**CITI 80% PROTECTED DYNAMIC ALLOCATION FUND**

**SIMPLIFIED PROSPECTUS**

**CLASS X SHARES**

**Dated 10 October 2011**

**This Simplified Prospectus contains key information in relation to the Class X Shares of the Citi 80% Protected Dynamic Allocation Fund (the Fund), a fund of CitiFirst Investments plc (the Company), an umbrella fund with segregated liability between sub-funds. The Company was incorporated on 1 February 2008 and is an umbrella open-ended investment company authorised by the Central Bank of Ireland (the Central Bank) under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (the Regulations). The Company currently has seven other funds in existence, namely CitiFX Alpha Strategy 1 Fund, Citi Global Interest Rates Strategy Index Fund, Citi Global Interest Rates Strategy USD Index Fund, Citi COMET Index Fund, UK Structured Growth Fund, UK Autocall Fund and Citi CUBES Diversified Commodities Fund.**

**The Class X Shares are currently available in US Dollar, Sterling and Euro classes (each such currency class, a Class). Potential investors are advised to read the Prospectus of the Company dated 10 May 2011 and the Supplement dated 10 May 2011 as amended (together the Prospectus) before making an investment decision on whether or not to invest in the Fund. The rights and duties of the investor as well as the legal relationship with the Company are laid down in the Prospectus.**

**Capitalised terms used herein (but not defined herein) have the meanings attributed to them in the Prospectus.**

**The Base Currency of the Fund is US Dollars.**

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| **Investment objective** | The investment objective of the Fund is to provide Shareholders in each Class with investment exposure to the performance of a notional Reference Asset (as described in Schedule I below) and partial capital protection in an amount equal to 80% of the highest ever Net Asset Value per Share of the relevant Class achieved on any day from the Initial Issue Date (the **Protected Amount**). The Protected Amount of the relevant Class on any day may be equal to or higher than 80% of the Initial Issue Price, depending on the performance of the Reference Asset since the Initial Issue Date. |
| **Investment policy** | In order to achieve its investment objective, the Company on behalf of the Fund intends to use the net proceeds of any issue of Shares to: (i) physically invest in certain Direct Investments (as described below), and (ii) enter into Derivative Contracts in respect of each Class with the Approved Counterparty in the form of: (a) an unfunded asset swap transaction (the **Asset Swap**), and (b) a funded total return swap transaction (the **Total Return Swap,** and together with the Asset Swap, the **Derivative Contracts**).<br><br>The purpose of acquiring the Direct Investments is not to gain investment exposure to the Direct Investments, but rather to enable the Fund to pay to the Approved Counterparty (pursuant to the Asset Swap in respect of each Class, as further described below) amounts equal to the performance and any income received in respect of such Direct Investments, as part of the overall terms of the Derivative Contracts. The net effect of the Fund's physical holding of Direct Investments and the Asset Swap in respect of each Class is that the Fund has no economic exposure to the Direct Investments.<br><br>For full details on the Fund's investment policy, please refer to the Prospectus. |
| **Risk profile** | **Overview**<br><br>An investment in the Shares involves certain risks and the description of the risks that follows is not, and does not purport to be, exhaustive. More than one investment risk may have simultaneous effects with respect to the value of the Shares and the effect of any single investment risk may not be predictable. In addition, more than one investment risk may have a compounding effect and no assurance can be given as to the effect that any combination of investment risks may have on the value of the Shares. The statements in this section are qualified in their entirety by the contents of the Prospectus.<br><br>**Suitability**<br><br>Prospective investors should determine whether an investment in the Shares is appropriate in their particular circumstances and should consult with their legal, investment, tax and other advisors to determine the consequences of an investment in the Shares and to arrive at their own evaluation of the investment. Investment in the Shares is only suitable for investors who:<br><br>(i) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks associated with an investment in the Shares;<br>(ii) have access to, and knowledge of, appropriate analytical tools to evaluate such merits and |

