio of assets and further sub-divided, to denote differing characteristics attributable to particular Shares, into "Classes".

This Prospectus may only be issued with one or more Supplements, each containing information relating to a separate Fund. Details relating to Classes may be dealt with in the relevant Fund Supplement or in separate Supplements for each Class. Each Supplement shall form part of, and should be read in conjunction with, this Prospectus. To the extent that there is any inconsistency between this Prospectus and any Supplement, the relevant Supplement shall prevail.

The latest published annual and half yearly reports of the Company will be supplied to subscribers free of charge on request and will be available to the public as further described in the section of the Prospectus headed "Reports and Accounts".

### **Authorisation by the Central Bank**

**The Company is both authorised and supervised by the Central Bank. Authorisation of the Company by the Central Bank shall not constitute a warranty as to the performance of the Company and the Central Bank shall not be liable for the performance or default of the Company. The authorisation of the Company is not an endorsement or guarantee of the Company by the Central Bank and the Central Bank is not responsible for the contents of this Prospectus.**

### **Charging of Fees and Expenses to Capital**

**Shareholders and prospective investors should note that all or part of the fees and expenses of the Company and its Sub-Funds may be charged to the capital of the Company, or the relevant Fund. If all or part of the fees and expenses of the Company or its Funds are charged to the capital of the Company or the relevant Fund this would have the effect of lowering the capital value of an investment in the relevant Fund. Thus, on redemptions of Shares, Shareholders may not receive back the full amount invested.**

### **Restrictions on Distribution and Sale of Shares**

The distribution of this Prospectus and the offering of Shares may be restricted in certain jurisdictions. This Prospectus does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorised or the person receiving the offer or solicitation may not lawfully do so. It

is the responsibility of any person in possession of this Prospectus and of any person wishing to apply for Shares to inform himself of and to observe all applicable laws and regulations of the countries of his nationality, residence, ordinary residence or domicile.

The Directors may restrict the ownership of Shares by any person, firm or corporation where such ownership would be in breach of any regulatory or legal requirement or may affect the tax status of the Company. Any restrictions applicable to a particular Fund or Class shall be specified in the relevant Supplement for such Fund or Class. Any person who is holding Shares in contravention of the restrictions set out above or, by virtue of his holding, is in breach of the laws and regulations of any competent jurisdiction or whose holding could, in the opinion of the Directors, cause the Company or any Shareholder or any Fund to incur any liability to taxation or to suffer any pecuniary disadvantage which any or all of them might not otherwise have incurred or sustained or otherwise in circumstances which the Directors believe might be prejudicial to the interests of the Shareholders, shall indemnify the Company, the Manager, the Global Distributor, the Investment Manager, the Custodian, the Administrator and Shareholders for any loss suffered by it or them as a result of such person or persons acquiring or holding Shares in the Company.

The Directors have the power under the Articles of Association to compulsorily redeem and/or cancel any Shares held or beneficially owned in contravention of the restrictions imposed by them as described herein.

#### *United Kingdom*

The Company is a recognised scheme under section 264 of the FSMA. As a recognised scheme the promotion of the Company in the United Kingdom by persons authorised to conduct investment business in the United Kingdom under the FSMA ("authorised persons") is not subject to restrictions contained in section 238 of the FSMA. The Company provides the facilities required by the Collective Investment Schemes Sourcebook published by the FSA, being the UK regulations governing such schemes, at the offices of the Distributor in the United Kingdom as specified in the 'Directory' section of this Prospectus. The Company does not have a permanent place of business in the United Kingdom.

As against the Company, and any overseas agent thereof who is not a person authorised to carry on investment business in the United Kingdom, a United Kingdom investor will not benefit from most of the protections afforded by the United Kingdom regulatory system, and in particular will not benefit from rights under the Financial Services Compensation Scheme or access to the Financial Ombudsman Service which are designed to protect investors as described in the FSMA and the rules of the FSA.

#### *United States of America*

None of the Shares have been, nor will be, registered under the United States Securities Act of 1933 (the "1933 Act") and, except in a transaction which does not violate the 1933 Act or any other applicable United States securities laws (including without limitation any applicable law of any of the States of the United States), none of the Shares may be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or

to or for the benefit of a US Person. Neither the Company nor any Fund will be registered under the United States Investment Company Act of 1940. **Notwithstanding the foregoing prohibition on offers and sales in the United States or to or for the benefit of US Persons, the Company may make a private placement of its Shares to a limited number or category of US Persons.**

### **Redemption Charge**

**The Directors are empowered to levy a redemption charge not exceeding 3% of the Net Asset Value of Shares being redeemed. Details of any such charge with respect to one or more Funds will be set out in the relevant Supplement.**

### **Reliance on this Prospectus**

Statements made in this Prospectus and any Supplement are based on the law and practice in force in the Republic of Ireland at the date of the Prospectus or Supplement as the case may be, which may be subject to change. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares in the Company shall under any circumstances constitute a representation that the affairs of the Company have not changed since the date hereof. This Prospectus will be updated by the Company to take into account any material changes from time to time and any such amendments will be notified in advance to the Central Bank. Any information or representation not contained herein or given or made by any broker, salesperson or other person should be regarded as unauthorised and should accordingly not be relied upon.

Investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or other matters. You should consult your stockbroker, accountant, solicitor, independent financial adviser or other professional adviser.

### **Risk Factors**

Investors should read and consider the section entitled "Risk Factors" before investing in the Company.

### **Translations**

This Prospectus and any Supplements may also be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Prospectus and Supplements. To the extent that there is any inconsistency between the English language Prospectus/Supplements and the Prospectus/Supplements in another language, the English language Prospectus/Supplements will prevail, except to the extent (but only to the extent) required by the law of any jurisdiction where the Shares are sold, that in an action based upon disclosure in a prospectus in a language other than English, the language of the Prospectus/Supplement on which such action is based shall prevail.

## DIRECTORY

### GUINNESS ASSET MANAGEMENT FUNDS PLC

#### Directors

Edward Guinness  
Anthony Joyce  
Andrew Martin Smith  
Johnny McClintock  
David McGeough  
Timothy W.N. Guinness (Alternate Director to  
Edward Guinness)

#### Promoter & Investment Manager

Guinness Asset Management  
Limited  
14 Queen Anne's Gate  
London SW1H 9AA

#### Registered Office

Montague House  
Adelaide Road  
Dublin 2  
Ireland

#### Manager

Capita Financial Managers  
(Ireland) Limited  
Montague House  
Adelaide Road  
Dublin 2  
Ireland

#### Global Distributor

Guinness Asset Management  
Limited  
14 Queen Anne's Gate  
London SW1H 9AA

#### Administrator

Capita Financial Administrators  
(Ireland) Limited  
Montague House  
Adelaide Road  
Dublin 2  
Ireland

#### Custodian

JP Morgan Bank (Ireland) plc  
JP Morgan House,  
IFSC,  
Dublin 1  
Ireland

#### Secretary

Capita Financial Administrators  
(Ireland) Limited  
Montague House  
Adelaide Road  
Dublin 2  
Ireland

**Auditors**

Deloitte & Touche  
Deloitte & Touche House  
Earlsfort Terrace  
Dublin 2  
Ireland

**Tax Advisors**

Dillon Eustace,  
33 Sir John Rogerson's Quay,  
Dublin 2.  
Ireland

**Legal Advisors  
As to Irish law**

Dillon Eustace,  
33 Sir John Rogerson's Quay,  
Dublin 2  
Ireland

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## DEFINITIONS

In this Prospectus the following words and phrases have the meanings set forth below:-

All references to a specific time of day are to Irish time

“Accounting Date”	means 31 <sup>st</sup> December in each year or such other date as the Directors may from time to time decide.
“Accounting Period”	means a period ending on the Accounting Date and commencing, in the case of the first such period on the date of incorporation of the Company and, in subsequent such periods, on the day following expiry of the last Accounting Period.
“Act”	means the Companies Acts 1963 to 2009 and every amendment or re-enactment of the same.
“Administrator”	means Capita Financial Administrators (Ireland) Limited or any successor company approved by the Central Bank as administrator of the Company and each Fund’s affairs.
“Administration Agreement”	means the Administration Agreement made between the Manager and the Administrator dated 19 <sup>th</sup> December, 2007.
“Application Form”	means any application form to be completed by subscribers for Shares as prescribed by the Company from time to time and available from the Administrator.
“Articles of Association”	means the Memorandum and Articles of Association of the Company.
“Auditors”	means Deloitte and Touche, Ireland.
“Base Currency”	means the currency of account of a Fund as specified in the relevant Supplement relating to that Fund.
“Business Day”	means in relation to a Fund such day or days as shall be so specified in the relevant Supplement for that Fund.
“Central Bank”	means the Central Bank of Ireland.
“Class”	means a particular division of Shares in a Fund.

“Company”	means Guinness Asset Management Funds plc.
“Country Supplement”	means a supplement to this Prospectus specifying certain information pertaining to the offer of Shares of the Company or a Fund or Class in a particular jurisdiction or jurisdictions.
“Custodian”	means JP Morgan Bank (Ireland) plc or any successor company approved by the Central Bank as custodian of the assets of the Company and its Funds.
“Custodian Agreement”	means the Custodian Agreement made between the Company and the Custodian dated 19 <sup>th</sup> December, 2007.
“Dealing Day”	means in relation to a Fund such day or days as shall be specified in the relevant Supplement for that Fund provided that there shall be at least one Dealing Day every fortnight.
“Dealing Deadline”	means in relation to a Fund, such time on any Dealing Day as shall be specified in the relevant Supplement for the Fund provided that there shall be at least one Dealing Day every fortnight.
“Directors”	means the directors of the Company or any duly authorised committee or delegate thereof.
“EEA”	means the countries for the time being comprising the European Economic Area (being at the date of this Prospectus, European Union Member States, Norway, Iceland, Liechtenstein).
“euro” or “€”	means the lawful currency of the participating member states of the European Union which have adopted the single currency in accordance with the EC Treaty of Rome dated 25th March 1957 (as amended by the Maastricht Treaty dated 7th February 1992).
“Exempt Irish Investor”	means <ul style="list-style-type: none"> <li>- a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the Taxes Act or a retirement annuity contract or a trust</li> </ul>

scheme to which Section 784 or 785 of the Taxes Act applies;

- a company carrying on life business within the meaning of Section 706 of the Taxes Act;
- an investment undertaking within the meaning of Section 739B(1) of the Taxes Act;
- a special investment scheme within the meaning of Section 737 of the Taxes Act;
- a charity being a person referred to in Section 739D(6)(f)(i) of the Taxes Act;
- a unit trust to which Section 731(5)(a) of the Taxes Act applies;
- a qualifying management company within the meaning of Section 739B of the Taxes Act;
- a qualifying fund manager within the meaning of Section 784A(1)(a) of the Taxes Act where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- a qualifying savings manager within the meaning of Section 848B of the Taxes Act in respect of Shares which are assets of a special savings incentive account within the meaning of Section 848C of the Taxes Act;
- a personal retirement savings account ("PRSA") administrator acting on behalf of a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the Taxes Act and the Shares are assets of a PRSA;
- a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- the National Pensions Reserve Fund Commission;
- a company which is within the charge to corporation tax in accordance with Section 110(2) of the Taxes Act in respect of payments made to it by the Company; or
- any other Irish Resident or persons who are Ordinarily Resident in Ireland who may be permitted to own Shares under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the Company or jeopardising tax exemptions associated with the Company giving rise to a charge to tax in the Company;

provided that they have correctly completed the Relevant Declaration.

“FSA”	means the Financial Services Authority of the United Kingdom.
“FSMA”	means the United Kingdom Financial Services and Markets Act 2000 and every amendment or re-enactment of the same.
“Fund”	means a sub-fund of the Company representing the designation by the Directors of a particular class of Shares as a sub-fund the proceeds of issue of which are pooled separately and invested in accordance with the investment objective and policies applicable to such sub-fund and which is established by the Directors from time to time with the prior approval of the Central Bank.
“Global Distributor”	means Guinness Asset Management Limited.
“Initial Price”	means the initial price payable for a Share as specified in the relevant Supplement for each Fund.
“Intermediary”	means a person who:- <ul style="list-style-type: none"> <li>• carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons; or</li> <li>• holds Shares in an investment undertaking on behalf of other persons.</li> </ul>
“Investment Manager”	means Guinness Asset Management Limited or any successor company appointed as investment manager of the Company and of each Fund in accordance with the requirements of the Central Bank.
“Investment Management and Global Distribution Agreement”	means the Investment Management and Global Distribution Agreement made between the Manager, the Investment Manager and the Company dated 19 <sup>th</sup> December, 2007.
“Ireland”	means the Republic of Ireland.
“Irish Resident”	means

- in the case of an individual, means an individual who is resident in Ireland for tax purposes.
- in the case of a trust, means a trust that is resident in Ireland for tax purposes
- in the case of a company, means a company that is resident in Ireland for tax purposes.

An individual will be regarded as being resident in Ireland for a tax year if he/she is present in Ireland: (1) for a period of at least 183 days in that tax year; or (2) for a period of at least 280 days in any two consecutive tax years, provided that the individual is resident in Ireland for at least 31 days in each period. In determining days present in Ireland, an individual is deemed to be present if he/she is in Ireland at any time during the day. This new test takes effect from 1 January 2009 (previously in determining days present in Ireland an individual was deemed to be present if he/she was in Ireland at the end of the day (midnight)).

A trust will generally be Irish resident where the trustee is resident in Ireland or a majority of the trustees (if more than one) are resident in Ireland.

A company which has its central management and control in Ireland is resident in Ireland irrespective of where it is incorporated. A company which does not have its central management and control in Ireland but which is incorporated in Ireland is resident in Ireland except where:-

- the company or a related company carries on a trade in Ireland, and either the company is ultimately controlled by persons resident in EU Member States or in countries with which Ireland has a double taxation treaty, or the company or a related company are quoted companies on a recognised Stock Exchange in the EU or in a treaty country under a double taxation treaty between Ireland and that country;

or

- the company is regarded as not resident in Ireland under a double taxation treaty between Ireland and another country.

It should be noted that the determination of a company's residence for tax purposes can be complex in certain cases and potential investors are referred to the specific legislative provisions that are contained in Section 23A of the Taxes Act.

"Manager"	means Capita Financial Managers (Ireland) Limited.
"Management Agreement"	means the Management Agreement made between the Company and the Manager dated 19 <sup>th</sup> December, 2007.
"Member"	means a Shareholder or a person who is registered as the holder of one or more non-participating shares in the Company.
"Member State"	means a member state of the European Union.
"Minimum Holding"	means the minimum number or value of Shares which must be held by Shareholders as specified in the relevant Supplement.
"Minimum Subscription"	means the minimum subscription for Shares as specified in the relevant Supplement.
"Minimum Transaction Size"	means the minimum value of subsequent subscriptions, redemptions, conversions or transfers of Shares in any Fund or Class as specified in the relevant Supplement.
"Net Asset Value"	means the Net Asset Value of a Fund or attributable to a Class (as appropriate) calculated as referred to herein.
"OECD Member Country"	means each of Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom and the United States.
"Ordinarily Resident in Ireland"	means:

- in the case of an individual, means an individual who is ordinarily resident in Ireland for tax purposes
- in the case of a trust, means a trust that is ordinarily resident in Ireland for tax purposes.

An individual will be regarded as ordinarily resident for a particular tax year if he/she has been Irish Resident for the three previous consecutive tax years (i.e. he/she becomes ordinarily resident with effect from the commencement of the fourth tax year). An individual will remain ordinarily resident in Ireland until he/she has been non-Irish Resident for three consecutive tax years. Thus, an individual who is resident and ordinarily resident in Ireland in the tax year 1 January 2010 to 31 December 2010 and departs from Ireland in that tax year will remain ordinarily resident up to the end of the tax year 1 January 2013 to 31 December 2013.

The concept of a trust's ordinary residence is somewhat obscure and linked to its tax residence.

"Net Asset Value per Share"

means the Net Asset Value of a Fund divided by the number of Shares in issue in that Fund or the Net Asset Value attributable to a Class divided by the number of Shares issued in that Class rounded to such number of decimal places as the Directors may determine.

"Paying Agency Agreement"

means one or more Paying Agency Agreements made between the Company and/or the Manager and one or more Paying Agents as detailed in a Country Supplement.

"Paying Agent"

means one or more paying agents appointed by the Company and/or the Manager in certain jurisdictions as detailed in a Country Supplement.

"Prospectus"

the prospectus of the Company and any Supplements and addenda thereto issued in accordance with the requirements of the UCITS Regulations.

"Recognised Clearing System"

means Bank One NA, Depositary and Clearing Centre, Clearstream Banking AG, Clearstream Banking SA, CREST, Depositary Trust Company of New York, Euroclear, National Securities Clearing System, Sicovam SA, SIS Sega Intersect AG or any other system for

	clearing units which is designated for the purposes of Chapter 1A in Part 27 of the Taxes Act, by the Irish Revenue Commissioners as a recognised clearing system.
“Recognised Exchange”	means the stock exchanges or markets set out in Appendix II.
“Relevant Declaration”	means the declaration relevant to the Shareholder as set out in Schedule 2B of the Taxes Act.
“Relevant Period”	means a period of 8 years beginning with the acquisition of a Share by a Shareholder and each subsequent period of 8 years beginning immediately after the preceding relevant period.
“Taxes Act”	means The Taxes Consolidation Act, 1997 (of Ireland) as amended.
“Share”	means a participating share or, save as otherwise provided in this Prospectus, a fraction of a participating share in the capital of the Company.
“Shareholder”	means a person who is registered as the holder of Shares in the register of Shareholders for the time being kept by or on behalf of the Company.
“Supplement”	means a supplement to this Prospectus specifying certain information in respect of a Fund and/or one or more Classes.
“Sterling” or “£”	means the lawful currency for the time being of the United Kingdom.
“UCITS”	means an Undertaking for Collective Investment in Transferable Securities established pursuant to EC Council Directive 85/611/EEC of 20 December 1985 as amended, consolidated or substituted from time to time.
“UCITS Directive”	EC Council Directive 85/611/EEC of 20 December 1985 as amended, consolidated or substituted from time to time.
“UCITS Regulations”	means the European Communities Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (S.I. No. 211 of 2003) (as amended



consolidated or substituted from time to time) and any regulations or notices issued by the Central Bank pursuant thereto for the time being in force.

“UK”

means the United Kingdom of Great Britain and Northern Ireland.

“United States”

means the United States of America (including the States and the District of Colombia) its territories, possessions and all other areas subject to its jurisdiction.

“US Dollar”, “USD” or “US\$”

means United States Dollars, the lawful currency for the time being of the United States of America.

“US Person”

means a US Person as defined in Regulation S under the 1933 Act and CFTC Rule 4.7, as described in Appendix IV.

“Valuation Point”

means such time as shall be specified in the relevant Supplement for each Fund.

## **1. THE COMPANY**

### **General**

The Company is an open-ended investment company with variable capital, incorporated in Ireland on 12<sup>th</sup> December, 2007 under the Act with registration number 450670. The Company has been authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations.

The Company is structured as an umbrella fund consisting of different Funds each comprising one or more Classes, with segregated liability between Funds. The Shares issued in each Fund will rank pari passu with each other in all respects provided that they may differ as to certain matters including currency of denomination, hedging strategies if any applied to the currency of a particular Class, dividend policy, voting rights, return of capital, the level of fees and expenses to be charged, subscription or redemption procedures or the Minimum Subscription and Minimum Holding applicable. The assets of each Fund will be invested separately on behalf of each Fund in accordance with the investment objective and policies of each Fund. A separate portfolio of assets is not maintained for each Class. The investment objective and policies and other details in relation to each Fund are set out in the relevant Supplement which forms part of and should be read in conjunction with this Prospectus. The Base Currency of each Fund is specified in the relevant Supplement.

Additional Funds in respect of which a Supplement or Supplements will be issued may be established by the Directors with the prior approval of the Central Bank. Additional Classes in respect of which a Supplement or Supplements will be issued may be established by the Directors and notified to and cleared in advance with the Central Bank or otherwise must be created in accordance with the requirements of the Central Bank.

### **Investment Objective and Policies**

The specific investment objective and policies of each Fund will be set out in the relevant Supplement to this Prospectus and will be formulated by the Directors at the time of creation of the relevant Fund.

The investment objective of a Fund may not be altered and material changes in the investment policy of a Fund may not be made without approval of Shareholders on the basis of a majority of votes cast at a meeting of the Shareholders of the particular Fund duly convened and held. In accordance with the requirements of the Central Bank, "material" shall be taken to mean, although not exclusively, changes which would significantly alter the asset type, credit quality, borrowing limits or risk profile of a Fund. In the event of a change of the investment objective and/or policy of a Fund, Shareholders in the relevant Fund will be given reasonable notice of such change to enable them redeem their Shares prior to implementation of such a change.

The list of Recognised Exchanges on which a Fund's investments in securities and financial derivative instruments, other than permitted investments in unlisted securities and over the counter derivative instruments, will be listed or traded is set out in Appendix II.

## **Investment Restrictions**

Investment of the assets of each Fund must comply with the UCITS Regulations. The Directors may impose further restrictions in respect of any Fund. The investment and borrowing restrictions applying to the Company and each Fund are set out in Appendix I. Each Fund may also hold ancillary liquid assets.

## **Borrowing Powers**

The Company may only borrow on a temporary basis and the aggregate amount of such borrowings may not exceed 10% of the Net Asset Value of each Fund. Subject to this limit the Directors may exercise all borrowing powers on behalf of the Company. In accordance with the provisions of the UCITS Regulations the Company may charge its assets as security for such borrowings.

## **Changes to Investment and Borrowing Restrictions**

It is intended that the Company shall have the power (subject to the prior approval of the Central Bank) to avail itself of any change in the investment and borrowing restrictions specified in the UCITS Regulations which would permit investment by the Company in securities, derivative instruments or in any other forms of investment in which investment is at the date of this Prospectus restricted or prohibited under the UCITS Regulations.

## **Financial Derivative Instruments and Techniques for Efficient Portfolio Management**

The Investment Manager may use financial derivative instruments and techniques for efficient portfolio management for each Fund in accordance with the requirements of the Central Bank.

Financial derivative instruments used by the Investment Manager may include, but will not be limited to futures, forwards, options (both writing and purchasing), swaps, repurchase/reverse repurchase agreements subject to the conditions and limits set out in the Central Bank's UCITS Notices and will include both exchange traded and over the counter derivative instruments. The assets or indices underlying such instruments may consist of any one or more of the following: transferable securities, money market instruments, other collective investment schemes, financial indices, interest and foreign exchange rates and currencies.

In accordance with the requirements of the Central Bank, the Investment Manager operates a risk management process on behalf of the Company which enables it to accurately measure, monitor and manage the various risks associated with financial derivative instruments in relation to its use of derivatives, which is intended to ensure that each Fund's exposure created through the use of financial derivative instruments remains within the limits described below. This risk management process will also take into account any exposure created through derivatives embedded in transferable securities which the Investment Manager may acquire for a Fund in accordance with its investment objective and policies.

The risk management process is described in a statement, a copy of which has been filed with the Central Bank in accordance with its requirements, and will be updated from time to time to include any

additional financial derivative instruments which the Investment Manager proposes to employ on behalf of the Funds. Until such time as the risk management statement has been updated and cleared by the Central Bank however, the Investment Manager will not use any financial derivative instrument which is not for the time being included in the risk management statement.

Information on financial derivatives used for each Fund will be included in the Company's semi-annual and annual reports and accounts. The Company will also provide information to Shareholders on request on the risk management process employed by the Investment Manager on the Company's behalf, including details of the quantitative limits applied and information on the risk and yield characteristics of the main categories of investments held on behalf of each Fund.

Financial derivative instruments may be used by the Investment Manager either for investment or efficient portfolio management purposes as indicated in the relevant Supplement. The use of such instruments is intended to provide the Investment Manager with additional tools for managing risk and for efficient investment, which should in turn contribute to a better risk-return profile for each Fund. Examples of the way in which they may be used, which should not be taken as being exhaustive, include:

#### Futures

The Investment Manager may enter into single stock and index futures contracts to hedge against changes in the values of equity securities held by each Fund or markets to which each Fund is exposed or to hedge against currency and interest rate risk.

The Investment Manager may also use futures contracts to equitise cash or as a means of gaining exposure to particular securities or markets on a short to medium term basis in advance of making a decision to purchase a particular security or to reallocate assets on a longer term basis. In addition, the Investment Manager may use futures to reduce exposure to a market in advance of raising cash from asset sales to fund redemptions from the Funds.

The Investment Manager may also use futures contracts where indicated in the relevant Supplement to take a directional view on particular securities or markets within the Fund's investment universe where, in the Investment Manager's view, those securities or markets are overpriced or likely to enter into a downward phase of the investment cycle.

#### Forwards

Currency forwards may be used to hedge the currency exposures of securities denominated in a currency other than the base currency of the relevant Fund and to hedge against other changes in interest and currency rates which may have an impact on a Fund.

#### Options

Call options may be used to gain exposure to specific securities and put options may be used to hedge against downside risk. Options may also be purchased to hedge against currency and interest

rate risk and the Investment Manager may write put options and covered call options to generate additional revenues for the Fund. The Investment Manager will not write uncovered call options.

### Swaps

Total return swap agreements may be used to gain exposure to particular securities or markets in instances where it is not possible or not economic to do so through the underlying security or a futures contract.

### Repurchase/Reverse Repurchase and Stocklending Agreements

Subject to the conditions and limits set out in the UCITS Notices, a Fund may use repurchase agreements, reverse repurchase agreements and/or stock lending agreements to generate additional income for the relevant Fund. Repurchase agreements are transactions in which one party sells a security to the other party with a simultaneous agreement to repurchase the security at a fixed future date at a stipulated price reflecting a market rate of interest unrelated to the coupon rate of the securities. A reverse repurchase agreement is a transaction whereby a Fund purchases securities from a counterparty and simultaneously commits to resell the securities to the counterparty at an agreed upon date and price. A stocklending agreement is an agreement under which title to the "loaned" securities is transferred by a "lender" to a "borrower" with the borrower contracting to deliver "equivalent securities" to the lender at a later date.

### **Hedged Classes**

The Company may (but is not obliged to) enter into certain currency related transactions in order to hedge the currency exposure of the assets of a Fund attributable to a particular Class into the currency of denomination of the relevant Class for the purposes of efficient portfolio management. Any financial instruments used to implement such strategies with respect to one or more Classes shall be assets/liabilities of a Fund as a whole but will be attributable to the relevant Class(es) and the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Class. Any currency exposure of a Class may not be combined with or offset against that of any other Class of a Fund. The currency exposure of the assets attributable to a Class may not be allocated to other Classes. A Class will not be leveraged as a result of currency hedging transactions. Although the Company does not intend to over-hedge or under-hedge positions, over- or under-hedging may arise due to factors outside the control of the Company. The Company will not permit over-hedged positions to exceed 105% of the Net Asset Value of a hedged Class. Hedged positions will be kept under review to ensure that over-hedged positions do not exceed 105% of the Net Asset Value of a hedged Class. This review will incorporate a procedure to ensure that positions materially in excess of 100% will not be carried forward from month to month.

### **Dividend Policy**

The dividend policy and information on the declaration and payment of dividends for each Fund will be specified in the relevant Supplement. It is intended that each Fund of the Company will pursue a distribution policy so that the Funds will be able to obtain certification as a "Distributing Fund" for 2010 and a "Reporting Fund" for subsequent years under the United Kingdom Offshore Funds (Tax)

Regulations 2009 for the purpose of United Kingdom taxation. The Articles of Association of the Company empower the Directors to declare dividends in respect of any Shares in the Company out of the net income of the Company (whether in the form of dividends, interest or otherwise). Dividends may be paid gross of fees and expenses. Where dividends are paid gross of fees and expenses, and such fees and expenses are paid out of the capital of the Fund, the capital of the Fund may be eroded and income will be achieved by foregoing the potential for future capital growth. Dividends will not be paid out of the capital of the Fund.

### **Publication of Net Asset Value per Share**

The Net Asset Value per Share will be published daily on [www.Bloomberg.com](http://www.Bloomberg.com) and [www.guinnessfunds.com](http://www.guinnessfunds.com) and/or such other publications as the Manager may determine in the jurisdictions in which the Shares are offered for sale and updated following each calculation of Net Asset Value. In addition, the Net Asset Value per Share may be obtained from the office of either the Global Distributor or the Administrator during normal business hours.

### **Risk Factors**

#### *General*

The risks described herein should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in a Fund. Potential investors should be aware that an investment in a Fund may be exposed to other risks of an exceptional nature from time to time. Investment in the Company carries with it a degree of risk. Different risks may apply to different Funds and/or Classes. Details of specific risks attaching to a particular Fund or Class which are additional to those described in this section will be disclosed in the relevant Supplement. Prospective investors should review this Prospectus and the relevant Supplement carefully and in its entirety and consult with their professional and financial advisers before making an application for Shares. Prospective investors are advised that the value of Shares and the income from them may go down as well as up and, accordingly, an investor may not get back the full amount invested and an investment should only be made by persons who can sustain a loss on their investment. Past performance of the Company or any Fund should not be relied upon as an indicator of future performance. The difference at any one time between the sale price (to which may be added a sales charge or commission) and the redemption price of Shares (from which may be deducted a redemption fee) means an investment should be viewed as medium to long term. The attention of potential investors is drawn to the taxation risks associated with investing in the Company. Please refer to the Section of the Prospectus entitled "TAXATION". The securities and instruments in which the Company invests are subject to normal market fluctuations and other risks inherent in investing in such investments and there can be no assurance that any appreciation in value will occur.

There can be no guarantee that the investment objective of a Fund will actually be achieved.

#### ***Market Capitalisation Risk***

The securities of small-to-medium-sized (by market capitalisation) companies, or financial instruments related to such securities, may have a more limited market than the securities of larger companies. Accordingly, it may be more difficult to effect sales of such securities at an advantageous time or without a substantial drop in price than securities of a company with a large market capitalisation and broad trading market. In addition, securities of small-to-medium-sized companies may have greater price volatility as they are generally more vulnerable to adverse market factors such as unfavourable economic reports.

### ***Market Risk***

Some of the Recognised Exchanges in which a Fund may invest may be less well-regulated than those in developed markets and may prove to be illiquid, insufficiently liquid or highly volatile from time to time. This may affect the price at which a Fund may liquidate positions to meet redemption requests or other funding requirements.

### ***Exchange Control and Repatriation Risk***

It may not be possible for Funds to repatriate capital, dividends, interest and other income from certain countries, or it may require government consents to do so. Funds could be adversely affected by the introduction of, or delays in, or refusal to grant any such consent for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Economic or political conditions could lead to the revocation or variation of consent granted prior to investment being made in any particular country or to the imposition of new restrictions.

### ***Emerging Markets Risk***

Certain Funds may invest in equity securities of companies in emerging markets. Such securities may involve a high degree of risk and may be considered speculative. Risks include (i) greater risk of expropriation, confiscatory taxation, nationalization, and social, political and economic instability; (ii) the small current size of the markets for securities of emerging markets issuers and the currently low or non-existent volume of trading, resulting in lack of liquidity and in price volatility, (iii) certain national policies which may restrict a Fund's investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; and (iv) the absence of developed legal structures governing private or foreign investment and private property.

### ***Political, Regulatory, Settlement and Sub-Custodial Risk***

The value of a Fund's assets may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain countries in which investment may be made may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As some of the Funds may invest in markets where the trading, settlement and custodial systems are not fully developed, the assets of a Fund which are traded in such markets and which have been entrusted to sub-custodians in such markets may be exposed to

risk in circumstances in which the Custodian will have no liability.

### ***Liquidity Risk***

Not all securities or instruments invested in by the Funds will be listed or rated and consequently liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. The Funds may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity.

### ***Redemption Risk***

Large redemptions of Shares in a Fund might result in a Fund being forced to sell assets at a time and price at which it would normally prefer not to dispose of those assets.

### ***Credit Risk***

There can be no assurance that issuers of the securities or other instruments in which a Fund invests will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or instruments or payments due on such securities or instruments. Funds will also be exposed to a credit risk in relation to the counterparties with whom they transact or place margin or collateral in respect of transactions in financial derivative instruments and may bear the risk of counterparty default.

### ***Currency Risk***

Assets of a Fund may be denominated in a currency other than the Base Currency of the Fund and changes in the exchange rate between the Base Currency and the currency of the asset may lead to a depreciation of the value of the Fund's assets as expressed in the Base Currency. It may not be possible or practical to hedge against such exchange rate risk. The Fund's Investment Manager may, but is not obliged to, mitigate this risk by using financial instruments.

Funds may from time to time enter into currency exchange transactions either on a spot basis or by buying currency exchange forward contracts. Funds will not enter into forward contracts for speculative purposes. Neither spot transactions nor forward currency exchange contracts eliminate fluctuations in the prices of a Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. Performance of a Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by a Fund may not correspond with the securities positions held.

A Fund may enter into currency exchange transactions and/or use techniques and instruments to seek to protect against fluctuation in the relative value of its portfolio positions as a result of changes in currency exchange rates or interest rates between the trade and settlement dates of specific securities transactions or anticipated securities transactions. Although these transactions are intended to minimise the risk of loss due to a decline in the value of hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. The precise



matching of the relevant 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 the value of such securities between the date when the relevant contract is entered into and the date when it matures. The successful execution of a hedging strategy which matches exactly the profile of the investments of any Fund cannot be assured. It may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the assets from the anticipated decline in value of the portfolio positions as a result of such fluctuations.

### ***Share Currency Designation Risk***

A Class of Shares of a Fund may be designated in a currency other than the Base Currency of the Fund. Changes in the exchange rate between the Base Currency and such designated currency may lead to a depreciation of the value of such Shares as expressed in the designated currency. The Fund's Investment Manager may try but is not obliged to mitigate this risk by using financial instruments such as those described under the heading "**Currency Risk**", provided that such instruments shall in no case exceed 100% of the Net Asset Value attributable to the relevant Class of Shares of the Fund. Investors should be aware that this strategy may substantially limit Shareholders of the relevant Class from benefiting if the designated currency falls against the Base Currency and/or the currency/currencies in which the assets of the Fund are denominated. In such circumstances Shareholders of the relevant Class of Shares of the Fund may be exposed to fluctuations in the Net Asset Value per Share reflecting the gains/losses on and the costs of the relevant financial instruments. Financial instruments used to implement such strategies shall be assets/liabilities of the Fund as a whole. However, the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Class of Shares of the Fund.

