



Protected
Asset TEP
Fund plc

The Protected Asset TEP Fund Plc



A Qualifying Type Experienced Investor Fund in the form of
An Open Ended Investment Company

The Protected Asset TEP Fund Plc

Scheme Particulars relating to the “Original Fund”

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Application Form

Key information

THIS DOCUMENT IS IMPORTANT

If you are in any doubt about the contents of this document, you should consult your bank manager, stockbroker, solicitor, accountant or other authorised financial adviser.

The Protected Asset TEP Fund Plc ("PATF") is a qualifying type experienced investor fund and complies with the requirements of the Isle of Man Collective Investment Schemes (Experienced Investor Fund) Regulations 2010. Shares are only available to persons who have certified in the prescribed manner that they are "Qualifying Investors", as defined in the Regulations and in these Scheme Particulars.

PATF is established in the Isle of Man as a qualifying type experienced investor fund and, as such, is not subject to any form of authorisation or approval in the Isle of Man.

The value of shares and the income produced by them can fall as well as rise. Investors may not get back the value of their original investment.

These Scheme Particulars are dated 28 July 2011 and should be read in conjunction with the memorandum and articles of association of PATF, copies of which are available free of charge from the Manager.

THE ISLE OF MAN COLLECTIVE INVESTMENT SCHEMES (EXPERIENCED INVESTOR FUND) REGULATIONS 2010 REQUIRES THE FOLLOWING STATEMENTS TO BE SET OUT ON THIS PAGE:

PATF is a qualifying type EIF which is only suitable for "qualifying investors" as defined in the Collective Investment Schemes (Experienced Investor Fund) Regulations 2010 ("the Regulations").

All qualifying type EIFs are required to register with the Isle of Man Financial Supervision Commission. Accordingly, PATF must be registered with the Isle of Man Financial Supervision Commission in accordance with the Regulations. In granting registration, the Isle of Man Financial Supervision Commission has not reviewed this document, but has relied upon the statement of compliance provided by PATF's governing body filed in accordance with the Regulations. Details of registration will be available at www.fsc.gov.im.

PATF's manager and its governing body are subject to ongoing filing and reporting obligations in accordance with the Regulations.

Investors are not protected by statutory compensation arrangements and the Isle of Man Financial Supervision Commission does not vouch for the financial soundness of the fund or for the accuracy of statements made or opinions expressed about it.

Requirements which may be deemed necessary to protect retail or non-qualifying investors do not apply to qualifying type EIFs. By signing the declaration in the Application Form, you confirm you are a "qualifying investor" and accept the reduced requirements, or absence of requirements, accordingly.

You are wholly responsible for ensuring that PATF is acceptable to you. Investment in qualifying type EIFs may involve special risks that could lead to a loss of all or a substantial portion of the investment. Unless you fully understand and accept the nature of PATF and the potential risks inherent in PATF you should not invest in PATF.

If you are investing on behalf of someone else, the Isle of Man Financial Supervision Commission expects you to be satisfied that person is a qualifying investor who understands the risks associated with this type of investment.

If you are a life assurance company investing assets within your long-term business fund, the Isle of Man Financial Supervision Commission expects that relevant policyholders have had the

opportunity to read the fund's offering document and as such to have information about risks associated with an investment in PATF.

The Fund is an unregulated collective investment scheme as defined in the United Kingdom Financial Services and Markets Act 2000 (the "FSMA"). It has not been authorised or otherwise approved by the United Kingdom Financial Services Authority and, as an unregulated scheme, it cannot be marketed in the United Kingdom to the general public. This document can therefore be issued in the United Kingdom only to persons regulated under the FSMA to carry on investment business and to other categories of investor to whom unregulated collective investment schemes can be marketed without contravening section 238 of the FSMA. The issue of this document in the United Kingdom to any other person in connection with the offer of Shares is an offence. The protections offered by the FSMA do not apply to the Fund and compensation under the United Kingdom Financial Services Compensation Scheme will not be available.

Definitions

In these Scheme Particulars (unless otherwise defined), the following words and expressions shall have the following meanings:

Act	the Isle of Man Financial Services Act 2008;
Consulting Actuary	Nicolas Hornby Taylor, brief details of whom are contained in Section 18;
Custodian	BNP Paribas Trust Company (Guernsey) Limited, brief details of which are contained in Section 12;
Dealing Day	has the meaning set out in Section 27A;
Dealing Price	has the meaning set out in Section 25;
Fund	together Original PATF, PATF-\$ and PATF-€;
Manager	Abacus Financial Services Limited, brief details of which are contained in Section 11;
No.2 Fund	together the Original No.2 Fund, No.2 \$ and No.2 €;
No.2 \$	the Protected Asset TEP Fund Dollar No.2, a sub-fund of PATF;
No.2 €	the Protected Asset TEP Fund Euro No.2, a sub-fund of PATF;
Original No.2 Fund	the Protected Asset TEP Fund No.2, a sub-fund of PATF;
Original PATF	the sub-fund with which PATF was originally created;
PATF	The Protected Asset TEP Fund plc, an Isle of Man incorporated open-ended investment company constituted as a qualifying type experienced investor fund under the terms of the Regulations;
PATF-\$	PATF-\$, a sub-fund of PATF;
PATF-€	PATF-€, a sub-fund of PATF;
Policy Administrator	TEP Management Services Limited, brief details of which are contained in Section 16;
Policy Provider or TIS	T.I.S. Group Limited, brief details of which are contained in Section 15;
Promoter	Absolute Assigned Policies Limited, trading as PDL International, brief details of which are contained in Section 17;
Qualifying Investor	has the meaning set out below;
RAO	the Regulated Activities Order made under the Act;
Regulated Financial Adviser	has the meaning set out below;
Regulations	the Isle of Man Collective Investment Schemes (Experienced Investor Fund) Regulations 2010;
Shares	participating redeemable preference shares of £0.001 each in the capital of PATF;
Sub-Fund	a sub-fund of the Fund as described in these Scheme Particulars; and
Valuation Day	has the meaning set out in Section 24.

