

# Scheme Particulars

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Royal Bank of Canada Global Funds

**These Scheme Particulars are valid as at 30<sup>th</sup> June 2010.**

**These Scheme Particulars have been prepared in accordance with Schedule 2 of the Collective Investment Schemes (Class A) Rules 2002, as amended (the "CIS Rules") as issued by the Guernsey Financial Services Commission (the "Commission") pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (the "Law") and in accordance with the regulations made pursuant to the United Kingdom Financial Services and Markets Act 2000 (the "Act"). These Scheme Particulars are deemed to constitute an investment advertisement as defined under section 21 of the Act and its issue has been approved by Royal Bank of Canada Investment Management (U.K.) Limited, which is regulated by the Financial Services Authority.**

These Scheme Particulars will be reviewed periodically and may be subject to change from time to time. The up-to-date Scheme Particulars can be viewed on our website at <http://www.rbcwminternational.com/fund-brochures.html>.

Royal Bank of Canada Global Funds (the "Fund") has been authorised by the Commission under the Law on 18 September 1995 and declared by the Commission to be a Class A Umbrella Scheme. In giving this authorisation the Commission does not vouch for the financial soundness of the Fund or for the correctness of any of the statements made or the opinions expressed with regard to it.

The Fund is a Collective Investment Scheme which is recognised in the United Kingdom for the purposes of Section 87 of the Act.

These Scheme Particulars are issued by the Manager and the Directors of the Manager who are jointly responsible for the information contained herein. To the best of their knowledge and belief the information contained herein is in accordance with the facts and contains no omissions likely to affect the impact of such information. The Directors of the Manager accept responsibility accordingly.

These Scheme Particulars do not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer of solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation. No person may treat these Scheme Particulars as constituting an invitation to him unless in the relevant territory such an invitation could lawfully be made to him without compliance with any registration or other legal requirements. It is the responsibility of any person wishing to make an application hereunder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection herewith, including the obtaining of any governmental or other consents which may be required or other formalities needing to be observed or the payment of any transfer or other taxes requiring to be paid.

The Fund may not be available to investors resident in certain jurisdictions. Therefore, potential investors should firstly ensure that their request to the Manager for details about the Fund and/or their subsequent investment in the Fund does not contravene any legislation appertaining in such country or affecting either directly or indirectly any national or resident of such country or its territories, possessions or any area subject to its jurisdiction.

All applications for units are deemed to be on the basis of the terms of the latest Scheme Particulars and the Fund's Trust Deed dated 15 September 1995 (the "Trust Deed").

In particular the units have not been registered with any authority in either Canada or the United States of America. Accordingly, residents or citizens of the United States of America or residents of Canada cannot invest in the Fund. Should an existing unitholder, who invested in the Fund whilst residing overseas, subsequently relocate to either Canada or the USA then the holding in the Fund would have to be fully redeemed at that time.

The above also applies to any unitholder who takes up residence in a country where residents of that country are not allowed to invest in the Fund.

Potential investors in the United Kingdom should note that effecting a transaction in shares in the Fund will exclude them from the benefit of rights designed to protect investors under the Act and under the rules of the Financial Services Authority ("FSA"). In particular such investors will lose:- the right to claim through the Financial Services Compensation Scheme for losses resulting from a default of obligations owed under FSA's Rules; access to FSA's Financial Ombudsman Service; and protection of money held on your behalf under the Client Money Regulations.

However, the Fund is authorised as a Class A scheme in Guernsey and similar protections as those mentioned above are provided by The Protection of Investors (Bailiwick of Guernsey) Law, 1987 and the Rules made thereunder. Investors therefore are eligible, in certain circumstances, for the payment of compensation under the Collective Investment Schemes (Compensation of Investors) Rules, 1988 made under the Law.

**You should read the contents of these Scheme Particulars carefully and in full. If you are in any doubt about the contents of these Scheme Particulars you should consult your Stockbroker, Bank Manager, Solicitor, Accountant or other professional adviser.**

**It should be noted that the price of units and the amount of income distributed or accumulated thereon may go down as well as up.**

## **The Manager**

The Manager is RBC Offshore Fund Managers Limited, registration number 8494, which was incorporated as a company with limited liability in Guernsey on 31 January 1980 and licensed under the Law to carry on controlled investment business in the Bailiwick of Guernsey. Its registered office is at Canada Court, Upland Road, St Peter Port, Guernsey, Channel Islands. The Manager is a wholly owned subsidiary of RBC, 1 Place Ville Marie, Montreal, Quebec, Canada.

The Directors of the Manager are Alexander T Ward, Managing Director; Robin Amer, Deputy Managing Director, Alan Brint, Senior Manager, Corporate and Institutional, British Isles, Kevin Flanagan, Head of Investments, RBC International Wealth Management and Jon Bridel, Managing Director, RBC Investment Solutions (CI) Limited. All Directors are employees of RBC.

The authorised share capital of the company is £100,000 divided into 100,000 shares of £1 each of which 75,000 have been issued and £275,000 has been paid up by way of share capital and premium.

The appointment of the Manager under the Trust Deed shall continue until the Manager retires or is replaced. The Manager shall have the right, upon such termination and so long as the Manager remains a subsidiary of RBC, to require the Fund to change its name and otherwise remove from all relevant literature any corporate emblem or trade mark associated with the Manager.

Under the terms of the Trust Deed, the Manager shall not be liable to the Fund or any unitholder by reason of any error of law or by reason of any mistake or omission or any other matter or thing done suffered or omitted in good faith. The Manager will remain liable for failure to discharge its functions to the extent that the Manager has failed to exercise due care and diligence.

The Manager is permitted to trade in units and to satisfy investors applications for units either from its own holding of units or by requesting the Trustee to create such units. Conversely upon a holder wishing to redeem his holding, the Manager may acquire such units for its own account or alternatively ask the Trustee to cancel such units.

Whilst the Manager may only trade in such units on a subscription day and at prices calculated in accordance with the CIS Rules, it is under no obligation to account to the Trustee or to any holder for any profit it makes on the issue of units or on the re-issue or cancellation of units which it has re-purchased.

For the purposes of the Law and the CIS Rules the Manager is the Designated Manager. For the purposes of the Act the address in the United Kingdom for the service on the Manager of notices or other documents required or authorised to be served upon them under the Act as notified by The Financial Services Authority is the Compliance Officer, **Royal Bank of Canada Investment Management (U.K.) Limited**, 71/71A Queen Victoria Street, London, EC4V 4DE.

The Manager has delegated certain discretionary investment management responsibilities to RBC Investment Solutions (CI) Limited in accordance with the Trust Deed.

### The Trustee

The Trustee is Northern Trust (Guernsey) Limited, a company incorporated with limited liability in Guernsey on 19th September, 1972 and having its registered office at Trafalgar Court, St. Peter Port, Guernsey, Channel Islands, GY1 3DA. Registration number 2651. The Trustee is a wholly owned subsidiary of Northern Trust Corporation, based in Chicago. The Trustee has an issued and fully paid up share capital of £10 million.

The Trustee provides a full range of banking and custodial services. It is licensed by the Commission under the Law to act *inter alia* as custodian or trustee of Guernsey based collective investment schemes. It is also licensed under the provisions of The Banking Supervision (Bailiwick of Guernsey) Law, 1994 as a deposit taking institution.

Under the terms of a Supplemental Trust Deed made between, *inter alia*, the Manager and the Trustee dated 23 August 2001, supplemental to the Trust Deed the Trustee has agreed to act as Trustee of the Fund in accordance with the provisions of the Trust Deed and the CIS Rules. The fees of the Trustee are paid by the Manager out of the scheme property.

The Trustee is also entitled to reimbursement out of the scheme property of certain expenses incurred by it exclusively in the performance of its duties. Such expenses include, but are not limited to, the fees and expenses of its agents used to hold investments outside of Guernsey, expenses in relation to safe custody and insurance, and expenses incurred in the collection, allocation or distribution of income. The Trustee is entitled to be reimbursed the costs of any legal advisers, accountants, valuers or other consultants retained to advise the Trustee in connection with its duties.

The Trustee may appoint sub-custodians to hold the assets of the Fund. The Trustee will exercise reasonable skill, care and diligence in the selection, appointment and monitoring of such sub-custodians and will be responsible to the Fund, for the duration of any agreement with a sub-custodian for satisfying itself as to the ongoing suitability of the sub-custodian to provide custodial services to the Fund.