### ***Investing in Fixed Income Securities***

Investment in fixed income securities is subject to interest rate, sector, security and credit risks. Lower-rated securities will usually offer higher yields than higher-rated securities to compensate for the reduced creditworthiness and increased risk of default that these securities carry. Lower-rated securities generally tend to reflect short-term corporate and market developments to a greater extent than higher-rated securities which respond primarily to fluctuations in the general level of interest rates. There are fewer investors in lower-rated securities and it may be harder to buy and sell such securities at an optimum time.

The volume of transactions effected in certain international bond markets may be appreciably below that of the world's largest markets, such as the United States. Accordingly, a Fund's investment in such markets may be less liquid and their prices may be more volatile than comparable investments in securities trading in markets with larger trading volumes. Moreover, the settlement periods in certain markets may be longer than in others which may affect portfolio liquidity.

### ***Changes in Interest Rates***

The value of Shares may be affected by substantial adverse movements in interest rates.

### ***Amortised Cost Method***

Some or all of the investments of certain Funds may be valued at amortised cost. Investors' attention is drawn to the Section of the Prospectus entitled "Calculation of Net Asset Value" for further information.

In periods of declining short-term interest rates, the inflow of net new money to such Funds from the continuous issue of Shares will likely be invested in portfolio instruments producing lower yields than the balance of such Fund's portfolio, thereby reducing the current yield of the Fund. In periods of rising interest rates, the opposite can be true.

### ***Valuation Risk***

A Fund may invest some of its assets in illiquid and/or unquoted securities or instruments. Such investments or instruments will be valued by the Directors or their delegate in good faith in consultation with the Investment Manager as to their probable realisation value. Such investments are inherently difficult to value and are the subject of substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales or "close-out" prices of such securities.

### ***Accounting, Auditing and Financial Reporting Standards***

The accounting, auditing and financial reporting standards of many of the countries in which a Fund may invest may be less extensive than those applicable to US and European Union companies.

### ***Derivatives and Techniques and Instruments Risk***

#### ***General***

The prices of derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The use of techniques and instruments also involves certain special risks, including (1) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, (2) imperfect correlation between the hedging instruments and the securities or market sectors being hedged, (3) the fact that skills needed to use these instruments are different from those needed to select the Fund's securities and (4) the possible absence of a liquid market for any particular instrument at any particular time, and (5) possible impediments to effective portfolio management or the ability to meet redemption.

#### ***Liquidity of Futures Contracts***

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits”. Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a Fund from liquidating unfavourable positions.

#### *Forward Trading*

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Market illiquidity or disruption could result in major losses to a Fund.

#### *Foreign Exchange Transactions*

Where a Fund utilises derivatives which alter the currency exposure characteristics of transferable securities held by the Fund the performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with the securities positions held.

#### *Over-the-Counter Markets Risk*

Where any Fund acquires securities on over-the-counter markets, there is no guarantee that the Fund will be able to realise the fair value of such securities due to their tendency to have limited liquidity and comparatively high price volatility.

#### *Counterparty Risk*

Each Fund will have credit exposure to counterparties by virtue of positions in swaps, repurchase transactions, forward exchange rate and other contracts held by the Fund. To the extent that a counterparty defaults on its obligation and the Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights.

#### *Absence of Regulation; Counterparty Default*

In general, there is less government regulation and supervision of transactions in the OTC markets (in which currencies, spot and option contracts, certain options on currencies and swaps are generally traded) than of transactions entered into on Recognised Exchanges. In addition, many of the protections afforded to participants on some Recognised Exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with OTC

transactions. OTC options are not regulated. OTC options are non-exchange traded option agreements, which are specifically tailored to the needs of an individual investor. These options enable the user to structure precisely the date, market level and amount of a given position. The counterparty for these agreements will be the specific firm involved in the transaction rather than a Recognised Exchange and accordingly the bankruptcy or default of a counterparty with which the Fund trades OTC options could result in substantial losses to the Fund. In addition, a counterparty may not settle a transaction in accordance with its terms and conditions because the contract is not legally enforceable or because it does not accurately reflect the intention of the parties or because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. To the extent that a counterparty defaults on its obligation and the Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Counterparty exposure will be in accordance with the Fund's investment restrictions. Regardless of the measures the Fund may implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Fund will not sustain losses on the transactions as a result.

#### *Necessity for Counterparty Trading Relationships*

Participants in the OTC currency market typically enter into transactions only with those counterparties which they believe to be sufficiently creditworthy, unless the counterparty provides margin, collateral, letters of credit or other credit enhancements. While the Company believes that the Company will be able to establish the necessary counterparty business relationships to permit a Fund to effect transactions in the OTC currency market and other counterparty markets, including the swaps market, there can be no assurance that it will be able to do so. An inability to establish such relationships would limit a Fund's activities and could require a Fund to conduct a more substantial portion of such activities in the futures markets. Moreover, the counterparties with which a Fund expects to establish such relationships will not be obligated to maintain the credit lines extended to a Fund, and such counterparties could decide to reduce or terminate such credit lines at their discretion.

#### Futures and Options Trading is Speculative and Volatile

Substantial risks are involved in trading futures, forward and option contracts and various other instruments in which the Fund intends to trade. Certain of the instruments in which the Fund may invest are interest and foreign exchange rate sensitive, which means that their value and, consequently, the Net Asset Value, will fluctuate as interest and/or foreign exchange rates fluctuate. The Fund's performance, therefore, will depend in part on its ability to anticipate and respond to such fluctuations in market interest rates, and to utilise appropriate strategies to maximize returns to the Fund, while attempting to minimize the associated risks to its investment capital. Variance in the degree of volatility of the market from the Fund's expectations may produce significant losses to the Fund.

#### ***Securities Lending Risk***

As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the

collateral provided in connection with such transaction will be called upon. The value of the collateral will be maintained to equal or exceed the value of the securities transferred. However there is a risk that the value of the collateral may fall below the value of the securities transferred. In addition, as a Fund may invest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank, a Fund investing collateral will be exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security.

### ***Investment Manager Valuation Risk***

The Administrator may consult the Investment Manager with respect to the valuation of certain investments. Whilst there is an inherent conflict of interest between the involvement of the Investment Manager in determining the valuation price of each Fund's investments and the Investment Manager's other duties and responsibilities in relation to the Funds, the Investment Manager has in place a pricing committee charged with reviewing all pricing procedures which follows industry standard procedures for valuing unlisted investments.

### ***Performance Fee Risk***

The payment of the Performance Fee, if any, will be as described in the relevant Supplement, to the Investment Manager based on the performance of the Fund may provide the Investment Manager with an incentive to cause the Fund to make more speculative investments than might otherwise be the case. The Investment Manager will have discretion as to the timing and the terms of the Fund's transactions in investments and may therefore have an incentive to arrange such transactions to maximise its fees.

### ***Liquidity***

A listing of Shares of a Fund or Class on the Irish Stock Exchange will not necessarily provide liquidity to investors.

### ***Cross-Liability for other Funds***

The Company is established as an umbrella fund with segregated liability between Funds. Under Irish law the assets of one Fund are not available to satisfy the liabilities of or attributable to another Fund. However the Company may operate or have assets in countries other than Ireland which may not recognise segregation between Funds and there is no guarantee that creditors of one Fund will not seek to enforce one Fund's obligations against another Fund.

### ***Risk Factors Not Exhaustive***

The investment risks set out in this Prospectus do not purport to be exhaustive and potential investors should be aware that an investment in the Company or any Fund may be exposed to risks of an exceptional nature from time to time.

## 2. MANAGEMENT AND ADMINISTRATION

The Directors control the affairs of the Company and are responsible for the formulation of investment policy. The Directors have delegated certain of their duties to the Manager, the Administrator, the Investment Manager and the Global Distributor.

### Directors

The Company shall be managed and its affairs supervised by the Directors all of whom are non-executive directors of the Company and whose details are set out below:-

**Edward Guinness (British)** joined Guinness Asset Management in 2006. Mr. Guinness is Co-Manager of the Guinness Alternative Energy Fund, the Guinness Atkinson Alternative Energy Fund and Manager of the Guinness Energy Fund. Previous to Guinness Asset Management, Mr. Guinness worked for HSBC in corporate finance from 1998, then Tiedemann Investment Group, New York, in merger arbitrage from 2002. Mr. Guinness graduated from Magdalene College, University of Cambridge, with a Masters degree in Engineering & Management Studies in 1998.

**Anthony Joyce (Irish)** is a former Managing Director and Finance Director of Hibernian Investment Managers Ltd. (renamed Aviva Investors, Ireland) where he contributed to all aspects of the business as a member of the Asset Allocation Committee and also managed the Bond and Treasury Desk for many years. Mr Joyce was a Director of a number of AVIVA local Dublin subsidiaries creating and managing Special Purpose Investment vehicles and Unit Trusts. Prior to joining Hibernian he was a Vice President with Citibank where he traded Bonds and managed the Interest Rate Swap book. He held various positions in a number of financial service companies both domestic and international since the 1960's. Mr Joyce holds an MBA from UCD, 1980 and qualified as an FCCA in 1972. He is a member of the Chartered Institute for Securities & Investment and the Irish Institute of Bankers. Currently he acts as an Independent Director to a number of Irish Collective Investment Schemes and a locally based US Bank subsidiary.

**Andrew E Martin Smith (British)** has worked for Hambros Bank for most of his career and was Chief Executive of Hambros Fund Management which merged with Guinness Flight in 1997. He remained with the enlarged business which was purchased by the Investec group in 1998. In 2000 he joined Berkshire Capital Securities, a corporate adviser to the fund management industry before joining Guinness Asset Management in 2005 where he is a senior adviser and a Director of Guinness Capital Management. He is Chairman of Parmenion Capital Management a funds platform and discretionary investment management firm serving the IFA community and a non-executive Director of several companies including Church House Investment Management, a private wealth management company and Atlantis Japan Growth, M&G High Income and TR European Growth investment trusts. Andrew Martin Smith is registered with the FSA and is qualified as a general securities principal for FINRA.

**Johnny McClintock (Irish)** has over 20 years financial services experience in the UK, Middle East and Ireland and during that period has held a number of senior positions in investment management firms. At present, he is an adviser to Rosecastle Capital, a London-based investment advisory boutique with a strong Middle East focus. He also acts as an independent non-executive director of several investment and alternative investment companies. His former employers include Taylor Young Investment Management Limited where he was a director and member of the executive committee

from 2002 to 2007, and Merrill Lynch Investment Managers Limited (formerly Mercury Asset Management plc) from 1989 to 2002. During his time at Merrill Lynch he was employed as director responsible for business development with UK & Irish institutions, and before that as director and chief representative in the Middle East from 1998 to 2001. Prior to this he established an office in Bahrain and was director and chief representative in the Middle East for Mercury Asset Management plc from 1994 to 1998, and a director and senior manager of Mercury Investment Services Limited in London from 1989 to 1994. He worked for Thornton Management, a south-east Asian investment specialist, from 1987 to 1989.

**David McGeough (Irish)** is a lawyer by professional qualification and has over 20 years experience in the financial services industry where he has served as a Partner and Member of the international Management Committee of one of the world's largest hedge fund firms (Vega Asset Management: 2002-2007 – Assets of \$ 12.5 billion), a Chief Executive Officer of an international technology company (Mobileaware: 2001-2002 backed by Intel, Bank of America and other private equity firms) and a Partner and Head of the Investment Funds team in a leading large international law firm (Matheson Ormsby Prentice: 1994-2000). In addition to advising many of the world's largest investment banks, asset management firms and hedge fund firms, he has also served as a member of the Department of An Taoiseach's International Banking and Treasury Group (1997-2000), a special advisory group advising Irish Government Departments on securitization and other structured finance initiatives for the Financial Services Centre in Dublin. He now serves as an adviser to hedge fund managers and as a non-executive director of a number of UCITS and non-UCITs investment funds. He is a qualified solicitor with a Bachelor of Civil Law degree (magna cum laude) from University College Dublin (UCD). He has also tutored law and spoken at numerous international conferences on financial services matters.

#### **Alternate Director**

**Timothy W.N. Guinness (British) (Alternate Director to Edward Guinness)** is Chairman and Chief Investment Officer of Guinness Asset Management Limited and Guinness Atkinson Asset Management, Inc, both of which started trading in April 2003, with funds under management now amounting to over \$600 million. Previously, Mr. Guinness was Joint Chairman of Investec Asset Management, having been joint Managing Director of Guinness Flight Global Asset Management Limited for 10 years until 1997 and then managing the business through various changes until it was incorporated into the Investec group. Mr. Guinness is lead manager for two of the Guinness Atkinson mutual funds in the US, and has previously served on the boards of investment companies in Ireland and the UK.

#### **Company Secretary**

The Company's company secretary is Capita Financial Administrators (Ireland) Limited and its registered office is at Montague House, Adelaide Road, Dublin 2, Ireland.

#### **The Promoter**

The Promoter of the Company is Guinness Asset Management Limited. The Promoter is a private limited company incorporated under the laws of England and Wales on 27<sup>th</sup> June, 2003 and is regulated by the FSA in the conduct of financial services and investment management activities.

### **The Manager**

The Company has appointed Capita Financial Managers (Ireland) Limited as its manager pursuant to the Management Agreement. Under the terms of the Management Agreement, the Manager has responsibility for the management and administration of the Company's affairs and distribution of the Shares, subject to the overall supervision and control of the Directors. Pursuant to the provisions of the Management Agreement the Manager may delegate one or more of its functions subject to the overall supervision and control of the Company.

The Manager is a private limited company, incorporated in Ireland on 22<sup>nd</sup> February 2006 under registration number 415879 and is ultimately owned by The Capita Group plc. The Manager is authorised and regulated by the Central Bank. The Manager currently acts as manager to other collective investment schemes.

The directors of the Manager and a summary of their details are set out below:

**Chris Addenbroke** was technical director of BWD Rensburg (now Rensburg Sheppards from 1987 to 2001 and formed Northern Registrars in 1988 and was appointed Managing Director in 1988. Northern Administration and Northern Registrars were acquired by Capita in February 2003. Following the acquisition, Chris was appointed CEO of Capita Registrars, one of the largest profit centres of Capita, until 2007 when he was appointed CEO of Capita Financial Group. Mr. Addenbrooke has managed the design, set-up and implementation of large scale IT administration systems. He has also been involved with CREST since its inception and is represented on a number of industry committees. He has over 25 years experience in the Financial Services industry.

**Laurence Everitt** is an experienced commercial director who has worked for several FTSE 250 organisations in senior management and Board positions. Laurence is a Director of Capita Financial Group Limited since 2005 and prior to this Laurence ran the Banking operations for Morse plc, specialising in the investment management segment. Amongst other responsibilities, he led the acquisition of the management consulting company, CSTIM. At Capita Financial Group, Laurence has responsibility for all client development, client management, marketing and product development activities.

**Michael Greaney** is Financial Controller and a Director of the Manager having joined the Company in July 2006. Prior to this, Michael spent seven years with ABN Amro in various roles. He was seconded to ABN Dublin in 2005 to act as Deputy CFO, having previously headed up their Shared Services operation in Manchester. Prior to this, he worked in various senior roles in ABN's London operation. He has ten years experience working in Financial Services having previously worked in West Landesbank and Lloyds TSB. He is also a Qualified ACA, having qualified while working for an audit firm in July '96.

**Anthony Joyce** is also a director of the Company.



Anthony Joyce's biographical details are set out above under the section headed "Management and Administration" under the heading "Directors".

**Paul Nunan** is Managing Director of the Manager and Administrator and former Head of Operations having joined the Manager in March 2006. Prior to this, Mr. Nunan worked for BISYS Hedge Fund Services Ireland Limited ("BHFS") where his final role was to manage the implementation of the BHFS systems platform. Mr. Nunan has over eleven years experience working in financial services focusing mainly on hedge funds and is a qualified accountant.

The Manager's company secretary is Michael Greaney.

### **Investment Manager and Global Distributor**

#### *Investment Manager*

The Manager has also appointed Guinness Asset Management Limited, as investment manager with discretionary powers pursuant to the Investment Management and Global Distribution Agreement. Under the terms of the Investment Management and Global Distribution Agreement the Investment Manager is responsible, subject to the overall supervision and control of the Directors, for managing the assets and investments of the Company in accordance with the investment objective and policies of each Fund. The Manager shall not be liable for any actions, costs, charges, losses, damages or expenses arising as a result of the acts or omissions of the Investment Manager or for its own acts or omissions in following the advice or recommendations of the Investment Manager.

Guinness Asset Management Limited is an investment management company set up in 2003 by Tim Guinness to take on the sub-investment management mandate for the Investec Global Energy Fund, a Guernsey offshore fund for which he was the investment manager at Investec. The company continues to specialise in the energy sector and currently manages \$120 million, comprising the Guinness Alternative Energy Fund and the Guinness Global Energy Fund. The team has grown to include two investment directors and six investment managers/research analysts.

The Investment Manager may delegate the discretionary investment management of certain Funds to sub-investment managers, details of which will be set out in the relevant Supplement. The fees of each sub-investment manager so appointed shall be paid by the Investment Manager out of its own fee. Details of such appointment will be provided to Shareholders on request and shall be further disclosed in each annual and semi-annual report of the Fund. The Investment Manager shall not be held liable for any actions, costs, charges, losses, damages or expenses arising as a result of the acts or omissions of sub-investment managers appointed by it or for its own acts or omissions in bona fide following the advice or recommendations of sub-investment managers.

#### *Global Distributor*

The Manager has appointed Guinness Asset Management Limited as Global Distributor of Shares in the Company pursuant to the Investment Management and Global Distribution Agreement. The Global Distributor has authority to delegate some or all of its duties as Global Distributor to sub-

distributors in accordance with the requirements of the Central Bank. The Global Distributor is regulated by the FSA in the UK.

### **Administrator**

The Manager has appointed Capita Financial Administrators (Ireland) Limited as administrator, registrar and company secretary of the Company pursuant to the Administration Agreement with responsibility for the day to day administration of the Company's affairs. The responsibilities of the Administrator include share registration and transfer agency services, valuation of the Company's assets and calculation of the Net Asset Value per Share and the preparation of the Company's semi-annual and annual reports.

The Administrator is a private limited company incorporated in Ireland on 22<sup>nd</sup> February 2006 under registration number 415878 and is ultimately owned by the Capita Group plc. The Administrator's principal business is the provision of fund administration, accounting, registration, transfer agency and related shareholder services to collective investment schemes and investment funds.

### **Custodian**

The Company has appointed J.P. Morgan Bank (Ireland) plc to act as Custodian pursuant to the Custodian Agreement for the safe-keeping of all the investments, cash and other assets of the Company and to ensure that the issue and repurchase of Shares by the Company and the calculation of the Net Asset Value of the Company and of the Shares is carried out and that all income received and investments made are in accordance with the Articles of Association and the UCITS Regulations. In addition, the Custodian is obliged to enquire into the conduct of the Company in each financial year and report thereon to Shareholders.

The Custodian is a public limited company incorporated under the laws of Ireland to provide banking services, including the provision of corporate trustee services to collective investment schemes.

The principal duties of the Custodian include the safekeeping of the Company's assets, the maintenance of bank accounts and the timely settlement of all securities transactions. Under the Custodian Agreement, the Custodian must segregate, keep and maintain the assets of the Company separate and apart from the assets of the Custodian and its affiliates. Under the terms of the Custodian Agreement, the Custodian has the full power to delegate the whole or any part of its custodial functions in relation to the assets of the Company, provided that the liability of the Custodian will not be affected by the fact that it has entrusted to a third party some or all of the assets of the Company in its safekeeping. The Company and the Custodian acknowledge that the Central Bank considers that, in order to discharge its liability, the Custodian must exercise care and diligence in choosing and appointing a third party as a safe-keeping agent so as to ensure that the third party has and maintains the expertise, competence and standing appropriate to discharge the responsibilities concerned and must maintain an appropriate level of supervision over the safe-keeping agent and make appropriate enquiries from time to time to confirm that the obligations of the agent continue to be competently discharged. This does not purport to be a legal interpretation of the UCITS Regulations and the corresponding provisions of the UCITS Directive.

## **Paying Agents/Representatives/Sub-Distributors**

Local laws/regulations in EEA Member States may require the appointment of Paying Agents/representatives/distributors/correspondent banks and maintenance of accounts by such Paying Agents through which subscription and redemption monies or dividends may be paid. Shareholders who choose or are obliged under local regulations to pay or receive subscription or redemption monies or dividends via an intermediate entity rather than directly to the Custodian (e.g. a Paying Agent in a local jurisdiction) bear a credit risk against that intermediate entity with respect to (a) subscription monies prior to the transmission of such monies to the Custodian for the account of the Company or the relevant Fund and (b) redemption monies payable by such intermediate entity to the relevant Shareholder.

Country Supplements dealing with matters pertaining to Shareholders in jurisdictions in which Paying Agents are appointed may be prepared for circulation to such Shareholders and, if so, a summary of the material provisions of the agreements appointing the Paying Agents will be included in the relevant Country Supplements.

## **Conflicts of Interest**

The Directors, the Manager, the Investment Manager, the Global Distributor, the Administrator and the Custodian and their respective affiliates, officers, directors and shareholders, employees and agents (collectively the “Parties”) are or may be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with the management of the Company and/or their respective roles with respect to the Company. These activities may include managing or advising other funds, purchases and sales of securities, banking and investment management services, brokerage services, valuation of unlisted securities (in circumstances in which fees payable to the entity valuing such securities may increase as the value of assets increases) and serving as directors, officers, advisers or agents of other funds or companies, including funds or companies in which the Company may invest. In particular the Investment Manager may advise or manage other Funds and other collective investment schemes in which a Fund may invest or which have similar or overlapping investment objectives to or with the Company or its Funds.

Each of the Parties will use its reasonable endeavours to ensure that the performance of their respective duties will not be impaired by any such involvement they may have and that any conflicts which may arise will be resolved fairly.

There is no prohibition on transactions with the Company by the Company, the Manager, the Investment Manager, the Administrator, the Custodian, the Global Distributor or entities related to each of the Investment Manager, the Manager, the Administrator, the Custodian or the Global Distributor including, without limitation, holding, disposing or otherwise dealing with Shares issued by or property of the Company and none of them shall have any obligation to account to the Company for any profits or benefits made by or derived from or in connection with any such transaction provided that such transactions are consistent with the best interests of Shareholders and dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis and

- (a) a person approved by the Custodian as independent and competent certifies the price at which the relevant transaction is effected is fair; or
- (b) the relevant transaction is executed on best terms reasonably obtainable on an organised investment exchange or other regulated market in accordance with the rules of such exchange or market; or
- (c) where the conditions set out in (a) and (b) above are not practical, the relevant transaction is executed on terms which the Custodian is (or in the case of a transaction involving the Custodian, the Directors are) satisfied conform with normal commercial terms negotiated at arm's length.

The Investment Manager or an associated company of the Investment Manager may invest in Shares so that a Fund or Class may have a viable minimum size or is able to operate more efficiently. In such circumstances the Investment Manager or its associated company may hold a high proportion of the Shares of a Fund or Class in issue.

Details of interests of the Directors are set out in the Section of the Prospectus entitled "General Information".

### **Soft Commissions**

The Investment Manager may effect transactions with or through the agency of another person with whom the Investment Manager or an entity affiliated to the Investment Manager has arrangements under which that person will, from time to time, provide to or procure for the Investment Manager and/or an affiliated party goods, services or other benefits such as research and advisory services, specialised computer hardware or software. No direct payment may be made for such goods or services but the Investment Manager may undertake to place business with that person provided that person has agreed to provide best execution with respect to such business and the services provided must be of a type which assist in the provision of investment services to the Company.

A report will be included in the Company's annual and half-yearly reports describing the Investment Manager's soft commission practices.

### **Cash/Commission Rebates and Fee Sharing**

Where the Investment Manager, or any of its delegates, successfully negotiates the recapture of a portion of the commissions charged by brokers or dealers in connection with the purchase and/or sale of securities, financial derivative instruments or techniques and instruments for the Company or a Fund, the rebated commission shall be paid to the Company or the relevant Fund as the case may be. The Investment Manager or its delegates may be reimbursed out of the assets of the Company or the relevant Fund for reasonable properly vouched costs and expenses directly incurred by the Investment Manager or its delegates in this regard.

### **3. FEES AND EXPENSES**

#### **Charging of Fees and Expenses to Capital**

All or part of the fees and expenses of the Company may be charged to the capital of the Company. Details will be set out in the relevant Supplement, where applicable.

#### **Administration Expenses and Fees**

The Manager will pay to the Investment Manager, out of the assets of each Fund, an annual administration fee as detailed in each Supplement.

The Investment Manager shall be responsible for paying the administrative expenses of each Fund, to include establishment costs, fees and expenses payable to the Manager, the Custodian, the Administrator, Directors fees, any Paying Agent appointed by or on behalf of the Company, and general administrative expenses as detailed in the relevant Supplement.

The administration fee payable to the Investment Manager shall accrue at each Valuation Point and shall be calculated and payable monthly in arrears.

#### **Investment Managers' Fees**

The Manager shall pay the Investment Manager in respect of one or more Funds or Classes an annual fee accrued at each Valuation Point and payable monthly in arrears, out of the assets of the relevant Fund, at a rate not exceeding 2% per annum of the Net Asset Value (before deduction of fees, expenses, borrowings and interest) of each Fund or attributable to a Class in respect of which the Investment Manager is appointed. The Investment Manager may be paid different fees for investment management, including performance fees, in respect of individual Classes as disclosed in the relevant Supplement which may be higher or lower than the fees applicable to other Classes. The Investment Manager shall be entitled to be reimbursed by the Company for reasonable out of pocket expenses incurred by it and any VAT on fees and expenses payable to or by it.

#### **Global Distributor's Fees/Commissions**

The Manager shall pay the Global Distributor a fee out of the assets of the relevant Fund, as detailed in the relevant Supplement.

#### **Subscription Fee**

The Articles of Association authorise the Directors to charge a subscription fee not exceeding 5% of the subscription price of the Shares being subscribed. Details of any charge with respect to one or more Funds will be set out in the relevant Supplement.

## **Redemption Fee**

The Articles of Association authorise the Directors to charge a redemption fee not exceeding 3% of the Net Asset Value of the Shares being redeemed. Details of any charge with respect to one or more Funds will be set out in the relevant Supplement. In the event of a redemption fee being charged, Shareholders should view their investment as medium to long-term.

## **Conversion Fee**

The Articles of Association authorise the Directors to charge a fee on the conversion of Shares in any Fund to Shares in another Fund up to a maximum of 5% of Net Asset Value of Shares in the original Fund. The Directors do not currently intend to charge any conversion fee and will give one month's notice to Shareholders of any intention to charge such a fee.

## **Anti-Dilution Levy/Duties and Charges**

The Manager reserves the right to impose "an anti-dilution levy" representing a provision for market spreads (the difference between the prices at which assets are valued and/or bought or sold), duties and charges and other dealing costs relating to the acquisition or disposal of assets and to preserve the value of the underlying assets of a Fund, in the event of receipt for processing of net subscription or redemption requests exceeding 1% of the Net Asset Value of a Fund including subscriptions and/or redemptions which would be effected as a result of requests for conversion from one Fund into another Fund. Any such provision will be added to the price at which Shares will be issued in the case of net subscription requests exceeding 1% of the Net Asset Value of the Fund and deducted from the price at which Shares will be redeemed in the case of net redemption requests exceeding 1% of the Net Asset Value of the Fund including the price of Shares issued or redeemed as a result of requests for conversion. The Manager may also apply a provision for market spreads and duties and charges in any other case where it considers such a provision to be in the best interests of a Fund. Any such sum will be paid into the account of the relevant Fund.

## **Allocation of Fees and Expenses**

All non-administrative fees, expenses, duties and charges will be charged to the relevant Fund and within such Fund to the Classes in respect of which they were incurred. Where an expense is not considered by the Directors to be attributable to any one Fund, the expense will normally be allocated to all Funds in proportion to the Net Asset Value of the Funds or otherwise on such basis as the Directors deem fair and equitable. In the case of any fees or expenses of a regular or recurring nature, such as audit fees, the Directors may calculate such fees or expenses on an estimated figure for yearly or other periods in advance and accrue them in equal proportions over any period.

## **Fee Increases**

The rates of fees for the provision of services to any Fund or Class may be increased within the maximum levels stated above so long as at least one month's written notice of the new rate(s) is given to Shareholders of the relevant Fund or Class.

## 4. THE SHARES

### General

Shares may be issued on any Dealing Day. Shares issued in a Fund or Class will be in registered form and denominated in the Base Currency specified in the relevant Supplement for the relevant Fund or a currency attributable to the particular Class. Shares will have no par value and will first be issued on the first Dealing Day after expiry of the initial offer period specified in the relevant Supplement at the Initial Price as specified in the relevant Supplement. Thereafter Shares shall be issued at the Net Asset Value per Share. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

The Directors may decline to accept any application for Shares without giving any reason and may restrict the ownership of Shares by any person, firm or corporation in certain circumstances including where such ownership would be in breach of any regulatory or legal requirement or might affect the tax status of the Company or might result in the Company suffering certain disadvantages which it might not otherwise suffer. Any restrictions applicable to a particular Fund or Class shall be specified in the relevant Supplement for such Fund or Class. Any person who holds Shares in contravention of restrictions imposed by the Directors or, by virtue of his holding, is in breach of the laws and regulations of any applicable jurisdiction or whose holding could, in the opinion of the Directors, cause the Company to incur any liability to taxation or to suffer any pecuniary disadvantage which it or the Shareholders or any or all of them might not otherwise have incurred or sustained or otherwise in circumstances which the Directors believe might be prejudicial to the interests of the Shareholders, shall indemnify the Company, the Manager, the Investment Manager, the Global Distributor, the Custodian, the Administrator and Shareholders for any loss suffered by it or them as a result of such person or persons acquiring or holding Shares in the Company.

The Directors have power under the Articles of Association to compulsorily redeem and/or cancel any Shares held or beneficially owned in contravention of any restrictions imposed by them or in breach of any law or regulation.

While Shares will generally not be issued or transferred to any US Person, the Directors may authorise the purchase by or transfer to a US Person in their discretion. The Directors will seek reasonable assurances that such purchase or transfer does not violate United States securities laws, e.g., require the Shares to be registered under the United States Securities Act of 1933 Act or the Company or any Fund to be registered under the United States Investment Company Act of 1940 or result in adverse tax consequences to the Company or the non-US Shareholders. Each investor who is a US Person will be required to provide such representations, warranties or documentation as may be required to ensure that these requirements are met prior to the issue of Shares.

None of the Company, the Manager, the Investment Manager, the Global Distributor, the Administrator or the Custodian or any of their respective directors, officers, employees or agents will be responsible or liable for the authenticity of instructions from Shareholders reasonably believed to be genuine and shall not be liable for any losses, costs or expenses arising out of or in conjunction

with any unauthorised or fraudulent instructions. The Global Distributor and the Administrator shall, however, employ reasonable procedures to confirm that instructions are genuine.

### **Abusive Trading Practices/Market Timing**

The Directors generally encourage investors to invest in the Funds as part of a long-term investment strategy and discourages excessive or short term or abusive trading practices. Such activities, sometimes referred to as “market timing”, may have a detrimental effect on the Funds and Shareholders. For example, depending upon various factors such as the size of the Fund and the amount of its assets maintained in cash, short-term or excessive trading by Shareholders may interfere with the efficient management of the Fund’s portfolio, increased transaction costs and taxes and may harm the performance of the Fund.

The Directors seek to deter and prevent abusive trading practices and to reduce these risks, through several methods, including the following:

- (i) to the extent that there is a delay between a change in the value of a Fund’s portfolio holdings and the time when that change is reflected in the Net Asset Value per Share, a Fund is exposed to the risk that investors may seek to exploit this delay by purchasing or redeeming Shares at a Net Asset Value which does not reflect appropriate fair value prices. The Directors seek to deter and prevent this activity, sometimes referred to as “stale price arbitrage”, by the appropriate use of its power to adjust the value of any investment having regard to relevant considerations in order to reflect the fair value of such investment.
- (ii) the Directors may monitor Shareholder account activities in order to detect and prevent excessive and disruptive trading practices and reserves the right to exercise its discretion to reject any subscription or conversion transaction without assigning any reason therefore and without payment of compensation if, in its judgement, the transaction may adversely affect the interest of a Fund or its Shareholders. The Directors may also monitor Shareholder account activities for any patterns of frequent purchases and sales that appear to be made in response to short-term fluctuations in the Net Asset Value per Share and may take such action as it deems appropriate to restrict such activities including, if it so determines, levying a redemption fee of up to 2% per cent of the Net Asset Value of Shares the subject of a redemption request.

There can be no assurances that abusive trading practices can be mitigated or eliminated. For example nominee accounts in which purchases and sales of Shares by multiple investors may be aggregated for dealing with the Fund on a net basis, conceal the identity of underlying investors in a Fund which makes it more difficult for the Directors and their delegates to identify abusive trading practices.

### **Application for Shares**

The terms and conditions applicable to an application for the issue of Shares in a Fund and the Initial Price thereof together with subscription and settlement details and procedures and the time for receipt of applications will be specified in the Supplement for the relevant Fund. Application Forms may be



obtained from the Administrator. The Minimum Subscription, Minimum Holding and Minimum Transaction Size for Shares are set out in the Supplement for each Fund.

Any of the Manager, the Administrator and the Global Distributor on behalf of the Company may reject any application in whole or in part without giving any reason for such rejection in which event the subscription monies or any balance thereof will be returned without interest, expenses or compensation to the applicant by transfer to the applicant's designated account or by post at the applicant's risk.

#### *Anti-Money Laundering Measures*

Measures aimed at the prevention of money laundering may require a detailed verification of the investor's identity. By way of example an individual may be required to produce a copy of a passport or identification card together with evidence of his/her address such as two utility bills or bank statements, date of birth and tax residence. In the case of corporate investors, such measures may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), the names, occupations, dates of birth and resident and business address of all directors. Depending on the circumstances of each application, a detailed verification might not be required where for example, the application is made through a recognised intermediary. This exception will only apply if the intermediary referred to above is located within a country recognised in Ireland as having equivalent anti-money laundering regulations or satisfies other applicable conditions and the investor produces a letter of undertaking from the recognised intermediary.

The Administrator and the Company each reserves the right to request such information as is necessary to verify the identity of an investor. In the event of delay or failure by an investor or applicant to produce any information required for verification purposes, the Administrator or the Company may refuse to accept the application and subscription monies.

#### *Data Protection Information*

Prospective investors should note that by completing the Application Form they are providing personal information to the Company, which may constitute personal data within the meaning of data protection legislation in Ireland. This data will be used for the purposes of client identification, administration, statistical analysis, market research, to comply with any applicable legal or regulatory requirements and, if an applicant's consent is given, for direct marketing purposes. Data may be disclosed to third parties including regulatory bodies, tax authorities in accordance with the European Savings Directive, delegates, advisers and service providers of the Company and their or the Company's duly authorised agents and any of their respective related, associated or affiliated companies wherever located (including outside the EEA) for the purposes specified. By signing the application form, investors consent to the obtaining, holding, use, disclosure and processing of data for any one or more of the purposes set out in the application form. Investors have a right to obtain a copy of their personal data kept by the Company on payment of a fee and the right to rectify any inaccuracies in personal data held by the Company.

