

CONFIDENTIAL

STERLING GLOBAL FUNDS LTD.

A British Virgin Islands Business Company

(Registered Number 478031)

Prepared in accordance with the Securities and Investment Business Act, 2010,
the Mutual Fund Regulations, 2010 and the Public Funds Code, 2010

PROSPECTUS

Any Distribution or reproduction of all or any
part of this Prospectus, or the divulgence of its contents other than as
specifically set forth herein, is unauthorised.

The date of this Prospectus is June 2012

STERLING GLOBAL FUNDS LTD. (the “Fund”)

The contents of this Prospectus are approved by the Directors of the Fund and its publication has been authorised by them. The Directors, whose names and particulars appear on page 9, have taken all reasonable care to ensure that this Prospectus provides full and accurate disclosure of all such information as investors would reasonably require and expect to find for the purpose of making an informed investment decision, but no warranty, representation or guarantee is made or should be inferred with respect to the economic benefit that may accrue to an investor. Where any of these disclosures cease to be accurate in a material particular the Fund is required to within fourteen days of the change occurring publish an amendment to this Prospectus giving accurate disclosures and provide a copy thereof to each investor and to the Investment Business Division of the Financial Services Commission (the “FSC”) in the British Virgin Islands (“British Virgin Islands”).

The Directors of the Fund, accept responsibility for the information in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Securities and Investment Business Act, 2010, of the British Virgin Islands (“SIBA”) provides that, in the event of this Prospectus, or any amendment hereto, containing a misrepresentation relating to any such information as investors would reasonably require and expect to find herein for the purpose of making an informed investment decision, any person who purchases the shares of the Company, pursuant to the Prospectus or any amendment hereto, will be deemed to have relied on such misrepresentation and may elect to exercise a right of action for rescission of the purchase or damages, jointly and severally against the Company and every member of the Board who, while aware of the misrepresentation, or would have been aware of the misrepresentation had he made reasonable investigations, authorized the signing of the Prospectus or approved it or any amendment hereto and consented to its publication and filing or caused it to be signed or published and filed, unless it be proven that the purchaser knew of the misrepresentation at the time of purchase. This statutory right of action is in addition to and without derogation from any other right such purchaser may have at law. For the purposes of the Act, “misrepresentation” means an untrue or misleading statement of any of the matters required by law to be disclosed in this Prospectus, or an omission to disclose any such matters.

No person is authorised to issue any advertisement, to give any information or to make any representation not contained in this document in connection with the offering, subscription or sale of Shares unless expressly given, made or authorized by the Fund. Any advertisement so issued or information or representation not so contained that has not been expressly made or authorised by the Fund must not be relied upon as having been authorised by or on behalf of the Fund. The delivery of this document at any time and the allocation of Shares does not imply that information contained in this document is correct as at any time subsequent to its date.

The distribution of this document and the offering of the Shares in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Fund to inform themselves about and to observe any such restrictions.

The public in the British Virgin Islands will not be invited to subscribe for Shares.

No application has been made to list the Shares on any stock exchange.

The Directors shall have power to refuse to register the transfer of Shares to, or to require the transfer or redemption of Shares held by, any person in certain specified circumstances, including those which may prejudice the tax status or residence of the Fund or cause the Fund or any of its shareholders to suffer any pecuniary, fiscal or regulatory disadvantage.

It should be appreciated that the value of Shares can fall as well as rise. Also, under certain circumstances, the redemption of Shares may be suspended and the number of Shares permitted to be redeemed by the Fund on any Valuation Day may be limited as explained in this document.

Persons interested in acquiring Shares in the Fund should inform themselves as to (i) the legal requirements within the countries of their nationality, residence, ordinary residence or domicile for such acquisition, (ii) any foreign exchange restrictions or exchange control requirements which they might encounter on the acquisition or sale of Shares and (iii) the income tax and other taxation

consequences which might be relevant to the acquisition, holding or disposal of Shares. Prospective investors' attention is also drawn to paragraph 7 of Section II headed "Risk Factors".

PROSPECTUS

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1. SUMMARY

The information below should be read in conjunction with the full text of this document.

A - Structure

The Fund is an open-ended investment company incorporated in the B.V.I. under The International Business Companies Act (Cap.291) and automatically re-registered under the BVI Business Companies Act, 2004 of the British Virgin Islands.

The Fund is a "Public Fund" within the meaning of SIBA. Accordingly, this Prospectus has been registered with the FSC in the British Virgin Islands and the Fund and its directors are subject to the obligations imposed on public funds and their directors by the FSC.

The Fund offers seven classes of Investor Shares to investors on a continuing basis and Shareholders may redeem their Investor Shares at a price calculated by reference to the Net Asset Value of that Class of Shares of the Fund.

This Prospectus contains general information on the Fund as well as specific information on the sub-fund represented by the Class B Shares. It is intended that each share class will represent a separate sub-fund and the assets of each sub-fund will be segregated. At the date of this prospectus the Fund is only offering its Class B Shares to investors. However, the Fund intends to offer its Class C through to Class H Shares to investors at a later date and information specific to those additional share classes is likely to be contained in one or more supplementary prospectuses. Please contact the Fund at the address indicated below for information on the availability of other sub-funds for investment.

No application has been made to list the Shares on any stock exchange.

B - Investment Objective

It is anticipated that the sub-funds represented by the various classes of Investor Shares will have different investment objectives. The Fund's principal investment objective for the sub-fund represented by its Class B Shares is to obtain high steady yields with moderate risk and it will select securities with this objective in mind. It is anticipated that the fund will invest a large part of this portfolio in emerging market bonds. However, it may from time to time invest substantial parts of this portfolio in high quality bonds if the risk return profile of these securities is more in keeping with its main investment objective as outlined above.

C - The Investment Manager

The Investment Manager is [Sterling Asset Management Ltd.]

Under the terms of any Investment Management Agreement to be entered into between the Investment Manager and the Fund, the Investment Manager shall be responsible for determining the investment strategy of the Fund, and shall make all investment decisions of the Fund.

D – Subscriptions

The authorised share capital of the Fund is Forty-Seven Million Four Hundred and Ninety-Nine Thousand Seven Hundred and Fifty (47,499,750) Shares, having a par value of US\$0.01 per Share and is divided as follows:

- (i) 100 Class A voting Shares (the "Class A Shares");
- (ii) 22,499,950 Class B non-voting Shares (the "Class B Shares");
- (iii) 12,499,950 Class C non-voting Shares (the "Class C Shares");
- (iv) 2,499,950 Class D non-voting Shares (the "Class D Shares");

- (v) 2,499,950 Class E non-voting Shares (the "Class E Shares");
- (vi) 2,499,950 Class F non-voting Shares (the "Class F Shares");
- (vii) 2,499,950 Class G non-voting Shares (the "Class G Shares"); and
- (viii) 2,499,950 Class H non-voting Shares (the "Class H Shares").

Shares of Class B through to Class H may be subscribed for by investors and are referred to collectively as the "Investor Shares". The assets attributable to each class of Investor Shares will be segregated.

Investor Shares may be issued on a weekly basis at the Net Asset Value per Share applicable on the relevant Subscription Date. The Fund, however, reserves the right not to issue Investor Shares in any week if the Directors consider that to do so will impair the efficient operation of the Fund.

The minimum holding of Investor Shares per class of Share per investor is 1,000 Shares.

Investor Shares may be purchased on every Wednesday that is a Business Day and any other Business Day approved by the Directors of the Fund in their sole discretion (the "Subscription Date"). Applications for subscription for Investor Shares, along with cleared funds, must be received by the Manager before 1:00 pm (Jamaica time) on the relevant Subscription Date. If any application or subscription monies are received late, the Manager will deal with the application on the next following Redemption Date.

AT THE DATE OF THIS PROSPECTUS, THE FUND IS ONLY OFFERING ITS CLASS B SHARES FOR SALE TO INVESTORS. PLEASE CONTACT THE ADMINISTRATOR FOR INFORMATION ON THE AVAILABILITY OF OTHER CLASSES OF SHARES FOR ISSUE FROM TIME TO TIME.

E - Redemptions

Investor Shares may be redeemed on every Wednesday that is a Business Day, or at such other times as the Directors of the Fund may determine in their sole discretion (the "Redemption Date") at the then current Net Asset Value per Share of that class of Shares of the Fund.

Written notice of an intention to redeem Investor Shares must be received by the Manager before 1:00 pm (Jamaica time) on the last Business Day immediately preceding the Redemption Date. Requests received after this time will be dealt with on the next Redemption Date, and redeemed at the then current Net Asset Value per Share of the Fund's Investor Shares.