The Trustee will remain liable for the acts and omissions of its delegates, however, provided that the relevant provisions of the CIS Rules are complied with, the Trustee shall not be liable on account of the fraud or negligence or for the financial or other failure of any of its delegates or for any loss or damage that may result from the appointment of any such person in respect of the scheme property.

The appointment of the Trustee shall continue until the Trustee retires or is replaced. Under the CIS Rules the Trustee is not entitled to retire voluntarily other than upon the appointment of a new trustee.

### Sub-custodian

The Trustee has appointed Royal Bank of Canada (Channel Islands) Limited as Sub-Custodian of the Fund pursuant to a sub-custodian agreement made between the Fund, the Trustee and the Sub-Custodian dated 23 August 2001 (the "Sub-Custodian Agreement"). Royal Bank of Canada (Channel Islands) Limited was incorporated with limited liability in Guernsey on 10 July 1973 and having its registered office at Canada Court, Upland Road, St Peter Port, Guernsey, Channel Islands, GY1 3BQ. Registration number 3295.

The issued share capital of the company is £5,000,000 of which £7.5 million have been paid by way of share capital and premium. The Sub-Custodian is a wholly owned subsidiary of RBC, a company incorporated in Canada having its registered office at 1 Place Ville Marie, Montreal, Quebec, Canada. The Sub-Custodian is licensed in Guernsey as a bank and is also licensed by the Commission under the Law to carry on controlled investment business in the Bailiwick of Guernsey as a Custodian of Collective Investment Schemes.

The fees of the Sub-Custodian will be paid by the Manager out of the Scheme Property. Such fees will include a transaction fee which is detailed in Appendix 2 in respect of securities settlements. The Sub-Custodian is also entitled to reimbursement out of the scheme property of expenses incurred in amending the Trust Deed, fees and costs in collecting payments due to the Fund and out-of-pocket expenditure in carrying on its duties.

The Sub-Custodian Agreement may be terminated by the Trustee or the Sub-Custodian upon giving the other not less than three months' notice in writing or by no notice at all in certain circumstances including where either party goes into liquidation. In the absence of actual fraud, negligence or wilful default on its part, the Sub-Custodian Agreement provides that the Sub-Custodian will be indemnified by the Trustee out of the scheme property against all claims and demands made against the Sub-Custodian for any loss or damage suffered by any third party.

### The Investment Advisor

The Investment Advisor to the Fund is RBC Investment Solutions (CI) Limited whose registered office is Canada Court, Upland Road, St Peter Port, Guernsey, Channel Islands, GY1 3BQ. Registration number 3403.

Under the terms of its appointment dated 15 September 1995 as amended by agreement dated 1 May 2010 the Investment Advisor agrees to render advice in connection with the investment of scheme property and review the investment portfolio of the Fund whenever necessary. The Investment Advisor has also been delegated certain investment management duties and has been given discretionary authority in relation to the investment management of the scheme property. The Investment Advisor has delegated this authority to various Investment Managers, as set out below.

The remuneration of the Investment Advisor is paid by the Manager out of its own remuneration. The Investment Advisor is not an authorized person within the meaning of the Act however holds a license to carry on controlled investment business pursuant to the Law.

The Investment Advisor may from time to time delegate its functions by the appointment of sub-investment advisors in respect of any or all Classes. Details of the appointed sub advisors are noted under the information for each Class. The Investment Advisor's appointment may be terminated by the Investment Advisor or the Manager on three months written notice, or by no notice at all in certain circumstances including where either party goes into liquidation.

In the absence of fraud, negligence or wilful default on its part, the Investment Advisor will be indemnified by the Manager or the Fund against all claims and demands made against the Investment Advisor for any loss or damage suffered by any third party.

### **The Registrar**

The Manager is also the registrar.

### **Auditor**

The Auditors to the Fund are Deloitte LLP, Chartered Accountants, PO Box 137, Regency Court, Glatigny Esplanade, St Peter Port, Guernsey, GY1 3HW.

### **Legal Advisers**

The Advisers to the Fund on Guernsey legal & regulatory issues are Ozannes, 1 Le Marchant Street, St Peter Port, Guernsey, Channel Islands, GY1 4HP.

### **Register of Holders**

The Register of Holders can be inspected at the address of the Manager, Canada Court, Upland Road, St Peter Port, Guernsey, Channel Islands between 9am and 5pm on any business day.

### **Constitution**

The name of the Fund is Royal Bank of Canada Global Funds and it was constituted in Guernsey on 15 September 1995 as an open-ended unit trust. The Fund is an Umbrella Fund and the Manager is authorised to issue several Classes of units. Currently there are 4 different Classes and these are detailed below.

In addition for each Class, units can either be issued as income units (those which pay a dividend) or accumulation units (those which do not pay a dividend).

### **Details Of Share Classes Offered**

The investment objective and policy of each of the Classes is as follows:

#### **Dollar International Capital Class ("DIC")**

##### *Investment Objective*

The investment objective is to achieve capital growth over a sustained period by investing in world markets. The Manager believes that this objective can be best attained, at present, by investment in equities and selected convertible stocks although, should circumstances alter, the Class will not necessarily be committed to these forms of investment. If the Manager deems it appropriate, up to 25% of the Class may be held in cash or near cash instruments.

The base currency of the Class is US Dollars.

##### *DIC Investment Manager*

The appointed Investment Manager to the Class is Capital Guardian Trust Company.

Capital Guardian Trust Company is based in the United States of America and is a wholly-owned subsidiary of Capital Group International Inc. ("CGII"), which was chartered in 1968 under the California State banking laws as a non-depository trust company. CGII is in turn a wholly-owned subsidiary of the Capital Group Companies Inc., which was founded in 1931.

The DIC Investment Manager's principal activities are those of a manager of investment portfolios and as a fund manager. The DIC Investment Manager's registered office and principal place of business is 333 South Hope Street, 55<sup>th</sup> Floor, Los Angeles, California, USA, CA 90071.

The DIC Investment Manager has been delegated certain investment management duties pursuant to an agreement with the Investment Advisor dated 31 January 2006. The DIC Investment Manager has been given a fully-

discretionary mandate to make investment decisions in relation to the Class.

#### **Canadian Class**

##### *Investment Objective*

The primary objective is to achieve long-term capital appreciation and this is achieved in normal circumstances by investment in equity and convertible securities of companies located in Canada. The Class may also invest in companies which derive the major part of their earnings from business in Canada. Although the usual medium of investment is a broad spread of selected equities and convertible securities, the Class may also purchase bonds, money market instruments, preference stock, warrants and traded options, although these investments will not normally form a significant proportion of the portfolio. If the Manager deems it appropriate, up to 25% of the Class may be held in cash or near cash instruments.

The base currency of the Class is Canadian Dollars.

##### *The Canadian Investment Manager*

The appointed Investment Manager to the Class is RBC Asset Management Inc.

RBC Asset Management Inc. ("RBC AM") is an indirect, wholly owned subsidiary of RBC. RBC is Canada's largest bank as measured by market capitalization and assets, and is one of North America's leading diversified financial services companies. It was chartered in 1869 as the Merchants' Bank of Halifax and was renamed The Royal Bank of Canada in 1901.

RBC AM is the primary investment manager for the RBC businesses serving private clients. RBC AM provides a broad range of investment services to investors through mutual funds, pooled funds and separately managed portfolios. RBC AM's registered office and principal place of business is Royal Trust Tower, P.O. Box 7500, Station A, Toronto, Ontario, Canada M5W 1P9.

The Canadian Investment Manager has been delegated certain investment management duties pursuant to an agreement with the Investment Advisor. The Canadian Investment Manager has been given a fully-discretionary mandate to make investment decisions in relation to the Class.

#### **USA Class ("USA")**

##### *Investment Objective*

The primary objective is to achieve long-term capital appreciation and this will normally be achieved by investments in common stocks and equivalent securities of corporations located in United States of America. If the Manager deems it appropriate, it may invest up to 10% of the Class in multinational companies not domiciled in the United States of America through the use of American Depository Receipts and other similarly regulated investments. Although the usual medium of investment is a broad spread of selected common stocks and equivalent securities the Class may also purchase money market instruments, rights and warrants although these investments will not normally form a significant proportion of the portfolio. If the Manager deems it appropriate, up to 10% of the Class may be held in cash or near cash instruments.

The base currency of the Class is in US Dollars.