All references in these Scheme Particulars to “US Dollars”, “dollars” or “\$” are to the lawful currency for the time being of the United States of America, to “Sterling” or “£” are to the lawful currency for the time being of the United Kingdom and to “Euros” or “€” are to the lawful currency of those members of the European Union who have elected to adopt the European euro.

For the purposes of these Scheme Particulars, “**Qualifying Investor**” means a person or body who has certified that they are sufficiently experienced to understand the risks associated with an investment in the Fund and who, at the time of the initial investment, falls into one of the following categories:

- (a) a person, body corporate, partnership, trust or other unincorporated association whose ordinary business or professional activity includes acquiring, underwriting, managing, holding or disposing of investments, whether as principal or agent, or giving advice about investments;
- (b) any director or partner of, or consultant to, a person referred to in paragraph (a);
- (c) a functionary to the Fund or an associate (as defined in the Regulations) of a functionary to the Fund;
- (d) an employee, director or shareholder of, or consultant to, a person in (c), who is acquiring the investment as part of his remuneration or an incentive arrangement or by way of co-investment;
- (e) a trustee of a family trust settled by or for the benefit of one or more of the persons referred to in paragraphs (c) or (d);
- (f) a trustee or operator of any employment benefit or executive incentive scheme or trust established for the benefit of persons referred to in paragraphs (c) or (d) or their dependents;
- (g) a government, local authority, public authority or supra-national body of the Isle of Man or elsewhere; or
- (h) a person whose expertise, experience and knowledge to adequately appraise the investment is certified by (in the case of PATF) a Regulated Financial Adviser in the following terms:

“I confirm that:

- (i) I am the appointed financial adviser for the above named client; and
- (ii) I have discussed the features and risks attendant to an investment in a non-regulated fund of this type with the client; and
- (iii) I have discussed the specific risks attendant to an investment in the Fund as set out in the Scheme Particulars dated 28 July 2011; and
- (iv) the client has confirmed that they understand these risks and wish to proceed with the investment.

I am not aware of any information that would lead me to believe that the client does not understand and accept these risks.”

For the purposes of these Scheme Particulars, “**Regulated Financial Adviser**” means a person who advises investors or potential investors on the suitability of investing in the Fund and:

- (a) who is regulated as a financial adviser;
- (b) the scope of whose regulatory permission is sufficiently broad to include advising on or selling this type of fund to this type of investor in the jurisdiction in which the advice is given; and
- (c) the regulatory regime under which they are regulated:
 - (i) includes a requirement that they must be competent in relation to any product upon which they provide advice; and
 - (ii) requires them to provide advice to an investor or potential investor about the suitability of an investment based on that investor’s requirements and attitude to risk.

1. Introduction

The Protected Asset TEP Fund Plc is an open-ended investment company and was incorporated as a public limited company in the Isle of Man with number 101651C on 12th December 2000 with unlimited duration under the Companies Acts 1931 to 1993 of the Isle of Man. PATF is not and need not be an authorised person for the purposes of the Act.

PATF is designed to provide investors with capital growth and relatively low risk through investment in a diversified portfolio of traded endowment policies.

Abacus Financial Services Limited is the manager of PATF, with custodian services being provided by a company which is part of the BNP Paribas group. PATF aims to have the lowest running costs of any existing traded endowment policy fund. It should be noted that three of the sub-funds of PATF, The Protected Asset TEP Fund No.2, The Protected Asset TEP Fund Dollar No.2 and The Protected Asset TEP Fund Euro No.2, are subject to certain charges to which the other sub-funds of PATF are not.

To ensure cost effective and efficient investment, PATF has arranged to purchase appropriate policies through T.I.S. Group Limited and its agent Absolute Assigned Policies Limited, among the oldest and largest market makers in traded endowment policies.

PATF enables Qualifying Investors to invest in the well established traded endowment market efficiently and simply.

With a view to enhancing returns to investors and ensuring that investors' subscriptions are fully utilised in acquiring policies and not partially held on deposit to pay premiums and redemptions, PATF will utilise bank facilities made available by The Royal Bank of Scotland International at competitive rates.

PATF was originally created with one sub-fund ("Original PATF"). A second sub-fund was subsequently created in November 2001, but this sub-fund was closed down in October 2004. A third sub-fund, called The Protected Asset TEP Fund No.2 ("the Original No.2 Fund"), was created in September 2003.