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| | risks in the context of their financial situation; and<br>(iii) are capable of bearing the economic risk of an investment in the Shares.<br><br>Prospective investors should make their own independent decision to invest in the Shares and as to whether an investment in the Shares is appropriate or suitable for them based upon their own judgement and upon advice from such advisors as they deem necessary.<br><br>Prospective investors should not rely on any information communicated (in any manner) by the Company, the Directors, the Manager, the Investment Manager, the Portfolio Advisor, the Calculation Agent, the Approved Counterparty or any of their respective Affiliates as investment advice or as a recommendation to invest in the Shares, which shall include, amongst other things, any such information, explanations or discussions concerning the terms and conditions of the Shares, or related features. No information communicated (in any manner) by the Company, the Directors, the Manager, the Investment Manager, the Portfolio Advisor, the Calculation Agent, the Approved Counterparty or any of their respective Affiliates shall be regarded as an assurance or guarantee regarding the expected performance of the Shares, the Reference Asset, the Reference Portfolio or any components of the Reference Portfolio, or the Reserve Asset.<br><br>Prospective investors should understand that the amounts payable in respect of the Shares of a particular Class will depend on the performance of the Reference Asset relating to such Class which, in turn, will depend in part on, among other things, interest rates, the performance of the components of the Reference Portfolio and adjustments to such Reference Asset due to Allocation Events.<br><br>Prospective investors may lose part of their originally invested capital as there can be no assurance that the Shares will be repurchased at more than the Protected Amount in respect of such Shares. Furthermore, any return on the Shares may not exceed or even equal the amount that might have been achieved had the capital invested in the Shares been placed on deposit or invested in fixed income investment grade bonds for the same period.<br><br>None of the Company, the Directors, the Manager, the Investment Manager, the Portfolio Advisor, the Calculation Agent, the Approved Counterparty or any of their respective Affiliates will act as a fiduciary or trustee for, or as an advisor to investors in the Shares.<br><br>Certain other risks relating to the Shares are also set out under the heading “Risk Factors” in the Prospectus and the Supplement. |
| **Performance Data** | N/A |
| **Profile of the typical investor** | The Fund is suitable for investors who are: (i) seeking partial capital protection; (ii) prepared to accept a degree of volatility during the term of the investment; and (iii) able to accept that potentially all of their investment may potentially become only exposed to returns associated with cash-like instruments. |
| **Distribution Policy** | There are no dividend entitlements for the Shares of any Class.<br><br>The Directors intend to operate the Fund relating to each Class of Shares with the objective of satisfying the conditions for certification by HMRC as a reporting fund for United Kingdom tax purposes, although no guarantee can be given that this will be the outcome. It is intended that the Company on behalf of the Fund relating to each Class of Shares will make an application for certification by HMRC as a reporting fund for the purposes of relevant United Kingdom tax legislation. |
| **Fees and Expenses** | The following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value per Share of each Class issued in respect of the Fund.<br><br>**Management Fee**<br><br>An amount is payable by the Company on behalf of the Fund to the Manager out of the assets of the Fund attributable to the relevant Class (the **Management Fee**). The Management Fee will accrue daily and be calculated on each Business Day using the Net Asset Value of the relevant Class on the immediately preceding Business Day. The Management Fee will be paid to the Manager monthly in arrears.<br><br>The Manager will pay out of this fee (and not out of the assets of the Fund), the fees of the Investment Manager, the Distributor, the Administrator and the Custodian (including the expenses of any sub-custodian). The Management Fee will be up to 1.75 per cent. per annum of the aggregate Net Asset Value per Share of each Class X Share issued in respect of the Fund (plus VAT, if any).<br><br>**Fund Protection Fee**<br><br>The value of the Reference Asset in respect of each Class will be reduced on a monthly basis to reflect the cost of gaining investment exposure to the Reference Asset and for the provision of the Protected Amount via the Derivative Contracts. The amount of this reduction (the **Fund Protection Fee**) is 0.85 per cent. per annum (or such other percentage as may be agreed by the Company with the Approved |

Counterparty under any Derivative Contract entered into after the Initial Issue Date) which will accrue daily and be calculated on each Reference Asset Business Day using the value of the Reference Portfolio in respect of the relevant Class on the immediately preceding Reference Asset Business Day.