## **Redemption of Shares**

Shareholders may redeem their Shares on and with effect from any Dealing Day at the Net Asset Value per Share calculated on or with respect to the relevant Dealing Day in accordance with the procedures specified in the relevant Supplement (save during any period when the calculation of Net Asset Value is suspended). The minimum value of Shares which may be redeemed in any one redemption transaction is specified in the relevant Supplement for each Fund. If the redemption of part only of a Shareholder's shareholding would leave the Shareholder holding less than the Minimum Holding for the relevant Fund, the Company or its delegate may, if it thinks fit, redeem the whole of that Shareholder's holding.

Shares will not receive or be credited with any dividend declared on or after the Dealing Day on which they were redeemed.

If the number of Shares to be redeemed on any Dealing Day equals one tenth or more of the total number of Shares of a Fund in issue on that day the Directors or their delegate may at their discretion refuse to redeem any Shares in excess of one tenth of the total number of Shares in issue as aforesaid and, if they so refuse, the requests for redemption on such Dealing Day shall be reduced pro rata and Shares which are not redeemed by reason of such refusal shall be treated as if a request for redemption had been made in respect of each subsequent Dealing Day until all Shares to which the original request related have been redeemed. Redemption requests which have been carried forward from an earlier Dealing Day shall (subject always to the foregoing limits) be complied with in priority to later requests.

The Manager may, with the consent of the individual Shareholders, satisfy any request for redemption of Shares by the transfer in specie to those Shareholders of assets of the relevant Fund having a value equal to the redemption price for the Shares redeemed as if the redemption proceeds were paid in cash less any redemption charge and other expenses of the transfer provided that any Shareholder requesting redemption shall be entitled to request the sale of any asset or assets proposed to be distributed in specie and the distribution to such Shareholder of the cash proceeds of such sale, the costs of which shall be borne by the relevant Shareholder. The nature and type of assets to be transferred in specie to each Shareholder shall be determined by the Directors (subject to the approval of the Custodian as to the allocation of assets) on such basis as the Directors in their discretion shall deem equitable and not prejudicial to the interests of the remaining Shareholders in the relevant Fund or Class.

A determination to provide redemption in specie may be solely at the discretion of the Directors where the redeeming Shareholder requests redemption of a number of Shares that represent 5% or more of the Net Asset Value of the Company. In this event the Directors will, if requested, sell the assets on behalf of the Shareholder. The cost of such sale shall be borne by the relevant Shareholder.

### *Compulsory Redemption of Shares/Deduction of Tax*

Shareholders are required to notify the Administrator through whom Shares have been purchased immediately if they become US Persons or persons who are otherwise subject to restrictions on ownership as set out herein and such Shareholders may be required to redeem or transfer their

Shares. The Company may redeem any Shares which are or become owned, directly or indirectly, by or for the benefit of any person in breach of any restrictions on ownership from time to time as set out herein or if the holding of Shares by any person is unlawful or is likely to result or results in any tax, fiscal, legal, regulatory, pecuniary liability or disadvantage or material administrative disadvantage to the Company, the Shareholders as a whole or any Fund. The Company may also redeem any Shares held by any person who holds less than the Minimum Holding or does not, within seven days of a request by or on behalf of the Administrator, supply any information or declaration required under the terms hereof to be furnished. Any such redemption will be effected on a Dealing Day at the Net Asset Value per Share calculated on or with respect to the relevant Dealing Day on which the Shares are to be redeemed. The Company may apply the proceeds of such compulsory redemption in the discharge of any taxation or withholding tax arising as a result of the holding or beneficial ownership of Shares by a Shareholder including any interest or penalties payable thereon. The attention of investors in relation to the section of the prospectus entitled "TAXATION" and in particular the section therein headed "Irish Taxation" which details circumstances in which the Company shall be entitled to deduct from payments to Shareholders who are resident or ordinarily resident in Ireland amounts in respect of liability of to Irish taxation including any penalties and interest thereon and/or compulsorily redeem Shares to discharge such liability. Relevant Shareholders will indemnify and keep the Company indemnified against loss arising to the Company by reason of the Company becoming liable to account for tax on the happening of an event giving rise to a charge to taxation.

#### *Total Redemption of Shares*

All of the Shares of any Class or any Fund may be redeemed :

- (a) on the giving by the Company of not less than four nor more than twelve weeks' notice expiring on a Dealing Day to Shareholders of its intention to redeem such Shares; or
- (b) if the holders of 75% in value of the relevant Class or Fund resolve at a meeting of the Shareholders duly convened and held that such Shares should be redeemed.

#### **Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and Minimum Transaction Size requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class ("the Original Fund") to Shares in another Fund or Class or another Class in the same Fund ("the New Fund") in accordance with the formula and procedures specified below. Requests for conversion of Shares should be made to the Administrator by facsimile or written communication or such other means as may be permitted by the Directors and should include such information as may be specified from time to time by the Directors or their delegate. Requests for conversion should be received prior to the earlier of the Dealing Deadline for redemptions in the Original Fund and the Dealing Deadline for subscriptions in the New Fund. Any applications received after such time will be dealt with on the next Dealing Day which is a dealing day for the relevant Funds, unless the Company in its absolute discretion otherwise determines. Conversion requests will only be accepted where cleared funds and completed documents are in place from original subscriptions.

Where a conversion request would result in a Shareholder holding a number of Shares of either the Original Fund or the New Fund which would be less than the Minimum Holding for the relevant Fund, the Manager or its delegate may, if it thinks fit, convert the whole of the holding in the Original Fund to Shares in the New Fund or refuse to effect any conversion from the Original Fund.

Fractions of Shares which shall not be less than 0.01 of a Share may be issued by the Company on conversion where the value of Shares converted from the Original Fund are not sufficient to purchase an integral number of Shares in the New Fund and any balance representing less than 0.01 of a Share will be retained by the Company in order to defray administration costs.

The number of Shares of the New Fund to be issued will be calculated in accordance with the following formula:-

$$S = \frac{(R \times NAV \times ER) - F}{SP}$$

where

S is the number of Shares of the New Fund to be allotted.

R is the number of Shares in the Original Fund to be redeemed.

NAV is the Net Asset Value per Share of the Original Fund at the Valuation Point on the relevant Dealing Day.

ER is the currency conversion factor (if any) as determined by the Administrator.

F is the conversion charge (if any) of up to 5 % of the Net Asset Value of the Shares to be issued in the New Fund.

SP is the Net Asset Value per Share of the New Fund at the Valuation Point on the relevant Dealing Day.

#### *Withdrawal of Conversion Requests*

Conversion requests may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of a suspension of calculation of the Net Asset Value of the Funds in respect of which the conversion request was made.

#### **Net Asset Value and Valuation of Assets**

The Net Asset Value of each Fund or, if there are different Classes within a Fund, each Class will be calculated by the Administrator as at the Valuation Point on or with respect to each Dealing Day in accordance with the Articles of Association. The Net Asset Value of a Fund shall be determined as at the Valuation Point for the relevant Dealing Day by valuing the assets of the relevant Fund (including income accrued but not collected) and deducting the liabilities of the relevant Fund (including a

provision for duties and charges, accrued expenses and fees and other liabilities). The Net Asset Value attributable to a Class shall be determined as at the Valuation Point for the relevant Dealing Day by calculating that portion of the Net Asset Value of the relevant Fund attributable to the relevant Class as at the Valuation Point subject to adjustment to take account of assets and/or liabilities attributable to the Class. The Net Asset Value of a Fund will be expressed in the Base Currency of the Fund, or in such other currency as the Directors may determine either generally or in relation to a particular Class or in a specific case.

The Net Asset Value per Share shall be calculated as at the Valuation Point on or with respect to each Dealing Day by dividing the Net Asset Value of the relevant Fund or attributable to a Class by the total number of Shares in issue or deemed to be in issue in the Fund or Class at the relevant Valuation Point and rounding the resulting total to 2 decimal places.

In determining the Net Asset Value of the Company and each Fund:-

- (a) Securities which are quoted, listed or traded on a Recognised Exchange save as hereinafter provided at (d), (e), (f), (g), (h) and (i) will be valued at last traded price. Where a security is listed or dealt in on more than one Recognised Exchange the relevant exchange or market shall be the principal stock exchange or market on which the security is listed or dealt on or the exchange or market which the Directors determine provides the fairest criteria in determining a value for the relevant investment. Investments listed or traded on a Recognised Exchange, but acquired or traded at a premium or at a discount outside or off the relevant exchange or market may be valued taking into account the level of premium or discount at the Valuation Point provided that the Custodian shall be satisfied that the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security.
- (b) The value of any security which is not quoted, listed or dealt in on a Recognised Exchange or which is so quoted, listed or dealt but for which no such quotation or value is available or the available quotation or value is not representative of the fair market value shall be the probable realisation value as estimated with care and good faith by (i) the Directors or the Manager or (ii) a competent person, firm or corporation (including the Investment Manager) appointed by the Directors and approved for the purpose by the Custodian or (iii) any other means provided that the value is approved by the Custodian. Where reliable market quotations are not available for fixed income securities the value of such securities may be determined using matrix methodology compiled by the Directors whereby such securities are valued by reference to the valuation of other securities which are comparable in rating, yield, due date and other characteristics.
- (c) Cash in hand or on deposit will be valued at its nominal value plus accrued interest, where applicable, to the end of the relevant day on which the Valuation Point occurs.
- (d) Derivative contracts traded on a regulated market shall be valued at the settlement price as determined by the market. If the settlement price is not available, the value shall be the probable realisation value estimated with care and in good faith by (i) the Directors or (ii) a competent person firm or corporation (including the Investment Manager) selected by the

Directors and approved for the purpose by the Custodian or (iii) any other means provided that the value is approved by the Custodian. Derivative contracts which are not traded on a regulated market including without limitation swap contracts may be valued on a daily basis using either a valuation provided by the relevant counterparty or an alternative valuation such as a valuation calculated by the Company or its delegate or by an independent pricing agent. Where the Company does use a valuation other than one provided by the relevant counterparty for derivative contracts which are not traded on a regulated market;

- it shall adhere to the principles on valuation of over-the-counter instruments established by bodies such as the International Organisation of Securities Commissions or the Alternative Investment Management Association; the valuation shall be provided by a competent person appointed by the Directors and approved for the purpose by the Custodian; and
- the valuation must be reconciled to a valuation provided by the counterparty on a monthly basis and if significant differences arise the Company shall arrange for these to be reviewed and seek explanations from the relevant parties.

Where the Company uses a valuation provided by the relevant counterparty for derivative contracts which are not traded on a regulated market;

- the valuation must be approved or verified by a party who is approved for the purpose by the Custodian and who is independent of the counterparty; and
  - the independent verification must be carried out at least weekly.
- (e) Forward foreign exchange contracts shall be valued in the same manner as derivatives contracts which are not traded in a regulated market or, alternatively, by reference to freely available market quotations. If the latter is used, there is no requirement to have such prices independently verified or reconciled to the counterparty valuation.
- (f) Notwithstanding paragraph (a) above units in collective investment schemes shall be valued at the latest available net asset value per unit or bid price as published by the relevant collective investment scheme or, if listed or traded on a Recognised Exchange, in accordance with (a) above.
- (g) In the case of a Fund which is a money market fund the Directors may value any security with a known residual maturity of fifteen months or less using the amortised cost method of valuation whereby the security is valued at its acquisition cost adjusted for amortisation of premium or accretion of discount on the securities. The Directors or their delegates shall review or cause a review to take place of deviations between the amortised method of valuation and the market value of investments in accordance with the Central Bank's guidelines.

- (h) The Directors may value floating rate instruments using the amortised cost method of valuation where such floating rate instruments:
  - (i) have an annual or shorter reset date; and
  - (ii) are determined by the Directors to have a market value that approximates the amortised cost valuation; and
  - (iii) have a residual value of two years or less or, in the case of high credit quality instruments, up to five years provided that procedures are adopted for instruments having a residual maturity of between two and five years to ensure that the valuation produced does not vary significantly from its true market value.
- (i) The Directors may value securities having a residual maturity not exceeding six months using the amortised cost method of valuation.
- (j) The Directors may, with the approval of the Custodian, adjust the value of any investment if having regard to its currency, marketability, applicable interest rates, anticipated rates of dividend, maturity, liquidity or any other relevant considerations, they consider that such adjustment is required to reflect the fair value thereof.
- (k) Any value expressed otherwise than in the Base Currency of the relevant Fund shall be converted into the Base Currency of the relevant Fund at the exchange rate (whether official or otherwise) which the Directors shall determine to be appropriate.
- (l) Where the value of any investment is not ascertainable as described above, the value shall be the probable realisation value estimated by the Directors with care and in good faith or by a competent person approved for the purpose by the Custodian.
- (m) If the Directors deem it necessary a specific Investment may be valued under an alternative method of valuation approved by the Custodian.

In calculating the value of assets of the Company and each Fund the following principles will apply:

- (a) in determining the value of Investments of a Fund (a) the Directors may value the Investments of a Fund (i) at lowest market dealing bid prices where on any Dealing Day the value of all redemption requests received exceeds the value of all applications for Shares received for that Dealing Day or at highest market dealing offer prices where on any Dealing Day the value of all applications for Shares received for that Dealing Day exceeds the value of all redemption requests received for that Dealing Day, in each case in order to preserve the value of the Shares held by existing Shareholders; (ii) at bid and offer prices where a bid and offer value is used to determine the price at which shares are issued and redeemed; or (iii) at mid prices; provided in each case that the valuation policy selected by the Directors shall be applied consistently with respect to the Company and, as appropriate, individual Funds for so long as the Company or Funds, as the case may be, are operated on a going concern basis. Every Share agreed to be issued by the Directors with respect to each Dealing Day shall be

deemed to be in issue at the Valuation Point for the relevant Dealing Day and the assets of the relevant Fund shall be deemed to include not only cash and property in the hands of the Custodian but also the amount of any cash or other property to be received in respect of Shares agreed to be issued after deducting therefrom (in the case of Shares agreed to be issued for cash) or providing for preliminary charges;

- (b) where investments have been agreed to be purchased or sold but such purchase or sale has not been completed, such investments shall be included or excluded and the gross purchase or net sale consideration excluded or included as the case may require as if such purchase or sale had been duly completed unless the Directors have reason to believe such purchase or sale will not be completed;
- (c) there shall be added to the assets of the relevant Fund any actual or estimated amount of any taxation of a capital nature which may be recoverable by the Company which is attributable to that Fund;
- (d) there shall be added to the assets of each relevant Fund a sum representing any interest, dividends or other income accrued but not received and a sum representing unamortised expenses unless the Directors are of the opinion that such interest, dividends or other income are unlikely to be paid or received in full in which case the value thereof shall be arrived at after making such discount as the Directors or their delegate (with the approval of the Custodian) may consider appropriate in such case to reflect the true value thereof;
- (e) there shall be added to the assets of each relevant Fund the total amount (whether actual or estimated by the Directors or their delegate) of any claims for repayment of any taxation levied on income or capital gains including claims in respect of double taxation relief; and
- (f) where notice of the redemption of Shares has been received by the Company with respect to a Dealing Day and the cancellation of such Shares has not been completed, the Shares to be redeemed shall be deemed not to be in issue at the Valuation Point and the value of the assets of the relevant Fund shall be deemed to be reduced by the amount payable upon such redemption;
- (g) there shall be deducted from the assets of the relevant Fund:
  - (i) the total amount of any actual or estimated liabilities properly payable out of the assets of the relevant Fund including any and all outstanding borrowings of the Company in respect of the relevant Fund, interest, fees and expenses payable on such borrowings and any estimated liability for tax and such amount in respect of contingent or projected expenses as the Directors consider fair and reasonable as of the relevant Valuation Point;
  - (ii) such sum in respect of tax (if any) on income or capital gains realised on the investments of the relevant Fund as in the estimate of the Directors will become payable;



- (iii) the amount (if any) of any distribution declared but not distributed in respect thereof;
- (iv) the remuneration of the Manager, the Custodian, the Investment Manager, any Global Distributor and any other providers of services to the Company accrued but remaining unpaid together with a sum equal to the value added tax chargeable thereon (if any);
- (v) the total amount (whether actual or estimated by the Directors) of any other liabilities properly payable out of the assets of the relevant Fund (including all establishment, operational and ongoing administrative fees, costs and expenses) as of the relevant Valuation Point;
- (vi) an amount as of the relevant Valuation Point representing the projected liability of the relevant Fund in respect of costs and expenses to be incurred by the relevant Fund in the event of a subsequent liquidation;
- (vii) an amount as of the relevant Valuation Point representing the projected liability of the relevant calls on Shares in respect of any warrants issued and/or options written by the relevant Fund or Class of Shares; and
- (viii) any other liability which may properly be deducted.

In the absence of negligence, fraud or wilful default, every decision taken by the Directors or any committee of the Directors or by the Manager or any duly authorised person on behalf of the Company in determining the value of any investment or calculating the Net Asset Value of a Fund or Class or the Net Asset Value per Share shall be final and binding on the Company and on present, past or future Shareholders.

### **Suspension of Valuation of Assets**

The Directors may at any time and from time to time temporarily suspend the determination of the Net Asset Value of any Fund or attributable to a Class and the issue, conversion and redemption of Shares in any Fund or Class:

- a) during the whole or part of any period (other than for ordinary holidays or customary weekends) when any of the Recognised Exchanges on which the relevant Fund's investments are quoted, listed, traded or dealt are closed or during which dealings therein are restricted or suspended or trading is suspended or restricted; or
- b) during the whole or part of any period when circumstances outside the control of the Directors exist as a result of which any disposal or valuation of investments of the Fund is not reasonably practicable or would be detrimental to the interests of Shareholders or it is not possible to transfer monies involved in the acquisition or disposition of investments to or from the relevant account of the Company; or

- c) during the whole or any part of any period when any breakdown occurs in the means of communication normally employed in determining the value of any of the relevant Fund's investments; or
- d) during the whole or any part of any period when for any reason the value of any of the Fund's investments cannot be reasonably, promptly or accurately ascertained;
- e) during the whole or any part of any period when subscription proceeds cannot be transmitted to or from the account of any Fund or the Company is unable to repatriate funds required for making redemption payments or when such payments cannot, in the opinion of the Directors, be carried out at normal rates of exchange;
- f) upon mutual agreement between the Company and the Custodian for the purpose of winding up the Company or terminating any Fund; or
- g) if any other reason makes it impossible or impracticable to determine the value of a substantial portion of the Investments or the Company or any Fund.

Any suspension of valuation shall be notified to the Central Bank and the Custodian without delay and, in any event, within the same Dealing Day and shall be published on [www.bloomberg.com](http://www.bloomberg.com) and [www.guinnessfunds.com](http://www.guinnessfunds.com). Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

The Central Bank may also require the temporary suspension of the repurchase or redemption of Shares in a Fund if it decides that it is in the best interests of the general public and the Shareholders to do so.

#### **Taxation on the occurrence of certain events**

The attention of investors is drawn to the section of the Prospectus headed "Irish Taxation" and in particular the taxation liability arising on the occurrence of certain events such as the encashment, redemption or transfer of Shares by or payment of dividends to Shareholders who are resident or ordinarily resident in Ireland. Furthermore, if the Company becomes liable to account for tax, in any jurisdiction, including any interest or penalties thereon if an event giving rise to a tax liability occurs, the Company shall be entitled to deduct such amount from the payment arising on such event or to compulsorily redeem or cancel such number of Shares held by the Shareholder or the beneficial owner of the Shares as have a value sufficient after the deduction of any redemption charges to discharge any such liability. The relevant Shareholder shall indemnify and keep the Company indemnified against any loss arising to the Company by reason of the Company becoming liable to account for tax and any interest or penalties thereon on the happening of an event giving rise to a tax liability including if no such deduction, appropriation or cancellation has been made.

## **5. TAXATION**

### **General**

**The Sections below on Irish and United Kingdom taxation are brief summaries of the tax advice received by the Directors relating to current law and practice which may be subject to change and interpretation.**

**The information given below does not constitute legal or tax advice and prospective investors should consult their professional advisers on the possible tax consequences of buying, selling, converting, holding or redeeming Shares under the laws of the jurisdictions in which they may be subject to tax. Investors are also advised to inform themselves as to any exchange control regulations applicable in their country of residence.**

**Generally the tax consequences of acquiring, holding, converting, redeeming or disposing of Shares in the Company will depend on the relevant laws of the jurisdiction to which the Shareholder is subject. These consequences will vary with the law and practice of the Shareholder's country of residence, domicile or incorporation and with his personal circumstances.**

Dividends, interest and capital gains (if any) which the Company or any Fund receives with respect to their investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of investments are located. It is anticipated that the Company may not be able to benefit from reduced rates of withholding tax in double taxation agreements between Ireland and such countries. If this position changes in the future and the application of a lower rate results in a repayment to the Company the Net Asset Value will not be restated and the benefit will be allocated to the existing Shareholders rateably at the time of the repayment.

### **Irish Taxation**

The Directors have been advised that on the basis that the Company is resident in Ireland for taxation purposes the taxation position of the Company and the Shareholders is as set out below.

#### **The Company**

The Company will be regarded as resident in Ireland for tax purposes if the central management and control of its business is exercised in Ireland and the Company is not regarded as resident elsewhere. It is the intention of the Directors that the business of the Company will be conducted in such a manner as to ensure that it is Irish resident for tax purposes.

The Directors have been advised that the Company qualifies as an investment undertaking as defined in Section 739B (1) of the Taxes Act. Under current Irish law and practice, the Company is not chargeable to Irish tax on its income and gains.

However, tax can arise on the happening of a "chargeable event" in the Company. A chargeable

event includes any distribution payments to Shareholders or any encashment, redemption, cancellation, transfer or deemed disposal (a deemed disposal will occur at the expiration of a Relevant Period) of Shares or the appropriation or cancellation of Shares of a Shareholder by the Company for the purposes of meeting the amount of tax payable on a gain arising on a transfer. No tax will arise on the Company in respect of chargeable events in respect of a Shareholder who is neither Irish Resident nor Ordinarily Resident in Ireland at the time of the chargeable event provided that a Relevant Declaration is in place and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct. In the absence of a Relevant Declaration and subject to the Company satisfying and availing of the new measures introduced by the Finance Act 2010 (see paragraph headed "*Finance Act 2010 – (the 'Act')*" below) there is a presumption that the investor is Irish Resident or Ordinarily Resident in Ireland. A chargeable event does not include:

- An exchange by a Shareholder, effected by way of an arms length bargain where no payment is made to the Shareholder, of Shares in the Company for other Shares in the Company;
- Any transactions (which might otherwise be a chargeable event) in relation to Shares held in a recognised clearing system as designated by order of the Irish Revenue Commissioners;
- A transfer by a Shareholder of the entitlement to Shares where the transfer is between spouses and former spouses, subject to certain conditions; or
- An exchange of Shares arising on a qualifying amalgamation or reconstruction (within the meaning of Section 739H of the Taxes Act) of the Company with another investment undertaking.

If the Company becomes liable to account for tax if a chargeable event occurs, the Company shall be entitled to deduct from the payment arising on a chargeable event an amount equal to the appropriate tax and/or where applicable, to appropriate or cancel such number of Shares held by the Shareholder or the beneficial owner of the Shares as are required to meet the amount of tax. The relevant Shareholder shall indemnify and keep the Company indemnified against loss arising to the Company by reason of the Company becoming liable to account for tax on the happening of a chargeable event if no such deduction, appropriation or cancellation has been made.

Dividends received by the Company from investment in Irish equities may be subject to Irish dividend withholding tax at the standard rate of income tax (currently 20%). However, the Company can make a declaration to the payer that it is a collective investment undertaking beneficially entitled to the dividends which will entitle the Company to receive such dividends without deduction of Irish dividend withholding tax.

### **Stamp Duty**

No stamp duty is payable in Ireland on the issue, transfer, repurchase or redemption of Shares in the Company. Where any subscription for or redemption of Shares is satisfied by the in specie transfer of securities, property or other types of assets, Irish stamp duty may arise on the transfer of such assets.

No Irish stamp duty will be payable by the Company on the conveyance or transfer of stock or marketable securities provided that the stock or marketable securities in question have not been issued by a company registered in Ireland and provided that the conveyance or transfer does not

relate to any immovable property situated in Ireland or any right over or interest in such property or to any stocks or marketable securities of a company (other than a company which is an investment undertaking within the meaning of Section 739B (1) of the Taxes Act) which is registered in Ireland.

## **Shareholders Tax**

### *Shares which are held in a Recognised Clearing System*

Any payments to a Shareholder or any encashment, redemption, cancellation or transfer of Shares held in a Recognised Clearing System will not give rise to a chargeable event in the Company (there is however ambiguity in the legislation as to whether the rules outlined in this paragraph with regard to Shares held in a Recognised Clearing System, apply in the case of chargeable events arising on a deemed disposal, therefore, as previously advised, Shareholders should seek their own tax advice in this regard). Thus the Company will not have to deduct any Irish taxes on such payments regardless of whether they are held by Shareholders who are Irish Residents or Ordinarily Resident in Ireland, or whether a non-resident Shareholder has made a Relevant Declaration. However, Shareholders who are Irish Resident or Ordinarily Resident in Ireland or who are not Irish Resident or Ordinarily Resident in Ireland but whose Shares are attributable to a branch or agency in Ireland may still have a liability to account for Irish tax on a distribution or encashment, redemption or transfer of their Shares.

To the extent any Shares are not held in a Recognised Clearing System at the time of a chargeable event (and subject to the point made in the previous paragraph in relation to a chargeable event arising on a deemed disposal), the following tax consequences will typically arise on a chargeable event.

### *Shareholders who are neither Irish Residents nor Ordinarily Resident in Ireland*

The Company will not have to deduct tax on the occasion of a chargeable event in respect of a Shareholder if (a) the Shareholder is neither Irish Resident nor Ordinarily Resident in Ireland, (b) the Shareholder has made a Relevant Declaration on or about the time when the Shares are applied for or acquired by the Shareholder and (c) the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct. In the absence of a Relevant Declaration (provided in a timely manner) and subject to the Company satisfying and availing of the new measures introduced by the Finance Act 2010 (see paragraph headed "*Finance Act 2010 – (the "Act")*" below) tax will arise on the happening of a chargeable event in the Company regardless of the fact that a Shareholder is neither Irish Resident nor Ordinarily Resident in Ireland. The appropriate tax that will be deducted is as described below.

To the extent that a Shareholder is acting as an Intermediary on behalf of persons who are neither Irish Resident nor Ordinarily Resident in Ireland no tax will have to be deducted by the Company on the occasion of a chargeable event provided that the Intermediary has made a Relevant Declaration that he/she is acting on behalf of such persons and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct.

Shareholders who are neither Irish Residents nor Ordinarily Resident in Ireland and who have made

Relevant Declarations in respect of which the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct, will not be liable to Irish tax in respect of income from their Shares and gains made on the disposal of their Shares. However, any corporate Shareholder which is not Irish Resident and which holds Shares directly or indirectly by or for a trading branch or agency in Ireland will be liable to Irish tax on income from their Shares or gains made on disposals of the Shares.

Where tax is withheld by the Company on the basis that no Relevant Declaration has been filed with the Company by the Shareholder, Irish legislation provides for a refund of tax only to companies within the charge to Irish corporation tax, to certain incapacitated persons and in certain other limited circumstances.

#### *Shareholders who are Irish Residents or Ordinarily Resident in Ireland*

Unless a Shareholder is an Exempt Irish Investor and makes a Relevant Declaration to that effect and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct or unless the Shares are purchased by the Courts Service, tax at the rate of 27% will be required to be deducted by the Company from a distribution (where payments are made annually or at more frequent intervals) to a Shareholder who is Irish Resident or Ordinarily Resident in Ireland. Similarly, tax at the rate of 30% will have to be deducted by the Company on any other distribution or gain arising to the Shareholder (other than an Exempt Irish Investor who has made a Relevant Declaration) on an encashment, redemption, cancellation, transfer or deemed disposal (see below) of Shares by a Shareholder who is Irish Resident or Ordinarily Resident in Ireland.

The Finance Act 2006 introduced rules (which were subsequently amended by the Finance Act 2008) in relation to an automatic exit tax for Shareholders who are Irish Resident or Ordinarily Resident in Ireland in respect of Shares held by them in the Company at the ending of a Relevant Period. Such Shareholders (both companies and individuals) will be deemed to have disposed of their Shares ("deemed disposal") at the expiration of that Relevant Period and will be charged to tax at the rate of 28% on any deemed gain (calculated without the benefit of indexation relief) accruing to them based on the increased value (if any) of the Shares since purchase or since the previous exit tax applied, whichever is later.

For the purposes of calculating if any further tax arises on a subsequent chargeable event (other than chargeable events arising from the ending of a subsequent Relevant Period or where payments are made annually or at more frequent intervals), the preceding deemed disposal is initially ignored and the appropriate tax calculated as normal. Upon calculation of this tax, credit is immediately given against this tax for any tax paid as a result of the preceding deemed disposal. Where the tax arising on the subsequent chargeable event is greater than that which arose on the preceding deemed disposal, the Company will have to deduct the difference. Where the tax arising on the subsequent chargeable event is less than that which arose on the preceding deemed disposal, the Company will refund the Shareholder for the excess (subject to the paragraph headed "*15% threshold*" below).

#### 10% Threshold

The Company will not have to deduct tax ("exit tax") in respect of this deemed disposal where the

value of the chargeable shares (i.e. those Shares held by Shareholders to whom the declaration procedures do not apply) in the Company (or in the sub-fund within an umbrella scheme) is less than 10% of the value of the total Shares in the Company (or in the sub-fund) and the Company has made an election to report certain details in respect of each affected Shareholder to Revenue (the "Affected Shareholder") in each year that the de minimus limit applies. In such a situation the obligation to account for the tax on any gain arising on a deemed disposal will be the responsibility of the Shareholder on a self assessment basis ("self-assessors") as opposed to the Company or Sub-Fund (or their service providers). The Company is deemed to have made the election to report once it has advised the Affected Shareholders in writing that it will make the required report.

#### 15 % Threshold

As previously stated where the tax arising on the subsequent chargeable event is less than that which arose on the preceding deemed disposal (e.g. due to a subsequent loss on an actual disposal), the Company will refund the Shareholder the excess. Where however immediately before the subsequent chargeable event, the value of chargeable units in the Company (or in the sub-fund within an umbrella scheme) does not exceed 15% of the value of the total Shares, the Company (or sub-fund) may elect to have any excess tax arising repaid directly by Revenue to the Shareholder. The Company is deemed to have made this election once it notifies the Shareholder in writing that any repayment due will be made directly by Revenue on receipt of a claim by the Shareholder.

#### *Other*

To avoid multiple deemed disposal events for multiple units an irrevocable election under Section 739D(5B) can be made by the Company to value the Shares held at the 30<sup>th</sup> June or 31<sup>st</sup> December of each year prior to the deemed disposal occurring. While the legislation is ambiguous, it is generally understood that the intention is to permit a fund to group shares in six month batches and thereby make it easier to calculate the exit tax by avoiding having to carry out valuations at various dates during the year resulting in a large administrative burden.

The Irish Revenue Commissioners recently provided updated investment undertaking guidance notes which deal with the practical aspects of how the above calculations/objectives will be accomplished.

Shareholders (depending on their own personal tax position) who are Irish Resident or Ordinarily Resident in Ireland may still be required to pay tax or further tax on a distribution or gain arising on an encashment, redemption, cancellation, transfer or deemed disposal of their Shares. Alternatively they may be entitled to a refund of all or part of any tax deducted by the Company on a chargeable event.

#### *Personal Portfolio Investment Undertaking ("PPIU")*

The Finance Act 2007 introduced new provisions regarding the taxation of Irish Resident individuals or Ordinarily Resident in Ireland individuals who hold shares in investment undertakings. These provisions introduced the concept of a personal portfolio investment undertaking ("PPIU"). Essentially, an investment undertaking will be considered a PPIU in relation to a specific investor where that investor can influence the selection of some or all of the property held by the investment undertaking. Depending on individuals' circumstances, an investment undertaking may be considered a PPIU in relation to some, none or all individual investors i.e. it will only be a PPIU in respect of those

individuals' who can "influence" selection. Any gain arising on a chargeable event in relation to an investment undertaking which is a PPIU in respect of an individual that gave rise to the chargeable event and occurs on or after 20<sup>th</sup> February 2007, will be taxed at the standard rate plus 28 per cent (currently 48%). Specific exemptions apply where the property invested in has been widely marketed and made available to the public or for non-property investments entered into by the investment undertaking. Further restrictions may be required in the case of investments in land or unquoted units deriving their value from land.

For the avoidance of doubt the above PPIU provisions are not relevant for Shareholders who are (i) neither Irish Resident nor Ordinarily Resident in Ireland, or (ii) Exempt Irish Investors, provided in both cases a Relevant Declaration is in place in respect of each such Shareholder and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct.

### **Capital Acquisitions Tax**

The disposal of Shares may be subject to Irish gift or inheritance tax (Capital Acquisitions Tax). However, provided that the Company falls within the definition of investment undertaking (within the meaning of Section 739B (1) of the Taxes Act), the disposal of Shares by a Shareholder is not liable to Capital Acquisitions Tax provided that (a) at the date of the gift or inheritance, the donee or successor is neither domiciled nor Ordinarily Resident in Ireland; (b) at the date of the disposition, the Shareholder disposing ("disponer") of the Shares is neither domiciled nor Ordinarily Resident in Ireland; and (c) the Shares are comprised in the gift or inheritance at the date of such gift or inheritance and at the valuation date.

With regard to Irish tax residency for Capital Acquisitions Tax purposes, special rules apply for non-Irish domiciled persons. A non-Irish domiciled donee or disponer will not be deemed to be resident or ordinarily resident in Ireland at the relevant date unless;

- i) that person has been resident in Ireland for the 5 consecutive years of assessment immediately preceding the year of assessment in which that date falls; and
- ii) that person is either resident or ordinarily resident in Ireland on that date.