F - Dividend Policy

The Fund does not expect to pay any dividends or other distributions to Shareholders on or with respect to the Investor Shares other than the proceeds of redemptions. All income received from interest or dividends on Securities will be accumulated and transferred, net of any expenses incurred, to the Deposited Property.

G - Risk Factors

Investors' attention is drawn to the risks outlined in part 11 entitled "Risk Factors".

2. DEFINITIONS

Administration Agreement	The agreement between the Fund and the Administrator.
Administrator	Such person as the Fund shall appoint as its administrator from time to time and which for the time being is Sterling Asset Management International Limited.
Banker	Such person as the Fund shall appoint as its banker and which for the time being is National Commercial Bank Jamaica Limited.

Business Day	Any day on which banks in Jamaica are open for business excluding Saturdays, Sundays and Jamaican public holidays.
Custodian(s)	Such persons as the Fund shall appoint as its custodians of the assets of the Fund and who, for the time being are Morgan Keegan & Co and Oppenheimer & Co.
Deposited Property	The investments and reserves maintained by the directors of the Fund.
Fund	Sterling Global Funds Ltd.
Investment Advisor	Such person(s) as the Investment Manager may appoint as the investment advisor of the Fund and who for the time being shall be, Sterling Asset Management Ltd.
Investment Manager	Such person as the Fund shall appoint as its investment manager and who for the time being is [Sterling Asset Management Ltd.].
Investor Shares	The non-voting Class B through Class H Shares in the capital of the Company.
Net Asset Value	The net asset value of the Fund calculated in accordance with the provisions of this Prospectus.
Net Asset Value per Share	The Net Asset Value attributable to each Share of a given class of Shares as determined in accordance with the provisions of this Prospectus.
Redemption Date	Every Wednesday that is a Business Day, or any other Business Day as the Directors of the Fund may determine in their sole discretion.
Redemption Notice	Notice in writing given by a shareholder to redeem all or part of his holding of Shares, such notice to take effect on the next Redemption Date following the expiry of not less than 30 days from the date of receipt of such notice by the Fund in accordance with the provisions of this Prospectus.
Relevant Date	Any Subscription Date or Redemption Date.
Shareholder	A holder of shares issued by the Fund (including the Investor Shares) as recorded in the Fund's register of shareholders.
Shares	Shares issued or to be issued by the Fund including Investor Shares and in certain context means only Investor Shares.
Subscription Date	Every Wednesday that is a Business Day and any other Business Day approved by the directors of the Fund in their sole discretion.

3. MANAGEMENT AND ADMINISTRATION

Fund	Sterling Global Funds Ltd. 30 DeCastro Street Road Town, Tortola British Virgin Islands
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Investment Manager

Sterling Asset Management Ltd.
7 Barbados Avenue
Kingston 6, Jamaica

Investment Advisor

[Sterling Asset Management Ltd.
7 Barbados Avenue,
Kingston 6, Jamaica]

Administrator

Sterling Asset Management International Limited
103 South Church Street,
George Town, Grand Cayman

Custodian

Morgan Keegan & Co.
Morgan Keegan Tower, 50 N. Front Street, Memphis,
Tennessee 38103, USA

Banker

PanCaribbeanBank Limited
60 Knutsford Boulevard
Kingston 5
Jamaica

Auditors

KPMG Peat Marwick
6 Duke Street
Kingston
Jamaica

Legal advisors

As to Jamaican Law - Myers Fletcher & Gordon
21 East Street
P.O. Box 162
Kingston
Jamaica

As to British Virgin Islands Law – O’Neal Webster
30 DeCastro Street
P.O. Box 961
Road Town, Tortola
British Virgin Islands VG1110

Authorised Representative

Coverdale Authorised Representative Limited
Simmonds Building
30 DeCastro Street
PO Box 4519
Road Town, Tortola
British Virgin Islands VG1110

4. THE FUND

Sterling Global Funds Ltd., an open-ended emerging market bond fund, was incorporated with limited liability under the International Business Companies Ordinance (Cap. 291) of the British Virgin Islands on the 9th January 2002. The Fund was automatically re-registered by operation of law under the BVI Business Company Act, 2004 on January 1, 2007.

The Fund is a Public Fund within the meaning of SIBA, and is registered as such in the British Virgin Islands.

The assets of the Fund will be held by the Custodian or by the Banker on it's the Fund's behalf. The Bank will hold the Fund's cash, whilst the Custodian will hold the investment securities which are purchased by the Fund. The assets attributable to each class of shares will be segregated.

5. OFFER OF SHARES

The minimum holding of Investor Shares per investor is 1,000 Shares and a partial realisation of Shares will not be permitted if the number of unrealised Shares will as a result be lower than the minimum holding of shares for each class of shares as described above.

Any subscription payments made in a currency other than United States dollars will be converted at the exchange rate determined by the Fund's Bankers in the normal course of business with all exchange costs and risks being borne by the subscriber.

6. CLASS B SUB-FUND INVESTMENT POLICY

Subject to the investment restrictions set out below, the Investment Manager is authorized to apply whatever investment strategies it deems appropriate under prevailing economic and market conditions in an effort to attain the investment objectives of the Class B Sub-Fund. The Class B Sub-Fund's principal investment objective is to obtain high steady yields with moderate risk and it will select securities with this objective in mind. It is anticipated that the fund will invest a large part of its portfolio in emerging market bonds and, when considered advantageous, by operating an appropriate level of gearing. However, it may from time to time invest substantial parts of its portfolio in high quality bonds if the risk return profile of these securities is more in keeping with its main investment objective as outlined above.

The investment policy is one of diversification within the available range of fixed interest securities that are traded on local and international markets. The Class B Sub-Fund may also invest some of its resources in stocks and shares of companies, authorized or registered mutual funds, money market instruments and real estate. The international diversification of the fund is intended to reduce the risk associated with the return on its investments while maintaining a high return. However, there is no certainty that the value of the Shares in the Class B Sub-Fund will always show an appreciation as the values of the underlying securities may move downwards as well as upwards. The Class B Sub-Fund may also use loans to acquire its investments if this will increase the overall yield of the Class B Sub-Fund. The Manager may enter into whatever types of transactions it deems fit for the purposes of efficient portfolio management. The securities invested in by the Class B Sub-Fund may be denominated in US dollars, Jamaican dollars or other denominated currency.

A general description of some of the types of securities is provided below:

Investment Grade Fixed Interest Securities

These are bonds and notes with fixed rates of interest denominated in US dollars and issued by governments, corporations or agencies that have been given an investment grade credit rating by an internationally recognized rating agency. (An investment grade credit rating is a rating of BBB by Standard and Poor or Baa3 by Moody's). These securities may have durations from 1 to 30 years and are traded on local and international markets. To take advantage of current market conditions, the Class B Sub-Fund presently has about 99 per cent of its assets invested in these securities.

Emerging Market Fixed Interest Securities

Emerging market fixed interest securities are bonds and notes with fixed rates of interest denominated in US dollars and issued by the government of developing countries such as Brazil, Barbados, Chile and Malaysia. These securities are of durations between 2 and 30 years and are traded on local and/or international markets. The Class B Sub-Fund may invest in such securities regardless of the credit ratings, if any, of the issuers of such securities. Such instruments may be listed on securities exchanges or traded over the counter. At present, about 1 per cent of the Class B Sub-Fund's assets are invested in these securities.

Equity Securities

The Class B Sub-Fund's equity investments may include investment in blue chip companies in the United States and Western Europe, and Jamaican Stock Exchange listed public companies. In addition, the Class B Sub-Fund may invest in warrants or call options on such equity instruments. At present, the Class B Sub-Fund has no investments in this class of securities.

Company Stock

The Class B Sub-Fund's investments may also include bonds, notes and debentures issued by local and international companies. In addition, the Class B Sub-Fund may invest in warrants or call options on such debt instruments. The Class B Sub-Fund may invest in such securities regardless of the credit ratings, if any, of the issuers of such securities. Such instruments may be listed on securities exchanges or traded over-the-counter. To date the Class B Sub-Fund has no investments in this class of securities.

Authorised or Registered Mutual Funds

Authorised or registered mutual funds are mutual funds or unit trusts that are registered or authorised to carry on business by the relevant authority in their respective jurisdictions. The Class B Sub-Fund may invest in securities of mutual funds and other investment companies aimed at both Jamaican and international markets and that are organized under the laws of Jamaica and a diversity of jurisdictions. To date, the Class B Sub-Fund has no investments in this class of securities.