**Portfolio Advisor Fee**

The fees of the Portfolio Advisor will be paid by the Approved Counterparty separately. Unlike the Management Fee and the Fund Protection Fee, the Portfolio Advisor Fee is not deducted from the value of the Reference Asset.

**Fees in respect of CISs and ETFs comprised in the Reference Portfolio**

Certain of the CISs and ETFs comprised in the Reference Portfolio are managed by the Portfolio Advisor or its Affiliates. The Portfolio Advisor will be paid a management fee in respect of its management of such CISs and ETFs, which will reduce the relevant net asset value of the relevant CISs or ETFs, and thus the value of the Reference Portfolio.

Citigroup and/or its Affiliates may receive rebates from the Portfolio Advisor or its Affiliates in respect of investments in funds recommended by the Portfolio Advisor. Citigroup and/or its Affiliates will be entitled to retain any such rebates. The provision of such rebates will not in itself adversely affect the value of the Shares.

**Reimbursement**

The Manager will pay out of its fee (and not out of the assets of the Fund) the fees of the Investment Manager, the Administrator, the Distributor and the Custodian and the administrative costs relating to the Fund. The Distributor will pay out of its fee (and not out of the assets of the Fund) the fees of any Sub-Distributors. The Custodian will pay out of its fee (and not out of the assets of the Fund) the fees of any sub-custodian (which shall be at normal commercial rates).

The Manager is not entitled to be reimbursed out of the assets of the Fund for its out of pocket expenses. The Investment Manager, the Distributor and any Sub-Distributors are not entitled to be reimbursed out of the assets of the Fund for their respective out of pocket expenses.

Each of the Administrator and the Custodian (including the expenses of any sub-custodian) is entitled to be repaid its agreed upon transaction and other charges (which will be at normal commercial rates) and other reasonable out-of-pocket expenses (plus VAT, if any). Such expenses will be paid by the Manager out of its fee (and not out of the assets of the Fund).

**Other fees and charges**

There is no Preliminary Charge payable upon subscription for Class X Shares. However, a contingent deferred sales charge (**CDSC**) will be levied, as described below, on any repurchase (including a compulsory repurchase) of Class X Shares within 9 years.

On a repurchase of Class X Shares within 9 years of the date of subscription, investors will pay a percentage of the amount initially invested in the relevant Class X Shares as a CDSC. The CDSC will be deducted from the repurchase proceeds that would otherwise be payable to investors and will be paid to the Distributor.

As indicated in the table below, the amount of the CDSC will vary depending on the length of time an investor remains invested in the relevant Shares, calculated as the period of time from the Dealing Day on which Shares of the relevant Class are subscribed for to the Dealing Day on which Shares of the relevant Class are repurchased. For these purposes, repurchases are treated on a first in first out basis.

| Number of years after the subscription date | 5 years or less | More than 5 years and less than 6 years | More than 6 years and less than 7 years | More than 7 years and less than 8 years | More than 8 years and less than 9 years | More than 9 years |
|---|---|---|---|---|---|---|
| CDSC (as a percentage of subscription value) | 4.00% | 3.20% | 2.40% | 1.60% | 0.80% | 0.00% |

For the purposes of calculating the CDSC, a transfer of Class X Shares will be treated as a repurchase request by the transferor and a subscription by the transferee.