##### *The USA Investment Manager*

The appointed Investment Manager to the Class is Cornerstone Investment Partners LLC.

Cornerstone Investment Partners LLC is based in the United States of America and is a federally registered investment adviser and is regulated by the US Securities and Exchange Commission. Cornerstone Investment Partners LLC was co-founded in 2001 by Managing

Partner, Ed Mitchell, Jr., CFA and Partner, Nelson Brown, CFA. Cornerstone Investment Partners LLC services a diverse range of institutional investors, including Public Funds, Corporate Pensions, Foundations and Endowments. Historically, Cornerstone Investment Partners LLC has specialized in building active equity portfolios for institutional investors.

Cornerstone Investment Partners LLC is legally structured as a Limited Liability Corporation and is 100% employee-owned by its six partners. The USA Investment Manager's principal place of business is 8097 Roswell Road, Building A, Atlanta, Georgia 30350, USA.

The USA Investment Manager has been delegated certain investment management duties pursuant to an agreement with the Investment Advisor dated 30 June 2010. The USA Investment Manager has been given a fully-discretionary mandate to make investment decisions in relation to the Class.

### **Continental European Class ("CE")**

#### *Investment Objective*

The primary objective is to achieve long-term capital appreciation. Under normal circumstances investments will consist of equity and convertible securities of companies located in Continental Europe, (i.e. excluding the United Kingdom). The Class may also invest in companies which derive the major part of their earnings from business in Continental Europe. Although the usual medium of investment is a broad spread of selected equities and convertible securities, the Class may also purchase bonds, money market instruments, preference stocks, warrants and traded options, although these investments will not normally form a significant proportion of the portfolio. If the Manager deems it appropriate, up to 25% of the Class may be held in cash or near cash instruments.

The base currency of the Class is the Euro.

#### *The CE Investment Manager*

The appointed Investment Manager to the Class is TT International.

TT International is currently organised as a partnership under the laws of England and Wales.

The CE Investment Manager and its predecessor have been in existence since 1988, operating as a private investment firm specialising in international securities.

The CE Investment Manager is authorized and regulated by the Financial Services Authority in the United Kingdom, and is also registered with the Securities and Exchange Commission of the United States as an investment adviser under the U.S. Investment Advisers Act, as amended.

The CE Investment Manager's principal activities are those of a manager of investment portfolios and as a fund manager. Their principal place of business is Martin House, 5, Martin Lane, London, England, EC4R ODP.

The CE Investment Manager has been delegated certain investment management duties pursuant to an agreement with the Investment Advisor dated 31 January 2006. The CE Investment Manager has been given a fully-discretionary mandate to make investment decisions in relation to the Class.

### **Investment Policy**

To meet the investment objective of each Class the Manager has appointed RBC Investment Solutions (CI) Limited as Investment Advisor to the Fund. The Investment Advisor has delegated its functions by the appointment of sub-advisors to each Class.

## **Investment Restrictions And Limitations**

### **General**

The Fund is an umbrella fund, the Classes of which currently all comprise securities funds for the purposes of the CIS Rules.

The CIS Rules impose certain investment restrictions on securities funds and the restrictions that will apply to the Fund and to each Class are set out below. The Fund is also permitted, subject to and in accordance with the restrictions in the Rules, to utilise techniques and instruments for the purposes of efficient portfolio management and to utilise stocklending.

The CIS Rules do not permit investment by one Class in another Class of the Fund. Whilst the CIS Rules would permit investment in another scheme managed or operated by the Manager or an associate of the Manager, no such investment will be made.

### **Investment Restrictions**

#### **General principles**

The following principal investment restrictions apply. The terms used in this section are as defined in the Rules. The definitions of the main terms used are set out in the Glossary in Appendix 3.

Generally, all of the property of a securities fund must consist of transferable securities which are approved securities. For restrictions on the value of scheme property that may be held in transferable securities issued by one issuer, see further below under "spread of risk".

Transferable securities, for the purposes of the CIS Rules, are broadly the general securities falling within paragraphs 2(1) (a) to (e) of Schedule 1 to the Law (except where the title to the investment cannot be transferred, or can be transferred only with the consent of a third party, or the security holder's liability to contribute to the debts of the issuer is not limited to any amount for the time being unpaid by the holder on that security).

An "approved security" is a transferable security which is admitted to official listing on the Channel Islands Stock Exchange, or in a member State or is traded on or under the rules of an eligible securities or derivatives market (otherwise than by virtue of the specific permission of the market authority).

The eligible securities and derivatives markets applicable to the Fund are set out in Appendix 1.

Up to 10% in value of the property of a Class may consist of transferable securities which are not approved securities.

Under the CIS Rules, the property of a Class may consist of cash and near cash, where this may reasonably be regarded as necessary in order to enable the redemption of units, efficient management of the Class in accordance with its investment objectives or other purposes which may reasonably be regarded as ancillary to the investment objectives of the Class.

Up to 5% of the value of the property of a Class may consist of warrants only if, on the assumption that the right conferred by the warrant will be exercised (whether or not it is intended that it will be), it is reasonably foreseeable that the right conferred by the warrant could be exercised by the Class without contravening the CIS Rules.

The property of a Class may consist of any amount of transferable securities on which any sum is unpaid, if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Class, at the time when payment is required, without contravening the CIS Rules.

Up to 5% in value of the property of a Class may consist of transferable securities which are units in schemes, but

only if they are units which fall within the provisions of the section headed "Investment in schemes" (see below). Investment in units in other schemes counts towards the 10% limit on securities in a securities fund's property which are not approved securities.

#### **Limitation of acquisition of influential stake**

The Fund (taking into account all Classes) may only acquire transferable securities issued by a body corporate carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body if, immediately before the acquisition the aggregate of any such securities held by the Fund does not give the Fund power significantly to influence the conduct of business of that body and the acquisition will not give the Fund that power. The CIS Rules provide that a company shall be taken to have power significantly to influence the conduct of business of a body corporate if it can, by virtue of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body (disregarding any temporary suspension of voting rights in respect of the securities of that body).

A Class must not hold:

- a) transferable securities (other than debt securities) which do not carry a right to vote on any matter at a general meeting of the body corporate that issued them and represent more than 10% of those securities issued by that body corporate;
- b) more than 10% of the debt securities issued by any single issuing body, or
- c) more than 10% of the issued units of a scheme.

#### *Investment in schemes*

A securities fund may invest in units in a scheme only if the second scheme is:

- (a) an authorised scheme; or
- (b) a scheme that complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
- (c) is a scheme that is either (i) a recognised scheme or (ii) a scheme in which the investment of the authorised scheme consists of units which are approved securities, is dedicated to investing funds raised from the public in transferable securities or money market fund assets, operates on the principle of risk spreading and has terms which prohibit more than 5% in value of the property of the scheme consisting of units in schemes.

A sub-fund of an umbrella fund is treated as if it were a separate scheme.

#### *Spread of risk*

- (a) General

Up to 5% in value of the scheme property of a Class may consist of transferable securities other than Government and other public securities issued by any one issuer.

However, up to 10% of the value of a Class may be invested in securities issued by the same issuer if the value of all such holdings combined does not exceed 40% of the value of the property of a Class. In applying the 5% limit, investments within paragraph 2(1)(e) of Schedule 1 to the Law (certificates representing securities) are treated as equivalent to the underlying security.

- (b) Government and other public securities

As long as 35% or less of the property of a Class is invested in Government and other public securities issued by any one issuer, there is no limit on the amount which may be invested in such securities or such securities issued by any one issuer or of any one issue.

If the property of a Class is invested as to more than 35% in Government and other public securities issued

by any one issuer, then up to 30% of the scheme property may consist of such securities of any one issue and the scheme property must include such securities issued by that or another issuer of at least six different issues.

#### **Efficient portfolio management**

A securities fund is permitted under the CIS Rules to utilise techniques and instruments for efficient portfolio management ("EPM"). This would permit a Class to enter into certain derivative-type transactions and employ certain techniques for the purposes of EPM including, but not limited to, futures, options, repurchase/reverse purchase agreements, stocklending, forward currency contracts and forward foreign exchange contracts.

The purpose of efficient portfolio management is to achieve one or more of the following:

- (i) the reduction of risk;
- (ii) the reduction of costs; and / or
- (iii) the generation of additional capital or income for the Class with no, or with an acceptably low level of, risk.