Shares of certain close-ended investment companies may at times be acquired only at market prices representing premiums to their net asset values. Also, investment in shares of mutual funds could involve duplication of fees in that shareholders would bear both their proportionate share of expenses in the Fund (including management and administration fees) and, indirectly, the expenses of such other mutual funds.

Money Market Instruments

Money market instruments are fixed-income instruments, including bank certificates of deposit, with maturities of less than one year. The Class B Sub-Fund does not currently hold any investments in this class of securities.

Real Estate

The Class B Sub-Fund may invest directly in real estate. Such investments are likely to be highly illiquid. It is expected that such investments will be made with a view to their being retained for 1 to 5 years. The Class B Sub-Fund does not currently hold any investments in real estate.

The Class B Sub-Fund does not presently intend to invest in derivative securities.

Investment Restrictions

The Articles do not contain any restrictions on the investment of the Fund's assets. However, as a matter of policy, the fund will observe the following restrictions on its investment activities:

- a) It will not invest less than 70% of the Net Asset Value in fixed interest securities or money market instruments.

- b) It will not invest more than 5% of its Net Asset Value in unquoted securities.
- c) It will not invest more than 7.5% of its Net Asset Value in real estate or any interest in real estate.

The limitations listed above will apply at the time of making the investment but if the limits are exceeded as a result of appreciation, then the managers will not be able to make further investments in that asset class until they have divested themselves of an appropriate amount of the assets in that class. These limitations shall come into effect once there are more than 5,000,000 Shares in issue.

Investment Techniques

The Fund may employ the following investment techniques, among others:

Leverage

From time to time, the Fund will purchase debt securities on margin, thereby leveraging the Fund's portfolio. The amount of leverage employed will vary according to the nature and quality of the securities to be acquired on margin. The extent to which the Fund will borrow will depend upon the availability of funds as well as the cost of borrowing as compared to the possible benefits the Fund expects to achieve. In addition to the borrowings described above, the Fund may borrow on a temporary basis to settle trades and to assure orderly liquidation of the Fund's assets and to meet redemption requests; provided, however, that borrowings to meet redemption requests will not exceed the dollar value of the aggregate redemption requests less available cash.

The Articles empower the Directors to exercise all the powers of the Fund to borrow money. The Fund does not intend to use gearing for speculative purposes, but will use appropriate levels of gearing from time to time in order to enhance the yield of the Fund without unduly increasing the risk associated with its investments. In deciding the appropriate level of gearing to be used, the Investment Manager will take careful account of the credit quality and character of the assets to be leveraged so as to minimise the increase in risk that the leveraged positions pose for the Fund.

7. DISTRIBUTION AND REPORTS

Distribution policy

There will be no dividends or other distributions of income to Shareholders. All income received from interest or dividends on securities will be accumulated and transferred, net of any expenses incurred, to the Deposited Property and will be reflected in the Net Asset Value. Accordingly, the Fund will not have a dividend reinvestment plan.

Reports

The Fund's accounting year will run from January 1st to December 31st. Annual reports and audited accounts of the Fund will be prepared in accordance with generally accepted accounting principles in US dollars and will be made available to shareholders in March of each year. Half-yearly un-audited reports will be made available to shareholders in September of each year. The annual and semi-annual reports will be made available to shareholders at the offices of the Investments Manager during normal business hours.

8. DETERMINATION OF NET ASSET VALUE, SUSPENSION OF DETERMINATION OF NET ASSET VALUE AND TAXATION

Determination of Net Asset Value

The Net Asset Value per Share of a Class of Shares on any Subscription Date or Redemption Date (collectively, for the purposes of this section the "Relevant Date") shall be calculated by the Administrator by:

- (i) ascertaining the Net Asset Value of the class of shares as at close of business (Jamaica time) on the Relevant Date which shall be the value of all the assets attributable to that

class of shares of the Fund less all of the liabilities attributable to that class of shares determined in accordance with the valuation guidelines adopted by the Directors from time to time ;

- (i) dividing the Net Asset Value of that class of shares on the Relevant Date by the total number of Shares in that Class of Shares outstanding at the close of business on such date. Shares called for redemption on a Redemption Date shall be deemed outstanding on such Redemption Date. Shares subscribed for on a Subscription on Date shall not be deemed to be outstanding on such Subscription Date; and
- (ii) rounding the resulting sum to the nearest whole cent and in the case of US\$0.005 by rounding up.

Under current valuation guidelines adopted by the Directors, the values of all the assets and of all of the liabilities of the Fund shall be determined as follows:-

- (i) in relation to listed investments, these will be valued at mid-market prices which prevail at the close of business on the Business Day preceding the effective date of the new prices;
- (ii) in relation to unlisted investments, these will be priced at a value set by the Managers in good faith, after making allowance for any discount that the Investment Manager thinks may be appropriate.
- (iii) the liabilities of the Fund shall include, but shall not be limited to (a) the accrued fees and reasonable out-of-pocket expenses of the Directors, and the Investment Manager, (b) monthly amortization of organizational costs, (c) an allowance for the Company's estimated annual accounting and legal fees, (d) accrued interest expenses and commitment fees on loans, repurchase agreement fees and debit balances, (e) if applicable, withholding taxes, transfer taxes and other governmental charges and duties, (f) any contingencies for which reserves are determined to be required and (g) any other liabilities or expenses to be borne by the Company's fund operations.
- (iv) all other assets and liabilities will be valued at their respective fair values as determined in good faith by the Directors and in accordance with generally accepted valuation principles and procedures; and
- (v) any value other than in US dollars shall be translated at any officially set exchange rate or appropriate spot market rate as the Directors deem appropriate in the circumstances having regard, inter alia, to any premium or discount which may be relevant and to costs of exchange.
- (vi) all fees, expenses and liabilities that are identified with a particular class or series of shares will be charged against that class or series of shares in computing its Net Asset Value. Other fees and expenses will be allocated pro rata between the classes or series based on their respective Net Asset Values as necessary.

The Directors may delegate to the Investment Manager or the Administrator any of their discretions under the valuation guidelines. For the purposes of preparing any valuation, the Directors shall be entitled to obtain at the expense of the Fund, and to rely on, such independent professional advice as they consider appropriate.

If the Directors consider that any of the above bases of valuation are inappropriate in any particular case or generally, they may adopt such other valuation or valuation procedure as they consider reasonable in the circumstances.

Suspension of Determination of Net Asset Value

The Directors of the Fund may suspend the determination of the Net Asset Value of the Fund, the issue of Shares and the right of Shareholders to redeem Shares in the Fund during any period if any of the following events or conditions prevails:

- i) The existence of war, national disruption, major financial crisis, act of God or any state of affairs which constitutes an emergency as determined by the Fund in its sole discretion as a result of which it shall be determined that disposal of Investments in the Fund is not practicable in an orderly manner.
- ii) The means of communication or data processing facilities necessary to determine the price or value of any Investments in the Fund or of the Holders beneficial interests do not function properly.
- iii) The transfer of funds involved in the realisation or acquisition of any Investments is not physically practicable.
- iv) The redemption would result in violation of any provision of law in any relevant jurisdiction.

Notice of suspension will be given to each shareholder and the redemption will be completed at the first Redemption Date on which the calculation of Net Asset Value is feasible on the basis of Net Asset Value on such Redemption Date.

Investors may not redeem shares during any period when the determination of Net Asset Value of Shares of that class is suspended pursuant. During such a period, outstanding redemption requests may be, and such withdrawal shall be effective if received by the Company prior to the termination of the suspension period. Shares for which a redemption request is made and not withdrawn shall be redeemed on the first Redemption Date following the termination of the suspension period.

Taxation

The following comments are based on advice received by the Directors regarding the current law and practice in the respective countries and are intended to assist investors. There can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Fund is made will endure indefinitely.

Investors should consult their professional advisers on the possible tax consequences of their subscribing for, purchasing, holding, selling or redeeming Shares under the laws of their countries of citizenship, residence, ordinary residence or domicile.

- i. The British Virgin Islands

Taxation of the Fund in the British Virgin Islands. With respect to BVI business companies governed by the BVI Business Companies Act, 2010 and who do not conduct business within the British Virgin Islands, the Government of the British Virgin Islands does not impose any income or profits tax, capital gains tax, capital transfer tax, estate duty or inheritance tax upon such company including the Fund or the Shareholders. No stamp duty will be levied on the issue or transfer of Shares by the Government of the British Virgin Islands.