For the purposes of calculating the CDSC, an exchange of Class X Shares for Shares of another Class for which a CDSC is not applicable shall be treated as a repurchase of such Class X Shares and any

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| | CDSC will be levied at the time of exchange.<br><br>An exchange of Class X Shares of any Class for Shares in a different Class of Class X Shares shall not be treated as a repurchase and a CDSC will not be levied at the time of exchange. For the purpose of calculating any CDSC to be levied at the time of repurchase of the 'new' Class X Shares, the length of time used to calculate the CDSC shall be calculated as the period of time from the Dealing Day on which the 'original' Class X Shares were subscribed for to the Dealing Day on which the 'new' Class X Shares are repurchased.<br><br>In the event of a winding up or liquidation of the Fund or the Company, the CDSC will be determined as if the outstanding Class X Shares had been repurchased and such amount will be deducted from the amount that would otherwise be payable to holders of Class X Shares in such circumstances and will be paid to the Distributor.<br><br>The costs of establishment in respect of the Fund shall not be borne by the Fund but shall be borne by Citigroup Global Markets Limited.<br><br>This section headed "Fees and Expenses" should be read in conjunction with the section headed "Fees and Expenses" in the Prospectus. |
| **Total Expense Ratio**<br><br>**Portfolio Turnover Rate** | N/A<br><br>N/A |
| **Taxation** | The Fund will only be subject to Irish tax in respect of Shareholders who are Taxable Irish Persons (generally being persons who are resident or ordinarily resident in Ireland for tax purposes) on chargeable events. Shareholders who are neither resident nor ordinarily resident in Ireland, subject to receipt of appropriate declaration, generally will not be subject to any Irish tax including any deductions from any payments made.<br><br>Shareholders and potential investors should familiarise themselves with and where appropriate take tax advice on the tax treatment of their holdings of Shares.<br><br>Information related to Irish taxation and United Kingdom taxation is set out in the Prospectus under the heading "Taxation".<br><br>It is intended that the Company on behalf of the Fund relating to each Class of Shares will make an application for certification by HMRC as a reporting fund for the purposes of relevant United Kingdom tax legislation. |
| **Publication of Share Price** | The Net Asset Value of each Class of Shares will be available from the Administrator and will be published on each Business Day on www.funds.citi.com. Such prices will reflect the Net Asset Value of the Fund at the Valuation Point on the relevant Dealing Day. |
| **How to buy/sell Shares** | Instructions to buy, sell and exchange Shares may be made directly to the Company care of the Administrator by 4.00 p.m. (Dublin time) on the Business Day immediately preceding the relevant Dealing Day (the Directors may however elect to extend the Dealing Deadline in their sole and absolute discretion), or indirectly through a Distributor, Sub-Distributor or a Clearing System, for onward transmission to the Company care of the Administrator by the times specified above. For investors seeking to buy or sell Shares via facsimile, by telephone or indirectly through a Distributor, Sub-Distributor or Clearing System, attention is drawn to the relevant provisions contained in the "Share Dealings" section of the Prospectus.<br><br>Frequency of dealing is every Business Day and in respect of a Dealing Day, the Valuation Point shall be 11.00 p.m. (Dublin time) on such Dealing Day.<br><br>In the case of subscriptions, the Settlement Date shall be up to two Business Days after the relevant Dealing Day assuming the receipt prior to the Dealing Deadline for such day of the relevant signed subscription application and cleared funds as confirmed by the Administrator.<br><br>In the case of repurchases, the Settlement Date shall be up to five Business Days after the relevant Dealing Day, assuming receipt of the relevant signed repurchase request prior to the Dealing Deadline for such relevant Dealing Day as confirmed by the Administrator. |
| **Additional Important Information** | Directors of Company: John Donohoe<br>Gerry Brady<br>Kevin Molony<br><br>Promoter: Citibank International plc<br><br>Manager: Capita Financial Managers (Ireland) Limited |