Subsequently, in November 2003, two further new sub-funds ("PATF-\$" and "PATF-€") were created, which were identical in all respects to Original PATF, except that Shares in those new sub-funds were priced and valued in US Dollars and Euros respectively.

In January 2004, a further two new sub-funds called The Protected Asset TEP Fund Dollar No. 2 and The Protected Asset TEP Fund Euro No. 2 ("No.2 \$" and "No.2 €" respectively) were created, which are in all respects identical with Original No.2 Fund, except that Shares in the new sub-funds are priced and valued in US Dollars and Euros respectively.

The assets of each Sub-Fund are held in a segregated portfolio. There is a single dealing price for Shares in each Sub-Fund with no bid-offer spread and no redemption penalties will normally be charged in relation to the Fund. However, at the date of this document, redemption penalties and restrictions are in place. Please refer to the Manager for the latest position. The redemption penalties and restrictions are described further under Section 27F. Shares in each Sub-Fund will be valued monthly by reference to the Net Asset Value of the relevant Sub-Fund. No switching between Sub-Funds will be permitted.

An initial offer of Shares in Original PATF took place from 9.00am on 15th January 2001 until 5.00pm on 16th March 2001 ("the First Offer"). During the First Offer, Shares in Original PATF were made available for subscription at a price of £1 each, representing £0.001 nominal value and the balance share premium. From the end of the First Offer, Shares in Original PATF have

been available for purchase or redemption on any Dealing Day (as described in Section 27) at prices calculated by reference to the Net Asset Value of Original PATF.

An initial offer of Shares in the Original No.2 Fund took place from 9.00am on 1st September 2003 until 5.00pm on 28th November 2003 ("the Third Offer" (the "second offer" related to a sub-fund which has since closed)). During the Third Offer, Shares in the Original No.2 Fund were made available for subscription at a price of £1 each, representing £0.001 nominal value and the balance share premium. From the end of the Third Offer, Shares in the Original No.2 Fund have been available for purchase or redemption on any Dealing Day (as described in Section 27) at prices calculated by reference to the Net Asset Value of the Original No.2 Fund.

An initial offer of Shares in PATF-\$ and PATF-€ took place from 9.00am on 4th November 2003 until 5.00pm on 28th November 2003 ("the Fourth Offer"). During the Fourth Offer, Shares in PATF-\$ were made available for subscription at a price of \$1 each and Shares in PATF-€ were made available for subscription at a price of €1 each, the subscription price in each case representing £0.001 nominal value and the balance share premium. From the end of the Fourth Offer, Shares in PATF-\$ and PATF-€ have been available for purchase or redemption on any Dealing Day (as described in Section 27) at prices calculated by reference to their respective Net Asset Values.

An initial offer of Shares in No.2 \$ and No.2 € took place from 9.00am on 26th January 2004 until 5.00pm on 12th March 2004 ("the Fifth Offer"). During the Fifth Offer, Shares in No.2 \$ were made available for subscription at a price of \$1 each and Shares in No.2 € were made available for subscription at a price of €1 each, the subscription price in each case representing £0.001 nominal value and the balance share premium. From the end of the Fifth Offer, Shares in No.2 \$ and No.2 € have been available for purchase or redemption on any Dealing Day (as described in Section 27) at prices calculated by reference to their respective Net Asset Values.

The remainder of these Scheme Particulars give details of the Fund and its investment objectives. Separate Scheme Particulars in relation to the No.2 Fund may be obtained without charge from the Manager upon request.

2. Directors, Manager, Custodian, Bankers, Auditors, Policy Provider, Policy Administrator, Promoter and Legal Advisers

Directors

Arnie Iversen
Rupert Cottrell
Tim Walker

Manager

Abacus Financial Services Limited
Sixty Circular Road, Douglas
Isle of Man, IM1 1SA, British Isles
Tel: 44 (0) 1624 689750
Fax: 44 (0) 1624 689602
e-mail: afsl@abacusiom.com

Custodian

BNP Paribas Trust Company
(Guernsey) Limited
PO Box 412, BNP Paribas House
St Julians Avenue, St Peter Port
Guernsey, GY1 3WE
Channel Islands

Bankers

The Royal Bank of Scotland
International Limited
PO Box 62, Royal Bank Place
1 Glatigny Esplanade, St Peter Port
Guernsey, GY1 4BQ, Channel Islands

Auditors

KPMG Audit LLC
Heritage Court
41 Athol Street
Douglas, Isle of Man IM99 1HN
British Isles

Policy Provider

T.I.S. Group Limited
TIS House
Spring Villa Park
Edgware, Middlesex HA8 7EG
United Kingdom
Tel: 44 (0) 208 2828000

Absolute Assigned Policies Limited
TIS House
Spring Villa Park
Edgware, Middlesex HA8 7EG
United Kingdom

Policy Administrator

TEP Management Services Limited
TIS House
Spring Villa Park
Edgware, Middlesex HA8 7EG
United Kingdom
United Kingdom

Promoter

Absolute Assigned Policies Limited
t/a PDL International
TIS House
Spring Villa Park
Edgware, Middlesex HA8 7EG

Legal Advisers

Cains Advocates Limited
Fort Anne
Douglas, Isle of Man IM1 5PD
British Isles

PART 1

3. With-Profit Endowment Policies

With-profit endowment policies are investment based insurance products that are very well established within the UK personal savings market. They are issued by UK life offices whose net investments total over £1.5 billion.