The above statements are based on the law and practice currently in force in the British Virgin Islands and may be subject to change. Investors should consult their professional advisers on the possible consequences of buying, selling holding or redeeming Shares under the laws of their country of citizenship, residence or domicile.

British Virgin Islands Taxation of Non-British Virgin Islands Investors. A shareholder of the Fund who is not resident or domiciled in the British Virgin Islands and does not receive any income there will not be subject to British Virgin Islands taxes with respect to any distribution received from the Fund (including dividend and other distributions upon liquidation of the Fund) or with respect to any gain realized upon the sale, redemption or exchange of Shares. No withholding of taxes will be required with respect to any dividend or other distribution made to a shareholder on the sale, exchange or redemption of Shares. No gift, estate or inheritance taxes will arise in the British Virgin Islands on the transfer of Shares by way of gift by, or on the death of, a person who is not a resident of the British Virgin Islands.

- ii. Jamaica

Taxation of Jamaican Investors. A shareholder who resides in Jamaica will not be subject to any withholding taxes on his encashments from the fund or on the gains that he makes on his investments in the Fund. The Fund is a capital growth fund and there are no capital gains taxes in Jamaica, so that if the gains made on investments in the Fund are deemed to be of a capital nature, they may not be subject to Jamaican income taxes. However there are certain circumstances where gains on investments may be subject to Jamaican income taxes and Jamaican investors are advised to seek advice on the taxable status of their investments in the Fund from competent authorities in that country.

The information set out above is provided as general information only and does not constitute any form of tax advice or directions to any investor. Investors are advised to inform themselves as to any tax, regulatory or exchange control regulations applicable to them in their country of residence or otherwise.

9. MANAGEMENT, ADMINISTRATION, CHARGES AND FEES

Board of Directors

The Board of Directors of the Fund consists of two Directors, each of whom serves in accordance with the laws of the British Virgin Islands and in accordance with the Fund's Memorandum and Articles of Association. The Directors are as follows:

Marian Ross

Charles Ross

Set out below is a brief description of each of the Directors of the Fund, both of whom are also the directors of the Investment Manager and Administrator:

Charles Ross

With over twenty years experience in general management, Charles Ross provides the Fund with a combination of management expertise and in depth knowledge of the economic policy issues affecting developing countries. In his previous job as Executive Director of the Private Sector Organisation of Jamaica (PSOJ), the umbrella body of the Jamaican private sector, Mr. Ross directed the organisation's macro-economic and trade policy research activities. He was one of the organisation's principal spokesmen on local and international economic policy issues and was responsible for articulating the impact of these policies on the local business community.

Charles Ross also has considerable experience in the field of investment management and is a former member of the Board of Trustees of the Jamaica National Parks Trust Fund. He sat on the finance and investment sub-committee of the board. Mr. Ross been a director of the Fund since its inception and co-founded Sterling Asset Management, a licensed securities dealer and currently investment manager and administrator to the Fund, since May 2001.

Mr. Ross holds a Postgraduate Diploma in Business Administration from the University of Manchester, a Postgraduate Diploma (Hons.) in Management Studies from the University of the West Indies as well as a BSc. (Hons.) in Civil Engineering from the University of Edinburgh and a MSc. in Construction Engineering and Management from the University of the West Indies.

Marian Ross

With a BA (Hons) in Economics from the University of Western Ontario and over five years of experience in the financial sector, Ms. Ross possesses all the qualities necessary to provide excellent guidance and oversight at the board level. Her experience spans both the commercial banking and asset management sectors having worked in credit analysis, risk evaluation and private equity.

Subject to any subsequent amendment to the Memorandum and Articles of Association of the Fund to change the number of Directors, the number of Directors shall not be less than one or more than twenty.

Save as disclosed herein, no Director (nor any spouse or child under 18 of a Director) has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by or leased to or by the Fund and no Director is materially interested in any contract or arrangements subsisting on the date hereof which is significant in relation to the business of the Fund.

None of the Directors individually has a service contract with the Fund nor is it currently intended that there should be any such service contract. Under the current arrangements, no annual remuneration has been fixed for the Directors, although they may be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or General Meetings of the Fund or in connection with the business of the Fund.

The Fund has not made any loans to its Directors nor provided any guarantee for their benefit.

The Board may exercise all the powers of the Fund to borrow money and to secure such borrowings in any manner and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Fund or of any third party.]

Custodian

The Fund has two Custodians, Oppenheimer & Co. and Morgan Keegan & Co. The principal business of each Custodian is dealing in financial securities. Each Custodian will hold securities on behalf of the Fund.

Morgan Keegan & Co

Morgan Keegan & Co. is a company incorporated in the USA in the state of Tennessee and is a subsidiary of Regions Financial Corporation. Founded in 1969, the company is a member of the New York Stock Exchange and is one of the leading investment brokers in the southern belt of the United States. The firm is not a licensed financial institution in Jamaica.

The Custodians and their activities are regulated by The U.S. Securities and Exchange Commission.

The remuneration of each Custodian will be as agreed from time to time between the Managers and that Custodian and is payable by the Managers out of the Deposited Property of the Fund. The fees of each Custodian will not exceed 0.15% of the value of the assets under their control. These fees are more fully described under "Charges and Fees" below.

The Custodian may be removed and replaced by the Managers.

Investment Manager

The Investment Manager of the Fund is Sterling Asset Management Ltd. a licensed securities dealer incorporated in Jamaica. The Investment Manager was incorporated on 26th September 2000.

Sterling Asset Management Ltd. is a licensed securities dealer that has been in business since 2001 and now has assets under management of over US\$100 million. Although it is based in Jamaica, the firm has had extensive experience managing US dollar investments that are traded on the international market. The firm has built a reputation for conservative yet astute investing in the global fixed income market has delivered high risk-adjusted returns to its investors. Sterling's success received public attention when its managing director was nominated for the Observer Business Leader Award in 2006.

Sterling maintains a staff of highly qualified and experienced professionals who possess many years of experience in the financial sector. All members of staff have either university degrees or are professionally qualified, included among whom are four chartered accountants.

The Investment Manager and its activities are regulated by The Financial Services Commission.

The Investment Manager shall be responsible for advising the Administrator of all assets owned by the Fund and for liaising with brokers and providing the Administrator with details of the valuations of such assets as at each valuation date.

The Investment Manager has sole investment discretion for the Fund with respect to the Fund's assets and will make all decisions affecting such assets in accordance with the Fund's stated objective and policies and subject to the supervision of the Board of Directors of the Fund. The Investment Manager will select investments for the Fund and will place purchase and sale orders for investments on behalf of the Fund. In addition, the Investment Manager has discretion to borrow money on behalf of the Fund. The Investment Manager may not, as principal, purchase Securities from, or sell securities to, the Fund or the Agent without the prior written consent of the Board of Directors on a transaction-by-transaction basis.

The Investment Manager is responsible for the general administration of the Fund. It also has the power to delegate to one or more investment advisors, responsibility for the selection of assets, the execution of orders to buy and sell such assets and the maintenance of adequate information about such assets and the economic, social and political developments affecting them. The Investment Manager may provide these services themselves and may also provide these services to other funds and companies. The Investment Manager is not an investment manager or operator of another fund as at the date of this prospectus.

The Investment Manager is entitled to receive a monthly Management Fee for the services that it provides to the Fund and this fee shall be computed by reference to the valuations of the net assets of the Fund carried out during the relevant period. In addition the Investment Managers is also entitled to receive a sales commission (a "Preliminary Charge"), which shall be deducted from the issue price of each share. These fees are more particularly described under "Charges and Fees" below.

Investment Advisor

The Investment Manager may, from time to time, appoint one or more investment advisors. The current Investment Advisor is Sterling Asset Management Ltd. Sterling Asset Management Ltd. is a licensed securities dealer incorporated in Jamaica. The Investment Advisor was incorporated on 26th September 2000

Sterling Asset Management Ltd. is a licensed securities dealer that has been in business since 2001 and now has assets under management of over US\$100 million. Although it is based in Jamaica, the firm has had extensive experience managing US dollar investments that are traded on the international market. The firm has built a reputation for conservative yet astute investing in the global fixed income market has delivered high risk-adjusted returns to its investors. Sterling's success received public attention when its managing director was nominated for the Observer Business Leader Award in 2006.

Sterling maintains a staff of highly qualified and experienced professionals who possess many years of experience in the financial sector. All members of staff have either university degrees or are professionally qualified, included among whom are four chartered accountants.