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| | Investment Manager: Citigroup First Investment Management Limited<br><br>Investment Advisor and Distributor: Citigroup Global Markets Limited<br><br>Custodian: J.P. Morgan Bank (Ireland) plc<br><br>Administrator: Capita Financial Administrators (Ireland) Limited<br><br>Auditors: Deloitte & Touche<br><br>Supervisory Authority: Central Bank of Ireland<br><br>Additional information and copies of the Prospectus, the Supplement, the latest annual and semi-annual report and accounts (if any) may be obtained free of charge from the Company at the offices of Capita Financial Administrators (Ireland) Limited Tel: +353 1 4005300 or Fax: +353 1 400 5350 or the registered office of the Company at 75 St. Stephen's Green, Dublin 2, Ireland.<br><br>It is intended that an application will be made to the Irish Stock Exchange for listing of the Shares issued (and available to be issued) to be admitted to the Official List of the Irish Stock Exchange. |

## SCHEDULE I

### The Reference Asset relating to each Class of Shares

***The Reference Portfolio***

The value of the **Reference Portfolio** will be calculated by Citigroup Global Markets Limited as the calculation agent (the **Calculation Agent**) on an ongoing basis in accordance with portfolio allocation advice received by the Calculation Agent from the Portfolio Advisor. The Portfolio Advisor's allocation advice will aim to outperform a benchmark of 80% global equities, as represented by the MSCI World Index and 20% global bonds, as represented by the Barclays Aggregate Bond Index (US Dollar-Hedged) (the **Benchmark**).

Although there is no specific sector or regional focus within the Reference Portfolio, the Portfolio Advisor's allocation advice will, in addition to outperformance of the Benchmark, take into account various risk and return factors of the Reference Portfolio as compared to the Benchmark.

The Reference Portfolio shall be comprised of the following notional investments:

(i) CISs and ETFs managed by the Portfolio Advisor and its affiliates (such CISs and ETFs shall be UCITS authorised pursuant to the UCITS Directive or shall be non-UCITS CISs or ETFs, which may consist of regulated CISs or ETFs domiciled in a member state of the EEA, the US, Jersey, Guernsey or the Isle of Man (in accordance with the provisions of the Central Bank Guidance Note 2/03)); and

(ii) derivative positions, as advised by the Portfolio Advisor in accordance with UCITS guidelines. Such derivative positions will typically be used to gain access to markets or assets which may be more efficiently accessed through derivatives than either the CISs or ETFs described above. The derivative positions are expected to be notional forwards or swaps and may include, but are not limited to: (i) foreign exchange forwards (including exposure to developed and emerging market currency pairs), (ii) index dividend swaps (including dividend swaps linked to the dividends of major equity indices and blue chip stocks), (iii) commodity swaps (including swaps linked to commodity indices), and (iv) equity swaps (including swaps linked to global and regional indices and stocks).

Through the notional investment in the CISs, ETFs and derivative positions as described in paragraphs (i) and (ii) above, the Reference Portfolio will seek exposure to a range of different asset classes as follows: (a) 50% – 90% of its value in equity–related investments (including common stock and preferred stock investments), (b) 10% - 50% of its value in fixed income investments (including bonds, debt securities and other similar instruments issued by US or non-US public or private sector issuers), and (c) up to 10% of its value in other investments (including commodity indices and currencies).

The base currency of the Reference Portfolio is U.S. Dollars. Where the relevant Class is denominated in a currency other than U.S. Dollars, the Reference Portfolio will be converted to the currency of the relevant Class at prevailing market rates. In addition, foreign exchange forwards may be used, as advised by the Portfolio Advisor, to partially mitigate currency exposure.