Derivatives transactions or forward transactions in a currency may be entered into for the purpose of EPM, but only when the following conditions are satisfied:

- (a) the transaction is economically appropriate to that purpose, being one which is reasonably believed by the Manager to be economically appropriate to the efficient portfolio management of the relevant Class; and
- (b) the transaction is fully covered in accordance with the CIS Rules.

A derivatives transaction must be in an approved derivative, in an off-exchange derivative or in a synthetic future.

Any transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.

Any forward transaction must be with a counterparty which is an approved bank or an authorised person who is regulated by the Financial Services Authority in the United Kingdom in respect of investment business of a kind which includes the writing or purchasing of off-exchange derivatives as principal. A derivatives or forward transaction which would or could lead to delivery of property to the Custodian may be entered into only if such property can be held by the Class in question or the Manager reasonably believes that delivery of the property pursuant to the transaction will not lead to a breach of the Rules. A transaction permitted under the EPM rule may at any time be closed out.

Efficient portfolio management is applied to the property of a Class, or property which is to be or is proposed to be acquired for a Class and certain anticipated cash receipts of a Class.

No more than 5% of the value of a Class may be directed to initial outlay in respect of off-exchange transactions with any one counterparty. An "off-exchange transaction" means a transaction otherwise than on or under the rules of an eligible derivatives market. "Initial outlay" means the amount a Class is required to pay, transfer or deposit as a fidelity deposit or otherwise in order to obtain rights under a derivatives transaction.

#### **Stocklending**

The Fund may utilise stocklending for the purposes of EPM (see above).

The CIS Rules provide that the Fund may enter into a stocklending arrangement of the kind described in section 263B of the UK Taxation of Chargeable Gains Act 1992 of the United Kingdom (without extension by 263C) provided that:

- (i) the terms of the relevant agreement are acceptable to the Custodian and in accordance with good market practice;
- (ii) the counterparty is an authorised person regulated by the UK's Financial Services Authority with the relevant permission to enter into such arrangements or otherwise approved by the Commission; and
- (iii) the collateral to secure the obligation of the counterparty is acceptable to the Custodian, adequate and sufficiently immediate in accordance with the CIS Rules.

There is no restriction on the value of scheme property of the Fund or of each Class that may be utilised for stocklending. Collateral obtained under a stocklending agreement will be in cash or near cash or such other form permitted under the Rules.

#### **Borrowing**

The CIS Rules provide that the Fund may borrow money for a Class on the terms that the borrowing is repayable out of the scheme property of that Class. The Fund may only borrow from an approved bank and it may not issue debentures. Any borrowing must be on a temporary basis and borrowings should not be persistent. The Manager must ensure that no period of borrowing exceeds three months, without the prior consent of the Custodian. The borrowings on any Class on any business day must not exceed 10% of the value of the Class.

The Trustee shall not borrow money or otherwise obtain credit for the benefit of one Class upon the security of the scheme property of another Class. Borrowing will not be utilised for the purposes of gearing and will only be incurred when the cost of an investment must be paid or payments upon cancellation of units must be made before the proceeds of realisation or maturity of some other investment have been received or where there are moneys which will become part of the of the relevant Class within one month. All costs of borrowing will be for the account of the relevant Class.

#### **Additional Restrictions**

In addition to the investment restrictions imposed by the CIS Rules the following further restrictions will apply:

Investments in debt securities will only be made when the underlying security has a minimum rating of A+ as rated by Standard and Poors.

The Manager is not permitted on behalf of the Fund to invest directly in land or interests in land (or options, rights, or interests in respect thereof), make short sales (unless for efficient portfolio management purposes) assume, guarantee, endorse or otherwise become directly or indirectly liable for or in connection with any obligation or indebtedness of any person in respect of borrowed money or, invest directly in gold or silver bullion or in physical commodities. Furthermore no investment with unlimited liability is permitted.

The making of loans without the Trustee's consent is prohibited save that this does not exclude the making of bank deposits. The Manager may not purchase on behalf of the Fund units in any other collective investment scheme managed by it or by an associate.

#### **Soft Commissions**

The Manager may from time to time make arrangements with other persons under which those persons arrange for the provision to them of investment related services or other benefits the receipt of which is intended to assist them in the provision of investment management services and be of benefit to the Fund. The Manager does not always make direct payment for such services but instead may place Fund business with those or other persons. The Fund will pay brokerage at rates not in excess of customary institutional full service brokerage rates and all

transactions effected for the Fund will be such as to secure for them Best Execution, disregarding any benefit which might accrue directly or indirectly to the Fund from the services or benefits provided under such arrangements. No cash rebates will be retained by the Manager.

#### **Termination**

The Fund shall terminate:

1. If Authorisation of the Fund by the Commission is revoked and the Commission does not otherwise direct;
2. If an extraordinary resolution passed by the unitholders determines that the Fund shall be wound up;
3. On the last subscription day in the year 2095; or
4. On the election of the Manager if the value of the scheme property is less than US\$50,000,000 and has remained so for a continuous period of 4 weeks.

Where units of different classes have been created and issued and remain outstanding the Manager may elect to wind up any Class where the value of the scheme property held on trust for the benefit of the holders of that Class is less than US\$5,000,000 and has remained so for a continuous period of 4 weeks or more.

On a winding up of the Fund or any Class thereof the Trustee shall as soon as practicable realise the Fund's property and after paying all liabilities properly payable from it and retaining provision for the costs of the winding up, distribute the proceeds of the realisation to the holders of units in proportion to their respective interest in the relevant Class. Any proceeds remaining unclaimed after the expiration of twelve months from the date upon which the same became payable shall be paid to the Manager for its own use and benefit.

#### **Accounting Date**

The accounting date of the Fund is 31 October in each year or such other date as the Manager shall determine from time to time having given due notice to all unitholders.

The interim accounting date of the Fund is 30 April in each year or such other date as the Manager shall determine from time to time having given due notice to all unitholders.

#### **Characteristics of a Unit**

The Manager and the Trustee may resolve that units of different Classes be created and that the property of the Fund relating to each Class be held on trust for the exclusive benefit of unitholders of that Class in which case, no obligation or liability of one Class will be met or discharged from the scheme property attributable to any other Class. Unitholders will be able to exchange units of one Class for those of another in accordance with the provisions thereof from time to time agreed by the Manager and the Trustee. Details of the Classes can be found on pages 4&5 of these Scheme Particulars.

Units may be issued in each Class as either income units (those which pay a dividend) or accumulation units (those which do not pay a dividend). An income unit represents one undivided share of the scheme property of the relevant Class. Whilst the value retained within the scheme property of the relevant Class for a distribution unit will remain equal to one undivided share of the scheme property, the number of undivided shares of the scheme property attributable to each accumulation unit continuing in existence will be increased to the extent of the dividend which has been accredited to each distribution unit in issue.

Units may be issued as either whole units or fractions of a unit and a fraction of a unit shall rank *pari passu* and proportionately with a whole unit.

Whilst unitholders of accumulation units will not receive a dividend payment, they will receive a tax voucher detailing the sources of revenue which have accrued in respect of each income accumulated. Title to units by default will be

uncertificated although all unitholders have the right to request of the Manager a certificate if they so desire.

The nature of the right of a unitholder as represented by units is that of a beneficial interest under a trust.

### Meetings of Unitholders

The Trustee or the Manager may at any time convene a meeting of unitholders.

The Manager shall convene a meeting of unitholders on request in writing of unitholders owning units representing 20% or more of the undivided shares in the Fund's property. Any such requisition shall be signed by the requisitionists, dated, and specify the subjects which are to be submitted for discussion at the meeting. At least 14 days notice of any meeting will be given to unitholders.

The quorum at a meeting of unitholders shall be such number, being at least 2, in person or represented by proxy, and between them owning units representing 10% or more of the units in the Fund's property. Unitholders may appoint a proxy to attend the meeting and vote on their behalf. It is not a requirement for that person to be a unitholder.

At any meeting of unitholders a resolution put to the vote shall be decided on a show of hands unless, before or on the declaration of the result of the show of hands, a poll is demanded by the Chairman of the meeting or by one or more unitholders owning units representing 20% or more of the units in the Fund's property. A unitholder shall have one vote for each unit held or fraction thereof in the Fund.