The Investment Advisor and its activities are regulated by The Financial Services Commission in Jamaica

The Investment Advisor shall, in accordance with the terms and conditions set by the Investment Manager, be responsible to the Investment Manager for investment advice. The Investment Advisors are at liberty to establish or act in a similar capacity for other funds or companies separate and distinct from the Fund, however, none of the Investment Advisers currently act as Investment Adviser to any other Fund.

The Investment Advisors' fees will be paid by the Investment Manager out of the fees received by the Investment Manager from the Fund. Any Investment Advisory Agreement entered into by the Investment Manager will be terminable on three months' notice by either the Investment Manager or by the Investment Advisor.

Administrator

The Administrator of the Fund is Sterling Asset Management International Limited, a company organized under the laws of Grand Cayman and licensed as an exempt securities dealer under the Securities Investment Business Law (2010 revision). The Administrator was incorporated on 18th November 2004.

Sterling Asset Management International Ltd. has been in business for eight years and over that time has developed a very strong balance sheet and a wealth of experience in administering the operations of international investment companies. Mrs. Judith Bloomfield is the Vice President of Operations and she has over two decades of experience in managing the administration and operations of mutual funds and unit trusts. The firm uses modern information technology infrastructure to execute its tasks and has access to a pool of chartered accountants to monitor and report on the pooled resources for which it is responsible. The company's external auditors are KPMG.

The Administrator and its activities fall under the Cayman Islands Monetary Authority.

The Administrator will provide registration, transfer agent, administrative and accounting services to the Fund pursuant to an administration agreement. The Administrator will calculate the Fund's Net Asset Value based on information supplied by the Investment Manager.

The Administrator will be paid fees for its services as more fully described under "Charges and Fees"

Bankers

The Mangers have appointed PanCaribbeanBank Ltd. as the principal banker for the Fund.

The Bank will hold the Fund's uninvested cash either directly or through sub-custodian, nominees, agents or delegates. The fees and expenses of the bank will be paid from the Fund. The fees and expenses of the Bank will be paid from the Fund.

Sales Agent

The Managers may employ sales agents to sell the Shares to investors and the remuneration of such sales agents shall be paid by the Managers.

Charges and Fees

Investment Manager's fees

The Fund will bear its own operating, brokerage and out-of-pocket expenses. The fees and expenses relating to the auditing of the Fund are to be paid by the Managers but they are entitled to be reimbursed these fees and expenses by the Fund.

The Investment Manager may receive a Preliminary Charge of up to 8% deducted from the issue price of the Shares.

In addition the Investment Manager is entitled to receive an Investment Management Fee, which shall be calculated per annum on the following basis:

0.5% on a value of the Net Asset Value up to the first US\$800 million.

0.375% on a value of the Net Asset Value up to the next US\$700 million.

0.25% on a value of the Net Asset Value exceeding US\$1,500 million.

The fee shall accrue monthly on the last day of each month and shall be paid as soon after the end of the month as possible. The sum due and payable at the end of each month shall be the sum equal to the appropriate percentage of the Net Asset Value of the Fund, multiplied by the number of days in that month, divided by 365.

The Investment Manager may also derive income from its purchase or sale of Shares and also by way of a rounding factor not exceeding one cent on the issue or the realisation price of Shares.

Investment Adviser's Fees

The Investment Advisers' fees will be paid directly by the Investment Manager and the Fund is no way responsible for the payment of these fees.

Custodian Fees

The remuneration of the Custodians as agreed from time to time between the managers and the Custodian is payable out of the assets of the Fund. Under the terms of the current custodian agreements, the fees are charged in a range from 0% to 0.15% of the value of assets held by the custodians.

Administrator's Fees

Under the current agreement between the Fund and the Administrator the Administrator will be paid an annual fee calculated as a percentage of the NAV of the Fund on the following basis:

1.5% on a value of the Net Asset Value up to the first US\$800 million.

1.125% on a value of the Net Asset Value up to the next US\$700 million.

0.75% on a value of the Net Asset Value exceeding US\$1,500 million.

The fee shall accrue monthly on the last day of each month and shall be paid as soon after the end of the month as possible. The sum due and payable at the end of each month shall be the sum equal to the appropriate percentage of the Net Asset Value of the Fund, multiplied by the number of days in that month, divided by 365.

The current administration agreement permits the Administrator to vary the fees from time to time to reflect demonstrable changes in the operational costs of the Administrator. The Administrator is required by the administration agreement to pay its own expenses, but is entitled to reimbursement of expenses incurred by it on the Fund's behalf.

Operating expenses

The Fund will bear certain operating expenses, including, in particular, stamp duties, registration and yearly duties to the British Virgin Islands authorities, taxes, commissions, foreign exchange costs, bank charges, registration fees relating to investments, insurance and security costs, expenses of the issue and redemption of Shares, fees and expenses of the Directors, Auditors, Custodian, and legal advisers, and all other expenses incurred in the administration of the Fund and in the acquisition, holding and disposal of investments. The Fund will also be responsible for the costs of preparing, printing and distributing all valuations, statements, accounts, reports, this Prospectus, and any cost of publishing the Net Asset Value in financial and other periodicals.

10. SUBSCRIPTION, REGISTRATION, REDEMPTION AND TRANSFER OF SHARES

Investor Shares may be issued on a weekly basis at the Net Asset Value per Share applicable on the relevant Subscription Date. However, the Fund reserves the right to not issue Shares in a week if the Directors consider that to do so would impair the efficient operation of the Fund. The minimum holding of Investor Shares per investor per class of shares is 1,000 shares. Investors may apply for Shares by completing and signing the Subscription form, which accompanies this prospectus, and sending the completed form to:

Sterling Asset Management International Limited
c/o 7 Barbados Avenue
Kingston 5
Jamaica, W.I.

A contract note confirming the allocation of Shares and a receipt will be issued in respect of purchases of Shares.

The allocation of Shares is conditional on the receipt of cleared funds, before 1:00 pm (Jamaica time) on the Subscription Date. If any application or subscription monies are received late, the Investment Manager will deal with the application on the next following Subscription Date. No shares may be issued while the calculation of Net Asset Value is suspended. Each application must be accompanied by a cheque or banker's draft in United States dollars made payable to Sterling Global Funds Limited, for the value of the number of Shares which it is proposed to purchase. Payments for Shares may also be sent by wire transfer to the fund's bank or broker account. The Investment Manager's address and the wire transfer instructions for payment into the Fund's bank account are set out in the application form.

If payments are made in currencies other than that in which the Shares are denominated, the applicable exchange rate will be that which is determined by the Fund's Bankers in the normal course of business. Any costs associated with the currency conversion will be deducted from the converted amount before it is applied to the purchase of Shares. Fractional Shares may be issued rounded down to the nearest ten-thousandth of a Share.

(b) Investors wishing to redeem their Investor Shares may do so on the last Business Day of each calendar month, or at such other times as the Directors of the Fund may determine in their sole discretion (the "Redemption Date") at the then current Net Asset Value per Share of the Fund. Written notice of an intention to redeem Investor Shares must be received by the Administrator before 1:00 pm (Jamaica time) on the last Business Day immediately preceding the Redemption Date. Requests received after this time will be dealt with on the next Redemption Date, and redeemed at the then current Net Asset Value per Share of the Fund.

When Investor Shares of a given class are being redeemed, the minimum residual holding of the redeeming Shareholder must be 1,000 Shares of that class. If the Shareholder's notice of intention to redeem would otherwise result in the Shareholder having a residual holding of less than 1,000 Shares of a given class of Investor Shares, the Directors may deem such notice to have been made in respect of all the Shares held by that shareholder.

The prevailing price of the Investor Shares will be the Net Asset Value per Share of that Class of Shares of the Fund, valued at a bid basis as at the close of business (British Virgin Islands time) on the Redemption Date. No Investor Shares may be redeemed while the calculation of net asset value is suspended.

Neither the Custodian, the Managers nor any other agents of the Fund will be responsible for any errors in or liability arising from the faxed transmission of realisation instructions. Where redemption requests are made by facsimile, redemption proceeds will not be remitted until the Manager has received an original executed copy of the Redemption Notice.

If no Certificates have been issued in respect of the Shares being realised, then the proceeds will normally be dispatched within ten working days of the realisation date. Payment will only be made in the name of the registered Shareholder or, in the case of joint holders, to the first named holder unless alternative payment instructions are provided on the Subscription Form.

If Redemption Notices due to be given effect to on any Redemption Date are for the redemption of more than 10 per cent of the total number of Investor Shares in issue, the Fund is entitled to reduce the requests rateably and carry out only sufficient redemptions which, in aggregate, amount to 10 per cent of the Investor Shares in issue. Redemption Notices for Shares which are not redeemed but which would otherwise have been redeemed will be deferred until the next Redemption Date and will be dealt with (subject to further deferral if the deferred requests themselves exceed 10 per cent of the Investor Shares then in issue) in priority to later Redemption Notices.