***The Reserve Asset***

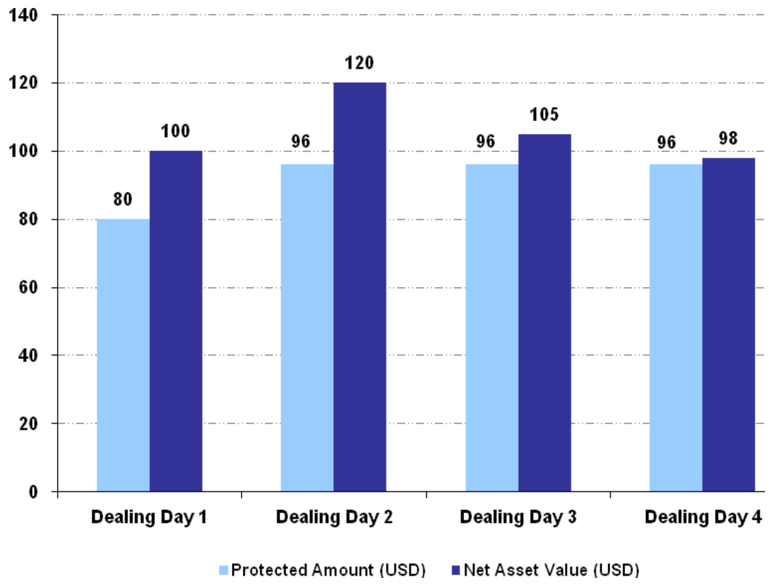
The **Reserve Asset** is a notional portfolio of cash instruments denominated in the currency of the relevant Class of Shares, bearing interest at a rate equal to the prevailing overnight interest rate in the currency of the relevant Class of Shares, minus 0.125% per annum, this deduction reflecting the cost to the Approved Counterparty of providing collateral to cover its payment obligations to the Fund under the Derivative Contracts.

### The Protected Amount relating to each Class of Shares

The protected amount per Share in respect of each Class of Shares on any relevant day is an amount equal to 80% of the highest ever Net Asset Value per Share of the relevant Class achieved on any day during the period commencing on (and including) the Initial Issue Date of the relevant Class (the **Protected Amount**).

Where the relevant Reference Asset increases in value (and so the Net Asset Value per Share increases), the Protected Amount of the relevant Class will increase proportionately. Shareholders who make initial or further investments in Shares of such Class after the Initial Issue Date will therefore benefit from the Protected Amount then prevailing as will Shareholders who had subscribed for their Shares on the Initial Issue Date of such Class. It should be noted that this is only partial capital protection. **This means that depending on the performance of the relevant Reference Asset, the Repurchase Proceeds payable to a Shareholder upon a redemption of Shares of the relevant Class may be less than the amount originally invested by such Shareholder but will be at least 80% of the highest ever Net Asset Value achieved by those Shares**.

**Worked Example 1 – The Protected Amount and changes in Net Asset Value**




The graph above illustrates how the Protected Amount may vary over the life of an investment in a Share, with light bar graphs representing the Protected Amount and dark bar graphs representing the Net Asset Value of a Share.

Assume that on Dealing Day 1, an investor initially subscribes for a Share with a current Net Asset Value of USD 100. The Protected Amount at the moment of subscription would then be USD 80. This is because the Protected Amount is 80% of the highest ever Net Asset Value of the Share and the highest ever Net Asset Value achieved by the Share in this case is the Initial Issue Price of USD 100.

On Dealing Day 2, the Net Asset Value of the Share increases to USD 120. This represents a new high of the Net Asset Value achieved by the Share, the Net Asset Value having increased by USD 20 from the Net Asset Value of USD 100 on the Initial Issue Date. The Protected Amount at this point would then be USD 96 because the Protected Amount is 80% of the highest ever Net Asset Value of the Share and the highest Net Asset Value of the Share is now USD 120.

On Dealing Day 3, the Net Asset Value of the Share decreases from USD 120 to USD 105. However, the highest ever Net Asset Value achieved by the Share **remains** at USD 120, being the Net Asset Value achieved by the Share on Dealing Day 2. Therefore, the Protected Amount **also remains** at USD 96.

On Dealing Day 4, the Net Asset Value of the Share decreases still further from USD 105 to USD 98. Despite this, the highest ever Net Asset Value **still remains** at USD 120, being the Net Asset Value achieved by the Share on Dealing Day 3. Therefore, the Protected Amount **still remains** at USD 96.