### **Finance Act 2010 (the "Act")**

The Act has introduced new measures to amend the rules with regard to Relevant Declarations. The position prior to the Act was that no tax would arise on an investment undertaking with regard to chargeable events in respect of a shareholder who was neither Irish Resident nor Ordinarily Resident in Ireland at the time of the chargeable event, provided that a Relevant Declaration was in place and the investment undertaking was not in possession of any information which would reasonably suggest that the information contained therein was no longer materially correct. In the absence of a Relevant Declaration there was a presumption that the investor was Irish Resident or Ordinarily Resident in Ireland. The Act however contains measures that will permit the above exemption in respect of shareholders who are not Irish Resident nor Ordinarily Resident in Ireland to apply where appropriate equivalent measures are put in place by the investment undertaking to ensure that such shareholders are not Irish Resident nor Ordinarily Resident in Ireland and the investment undertaking has received



approval from the Revenue Commissioners in this regard.

## **European Union – Taxation of Savings Income Directive**

Dividends and other distributions made by the Company, together with payment of the proceeds of sale and/or redemption of Shares in the Company, may (depending on the investment portfolio of the Company and the location of the paying agent – the definition of a paying agent for the purposes of the Savings Directive is not necessarily the same person who may legally be regarded as the paying agent) be subject to the exchange of information regime or withholding tax imposed by EU Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments. If a payment is made to a Shareholder who is an individual resident in a Member State of the European Union (or a “residual entity” established in a Member State) by a paying agent resident in another Member State (or in certain circumstances the same Member State of the Shareholder) then the Directive may apply. The Directive applies to payments of “interest” (which may include distributions or redemption payments by collective investment funds) or other similar income made on or after 1 July 2005, applicants for Shares in the Company will be requested to provide certain information as required under the Directive. It should be noted that the imposition of exchange of information and/or withholding tax on payments made to certain individuals and residual entities resident in an EU Member State also applies to those resident or located in any of the following countries; Anguilla, Aruba, British Virgin Islands, Cayman Island, Guernsey, Isle of Man, Jersey, Montserrat, Netherlands Antilles and Turks and Caicos Islands.

For the purposes of the Directive, interest payments include income distributions made by certain collective investment funds (in the case of EU domiciled funds, the Directive currently only applies to UCITS), to the extent that the fund has invested more than 15% of its assets directly or indirectly in interest bearing securities and income realised upon the sale, repurchase or redemption of fund units to the extent that the fund has invested 25% of its assets directly or indirectly in interest bearing securities.

The following countries, Andorra, Liechtenstein, Monaco, San Marino and Switzerland, will not be participating in automatic exchange of information. To the extent that they will exchange information it will be on a request basis only. Their participation is confined to imposing a withholding tax.

On 13 November 2008 the European Commission adopted an amending proposal to the Directive. If implemented, the proposed amendments would, inter alia, (i) extend the scope of the EU Savings Directive to payments made through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU resident individual and (ii) provide for a wider definition of interest subject to the EU Savings Directive. As at the date of this prospectus, it is not known whether and if so when, the amending proposal will become law.

## **6. GENERAL INFORMATION**

### **1. Incorporation, Registered Office and Share Capital**

- (a) The Company was incorporated in Ireland on 12<sup>th</sup> December, 2007 as an investment company with variable capital with limited liability under registration number 450670. The Company has no subsidiaries.
- (b) The registered office of the Company is as stated in the Directory at the front of the Prospectus.
- (c) Clause 3 of the Memorandum of Association of the Company provides that the Company's sole object is the collective investment in either or both transferable securities and other liquid financial assets referred to in Regulation 45 of the UCITS Regulations of capital raised from the public and the Company operates on the principle of risk spreading.
- (d) The authorised share capital of the Company is 500,000,000,000 Shares of no par value and euro 2 divided into 2 redeemable non-participating shares of euro 1.00 each. Non-participating Shares do not entitle the holders thereof to any dividend and on a winding up entitle the holders thereof to receive the amount paid up thereon but do not otherwise entitle them to participate in the assets of the Company. The Directors have the power to allot shares in the capital of the Company on such terms and in such manner as they may think fit. There are two non-participating shares currently in issue which were taken by the subscribers to the Company and are held by Guinness Asset Management Limited.
- (e) No share capital of the Company has been put under option nor has any share capital been agreed (conditionally or unconditionally) to be put under option.

### **2. Variation of Share Rights and Pre-Emption Rights**

- (a) The rights attaching to the Shares issued in any Class or Fund may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the Shareholders of three-quarters of the issued Shares of that Class or Fund, or with the sanction of an ordinary resolution passed at a general meeting of the Shareholders of that Class or Fund.
- (b) A resolution in writing signed by all the Shareholders and holders of non-participating shares for the time being entitled to attend and vote on such resolution at a general meeting of the Company shall be as valid and effective for all purposes as if the resolution had been passed at a general meeting of the Company duly convened and held and if described as a special resolution shall be deemed to be a special resolution.
- (c) The rights attaching to the Shares shall not be deemed to be varied by the creation, allotment or issue of any further Shares ranking *pari passu* with Shares already in issue.

- (d) There are no rights of pre-emption upon the issue of Shares in the Company.

### **3. Voting Rights**

The following rules relating to voting rights apply:-

- (a) Fractions of Shares do not carry voting rights.
- (b) Every Shareholder or holder of non-participating shares present in person or by proxy who votes on a show of hands shall be entitled to one vote.
- (c) The chairman of a general meeting of a Fund or Class or any Shareholder of a Fund or Class present in person or by proxy at a meeting of a Fund or Class may demand a poll. The chairman of a general meeting of the Company or at least two members present in person or by proxy or any Shareholder or Shareholders present in person or by proxy representing at least one tenth of the Shares in issue having the right to vote at such meeting may demand a poll.
- (d) On a poll every Shareholder present in person or by proxy shall be entitled to one vote in respect of each Share held by him and every holder of non-participating shares shall be entitled to one vote in respect of all non-participating shares held by him. A Shareholder entitled to more than one vote need not cast all his votes or cast all the votes he uses in the same way.
- (e) In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.
- (f) Any person (whether a Shareholder or not) may be appointed to act as a proxy; a Shareholder may appoint more than one proxy to attend on the same occasion.
- (g) Any instrument appointing a proxy must be deposited at the registered office, not less than 48 hours before the meeting or at such other place or by such other means and by such time as is specified in the notice convening the meeting. The Directors may at the expense of the Company send by post or otherwise to the Shareholders instruments of proxy (with or without prepaid postage for their return) and may either leave blank the appointment of the proxy or nominate one or more of the Directors or any other person to act as proxy.
- (h) To be passed, ordinary resolutions of the Company or of the Shareholders of a particular Fund or Class will require a simple majority of the votes cast by the Shareholders voting in person or by proxy at the meeting at which the resolution is proposed. Special resolutions of the Company or of the Shareholders of a particular Fund or Class will require a majority of not less than 75% of the Shareholders present in

person or by proxy and voting in general meeting in order to pass a special resolution including a resolution to amend the Articles of Association.

#### **4. Meetings**

- (a) The Directors may convene extraordinary general meetings of the Company at any time.
- (b) Not less than twenty one days notice of every annual general meeting and any meeting convened for the passing of a special resolution must be given to Shareholders and fourteen days' notice must be given in the case of any other general meeting.
- (c) Two Members present either in person or by proxy shall be a quorum for a general meeting provided that the quorum for a general meeting convened to consider any alteration to the Class rights of Shares shall be two Shareholders holding or representing by proxy at least one third of the issued Shares of the relevant Fund or Class. If within half an hour after the time appointed for a meeting a quorum is not present the meeting, if convened on the requisition of or by Shareholders, shall be dissolved. In any other case it shall stand adjourned to the same time, day and place in the next week or to such other day and at such other time and place as the Directors may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Members present shall be a quorum and in the case of a meeting of a Fund or Class convened to consider the variation of rights of Shareholders in such Fund or Class the quorum shall be one Shareholder holding Shares of the Fund or Class in question or his proxy. All general meetings will be held in Ireland.
- (d) The foregoing provisions with respect to the convening and conduct of meetings shall save as otherwise specified with respect to meetings of Funds or Classes and, subject to the Act, have effect with respect to separate meetings of each Fund or Class at which a resolution varying the rights of Shareholders in such Fund or Class is tabled.

#### **5. Reports and Accounts**

The Company will prepare an annual report and audited accounts as of 31<sup>st</sup> December in each year and a half-yearly report and unaudited accounts as of 30<sup>th</sup> June in each year. The audited annual report and accounts will be published within four months of the Company's financial year end and its semi-annual report will be published within 2 months of the end of the half year period and in each case will be offered to subscribers before conclusion of a contract and supplied to Shareholders free of charge on request and will be available to the public at the office of the Administrator.

#### **6. Communications and Notices to Shareholders**

Communications and Notices to Shareholders or the first named of joint Shareholders shall be deemed to have been duly given as follows:

MEANS OF DISPATCH	DEEMED RECEIVED
Delivery by Hand	: The day of delivery or next following working day if delivered outside usual business hours.
Post	: 48 hours after posting.
Fax	: The day on which a positive transmission receipt is received.
Electronically	: The day on which the electronic transmission has been sent to the electronic information system designated by a Shareholder.
Publication of Notice or Advertisement of Notice	: The day of publication in a daily newspaper circulating in the country or countries where shares are marketed.

## 7. Transfer of Shares

- (a) Transfers of Shares may be effected in writing in any usual or common form, signed by or on behalf of the transferor and every transfer shall state the full name and address of the transferor and transferee.
- (b) The Directors may from time to time specify a fee for the registration of instruments of transfer provided that the maximum fee may not exceed 5% of the Net Asset Value of the Shares subject to the transfer on the Dealing Day immediately preceding the date of the transfer.

The Directors may decline to register any transfer of Shares if:-

- (i) in consequence of such transfer the transferor or the transferee would hold a number of Shares less than the Minimum Holding;
- (ii) all applicable taxes and/or stamp duties have not been paid in respect of the instrument of transfer;
- (iii) the instrument of transfer is not deposited at the registered office of the Company or such other place as the Directors may reasonably require, accompanied by the certificate for the Shares to which it relates, such evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, such relevant information and declarations as the Directors may reasonably require from the transferee including, without limitation, information and declarations of the type which may be requested from an

applicant for Shares in the Company and such fee as may from time to time be specified by the Directors for the registration of any instrument of transfer; or

- (iv) they are aware or reasonably believe the transfer would result in the beneficial ownership of such Shares by a person in contravention of any restrictions on ownership or might result in legal, regulatory, pecuniary, taxation or material administrative disadvantage to the Company or the relevant Fund or Shareholders as a whole.
- (c) The registration of transfers may be suspended for such periods as the Directors may determine provided always that each registration may not be suspended for more than 30 days.

## **8. Directors**

The following is a summary of the principal provisions in the Articles of Association relating to the Directors:

- (a) Unless otherwise determined by an ordinary resolution of the Company in general meeting, the number of Directors shall not be less than two nor more than nine.
- (b) A Director need not be a Shareholder.
- (c) The Articles of Association contain no provisions requiring Directors to retire on attaining a particular age or to retire on rotation.
- (d) A Director may vote and be counted in the quorum at a meeting to consider the appointment or the fixing or variation of the terms of appointment of any Director to any office or employment with the Company or any company in which the Company is interested, but a Director may not vote or be counted in the quorum on a resolution concerning his own appointment.
- (e) The Directors of the Company for the time being are entitled to such remuneration as may be determined by the Directors and disclosed in the Prospectus and may be reimbursed all reasonable travel, hotel and other expenses incurred in connection with the business of the Company or the discharge of their duties and may be entitled to additional remuneration if called upon to perform any special or extra services to or at the request of the Company.
- (f) A Director may hold any other office or place of profit under the Company, other than the office of Auditor, in conjunction with his office of Director on such terms as to tenure of office or otherwise as the Directors may determine.
- (g) No Director shall be disqualified by his office from contracting with the Company as vendor, purchaser or otherwise, nor shall any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be

avoided, nor shall any Director who is so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established, but the nature of his interest must be declared by him at the meeting of the Directors at which the proposal to enter into the contract or agreement is first considered or, if the Director in question was not at the date of that meeting interested in the proposed contract or arrangement, at the next Directors' meeting held after he becomes so interested. A general notice in writing given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract or arrangement which may thereafter be made with that company or firm is deemed to be a sufficient declaration of interest in relation to any contract or arrangement so made.

- (h) A Director may not vote in respect of any resolution or any contract or arrangement or any proposal whatsoever in which he has any material interest or a duty which conflicts with the interests of the Company and shall not be counted in the quorum at a meeting in relation to any resolution upon which he is debarred from voting unless the Directors resolve otherwise. However, a Director may vote and be counted in quorum in respect of any proposal concerning any other company in which he is interested directly or indirectly, whether as an officer or shareholder or otherwise, provided that he is not the holder of 5 per cent or more of the issued shares of any class of such company or of the voting rights available to members of such company. A Director may also vote and be counted in the quorum in respect of any proposal concerning an offer of Shares in which he is interested as a participant in an underwriting or sub-underwriting arrangement and may also vote in respect of the giving of any security, guarantee or indemnity in respect of money lent by the Director to the Company or in respect of the giving of any security, guarantee or indemnity to a third party in respect of a debt obligation of the Company for which the Director has assumed responsibility in whole or in respect of the purchase of directors' and officers' liability insurance.
- (i) The office of a Director shall be vacated in any of the following events namely:-
  - (i) if he resigns his office by notice in writing signed by him and left at the registered office of the Company;
  - (ii) if he becomes bankrupt or makes any arrangement or composition with his creditors generally;
  - (iii) if he becomes of unsound mind;
  - (iv) if he is absent from meetings of the Directors for six successive months without leave expressed by a resolution of the Directors and the Directors resolve that his office be vacated;



- (v) if he ceases to be a Director by virtue of, or becomes prohibited or restricted from being a Director by reason of, an order made under the provisions of any law or enactment;
- (vi) if he is requested by a majority of the other Directors (not being less than two in number) to vacate office; or
- (vii) if he is removed from office by ordinary resolution of the Company.

## **9. Directors' Interests**

- (a) None of the Directors has or has had any direct interest in the promotion of the Company or in any transaction effected by the Company which is unusual in its nature or conditions or is significant to the business of the Company up to the date of this Prospectus or in any contracts or arrangements of the Company subsisting at the date hereof other than:
  - Mr. Timothy W.N. Guinness (Alternate Director to Mr. Edward Guinness is a director of the Investment Manager and would be deemed to have an interest in agreements entered into by the Investment Manager and the Company.
  - Mr. Edward Guinness and Mr. Andrew Martin Smith are employees of the Investment Manager and would be deemed to have an interest in agreements entered into by the Investment Manager and the Company.
  - Mr. Anthony Joyce is a director of the Manager and who would be deemed to have an interest in agreements entered into by these companies with the Company.
- (b) No present Director or any connected person has any interests beneficial or non-beneficial in the share capital of the Company save for Mr. Edward Guinness who, as at the date of this Prospectus, holds shares in the Guinness Alternative Energy Fund

## **10. Winding Up**

- (a) The Company may be wound up if:
  - (i) At any time after the first anniversary of the incorporation of the Company, the Net Asset Value of the Company falls below US\$5 million on each Dealing Day for a period of six consecutive weeks and the Shareholders resolve by ordinary resolution to wind up the Company;
  - (ii) Within a period of three months from the date on which (a) the Custodian notifies the Company of its desire to retire in accordance with the terms of the Custodian Agreement and has not withdrawn notice of its intention to so retire, (b) the appointment of the Custodian is terminated by the Company in

accordance with the terms of the Custodian Agreement, or (c) the Custodian ceases to be approved by the Central Bank to act as a custodian; no new Custodian has been appointed, the Directors shall instruct the Secretary to forthwith convene an extraordinary general meeting of the Company at which there shall be proposed an Ordinary Resolution to wind up the Company. Notwithstanding anything set out above, the Custodian's appointment shall only terminate on revocation of the Company's authorisation by the Central Bank or on the appointment of a successor custodian;

(iii) The Shareholders resolve by ordinary resolution that the Company by reason of its liabilities cannot continue its business and that it be wound up;

(iv) The Shareholders resolve by special resolution to wind up the Company.

- (b) In the event of a winding up, the liquidator shall apply the assets of each Fund in such manner and order as he thinks fit in satisfaction of creditors' claims.
- (c) The liquidator shall in relation to the assets available for distribution among Shareholders make such transfers thereof to and from the Funds and/or Classes as may be necessary in order that the effective burden of creditors' claims may be shared between the Shareholders of different Funds and/or Classes in such proportions as the liquidator in his discretion deems equitable.
- (d) The assets available for distribution among the Shareholders shall be applied in the following priority:-
  - (i) firstly, in the payment to the Shareholders of each Class or Fund of a sum in the Base Currency (or in any other currency selected and at such rate of exchange as determined by the liquidator) as nearly as possible equal to the Net Asset Value of the Shares of the relevant Class or Fund held by such Shareholders respectively as at the date of commencement of winding up;
  - (ii) secondly, in the payment to the holders of non-participating shares of One Euro each per share out of the assets of the Company not comprised within any Fund provided that if there are insufficient assets to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the Funds;
  - (iii) thirdly, in the payment to the Shareholders of each Class or Fund of any balance then remaining in the relevant Fund, in proportion to the number of Shares held in the relevant Class or Fund; and
  - (iv) fourthly, any balance then remaining and not attributable to any Fund or Class shall be apportioned between the Funds and Classes pro-rata to the Net Asset Value of each Fund or attributable to each Class immediately prior to any

distribution to Shareholders and the amounts so apportioned shall be paid to Shareholders pro-rata to the number of Shares in that Fund or Class held by them.

- (e) The liquidator may, with the authority of an ordinary resolution of the Company, divide among the Shareholders (pro rata to the value of their respective shareholdings in the Company) in specie the whole or any part of the assets of the Company and whether or not the assets shall consist of property of a single kind provided that any Shareholder shall be entitled to request the sale of any asset or assets proposed to be so distributed and the distribution to such Shareholder of the cash proceeds of such sale. The costs of any such sale shall be borne by the relevant Shareholder. The liquidator may, with like authority, vest any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator shall think fit and the liquidation of the Company may be closed and the Company dissolved, provided that no Shareholder shall be compelled to accept any asset in respect of which there is any liability. Further the liquidator may with like authority transfer the whole or part of the assets of the Company to a company or collective investment scheme (the "Transferee Company") on terms that Shareholders in the Company shall receive from the Transferee Company shares or units in the Transferee Company of equivalent value to their shareholdings in the Company.
- (f) Notwithstanding any other provision contained in the Memorandum and Articles of Association of the Company, should the Directors at any time and in their absolute discretion resolve that it would be in the best interests of the Shareholders to wind up the Company, the Secretary shall forthwith at the Directors' request convene an extraordinary general meeting of the Company at which there shall be presented a proposal to appoint a liquidator to wind up the Company and if so appointed, the liquidator shall distribute the assets of the Company in accordance with the Memorandum and Articles of Association of the Company.

## **11. Indemnities and Insurance**

The Directors (including alternates), Secretary and other officers of the Company and its former directors and officers shall be indemnified by the Company against losses and expenses to which any such person may become liable by reason of any contract entered into or any act or thing done by him as such officer in the discharge of his duties (other than in the case of fraud, negligence or wilful default). The Company acting through the Directors is empowered under the Articles of Association to purchase and maintain for the benefit of persons who are or were at any time Directors or officers of the Company insurance against any liability incurred by such persons in respect of any act or omission in the execution of their duties or exercise of their powers.

## **12. General**

- (a) As at the date of this Prospectus, the Company has no loan capital (including term loans) outstanding or created but unissued nor any mortgages, charges, debentures or

other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, finance leases, hire purchase commitments, guarantees, other commitments or contingent liabilities.

- (b) No share or loan capital of the Company is subject to an option or is agreed, conditionally or unconditionally, to be made the subject of an option.
- (c) The Company does not have, nor has it had since incorporation, any employees.
- (d) The Company does not intend to purchase or acquire nor agree to purchase or acquire any property.
- (e) The rights conferred on Shareholders by virtue of their shareholdings are governed by the Articles of Association, the general law of Ireland and the Act.
- (f) The Company is not engaged in any litigation or arbitration and no litigation or claim is known by the Directors to be pending or threatened against the Company.
- (g) The Company has no subsidiaries.
- (h) Dividends which remain unclaimed for six years from the date on which they become payable will be forfeited. On forfeiture such dividends will become part of the assets of the Fund to which they relate. No dividend or other amount payable to any Shareholder shall bear interest against the Company.
- (i) No person has any preferential right to subscribe for any authorised but unissued capital of the Company.

### **13. Material Contracts**

The following contracts which are or may be material have been entered into otherwise than in the ordinary course of business:-

- (a) *Management Agreement* between the Company and the Manager dated 19<sup>th</sup> December, 2007 under which the Manager was appointed as manager of the Company. The Management Agreement may be terminated by either party on 90 days written notice or forthwith by notice in writing in certain circumstances such as the insolvency of either party or unremedied breach after notice. The Manager has the power to delegate its duties with the prior approval of the Central Bank. The Management Agreement provides that the Company shall indemnify and keep indemnified and hold harmless the Manager and each of its directors, officers, servants, employees, agents and Appointees from and against any and all actions, proceedings, damages, claims, demands, costs, losses, liabilities and costs or expenses including legal and professional fees and expenses which may be brought against or directly or indirectly suffered or incurred by the Manager in the performance or non-performance of its

obligations or duties other than due to the fraud, bad faith, negligence or wilful default of the Manager or persons designated by it of its obligations or duties under the Management Agreement.

- (b) *Investment Management and Global Distribution Agreement* between the Manager and the Investment Manager dated 19<sup>th</sup> December, 2007 under which the Investment Manager was appointed as investment manager of the Company's assets and as Global Distributor of the Company's Shares subject to the overall supervision of the Manager. The Investment Management and Global Distribution Agreement may be terminated by either party with immediate effect at any time by notice in writing to the other party after the happening of certain events as detailed in the Investment Management and Global Distribution Agreement, which include, inter alia, an unremedied material breach of the terms of the Investment Management and Global Distribution Agreement, a Force Majeure event and the insolvency of either the Manager or the Investment Manager. In addition, the Investment Management and Global Distribution Agreement may be terminated by the Manager or Investment Manager upon three (3) months' written notice or forthwith by notice in writing. The Investment Manager has the power to delegate its duties in accordance with the Central Bank's requirements. The Investment Management and Global Distribution Agreement provides that, except insofar as the same may result from the negligence, wilful default or fraud of the Investment Manager or its employees, or delegates or its or their employees, the Manager agrees to indemnify the Investment Manager against all costs, losses, claims and expenses which may be incurred by it or made against it either (i) in consequence of any breach by the Manager of the Investment Management and Global Distribution Agreement; or (ii) arising out of any action properly taken by the Investment Manager in accordance with the Investment Management and Global Distribution Agreement.
- (c) *Administration Agreement* between the Manager and the Administrator dated 19<sup>th</sup> December, 2007 under which the latter was appointed as Administrator to manage and administer the affairs of the Company on behalf of the Manager, subject to the terms and conditions of the Administration Agreement and subject to the overall supervision of the Manager. The Administration Agreement may be terminated by either party provided that at least ninety (90) days' written notice has been given by either party to the other. The Administration Agreement may also be terminated upon the happening of certain events as detailed in the Administration Agreement. The Administration Agreement provides that the Manager shall indemnify the Administrator from and against any and all actions, proceedings, claims, demands, losses, liabilities, damages, costs or expenses (including legal and professional fees and expenses) arising therefrom (other than those resulting from the negligence, wilful default or fraud on the part of the Administrator) which may be imposed on, incurred by, or asserted against the Administrator in performing its obligations or duties under the Administration Agreement.
- (d) *Custodian Agreement* between the Company and the Custodian dated 19<sup>th</sup> December, 2007 under which the Custodian was appointed as custodian of the Company's assets subject to the overall supervision of the Directors. The Custodian Agreement may be

terminated by either party on 90 days written notice or forthwith by notice in writing in certain circumstances such as the insolvency of either party or unremedied material breach of the terms of the Custodian Agreement after notice provided that the Custodian shall continue to act as custodian until a successor custodian approved by the Central Bank is appointed by the Company or the Company's authorisation by the Central Bank is revoked. The Custodian has the power to delegate its duties but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Custodian Agreement provides that the Company shall indemnify the Custodian its Sub-custodians, and their respective nominees, directors, officers, employees and agents, against and hold them harmless from any liabilities, losses, claims, costs, damages, penalties, fines, obligations, or expenses of any kind whatsoever (including, without limitation, reasonable attorneys', accountants', consultants' or experts' fees and disbursements) incurred by or asserted against the Custodian, its Sub-custodians, and their respective nominees, directors, officers, employees and agents in the performance of their duties other than due to the unjustifiable failure of the Custodian its Sub-custodians, and their respective nominees, directors, officers, employees and agents to perform their obligations or their improper performance of them.

#### **14. Documents Available for Inspection**

Copies of the following documents, which are available for information only and do not form part of this document, may be inspected at the registered office of the Company in Ireland during normal business hours on any Business Day or at the offices of the Sponsoring Brokers for a period of at least 14 days from the date of this Prospectus:-

- (a) The Memorandum and Articles of Association of the Company (copies may be obtained free of charge from the Administrator).
- (b) The Act and the UCITS Regulations.
- (c) The material contracts detailed above.
- (d) The latest annual and half yearly reports of the Company (copies of which may be obtained from either the Global Distributor or the Administrator free of charge).

Copies of the Prospectus and Simplified Prospectus may also be obtained by Shareholders from the Administrator.

## Appendix I - Investment Restrictions

1	Permitted Investments
	Investments of a UCITS are confined to:
1.1	Transferable securities and money market instruments which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.
1.2	Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
1.3	Money market instruments, as defined in the UCITS Notices, other than those dealt on a regulated market.
1.4	Units of UCITS.
1.5	Units of non-UCITS as set out in the Central Bank's Guidance Note 2/03.
1.6	Deposits with credit institutions as prescribed in the UCITS Notices.
1.7	Financial derivative instruments as prescribed in the UCITS Notices.
2	Investment Restrictions
2.1	A UCITS may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
2.2	<p>A UCITS may invest no more than 10% of net assets in recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. This restriction will not apply in relation to investment by the UCITS in certain US securities known as Rule 144A securities provided that:</p> <ul style="list-style-type: none"> <li>- the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and</li> <li>- the securities are not illiquid securities i.e. they may be realised by the UCITS within seven days at the price, or approximately at the price, at which they are valued by the UCITS.</li> </ul>
2.3	A UCITS may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
2.4	The limit of 10% (in 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.

2.5	The transferable securities and money market instruments referred to in 2.4. and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.
2.6	<p>A UCITS may not invest more than 20% of net assets in deposits made with the same credit institution.</p> <p>Deposits with any one credit institution, other than</p> <ul style="list-style-type: none"> <li>• a credit institution authorised in the EEA;</li> <li>• a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States); or</li> <li>• a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand</li> </ul> <p>held as ancillary liquidity, must not exceed 10% of net assets.</p> <p>This limit may be raised to 20% in the case of deposits made with the trustee/custodian.</p>
2.7	<p>The risk exposure of a UCITS to a counterparty to an OTC derivative may not exceed 5% of net assets.</p> <p>This limit is raised to 10% in the case of a credit institution authorised in the EEA or a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.</p>
2.8	<p>Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:</p> <ul style="list-style-type: none"> <li>- investments in transferable securities or money market instruments;</li> <li>- deposits, and/or</li> <li>- risk exposures arising from OTC derivatives transactions.</li> </ul>
2.9	The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.
2.10	Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.
2.11	A UCITS may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members,



	<p>OECD Governments (provided the relevant issues are investment grade), European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority.</p> <p>The UCITS must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.</p>
<b>3</b>	<b>Investment in Collective Investment Schemes (“CIS”)</b>
3.1	A UCITS may not invest more than 20% of net assets in any one CIS.
3.2	Investment in non-UCITS may not, in aggregate, exceed 30% of net assets.
3.3	The CIS are prohibited from investing more than 10 per cent of net assets in other CIS.
3.4	When a UCITS invests in the units of other CIS that are managed, directly or by delegation, by the UCITS management company or by any other company with which the UCITS management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the UCITS investment in the units of such other CIS.
3.5	Where a commission (including a rebated commission) is received by the UCITS manager/investment manager/investment adviser by virtue of an investment in the units of another CIS, this commission must be paid into the property of the UCITS.
<b>4</b>	<b>Index Tracking UCITS</b>
4.1	A UCITS may invest up to 20% of net assets in shares and/or debt securities issued by the same body where the investment policy of the UCITS is to replicate an index which satisfies the criteria set out in the UCITS Notices and is recognised by the Central Bank
4.2	The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.
<b>5</b>	<b>General Provisions</b>
5.1	An investment company, or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise

	significant influence over the management of an issuing body.
5.2	<p>A UCITS may acquire no more than:</p> <ul style="list-style-type: none"> <li>(i) 10% of the non-voting shares of any single issuing body;</li> <li>(ii) 10% of the debt securities of any single issuing body;</li> <li>(iii) 25% of the units of any single CIS;</li> <li>(iv) 10% of the money market instruments of any single issuing body.</li> </ul> <p>NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.</p>
5.3	<p>5.1 and 5.2 shall not be applicable to:</p> <ul style="list-style-type: none"> <li>(i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;</li> <li>(ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;</li> <li>(iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;</li> <li>(iv) shares held by a UCITS in the capital of a company incorporated in a non-member State which invests 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 the UCITS can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed.</li> <li>(v) Shares held by an investment company or investment companies 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 their behalf.</li> </ul>
5.4	UCITS need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
5.5	The Central Bank may allow recently authorised UCITS to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.
5.6	If the limits laid down herein are exceeded for reasons beyond the control of a UCITS, or as a result of the exercise of subscription rights, the UCITS must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.
5.7	Neither an investment company, nor a management company or a trustee acting on behalf of

	a unit trust or a management company of a common contractual fund, may carry out uncovered sales of: - transferable securities; - money market instruments; - units of CIS; or - financial derivative instruments.
5.8	A UCITS may hold ancillary liquid assets.
<b>6</b>	<b>Financial Derivative Instruments ('FDIs')</b>
6.1	The UCITS global exposure (as prescribed in the UCITS Notices) relating to FDI must not exceed its total net asset value.
6.2	Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the UCITS Notices. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the UCITS Notices.)
6.3	UCITS may invest in FDIs dealt in over-the-counter (OTC) provided that The counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
6.4	Investment in FDIs are subject to the conditions and limits laid down by the Central Bank
<b>7</b>	<b>Restrictions on Borrowing and Lending</b>
(a)	A Fund may borrow up to 10% of its Net Asset Value provided such borrowing is on a temporary basis. A Fund may charge its assets as security for such borrowings.
(b)	A Fund may acquire foreign currency by means of a "back to back" loan agreement. Foreign currency obtained in this manner is not classified as borrowing for the purposes of the borrowing restrictions set out at (a) above provided that the offsetting deposit:  (i) is denominated in the base currency of the Fund; and (ii) equals or exceeds the value of the foreign currency loan outstanding.

It is intended that the Company shall have the power (subject to the prior approval of the Central Bank) to avail itself of any change in the investment and borrowing restrictions laid down in the UCITS Regulations which would permit investment by the Company in securities, derivative instruments or in any other forms of investment in which investment is at the date of this Prospectus restricted or prohibited under the UCITS Regulations.

## Appendix II - Recognised Exchanges

The following is a list of regulated stock exchanges and markets on which a Fund's investments in securities and financial derivative instruments other than permitted investment in unlisted securities and over the counter derivative instruments, will be listed or traded and is set out in accordance with the Central Bank's requirements. With the exception of permitted investments in unlisted securities and over the counter derivative instruments investment in securities and derivative instruments will be restricted to the stock exchanges and markets listed below. The Central Bank does not issue a list of approved stock exchanges or markets.

(i) any stock exchange which is:-

- located in any Member State of the European Union; or
- located in any Member State of the European Economic Area (European Union, Norway, Iceland and Liechtenstein); or
- located in any of the following countries:-
  - Australia
  - Canada
  - Japan
  - Hong Kong
  - New Zealand
  - Switzerland
  - United States of America

(ii) any of the following stock exchanges or markets:-

Argentina	-	Bolsa de Comercio de Buenos Aires
Argentina	-	Bolsa de Comercio de Cordoba
Argentina	-	Bolsa de Comercio de Rosario
Bahrain	-	Bahrain Stock Exchange
Bangladesh	-	Dhaka Stock Exchange
Bangladesh	-	Chittagong Stock Exchange
Bermuda	-	Bermuda Stock Exchange
Botswana	-	Botswana Stock Exchange
Brazil	-	Bolsa de Valores do Rio de Janeiro
Brazil	-	Bolsa de Valores de Sao Paulo
Bulgaria	-	First Bulgarian Stock Exchange
Chile	-	Bolsa de Comercio de Santiago
Chile	-	Bolsa Electronica de Chile
China		
(Peoples' Rep. of –		
Shanghai)	-	Shanghai Securities Exchange
China		

(Peoples' Rep. of – Shenzhen)	-	Shenzhen Stock Exchange
Colombia	-	Bolsa de Bogota
Colombia	-	Bolsa de Medellin
Colombia	-	Bolsa de Occidente
Croatia	-	Zagreb Stock Exchange
Egypt	-	Alexandria Stock Exchange
Egypt	-	Cairo Stock Exchange
Ghana	-	Ghana Stock Exchange
India	-	Bangalore Stock Exchange
India	-	Delhi Stock Exchange
India	-	Mumbai Stock Exchange
India	-	National Stock Exchange of India
Indonesia	-	Jakarta Stock Exchange
Indonesia	-	Surabaya Stock Exchange
Israel	-	Tel-Aviv Stock Exchange
Jordan	-	Amman Financial Market
Kazakhstan (Rep. Of)	-	Central Asian Stock Exchange
Kazakhstan (Rep. Of)	-	Kazakhstan Stock Exchange
Kenya	-	Nairobi Stock Exchange
Lebanon	-	Beirut Stock Exchange
Malaysia	-	Kuala Lumpur Stock Exchange
Mauritius	-	Stock Exchange of Mauritius
Mexico	-	Bolsa Mexicana de Valores
Morocco	-	Societe de la Bourse des Valeurs de Casablanca
Namibia	-	Namibian Stock Exchange
New Zealand	-	New Zealand Stock Exchange
Pakistan	-	Islamabad Stock Exchange
Pakistan	-	Karachi Stock Exchange
Pakistan	-	Lahore Stock Exchange
Peru	-	Bolsa de Valores de Lima
Philippines	-	Philippine Stock Exchange
Romania	-	Bucharest Stock Exchange
Singapore	-	Singapore Stock Exchange
South Africa	-	Johannesburg Stock Exchange
South Korea	-	Korea Stock Exchange
	-	KOSDAQ Market
Sri Lanka	-	Colombo Stock Exchange
Taiwan (Republic of China)	-	Taiwan Stock Exchange Corporation
Thailand	-	Stock Exchange of Thailand
Tunisia	-	Bourse des Valeurs Mobilieres de Tunis
Turkey	-	Istanbul Stock Exchange
Uruguay	-	Bolsa de Valores de Montevideo
Venezuela	-	Caracas Stock Exchange
Venezuela	-	Maracaibo Stock Exchange

Venezuela	-	Venezuela Electronic Stock Exchange
Zimbabwe	-	Zimbabwe Stock Exchange
Zambia	-	Lusaka Stock Exchange

the market organised by the International Securities Market Association;

the market conducted by the “listed money market institutions”, as described in the FSA publication “The Investment Business Interim Prudential Sourcebook (which replaces the “Grey Paper”) as amended from time to time;

AIM - the Alternative Investment Market in the UK, regulated and operated by the London Stock Exchange;

The over-the-counter market in Japan regulated by the Securities Dealers Association of Japan.