With-profit endowment policies provide a guaranteed return on the initial sum assured and usually pay annual bonuses, which once declared cannot be removed. At the maturity of a policy a further bonus is usually paid. In return the policyholder pays regular premiums to the insurance company for both life cover and an undertaking from the life company to pay a lump sum when the policy matures.

The sum assured and declared bonuses are guaranteed by the life company whose assets and liabilities are monitored by the United Kingdom Financial Services Authority.

4. Life Office Assets

Life offices normally invest in diversified portfolios of investments that typically comprise Treasury bonds, UK and overseas equities, property and other investments.

5. Traded Endowment Policies

Traded endowment policies are endowment policies that are bought and sold by policyholders, investors and market makers. Most policies are originally taken out for 25 years, but the majority of policyholders do not wait the full term for the policy to mature; instead, for a variety of reasons, they surrender their policies back to the insurance company prior to the maturity date.

In many cases, the surrender values offered by insurance companies are less than the full market value of policies and, because of this, investors are keen to buy traded endowment policies to form part of their investment portfolios. As a result, traded endowment policy market makers pay more for suitable policies than issuing insurance companies, in order to sell them on to investors. Traded endowment policies available for purchase will have up to 15 years left to run. Policies can be resold in the traded endowment policy market prior to maturity.

An original policyholder gives up all rights to any maturity proceeds when the policy is assigned, although it is their life that is still insured. If the original policyholder dies, all the policy proceeds are paid to the new investor including the sum assured, all the declared bonuses and usually an additional terminal bonus. There is, however, no obligation to check on the life assured and actuarially there is only a small chance of an early policy claim.

PATF through the Policy Administrator will seek to ensure that, if a death occurs, a claim is made to the respective life office and that the death benefit is passed to PATF. An early death claim may marginally improve the returns to PATF.

6. History of the TEP Market

The market for traded endowment policies is well established and is currently over 140 years old. According to Money Management, part of the specialist publishing arm of the Financial Times group, the market grew significantly from the 1980's up to around £750 million by 2007.

Over the last few years the TEP market has slowed, as credit is less accessible and the ramifications of the financial crisis in 2008 continue to reverberate. However, whilst growth is not as bullish as in previous years, the asset class continues to remain attractive to both the retail and institutional investors, who are looking for lower risk but better returns than other alternative investments such as cash, and equity trackers.

7. Traded Endowment Policy Funds

The principal advantage in purchasing shares in a fund rather than directly purchasing traded endowment policies is a reduction in risk by buying policies issued by several life offices with varying maturity years. The effect of a pooled investment may smooth any disappointing returns, which might be made by a single life office in any particular maturity year.

The management of the premium payments removes the investor's responsibility to maintain regular premium payments.

The investor can also rely on expert direction and management and access to the market via the specialist knowledge of the policy providers.

8. Investment Policy

The Fund's investment policy is to achieve above average capital growth by creating and actively managing a carefully structured portfolio of with profit endowment policies.

The Fund will aim to invest in policies maturing at the longer end of the market, which can represent better investment value. The Fund will normally limit its investment in any one life company to 25% of its assets, which will be assessed half yearly, and will only invest in policies issued by well established companies.

The Fund has secured the right to acquire policies from the Policy Provider on terms which are usually significantly more favourable than those available to individual purchasers.

The Fund will use competitively priced bank finance to increase the portfolio's size, to fund policy premiums and to provide a liquidity reserve. This approach will avoid the need to hold a proportion of subscriptions on deposit at rates, which are below the returns achievable on funds invested in policies.

The Fund will invest in policies whose in-built guarantees, consisting of the sum assured and attaching bonuses, will typically be greater than the prices paid.

9. Bank Finance/Gearing

PATF has arranged competitive facilities with The Royal Bank of Scotland International Limited for each of the Sub-Funds, to fund the purchase of additional policies, fund the payment of premiums and provide a liquidity reserve.

This approach, involving low levels of borrowing, will be carefully and closely managed and will, in the right conditions, enable PATF to significantly enhance investors' returns. It will enable PATF to invest 100% of subscriptions and not hold a proportion of its assets in deposit accounts, the returns from which are unlikely to be attractive to investors. The facility will be secured against the policies owned by PATF.

Typically the facility will be used to increase by 25% the value of policies acquired, in addition to paying premiums which, on average, are estimated to be equal to 5% per annum of the cost of policies acquired. The Board will ensure that at no time will the level of borrowings attributable to each Sub-Fund exceed 50% of the surrender value of the policies acquired by the relevant Sub-Fund.

10. Directors

Arnie Iversen

Chairman of T.I.S. Group Limited and of Absolute Assigned Policies Limited. Mr Iversen has over 35 years experience in the Financial Services sector, of which over 25 years has been at the MD, CEO level. Resident in the UK.