The Fund has the right to require the compulsory redemption of all shares of a given class held by a shareholder if the Directors determine that:

- (i) any ownership or transfer restrictions with regard to such shares have been violated;
- (ii) in the opinion of the Board of Directors, the ownership of the shares by the shareholder is unlawful or may be harmful or injurious to the business or reputation of the Fund, the Administrator or the Investment Manager; or
- (iii) the aggregate Net Asset Value of the assets belonging to such class of shares falls below US\$1,000,000.00.

Compulsory redemptions will be made on the basis of Net Asset Value as of the first Redemption Date after a notice of compulsory redemption is issued to the shareholder. With regard to any redemptions required to cure percentage ownership limitations, shareholders will be subject to redemption on a last-in, first-out basis. The Net Asset Value per Share at the time of redemption may be more or less than a shareholder's cost per Share.

(c) Shares of the Fund will be issued as registered shares only. The Fund shall not issue bearer shares. The Directors will maintain a current list of the registered names and addresses of the Fund's shareholders at the registered office of the Manager at 30 DeCastro Street, Road Town, Tortola, British Virgin Islands. A copy of the register of shareholders shall also be available for viewing at the office of the Administrator in Cayman at 103 South Church Street, George Town, Grand Cayman.

(d) Any transfer of shares must be effected in accordance with the Fund's Articles of Association. Any transferee is required to furnish the same information which would be required in connection with a direct subscription in order for a transfer application to be considered by the Board of Directors. The Board of Directors may decline to register any transfer of shares to a person of whom it does not approve and may also decline to register any transfer of Shares on which the Fund has a lien. All sales, trades and purchases of Shares not expressly permitted in this Private Placement Memorandum are prohibited. Violation of ownership and transfer restrictions may result in compulsory redemption.

11. RISK FACTORS

Investors could lose a substantial portion or even all of the money they invest in the Fund. There is no guarantee that the Net Asset Value of the Fund will increase over time, and the value of an investment in the Fund is likely to fluctuate over time. Only capital which the investor can afford to lose should be invested in the Fund and investors are recommended to consult independent financial advisers before investing in the Fund.

Emerging market fixed interest securities, which are likely to constitute the majority of the Fund's investments, have historically been relatively high risk investments. There may be a higher than average risk that issuers of such investments will become unable to service their loans and will default on their obligations. The value of the local currencies of the issuers of such securities are likely to be relatively volatile, which is a factor increasing the risk of default under such securities.

The Fund may also engage in gearing. As a result, small movements in the value of the Fund's investments may result in sudden and substantial fluctuations in the Fund's Net Asset Value per Share.

Currency Devaluations and Fluctuations

The Investment Manager will generally invest on behalf of the Fund in securities denominated in various currencies, but redemptions will be paid by the Fund in **United States Dollars**. A change in the value of the currencies will result in a corresponding change in the **United States Dollars** value of the Fund's assets denominated in that currency. In general, foreign currency exchange rates are determined by forces of supply and demand in foreign exchange markets. These forces are, in turn, affected by international balance of payments and other economic and financial conditions, government intervention, speculation and other factors. Foreign currency exchange rates may also be affected by affirmative government policies of intervention in the foreign exchange markets and certain currencies may be affirmatively supported relative to the dollar by their or other governments. Changes in government policy, including a cessation of currency support intervention, may result in abrupt devaluations of such currencies. These risks are accentuated where investments are made in emerging market securities, and investments, including securities and investments in Jamaican entities. There can be no assurances that there will not be any dramatic fluctuations or devaluations in currency exchange rates.

Lack of Ratings for Debt Securities or Sub-Investment Grade Ratings

A significant portion of the Fund's investments may be in debt securities rated below investment grade by S&P or Moody's or for which there is no credit rating. In addition, the Fund may purchase debt securities of issuers that are in default or that the Investment Advisers believe will be in default. Such lower-quality debt securities (commonly referred to as "Junk Bonds") are regarded as being predominantly speculative with respect to the issuer's capacity to pay interest and repay principal and, accordingly, involve significant risks. For example, lower-quality debt securities generally tend to fluctuate in value in response to economic changes (and the outlook for economic growth), short-term corporate and industry developments and the market's perception of their credit quality (which may not be based on fundamental analysis) to a greater extent than investment grade debt securities which react primarily to fluctuations in the general level of interest rates (although lower-quality debt securities are also affected by changes in interest rates). In the past, economic downturns or an increase in interest rates have under certain circumstances caused a higher incidence of default by the issuers of these securities. To the extent that the issuer of any lower-quality debt security held by the Fund defaults, the Fund may incur additional expenses in order to enforce its rights under such security or to participate in a restructuring of the obligation. In addition, the prices of lower-quality debt securities generally tend to be more volatile and the market less liquid than is the case

with investment grade securities. Adverse economic events can further exacerbate these tendencies. Consequently, the Fund may at times experience difficulty in liquidating its investments in such securities at the prices it desires. There also can be significant disparities in the prices quoted for lower-quality debt securities by various dealers which may make valuing such securities by the Fund more subjective. In purchasing such securities on behalf of the Fund, the Investment Manager will analyze the creditworthiness of the issuer of such securities, its financial resources, its sensitivity to economic conditions and trends, its operating history and the quality of its management and regulatory matters.

Illiquidity of the Fund's Investments

The Investment Manager may have difficulty disposing of certain investments whether privately placed or publicly traded because there may be a thin trading market for such securities or because of other legal or contractual restrictions. Reduced secondary market liquidity and other transfer restrictions may have an adverse impact on market price and the ability to dispose of particular issues when necessary to meet liquidity needs or in response to specific economic events such as a deterioration in the creditworthiness of the issuer's investments.

Minority Investments

The Fund's investments may include minority equity investments in companies where the Fund may not be able to control or influence effectively the business or affairs of such entities. The entities in which the Fund's investment are made may have economic or business interests or goals which are inconsistent with those of the Fund, and the Fund may not be in a position to limit or otherwise protect the value of the Fund's investments in those companies. In addition, although the Fund may seek board representation in connection with its investments, there is no assurance that such representation, if sought, will be obtained. The Fund's control over the investment policies of the companies may also be limited.

Leverage

The Investment Manager will determine the amount of leverage incurred on behalf of the Fund in its sole discretion, through the application of a customized system of review applied on a consistent basis. However, the use of leverage creates special risks. Leverage creates an opportunity for greater yield and total return but, at the same time, increases exposure to capital risk and increases the Fund's interest costs. The use of leverage will increase the volatility of Fund returns and will compound any negative returns experienced by the Fund. Any investment income and gains earned on investments made with borrowed funds that are in excess of the interest costs associated therewith may cause the value of the Shares to rise more quickly than would otherwise be the case. Conversely, if the investment income and gains earned on such investments fail to cover the interest costs associated therewith, the value of the Shares may decrease more quickly than would otherwise be the case. Amounts borrowed may be secured by a mortgage or pledge of Fund assets. If loans are collateralized with portfolio securities that decrease in value, it may be necessary to pledge additional collateral to a lender in the form of cash or securities, or the portfolio securities that have already been pledged may be sold by the lender at times and prices that may be disadvantageous to the Fund. In addition, the rights of any lenders to receive payments of interest and repayments of principal of such borrowings will be senior to those of Shareholders and the terms of such borrowings may contain provisions which limit certain activities on behalf of the Fund, including the payment of dividends, if any, to Shareholders in certain circumstances. Tax-Exempt U.S. Investors should consult with their advisors regarding the consequences of investing in a company that employs leverage, including the generation of UBTI. Interest payments and fees incurred in connection with borrowings will reduce the net income of the Fund and could reduce Net Asset Value.

Hedging Strategies.

The Fund Manager may engage in various portfolio strategies on behalf of the Fund to seek to hedge its portfolio against movements in the securities markets, interest rates and the exchange rate by the use of options, futures and options on futures, although at any given time suitable hedging instruments may not be available with respect to specific investments or the currency on a timely basis or on acceptable terms. Furthermore, even if hedging instruments are available, the Fund Manager will only engage in hedging activities from time to time and do not expect to be engaged in hedging activities whenever market or currency movements occur. No assurance can be given that any such transaction will fully hedge the intended portion of the Fund's market or currency loss exposure. The Fund Manager may not engage in hedging transactions that would subject the Fund to United States federal income taxation. However, the Fund Manager may engage in hedging transactions with respect to which the payments received by the

Fund may be subject to United States withholding tax if, regardless of such tax, the Fund Manager believes such transactions are in the best interests of the Shareholders. Utilization of options and futures transactions also involves the risk of imperfect correlation in movements in the price of options and futures and movements in the price of the securities, interest rates or currencies which are hedged.