**Rebalancing between the Reference Portfolio and the Reserve Asset – the Dynamic Allocation Rules**

The exposure of the Reference Asset in respect of each Class to the Reference Portfolio and the Reserve Asset will be systematically rebalanced from time to time in accordance with the Dynamic Allocation Rules with the aim of generating positive returns from the performance of the Reference Portfolio and preserving an amount which is equal to at least the Protected Amount in respect of such Class. The Dynamic Allocation Rules are a set of predetermined formulaic rules which are designed to maximise the allocation to the Reference Portfolio (up to a maximum of 100% of the value of the Reference Asset), whilst preserving an amount which is equal to at least the Protected Amount. The Dynamic Allocation Rules are designed to increase the allocation to the Reference Portfolio where the Reference Portfolio rises in value and to reduce the allocation where the Reference Portfolio falls in value. Through following the Investment Policy, the Fund will receive, under the Derivative Contracts in respect of each Class, an amount reflecting the Protected Amount for each such Class even if the Dynamic Allocation Rules fail to achieve this aim. For the avoidance of doubt, the Reference Asset in respect of each Class of Shares will be rebalanced in the manner described below.

**The methodology used by the Dynamic Allocation Rules to rebalance exposure between the Reference Portfolio and the Reserve Asset is summarised below and available in more detail in a technical document which is available at https://www.citigroupcib.com/euprospectus.**

***Adjustments pursuant to the Dynamic Allocation Rules***

***Allocation Event***

The Calculation Agent will monitor the performance of the Reference Asset for each Class on a daily basis in order to determine, in accordance with the Dynamic Allocation Rules, whether there is an Allocation Event (as defined below) which would trigger the reallocation of exposure of the Reference Asset between the Reference Portfolio and the Reserve Asset.

There will be an **Allocation Event** if, in respect of any Reference Asset Business Day, the Calculation Agent calculates that the Gap Measure is (a) less than 15% or (b) greater than 25%. The **Gap Measure** will be the percentage calculated for each Reference Asset Business Day as: (i) the value of the Reference Asset on such day minus 80% of the highest ever value of the Reference Asset (the **Floor Amount**) on such day, divided by (ii) the value of the Reference Asset on such day multiplied by the Allocation. The **Allocation** will be calculated for each Reference Asset Business Day as the value of the Reference Portfolio on such day divided by the value of Reference Asset on such day.

A **Reference Asset Business Day** is a day which the Calculation Agent determines to be a business day for the Reference Asset having regard to the dealing schedule of the components of the Reference Portfolio.

***Allocation Adjustment***

Upon the occurrence of an Allocation Event, the Calculation Agent will adjust the exposure of the Reference Asset to the Reference Portfolio and the Reserve Asset (an **Allocation Adjustment**) so that, subject to the section headed "*Notional Liquidation Of The Reference Portfolio*" below, the allocation to the Reference Portfolio after giving effect to such adjustment will be equal to, or as close as reasonably practicable to, the Target Allocation (as defined below), in the determination of the Calculation Agent.
The target allocation (the **Target Allocation)** means, in respect of any Reference Asset Business Day for which it is required to be determined, the percentage (subject to a minimum of zero and a maximum of 100%) as calculated by the Calculation Agent as: (i) 5, multiplied by (ii) the value of the Reference Asset on such day minus the Floor Amount on such day, divided by (iii) the value of the Reference Asset on such day. In addition, if the value of the Reference Asset on any day is greater than the highest ever value of the Reference Asset prior to such day, then the Calculation Agent will, irrespective of whether an Allocation Event has occurred, increase the Reference Asset's exposure to the Reference Portfolio to 100%.