Rupert Cottrell

Rupert Cottrell is a Chartered Fellow of the Chartered Institute for Securities & Investment. He spent his working life within the finance industry holding senior positions within Cazenove and Co, now JP Morgan Cazenove, Hill Samuel Bank, Henry Cooke Lumsden plc and four years as a director of the Financial Regulators, FIMBRA now part of the FSA. Currently he is Chairman of Diamond Capital Circle plc, Deputy Chairman of Infrastructure India plc and a director of a modest number of public and private companies. Resident in the Isle of Man.

Tim Walker

Tim Walker is a chartered accountant. He is the former finance director of Swallow/Vaux Group plc, Strix Group and Burtonwood Brewery plc. Tim is currently a non executive director and audit committee chairman of Squarestone Brasil plc, Clean Energy Brazil plc, Ishaan Real Estate plc, Infrastructure India plc and Carpathian plc. Resident in the Isle of Man.

The company secretary of PATF is Anthony Seeldrayers.

In addition to being a director of PATF, Arnie Iversen is a director and shareholder of the Policy Provider and the Promoter.

11. Manager

Abacus Financial Services Limited is a private limited company incorporated in the Isle of Man with number 69975C on 9th September 1994 with unlimited duration under the Companies Acts 1931 to 1993 of the Isle of Man.

The directors of the Manager are Stephen Moorhouse, John Cannell, Christopher Talavera, Michael MacBain, Stewart Fleming, Paul Watterson and Paul Kneen. The registered office and principal place of business of the Manager in the Isle of Man is at Sixty Circular Road, Douglas, Isle of Man, British Isles IM1 1SA.

The Manager is wholly owned by Abacus (Holdings) Limited, a company incorporated in the Isle of Man and controlled by a majority of the directors of the Manager.

The Manager is the holder of a licence issued under the Act and is authorised to act as the manager or administrator of qualifying type experienced investor funds under the Act.

The principal activity of the Manager is to act as manager or administrator to collective investment schemes and to provide management and administration services in relation to collective investment schemes. In addition to providing management and administration services to PATF, the Manager currently manages or administers a number of other collective investment schemes.

Under the terms of the Management Agreement, which has been concluded by PATF with the Manager, the Manager will, subject to any general policy laid down by PATF, act as the manager of the Fund and be responsible for: the conduct of the administration of the Fund; managing and operating the Fund in accordance with PATF's memorandum and articles of association and these Scheme Particulars; overseeing the promotion of the Fund by reviewing promotional and marketing materials and advertisements; satisfying itself that a person who has signed a declaration in relation to an application for Shares from a person who is a Qualifying Investor by virtue of paragraph (h) of the definition set out above is a Regulated Financial Adviser; and those other matters for which it is required to be responsible under the terms of the Regulations. The Manager has power to act so as to contract on behalf of or otherwise bind PATF, subject to the terms of the Management Agreement.

PATF has its registered office at the offices of the Manager, Sixty Circular Road, Douglas, Isle of Man IM1 1SA.

12. Custodian

BNP Paribas Trust Company (Guernsey) Limited is a private limited company incorporated in Guernsey on 27th October 2000 and has an authorised and paid up share capital of £2 million. It is a wholly owned subsidiary of BNP Paribas Securities Services (Holdings) Limited, a company incorporated in the Island of Jersey, which is in turn ultimately owned by BNP Paribas SA (a company incorporated in France).

The Custodian's principal activity is the provision of a range of trustee and custodian services. It is licensed under the Protection of Investors (Bailiwick of Guernsey) Law 1987.

The Custodian is responsible for the custody of the subscription monies received from the Manager and, following the investment of subscription monies, is responsible for the custody of the assets of PATF which are held to the order of or registered in the name of PATF or the Custodian.

The Custodian may appoint sub-custodians, agents or delegates ("Correspondents") to hold the assets of PATF. The Custodian will retain responsibility for the acts and omissions of its Correspondents. The Custodian will not be liable for any loss arising as a result of the liquidation, bankruptcy or insolvency of its Correspondents provided that the Custodian has not been negligent in the selection of such Correspondents.

13. Banker

The Royal Bank of Scotland International Limited ("RBSI"), St Peter Port, Guernsey has been appointed as banker to PATF. RBSI is, in addition, providing lending facilities to PATF.

14. Auditors

KPMG Audit LLC of Douglas, Isle of Man IM99 1HN have been appointed as auditors to PATF.

15. Policy Provider

T.I.S. Group Limited has been appointed to acquire policies for PATF. The principal business of TIS is the purchase and sale of traded endowment policies via its retained agent, Absolute Assigned Policies Limited ("AAP"), whose principal business is acting as the exclusive market maker in traded endowment policies for TIS.

TIS was incorporated in England & Wales on 20th April 1998 under number 3549149 and has its registered office at T.I.S. House, Spring Villa Park, Edgware, Middlesex HA8 7EG.

Absolute Assigned Policies Limited was incorporated in England & Wales on 24th September 1968 under number 939239 and is regulated in the conduct of its business in the United Kingdom by the Financial Services Authority.

PATF has entered into an agreement with TIS whereunder the Policy Provider has agreed to offer traded endowment policies to PATF, which meet criteria laid down by PATF. It is expected that the cost of policies provided to PATF by the Policy Provider will usually be considerably less than the prices available in the traded endowment policy market. Under the agreement, PATF has agreed to effect any sales or surrenders of traded endowment policies exclusively through the Policy Provider and to pay commission on any such sales or surrenders of 5% and 3% respectively.