NASDAQ in the United States;

The market in US government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York;

The over-the-counter market in the United States regulated by the National Association of Securities Dealers Inc. (also described as the over-the-counter market in the United States conducted by primary and secondary dealers regulated by the Securities and Exchanges Commission and by the National Association of Securities Dealers (and by banking institutions regulated by the US Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation);

The French market for Titres de Créances Négotiables (over-the-counter market in negotiable debt instruments);

NASDAQ Europe (is a recently formed market and the general level of liquidity may not compare favourably to that found on more established exchanges);

the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada.

SESDAQ (the second tier of the Singapore Stock Exchange.)

(iii) All derivatives exchanges on which permitted financial derivative instruments may be listed or traded:

- in a Member State
- in a Member State in the European Economic Area (European Union Norway, Iceland and Liechtenstein);

in the United States of America, on the

- Chicago Board of Trade
- Chicago Board Options Exchange;
- Chicago Mercantile Exchange;
- Eurex US;
- New York Futures Exchange.
- New York Board of Trade;
- New York Mercantile Exchange;

in China, on the Shanghai Futures Exchange;

in Hong Kong, on the Hong Kong Futures Exchange;

in Japan, on the

- Osaka Securities Exchange;
- Tokyo International Financial Futures Exchange;
- Tokyo Stock Exchange;

in New Zealand, on the New Zealand Futures and Options Exchange;

in Singapore, on the

- Singapore International Monetary Exchange;
- Singapore Commodity Exchange.

For the purposes only of determining the value of the assets of a Fund, the term “Recognised Exchange” shall be deemed to include, in relation to any derivatives contract utilised by a Fund, any organised exchange or market on which such contract is regularly traded.

### **Appendix III - Definition of US Person**

The Company defines “U.S. Person” to include any “U.S. Person” as set forth in Regulation S promulgated under the Securities Act of 1933, as amended and any “United States Person” as defined under Rule 4.7 under the US Commodity Exchange Act.

Regulation S currently provides that:

“U.S. person” means:

- (1) any natural person resident in the United States;
- (2) any partnership or corporation organised or incorporated under the laws of the United States;
- (3) any estate of which any executor or administrator is a U.S. person;
- (4) any trust of which any trustee is a U.S. person;
- (5) any agency or branch of a non-U.S. entity located in the United States;
- (6) 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;
- (7) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
- (8) any partnership or corporation if (i) organized or incorporated under the laws of any non-U.S. jurisdiction and (ii) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized 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.

“U.S. person” does not include:

- (1) 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 organized, incorporated or, if an individual, resident in the United States;
- (2) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person if (i) 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 (ii) the estate is governed by non-U.S. law;
- (3) any trust of which any professional fiduciary acting as trustee is a U.S. person if a



trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person;

- (4) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country;
- (5) any agency or branch of a U.S. person located outside the United States if (i) the agency or branch operates for valid business reasons and (ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; or
- (6) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans.

Rule 4.7 of the Commodity Exchange Act Regulations currently provides in relevant part that the following persons are not considered "United States persons":

- (1) A natural person who is not a resident of the United States;
- (2) A partnership, corporation or other entity, other than an entity organized principally for passive investment, organized under the laws of a foreign jurisdiction and which has its principal places of business in a foreign jurisdiction;
- (3) An estate or trust, the income of which is not subject to tax in the United States;
- (4) An entity organized principally for passive investment such as a pool, investment company or other similar entity; Provided, that units of participation in the entity held by persons who do not qualify as Non-United States persons or otherwise as qualified eligible persons represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the (US Commodity Futures Trading Commission's) Commission's regulations by virtue of its participants being Non-United States persons.
- (5) A pension plan for the employees, officers or principals of an entity organized and with its principal place of business outside of the United States;

An investor who is considered a “non-US person” under Regulation S and a “non-United States person” under Rule 4.7 may nevertheless be generally subject to income tax under US Federal income tax laws. Any such person should consult his or her tax adviser regarding an investment in the Fund.

“US Taxpayer” means a US citizen or resident alien of the United States (as defined for US federal income tax purposes); any entity treated as a partnership or corporation for US tax purposes that is created or organized in, or under the laws of, the United States or any State thereof; any other partnership that is treated as a US Taxpayer under the US Treasury Department regulations; any estate, the income of which is subject to US income taxation regardless of source; and any trust over whose administration a court within the United States has primary supervision and all substantial decisions of which are under control of one or more US fiduciaries. Persons who have lost their US citizenship and who live outside the United States may nonetheless in some circumstances be treated as US Taxpayers.

An investor may be a “US Taxpayer” but not a “US Person”. For example, an individual who is a US citizen residing outside the United States is not a “US Person” but is a “US Taxpayer”.

## **SUPPLEMENT 1**

**DATED 10<sup>th</sup> February, 2012**  
**to the Prospectus issued for Guinness Asset Management Funds plc**  
**dated 11<sup>th</sup> February, 2011**  
**Guinness Alternative Energy Fund**

This Supplement contains information relating specifically to the Guinness Alternative Energy Fund (the "Fund"), a Fund of Guinness Asset Management Funds plc (the "Company"), an open-ended umbrella fund with segregated liability between Funds authorised by the Central Bank on 19<sup>th</sup> December, 2007 as a UCITS pursuant to the UCITS Regulations.

As at the date of this Supplement the Company has six other Funds, the Guinness Global Energy Fund, the Guinness Asia Focus Fund, the Guinness China & Hong Kong Fund, the Guinness Global Equity Income Fund, the Guinness Global Thematic Equity Fund and the Guinness Global Money Managers Fund.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 11<sup>th</sup> February, 2011 (the "Prospectus"). This Supplement revises and replaces the Supplement for the Fund dated 11<sup>th</sup> February, 2011.**

The Directors of the Company whose names appear in the Prospectus under the heading "Management and Administration" accept responsibility for the information contained in this Supplement and the Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement and in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.** Investors should read and consider the section of the Prospectus entitled "Risk Factors" before investing in the Fund.

**Profile of a Typical Investor: Investment in the Fund is suitable only for those persons and institutions for whom such an investment does not represent a complete investment program, who understand the degree of risk involved (as detailed under the section of the Prospectus and Supplement headed "Risk Factors"), can tolerate a medium level of volatility and believe that the investment is suitable based upon investment objectives and finance needs. Investment in the Fund should be viewed as medium to long-term.**

## 1. Interpretation

The expressions below shall have the following meanings:

“Business Day” means any day (except Saturday or Sunday) on which banks in Dublin are generally open for business or such other day or days as may be determined by the Directors and notified to Shareholders.

“Dealing Day” means each Business Day or such other day or days as may be determined by the Directors and notified to Shareholders provided that there shall be at least one Dealing Day every fortnight.

“Dealing Deadline” means 3.00pm. Irish time on each Dealing Day or such other time as the Directors may determine and notify to Shareholders provided always that the Dealing Deadline is no later than the Valuation Point.

“Emerging Markets” means a financial market of a developing country to include, but not limited to, Brazil, China, Chile, Greece, Hong Kong, India, Indonesia, Israel, Korea, Malaysia, Poland, Singapore, Taiwan, Thailand, Turkey, and Vietnam.

“Initial Price” means GBP£10.00 per Class X Share

“Valuation Point” means 11.00 p.m. (Irish time) on each Dealing Day.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## 2. Base Currency

The Base Currency shall be US\$.

## 3. Classes and Currency

The Company has established the following Classes denominated in the following currencies:

Class	Currency
Class A	US\$
Class B	US\$
Class C	GBP£
Class D	€
Class E	US\$
Class X	GBP£

## 4. Investment Objective

The investment objective of the Fund is to provide investors with long-term capital appreciation.

## **5. Investment Policy**

In seeking to achieve its investment objective the Fund intends to invest at least 80% of its net assets in equity securities of globally based companies involved in alternative energy or energy technology sectors. Alternative energy includes, but is not limited to energy derived from such sources as solar or wind power, hydro-electricity, tidal flow, wave movements, geothermal heat, biomass or biofuels. Energy technology includes technologies that enable these sources to be trapped and also various manners of storage and transportation of energy, including hydrogen and other types of fuel cells, batteries and flywheels, as well as technologies that conserve or enable more efficient use of energy.

These equity securities include common stocks, preferred stocks, securities convertible into common stocks, rights and warrants, which are generally listed or traded on a Recognised Exchange. No more than 5% of the Net Asset Value of the Fund will be invested in warrants.

Under normal market conditions the Fund intends to invest in at least 30 stocks. The Investment Manager may invest the Fund's assets in securities of companies with a wide range of market capitalizations and in companies domiciled throughout the world, including companies domiciled in or traded on Emerging Markets.

When current market, economic, political or other conditions are unstable and would impair the pursuit of the Fund's investment objective, the Fund may temporarily invest up to 100% of its assets in cash, cash investments or high quality short-term money market instruments. When the Fund takes a temporary defensive position, the Fund may not achieve its investment objective. The philosophy of the Fund is to remain invested.

The Fund may engage in transactions in financial derivative instruments for the purposes of efficient portfolio management including reduction of risk or cost or the generation of additional capital or income for the Fund (subject to the conditions and within the limits laid down by the Central Bank). Such techniques and instruments include but are not limited to futures, options, forward foreign exchange contracts, stocklending and repurchase/reverse repurchase agreements subject to the conditions and limits set out in the Central Banks UCITS Notices. The Fund will not be leveraged through the use of financial derivative instruments.

## **6. Offer**

Class X Shares in the Fund will be offered from 9.00am (Irish Time) on 13<sup>th</sup> February, 2012 to 3.00pm (Irish Time) on 15<sup>th</sup> February, 2012 (the "initial offer period") at the Initial Price and subject to acceptance of applications for Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the initial offer period. The initial offer period may be shortened or extended by the Directors. The Central Bank will be notified in advance of any such shortening or extension if subscriptions for Shares have been received and

otherwise on an annual basis. After closing of the initial offer period Class X Shares in the Fund will be issued at the Net Asset Value per Share.

Shares are being offered at the Net Asset Value per Share.

## 7. Minimum Subscription, Minimum Holding and Minimum Transaction Size

The Minimum Subscription, Minimum Holding and Minimum Transaction limits are as follows:

### *Minimum Subscription (\*Initial Subscription)*

<b>Class</b>	<b>Minimum Subscription</b>
Class A	US\$200,000
Class B	US\$20,000
Class C	GBP£5,000
Class D	€100,000
Class E	US\$10,000,000
Class X	GBP£5,000,000

### *Minimum Holding*

<b>Class</b>	<b>Minimum Holding</b>
Class A	US\$100,000
Class B	US\$10,000
Class C	GBP£5,000
Class D	€50,000
Class E	US\$5,000,000
Class X	GBP£1,000,000

### *Minimum Transaction*

A Shareholder may submit subsequent subscription, redemption and conversion requests subject to a Minimum Transaction limit which is as follows:

<b>Class</b>	<b>Minimum Transaction</b>
Class A	US\$10,000
Class B	US\$10,000
Class C	GBP£5,000
Class D	€10,000
Class E	US\$10,000
Class X	GBP£5,000

The Directors reserve the right to differentiate between Shareholders and to waive or reduce the Minimum Subscription, Minimum Holding and Minimum Transaction Size for certain investors.

## **8. Application for Shares**

Applications for Shares may be made through the Administrator (whose details are set out in the Application Form). Applications accepted and received by the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day.

Initial applications should be made using an Application Form obtained from the Administrator but may, if the Company so determines, be made by telefax subject to prompt transmission to the Administrator of the original signed application form and such other papers (such as documentation relating to money laundering prevention checks) as may be required by the Directors or their delegate. No redemptions will be processed until the original Application Form and such other papers as may be required by the Directors have been received and all anti-money laundering procedures have been completed. Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator by telefax or such other means as may be permitted by the Directors without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Directors or their delegate. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than .01 of a Share.

Subscription monies, representing less than .01 of a Share will not be returned to the investor but will be retained by the Company in order to defray administration costs.

### *Method of Payment*

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form enclosed with this Prospectus. Other methods of payment are subject to the prior approval of the Company. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

### *Currency of Payment*

Subscription monies are payable in the currency of denomination of the relevant Share Class. However, subscriptions may be made in any freely convertible currency accepted by the Administrator but will be converted into the currency of denomination of the relevant Share Class at the rate of exchange available to the Administrator. The cost of conversion shall be deducted from the monies subscribed by an investor and the amount remaining will then be invested in Shares. The attention of investors is drawn to the fact that the value of Shares subscribed for in a currency other than the currency of denomination of the relevant Share Class will be subject to exchange rate risk in relation to the relevant currency of denomination.

#### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds by the Administrator no later than 3 Business Days after the relevant Dealing Day provided that the Company reserves the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in cleared funds in respect of a subscription has not been received by the relevant time, the Manager or its delegate may (and in the event of non-clearance of funds, shall) cancel the allotment and/or charge the investor interest at the 7 day London Interbank Offer Rate as fixed by the British Banking Association (LIBOR) + 1.5% for the relevant subscribed currency, which will be paid to the Manager together with an administration fee of Stg£100, or its relevant subscribed currency equivalent. The Company may waive either of such charges in whole or in part. In addition, the Manager has the right to sell all or part of the investor's holding of Shares in the Fund or any other Fund of the Company in order to meet such charges.

#### **Confirmation of Ownership**

Confirmation of each purchase of Shares will be sent to Shareholders within 48 hours of the purchase being made. Confirmation will normally be dispatched by email or facsimile where the relevant and proper contact details have been provided to the Administrator, or alternatively by post at the discretion of the Administrator. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

### **9. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator whose details are set out in the Application Form on behalf of the Company by way of a signed application form or facsimile or written communication or such other means as may be permitted by the Directors and should include such information as may be specified from time to time by the Directors or their delegate. Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Company in its absolute discretion determines otherwise. Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original



subscriptions. No redemption payment will be made from an investor holding until the original subscription application form, original redemption request, and all documentation required by or on behalf of the Company (including any documents in connection with anti-money laundering procedures) has been received from the investor and the anti-money laundering procedures have been completed.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is the Minimum Transaction Size specified above. In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares having a Net Asset Value less than the Minimum Holding, the Company may, if it thinks fit, redeem the whole of the Shareholder's holding.

The redemption price per Share shall be the Net Asset Value per Share. However, the Directors are empowered to charge a redemption fee, details of which are set out at section “11. Fees and Expenses” sub-heading “Redemption Fee”. In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term.

#### *Method of Payment*

Redemption payments following processing of instructions received by telefax will only be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing.

#### *Currency of Payment*

Shareholders will normally be repaid in the currency of denomination of the relevant Share Class. If, however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) on behalf of the Shareholder and the cost of conversion shall be deducted from the redemption proceeds payable to the Shareholder.

#### *Timing of Payment*

Redemption proceeds in respect of Shares will be paid within 5 Business Days of the Dealing Deadline for the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Administrator.

#### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

#### *Compulsory/Total Redemption*

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in

the circumstances described in the Prospectus under the sub-headings “Compulsory Redemption of Shares” and “Total Redemption of Shares”.

## **10. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class to Shares in another Fund or Class or another Class in the same Fund in accordance with the procedures specified in the Prospectus under the heading “Conversion of Shares”.

## **11. Fees and Expenses**

### *General Expenses*

The Manager will pay to the Investment Manager out of the assets of the Fund a fee as detailed below (plus VAT, if any, thereon):

- 0.49% of the Net Asset Value of the Fund on the first \$500 million
- Up to 0.25% of the Net Asset Value of the Fund on amounts in excess of \$500 million

The Investment Manager shall be responsible for paying the administrative expenses of the Fund, to include establishment costs, fees and expenses payable to the Manager, the Custodian, the Administrator, including transfer agency transaction fees, Directors fees, any Paying Agent appointed by or on behalf of the Company, and general administrative expenses, which include but are not limited to legal and other professional advisory fees, company secretarial fees, Companies Registration Office filings and statutory fees, regulatory fees, auditing fees, translation and accounting expenses, taxes and governmental expenses applicable to the Fund, costs of preparation, translation, printing and distribution of reports and notices, all marketing material and advertisements and periodic update of the Prospectus, stock exchange listing fees, all expenses in connection with registration, listing and distribution of the Fund and Shares issued or to be issued, all expenses in connection with obtaining and maintaining a credit rating for the Fund or Classes or Shares, expenses of Shareholders meetings, Directors’ insurance premia, expenses of the publication and distribution of the Net Asset Value, clerical costs of issue or redemption of Shares, postage, telephone, facsimile and telex expenses and any other expenses in each case together with any applicable value added tax.

### *Investment Manager’s Fee*

The Manager will pay to the Investment Manager out of the assets of the Fund the fees as detailed below subject to a maximum fee of 2%:

- Class A - 1% of the Net Asset Value of the Class A Shares

- Class B - 1.5% of the Net Asset Value of the Class B Shares
- Class C – 1.5% of the Net Asset Value of the Class C Shares
- Class D – 1% of the Net Asset Value of the Class D Shares
- Class E - 0.75% of the Net Asset Value of the Class E Shares
- Class X – 0.75% of the Net Asset Value of the Class X Shares

#### *Global Distributor*

The Global Distributor shall be entitled to receive a distribution fee of 2% on subscription proceeds in respect of Class B Shares. This fee may be waived in whole or in part at the discretion of the Global Distributor.

The Global Distributor shall be entitled to receive a distribution fee of up to 5% on subscription proceeds in respect of Class C Shares. This fee may be waived in whole or in part at the discretion of the Global Distributor.

The fees of any sub-distributor appointed by the Global Distributor will be paid out of the portion of the fees payable to it for the distribution of Shares of the Fund.

#### *Redemption Fee*

A redemption fee not exceeding 2% of the Net Asset Value of Shares being redeemed within 30 days of subscription may be imposed on the redemption of Shares which shall be retained by the Company for its sole use and benefit or as it may determine. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the redemption fee chargeable to certain Shareholders.

Shareholders who redeem after the 30 day period will not be charged a redemption fee.

## **12. Dividends and Distributions**

The Company may in general meeting declare dividends but no dividend shall exceed the amount recommended by the Directors. Dividends, if declared, will be paid annually within four months of declaration. It is intended that the Fund will pursue a distribution policy so that the Funds will be able to obtain certification as a “Distributing Fund” for 2010 and a “Reporting Fund” for subsequent years under the United Kingdom Offshore Funds (Tax) Regulations 2009 for the purpose of United Kingdom taxation. A failure of the Fund to comply with this requirement will result in the Fund failing to obtain such certification.

Dividends may be paid out of the net investment income. Otherwise all income and gains of the Fund will be accumulated within the Fund. Dividends which are not claimed or collected within six years of payment shall revert to and form part of the assets of the Fund. Dividends will be paid by cheque or bank transfer at the expense of Shareholders. Shareholders may elect to re-invest dividends in additional Shares in the Fund by ticking the appropriate box on the Application Form.

Where the amount of any distribution payable to an individual Shareholder would be less than US\$100 the Directors in their sole discretion may determine that such amount shall not be distributed but shall be retained and reinvested within and for the benefit of the Fund.

### **13. Risk Factors**

The attention of investors is drawn to the “Risk Factors” section in the Section of the Prospectus entitled “The Company”).

In addition, the following risk factors are specific to an investment in the Fund.

#### Investment in Equity Securities

The Fund will invest in equity securities traded on Recognised Exchanges. Equity securities will be subject to risks associated with such investments, including fluctuations in market prices, adverse issuer or market information and the fact that equity securities are subordinate in the right of payment to other corporate securities, including debt securities. The value of these securities varies with the performance of the respective issuers and movements in the equity markets generally. As a result, the Fund may suffer losses if it invests in equity securities of issuers where performance falls below market expectations or if equity markets in general decline or the Fund has not hedged against such a general decline.

#### Emerging Markets Risk

The Fund may invest in equity securities of companies in emerging markets. Such securities may involve a high degree of risk and may be considered speculative. Risks include (i) greater risk of expropriation, confiscatory taxation, nationalization, and social, political and economic stability; (ii) the small current size of the markets for securities of emerging markets issuers and the currently low or non-existent volume of trading, resulting in lack of liquidity and in price volatility; (iii) certain national policies which may restrict the Fund's investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; (iv) the absence of developed legal structures governing private or foreign investment and private property; (v) the legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of shareholder protection or information to investors as would generally apply internationally; (vi) potentially a greater risk regarding the ownership and custody of securities i.e. in certain countries, ownership is evidenced by entries in the books of a company or its registrar. In such instances, no certificates representing ownership of companies will be held by the Custodian or any of its local correspondents or in an effective central depository system; and (vii) emerging markets may experienced significant adverse economic developments, including substantial depreciation in currency exchange rates or unstable currency fluctuations, increased interest rates, or reduced economic growth rates than investments in securities of issuers based in developed countries.

#### Special Risks Associated with Energy Companies

The stocks of energy and energy related companies are especially affected by variations in the price of oil and natural gas, which, in turn, are impacted by many variables, including, but not limited to, the supply and demand for the commodities. Factors influencing supply include: the actions of Organization of The Petroleum Exporting Countries ("OPEC"); war and terrorism; weather; tax regimes; and the price of oil itself, which influences the marginal return of producing oil and natural gas. Factors influencing demand include: economic growth around the world, and the relative growth of less developed countries versus developed economies; weather; and the price of the commodity itself. Energy stocks tend to be influenced on a day-to-day basis by the futures prices for the commodities that are traded on various exchanges.

#### Regulatory and Environmental Risks

Energy operations are subject to various federal, state and local and foreign governmental regulations, which may be changed from time to time in response to economic or political conditions. Government regulation can include rate regulation as well as limiting available services and products, ownership, and geographic territories served. Such regulation can result in limited returns, increased costs, and decreased economic incentive to develop new products. Government regulation may be unpredictable and is subject to political, economic, social and market developments. There can be no assurance as to the level or effect on companies in the energy and oil and gas sector of government regulation in the future.

#### **14. Investment Restrictions**

Notwithstanding Point 3.1 of Appendix I – Investment Restrictions, in the Prospectus, the Fund may not invest more than 10% of net assets in aggregate in other collective investment schemes.

## **SUPPLEMENT 2**

**DATED 10<sup>th</sup> February, 2012**  
**to the Prospectus issued for Guinness Asset Management Funds plc**  
**dated 11<sup>th</sup> February, 2011**  
**Guinness Global Energy Fund**

This Supplement contains information relating specifically to the Guinness Global Energy Fund (the “Fund”), a Fund of Guinness Asset Management Funds plc (the “Company”), an open-ended umbrella fund with segregated liability between Funds authorised by the Central Bank on 19<sup>th</sup> December, 2007 as a UCITS pursuant to the UCITS Regulations.

As at the date of this Supplement the Company has six other Funds, the Guinness Alternative Energy Fund, the Guinness Asia Focus Fund, the Guinness China & Hong Kong Fund, the Guinness Global Equity Income Fund, the Guinness Global Thematic Equity Fund and the Guinness Global Money Managers Fund.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 11<sup>th</sup> February, 2011 (the “Prospectus”). This Supplement revises and replaces the Supplement for the Fund dated 11<sup>th</sup> February, 2011.**

The Directors of the Company whose names appear in the Prospectus under the heading “Management and Administration” accept responsibility for the information contained in this Supplement and the Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement and in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.** Investors should read and consider the section of the Prospectus entitled “Risk Factors” before investing in the Fund.

**Profile of a Typical Investor: Investment in the Fund is suitable only for those persons and institutions for whom such investment does not represent a complete investment program, who understand the degree of risk involved (as detailed under the section of the Prospectus and Supplement headed “Risk Factors”), can tolerate a medium level of volatility and believe that the investment is suitable based upon investment objectives and finance needs. Investment in the Fund should be viewed as medium to long-term.**

### **1. Interpretation**

The expressions below shall have the following meanings:

“Business Day”	means any day (except Saturday or Sunday) on which banks in Dublin are generally open for business or such other day or days as may be determined by the Directors
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and notified to Shareholders.

“Dealing Day”	means each Business Day or such other day or days as may be determined by the Directors and notified to Shareholders in advance provided that there shall be at least one Dealing Day every fortnight.
“Dealing Deadline”	means 3.00 p.m. Irish time on each Dealing Day or such other time as the Directors may determine and notify in advance to Shareholders provided always that the Dealing Deadline is no later than the Valuation Point.
“Emerging Markets”	means a financial market of a developing country to include, but not limited to, Brazil, China, Chile, Greece, Hong Kong, India, Indonesia, Israel, Korea, Malaysia, Poland, Singapore, South Africa, Taiwan, Thailand, Turkey, and Vietnam.
“Initial Price”	means GBP£10.00 per Class X Share.
“Valuation Point”	means 11.00 p.m. (Irish time) on each Dealing Day.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## **2. Base Currency**

The Base Currency shall be US\$.

## **3. Classes and Currency**

The Company has established the following Classes denominated in the following currencies:

<b>Class</b>	<b>Currency</b>
Class A	US\$
Class B	US\$
Class C	GBP£
Class D	€
Class E	US\$
Class X	GBP£

## **4. Investment Objective**

The investment objective of the Fund is to provide investors with long-term capital appreciation.

## **5. Investment Policy**

In seeking to achieve its investment objective the Fund intends to invest at least 80% of its net assets in equity securities of globally based companies principally engaged in the production, exploration or discovery, or distribution of energy derived from fossil fuels and the research and development or production of alternative energy sources. Alternative energy includes, but is not limited to energy derived from such sources as solar or wind power, hydro-electricity, tidal flow, wave movements, geothermal heat, biomass or biofuels. The term “principally engaged” means that the company must derive at least 50% of its annual gross revenues from the activities listed above.

These equity securities include common stocks, preferred stocks, securities convertible into common stocks, rights and warrants, which are generally listed or traded on a Recognised Exchange. No more than 5% of the Net Asset Value of the Fund will be invested in warrants.

Under normal market conditions the Fund intends to invest in at least 30 stocks. The Investment Manager may invest the Fund's assets in securities of companies with a wide range of market capitalizations and in companies domiciled throughout the world, including companies domiciled in or traded on Emerging Markets.

When current market, economic, political or other conditions are unstable and would impair the pursuit of the Fund's investment objective, the Fund may temporarily invest up to 100% of its assets in cash, cash investments or high quality short-term money market instruments including, but not limited to, commercial paper and treasury bills. When the Fund takes a temporary defensive position, the Fund may not achieve its investment objective. The philosophy of the Fund is to remain invested.

The Fund may engage in transactions in financial derivative instruments for the purposes of efficient portfolio management including reduction of risk or cost (subject to the conditions and within the limits laid down by the Central Bank). Such techniques and instruments include but are not limited to futures, options, forward foreign exchange contracts, stocklending and repurchase/reverse repurchase agreements (a more detailed description of which is set out in the Prospectus under the section headed “Financial Derivative Instruments and Techniques for Efficient Portfolio Management”) subject to the conditions and limits set out in the Central Banks UCITS Notices. The Fund will not be leveraged through the use of financial derivative instruments.

## **6. Offer**

Class X Shares in the Fund will be offered from 9.00am (Irish Time) on 13<sup>th</sup> February, 2012 to 3.00pm (Irish Time) on 15<sup>th</sup> February, 2012 (the “initial offer period”) at the Initial Price and subject to acceptance of applications for Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the initial offer period. The initial offer period may be shortened or extended by the Directors. The Central Bank will be notified in advance of any such shortening or extension if subscriptions for Shares have been received and otherwise on an annual basis. After closing of the initial offer period Class X Shares in the Fund will be



issued at the Net Asset Value per Share.

Shares are being offered at the Net Asset Value per Share.

## 7. Minimum Subscription, Minimum Holding and Minimum Transaction Size

The Minimum Subscription, Minimum Holding and Minimum Transaction limits are as follows:

### *Minimum Subscription (\*Initial Subscription)*

<b>Class</b>	<b>Minimum Subscription</b>
Class A	US\$200,000
Class B	US\$20,000
Class C	GBP£5,000
Class D	€100,000
Class E	US\$10,000,000
Class X	GBP£5,000,000

### *Minimum Holding*

<b>Class</b>	<b>Minimum Holding</b>
Class A	US\$100,000
Class B	US\$10,000
Class C	GBP£5,000
Class D	€50,000
Class E	US\$5,000,000
Class X	GBP£1,000,000

### *Minimum Transaction*

A Shareholder may submit subsequent subscription, redemption and conversion requests subject to a Minimum Transaction limit which is as follows:

<b>Class</b>	<b>Minimum Transaction</b>
Class A	US\$10,000
Class B	US\$10,000
Class C	GBP£5,000
Class D	€10,000
Class E	US\$10,000
Class X	GBP£5,000

The Directors reserve the right to differentiate between Shareholders and to waive or reduce the Minimum Subscription, Minimum Holding and Minimum Transaction Size for certain investors.

## **8. Application for Shares**

Applications for Shares may be made through the Administrator (whose details are set out in the Application Form). Applications accepted and received by the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day.

Initial applications should be made using an Application Form obtained from the Administrator but may, if the Company so determines, be made by telefax subject to prompt transmission to the Administrator of the original signed application form and such other papers (such as documentation relating to money laundering prevention checks) as may be required by the Directors or their delegate. No redemptions will be processed until the original Application Form and such other papers as may be required by the Directors have been received and all anti-money laundering procedures have been completed. Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator by telefax or such other means as may be permitted by the Directors without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Directors or their delegate. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than .01 of a Share.

Subscription monies, representing less than .01 of a Share will not be returned to the investor but will be retained by the Company in order to defray administration costs.

### *Method of Payment*

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form enclosed with this Prospectus. Other methods of payment are subject to the prior approval of the Company. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

### *Currency of Payment*

Subscription monies are payable in the currency of denomination of the relevant Share Class. However, subscriptions may be made in any freely convertible currency accepted by the Administrator but will be converted into the currency of denomination of the relevant Share Class at the rate of exchange available to the Administrator. The cost of conversion shall be deducted from the monies subscribed by an investor and the amount remaining will then be invested in Shares. The attention of investors is drawn to the fact that the value of Shares subscribed for in a currency other than the currency of denomination of the relevant Share Class will be subject to exchange rate risk in relation to the relevant currency of denomination.

### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds by the Administrator no later than 3 Business Days after the relevant Dealing Day provided that the Company reserves the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in cleared funds in respect of a subscription has not been received by the relevant time, the Manager or its delegate may (and in the event of non-clearance of funds, shall) cancel the allotment and/or charge the investor interest at the 7 day London Interbank Offer Rate as fixed by the British Banking Association (LIBOR) + 1.5% for the relevant subscribed currency, which will be paid to the Manager together with an administration fee of Stg£100, or its relevant subscribed currency equivalent. The Company may waive either of such charges in whole or in part. In addition, the Manager has the right to sell all or part of the investor's holding of Shares in the Fund or any other Fund of the Company in order to meet such charges.

### **Confirmation of Ownership**

Confirmation of each purchase of Shares will be sent to Shareholders within 48 hours of the purchase being made. Confirmation will normally be dispatched by email or facsimile where the relevant and proper contact details have been provided to the Administrator, or alternatively by post at the discretion of the Administrator. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

## **9. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator whose details are set out in the Application Form on behalf of the Company by way of a signed application form or facsimile or written communication or such other means as may be permitted by the Directors and should include such information as may be specified from time to time by the Directors or their delegate. Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Company in its absolute discretion determines otherwise. Redemption requests will only be

accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original subscriptions. No redemption payment will be made from an investor holding until the original subscription application form, original redemption request, and all documentation required by or on behalf of the Company (including any documents in connection with anti-money laundering procedures) has been received from the investor and the anti-money laundering procedures have been completed.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is the Minimum Transaction Size specified above. In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares having a Net Asset Value less than the Minimum Holding, the Company may, if it thinks fit, redeem the whole of the Shareholder's holding.

The redemption price per Share shall be the Net Asset Value per Share. However, the Directors are empowered to charge a redemption fee, details of which are set out at Section **"11. Fees and Expenses"**, sub-heading "Redemption Fee". In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term.

#### *Method of Payment*

Redemption payments following processing of instructions received by telefax will only be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing.

#### *Currency of Payment*

Shareholders will normally be repaid in the currency of denomination of the relevant Share Class. If, however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) on behalf of the Shareholder and the cost of conversion shall be deducted from the redemption proceeds payable to the Shareholder.

#### *Timing of Payment*

Redemption proceeds in respect of Shares will be paid within 5 Business Days of the Dealing Deadline for the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Administrator.

#### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

#### *Compulsory/Total Redemption*

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings “Compulsory Redemption of Shares” and “Total Redemption of Shares”.

## **10. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class to Shares in another Fund or Class or another Class in the same Fund in accordance with the procedures specified in the Prospectus under the heading “Conversion of Shares”.

## **11. Fees and Expenses**

### *General Expenses*

The Manager will pay to the Investment Manager out of the assets of the Fund a fee as detailed below (plus VAT, if any, thereon):

- 0.49% of the Net Asset Value of the Fund on the first \$500 million
- Up to 0.25% of the Net Asset Value of the Fund on amounts in excess of \$500 million

The Investment Manager shall be responsible for paying the administrative expenses of the Fund, to include establishment costs, fees and expenses payable to the Manager, the Custodian, the Administrator, including transfer agency transaction fees, Directors fees, any Paying Agent appointed by or on behalf of the Company, and general administrative expenses, which include but are not limited to legal and other professional advisory fees, company secretarial fees, Companies Registration Office filings and statutory fees, regulatory fees, auditing fees, translation and accounting expenses, taxes and governmental expenses applicable to the Fund, costs of preparation, translation, printing and distribution of reports and notices, all marketing material and advertisements and periodic update of the Prospectus, stock exchange listing fees, all expenses in connection with registration, listing and distribution of the Fund and Shares issued or to be issued, all expenses in connection with obtaining and maintaining a credit rating for the Fund or Classes or Shares, expenses of Shareholders meetings, Directors’ insurance premia, expenses of the publication and distribution of the Net Asset Value, clerical costs of issue or redemption of Shares, postage, telephone, facsimile and telex expenses and any other expenses in each case together with any applicable value added tax.