If the Trustee is of the opinion that an extraordinary resolution to be proposed is one in relation to which there is or might be a conflict of interest between unitholders of units in one Class of the Fund and unitholders of units in another, such resolution shall be deemed to have been duly passed only if in lieu of being part of a single meeting of all unitholders, it shall be duly passed at separate meetings respectively of the unitholders of units in each Class.

The Manager or any associate of the Manager, being a unitholder shall be entitled to attend and be heard at any meeting of unitholders and to be counted in the quorum thereof, but shall not be entitled to vote thereat except in respect of units which are held as trustee or nominee on behalf of a person entitled to vote and from whom it has received voting instructions.

The Trustee or the Manager may also at any time convene a meeting of unitholders of any Class of units and the above provisions will be applied as if the expression "Fund's property" were a reference to the property held on trust for the Class in question.

### Valuation And Pricing

In order to determine the price at which units in each Class may be purchased from or redeemed by the Manager on each subscription day the scheme property of each Class will be valued on a forward basis as at 5pm (Guernsey time) on the business day preceding each subscription day. Such valuation is normally completed by noon on the relevant subscription day and is used to determine the price at which the Manager will issue and redeem units on that day.

The subscription days of the Classes currently in existence are as follows:

Tuesday	Continental European Class
Thursday	Canadian Class, USA Class
Friday	Dollar International Capital Class

In addition to the above subscription days, investors will also be able to subscribe for units in each Class on the first business day of each month based on the value of the scheme property as at 5pm on the last business day of the preceding month.

The scheme property of each Class is valued on an offer basis for the purpose of creation of units and on a bid basis for the purpose of the cancellation of units. The resultant figure is then rounded to the nearest three decimal places in accordance with the terms of the Trust Deed and the CIS Rules which require the price of a unit to be expressed in a form that is accurate to at least four significant figures. The bid basis is calculated as the amount that would be received if the total portfolio of each Class was sold and includes the sale price of the underlying securities less selling expenses.

The offer basis is calculated as the cost of purchasing the portfolio and includes the purchase price of the underlying securities plus buying expenses.

The periodic charges payable to the Manager and to the Trustee will be based on valuations mid way between the offer and bid price.

The most recent issue and redemption prices are published daily in the Financial Times. The prices can also be obtained by telephoning the Manager's Investor Services Team on

+44 1481 744141 and also can be obtained on the Internet <http://www.rbcwminternational.com/fund-brochures.html> or by e-mail to [ofmis@rbc.com](mailto:ofmis@rbc.com)

It is not intended that the Fund will have any interest in any immovable property or tangible immovable property.

The most recent cancellation price of each Class as notified to the Trustee is available on request from the Manager.

For the purposes of calculating the investment and borrowing limits the scheme property of each Class is valued on a bid basis.

### Fees & Expenses

#### Initial Charge

There are no initial charges payable upon the issue of units in any Class.

#### Annual Management, Trustee and Sub-Custodian Fees

The Manager will receive 1.5% per annum of the Net Asset Value of each Class calculated as at each valuation day on a mid market basis and payable monthly in arrears.

The Trust Deed permits the Manager to charge management fees of up to 2.5% per annum of the Net Asset Value calculated on a mid market basis of all Classes. However, any increase in the rate of periodic charge currently made to this maximum will only be effective after the Manager has given 90 days notice to all unitholders of units in the Class or Classes where any increase is to be made.

The Trustee and the Sub-Custodian will receive in aggregate, fees totaling 0.125% per annum of the Net Asset Value of each Class payable by the Fund. The fee is calculated in the same way as the management fee and payable monthly in arrears. The Sub-Custodian will also receive a transaction fee in accordance with the scale of charges detailed in Appendix 2. These fees will be inclusive of custodian charges, communication charges and other sub-custodian and agents fees. The Manager undertakes not to agree to any upward revision of the transaction fee without first giving 90 days notice to all unitholders.

The fees (payable to the Manager, Trustee and Sub-Custodian) currently total 1.625% per annum. No other form of remuneration is received by either the Manager, Trustee or the Sub-Custodian in respect of the Fund.

The Trustee and the Manager may also be reimbursed for the costs of any legal advisers, accountants, valuers or other consultants retained with the approval of the Trustee.

### **Other Expenses**

The Fund will bear all other expenses incurred in connection with its operation which include but are not limited to the following:

1. The costs of dealing in the scheme property.
2. Interest on permitted borrowings and charges incurred in negotiating, effecting, varying or terminating the terms of such borrowings.
3. Taxation and duties payable in respect of the scheme property, the Trust Deed and the issue of units.
4. Any costs incurred in modifying the Trust Deed unless principally for the benefit of the Manager.
5. Any costs incurred in respect of meetings of unitholders.
6. Any charges reasonably incurred by the Trustee or Sub-Custodian in depositing or causing to be deposited any part of the scheme property in a country or territory outside Guernsey including insurance, transit and handling charges.
7. The fees and expenses of the auditors.
8. The fees of the Commission and of any regulatory authority in a country or territory outside Guernsey in which units in the Fund are or may be marketed.
9. The costs incurred in preparing, printing and publishing the Scheme Particulars, Annual and Interim Reports.
10. The expenses of the Trustee in convening a meeting of holders convened by the Trustee alone.
11. The costs incurred in keeping the register.
12. Expenses incurred in the preparation of printing of certificates, tax vouchers, warrants, proxy cards and contract notes.
13. Any tax in the nature of value added tax or otherwise payable in respect of such fees and expenses.
14. The cost of publishing unit prices.
15. The costs of ensuring that the Scheme Particulars and Annual Report comply with the Regulations in the jurisdiction in which the Fund has been either recognised or authorised.

The expenses, costs, fees and charges referred to above shall be calculated at cost.

In respect of expenses which cannot be attributable to one or more Classes these expenses will be allocated amongst all the Classes in such a way as the Manager after consulting the Trustee considers to be fair to the unitholders of units in each Class.

### **Distributions**

In respect of all classes the net income available for allocation at each accounting date as calculated in accordance with the CIS Rules will be allocated between income units and accumulation units according to the respective shares in the scheme property represented by or attributable to income units and accumulation units in issue or deemed to be in issue at such accounting date.

The amount allocated to holders of accumulation units will, with effect from the accounting date, which shall also be the record date, become part of the capital property of the Class and the interests of unitholders of accumulation units will be satisfied by an increase, with effect from such record date, in the number (including fractions) of undivided shares in the scheme property represented by such accumulation units. The amount allocated to unitholders of income units will be distributed amongst them rateably in accordance with the number of income units held or deemed to be held by them respectively on the relevant record date and payment should be made on or before the distribution date being the following 31 December.

Any distribution payment which remains unclaimed shall, after a period of six years from the date of payment, be transferred to and become part of the capital property of

the Fund and from that time neither the payee nor the holder nor any successor in title of his shall have any right in respect of such distribution payment except as part of the capital property of the Fund.

The Manager may with the consent of the Trustee alter the distribution date or increase the number of distributions and interim accounting periods in any one accounting period.

It is the Manager's policy to ensure that each Class is able to apply for certification as a distributing Fund from the United Kingdom Inland Revenue. As such the Fund will distribute at least 85% of its U.K. equivalent profits each year.

In certain Classes this will result in dividends of a low value being declared. In order to save costs for both the Fund and the unitholders, a distribution to any income unitholder which is below C\$200, US\$200 or EUR 200 will be automatically reinvested into the relevant Class purchasing additional units.

### **Equalisation**

To avoid fluctuations to the net undistributed income, as a result of the issue or redemption of units at different times, the subscription and redemption prices of units will include an equalisation amount equivalent to the amount of income attributable to each unit in issue or deemed to be in issue on the relevant subscription day and accordingly each subscription day is deemed a separate grouping period.

Equalisation payments will normally either be repaid to holders of income units with the first dividend paid after the issue of the relevant unit or, if still outstanding on the redemption of either type of unit or in a liquidation, will be included in the proceeds as an accrued income payment.

### **Formation Expenses**

All formation expenses have been paid.

### **Issue And Redemption Of Units**

#### **Subscriptions**

The minimum initial subscription for units in each Class is US\$25,000 or currency equivalent. For any subsequent subscriptions the minimum is US\$5,000.

The subscription day for each Class is detailed on page 8. In addition the first business day of each month will be a subscription day for every Class.

Applications for units must be made in writing and received by the Manager by 4pm (Guernsey time) on the business day before the relevant subscription day. Applications received after this time will be carried forward to the next subscription day. All payments for units must be received by the Manager prior to the subscription day for investment on that subscription day. If cleared funds are not received then the application will be held over until the subscription day immediately following the receipt of cleared funds.