There can be no assurance that a liquid secondary market will exist at any specific time for any hedging or related transaction entered into on behalf of the Fund. Thus, it may not be possible to close such a transaction. The inability to close such positions could have an adverse impact on effective hedging. An adverse price movement could require cash payments to meet the required margin which might require, if the Fund has insufficient cash, the sale of securities under disadvantageous conditions. There is also the risk of loss of margin deposits in the event of bankruptcy of a broker with whom the Fund has an open position in a securities option. The Fund may also invest in options for purposes of speculation.

The Fund bears the risk that the prices of the securities being hedged will not move in the same amount or direction as the hedge. The Fund's successful use of options as hedges will depend on the Fund Manager's ability to correctly predict movements in the direction of the underlying equity securities.

Options, Swaps, Repurchase Agreements and other Derivatives

The Fund may engage in hedging strategies involving options, swaps, repurchase agreements and other derivatives. The use of such strategies involves several risks.

The Fund may purchase and write put and call options on securities that are traded on a securities exchange or in the over-the-counter market, regardless of whether the options are also so traded. Upon exercise by the buyer of uncovered call or put options, the Fund may be required to purchase securities to deliver to the option buyer (in the case of a call option) or buy securities from the option buyer (in the case of a put option) at unfavorable market prices. Such activities can, in certain circumstances, substantially increase the impact of adverse price movements on the Fund.

Moreover, the Fund may close out its position in an option it has written, prior to the expiration of the option, for reasons including profit or to prevent the loss of a portfolio security in the case of a covered option. To effect these closing purchase transactions, the Fund will purchase an option of the same series as that on which the Fund desires to terminate its obligation.

There can be no assurance that the Fund will be able to effect closing purchase transactions when it wishes to do so; such ability depends on, among other things, the existence of a liquid secondary market, and for some options, no such secondary market may exist or the market may cease to exist.

Furthermore, the stability and liquidity of swap transactions depend in large part on the creditworthiness of the parties to the transactions. If there is a default by the other party to such a transaction, the Fund will have contractual remedies pursuant to the agreements relating to the transaction; however, exercising such contractual rights may involve delays or costs which could result in the Net Asset Value being less than if the transaction had not been entered into. There can be no assurance that a liquid secondary market will exist at any specific time in any market.

The Fund may also invest in repurchase agreements. When the Fund enters into a repurchase agreement, the seller will be required to maintain the value of the securities subject to the repurchase agreement, marked to market daily, at no less than their repurchase price. Repurchase agreements may involve risks in the event of insolvency or other default by the seller, including possible delays or restrictions upon the Fund's ability to dispose of the underlying securities.

Conflicts of Interest

One current member of the Board of Directors of the Fund also serves on the Board of Directors of the Administrator. The Board of Directors may permit the Investment Manager to purchase and sell securities from and to the Fund thereby creating a potential for conflict of interest, although the Directors and Investment Manager will ensure that the performance of their duties, including their duty to act in the best interests of the Fund, will not be impaired by any such involvement and that any conflicts which may arise will be resolved fairly. The Fund will be offered and will be able to participate (local regulations permitting) in all potential investments in companies identified by the Investment Manager as falling within the investment policy of the Fund

The Fund may acquire securities from or dispose of securities to any investment fund or account advised or managed by the Investment Manager. Any interested party may hold Shares. Furthermore, neither any interested party nor any investment adviser appointed by the Manager may retain any cash commission rebates arising out of the sale and purchase of investments for the Fund, and any such rebates which are received shall be credited to the account to retain, from brokers and other persons for whom the Fund's investment transactions are carried out, such goods and services and other soft dollar benefits which are of demonstrable benefit to Shareholders.

In all cases where goods and services and other soft dollar benefits are retained by any Interested Party or investment adviser, the Interested Party or investment adviser shall ensure that transaction execution is consistent with best execution standards and that any brokerage borne by the Fund will not exceed customary institutional full service brokerage rates for such transactions.

Diverse Shareholders

The Shareholders are expected to include taxable and tax-exempt entities and persons or entities resident of or organized in various jurisdictions. As a result, conflicts may arise in connection with decisions made by the Investment Manager that may be more beneficial for one type of investor than for another type of investor. In making such decisions (including decisions concerning the voting of securities owned by the Fund), the Investment Manager will consider the investment objectives of the Fund as a whole, not the investment objectives of any Shareholder individually.

Investment Decisions

Although it does not do so presently, the Investment Manager may from time to time manage or advise other investment funds or customer accounts that invest in the Fund or in assets that may also be purchased or sold by the Fund. Because of different objectives or other factors, an asset may be purchased for one or more funds (including the Fund) or accounts managed by the Investment Manager or one of its affiliates at the same time that the asset may be sold for another fund (including the Fund) or account managed by the Investment Manager or one of its affiliates. If the Investment Manager decides that one or more of such funds (including the Fund) or accounts would be best served by selling a certain type of asset at the same time that one or more of such funds (including the Fund) or accounts would be best served by purchasing the same type of asset, transactions in such assets will be made, insofar as possible, for the respective funds and accounts in a manner determined by the Investment Manager to be equitable to all. Further, the Investment Manager may decide that a customer account or other fund that either of them advises may be best served by selling its investment in the Fund. There is no assurance however that all potentially suitable investment opportunities which come to the attention of the Investment Manager will be made available to the Fund. Circumstances may exist in which the purchase or sale of assets for one or more funds or accounts advised by the Investment Manager or the sale by customers of the Investment Manager of their investments in the Fund will have an adverse effect on other funds (including the Fund) or accounts advised by the Investment Manager.

Inside Information

From time to time, the Investment Manager may come into possession of material, non-public information concerning an entity in which the Fund has invested or proposes to invest, and applicable law may limit the ability of the Investment Manager to buy or sell securities of such entity on behalf of the Fund while such information remains non-public and material

Other Activities of the Investment Manager

The Investment Manager will devote such time as shall be necessary to conduct the business affairs of the Fund in an appropriate manner. The personnel of the Investment Manager will work on other projects and, therefore, conflicts may arise in the allocation of management resources.

Liquidation of the Fund

Upon a resolution by the Board of Directors, the Fund may be wound up and liquidated without the necessity of obtaining shareholder approval.

Legal Advisers

O'Neal Webster, British Virgin Islands and Myers Fletcher & Gordon, Jamaica, legal advisers to the Fund, also act from time to time as legal advisers to the Investment Manager and Administrator. O'Neal Webster does not represent Shareholders. No independent counsel has been retained to represent Shareholders.

In addition, the above laws firms rely on the information furnished to them by the Fund and the Investment Manager, and does not investigate or verify the accuracy or completeness of the information set forth herein concerning the Fund, the Investment Manager, other service providers and their affiliates and personnel. O'Neal Webster does not monitor or oversee the Fund's investment activities.

Foreign Currency Exposure

Since the Net Asset Value of the Shares will be calculated, purchased and redeemed in US Dollars, each shareholder will bear the risk of any foreign currency exposure resulting from differences, if any, in the value of the US Dollar relative to the currency of the country in which such shareholder resides.

Non-performance/credit risk

In the event of the insolvency of any broker through which the Fund trades or in the event of the default of a counter-party to a derivative or other instrument, the Fund may only rank as an unsecured creditor in respect of any sums due to the Fund, including on any margin accounts, and, accordingly, any such losses would be borne by the Fund.

Redemptions

Except as otherwise described under "Share Redemptions" below, investors seeking to redeem their Shares will need to submit a Redemption Notice before the relevant Redemption Date. Investors will therefore not know, in advance of giving the Redemption Notice, the price at which their Shares will be redeemed and, while the notice period for redemption is expiring, the Fund's Net Asset Value per Share may change substantially due to market movement. Redemption instructions, once given, will normally be irrevocable.

Limited Operating History

The Fund was established on January 9, 2002 and therefore has an operating history of about ten years. Further, the subfunds to be represented by the Class C through class H Shares have not yet been established and therefore have no operating history. Accordingly, an investment in the Fund entails a high degree of risk. There can be no assurance that the Fund and the Investment Advisor will achieve the Fund's investment objective notwithstanding the performance of any or all of the foregoing or their respective affiliates or principals in other transactions including, without limitation, arrangements similar in nature to the Fund.