**<u>Worked Example 2 – Allocation Adjustments and changes in Net Asset Value</u>**

| **Dealing Day** | **Protected Amount (USD)** | **Net Asset Value (USD)** | **Resulting Allocation to Reference Portfolio (as % of Net Asset Value)** | **Resulting Allocation to Reserve Asset (as % of Net Asset Value)** |
|---|---|---|---|---|
| 1 | 80 | 100 | 100% | 0% |
| 2 | 96 | 120 | 100% | 0% |
| 3 | 96 | 105 | 45% | 55% |
| 4 | 96 | 98 | 10% | 90% |

The table above illustrates the effect of an Allocation Adjustment on the composition of the Reference Asset, using the same Net Asset Value figures from Worked Example 1 above.

On Dealing Day 1, **all** the value represented by the Net Asset Value is notionally allocated to the Reference Portfolio in accordance with the Dynamic Allocation Rules.

On Dealing Day 2, an increase in the value of the Reference Portfolio causes an increase in the value of the Net Asset Value of the Share. The allocation to the Reference Portfolio remains at 100% of the Net Asset Value, which is the maximum allowable under the Dynamic Allocation Rules.

By contrast on Dealing Day 3, a decrease in the value of the Reference Portfolio causes a decrease in the Net Asset Value of the Share. Because the Dynamic Allocation Rules are also designed to decrease the allocation to the Reference Portfolio when the Reference Portfolio materially decreases in value, an Allocation Adjustment occurs. As a result of this, the Reference Asset is rebalanced such that, following the decrease in Net Asset Value, only 45% of the Net Asset Value is notionally allocated to the Reference Portfolio. The remainder of the Net Asset Value is notionally allocated to the Reserve Asset.

On Dealing Day 4, a further decrease in the value of the Reference Portfolio causes a further decrease in the Net Asset Value of the Share. A further Allocation Adjustment occurs, which results in a notional allocation of 10% of the Net Asset Value to the Reference Portfolio and the remainder notionally allocated to the Reserve Asset.

***Notional Liquidation Of The Reference Portfolio***

Each of the following events may result in a complete notional liquidation of the Reference Portfolio:

(i) If the Calculation Agent calculates that the value of the Reference Portfolio on any day is less than 5% of the value of the Reference Asset on such day (a **Liquidation Event**), the exposure of the Reference Asset to the Reference Portfolio and the Reserve Asset shall be rebalanced so that the exposure to the Reference Portfolio is reduced to zero and the exposure to the Reserve Asset is increased by an amount that is as close as reasonably practicable to the amount of such reduction in the exposure to the Reference Portfolio. However, following the occurrence of a Liquidation Event, if the Calculation Agent determines that a Gap Measure of 20% could be achieved, assuming that the value of the Reference Portfolio was at least equal to 10% of the Reference Asset, an Allocation Adjustment will be made as described in the section above headed "*Allocation Adjustment*" such that the exposure to the Reference Portfolio is greater than zero.

(ii) If the Calculation Agent calculates the Target Allocation as equal to zero, it will notify the Approved Counterparty who may, in its sole and absolute discretion, terminate the relevant Derivative Contracts entered into in respect of the applicable Reference Asset. If the Approved Counterparty elects to terminate the Derivative Contracts, the Shares of the relevant Class will be repurchased by the Company at the earliest practical date following such termination as recommended by the Calculation Agent, at the Net Asset Value per Share of such Class and Shareholders will receive at least the Protected

Amount which will not be affected as a consequence of the repurchase, subject to the Fund having adhered to the Investment Policy.

***Timing of Allocation Adjustments and a Notional Liquidation of the Reference Portfolio***

Each adjustment to be made above will become effective as soon as is reasonably practicable following an Allocation Event or a Liquidation Event, as applicable, as determined by the Calculation Agent.

***Deduction of notional amounts in respect of the Management Fee and the Fund Protection Fee from the value of the Reference Asset***

The value of the Reference Asset will be notionally reduced on a monthly basis by an amount equal to the total value of the Management Fee and the Fund Protection Fee which have accrued in respect of each Reference Asset Business Day as calculated by the Calculation Agent.