The Manager is relieved of any obligation to issue certificates for units, but any unitholder is entitled to request a certificate. The Manager recommends that investors apply for non-certificated units as these make future transactions both simple and rapid. In the case of uncertificated holdings, title to the units will be evidenced by entries on the Register of Holders.

The Manager is available to receive requests for the issue and redemptions of units on any business day at its registered office in Guernsey between the hours of 9am and 4pm.

#### **Redemptions**

Requests to redeem units or have them repurchased must be received by the Manager before 4pm (Guernsey time) on the business day preceding the relevant subscription day for units to be redeemed on that subscription day. Such a

request should clearly identify the holding to be redeemed by including the details as inscribed on the register or the purchase contract reference number or the unitholders account number. Requests received after this time will be held over and dealt with on the following subscription day.

Unless a redemption request specifies a particular number of units to be redeemed it will be taken to be in respect of the total holding. In the case of a partial redemption of a holding if the remaining value of units is less than US\$25,000 or currency equivalent the Manager is permitted to deem the redemption request to be in favour of the whole holding.

If a certificate has been issued in respect of the holding to be redeemed no redemption proceeds will be paid until the Manager is in possession of the certificate, duly renounced.

Redemption proceeds will be remitted to the bank account specified in the unitholders most recent Standing Redemption Payment Instructions within four business days of the subscription day. Unitholders are required to provide these details on the original application form. Such instructions may subsequently be changed but only after properly certified written instructions have been received by the Manager under the unitholders signature. Proceeds will be paid in the base currency of the class. No third party payments will be made and unit holders requesting payment in another currency or by direct transfer may do so, but any costs incurred will be deducted by the Administrator from the amount being paid.

If on any particular subscription day the number of units to be redeemed in a particular Class minus the number of units applied for results in the net number of units to be redeemed from that Class to exceed 5% of the total number of units in that Class, the Manager may elect that the unitholders of all units to be redeemed in that Class shall not receive the calculated redemption price but instead shall receive the net proceeds from the sale of that part of the scheme property represented by their units.

The Directors of the Manager may, at their absolute discretion, forcibly redeem any units held by unitholders whom are deemed to be ineligible, or no longer entitled to be unitholders. Such redemption of units will take effect at a date decided by the Directors, having given reasonable notice to the unitholder concerned.

Specifically in the event that a unitholder moves to a country where the Fund is not authorised or citizens of that country are not permitted to hold units in the Fund, then the unitholder's holding will be subject to compulsory redemption at the time the Fund becomes aware of their new circumstances

### **Prevention of Money Laundering**

Under current legislation, to prevent money laundering, persons conducting investment business are obliged to comply with anti-money laundering regulations. Accordingly the Manager will request such information and documentation as it considers is necessary to verify the identity of a subscriber in accordance with the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 and the 2007 Handbook for Financial Services Businesses on Countering Financing Crime and Terrorist Financing pursuant thereto as amended from time to time. The Manager will not accept applications without such verification. A certified copy of the investors passport or identity document, along with an original or certified copy of a document (such as a utility bill) verifying the investors address, should accompany any initial application.

The investor must also confirm that the investor has notified the Manager in writing if the investor is applying for, or holding shares in the Fund on behalf of any third party or parties or in any capacity other than its own sole personal capacity and has provided the Manager with the name or names of the third party or parties concerned.

The investor acknowledges that the Manager reserves the right to refuse to issue shares or to continue to allow shares to be held by an investor who holds them on behalf of any third party or parties at the Manager's absolute discretion. The Manager may do this without giving the investor any reason.

### **Instructions**

Instructions of the unitholder may be given in one of the forms stated below:

#### **In Writing**

Instructions may be given to the Manager in writing, signed by the unitholder (or in the case of a joint account by the person(s) indicated in the Application Form) in the English language and in a form acceptable to the Manager.

#### **By Facsimile**

Instructions may be given by facsimile in the English language and in a form acceptable to the Manager, preferably in the unitholder's handwriting, by way of identification stating the name of the unitholder and/or number of the account. Such instructions shall be signed by the unitholder (or in the case of a joint account by the person(s) indicated in the Application Form). The unitholder agrees to send the original of the facsimile to the Manager immediately after transmission. Any failure to do so shall not prejudice the Manager's rights hereunder.

- (a) The unitholder(s) indemnifies the Manager from and against all claims, actions, demands, liabilities, costs, charges, damages, losses, expenses and consequences of whatever nature which may be brought or preferred against the unitholder(s) or that the unitholder(s) may suffer, incur or sustain by reason of or on account of the Manager having so acted whether wrongly or mistakenly or not, or failing to act wholly or in part in accordance with such instructions;
- (b) The unitholder(s) agree not to make any claim against the Manager by reason of or on account of the Manager having so acted or having acted wrongly or mistakenly or of the Manager's failure to act wholly or in part in accordance with such instructions;
- (c) The Manager shall be entitled to act or decline to act as it sees fit without incurring any liability should it receive any instructions that it considers ambiguous, conflicting or otherwise uncertain;
- (d) The unitholder(s) agree that they will immediately send the Manager written confirmation of any such instructions, save that the non-receipt by the Manager of such written confirmation shall in no way invalidate the indemnity provided above.

### **Conversions**

Conversions from income units to accumulation units or vice versa, may be made at any time by request in writing to the Manager. Units will be transferred from one type of unit into another using a conversion factor which will result in the unitholder retaining the exact number of undivided units that were held prior to the conversion.

If a unitholder wishes to convert from one Class to another, this will be done by redeeming their holding in the existing Class at the relevant bid price and applying for units in the new Class at the relevant offer price. It should be noted that as the subscription days of some of the Classes are different that there will be a delay between redeeming in the old Class and investing into the new Class. During this period the proceeds in respect of the redemption will be held in a Client Money account by the Manager. No interest will accrue on moneys held.

It should also be noted that a conversion from one Class to another may be a realisation for the purposes of capital gains taxation in certain jurisdictions. A unitholder who gives proper instructions to convert units from one Class to

another has no rights to withdraw or cancel the instruction unless such withdrawal or cancellation is received by the Manager prior to 4pm (Guernsey time) on the business day before the relevant subscription day of the Class for which units are to be redeemed.

The Manager will make no charge for any conversion between Classes and there is no limit to the number of conversions that a unitholder can make.

It should be noted however that as mentioned above, units are converted out of a Class at the relevant Class's bid price and into the new Class at the relevant Class's offer price and therefore there is a spread which will vary between Classes and unitholders are advised to enquire of the Manager what the current spread is prior to conversions being undertaken.

### Joint Holders Sole Signatory Authority

Whereas Clause 16.06 of the Trust Deed provides that in the case of joint unitholders, the redemption notice and/or the endorsement shall be signed by both or all of them so that the Manager may be authorised by such unitholders to accept a redemption notice and/or an endorsement signed by any one of them.

1. The unitholder(s) authorises the Manager in accordance with the provisions of Clause 16.06 of the Trust Deed to accept and act in accordance with written instructions signed by any one of the account holders for the redemption or transfer of units.
2. The unitholder(s) declare that all units are held jointly and for the survivors of the joint holders.
3. The unitholder(s) acknowledge that on the death of any unitholder:
  - a) the name of such unitholder shall be removed from the register upon production to the Manager of a notarised death certificate and
  - b) this authority will remain in force.
4. The Manager may transfer holdings of a joint unitholder into an account of any one of the joint unitholders.
5. Should the Manager be in receipt of unexecuted conflicting instructions from two or more of the unitholders, the Manager may refuse to make any payment or allow any payment from the account until the conflict is resolved.
6. This authority may be revoked at any time by written instruction to that effect signed by any one of us being received by the Manager.
7. The unitholder(s) acknowledge that this authority is only effected for the giving of instructions for the redemption and transfer of units.
8. The unitholder(s) indemnify and agree to hold harmless the Manager and the Trustee in respect of all actions, claims, costs and liabilities arising out of the Manager acting in accordance with this authority.