### *Investment Manager’s Fee*

The Manager will pay to the Investment Manager out of the assets of the Fund the fees as detailed below subject to a maximum fee of 2%:

- Class A – 1% of the Net Asset Value of the Class A Shares
- Class B – 1.5% of the Net Asset Value of the Class B Shares
- Class C – 1.5% of the Net Asset Value of the Class C Shares
- Class D – 1% of the Net Asset Value of the Class D Shares
- Class E – 0.75% of the Net Asset Value of the Class E Shares
- Class X – 0.75% of the Net Asset Value of the Class X Shares

#### *Global Distributor*

The Global Distributor shall be entitled to receive a distribution fee of 2% on subscription proceeds in respect of Class B Shares. This fee may be waived in whole or in part at the discretion of the Global Distributor.

The Global Distributor shall be entitled to receive a distribution fee of up to 5% on subscription proceeds in respect of Class C Shares. This fee may be waived in whole or in part at the discretion of the Global Distributor.

The fees of any sub-distributor appointed by the Global Distributor will be paid out of the portion of the fees payable to it for the distribution of Shares of the Fund.

#### *Redemption Fee*

A redemption fee not exceeding 2% of the Net Asset Value of Shares being redeemed within 30 days of subscription may be imposed on the redemption of Shares which shall be retained by the Company for its sole use and benefit or as it may determine. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the redemption fee chargeable to certain Shareholders.

Shareholders who redeem after the 30 day period will not be charged a redemption fee.

## **12. Dividends and Distributions**

The Company may in general meeting declare dividends but no dividend shall exceed the amount recommended by the Directors. Dividends, if declared, will be paid annually within four months of declaration. It is intended that the Fund will pursue a distribution policy so that the Funds will be able to obtain certification as a “Distributing Fund” for 2010 and a “Reporting Fund” for subsequent years under the United Kingdom Offshore Funds (Tax) Regulations 2009 for the purpose of United Kingdom taxation. A failure of the Fund to comply with this requirement will result in the Fund failing to obtain such certification.

Dividends may be paid out of the net investment income. Otherwise all income and gains of the Fund will be accumulated within the Fund. Dividends which are not claimed or collected within six years of payment shall revert to and form part of the assets of the Fund. Dividends will be paid by cheque or bank transfer at the expense of Shareholders. Shareholders may elect to re-invest dividends in additional Shares in the Fund by ticking the appropriate box on the

Application Form.

Where the amount of any distribution payable to an individual Shareholder would be less than US\$100 the Directors in their sole discretion may determine that such amount shall not be distributed but shall be retained and reinvested within and for the benefit of the Fund.

### **13. Risk Factors**

The attention of investors is drawn to the “Risk Factors” section in the Section of the Prospectus entitled “The Company”).

In addition, the following risk factors are specific to an investment in the Fund.

#### Investment in Equity Securities

The Fund will invest in equity securities traded on Recognised Exchanges. Equity securities will be subject to risks associated with such investments, including fluctuations in market prices, adverse issuer or market information and the fact that equity securities are subordinate in the right of payment to other corporate securities, including debt securities. The value of these securities varies with the performance of the respective issuers and movements in the equity markets generally. As a result, the Fund may suffer losses if it invests in equity securities of issuers where performance falls below market expectations or if equity markets in general decline or the Fund has not hedged against such a general decline.

#### Concentration Risk

The Fund invests in a narrow sector of the stock market and typically holds a relatively small number of stocks as compared to many other funds. This may make the Fund's performance more volatile than would be the case if it had a diversified investment portfolio.

#### Special Risks Associated with Energy Companies

The stocks of energy and energy related companies are especially affected by variations in the price of oil and other energy sources which, in turn, are impacted by many variables, including, but not limited to, the supply and demand for those sources. Factors influencing supply include: the actions of Organization of The Petroleum Exporting Countries (“OPEC”); war and terrorism; weather; tax regimes; and the price of oil itself, which influences the marginal return on producing energy sources. Factors influencing demand include: economic growth around the world, and the relative growth of less developed countries versus developed economies; weather; and the price of the commodity itself. Energy stocks tend to be influenced on a day-to-day basis by the futures prices for the commodities that are traded on various exchanges.

#### Regulatory and Environmental Risks

Energy operations are subject to various federal, state and local and foreign governmental regulations, which may be changed from time to time in response to economic or political

conditions. Government regulation can include price regulation as well as limiting available services and products, ownership, and geographic territories served. Such regulation can result in limited returns, increased costs, and decreased economic incentive to develop new products. Government regulation may be unpredictable and is subject to political, economic, social and market developments. There can be no assurance as to the level or effect on companies in the energy and oil and gas sector of government regulation in the future.

#### Emerging Markets Risk

The Fund may invest in equity securities of companies in emerging markets. Such securities may involve a high degree of risk and may be considered speculative. Risks include (i) greater risk of expropriation, confiscatory taxation, nationalization, and social, political and economic stability; (ii) the small current size of the markets for securities of emerging markets issuers and the currently low or non-existent volume of trading, resulting in lack of liquidity and in price volatility; (iii) certain national policies which may restrict the Fund's investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; (iv) the absence of developed legal structures governing private or foreign investment and private property; (v) the legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of shareholder protection or information to investors as would generally apply internationally; (vi) potentially a greater risk regarding the ownership and custody of securities i.e. in certain countries, ownership is evidenced by entries in the books of a company or its registrar. In such instances, no certificates representing ownership of companies will be held by the Custodian or any of its local correspondents or in an effective central depository system; and (vii) emerging markets may experience significant adverse economic developments, including substantial depreciation in currency exchange rates or unstable currency fluctuations, increased interest rates, or reduced economic growth rates than investments in securities of issuers based in developed countries.

#### **14. Investment Restrictions**

Notwithstanding Point 3.1 of Appendix I – Investment Restrictions in the Prospectus, the Fund may not invest more than 10% of its net assets in aggregate in other collective investment schemes.



## SUPPLEMENT 3

**DATED 10<sup>th</sup> February, 2012**  
**to the Prospectus issued for Guinness Asset Management Funds plc**  
**dated 11<sup>th</sup> February, 2011**  
**Guinness China & Hong Kong Fund**

This Supplement contains information relating specifically to the Guinness China & Hong Kong Fund (the “Fund”), a Fund of Guinness Asset Management Funds plc (the “Company”), an open-ended umbrella fund with segregated liability between Funds authorised by the Central Bank on 19<sup>th</sup> December, 2007 as a UCITS pursuant to the UCITS Regulations.

As at the date of this Supplement the Company has six other Funds, the Guinness Alternative Energy Fund, the Guinness Global Energy Fund, the Guinness Asia Focus Fund, the Guinness Global Equity Income Fund, the Guinness Global Thematic Equity Fund and the Guinness Global Money Managers Fund.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 11<sup>th</sup> February, 2011 (the “Prospectus”). This Supplement revises and replaces the Supplement for the Fund dated 11<sup>th</sup> February, 2011.**

The Directors of the Company whose names appear in the Prospectus under the heading “Management and Administration” accept responsibility for the information contained in this Supplement and the Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement and in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.** Investors should read and consider the section of the Prospectus entitled “Risk Factors” before investing in the Fund.

**Profile of a Typical Investor: Investment in the Fund is suitable only for those persons and institutions for whom such investment does not represent a complete investment program, who understand the degree of risk involved (as detailed under the section of the Prospectus and Supplement headed “Risk Factors”), can tolerate a medium level of volatility and believe that the investment is suitable based upon investment objectives and finance needs. Investment in the Fund should be viewed as medium to long term.**

### **1. Interpretation**

The expressions below shall have the following meanings:

“Business Day”	means any day (except Saturday or Sunday) on which banks in Dublin are generally open for business or such other day or days as may be determined by the Directors
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and notified to Shareholders.

“Dealing Day”	means each Business Day or such other day or days as may be determined by the Directors and notified to Shareholders in advance provided that there shall be at least one Dealing Day every fortnight.
“Dealing Deadline”	means 3.00 p.m. Irish time on each Dealing Day or such other time as the Directors may determine and notify in advance to Shareholders provided always that the Dealing Deadline is no later than the Valuation Point.
“China and Hong Kong markets”	means a financial market of China and Hong Kong to include, but not limited to, the Hong Kong Stock Exchange, the Shanghai Stock Exchange and the Shenzhen Stock Exchange.
“Initial Price”	means GBP£10.00 per Class X Share.
“Valuation Point”	means 11.00 p.m. (Irish time) on each Dealing Day.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## **2. Base Currency**

The Base Currency shall be US\$.

## **3. Classes and Currency**

The Company has established the following Classes denominated in the following currencies:

<b>Class</b>	<b>Currency</b>
Class A	US\$
Class B	US\$
Class C	GBP£
Class D	€
Class E	US\$
Class X	GBP£

## **4. Investment Objective**

The investment objective of the Fund is to provide investors with long-term capital appreciation.

## **5. Investment Policy**

In seeking to achieve its investment objective the Fund intends to invest at least 80% of its net assets in equity securities of companies with a market capitalization typically in excess of US\$200 million, that are either primarily traded on the China and/or Hong Kong markets or that derive at least 50% of their revenues from business activities in China and/or Hong Kong, but which may be listed and traded on other Recognised Exchanges.

These equity securities include common stocks, preferred stocks, securities convertible into common stocks, rights and warrants, which are generally listed or traded on a Recognised Exchange. No more than 5% of the Net Asset Value of the Fund will be invested in warrants. Under normal market conditions the Fund intends to invest in between 25 and 75 stocks.

When current market, economic, political or other conditions are unstable and would impair the pursuit of the Fund's investment objective, the Fund may temporarily invest up to 100% of its assets in cash, cash investments or high quality short-term money market instruments including, but not limited to, commercial paper and treasury bills. When the Fund takes a temporary defensive position, the Fund may not achieve its investment objective. The philosophy of the Fund is to remain invested.

The financial derivative instruments which the Fund may utilise include futures, options and forward foreign exchange contracts for efficient portfolio management purposes, hedging purposes, to reduce portfolio risk or to obtain in a more efficient way exposure that would otherwise be obtained by direct investment in securities in accordance with the investment objective and policies above, and as further detailed below. The leveraged exposure of the Fund through the use of derivatives will not exceed 100% of the Net Asset Value of the Fund, as measured using the commitment approach in accordance with the UCITS Regulations. It is expected that the use of financial derivative instruments for efficient portfolio management purposes, hedging purposes and to indirectly gain exposure to underlying equity and/or equity related securities where the Investment Manager feels it is more efficient to do so, will actively reduce the risk profile of the Fund.

Futures and options may be used to hedge against downward movements in the value of the Fund's portfolio, either by reference to specific securities (i.e. equity or equity related securities) or markets to which the Fund may be exposed. These derivative instruments may also be used to reduce the Fund's direct exposure to equity or equity related securities or markets on a short or medium term basis where it is more efficient to use derivatives for this purpose, or to gain indirect exposure to equity or equity related securities where the Investment Manager feels that such use of financial derivative instruments is in the best interests of the Fund.

Forward foreign exchange contracts will only be used for hedging purposes or to alter the currency exposure of the underlying assets in accordance with the limits set out by the Central Bank. The Fund will not be leveraged as a result of engaging in forward foreign exchange contracts.

The Fund may enter into stocklending and repurchase/reverse repurchase agreements for efficient portfolio management purposes only.

## 6. Offer

Class X Shares in the Fund will be offered from 9.00am (Irish Time) on 13<sup>th</sup> February, 2012 to 3.00pm (Irish Time) on 15<sup>th</sup> February, 2012 (the “initial offer period”) at the Initial Price and subject to acceptance of applications for Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the initial offer period. The initial offer period may be shortened or extended by the Directors. The Central Bank will be notified in advance of any such shortening or extension if subscriptions for Shares have been received and otherwise on an annual basis. After closing of the initial offer period Class X Shares in the Fund will be issued at the Net Asset Value per Share.

Shares in the Fund will be issued at the Net Asset Value per Share.

## 7. Minimum Subscription, Minimum Holding and Minimum Transaction Size

The Minimum Subscription, Minimum Holding and Minimum Transaction limits are as follows:

### *Minimum Subscription (\*Initial Subscription)*

<b>Class</b>	<b>Minimum Subscription</b>
Class A	US\$200,000
Class B	US\$20,000
Class C	GBP£5,000
Class D	€100,000
Class E	US\$10,000,000
Class X	GBP£5,000,000

### *Minimum Holding*

<b>Class</b>	<b>Minimum Holding</b>
Class A	US\$100,000
Class B	US\$10,000
Class C	GBP£5,000
Class D	€50,000
Class E	US\$5,000,000
Class X	GBP£1,000,000

### *Minimum Transaction*

A Shareholder may submit subsequent subscription, redemption and conversion requests subject to a Minimum Transaction limit which is as follows:

<b>Class</b>	<b>Minimum Transaction</b>

Class A	US\$10,000
Class B	US\$10,000
Class C	GBP£5,000
Class D	€10,000
Class E	US\$10,000
Class X	GBP£5,000

The Directors reserve the right to differentiate between Shareholders and to waive or reduce the Minimum Subscription, Minimum Holding and Minimum Transaction Size for certain investors.

## 8. Application for Shares

Applications for Shares may be made through the Administrator (whose details are set out in the Application Form). Applications accepted and received by the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day.

Applications received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders.

Initial applications should be made using an Application Form obtained from the Administrator but may, if the Company so determines, be made by telefax subject to prompt transmission to the Administrator of the original signed application form and such other papers (such as documentation relating to money laundering prevention checks) as may be required by the Directors or their delegate. No redemptions will be processed until the original Application Form and such other papers as may be required by the Directors have been received and all anti-money laundering procedures have been completed. Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator by telefax or such other means as may be permitted by the Directors without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Directors or their delegate. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than  $\frac{1}{100}$  of a Share.

Subscription monies, representing less than  $\frac{1}{100}$  of a Share will not be returned to the investor but will be retained by the Company in order to defray administration costs.

#### *Method of Payment*

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form enclosed with this Prospectus. Other methods of payment are subject to the prior approval of the Company. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

#### *Currency of Payment*

Subscription monies are payable in the currency of denomination of the relevant Share Class. However, subscriptions may be made in any freely convertible currency accepted by the Administrator but will be converted into the currency of denomination of the relevant Share Class at the rate of exchange available to the Administrator. The cost of conversion shall be deducted from the monies subscribed by an investor and the amount remaining will then be invested in Shares. The attention of investors is drawn to the fact that the value of Shares subscribed for in a currency other than the currency of denomination of the relevant Share Class will be subject to exchange rate risk in relation to the relevant currency of denomination.

#### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds by the Administrator no later than 3 Business Days after the relevant Dealing Day provided that the Company reserves the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in cleared funds in respect of a subscription has not been received by the relevant time, the Manager or its delegate may (and in the event of non-clearance of funds, shall) cancel the allotment and/or charge the investor interest at the 7 day London Interbank Offer Rate as fixed by the British Banking Association (LIBOR) + 1.5% for the relevant subscribed currency, which will be paid to the Manager together with an administration fee of Stg£100, or its relevant subscribed currency equivalent. The Company may waive either of such charges in whole or in part. In addition, the Manager has the right to sell all or part of the investor's holding of Shares in the Fund or any other Fund of the Company in order to meet such charges.

#### **Confirmation of Ownership**

Confirmation of each purchase of Shares will be sent to Shareholders within 48 hours of the purchase being made. Confirmation will normally be dispatched by email or facsimile where the relevant and proper contact details have been provided to the Administrator, or alternatively by post at the discretion of the Administrator. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no

certificates will be issued.

## **9. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator whose details are set out in the Application Form on behalf of the Company by way of a signed application form or facsimile or written communication or such other means as may be permitted by the Directors and should include such information as may be specified from time to time by the Directors or their delegate. Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Company in its absolute discretion determines otherwise. Redemption requests received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders. Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original subscriptions. No redemption payment will be made from an investor holding until the original subscription application form, original redemption request, and all documentation required by or on behalf of the Company (including any documents in connection with anti-money laundering procedures) has been received from the investor and the anti-money laundering procedures have been completed.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is the Minimum Transaction Size specified above. In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares having a Net Asset Value less than the Minimum Holding, the Company may, if it thinks fit, redeem the whole of the Shareholder's holding.

The redemption price per Share shall be the Net Asset Value per Share. However, the Directors are empowered to charge a redemption fee, details of which are set out at Section **"11. Fees and Expenses"**, sub-heading "Redemption Fee". In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term.

### *Method of Payment*

Redemption payments following processing of instructions received by telefax will only be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing.

### *Currency of Payment*

Shareholders will normally be repaid in the currency of denomination of the relevant Share Class. If, however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) on behalf of the Shareholder and the cost of conversion shall be deducted from the redemption proceeds payable to the Shareholder.

#### *Timing of Payment*

Redemption proceeds in respect of Shares will be paid within 5 Business Days of the Dealing Deadline for the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Administrator.

#### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

#### *Compulsory/Total Redemption*

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings "Compulsory Redemption of Shares" and "Total Redemption of Shares".

### **10. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class to Shares in another Fund or Class or another Class in the same Fund in accordance with the procedures specified in the Prospectus under the heading "Conversion of Shares".

### **11. Fees and Expenses**

#### *Administration Fee*

The Manager will pay to the Investment Manager out of the assets of the Fund a fee as detailed below (plus VAT, if any, thereon):

- 0.49% of the Net Asset Value of the Fund on the first \$500 million
- Up to 0.25% of the Net Asset Value of the Fund on amounts in excess of \$500 million

The Investment Manager shall be responsible for paying the administrative expenses of the Fund, to include establishment costs, fees and expenses payable to the Manager, the Custodian, the Administrator, including transfer agency transaction fees, Directors fees, any Paying Agent appointed by or on behalf of the Company, and general administrative expenses, which include but are not limited to legal and other professional advisory fees, company secretarial fees, Companies Registration Office filings and statutory fees, regulatory fees, auditing fees, translation and accounting expenses, taxes and governmental expenses applicable to the Fund, costs of preparation, translation, printing and distribution of reports and



notices, all marketing material and advertisements and periodic update of the Prospectus, stock exchange listing fees, all expenses in connection with registration, listing and distribution of the Fund and Shares issued or to be issued, all expenses in connection with obtaining and maintaining a credit rating for the Fund or Classes or Shares, expenses of Shareholders meetings, Directors' insurance premia, expenses of the publication and distribution of the Net Asset Value, clerical costs of issue or redemption of Shares, postage, telephone, facsimile and telex expenses and any other expenses in each case together with any applicable value added tax.

#### *Investment Manager's Fee*

The Manager will pay to the Investment Manager out of the assets of the Fund the fees as detailed below subject to a maximum fee of 2%:

- Class A – 1% of the Net Asset Value of the Class A Shares
- Class B – 1.5% of the Net Asset Value of the Class B Shares
- Class C – 1.5% of the Net Asset Value of the Class C Shares
- Class D – 1% of the Net Asset Value of the Class D Shares
- Class E – 0.75% of the Net Asset Value of the Class E Shares
- Class X – 0.75% of the Net Asset Value of the Class X Shares

#### *Global Distributor*

The Global Distributor shall be entitled to receive a distribution fee of 2% on subscription proceeds in respect of Class B Shares. This fee may be waived in whole or in part at the discretion of the Global Distributor.

The Global Distributor shall be entitled to receive a distribution fee of up to 5% on subscription proceeds in respect of Class C Shares. This fee may be waived in whole or in part at the discretion of the Global Distributor.

The fees of any sub-distributor appointed by the Global Distributor will be paid out of the portion of the fees payable to it for the distribution of Shares of the Fund.

#### *Redemption Fee*

A redemption fee not exceeding 2% of the Net Asset Value of Shares being redeemed within 30 days of subscription may be imposed on the redemption of Shares which shall be retained by the Company for its sole use and benefit or as it may determine. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the redemption fee chargeable to certain Shareholders.

Shareholders who redeem after the 30 day period will not be charged a redemption fee.

## **12. Dividends and Distributions**

The Company may in general meeting declare dividends but no dividend shall exceed the

amount recommended by the Directors. Dividends, if declared, will be paid annually within four months of declaration. It is intended that the Fund will pursue a distribution policy so that the Fund will be able to obtain certification as a "Reporting Fund" under the United Kingdom Offshore Funds (Tax) Regulations 2009 for the purpose of United Kingdom taxation. A failure of the Fund to comply with this requirement will result in the Fund failing to obtain such certification.

Dividends may be paid out of the net investment income. Otherwise all income and gains of the Fund will be accumulated within the Fund. Dividends which are not claimed or collected within six years of payment shall revert to and form part of the assets of the Fund. Dividends will be paid by cheque or bank transfer at the expense of Shareholders. Shareholders may elect to re-invest dividends in additional Shares in the Fund by ticking the appropriate box on the Application Form.

Where the amount of any distribution payable to an individual Shareholder would be less than US\$100 the Directors in their sole discretion may determine that such amount shall not be distributed but shall be retained and reinvested within and for the benefit of the Fund.

### **13. Risk Factors**

The attention of investors is drawn to the "Risk Factors" section in the Section of the Prospectus entitled "The Company").

In addition, the following risk factors are specific to an investment in the Fund.

#### **Investment in Equity Securities**

The Fund will invest in equity securities traded on Recognised Exchanges. Equity securities will be subject to risks associated with such investments, including fluctuations in market prices, adverse issuer or market information and the fact that equity securities are subordinate in the right of payment to other corporate securities, including debt securities. The value of these securities varies with the performance of the respective issuers and movements in the equity markets generally. As a result, the Fund may suffer losses if it invests in equity securities of issuers where performance falls below market expectations or if equity markets in general decline or the Fund has not hedged against such a general decline.

#### Concentration Risk

The Fund invests in a narrow sector of the stock market and typically holds a relatively small number of stocks as compared to many other funds. Under normal market conditions the Fund intends to invest in between 25 and 75 stocks. This may make the Fund's performance more volatile than would be the case if it had a diversified investment portfolio.

#### Special Risks Associated with investing in China

The following risks apply to investing in China:

- China's system of government is totalitarian and has been run by the Communist Party of China since the founding of the People's Republic of China in 1949. The system is not democratic, there is no popular representation and decision making can be both opaque and arbitrary.
- China has a long history of tensions with its neighbors. There have been long-running territorial disputes with several neighbors, not the least of which is the continuing dispute over the status of Taiwan. Military conflict with other countries could disrupt economic development and could destabilize the entire region.
- China's growing economic power has changed the geopolitical picture in Asia with growing tensions between China and the other Asian giants, Japan and India. China is also exposed to possible upheavals in the Korean peninsula. All of these carry the risk of weakening economic growth and development.
- Social tensions stemming from China's rapid growth have increased alongside growing income inequality. The risk of social unrest, as happened in 1989 in Tiananmen Square and across China or more recently in Tibet, could precipitate a government reaction that could reverse China's recent growth policies.
- A program of economic and administrative reform was begun in 1978. These reforms cover state-owned industrial enterprises, the establishment of privately owned businesses, private property ownership, deregulation of prices and trade tariffs and reform of the legal system. These have all contributed a substantial rise in prosperity over the last thirty years but they could be altered, stopped or reversed at any time.
- The risk of nationalization, expropriation or confiscation of property may be higher in China than in other countries.
- The legal system is still based on statutes promulgated by various state bodies dealing with economic matters such as foreign investment, company organization and governance, commerce, taxation and trade. However, these laws are quite recent with published court decisions based on these being limited and non-binding. This makes the interpretation and enforcement of these laws and regulations uncertain.
- China is still a developing economy with significant disparities in progress both geographically and between sectors. This puts strain on China ageing infrastructure and on its financial system. This presents a number of risks to businesses by increasing volatility and the possibility of loss.
- While China's domestic economy is now large, the consumer sector is still in its infancy and China therefore relies on exports to a significant degree. The risk of trade disputes with China's major trading partners in the US and EU could damage trade.
- China's increasing search for supplies of natural resources is leading it to develop trade relations with countries which are, or may become, subject to sanctions imposed by the United Nations and/or the United States and European Union.
- There is also risk posed by changes in the value of the currency against the U.S. dollar and the currencies of China's trading partners; China's currency is not yet freely convertible; and there is also the risk that an increase in inflationary pressures may push interest rates significantly higher.
- Investments in this Fund are not diversified across other countries (save for Hong Kong) and exposure to China-specific risks is much higher than would be for a more geographically diversified fund and may result in greater volatility.

- Investments in companies exposed to China may be affected by inflation, interest rate and inflation rate fluctuations that are specific to China.

#### Hong Kong and China markets Risk

The Fund may invest in equity securities of companies in the China and Hong Kong markets. Such securities may involve a high degree of risk and may be considered speculative. Risks include (i) greater risk of expropriation, confiscatory taxation, nationalization, and social, political and economic stability; (ii) the small current size of the markets for securities of China and Hong Kong markets issuers and the currently low or non-existent volume of trading, resulting in lack of liquidity and in price volatility; (iii) certain national policies which may restrict the Fund's investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; (iv) the absence of developed legal structures governing private or foreign investment and private property; (v) the legal infrastructure and accounting, auditing and reporting standards in the China and Hong Kong markets may not provide the same degree of shareholder protection or information to investors as would generally apply internationally; (vi) potentially a greater risk regarding the ownership and custody of securities i.e. in certain countries, ownership is evidenced by entries in the books of a company or its registrar. In such instances, no certificates representing ownership of companies will be held by the Custodian or any of its local correspondents or in an effective central depository system; and (vii) the China and Hong Kong markets may experience significant adverse economic developments, including substantial depreciation in currency exchange rates or unstable currency fluctuations, increased interest rates, or reduced economic growth rates than investments in securities of issuers based in developed countries.

#### **14. Investment Restrictions**

Notwithstanding Point 3.1 of Appendix I – Investment Restrictions in the Prospectus, the Fund may not invest more than 10% of its net assets in aggregate in other collective investment schemes.

#### **15. Risk Management Process**

In accordance with the requirements of the Central Bank, the Investment Manager operates a risk management process on behalf of the Company and the Fund which enables it to accurately measure, monitor and manage the various risks associated with financial derivative instruments in relation to the Fund's use of derivatives. The Fund will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to Central Bank. The Company will provide on request to Shareholders supplementary information relating to the risk management methods employed by the Company including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

## **SUPPLEMENT 4**

**DATED 10<sup>th</sup> February, 2012**  
**to the Prospectus issued for Guinness Asset Management Funds plc**  
**dated 11<sup>th</sup> February, 2011**  
**Guinness Asia Focus Fund**

This Supplement contains information relating specifically to the Guinness Asia Focus Fund (the “Fund”), a Fund of Guinness Asset Management Funds plc (the “Company”), an open-ended umbrella fund with segregated liability between Funds authorised by the Central Bank on 19<sup>th</sup> December, 2007 as a UCITS pursuant to the UCITS Regulations.

As at the date of this Supplement the Company has six other Funds, the Guinness Alternative Energy Fund, the Guinness Global Energy Fund, the Guinness China & Hong Kong Fund, the Guinness Global Equity Income Fund, the Guinness Global Thematic Equity Fund and the Guinness Global Money Managers Fund.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 11<sup>th</sup> February, 2011 (the “Prospectus”). This Supplement revises and replaces the Supplement for the Fund dated 11<sup>th</sup> February, 2011.**

The Directors of the Company whose names appear in the Prospectus under the heading “Management and Administration” accept responsibility for the information contained in this Supplement and the Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement and in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.** Investors should read and consider the section of the Prospectus entitled “Risk Factors” before investing in the Fund.

**Profile of a Typical Investor: Investment in the Fund is suitable only for those persons and institutions for whom such investment does not represent a complete investment program, who understand the degree of risk involved (as detailed under the section of the Prospectus and Supplement headed “Risk Factors”), can tolerate a medium level of volatility and believe that the investment is suitable based upon investment objective and finance needs. Investment in the Fund should be viewed as medium to long term.**

### **1. Interpretation**

The expressions below shall have the following meanings:

“Business Day”	means any day (except Saturday or Sunday) on which banks in Dublin are generally open for business or such other day or days as may be determined by the Directors
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and notified to Shareholders.

“Dealing Day”	means each Business Day or such other day or days as may be determined by the Directors and notified to Shareholders in advance provided that there shall be at least one Dealing Day every fortnight.
“Dealing Deadline”	means 3.00 p.m. Irish time on each Dealing Day or such other time as the Directors may determine and notify in advance to Shareholders provided always that the Dealing Deadline is no later than the Valuation Point.
“Asia ex Japan market”	means a financial market of Asia excluding Japan, to include, but not limited to, China, Hong Kong, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand.
“Initial Price”	means GBP£10.00 per Class X Share.
“Valuation Point”	means 11.00 p.m. (Irish time) on each Dealing Day.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## **2. Base Currency**

The Base Currency shall be US\$.

## **3. Classes and Currency**

The Company has established the following Classes denominated in the following currencies:

<b>Class</b>	<b>Currency</b>
Class A	US\$
Class B	US\$
Class C	GBP£
Class D	€
Class E	US\$
Class X	GBP£

## **4. Investment Objective**

The investment objective of the Fund is to provide investors with long-term capital appreciation.

## **5. Investment Policy**

In seeking to achieve its investment objective the Fund intends to invest at least 80% of its net assets in equity securities of companies that are either primarily traded on the Asia ex Japan market exchanges or that derive at least 50% of their revenues from business activities in Asia excluding Japan, but which may be listed and traded on other Recognised Exchanges.

These equity securities include common stocks, preferred stocks, securities convertible into common stocks, rights and warrants, which are generally listed or traded on a Recognised Exchange. No more than 5% of the Net Asset Value of the Fund will be invested in warrants.

Under normal market conditions the Fund intends to invest in between 25 and 75 stocks. The Investment Manager may invest the Fund's assets in securities of companies with a wide range of market capitalizations and in companies domiciled throughout the world, including companies domiciled in or traded on Asia ex Japan markets.

When current market, economic, political or other conditions are unstable and would impair the pursuit of the Fund's investment objective, the Fund may temporarily invest up to 100% of its assets in cash, cash investments or high quality short-term money market instruments including, but not limited to, commercial paper and treasury bills. When the Fund takes a temporary defensive position, the Fund may not achieve its investment objective. The philosophy of the Fund is to remain invested.

The financial derivative instruments which the Fund may utilise include futures, options and forward foreign exchange contracts for efficient portfolio management purposes, hedging purposes, to reduce portfolio risk or to obtain in a more efficient way exposure that would otherwise be obtained by direct investment in securities in accordance with the investment objective and policies above, and as further detailed below. The leveraged exposure of the Fund through the use of derivatives will not exceed 100% of the Net Asset Value of the Fund, as measured using the commitment approach in accordance with the UCITS Regulations. It is expected that the use of financial derivative instruments for efficient portfolio management purposes, hedging purposes and to indirectly gain exposure to underlying equity and/or equity related securities where the Investment Manager feels it is more efficient to do so, will actively reduce the risk profile of the Fund.

Futures and options may be used to hedge against downward movements in the value of the Fund's portfolio, either by reference to specific securities (i.e. equity or equity related securities) or markets to which the Fund may be exposed. These derivative instruments may also be used to reduce the Fund's direct exposure to equity or equity related securities or markets on a short or medium term basis where it is more efficient to use derivatives for this purpose, or to gain indirect exposure to equity or equity related securities where the Investment Manager feels that such use of financial derivative instruments is in the best interests of the Fund.

Forward foreign exchange contracts will only be used for hedging purposes or to alter the currency exposure of the underlying assets in accordance with the limits set out by the Central Bank. The Fund will not be leveraged as a result of engaging in forward foreign exchange contracts.

The Fund may enter into stocklending and repurchase/reverse repurchase agreements for efficient portfolio management purposes only.

## 6. Offer

Class X Shares in the Fund will be offered from 9.00am (Irish Time) on 13<sup>th</sup> February, 2012 to 3.00pm (Irish Time) on 15<sup>th</sup> February, 2012 (the “initial offer period”) at the Initial Price and subject to acceptance of applications for Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the initial offer period. The initial offer period may be shortened or extended by the Directors. The Central Bank will be notified in advance of any such shortening or extension if subscriptions for Shares have been received and otherwise on an annual basis. After closing of the initial offer period Class X Shares in the Fund will be issued at the Net Asset Value per Share.

Shares in the Fund will be issued at the Net Asset Value per Share.

## 7. Minimum Subscription, Minimum Holding and Minimum Transaction Size

The Minimum Subscription, Minimum Holding and Minimum Transaction limits are as follows:

### *Minimum Subscription (\*Initial Subscription)*

<b>Class</b>	<b>Minimum Subscription</b>
Class A	US\$200,000
Class B	US\$20,000
Class C	GBP£5,000
Class D	€100,000
Class E	US\$10,000,000
Class X	GBP£5,000,000

### *Minimum Holding*

<b>Class</b>	<b>Minimum Holding</b>
Class A	US\$100,000
Class B	US\$10,000
Class C	GBP£5,000
Class D	€50,000
Class E	US\$5,000,000
Class X	GBP£1,000,000

### *Minimum Transaction*

A Shareholder may submit subsequent subscription, redemption and conversion requests subject to a Minimum Transaction limit which is as follows:

<b>Class</b>	<b>Minimum Transaction</b>
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Class A	US\$10,000
Class B	US\$10,000
Class C	GBP£5,000
Class D	€10,000
Class E	US\$10,000
Class X	GBP£5,000

The Directors reserve the right to differentiate between Shareholders and to waive or reduce the Minimum Subscription, Minimum Holding and Minimum Transaction Size for certain investors.

## 8. Application for Shares

Applications for Shares may be made through the Administrator (whose details are set out in the Application Form). Applications accepted and received by the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day. Applications received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders.

Initial applications should be made using an Application Form obtained from the Administrator but may, if the Company so determines, be made by telefax subject to prompt transmission to the Administrator of the original signed application form and such other papers (such as documentation relating to money laundering prevention checks) as may be required by the Directors or their delegate. No redemptions will be processed until the original Application Form and such other papers as may be required by the Directors have been received and all anti-money laundering procedures have been completed. Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator by telefax or such other means as may be permitted by the Directors without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Directors or their delegate. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than  $\frac{1}{100}$  of a Share.

Subscription monies, representing less than  $\frac{1}{10}$  of a Share will not be returned to the investor but will be retained by the Company in order to defray administration costs.

#### *Method of Payment*

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form enclosed with this Prospectus. Other methods of payment are subject to the prior approval of the Company. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

#### *Currency of Payment*

Subscription monies are payable in the currency of denomination of the relevant Share Class. However, subscriptions may be made in any freely convertible currency accepted by the Administrator but will be converted into the currency of denomination of the relevant Share Class at the rate of exchange available to the Administrator. The cost of conversion shall be deducted from the monies subscribed by an investor and the amount remaining will then be invested in Shares. The attention of investors is drawn to the fact that the value of Shares subscribed for in a currency other than the currency of denomination of the relevant Share Class will be subject to exchange rate risk in relation to the relevant currency of denomination.

#### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds by the Administrator no later than 3 Business Days after the relevant Dealing Day provided that the Company reserves the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in cleared funds in respect of a subscription has not been received by the relevant time, the Manager or its delegate may (and in the event of non-clearance of funds, shall) cancel the allotment and/or charge the investor interest at the 7 day London Interbank Offer Rate as fixed by the British Banking Association (LIBOR) + 1.5% for the relevant subscribed currency, which will be paid to the Manager together with an administration fee of Stg£100, or its relevant subscribed currency equivalent. The Company may waive either of such charges in whole or in part. In addition, the Manager has the right to sell all or part of the investor's holding of Shares in the Fund or any other Fund of the Company in order to meet such charges.

#### **Confirmation of Ownership**

Confirmation of each purchase of Shares will be sent to Shareholders within 48 hours of the purchase being made. Confirmation will normally be dispatched by email or facsimile where the relevant and proper contact details have been provided to the Administrator, or alternatively by post at the discretion of the Administrator. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

## 9. Redemption of Shares

Requests for the redemption of Shares should be made to the Administrator whose details are set out in the Application Form on behalf of the Company by way of a signed application form or facsimile or written communication or such other means as may be permitted by the Directors and should include such information as may be specified from time to time by the Directors or their delegate. Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Company in its absolute discretion determines otherwise. Redemption requests received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders. Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original subscriptions. No redemption payment will be made from an investor holding until the original subscription application form, original redemption request, and all documentation required by or on behalf of the Company (including any documents in connection with anti-money laundering procedures) has been received from the investor and the anti-money laundering procedures have been completed.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is the Minimum Transaction Size specified above. In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares having a Net Asset Value less than the Minimum Holding, the Company may, if it thinks fit, redeem the whole of the Shareholder's holding.

The redemption price per Share shall be the Net Asset Value per Share. However, the Directors are empowered to charge a redemption fee, details of which are set out at Section “**11. Fees and Expenses**”, sub-heading “Redemption Fee”. In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term.

### *Method of Payment*

Redemption payments following processing of instructions received by telefax will only be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing.

### *Currency of Payment*

Shareholders will normally be repaid in the currency of denomination of the relevant Share Class. If, however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) on behalf of the Shareholder and the cost of conversion shall be deducted from the redemption proceeds payable to the Shareholder.

### *Timing of Payment*

Redemption proceeds in respect of Shares will be paid within 5 Business Days of the Dealing Deadline for the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Administrator.

#### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

#### *Compulsory/Total Redemption*

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings “Compulsory Redemption of Shares” and “Total Redemption of Shares”.

### **10. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class to Shares in another Fund or Class or another Class in the same Fund in accordance with the procedures specified in the Prospectus under the heading “Conversion of Shares”.

### **11. Fees and Expenses**

#### *Administration Fee*

The Manager will pay to the Investment Manager out of the assets of the Fund a fee as detailed below (plus VAT, if any, thereon):

- 0.49% of the Net Asset Value of the Fund on the first \$500 million
- Up to 0.25% of the Net Asset Value of the Fund on amounts in excess of \$500 million

The Investment Manager shall be responsible for paying the administrative expenses of the Fund, to include establishment costs, fees and expenses payable to the Manager, the Custodian, the Administrator, including transfer agency transaction fees, Directors fees, any Paying Agent appointed by or on behalf of the Company, and general administrative expenses, which include but are not limited to legal and other professional advisory fees, company secretarial fees, Companies Registration Office filings and statutory fees, regulatory fees, auditing fees, translation and accounting expenses, taxes and governmental expenses applicable to the Fund, costs of preparation, translation, printing and distribution of reports and notices, all marketing material and advertisements and periodic update of the Prospectus, stock exchange listing fees, all expenses in connection with registration, listing and distribution of the Fund and Shares issued or to be issued, all expenses in connection with obtaining and

maintaining a credit rating for the Fund or Classes or Shares, expenses of Shareholders meetings, Directors' insurance premia, expenses of the publication and distribution of the Net Asset Value, clerical costs of issue or redemption of Shares, postage, telephone, facsimile and telex expenses and any other expenses in each case together with any applicable value added tax.

#### *Investment Manager's Fee*

The Manager will pay to the Investment Manager out of the assets of the Fund the fees as detailed below subject to a maximum fee of 2%:

- Class A – 1% of the Net Asset Value of the Class A Shares
- Class B – 1.5% of the Net Asset Value of the Class B Shares
- Class C – 1.5% of the Net Asset Value of the Class C Shares
- Class D – 1% of the Net Asset Value of the Class D Shares
- Class E – 0.75% of the Net Asset Value of the Class E Shares
- Class X – 0.75% of the Net Asset Value of the Class X Shares

#### *Global Distributor*

The Global Distributor shall be entitled to receive a distribution fee of 2% on subscription proceeds in respect of Class B Shares. This fee may be waived in whole or in part at the discretion of the Global Distributor.

The Global Distributor shall be entitled to receive a distribution fee of up to 5% on subscription proceeds in respect of Class C Shares. This fee may be waived in whole or in part at the discretion of the Global Distributor.

The fees of any sub-distributor appointed by the Global Distributor will be paid out of the portion of the fees payable to it for the distribution of Shares of the Fund.

#### *Redemption Fee*

A redemption fee not exceeding 2% of the Net Asset Value of Shares being redeemed within 30 days of subscription may be imposed on the redemption of Shares which shall be retained by the Company for its sole use and benefit or as it may determine. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the redemption fee chargeable to certain Shareholders.

Shareholders who redeem after the 30 day period will not be charged a redemption fee.

## **12. Dividends and Distributions**

The Company may in general meeting declare dividends but no dividend shall exceed the amount recommended by the Directors. Dividends, if declared, will be paid annually within four months of declaration. It is intended that the Fund will pursue a distribution policy so that the Fund will be able to obtain certification as a "Reporting Fund" under the United Kingdom

Offshore Funds (Tax) Regulations 2009 for the purpose of United Kingdom taxation. A failure of the Fund to comply with this requirement will result in the Fund failing to obtain such certification.

Dividends may be paid out of the net investment income. Otherwise all income and gains of the Fund will be accumulated within the Fund. Dividends which are not claimed or collected within six years of payment shall revert to and form part of the assets of the Fund. Dividends will be paid by cheque or bank transfer at the expense of Shareholders. Shareholders may elect to re-invest dividends in additional Shares in the Fund by ticking the appropriate box on the Application Form.

Where the amount of any distribution payable to an individual Shareholder would be less than US\$100 the Directors in their sole discretion may determine that such amount shall not be distributed but shall be retained and reinvested within and for the benefit of the Fund.

### **13. Risk Factors**

The attention of investors is drawn to the “Risk Factors” section in the Section of the Prospectus entitled “The Company”).

In addition, the following risk factors are specific to an investment in the Fund.

#### **Investment in Equity Securities**

The Fund will invest in equity securities traded on Recognised Exchanges. Equity securities will be subject to risks associated with such investments, including fluctuations in market prices, adverse issuer or market information and the fact that equity securities are subordinate in the right of payment to other corporate securities, including debt securities. The value of these securities varies with the performance of the respective issuers and movements in the equity markets generally. As a result, the Fund may suffer losses if it invests in equity securities of issuers where performance falls below market expectations or if equity markets in general decline or the Fund has not hedged against such a general decline.

#### Concentration Risk

The Fund invests in a narrow sector of the stock market and typically holds a relatively small number of stocks as compared to many other funds. Under normal market conditions the Fund intends to invest in between 25 and 75 stocks. This may make the Fund's performance more volatile than would be the case if it had a diversified investment portfolio.

#### Asia ex Japan markets risk:

The Fund may invest in equity securities of companies in Asia ex Japan markets. Such securities may involve a high degree of risk and may be considered speculative. Risks include (i) greater risk of expropriation, confiscatory taxation, nationalization, and social, political and economic stability; (ii) the small current size of the markets for securities of emerging markets

issuers and the currently low or non-existent volume of trading, resulting in lack of liquidity and in price volatility; (iii) certain national policies which may restrict the Fund's investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; (iv) the absence of developed legal structures governing private or foreign investment and private property; (v) the legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of shareholder protection or information to investors as would generally apply internationally; (vi) potentially a greater risk regarding the ownership and custody of securities i.e. in certain countries, ownership is evidenced by entries in the books of a company or its registrar. In such instances, no certificates representing ownership of companies will be held by the Custodian or any of its local correspondents or in an effective central depository system; and (vii) emerging markets may experience significant adverse economic developments, including substantial depreciation in currency exchange rates or unstable currency fluctuations, increased interest rates, or reduced economic growth rates than investments in securities of issuers based in developed countries.

#### Special Risks Associated with investing in Asia ex Japan markets

The following risks apply to investing in Asia ex Japan markets:

Investing in this Fund may be more risky than investing in a fund that invests in non-Asia ex Japan markets due to increased volatility of foreign markets. You may lose money by investing in this Fund if any of the following occur:

- The Asian stock markets decline in value;
- Asian stocks fall out of favor with investors;
- The Fund has difficulty selling small- or mid-cap or Asia ex Japan market stocks due to lower liquidity and higher volatility;
- The value of Asian currencies declines relative to the U.S. dollar, the Euro or Pounds Sterling;
- An Asian government expropriates or nationalizes the assets of the Fund or companies in which the Fund invests;
- Political, social, currency-rate fluctuations or economic instability within Asian countries cause the value of the Fund's investments to decline;
- The Fund's focus on Asian stocks to the exclusion of other regions exposes the Fund to greater market risk and potential monetary losses than if the Fund's assets were diversified among other regions; or
- The Fund declines in value due to its non-diversified geographical status which exposes it to greater loss; or

#### Special Risks Associated with investing in China

The following risks apply to investing in China:

- China's system of government is totalitarian and has been run by the Communist Party of China since the founding of the People's Republic of China in 1949. The system is not democratic, there is no popular representation and decision making can be both opaque and

arbitrary.

- China has a long history of tensions with its neighbors. There have been long-running territorial disputes with several neighbors, not the least of which is the continuing dispute over the status of Taiwan. Military conflict with other countries could disrupt economic development and could destabilize the entire region.
- China's growing economic power has changed the geopolitical picture in Asia with growing tensions between China and the other Asian giants, Japan and India. China is also exposed to possible upheavals in the Korean peninsula. All of these carry the risk of weakening economic growth and development.
- Social tensions stemming from China's rapid growth have increased alongside growing income inequality. The risk of social unrest, as happened in 1989 in Tiananmen Square and across China or more recently in Tibet, could precipitate a government reaction that could reverse China's recent growth policies.
- A program of economic and administrative reform was begun in 1978. These reforms cover state-owned industrial enterprises, the establishment of privately owned businesses, private property ownership, deregulation of prices and trade tariffs and reform of the legal system. These have all contributed a substantial rise in prosperity over the last thirty years but they could be altered, stopped or reversed at any time.
- The risk of nationalization, expropriation or confiscation of property may be higher in China than in other countries.
- The legal system is still based on statutes promulgated by various state bodies dealing with economic matters such as foreign investment, company organization and governance, commerce, taxation and trade. However, these laws are quite recent with published court decisions based on these being limited and non-binding. This makes the interpretation and enforcement of these laws and regulations uncertain.
- China is still a developing economy with significant disparities in progress both geographically and between sectors. This puts strain on China ageing infrastructure and on its financial system. This presents a number of risks to businesses by increasing volatility and the possibility of loss.
- While China's domestic economy is now large, the consumer sector is still in its infancy and China therefore relies on exports to a significant degree. The risk of trade disputes with China's major trading partners in the US and EU could damage trade.
- China's increasing search for supplies of natural resources is leading it to develop trade relations with countries which are, or may become, subject to sanctions imposed by the United Nations and/or the United States and European Union.
- There is also risk posed by changes in the value of the currency against the U.S. dollar and the currencies of China's trading partners; China's currency is not yet freely convertible; and there is also the risk that an increase in inflationary pressures may push interest rates significantly higher.
- The geographical focus of the Fund is Asia ex Japan and exposure to China-specific risks is much higher than would be for a more geographically diversified fund and may result in greater volatility.
- Investments in companies exposed to China may be affected by inflation, interest rate and inflation rate fluctuations that are specific to China.

#### **14. Investment Restrictions**



Notwithstanding Point 3.1 of Appendix I – Investment Restrictions in the Prospectus, the Fund may not invest more than 10% of its net assets in aggregate in other collective investment schemes.

## **15. Risk Management Process**

In accordance with the requirements of the Central Bank, the Investment Manager operates a risk management process on behalf of the Company and the Fund which enables it to accurately measure, monitor and manage the various risks associated with financial derivative instruments in relation to the Fund's use of derivatives. The Fund will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to Central Bank. The Company will provide on request to Shareholders supplementary information relating to the risk management methods employed by the Company including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

## **SUPPLEMENT 5**

**DATED 27<sup>th</sup> February, 2012**  
**to the Prospectus issued for Guinness Asset Management Funds plc**  
**dated 11<sup>th</sup> February, 2011**  
**Guinness Global Equity Income Fund**

This Supplement contains information relating specifically to the Guinness Global Equity Income Fund (the “Fund”), a Fund of Guinness Asset Management Funds plc (the “Company”), an open-ended umbrella fund with segregated liability between Funds authorised by the Central Bank on 19<sup>th</sup> December, 2007 as a UCITS pursuant to the UCITS Regulations 2011.

As at the date of this Supplement the Company has six other Funds, the Guinness Alternative Energy Fund, the Guinness Global Energy Fund, the Guinness China & Hong Kong Fund, the Guinness Asia Focus Fund, the Guinness Global Thematic Equity Fund and the Guinness Global Money Managers Fund.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 11<sup>th</sup> February, 2011 (the “Prospectus”). This Supplement revises and replaces the Supplement for the Fund dated 15<sup>th</sup> December, 2011 and 10<sup>th</sup> February, 2012.**

The Directors of the Company whose names appear in the Prospectus under the heading “Management and Administration” accept responsibility for the information contained in this Supplement and the Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement and in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.** Investors should read and consider the section of the Prospectus and the Supplement entitled “Risk Factors” before investing in the Fund.

**Shareholders and prospective investors should note that all or part of the fees and expenses of the Fund may be charged to the capital of the Fund. If all or part of the fees and expenses of the Fund are charged to the capital of the Fund this would have the effect of lowering the capital value of an investment in the Fund. Capital may be eroded and “income” will be achieved by foregoing the potential for future capital growth. Thus, on redemptions of Shares, Shareholders may not receive back the full amount invested.**

**Profile of a Typical Investor:** Investment in the Fund is suitable only for those persons and institutions for whom such investment does not represent a complete investment program; who understand the degree of risk involved (as detailed under the section of the Prospectus and Supplement headed “Risk Factors”), can tolerate a medium level of volatility and believe that the investment is suitable based upon investment objectives and finance needs. Investment in the Fund should be viewed as medium to long-term.

## 1. Interpretation

The expressions below shall have the following meanings:

“Business Day”	means any day (except Saturday or Sunday) on which banks in Dublin are generally open for business or such other day or days as may be determined by the Directors and notified to Shareholders.
“Dealing Day”	means each Business Day or such other day or days as may be determined by the Directors and notified to Shareholders in advance provided that there shall be at least one Dealing Day every fortnight.
“Dealing Deadline”	means 3.00 p.m. Irish time on each Dealing Day or such other time as the Directors may determine and notify in advance to Shareholders provided always that the Dealing Deadline is no later than the Valuation Point.
“Emerging Markets”	means a financial market of a developing country to include, but not limited to, Brazil, China, Chile, Greece, Hong Kong, India, Indonesia, Israel, Korea, Malaysia, Poland, Singapore, South Africa, Taiwan, Thailand, Turkey, and Vietnam.
“Initial Price”	means GBP£10.00 per Class X Share.
“Valuation Point”	means 11.00 p.m. (Irish time) on each Dealing Day.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## 2. Base Currency

The Base Currency shall be US\$.

## 3. Classes and Currency

The Company has established the following Classes denominated in the following currencies:

Class	Currency
Class A	US\$
Class B	US\$

Class C	GBP£
Class D	€
Class E	US\$
Class Z	GBP£
Class X	GBP£

#### **4. Investment Objective**

The investment objective of the Fund is to provide investors with both income and long-term capital appreciation.

#### **5. Investment Policy**

In seeking to achieve its investment objective the Fund intends to invest primarily in a portfolio of global equities providing an above average yield (i.e. a higher yield than the yield of the overall global equity market), however, the Fund may also invest, to a limited extent, in other instruments such as government bonds and corporate fixed income securities of investment grade rating.

These equity securities include common stocks, preferred stocks, securities convertible into common stocks, rights and warrants. No more than 5% of the Net Asset Value of the Fund will be invested in warrants. The securities in which the Fund may invest will be listed or traded on a Recognised Exchange.

Under normal market conditions the Fund intends to invest in at least 30 stocks. The Investment Manager may invest the Fund's assets in securities of companies with a wide range of market capitalizations and in companies domiciled throughout the world, including companies domiciled in or traded on Emerging Markets. The bulk of the Fund's investments will however be concentrated in liquid shares of companies with a market capitalisation in excess of \$ 1billion.

When current market, economic, political or other conditions are unstable and would impair the pursuit of the Fund's investment objective, the Fund may temporarily invest up to 100% of its assets in cash, cash investments or high quality short-term money market instruments including, but not limited to, commercial paper and treasury bills. When the Fund takes a temporary defensive position, the Fund may not achieve its investment objective. The philosophy of the Fund is to remain invested.

The financial derivative instruments which the Fund may utilise include futures, options and forward foreign exchange contracts for efficient portfolio management purposes, hedging purposes, to reduce portfolio risk or to obtain in a more efficient way exposure that would otherwise be obtained by direct investment in securities in accordance with the investment objective and policies above, and as further detailed below. The leveraged exposure of the Fund through the use of derivatives will not exceed 100% of the Net Asset Value of the Fund, as measured using the commitment approach in accordance with the UCITS Regulations. It is expected that the use of financial derivative instruments for efficient portfolio management purposes, hedging purposes and to indirectly gain exposure to underlying equity and/or equity

related securities where the Investment Manager feels it is more efficient to do so, will actively reduce the risk profile of the Fund.

Futures and options may be used to hedge against downward movements in the value of the Fund's portfolio, either by reference to specific securities (i.e. equity or equity related securities) or markets to which the Fund may be exposed. These derivative instruments may also be used to reduce the Fund's direct exposure to equity or equity related securities or markets on a short or medium term basis where it is more efficient to use derivatives for this purpose, or to gain indirect exposure to equity or equity related securities where the Investment Manager feels that such use of financial derivative instruments is in the best interests of the Fund.

Forward foreign exchange contracts will only be used for hedging purposes or to alter the currency exposure of the underlying assets in accordance with the limits set out by the Central Bank. The Fund will not be leveraged as a result of engaging in forward foreign exchange contracts.

The Fund may enter into stocklending and repurchase/reverse repurchase agreements for efficient portfolio management purposes only.

## 6. Offer

Shares are being offered at the Net Asset Value per Share

## 7. Minimum Subscription, Minimum Holding and Minimum Transaction Size

The Minimum Subscription, Minimum Holding and Minimum Transaction limits are as follows:

### *Minimum Subscription (\*Initial Subscription)*

<b>Class</b>	<b>Minimum Subscription</b>
Class A	US\$200,000
Class B	US\$20,000
Class C	GBP£5,000
Class D	€100,000
Class E	US\$10,000,000
Class Z	GBP£100,000,000
Class X	GBP£5,000,000

### *Minimum Holding*

<b>Class</b>	<b>Minimum Holding</b>
Class A	US\$100,000
Class B	US\$10,000
Class C	GBP£5,000

Class D	€50,000
Class E	US\$5,000,000
Class Z	GBP£5,000,000
Class X	GBP£1,000,000

#### *Minimum Transaction*

A Shareholder may submit subsequent subscription, redemption and conversion requests subject to a Minimum Transaction limit which is as follows:

<b>Class</b>	<b>Minimum Transaction</b>
Class A	US\$10,000
Class B	US\$10,000
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The Directors reserve the right to differentiate between Shareholders and to waive or reduce the Minimum Subscription, Minimum Holding and Minimum Transaction Size for certain investors.

## **8. Application for Shares**

Applications for Shares may be made through the Administrator (whose details are set out in the Application Form). Applications accepted and received by the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day. Applications received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders.

Initial applications should be made using an Application Form obtained from the Administrator but may, if the Company so determines, be made by telefax subject to prompt transmission to the Administrator of the original signed application form and such other papers (such as documentation relating to money laundering prevention checks) as may be required by the Directors or their delegate. No redemptions will be processed until the original Application Form and such other papers as may be required by the Directors have been received and all anti-money laundering procedures have been completed. Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator by telefax or such other means as may be permitted by the Directors without a requirement to submit original

documentation and such applications should contain such information as may be specified from time to time by the Directors or their delegate. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

#### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than .01 of a Share.

Subscription monies, representing less than .01 of a Share will not be returned to the investor but will be retained by the Company in order to defray administration costs.

#### *Method of Payment*

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form enclosed with this Prospectus. Other methods of payment are subject to the prior approval of the Company. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

#### *Currency of Payment*

Subscription monies are payable in the currency of denomination of the relevant Share Class. However, subscriptions may be made in any freely convertible currency accepted by the Administrator but will be converted into the currency of denomination of the relevant Share Class at the rate of exchange available to the Administrator. The cost of conversion shall be deducted from the monies subscribed by an investor and the amount remaining will then be invested in Shares. The attention of investors is drawn to the fact that the value of Shares subscribed for in a currency other than the currency of denomination of the relevant Share Class will be subject to exchange rate risk in relation to the relevant currency of denomination.

#### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds by the Administrator no later than 3 Business Days after the relevant Dealing Day provided that the Company reserves the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in cleared funds in respect of a subscription has not been received by the relevant time, the Manager or its delegate may (and in the event of non-clearance of funds, shall) cancel the allotment and/or charge the investor interest at the 7 day London Interbank Offer Rate as fixed by the British Banking Association (LIBOR) + 1.5% for the relevant subscribed currency, which will be paid to the Manager together with an administration fee of Stg£100, or its relevant subscribed currency equivalent. The Company may waive either of such charges in whole or in part. In addition, the Manager has the right to sell all or part of the investor's holding of Shares in the Fund

or any other Fund of the Company in order to meet such charges.

### **Confirmation of Ownership**

Confirmation of each purchase of Shares will be sent to Shareholders within 48 hours of the purchase being made. Confirmation will normally be dispatched by email or facsimile where the relevant and proper contact details have been provided to the Administrator, or alternatively by post at the discretion of the Administrator. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

## **9. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator whose details are set out in the Application Form on behalf of the Company by way of a signed application form or facsimile or written communication or such other means as may be permitted by the Directors and should include such information as may be specified from time to time by the Directors or their delegate. Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Company in its absolute discretion determines otherwise. Redemption requests received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders. Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original subscriptions. No redemption payment will be made from an investor holding until the original subscription application form, original redemption request, and all documentation required by or on behalf of the Company (including any documents in connection with anti-money laundering procedures) has been received from the investor and the anti-money laundering procedures have been completed.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is the Minimum Transaction Size specified above. In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares having a Net Asset Value less than the Minimum Holding, the Company may, if it thinks fit, redeem the whole of the Shareholder's holding.

The redemption price per Share shall be the Net Asset Value per Share. However, the Directors are empowered to charge a redemption fee, details of which are set out at Section **"11. Fees and Expenses"**, sub-heading "Redemption Fee". In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term.

### *Method of Payment*

Redemption payments following processing of instructions received by telefax will only be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing.



### *Currency of Payment*

Shareholders will normally be repaid in the currency of denomination of the relevant Share Class. If, however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) on behalf of the Shareholder and the cost of conversion shall be deducted from the redemption proceeds payable to the Shareholder.

### *Timing of Payment*

Redemption proceeds in respect of Shares will be paid within 5 Business Days of the Dealing Deadline for the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Administrator.

### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

### *Compulsory/Total Redemption*

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings "Compulsory Redemption of Shares" and "Total Redemption of Shares".

## **10. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class to Shares in another Fund or Class or another Class in the same Fund in accordance with the procedures specified in the Prospectus under the heading "Conversion of Shares".

## **11. Fees and Expenses**

All or part of the fees and expenses of the Fund may be charged to the capital of the Fund.

### *Administration Fee*

The Manager will pay to the Investment Manager out of the assets of the Fund a fee as detailed below (plus VAT, if any, thereon):

- 0.49% of the Net Asset Value of the Fund on the first \$500 million
- Up to 0.25% of the Net Asset Value of the Fund on amounts in excess of \$500 million

The Investment Manager shall be responsible for paying the administrative expenses of the Fund, to include establishment costs, fees and expenses payable to the Manager, the Custodian, the Administrator, including transfer agency transaction fees, Directors fees, any Paying Agent appointed by or on behalf of the Company, and general administrative expenses, which include but are not limited to legal and other professional advisory fees, company secretarial fees, Companies Registration Office filings and statutory fees, regulatory fees, auditing fees, translation and accounting expenses, taxes and governmental expenses applicable to the Fund, costs of preparation, translation, printing and distribution of reports and notices, all marketing material and advertisements and periodic update of the Prospectus, stock exchange listing fees, all expenses in connection with registration, listing and distribution of the Fund and Shares issued or to be issued, all expenses in connection with obtaining and maintaining a credit rating for the Fund or Classes or Shares, expenses of Shareholders meetings, Directors' insurance premia, expenses of the publication and distribution of the Net Asset Value, clerical costs of issue or redemption of Shares, postage, telephone, facsimile and telex expenses and any other expenses in each case together with any applicable value added tax.

#### *Investment Manager's Fee*

The Manager will pay to the Investment Manager out of the assets of the Fund the fees as detailed below subject to a maximum fee of 2%:

- Class A – 1% of the Net Asset Value of the Class A Shares
- Class B – 1.5% of the Net Asset Value of the Class B Shares
- Class C – 1.5% of the Net Asset Value of the Class C Shares
- Class D – 1% of the Net Asset Value of the Class D Shares
- Class E – 0.75% of the Net Asset Value of the Class E Shares
- Class Z – 0.25% of the Net Asset Value of the Class Z Shares
- Class X – 0.75% of the Net Asset Value of the Class X Shares

#### *Global Distributor*

The Global Distributor shall be entitled to receive a distribution fee of 2% on subscription proceeds in respect of Class B Shares. This fee may be waived in whole or in part at the discretion of the Global Distributor.

The Global Distributor shall be entitled to receive a distribution fee of up to 5% on subscription proceeds in respect of Class C Shares. This fee may be waived in whole or in part at the discretion of the Global Distributor.

The fees of any sub-distributor appointed by the Global Distributor will be paid out of the portion of the fees payable to it for the distribution of Shares of the Fund.

#### *Redemption Fee*

A redemption fee not exceeding 2% of the Net Asset Value of Shares being redeemed within 30 days of subscription may be imposed on the redemption of Shares which shall be retained by the

Company for its sole use and benefit or as it may determine. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the redemption fee chargeable to certain Shareholders.

Shareholders who redeem after the 30 day period will not be charged a redemption fee.

## **12. Dividends and Distributions**

The Company may in general meeting declare dividends but no dividend shall exceed the amount recommended by the Directors. Dividends, if declared, will be paid semi-annually within four months of the Company's financial year end, and two months of interim year end, respectively. It is intended that the Fund will pursue a distribution policy so that the Fund will be able to obtain certification as a "Reporting Fund" under the United Kingdom Offshore Funds (Tax) Regulations 2009 for the purpose of United Kingdom taxation. A failure of the Fund to comply with this requirement will result in the Fund failing to obtain such certification.

*If sufficient income is available in respect of the Fund, the Directors' current intention is to make distributions in each financial year of substantially the whole of the income (including interest and dividends) accruing to that proportion of the Fund attributable to the Share Classes in respect of the period from the relevant Ex Dividend Date (as set out below) to the following semi-annual period (a Distribution Period).*

Dividends may be paid out of investment income. Fees and expenses may be charged against income or against capital. Where fees and expenses are paid out of the capital of the Fund, the capital of the Fund may be eroded and income will be achieved by foregoing the potential for future capital growth. Dividends will not be paid out of the capital of the Fund.

The dividend distribution dates of the Fund are set out below.

### **From 2012**

#### **Ex Dividend Date**

First Business Day in January  
First Business Day in July

#### **For Distribution By**

Last Business Day in January  
Last Business Day in July

### ***Equalisation***

The Fund operates equalisation in relation to all Share Classes. A Shareholder who has purchased Shares during a Distribution Period will receive a distribution made up of two amounts:

- income which has accrued from the date of purchase, and
- capital which represents the return of the equalisation element.

The effect is that income is distributed to Shareholders in proportion to the duration of their ownership of the Shares in the relevant Distribution Period. All Shares purchased during a Distribution Period will contain in their purchase price an amount called equalisation which

represents a proportion of the income (if any) of the Fund, attributable to the relevant Share Class, that has accrued (but has not been distributed) up to the date of issue. The amount of equalisation is averaged across all the Shareholders of the relevant Share Class and is refunded to them as part of the first distribution after their purchase of Shares. Such returned equalisation may be treated as a return of capital for tax purposes depending on the tax rules in the country where a Shareholder pays tax. Shareholders of all Share Classes who redeem their Shares will receive an amount which will include the income accrued to the date of redemption and which may be treated as income for tax purposes, subject to the tax rules in the country where a Shareholder pays tax.

Shareholders of Shares may elect in their application for Shares either to receive dividends in cash or to reinvest the dividend amount in further Shares. In the absence of the Shareholder making the election as above, the Fund shall reinvest the dividend payment in Shares, until otherwise directed in writing by the Shareholder. If dividends are to be paid in cash, they will normally be paid by electronic transfer at the Shareholder's risk and expense.

If a dividend is not payable, all income and gains of the Fund will be accumulated within the Fund. Dividends which are not claimed or collected within six years of payment shall revert to and form part of the assets of the Fund. Dividends will be paid by cheque or bank transfer at the expense of Shareholders. Shareholders may elect to re-invest dividends in additional Shares in the Fund by ticking the appropriate box on the Application Form.

Where the amount of any distribution payable to an individual Shareholder would be less than US\$100 the Directors in their sole discretion may determine that such amount shall not be distributed but shall be retained and reinvested within and for the benefit of the Fund.

### **13. Risk Factors**

The attention of investors is drawn to the "Risk Factors" section in the Section of the Prospectus entitled "The Company").

In addition, the following risk factors are specific to an investment in the Fund.

#### **Investment in Equity Securities**

The Fund will invest in equity securities traded on Recognised Exchanges. Equity securities will be subject to risks associated with such investments, including fluctuations in market prices, adverse issuer or market information and the fact that equity securities are subordinate in the right of payment to other corporate securities, including debt securities. The value of these securities varies with the performance of the respective issuers and movements in the equity markets generally. As a result, the Fund may suffer losses if it invests in equity securities of issuers where performance falls below market expectations or if equity markets in general decline or the Fund has not hedged against such a general decline.

#### **Concentration Risk**

The Fund typically holds a relatively small number of stocks as compared to many other funds. This

may make the Fund's performance more volatile than would be the case if it had a more diversified investment portfolio.

#### Emerging Markets Risk

The Fund may invest in equity securities of companies in emerging markets. Such securities may involve a high degree of risk and may be considered speculative. Risks include (i) greater risk of expropriation, confiscatory taxation, nationalization, and social, political and economic stability; (ii) the small current size of the markets for securities of emerging markets issuers and the currently low or non-existent volume of trading, resulting in lack of liquidity and in price volatility; (iii) certain national policies which may restrict the Fund's investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; (iv) the absence of developed legal structures governing private or foreign investment and private property; (v) the legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of shareholder protection or information to investors as would generally apply internationally; (vi) potentially a greater risk regarding the ownership and custody of securities i.e. in certain countries, ownership is evidenced by entries in the books of a company or its registrar. In such instances, no certificates representing ownership of companies will be held by the Custodian or any of its local correspondents or in an effective central depository system; and (vii) emerging markets may experience significant adverse economic developments, including substantial depreciation in currency exchange rates or unstable currency fluctuations, increased interest rates, or reduced economic growth rates than investments in securities of issuers based in developed countries.

#### **14. Investment Restrictions**

Notwithstanding Point 3.1 of Appendix I – Investment Restrictions in the Prospectus, the Fund may not invest more than 10% of its net assets in aggregate in other collective investment schemes.

#### **15. Risk Management Process**

In accordance with the requirements of the Central Bank, the Investment Manager operates a risk management process on behalf of the Company and the Fund which enables it to accurately measure, monitor and manage the various risks associated with financial derivative instruments in relation to the Fund's use of derivatives. The Fund will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to Central Bank. The Company will provide on request to Shareholders supplementary information relating to the risk management methods employed by the Company including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

## SUPPLEMENT 6

**DATED 10<sup>th</sup> February, 2012**  
**to the Prospectus issued for Guinness Asset Management Funds plc**  
**dated 11<sup>th</sup> February, 2011**  
**Guinness Global Thematic Equity Fund**

This Supplement contains information relating specifically to the Guinness Global Thematic Equity Fund (the “Fund”), a Fund of Guinness Asset Management Funds plc (the “Company”), an open-ended umbrella fund with segregated liability between Funds authorised by the Central Bank on 19<sup>th</sup> December, 2007 as a UCITS pursuant to the UCITS Regulations.

As at the date of this Supplement the Company has six other Funds, the Guinness Alternative Energy Fund, the Guinness Global Energy Fund, the Guinness China & Hong Kong Fund, the Guinness Asia Focus Fund, the Guinness Global Equity Income Fund and the Guinness Global Money Managers Fund.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 11<sup>th</sup> February, 2011 (the “Prospectus”). This Supplement revises and replaces the Supplement for the Fund dated 11<sup>th</sup> February, 2011.**

The Directors of the Company whose names appear in the Prospectus under the heading “Management and Administration” accept responsibility for the information contained in this Supplement and the Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement and in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.** Investors should read and consider the section of the Prospectus entitled “Risk Factors” before investing in the Fund.

**Profile of a Typical Investor:** Investment in the Fund is suitable only for those persons and institutions for whom such investment does not represent a complete investment program, who understand the degree of risk involved (as detailed under the section of the Prospectus and Supplement headed “Risk Factors”), can tolerate a medium level of volatility and believe that the investment is suitable based upon investment objectives and finance needs. Investment in the Fund should be viewed as medium to long term.