16. Policy Administrator

TEP Management Services Limited was incorporated in England and Wales on 12th March 1962 under number 717607. Its registered office is at T.I.S. House, Spring Villa Park, Edgware, Middlesex HA8 7EG. The Policy Administrator is a wholly owned subsidiary of the Policy Provider.

PATF has entered into an agreement with the Policy Administrator whereunder the Policy Administrator has agreed to provide certain technical and support services to PATF, including the verification of title to traded endowment policies purchased by PATF, the provision of valuation services to PATF, monitoring maturity values of traded endowment policies owned by PATF and monitoring the status of the life assured in relation to such policies.

The Policy Administrator currently values and manages traded endowment policy assets with a value in excess of £750 million for a number of institutional clients.

The Policy Administrator is responsible for ensuring that all the policies purchased by PATF will be assigned with full legal title and free from any encumbrances. The Policy Administrator is also responsible for notifying the life offices of the assignment of policies to PATF and will ensure that the new mandates for the continuing payment of policy premiums are forwarded to the Custodian.

The Policy Administrator will monitor the possibility of an early death claim on a policy held by PATF by ensuring that a promise of a payment of £500 is offered to each seller of a policy to PATF should their estate notify the Policy Administrator that an original policyholder has pre-deceased the term of a policy.

17. Promoter

The Promoter of PATF is Absolute Assigned Policies Limited, trading as PDL International. The Promoter is a company incorporated in England & Wales on 24th September 1968 under number 939239 and is regulated in the conduct of its business in the United Kingdom by the Financial Services Authority.

The Promoter's registered office and principal place of business is at T.I.S. House, Spring Villa Park, Edgware, Middlesex HA8 7EG. The directors of the Promoter are Arnie Iversen and Katherine Ann Spiteri.

Under the principal terms of the Agreement entered into between PATF, the Policy Provider and the Promoter, the Promoter is appointed to promote and market PATF. The remuneration of the Promoter is calculated by reference to the Net Asset Value of the No.2 Fund and is paid wholly out of the assets of the No.2 Fund. Such remuneration will therefore not directly affect the Net Asset Value of the Fund or the Dealing Price of the Shares of the Fund. Certain costs and expenses incurred by the Promoter in promoting and marketing the Fund will be reimbursed by the Policy Provider.

18. Consulting Actuary

From time to time Nicolas Hornby Taylor will provide actuarial services to PATF on an ad-hoc basis. Mr Taylor qualified as a Fellow of the Institute of Actuaries in 1969 and has served on the Council of the Institute of Actuaries as Honorary Secretary and as Vice-president.

19. Fees and Expenses

PATF enables Qualifying Investors to participate simply and efficiently in a collective investment scheme investing in traded endowment policies.

The directors have set as an objective that PATF's fees and expenses are kept as low as compatible with maintaining a professional service to PATF's investors, although the No.2 Fund will incur greater marketing costs than the Fund as a result of the remuneration to be paid to the Promoter.

The cost of professional services rendered to the Original Fund should not exceed 0.95% per annum of PATF's Net Asset Value ("NAV"), excluding VAT, borrowing costs and any "per policy" charges.

Professional Services Fees payable in respect of the Fund are as follows:

Manager	0.175% plus VAT per annum of the NAV of the Fund plus an additional fee of 0.05 per cent of the NAV of the Fund, for as long as the Fund does not have a Regulated Promoter (as defined in the Regulations);
Custodian	0.125% per annum of the NAV of the Fund up to £25 million and 0.0625% per annum of the NAV of the Fund in excess of £25 million;
Policy Administrator	0.65% plus VAT per annum of the NAV of the Fund (see Section 35C for the fees applicable to the No.2 Fund).

Note 1: The charges of the Manager and the Custodian, together with directors' fees, auditors' fees and other costs, are calculated on the basis of the aggregate NAV of the Fund and the No.2 Fund and apportioned between them by reference to their respective NAVs.

Note 2: Details of the charges of the Promoter, which do not directly affect the Fund, are contained in Section 35D.

Additional charges:

The Custodian will charge £25 for each policy transaction, £2 per policy per annum storage.

Other costs, which have been incurred or will be incurred, consist of:

Set-up costs	<p>The set-up costs for Original PATF were approximately £55,000 and have been written-off over 5 years. These costs were paid by TIS and have been recovered from Original PATF.</p> <p>The set-up costs of the Original No.2 Fund were approximately £20,000 and have been written-off over 5 years. These costs were paid by the former promoter of the Fund, Protected Distribution Limited, and have been recovered from the Original No.2 Fund.</p> <p>The set-up costs of PATF-\$ and PATF-€ were approximately £10,000 and have been written-off over 5 years. These costs were paid by the former promoter of the Fund, Protected Distribution Limited, and have been recovered from PATF-\$ and PATF-€.</p> <p>The set-up costs of No.2 \$ and No.2 € were approximately £10,000 and have been written-off over 5 years. These costs were paid by the former Promoter, Protected Distribution Limited and have been recovered from No.2 \$ and No.2 €.</p>
Directors' Fees:	<p>The directors' fees have been agreed at £10,000 per annum per director plus an additional £6,000 per annum for any director who is a member of the audit committee.</p> <p>Directors' fees will be subject to National Insurance Contributions, Income Tax and (where applicable) VAT.</p>
Actuarial Fees:	<p>The terms of business agreed with the Consulting Actuary provide for PATF to pay the Consulting Actuary at the rate of £400 per hour for general advice, subject to a maximum of £2,000 per day for general advice, and a fee of £2,000 for attendance at any board meetings of PATF.</p>

There are ancillary expenses of PATF in each year, including the cost of audit, meeting and travel, additional printing and publishing the share price.