### Suspension

The Manager may with the consent of the Trustee declare a suspension of the issue and redemption of units of a particular Class if:

- trading on any securities market on which a substantial part of the investments of the Class is normally traded is suspended; or
- such market is closed; or
- there is a breakdown of the means normally employed in ascertaining the value of investments; or
- for any reason the value of a substantial part of the investments of the Class cannot be reasonably ascertained; or
- circumstances exist as a result of which it is not reasonably practicable to realise any of the investments of the Class; or

- the remittance of the funds involved in the realisation of, or in the payment for investments or the subscription or redemption of units cannot be carried out without undue delay and at normal rates of exchange.

Notification of any such suspension will be published in those publications where the price is normally published on a regular basis.

The issue and redemption of units will be suspended during any period when valuations are suspended and payment in respect of units redeemed prior to such a suspension may also be postponed until the suspension has been lifted. Applicants for units and unitholders wishing to redeem their units will be notified of the imposition and raising of any suspension and, unless withdrawn, applications for subscription and redemption will be considered on the first subscription day following the lifting of a suspension. A suspension will be lifted when the Manager so declares and in any event when the condition giving rise to the suspension ceases (provided no other condition is then existing).

### Report to Holders

The Manager's report and accounts of the Fund for each year ending 31 October will be issued to unitholders by the end of the following month of February. A half yearly report, together with unaudited accounts as at 30 April will be circulated to unitholders before the end of the following month of June.

### Taxation

#### Guernsey

The Administrator of Income Tax in Guernsey has confirmed that in his opinion the Fund is eligible for exemption from income tax in Guernsey as an exempt body. The Fund will pay an annual fee to the Guernsey Tax Authority which is currently fixed at £600 but will not be liable to Guernsey Income Tax.

Guernsey does not levy taxes upon capital inheritance, capital gains (with the exception of a dwellings profit tax), gifts, sales or turnover, nor are there any estate duties.

Any unitholder who is resident in Guernsey for the purposes of liability to Guernsey Income Tax will receive their dividends gross of Guernsey Income Tax but details of the payment will be reported to the States of Guernsey Income Tax Authority. Unitholders resident outside of Guernsey are not subject to any tax in Guernsey in respect of any units owned by them. However, Unitholders should note the following:

Whilst Guernsey is not part of the European Union, the States of Guernsey Policy Council agreed with Her Majesty's Government of the UK to implement equivalent measures to those of the EU Directive on the Taxation of Savings Income (the "Directive"), which affects income received by individuals (but not companies) resident in the EU. Guernsey will apply a retention tax against interest payments (or payments of other similar income) made by the Fund to individual residents in the member states of the European Union. Such residents will, however, have the option to avoid the retention tax by authorising the Manager and the Trustee to provide to the home tax authority of that resident relevant information.

#### United Kingdom

The Fund has obtained certification as a distributing fund for the purposes of Chapter V of part 17 of the United Kingdom Income and Corporation Taxes Act 1988 for the accounting period ending 31 October 2003. Certification is granted on a retrospective basis and whilst it is the intention of the Manager to conduct the affairs of the Fund in such a manner so that certification may always be obtained, this cannot be guaranteed if the United Kingdom

Inland Revenue changes the qualifying terms for certification on a retrospective basis.

### General

In the normal course of events the only tax which the Fund should suffer in respect of the income from the scheme property of each Class is that of withholding tax deducted at source on underlying investments.

**Investors should be aware that their individual tax treatment will depend on their individual circumstances and that such treatment may be subject to change in future. Investors are advised to consult their professional advisers as to their potential tax consequences of subscribing for, purchasing, holding, redeeming or selling units in the Fund under the laws of their country of domicile and/or residence and/or citizenship.**

### Confidentiality and Data Protection

1. The Manager shall process personal information regarding unitholders or applicants for units in the Fund ("Personal Information") in accordance with the Data Protection (Bailiwick of Guernsey) Law 2001 ("the DP Law"). Other than as expressly set out below, the Manager confirms that Personal Information regarding unitholders or applicants for units will not be disclosed, transferred or sold to any third party for any purpose.
2. Personal Information which is provided to the Manager or which is relevant to unitholders or applicants for units in the Fund and obtained from other sources will be processed by the Manager for the purposes of discharging its responsibilities as the Manager and retained for the period required by the DP Law and/or any other applicable Guernsey laws or regulations.
3. The unitholder agrees that the Manager may from time to time use RBC's centralized systems and/or system resources and/or specialist information technology employees in other countries such as Canada and the United Kingdom, whether or not those countries have equivalent Data Protection legislation to Guernsey and which may be outside the European Economic Area. This may result in certain Personal Information being transmitted through or stored or processed in another jurisdiction and also being subject to the laws of that country. In this event the Manager shall use its reasonable endeavours to ensure that the Personal Information is protected to the standard that the Manager applies.
4. The Manager will provide a unitholder with a copy of any centrally held information, if requested to do so by the unitholder, in accordance with the DP Law.
5. In the event that a unitholder believes that any of the centrally held information is incorrect or inaccurate, the unitholder must notify the Manager, so that the information can be updated or corrected.
6. Unitholders agree that in the event that they communicate with the Manager using e-mail or by other electronic means, then the Manager may monitor all e-mail or other electronic traffic to gather information for the purposes of security, marketing, statistical analysis and systems development.
7. The Manager may record the contents of telephone conversations, or monitor telephone calls. Any such recordings remain the property of the Manager, and may be used by the Manager in the event of a dispute.
8. The Manager shall not disclose to any person the status of the holding of any unitholder or any transactions relating thereto or any information relating to a unitholder or save:
  - (i) where the Manager is compelled or permitted or required to do so by law or by order of a court or governmental or administrative tribunal; or

- (ii) where disclosure is made at the unitholder's request or with the unitholder's consent, or if otherwise permitted by the terms of these Scheme Particulars.

The Manager may also disclose details and information about the unitholder or their holdings or transactions for the following purposes:

- (i) to provide a marketing database for product and market research or to provide information for the despatch of information on other products or services to unitholders from companies within RBC;
- (ii) to service the unitholder's other relationships with RBC. (Please note that in the event that a unitholder does not have another relationship with RBC, then a Relationship Manager (the "RM") who is an employee of a sister company, being Royal Bank of Canada (Channel Islands) Limited, will be automatically appointed (at no additional cost to the unitholder) and information regarding the unitholder and their holdings will be disclosed to the RM from time to time so that the RM can provide relationship management services to the unitholder and act as a contact point for any questions that the unitholder may have regarding their holdings in the Fund or any other services or products that are available from RBC. Correspondence and/or instructions from the unitholder relating to the Fund may be sent to either the Manager or the RM, but if it is sent to the latter party, then there may be delays before the correspondence or instructions are forwarded (by the RM to the Manager) and acted upon by the Manager);
- (iii) to meet the Manager's regulatory obligations in Guernsey; and
- (iv) for the purpose of fraud prevention or anti money laundering.

**These Terms may be varied at any time by the Manager who will ensure that unitholders are informed in writing of any changes.**

### Further Information for Unitholders

The address in the United Kingdom via which a unitholder may transmit instructions to redeem units in the Fund or obtain the most recent published Sale and Purchase price is at the RBC Wealth Management offices of Royal Bank of Canada (Europe) Limited, 71 Queen Victoria Street, London EC4V 4DE.

Currently the Classes available are as follows:

Dollar International Capital Class

USA Class

Canadian Class

Continental European Class

Neither the Manager nor any of its connected persons may retain cash or other rebates from a broker or dealer in consideration of directing transactions in the Fund's property to the broker or dealer. All such transactions will be on competitive terms and conditions including brokerage fees.

Copies of the Trust Deed, Investment Advisory Agreement, Registrar and Transfer Agent Agreement, brochures, latest accounts and reports are available from and may be inspected at the offices of the Manager at Canada Court, Upland Road, St Peter Port, Guernsey, Channel Islands, and at the RBC Wealth Management offices of Royal Bank of Canada (Europe) Limited, 71 Queen Victoria Street, London EC4V 4DE.

In order to save unnecessary costs being incurred by the Fund, the Directors of the Manager have determined that when material changes are made to the Scheme Particulars and advised to unitholders, not to enclose a full printed copy of the revised Scheme Particulars. A full copy (of the revised Scheme Particulars) will be made available upon

request or can be obtained by visiting our website at <http://www.rbcwminternational.com/fund-brochures.html>.

The Trust Deed contains certain provisions to the effect that the Trustee and the Manager shall be entitled by supplemental deed to modify, alter or add to the provisions of the Trust Deed for a variety of reasons including having regard to a change in the Law without the sanction of an Extraordinary Resolution of a meeting of the unitholders of the Fund or of any relevant Class.