Recourse to the Fund's Assets

The Fund's assets, including any investments made by the Fund and any funds held by the Fund, are available to satisfy all liabilities and other obligations of the Fund. If the Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Fund's assets generally and not be limited to any particular asset, such as the asset representing the investment giving rise to the liability. Accordingly, Shareholders could find their interests in the Fund's assets adversely affected by a liability arising out of an investment in which they did not participate.

Shareholder Rights Under British Virgin Islands Law

The Fund's corporate affairs are governed by its Memorandum and Articles of Association and by the International Business Companies Act of the British Virgin Islands. Principles of law relating to such matters as the validity of corporate procedures, the fiduciary duties of management and the rights of the Fund's Shareholders may differ from those that would apply if the Fund were incorporated in another jurisdiction. The rights of shareholders under British Virgin Islands law are not as clearly established as are the rights of shareholders in many other jurisdictions. Thus, the minority Shareholders of the Fund may have more difficulty in protecting their interests in the face of actions by the Directors of the Fund or the principal Shareholders than they would have as shareholders of a company incorporated in another jurisdiction.

SIBA provides that, in the event of this Prospectus, or any amendment hereto, containing a misrepresentation relating to any such information as investors would reasonably require and expect to find herein for the purpose of making an informed investment decision, any person who purchases the shares of the Company, pursuant to the Prospectus or any amendment hereto, will be deemed to have relied on such misrepresentation and may elect to exercise a right of action for rescission of the purchase or damages, jointly and severally against the Company and every member of the Board who, while aware of the misrepresentation, or would have been aware of the misrepresentation had he made reasonable investigations, authorised the signing of the Prospectus or approved it or any amendment hereto and consented to its publication and filing or caused it to be signed or published and filed, unless it be proven that the purchaser knew of the misrepresentation at the time of purchase. This statutory right of action is in addition to and without derogation from any other right such purchaser may have at law. For the purposes of the Act, "misrepresentation" means an untrue or misleading statement of any of the matters required by law to be disclosed in this Prospectus, or an omission to disclose any such matters.

Allocation of Liabilities Among Classes of Shares-Cross Collateralization

Once the Fund has issued shares of other classes, if losses or liabilities are sustained by one of the other classes of shares in excess of the assets attributable to that class, such excess may be deducted from the assets attributable to Shares of the other classes, including those of the Class B Shares. While efforts will be made to contract with parties on a "limited recourse" basis, there is no guarantee that the Fund will be able to attain such result in all instances.

12. ANTI-MONEY LAUNDERING

To ensure compliance with statutory and other generally accepted principles relating to anti-money laundering, the Administrator may require verification of identity from any person lodging a completed subscription agreement. Depending on the circumstances of each application, a detailed verification may not be required if:

- (a) the investor is a recognized financial institution; or
- (b) the investor makes the payment from an account held in the investor's name at a recognized financial institution.

These exceptions will only apply if the financial institution referred to above is within a country recognized as having sufficient anti-money laundering regulations, such as a member state of the European Union that is subject to EC Money Laundering Directive or one of the countries that make up the Financial Action Task Force ("FATF") and that is subject to the FATF Recommendations.

An individual may be required to produce a copy of a passport or identification card certified by a notary public. In the case of corporate applicants, they may be required to produce a certified copy of the certificate of incorporation (and change of name), memorandum and articles of association (or equivalent), and the names, occupations, dates of birth, and residential and business addresses of all directors.

The Directors reserve the right to request such information as is necessary to verify the identity of an applicant. To ensure compliance with statutory and other requirements relating to anti-money laundering, the Directors may require verification of identity from any person submitting a completed Subscription Agreement. Pending the provision of evidence satisfactory to the Directors as to identity, the evidence of title in respect of Shares may be retained at the absolute discretion of the Directors. If within a reasonable period of time following a request for verification of identity, the Directors have not received evidence satisfactory to it as aforesaid, it may, in its absolute discretion, refuse to allot the Shares applied for in which event subscription monies will be returned without interest to the account from which such monies were originally debited. Subscription monies may be rejected by the Directors if the remitting bank or financial institution is unknown to the Directors.

13. SHARE CAPITAL OF THE FUND

The Fund has authorized capital of US\$474,997.50 consisting of 47,499,750 Shares of **US\$0.01** par value each (the "Shares"). The Fund has initially designated 100 Shares as Class A Shares, 22,499,950 Shares as Class B Shares, 12,499,950 Shares as Class C Shares and 2,499,950 Shares per class of Class D through Class H Shares. The Class A shares are Founder shares have been issued and are fully paid. The Class B Shares through to the Class H Shares are referred to throughout this Private Placement Memorandum as the "Investor Shares". The Board of Directors may, from time to time, in accordance with British Virgin Islands law and the Fund's Articles of Association, authorise and issue additional shares and series and classes of shares in the capital of the Fund containing such terms and conditions, including conversion rights, sales, redemption and other charges and terms of redemptions, as the Board of Directors may determine.

The Class B Shares were initially issued by the Fund at **US\$1.00** per share and thereafter have been issued at a price equal to the Fund's Net Asset Value per Share of the relevant Class. None of the Class C through Class H Shares have yet been issued. Each Share of the Fund represents an undivided beneficial interest in the relevant underlying assets of the Fund.

The Shares carry no right to distributions or other interim payments.

Fractional shares shall be issued rounded down to five decimal places.

The Class A Shares have one vote each and are entitled to attend and receive notices of meetings of members. Investor Shares have no right to attend and receive notices of meetings of members.

Class B Shares through to Class H Shares have equal distribution and liquidation rights, although Shares of a particular Class are subscribed for and redeemed in accordance with the Net Asset Value of the Shares of that Class and, on a solvent winding-up, surplus assets attributable to a particular Class of Shares will be distributed to the holders of the Shares of that Class.

A fraction of a share will rank *pari passu* and proportionately with a whole Share.

The Investor Shares of the Fund have the redemption rights described herein. The Class A Shares are non-redeemable.

Registration and Transfer of Shares and Certificates

The Shares will be issued only in registered form. The Fund will not issue bearer Shares. The Administrator will maintain a current list of the registered names and addresses of the Fund's shareholders at the registered office of the Administrator at 103 South Church Street, George Town, Grand Cayman.

Any transfer of shares must be effected in accordance with the Fund's Memorandum and Articles of Association. Any transferee is required to furnish the same information which would be required in connection with a direct subscription in order for a transfer application to be considered by the Administrator. The Board of Directors may decline to register any transfer of shares to a person of whom it does not approve and may also decline to register any transfer of Shares on which the Fund has a lien. All sales, trades and purchases of Shares not expressly permitted in this Prospectus are prohibited. Violation of ownership and transfer restrictions may result in compulsory redemption. No fee will be charged for transfers. No listing of the Fund's Shares on any securities exchange is currently contemplated. Shares will only be issued in book entry form and no share certificates will be provided.

The fund is offering its unissued Investor Shares to eligible investors. As at 30th May 2012 2,447,474 of the Fund's Class B Shares were outstanding.

14. GENERAL INFORMATION

a) The Fund: The Fund was established as an International Business Company under the laws of the British Virgin Islands on 9th January, 2002 and was automatically re-registered by operation of law under the BVI Business Companies Act, 2004 on January 1, 2007. It may be terminated by the Directors at the end of the year 2020 or any tenth year thereafter.

b) Meetings: The Fund may, but need not hold an Annual General Meeting in each year at the place and time determined by the Directors. Notices of such meetings and of all other meetings of members will be given in writing to members at their registered addresses at least 7 days prior to any meeting. All notices of meetings will specify the time, place and general nature of the business of the meeting.

c) Litigation: No litigation or claims are known to the Custodian or Manager to be pending or threatened in relation to the Fund.

d) Indemnities: The Manager, the Custodian and the Investment Advisor are indemnified by the Fund for all losses or liabilities arising other than out of their fraud, willful default or gross negligence.

e) Offering expenses: The expenses incurred in the issue of this Prospectus and in connection with the establishment of the Fund will be paid out of the Fund and will be amortized over a period of five years.

f) Available documents: Copies of the following documents may be inspected during usual business hours on any Business Day (Saturdays and Sundays excepted) at the registered office of the Fund in the British Virgin Islands at any time:-

- (a) the Memorandum of Association; and
- (b) the Articles of Association.

g) Potential conflicts of interest: Charles Ross is a director of both the Administrator, Sterling Asset Management International Limited and the Fund.