### **1. Interpretation**

The expressions below shall have the following meanings:

“Business Day”	means any day (except Saturday or Sunday) on which banks in Dublin are generally open for business or such other day or days as may be determined by the Directors and notified to Shareholders.
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“Dealing Day”	means each Business Day or such other day or days as may be determined by the Directors and notified to Shareholders in advance provided that there shall be at least one Dealing Day every fortnight.
“Dealing Deadline”	means 3.00 p.m. Irish time on each Dealing Day or such other time as the Directors may determine and notify in advance to Shareholders provided always that the Dealing Deadline is no later than the Valuation Point.
“Emerging Markets”	means a financial market of a developing country to include, but not limited to, Brazil, China, Chile, Greece, Hong Kong, India, Indonesia, Israel, Korea, Malaysia, Poland, Singapore, South Africa, Taiwan, Thailand, Turkey, and Vietnam.
“Initial Price”	means GBP£10.00 per Class X Share.
“Valuation Point”	means 11.00 p.m. (Irish time) on each Dealing Day.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## 2. Base Currency

The Base Currency shall be US\$.

## 3. Classes and Currency

The Company has established the following Classes denominated in the following currencies:

Class	Currency
Class A	US\$
Class B	US\$
Class C	GBP£
Class D	€
Class E	US\$
Class X	GBP£

## 4. Investment Objective

The investment objective of the Fund is to provide investors with long-term capital appreciation.

## 5. Investment Policy

In seeking to achieve its investment objective the Fund intends to invest primarily in global

equities providing exposure to selected global themes which offer attractive long term investment opportunities to Shareholders. A theme is an economic or business trend which the Investment Manager expects will generate above average growth. An example of an economic trend is the industrial growth of China. An example of a business trend is the development of innovative technology.

The equity securities in which the Fund may invest include common stocks, preferred stocks, securities convertible into common stocks, rights and warrants, which are generally listed or traded on a Recognised Exchange. No more than 5% of the Net Asset Value of the Fund will be invested in warrants.

Under normal market conditions the Fund intends to invest in at least 30 stocks. The Investment Manager may invest the Fund's assets in securities of companies with a wide range of market capitalizations and in companies domiciled throughout the world, including companies domiciled in or traded on Emerging Markets particularly in Asia. The bulk of the Fund's investments will however be concentrated in liquid shares of companies with a market capitalisation in excess of \$ 1billion.

When current market, economic, political or other conditions are unstable and would impair the pursuit of the Fund's investment objective, the Fund may temporarily invest up to 100% of its assets in cash, cash investments or high quality short-term money market instruments including, but not limited to, commercial paper and treasury bills. When the Fund takes a temporary defensive position, the Fund may not achieve its investment objective. The philosophy of the Fund is to remain invested.

The financial derivative instruments which the Fund may utilise include futures, options and forward foreign exchange contracts for efficient portfolio management purposes, hedging purposes, to reduce portfolio risk or to obtain in a more efficient way exposure that would otherwise be obtained by direct investment in securities in accordance with the investment objective and policies above, and as further detailed below. The leveraged exposure of the Fund through the use of derivatives will not exceed 100% of the Net Asset Value of the Fund, as measured using the commitment approach in accordance with the UCITS Regulations. It is expected that the use of financial derivative instruments for efficient portfolio management purposes, hedging purposes and to indirectly gain exposure to underlying equity and/or equity related securities where the Investment Manager feels it is more efficient to do so, will actively reduce the risk profile of the Fund.

Futures and options may be used to hedge against downward movements in the value of the Fund's portfolio, either by reference to specific securities (i.e. equity or equity related securities) or markets to which the Fund may be exposed. These derivative instruments may also be used to reduce the Fund's direct exposure to equity or equity related securities or markets on a short or medium term basis where it is more efficient to use derivatives for this purpose, or to gain indirect exposure to equity or equity related securities where the Investment Manager feels that such use of financial derivative instruments is in the best interests of the Fund.

Forward foreign exchange contracts will only be used for hedging purposes or to alter the



currency exposure of the underlying assets in accordance with the limits set out by the Central Bank. The Fund will not be leveraged as a result of engaging in forward foreign exchange contracts.

The Fund may enter into stocklending and repurchase/reverse repurchase agreements for efficient portfolio management purposes only.

## 6. Offer

Class X Shares in the Fund will be offered from 9.00am (Irish Time) on 13<sup>th</sup> February, 2012 to 3.00pm (Irish Time) on 15<sup>th</sup> February, 2012 (the “initial offer period”) at the Initial Price and subject to acceptance of applications for Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the initial offer period. The initial offer period may be shortened or extended by the Directors. The Central Bank will be notified in advance of any such shortening or extension if subscriptions for Shares have been received and otherwise on an annual basis. After closing of the initial offer period Class X Shares in the Fund will be issued at the Net Asset Value per Share.

Shares in the Fund will be issued at the Net Asset Value per Share.

## 7. Minimum Subscription, Minimum Holding and Minimum Transaction Size

The Minimum Subscription, Minimum Holding and Minimum Transaction limits are as follows:

### *Minimum Subscription (\*Initial Subscription)*

<b>Class</b>	<b>Minimum Subscription</b>
Class A	US\$200,000
Class B	US\$20,000
Class C	GBP£5,000
Class D	€100,000
Class E	US\$10,000,000
Class X	GBP£5,000,000

### *Minimum Holding*

<b>Class</b>	<b>Minimum Holding</b>
Class A	US\$100,000
Class B	US\$10,000
Class C	GBP£5,000
Class D	€50,000
Class E	US\$5,000,000
Class X	GBP£1,000,000

### *Minimum Transaction*

A Shareholder may submit subsequent subscription, redemption and conversion requests subject to a Minimum Transaction limit which is as follows:

<b>Class</b>	<b>Minimum Transaction</b>
Class A	US\$10,000
Class B	US\$10,000
Class C	GBP£5,000
Class D	€10,000
Class E	US\$10,000
Class X	GBP£5,000

The Directors reserve the right to differentiate between Shareholders and to waive or reduce the Minimum Subscription, Minimum Holding and Minimum Transaction Size for certain investors.

## **8. Application for Shares**

Applications for Shares may be made through the Administrator (whose details are set out in the Application Form). Applications accepted and received by the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day.

Applications received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders.

Initial applications should be made using an Application Form obtained from the Administrator but may, if the Company so determines, be made by telefax subject to prompt transmission to the Administrator of the original signed application form and such other papers (such as documentation relating to money laundering prevention checks) as may be required by the Directors or their delegate. No redemptions will be processed until the original Application Form and such other papers as may be required by the Directors have been received and all anti-money laundering procedures have been completed. Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator by telefax or such other means as may be permitted by the Directors without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Directors or their delegate. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than .01 of a Share.

Subscription monies, representing less than .01 of a Share will not be returned to the investor but will be retained by the Company in order to defray administration costs.

#### *Method of Payment*

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form enclosed with this Prospectus. Other methods of payment are subject to the prior approval of the Company. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

#### *Currency of Payment*

Subscription monies are payable in the currency of denomination of the relevant Share Class. However, subscriptions may be made in any freely convertible currency accepted by the Administrator but will be converted into the currency of denomination of the relevant Share Class at the rate of exchange available to the Administrator. The cost of conversion shall be deducted from the monies subscribed by an investor and the amount remaining will then be invested in Shares. The attention of investors is drawn to the fact that the value of Shares subscribed for in a currency other than the currency of denomination of the relevant Share Class will be subject to exchange rate risk in relation to the relevant currency of denomination.

#### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds by the Administrator no later than 3 Business Days after the relevant Dealing Day provided that the Company reserves the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in cleared funds in respect of a subscription has not been received by the relevant time, the Manager or its delegate may (and in the event of non-clearance of funds, shall) cancel the allotment and/or charge the investor interest at the 7 day London Interbank Offer Rate as fixed by the British Banking Association (LIBOR) + 1.5% for the relevant subscribed currency, which will be paid to the Manager together with an administration fee of Stg£100, or its relevant subscribed currency equivalent. The Company may waive either of such charges in whole or in part. In addition, the Manager has the right to sell all or part of the investor's holding of Shares in the Fund or any other Fund of the Company in order to meet such charges.

#### **Confirmation of Ownership**

Confirmation of each purchase of Shares will be sent to Shareholders within 48 hours of the purchase being made. Confirmation will normally be dispatched by email or facsimile where the

relevant and proper contact details have been provided to the Administrator, or alternatively by post at the discretion of the Administrator. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

## **9. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator whose details are set out in the Application Form on behalf of the Company by way of a signed application form or facsimile or written communication or such other means as may be permitted by the Directors and should include such information as may be specified from time to time by the Directors or their delegate. Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Company in its absolute discretion determines otherwise. Redemption requests received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders. Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original subscriptions. No redemption payment will be made from an investor holding until the original subscription application form, original redemption request, and all documentation required by or on behalf of the Company (including any documents in connection with anti-money laundering procedures) has been received from the investor and the anti-money laundering procedures have been completed.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is the Minimum Transaction Size specified above. In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares having a Net Asset Value less than the Minimum Holding, the Company may, if it thinks fit, redeem the whole of the Shareholder's holding.

The redemption price per Share shall be the Net Asset Value per Share. However, the Directors are empowered to charge a redemption fee, details of which are set out at Section **"11. Fees and Expenses"**, sub-heading "Redemption Fee". In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term.

### *Method of Payment*

Redemption payments following processing of instructions received by telefax will only be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing.

### *Currency of Payment*

Shareholders will normally be repaid in the currency of denomination of the relevant Share Class. If, however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) on

behalf of the Shareholder and the cost of conversion shall be deducted from the redemption proceeds payable to the Shareholder.

#### *Timing of Payment*

Redemption proceeds in respect of Shares will be paid within 5 Business Days of the Dealing Deadline for the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Administrator.

#### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

#### *Compulsory/Total Redemption*

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings "Compulsory Redemption of Shares" and "Total Redemption of Shares".

### **10. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class to Shares in another Fund or Class or another Class in the same Fund in accordance with the procedures specified in the Prospectus under the heading "Conversion of Shares".

### **11. Fees and Expenses**

#### *Administration Fee*

The Manager will pay to the Investment Manager out of the assets of the Fund a fee as detailed below (plus VAT, if any, thereon):

- 0.49% of the Net Asset Value of the Fund on the first \$500 million
- Up to 0.25% of the Net Asset Value of the Fund on amounts in excess of \$500 million

The Investment Manager shall be responsible for paying the administrative expenses of the Fund, to include establishment costs, fees and expenses payable to the Manager, the Custodian, the Administrator, including transfer agency transaction fees, Directors fees, any Paying Agent appointed by or on behalf of the Company, and general administrative expenses, which include but are not limited to legal and other professional advisory fees, company secretarial fees, Companies Registration Office filings and statutory fees, regulatory fees, auditing fees, translation and accounting expenses, taxes and governmental expenses applicable to the Fund, costs of preparation, translation, printing and distribution of reports and notices, all marketing material and

advertisements and periodic update of the Prospectus, stock exchange listing fees, all expenses in connection with registration, listing and distribution of the Fund and Shares issued or to be issued, all expenses in connection with obtaining and maintaining a credit rating for the Fund or Classes or Shares, expenses of Shareholders meetings, Directors' insurance premia, expenses of the publication and distribution of the Net Asset Value, clerical costs of issue or redemption of Shares, postage, telephone, facsimile and telex expenses and any other expenses in each case together with any applicable value added tax.

#### *Investment Manager's Fee*

The Manager will pay to the Investment Manager out of the assets of the Fund the fees as detailed below subject to a maximum fee of 2%:

- Class A –1% of the Net Asset Value of the Class A Shares
- Class B –1.5% of the Net Asset Value of the Class B Shares
- Class C – 1.5% of the Net Asset Value of the Class C Shares
- Class D – 1% of the Net Asset Value of the Class D Shares
- Class E – 0.75% of the Net Asset Value of the Class E Shares
- Class X – 0.75% of the Net Asset Value of the Class X Shares

#### *Global Distributor*

The Global Distributor shall be entitled to receive a distribution fee of 2% on subscription proceeds in respect of Class B Shares. This fee may be waived in whole or in part at the discretion of the Global Distributor.

The Global Distributor shall be entitled to receive a distribution fee of up to 5% on subscription proceeds in respect of Class C Shares. This fee may be waived in whole or in part at the discretion of the Global Distributor.

The fees of any sub-distributor appointed by the Global Distributor will be paid out of the portion of the fees payable to it for the distribution of Shares of the Fund.

#### *Redemption Fee*

A redemption fee not exceeding 2% of the Net Asset Value of Shares being redeemed within 30 days of subscription may be imposed on the redemption of Shares which shall be retained by the Company for its sole use and benefit or as it may determine. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the redemption fee chargeable to certain Shareholders.

Shareholders who redeem after the 30 day period will not be charged a redemption fee.

## **12. Dividends and Distributions**

The Company may in general meeting declare dividends but no dividend shall exceed the amount recommended by the Directors. Dividends, if declared, will be paid annually within four months of

declaration. It is intended that the Fund will pursue a distribution policy so that the Fund will be able to obtain certification as a “Reporting Fund” under the United Kingdom Offshore Funds (Tax) Regulations 2009 for the purpose of United Kingdom taxation. A failure of the Fund to comply with this requirement will result in the Fund failing to obtain such certification.

Dividends may be paid out of the net investment income. Otherwise, all income and gains of the Fund will be accumulated within the Fund. Dividends which are not claimed or collected within six years of payment shall revert to and form part of the assets of the Fund. Dividends will be paid by cheque or bank transfer at the expense of Shareholders. Shareholders may elect to re-invest dividends in additional Shares in the Fund by ticking the appropriate box on the Application Form.

Where the amount of any distribution payable to an individual Shareholder would be less than US\$100 the Directors in their sole discretion may determine that such amount shall not be distributed but shall be retained and reinvested within and for the benefit of the Fund.

### **13. Risk Factors**

The attention of investors is drawn to the “Risk Factors” section in the Section of the Prospectus entitled “The Company”).

In addition, the following risk factors are specific to an investment in the Fund.

#### **Investment in Equity Securities**

The Fund will invest in equity securities traded on Recognised Exchanges. Equity securities will be subject to risks associated with such investments, including fluctuations in market prices, adverse issuer or market information and the fact that equity securities are subordinate in the right of payment to other corporate securities, including debt securities. The value of these securities varies with the performance of the respective issuers and movements in the equity markets generally. As a result, the Fund may suffer losses if it invests in equity securities of issuers where performance falls below market expectations or if equity markets in general decline or the Fund has not hedged against such a general decline.

##### Concentration Risk

The Fund typically holds a relatively small number of stocks as compared to many other funds. This may make the Fund's performance more volatile than would be the case if it had a more diversified investment portfolio.

##### Emerging Markets Risk

The Fund may invest in equity securities of companies in emerging markets. Such securities may involve a high degree of risk and may be considered speculative. Risks include (i) greater risk of expropriation, confiscatory taxation, nationalization, and social, political and economic stability; (ii) the small current size of the markets for securities of emerging markets issuers and the currently low or non-existent volume of trading, resulting in lack of liquidity and in price volatility; (iii) certain

national policies which may restrict the Fund's investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; (iv) the absence of developed legal structures governing private or foreign investment and private property; (v) the legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of shareholder protection or information to investors as would generally apply internationally; (vi) potentially a greater risk regarding the ownership and custody of securities i.e. in certain countries, ownership is evidenced by entries in the books of a company or its registrar. In such instances, no certificates representing ownership of companies will be held by the Custodian or any of its local correspondents or in an effective central depository system; and (vii) emerging markets may experience significant adverse economic developments, including substantial depreciation in currency exchange rates or unstable currency fluctuations, increased interest rates, or reduced economic growth rates than investments in securities of issuers based in developed countries.

#### **14. Investment Restrictions**

Notwithstanding Point 3.1 of Appendix I – Investment Restrictions in the Prospectus, the Fund may not invest more than 10% of its net assets in aggregate in other collective investment schemes.

#### **15. Risk Management Process**

In accordance with the requirements of the Central Bank, the Investment Manager operates a risk management process on behalf of the Company and the Fund which enables it to accurately measure, monitor and manage the various risks associated with financial derivative instruments in relation to the Fund's use of derivatives. The Fund will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to Central Bank. The Company will provide on request to Shareholders supplementary information relating to the risk management methods employed by the Company including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.



## **SUPPLEMENT 7**

**DATED 10<sup>th</sup> February, 2012**  
**to the Prospectus issued for Guinness Asset Management Funds plc**  
**dated 11<sup>th</sup> February, 2011**  
**Guinness Global Money Managers Fund**

This Supplement contains information relating specifically to the Guinness Global Money Managers Fund (the “Fund”), a Fund of Guinness Asset Management Funds plc (the “Company”), an open-ended umbrella fund with segregated liability between Funds authorised by the Central Bank on 19<sup>th</sup> December, 2007 as a UCITS pursuant to the UCITS Regulations.

As at the date of this Supplement the Company has six other Funds, the Guinness Alternative Energy Fund, the Guinness Global Energy Fund, the Guinness China & Hong Kong Fund, the Guinness Asia Focus Fund, the Guinness Global Equity Income Fund and the Guinness Global Thematic Equity Fund.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 11<sup>th</sup> February, 2011 (the “Prospectus”). This Supplement revises and replaces the Supplement for the Fund dated 11<sup>th</sup> February, 2011.**

The Directors of the Company whose names appear in the Prospectus under the heading “Management and Administration” accept responsibility for the information contained in this Supplement and the Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement and in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.** Investors should read and consider the section of the Prospectus entitled “Risk Factors” before investing in the Fund.

**Shareholders and prospective investors should note that all or part of the fees and expenses of the Fund may be charged to the capital of the Fund. If all or part of the fees and expenses of the Fund are charged to the capital of the Fund this would have the effect of lowering the capital value of an investment in the Fund. Capital may be eroded and “income” will be achieved by foregoing the potential for future capital growth. Thus, on redemptions of Shares, Shareholders may not receive back the full amount invested.**

**Profile of a Typical Investor:** Investment in the Fund is suitable only for those persons and institutions for whom such investment does not represent a complete investment program, who understand the degree of risk involved (as detailed under the section of the Prospectus and Supplement headed “Risk Factors”), can tolerate a medium level of volatility and believe that the investment is suitable based upon investment objectives and finance needs. Investment in the Fund should be viewed as medium to long term.

## 1. Interpretation

The expressions below shall have the following meanings:

“Business Day”	means any day (except Saturday or Sunday) on which banks in Dublin are generally open for business or such other day or days as may be determined by the Directors and notified to Shareholders.
“Dealing Day”	means each Business Day or such other day or days as may be determined by the Directors and notified to Shareholders in advance provided that there shall be at least one Dealing Day every fortnight.
“Dealing Deadline”	means 3.00 p.m. Irish time on each Dealing Day or such other time as the Directors may determine and notify in advance to Shareholders provided always that the Dealing Deadline is no later than the Valuation Point.
“Emerging Markets”	means a financial market of a developing country to include, but not limited to, Brazil, China, Chile, Greece, Hong Kong, India, Indonesia, Israel, Korea, Malaysia, Poland, Singapore, South Africa, Taiwan, Thailand, Turkey, and Vietnam.
“Initial Price”	means GBP£10.00 per Class X Share.
“Valuation Point”	means 11.00 p.m. (Irish time) on each Dealing Day.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## 2. Base Currency

The Base Currency shall be US\$.

## 3. Classes and Currency

The Company has established the following Classes denominated in the following currencies:

Class	Currency
Class A	US\$
Class B	US\$
Class C	GBP£
Class D	€
Class E	US\$

Class X	GBP£
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#### **4. Investment Objective**

The investment objective of the Fund is to provide investors with long-term capital appreciation.

#### **5. Investment Policy**

In seeking to achieve its investment objective the Fund intends to invest primarily in equity securities of globally based companies principally engaged in the provision of asset management services. Without limiting the scope of the term asset management services, in this context it refers in particular to companies that provide asset management, investment advice or wealth management services, as well as companies that predominantly provide services to asset managers or services connected with asset management to include, but not limited to, custodians/trustees, administrators and specialist service providers.

These equity securities include common stocks, preferred stocks, securities convertible into common stocks, rights and warrants, which are generally listed or traded on a Recognised Exchange. No more than 5% of the Net Asset Value of the Fund will be invested in warrants.

Under normal market conditions the Fund intends to invest in at least 30 stocks. The Investment Manager may invest the Fund's assets in securities of companies with a wide range of market capitalizations and in companies domiciled throughout the world, including companies domiciled in or traded on Emerging Markets.

When current market, economic, political or other conditions are unstable and would impair the pursuit of the Fund's investment objective, the Fund may temporarily invest up to 100% of its assets in cash, cash investments or high quality short-term money market instruments including, but not limited to, commercial paper and treasury bills. When the Fund takes a temporary defensive position, the Fund may not achieve its investment objective. The philosophy of the Fund is to remain invested.

The financial derivative instruments which the Fund may utilise include futures, options and forward foreign exchange contracts for efficient portfolio management purposes, hedging purposes, to reduce portfolio risk or to obtain in a more efficient way exposure that would otherwise be obtained by direct investment in securities in accordance with the investment objective and policies above, and as further detailed below. The leveraged exposure of the Fund through the use of derivatives will not exceed 100% of the Net Asset Value of the Fund, as measured using the commitment approach in accordance with the UCITS Regulations. It is expected that the use of financial derivative instruments for efficient portfolio management purposes, hedging purposes and to indirectly gain exposure to underlying equity and/or equity related securities where the Investment Manager feels it is more efficient to do so, will actively reduce the risk profile of the Fund.

Futures and options may be used to hedge against downward movements in the value of the

Fund's portfolio, either by reference to specific securities (i.e. equity or equity related securities) or markets to which the Fund may be exposed. These derivative instruments may also be used to reduce the Fund's direct exposure to equity or equity related securities or markets on a short or medium term basis where it is more efficient to use derivatives for this purpose, or to gain indirect exposure to equity or equity related securities where the Investment Manager feels that such use of financial derivative instruments is in the best interests of the Fund.

Forward foreign exchange contracts will only be used for hedging purposes or to alter the currency exposure of the underlying assets in accordance with the limits set out by the Central Bank. The Fund will not be leveraged as a result of engaging in forward foreign exchange contracts.

The Fund may enter into stocklending and repurchase/reverse repurchase agreements for efficient portfolio management purposes only.

## 6. Offer

Class X Shares in the Fund will be offered from 9.00am (Irish Time) on 13<sup>th</sup> February, 2012 to 3.00pm (Irish Time) on 15<sup>th</sup> February, 2012 (the "initial offer period") at the Initial Price and subject to acceptance of applications for Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the initial offer period. The initial offer period may be shortened or extended by the Directors. The Central Bank will be notified in advance of any such shortening or extension if subscriptions for Shares have been received and otherwise on an annual basis. After closing of the initial offer period Class X Shares in the Fund will be issued at the Net Asset Value per Share.

Shares in the Fund will be issued at the Net Asset Value per Share.

## 7. Minimum Subscription, Minimum Holding and Minimum Transaction Size

The Minimum Subscription, Minimum Holding and Minimum Transaction limits are as follows:

### *Minimum Subscription (\*Initial Subscription)*

<b>Class</b>	<b>Minimum Subscription</b>
Class A	US\$200,000
Class B	US\$20,000
Class C	GBP£5,000
Class D	€100,000
Class E	US\$10,000,000
Class X	GBP£5,000,000

### *Minimum Holding*

<b>Class</b>	<b>Minimum Holding</b>
Class A	US\$100,000
Class B	US\$10,000
Class C	GBP£5,000
Class D	€50,000
Class E	US\$5,000,000
Class X	GBP£1,000,000

#### *Minimum Transaction*

A Shareholder may submit subsequent subscription, redemption and conversion requests subject to a Minimum Transaction limit which is as follows:

<b>Class</b>	<b>Minimum Transaction</b>
Class A	US\$10,000
Class B	US\$10,000
Class C	GBP£5,000
Class D	€10,000
Class E	US\$10,000
Class X	GBP£5,000

The Directors reserve the right to differentiate between Shareholders and to waive or reduce the Minimum Subscription, Minimum Holding and Minimum Transaction Size for certain investors.

## **8. Application for Shares**

Applications for Shares may be made through the Administrator (whose details are set out in the Application Form). Applications accepted and received by the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day. Applications received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders.

Initial applications should be made using an Application Form obtained from the Administrator but may, if the Company so determines, be made by telefax subject to prompt transmission to the Administrator of the original signed application form and such other papers (such as documentation relating to money laundering prevention checks) as may be required by the Directors or their delegate. No redemptions will be processed until the original Application

Form and such other papers as may be required by the Directors have been received and all anti-money laundering procedures have been completed. Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator by telefax or such other means as may be permitted by the Directors without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Directors or their delegate. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

#### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than .01 of a Share.

Subscription monies, representing less than .01 of a Share will not be returned to the investor but will be retained by the Company in order to defray administration costs.

#### *Method of Payment*

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form enclosed with this Prospectus. Other methods of payment are subject to the prior approval of the Company. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

#### *Currency of Payment*

Subscription monies are payable in the currency of denomination of the relevant Share Class. However, subscriptions may be made in any freely convertible currency accepted by the Administrator but will be converted into the currency of denomination of the relevant Share Class at the rate of exchange available to the Administrator. The cost of conversion shall be deducted from the monies subscribed by an investor and the amount remaining will then be invested in Shares. The attention of investors is drawn to the fact that the value of Shares subscribed for in a currency other than the currency of denomination of the relevant Share Class will be subject to exchange rate risk in relation to the relevant currency of denomination.

#### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds by the Administrator no later than 3 Business Days after the relevant Dealing Day provided that the Company reserves the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in cleared funds in respect of a subscription has not been received by the relevant time, the Manager or its delegate may (and in the event of non-clearance of funds, shall) cancel the allotment and/or charge the investor interest at the 7 day London

Interbank Offer Rate as fixed by the British Banking Association (LIBOR) + 1.5% for the relevant subscribed currency, which will be paid to the Manager together with an administration fee of Stg£100, or its relevant subscribed currency equivalent. The Company may waive either of such charges in whole or in part. In addition, the Manager has the right to sell all or part of the investor's holding of Shares in the Fund or any other Fund of the Company in order to meet such charges.

### **Confirmation of Ownership**

Confirmation of each purchase of Shares will be sent to Shareholders within 48 hours of the purchase being made. Confirmation will normally be dispatched by email or facsimile where the relevant and proper contact details have been provided to the Administrator, or alternatively by post at the discretion of the Administrator. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

## **9. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator whose details are set out in the Application Form on behalf of the Company by way of a signed application form or facsimile or written communication or such other means as may be permitted by the Directors and should include such information as may be specified from time to time by the Directors or their delegate. Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Company in its absolute discretion determines otherwise. Redemption requests received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders. Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original subscriptions. No redemption payment will be made from an investor holding until the original subscription application form, original redemption request, and all documentation required by or on behalf of the Company (including any documents in connection with anti-money laundering procedures) has been received from the investor and the anti-money laundering procedures have been completed.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is the Minimum Transaction Size specified above. In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares having a Net Asset Value less than the Minimum Holding, the Company may, if it thinks fit, redeem the whole of the Shareholder's holding.

The redemption price per Share shall be the Net Asset Value per Share. However, the Directors are empowered to charge a redemption fee, details of which are set out at Section **"11. Fees and Expenses"**, sub-heading "Redemption Fee". In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term.

#### *Method of Payment*

Redemption payments following processing of instructions received by telefax will only be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing.

#### *Currency of Payment*

Shareholders will normally be repaid in the currency of denomination of the relevant Share Class. If, however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) on behalf of the Shareholder and the cost of conversion shall be deducted from the redemption proceeds payable to the Shareholder.

#### *Timing of Payment*

Redemption proceeds in respect of Shares will be paid within 5 Business Days of the Dealing Deadline for the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Administrator.

#### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

#### *Compulsory/Total Redemption*

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings "Compulsory Redemption of Shares" and "Total Redemption of Shares".

### **10. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class to Shares in another Fund or Class or another Class in the same Fund in accordance with the procedures specified in the Prospectus under the heading "Conversion of Shares".

### **11. Fees and Expenses**

All or part of the fees and expenses of the Fund may be charged to the capital of the Fund.

#### *Administration Fee*



The Manager will pay to the Investment Manager out of the assets of the Fund a fee as detailed below (plus VAT, if any, thereon):

- 0.49% of the Net Asset Value of the Fund on the first \$500 million
- Up to 0.25% of the Net Asset Value of the Fund on amounts in excess of \$500 million

The Investment Manager shall be responsible for paying the administrative expenses of the Fund, to include establishment costs, fees and expenses payable to the Manager, the Custodian, the Administrator, including transfer agency transaction fees, Directors fees, any Paying Agent appointed by or on behalf of the Company, and general administrative expenses, which include but are not limited to legal and other professional advisory fees, company secretarial fees, Companies Registration Office filings and statutory fees, regulatory fees, auditing fees, translation and accounting expenses, taxes and governmental expenses applicable to the Fund, costs of preparation, translation, printing and distribution of reports and notices, all marketing material and advertisements and periodic update of the Prospectus, stock exchange listing fees, all expenses in connection with registration, listing and distribution of the Fund and Shares issued or to be issued, all expenses in connection with obtaining and maintaining a credit rating for the Fund or Classes or Shares, expenses of Shareholders meetings, Directors' insurance premia, expenses of the publication and distribution of the Net Asset Value, clerical costs of issue or redemption of Shares, postage, telephone, facsimile and telex expenses and any other expenses in each case together with any applicable value added tax.

#### *Investment Manager's Fee*

The Manager will pay to the Investment Manager out of the assets of the Fund the fees as detailed below subject to a maximum fee of 2%:

- Class A – 1% of the Net Asset Value of the Class A Shares
- Class B – 1.5% of the Net Asset Value of the Class B Shares
- Class C – 1.5% of the Net Asset Value of the Class C Shares
- Class D – 1% of the Net Asset Value of the Class D Shares
- Class E – 0.75% of the Net Asset Value of the Class E Shares
- Class X – 0.75% of the Net Asset Value of the Class X Shares

#### *Global Distributor*

The Global Distributor shall be entitled to receive a distribution fee of 2% on subscription proceeds in respect of Class B Shares. This fee may be waived in whole or in part at the discretion of the Global Distributor.

The Global Distributor shall be entitled to receive a distribution fee of up to 5% on subscription proceeds in respect of Class C Shares. This fee may be waived in whole or in part at the discretion of the Global Distributor.

The fees of any sub-distributor appointed by the Global Distributor will be paid out of the portion

of the fees payable to it for the distribution of Shares of the Fund.

#### *Redemption Fee*

A redemption fee not exceeding 2% of the Net Asset Value of Shares being redeemed within 30 days of subscription may be imposed on the redemption of Shares which shall be retained by the Company for its sole use and benefit or as it may determine. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the redemption fee chargeable to certain Shareholders.

Shareholders who redeem after the 30 day period will not be charged a redemption fee.

### **12. Dividends and Distributions**

The Company may in general meeting declare dividends but no dividend shall exceed the amount recommended by the Directors. Dividends, if declared, will be paid annually within four months of declaration. It is intended that the Fund will pursue a distribution policy so that the Fund will be able to obtain certification as a "Reporting Fund" under the United Kingdom Offshore Funds (Tax) Regulations 2009 for the purpose of United Kingdom taxation. A failure of the Fund to comply with this requirement will result in the Fund failing to obtain such certification.

Dividends may be paid out of investment income. Fees and expenses may be charged against income or against capital. Where fees and expenses are paid out of the capital of the Fund, the capital of the Fund may be eroded and income will be achieved by foregoing the potential for future capital growth. Dividends will not be paid out of the capital of the Fund.

If a dividend is not payable, all income and gains of the Fund will be accumulated within the Fund. Dividends which are not claimed or collected within six years of payment shall revert to and form part of the assets of the Fund. Dividends will be paid by cheque or bank transfer at the expense of Shareholders. Shareholders may elect to re-invest dividends in additional Shares in the Fund by ticking the appropriate box on the Application Form.

Where the amount of any distribution payable to an individual Shareholder would be less than US\$100 the Directors in their sole discretion may determine that such amount shall not be distributed but shall be retained and reinvested within and for the benefit of the Fund.

### **13. Risk Factors**

The attention of investors is drawn to the "Risk Factors" section in the Section of the Prospectus entitled "The Company").

In addition, the following risk factors are specific to an investment in the Fund.

#### **Investment in Equity Securities**

The Fund will invest in equity securities traded on Recognised Exchanges. Equity securities will be subject to risks associated with such investments, including fluctuations in market prices, adverse issuer or market information and the fact that equity securities are subordinate in the right of payment to other corporate securities, including debt securities. The value of these securities varies with the performance of the respective issuers and movements in the equity markets generally. As a result, the Fund may suffer losses if it invests in equity securities of issuers where performance falls below market expectations or if equity markets in general decline or the Fund has not hedged against such a general decline.

#### Concentration Risk

The Fund typically holds a relatively small number of stocks as compared to many other funds. This may make the Fund's performance more volatile than would be the case if it had a more diversified investment portfolio.

#### Emerging Markets Risk

The Fund may invest in equity securities of companies in emerging markets. Such securities may involve a high degree of risk and may be considered speculative. Risks include (i) greater risk of expropriation, confiscatory taxation, nationalization, and social, political and economic stability; (ii) the small current size of the markets for securities of emerging markets issuers and the currently low or non-existent volume of trading, resulting in lack of liquidity and in price volatility; (iii) certain national policies which may restrict the Fund's investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; (iv) the absence of developed legal structures governing private or foreign investment and private property; (v) the legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of shareholder protection or information to investors as would generally apply internationally; (vi) potentially a greater risk regarding the ownership and custody of securities i.e. in certain countries, ownership is evidenced by entries in the books of a company or its registrar. In such instances, no certificates representing ownership of companies will be held by the Custodian or any of its local correspondents or in an effective central depository system; and (vii) emerging markets may experience significant adverse economic developments, including substantial depreciation in currency exchange rates or unstable currency fluctuations, increased interest rates, or reduced economic growth rates than investments in securities of issuers based in developed countries.

### **14. Investment Restrictions**

Notwithstanding Point 3.1 of Appendix I – Investment Restrictions in the Prospectus, the Fund may not invest more than 10% of its net assets in aggregate in other collective investment schemes.

### **15. Risk Management Process**

In accordance with the requirements of the Central Bank, the Investment Manager operates a

risk management process on behalf of the Company and the Fund which enables it to accurately measure, monitor and manage the various risks associated with financial derivative instruments in relation to the Fund's use of derivatives. The Fund will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to Central Bank. The Company will provide on request to Shareholders supplementary information relating to the risk management methods employed by the Company including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.