More details of the charges, fees and expenses relating to the Fund are set out in Sections 20 and 35.

20. General Expenses

The following expenses may be paid out of the property of the Fund, in addition to those set out in Section 19:

- (a) the costs of dealing in the property of the Fund;
- (b) interest on borrowings incurred in respect of the Fund and charges incurred in negotiating, effecting or varying the terms of such borrowings;
- (c) the costs and expenses incurred in obtaining a listing for the Shares on any stock exchange or in publishing the Dealing Price;
- (d) taxation and duties payable in respect of the property of the Fund, the principal constitutional documents of PATF and the creation and sale of Shares;
- (e) any costs incurred in modifying the principal constitutional documents of PATF;
- (f) the costs incurred in the preparation and publication of scheme particulars and any associated shareholder key features documents as well as costs associated with substituted or supplementary scheme particulars;
- (g) costs as approved by the directors in their absolute discretion associated with dissemination of information on the Fund to intermediaries and shareholders;
- (h) any costs incurred in respect of meetings of shareholders;
- (i) any charges reasonably incurred by the Custodian in depositing any part of the property of the Fund in safe-keeping in a country or territory outside Guernsey;
- (j) expenses and disbursements of the Custodian incurred in connection with its duties including:
 - (i) the fees, expenses and disbursements of any agent appointed by the Custodian in connection with its duties in relation to the Fund and the custodianship;
 - (ii) the fees, expenses and disbursements of any legal or accountancy adviser, valuer, broker or other professional person appointed by the Custodian in connection with its duties in relation to the Fund and the custodianship including the cost of obtaining advice on whether or not the Custodian has the power or capacity to act in any question relating to the Fund or PATF;
 - (iii) all other expenses and disbursements bona fide incurred by the Custodian in connection with the custodianship and management and administration of the Fund;
- (k) the fees and expenses of the Auditors (or any other auditors of the Fund, if appointed);
- (l) the costs incurred in publishing (and providing copies of) annual and interim reports;
- (m) the costs incurred in keeping the register of shareholders;
- (n) the expenses of the Promoter (except insofar as they relate to the promotion or marketing of the Fund);
- (o) the costs incurred in managing and administering the Fund, including (without limitation) the expenses and disbursements of the Manager in connection with the performance of its duties as manager of the Fund; and
- (p) the fees of any regulatory authority in a country or territory in which Shares are or may be marketed.

Expenses which are not clearly attributable to one Sub-Fund in particular shall be allocated between the Sub-Funds in such a way as the Manager considers to be fair to Shareholders in all of the Sub-Funds.

21. The Register of Shareholders

The register of holders of shares in PATF is available for inspection at the offices of the Manager.

22. Constitution, Objectives, Powers, Restrictions and Risks

A. *Constitution*

- 1.1 PATF is an Isle of Man qualifying type experienced investor fund in accordance with the Regulations.
- 1.2 PATF has an authorised share capital of £1,000,100 divided into 100 Management Shares ("Management Shares") of £1.00 each, all of which have been subscribed in full in cash by or on behalf of the Policy Provider and 1,000,000,000 Unclassified Shares ("Unclassified Shares") of £0.001 each, available for issue as Shares or as nominal shares ("Nominal Shares") (See Section 23).

B. *Objectives*

The Fund's objective is to provide capital growth with security by investing primarily in traded endowment policies issued by UK life offices. The Fund will seek to increase returns by controlled gearing to fund premiums and increase the size of the portfolio. Any borrowing attributable to a Sub-Fund will be limited to an amount equal to 50% of the surrender value of the policies acquired by the relevant Sub-Fund.

C. *Investment Powers and Policies*

The directors of PATF have overall responsibility for investment policy in relation to the Fund. The Fund intends to invest the majority of its assets in traded endowment policies.

In addition to investing in traded endowment policies, the Fund may hold and make other investments (including investments in bank deposits, other listed securities, gilts, bonds and other regulated or unregulated collective investment schemes) from time to time, depending upon market conditions and available investment opportunities, among other factors.

Whilst the Fund will endeavour to be substantially fully invested at all times, this may not always be possible. Cash deposits may fluctuate from time to time in order to meet redemptions.

D. *Investment Parameters*

Unless the directors resolve otherwise, the following restrictions will be observed in relation to the Fund:

- The Fund will not invest in traded endowment policies which have been in force for less than five years and will only invest in traded endowment policies issued by United Kingdom regulated life offices;
- The maximum holding of traded endowment policies issued by any one life assurance company will not normally exceed 25% of the assets of the Fund;
- Hedging transactions may be undertaken but only with a view to eliminating or reducing investment risk. No investments may otherwise be made in futures, options or contracts for differences;
- The Fund may only place deposits with, purchase certificates of deposit, commercial paper, negotiable receipts, notes, bonds, certificates or other documents evidencing the deposit of a sum of money issued by, or purchase bills of exchange accepted by, a bank or banks approved by the Custodian;

- Investments may be made in other collective investment schemes, but investments will not be made in Isle of Man exempt international collective investment schemes being private, essentially unregulated arrangements;
- No investments may be made in real estate, commodities, gems or metals.