RBC and all persons connected with it may have holdings in the Fund. Cancellation rights, as defined in the Act do not apply to investments in the Fund.

### **Risk Factors**

**Investors should note that the unit price is denominated in the relevant currency of the Class and investors subscribing in some other currency are warned that changes in the rates of exchange may have an adverse effect on the value, price or income of their investment. Investors are also warned that fluctuations in the markets in which investments in the relevant Classes are being made may have an adverse effect on the value, price or income of their investment.**

**It should be noted that the price of units and the amount of income distributed thereon may go down as well as up. Neither the Manager nor the Trustee has any obligation to redeem units at the subscription price originally paid, and an investor may not get back the amount originally invested.**

**Investors should also note that whilst the assets of each Class of the Fund are ring-fenced from each other (and the Trust Deed in respect of the Fund expressly states that “no payment obligation or liability shall be made or discharged out of the scheme property of one class for and on behalf of the holders of any class”), there is no legal certainty that jurisdictions other than Guernsey will recognize said ring-fencings arrangements.**

## Appendix 1

### Eligible Securities and Derivatives Markets

#### A. Markets in European Union Member States

Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden and United Kingdom.

#### B. Markets in Non-European Member States

Australia, Canada, Hong Kong, Japan, Korea, Malaysia, Mexico, New Zealand, Singapore, South Africa, Switzerland, Thailand and United States.

#### C. Other Markets

European Options Market, International Securities Market Association.

## Appendix 2

### Sub-Custodial Charges

The charge for each investment transaction bought or sold made by the Sub-Custodian will be based on the following scale:

1. Band A - US\$60 (or currency equivalent) per transaction Euroclear, Japan, Canada, UK, USA, France, Germany and Switzerland.
2. Band B - US\$100 (or currency equivalent) per transaction Australia, Finland, Hong Kong, Ireland, Italy, Mexico, Netherlands, New Zealand, Norway, South Africa, Singapore and Sweden.
3. Band C - US\$135 (or currency equivalent) per transaction Austria, Belgium, Denmark, Indonesia, Malaysia, Philippines, Spain, Thailand.

The above charge is inclusive of communications charges and other custody and agents fees (excluding Brokers commission). In the event that transactions in other markets or countries are undertaken, the Manager and Custodian will agree the fee. Any amendments to the transaction charges schedule, as above, will be provided in the annual and interim reports.

## Appendix 3

### Glossary

**Paragraph 2(1) (a) to (e)** of the Law states as follows:

“(2) General securities and derivatives constitute controlled investments for the purposes of [the] Law; and for those purposes general securities and derivatives comprise:-

- (a) shares and stock in the share capital of a company other than an open-ended investment company;
- (b) debentures, debenture stock, loan stock, bonds, certificates of deposit, and other instruments creating or acknowledging the indebtedness of a company or public sector body; but this item does not extend:-
  - (i) to any instrument acknowledging or creating indebtedness for, or for money borrowed to defray, the consideration payable under a contract for the supply of goods or services;
  - (ii) to a cheque or other bill of exchange, a banker's draft or a letter of credit;
  - (iii) to a bank note, a bank statement, or (by reason of any financial obligation contained in it) to any lease of disposition of real property, to any bond or other security over real property, or to an insurance policy;
- (c) partnership interests of the limited partners in a closed-ended limited partnership, units in a closed-ended unit trust, and, without prejudice to the generality of item (a), shares in a closed-ended investment company;

- (d) warrants or other instruments entitling the holder to subscribe for investments falling within items (a), (b) or (c);
- (e) certificates or other instruments which confer proprietary, disposal, underwriting, conversion or acquisition rights in respect of investments falling within any of items (a) to (d);...

“**approved bank**” means a person who is licensed under the Banking Supervision (Bailiwick of Guernsey) Law, 1994 or is registered under the Banking Business (Bailiwick of Jersey) Law, 1991 or is authorised to carry on banking or deposit taking business under the law of any member State or under the law of any other country or territory which may be listed in notices issued from time to time by the Commission;

“**approved derivative**” means a derivative which is traded or dealt in on an eligible derivatives market;

“**approved security**” means a transferable security which is admitted to official listing on the Channel Islands Stock Exchange, or in a member State; or is traded on or under the rules of an eligible securities or derivatives market (otherwise than by virtue of the specific permission of the market authority);

“**associate**” in relation to a body corporate, means:

any member of the group of which that body corporate forms part; any body corporate at least one-third of the issued equity share capital of which is beneficially owned by that body corporate or an associate; or any officer of that body corporate or of any associate;

“**authorised scheme**” means a Class A Scheme which is declared by the Commission to be a Class A Scheme;

“**Commission**” means the Guernsey Financial Services Commission;

“**derivative**” means an option or a future or a contract for differences and an investment is not a derivative if it is a transferable security;

“**eligible**” in the context of a securities market, means any market which the manager of an authorised scheme (or in the case of a company scheme, the company) is, for the time being, entitled to regard as one through which more than 10% of the property of the authorised scheme may be invested for the purposes of [CIS Rule 5.06 – for which see below], and, in the context of a derivatives market, means any market or exchange which the manager of an authorised scheme (or in the case of a company scheme, the company) is, for the time being, entitled to regard as one through which transactions for the account of the authorised scheme may be effected for the purposes of that rule;

“**FSMA**” means the UK's Financial Services and Markets Act 2000;

“**Government and other public securities**” means transferable securities which are investments falling within paragraph 2(1) (b) of schedule 1 to the Law which are issued by or on behalf of:

the Government of the United Kingdom, of Northern Ireland or of a member State other than the United Kingdom; a local authority in the United Kingdom or in any other member State; the Government of any of Australia, Canada, Japan, New Zealand, Switzerland and United States of America; or an international organisation of which the United Kingdom or another member State is a member, and

also includes any investment which would have been such an investment had it been issued, as opposed to merely guaranteed, by a Government or local authority specified in paragraph (a), (b) or (c).

“**Law**” means the Protection of Investors (Bailiwick of Guernsey) Law 1987;

**“Member State”** means, at any time, in addition to a State which is a member of the European Community, any other State which is within the European Economic Area;

**“transferable security”** means, in the CIS Rules, any investment falling within any of paragraphs 2(1)(a) to (e) of Schedule 1 to the Law, unless:

- (a) the title to the investment cannot be transferred, or can be transferred only with the consent of a third party (and in applying this proviso to a security which is issued by a body corporate, and which is an investment falling within paragraph 2(1)(a) or (b) of Schedule 1 to the Law, the need for any consent on the part of the body or any members or debenture holders of it may be ignored); or
- (b) the liability of the holder of the security to contribute to the debts of the issuer is not limited to any amount for the time being unpaid by the holder of it in respect of it.

**CIS Rule 5.06** states as follows:

#### 5.06 Eligible securities and derivatives markets

1. The following securities markets are eligible for the purposes of these rules: The Channel Islands Stock Exchange; and a market established in a Member State on which transferable securities admitted to official listing in the Member State are dealt in or traded.
2. A securities market not falling within paragraph 1 or a derivatives market is, at any time, eligible for the purposes of these rules if: the manager, after consultation with the trustee, considers that market as one which is, in accordance with paragraphs 3 and 4, appropriate for the purpose of investment of or dealing in the scheme property beyond, where appropriate, any limit which under these rules would otherwise apply; that decision is notified in writing to the trustee and has not been revoked; and the market is included in a list in the scheme particulars.
3. For the purposes of paragraph 2, a market may be considered to be appropriate if it: is regulated; operates regularly; is recognised; and is open to the public.
4. In considering whether a market is appropriate, regard shall in particular be had: to the need for adequate liquidity in the market; to the arrangements relevant to the market for unimpeded transmission of income and capital to or to the order of investors; and to any relevant guidance note of the Commission issued on, before or after the date of the making of these rules.

#### Enquiries

All enquiries concerning the Fund, including information concerning subscription and redemption procedures and current Net Asset Values should be directed to the Administrator at:

RBC Offshore Fund Managers Limited  
Canada Court  
Upland Road, St Peter Port  
Guernsey, GY1 3QE  
Tel: 00 44 1481 744141  
Fax: 00 44 1481 744524  
E-mail [ofmis@rbc.com](mailto:ofmis@rbc.com)  
Website: <http://www.rbcwminternational.com/fund-brochures.html>



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