The directors will review the investment parameters on a quarterly basis and are entitled to vary such parameters in the light of prevailing market conditions. If the directors resolve to change the investment restrictions, they will give not less than ninety days prior notice to shareholders. Save as set out above, there are no restrictions upon the investment powers of the directors and the Manager.

E. Borrowing

The directors have the power to borrow and may do so to fund the purchase of traded endowment policies, to pay premiums, to meet redemptions which would otherwise result in the Fund having prematurely to realise investments or to meet timing differences arising on the settlement of investments. Such borrowing will be limited to an amount equal to 50 per cent of the surrender value of the policies acquired by the relevant Sub-Fund. The facility will be secured against the policies owned by the Fund.

F. Risk Factors

Returns on an investment in the Fund are not guaranteed. Prospective shareholders should consider the risks attached to an investment in the Fund including, but not limited to, those indicated below. Consideration should be given to whether such risks are suitable for them and prospective shareholders should ensure that they fully understand the contents of these Scheme Particulars.

Traded endowment policies do not provide income and it is not anticipated that there will be any dividends or any other distributions in respect of Shares in the Fund. An investment in the Fund may therefore not be suitable for persons who require regular income from their investments.

Traded endowment policies are valued on the basis of prevailing market conditions. Market values can vary over time according to investors' expectations of ultimate maturity values and market yields on comparable investments. As maturity values depend on the investment performance of the life office which issued the relevant traded endowment policies, expectations for ultimate maturity values will vary according to the identity of the issuing life office.

The price of the Shares may go down as well as up due to market fluctuations and other considerations. This, the charging structure and the possibility of a discretionary redemption penalty may be contributory factors to an investor receiving less than the amount of the original investment on a redemption of Shares.

There is a risk that the directors, at their discretion, may impose a discretionary redemption penalty in respect of events not foreseen at the date of these Scheme Particulars; such unforeseen events would include, but are not limited to, taxation and legislation changes and those where, in their opinion, the value of all or any of the assets of the Fund ascertained in accordance with the Articles and these Scheme Particulars did not represent the realisable value of those assets. Any such redemption penalty would be deducted from the redemption proceeds otherwise payable to the relevant shareholder.

Investment decisions made or advice given by the directors or the Manager may not prove to have been successful or correct.

None of the Sub-Funds nor any combination of them is intended to be a complete investment programme.

There is no guarantee against the default of a counterparty with which PATF may deal.

The Fund may invest in other collective investment schemes and similar funds which themselves may be subject to management and other charges, borrowing exposures and other investment risks.

In certain circumstances, the ability to redeem Shares may be restricted and compulsory redemptions of Shares may be made by the Manager, as described in Section 27F.

In addition to being a director of PATF Arnie Iversen is a director and shareholder of the Policy Provider and the Promoter. There may therefore be potential for conflicts of interest to arise, but the directors and the Manager will always endeavour to ensure that the interests of the shareholders of the Fund are protected.

An investment in the Fund is not protected against the effects of inflation.

23. Characteristics of Shares in PATF

A. **Shares**

The Shares in the Fund confer the right to a proportionate share in the property of the Fund and to its dividend income, if any. At general meetings of PATF no holder of a Share will generally be entitled to vote, save where a special resolution is proposed to wind up the Fund or to alter the rights attaching to such shares or to issue shares other than as Management Shares, Shares or Nominal Shares, in which event the consent of a separate class meeting of holders of Shares is also required. For the rights of holders of Shares on a winding up, see Section 33D.

B. **Management Shares**

The Management Shares exist to comply with Isle of Man law which requires that Shares have a preference over another class of capital in order to be redeemable. Management Shares carry no right to dividend. For the rights of holders on a winding up, see Section 33D. Management Shares carry the right to vote at general meetings of PATF.

C. **Nominal Shares**

Nominal Shares will only be issued at par to the Manager for the purpose of providing funds for the redemption of the nominal value of Shares. For the rights of holders on a winding up, see Section 33D. Nominal Shares may be converted into Shares. Nominal Shares carry no other rights.

D. **Unclassified Shares**

These may be issued either as Shares or as Nominal Shares.

E. **Contract Notes**

Proof of purchase of Shares will be evidenced by the issue of a contract note to the applicant with a duplicate to the applicant's authorised agent, if one is appointed. No share certificates or bearer Shares will be issued.

F. **Variation of Class Rights**

The rights attached to Shares are deemed to be varied by any variation of the rights attached to shares of any other class or by the creation or issue of any shares, other than Shares, ranking *pari passu* with or in priority to them as respects rights in a winding up or reduction of capital.

Except as referred to in the preceding paragraph, the rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares of that class ranking *pari passu* therewith or, for the avoidance of doubt, the issue of Shares relating to subsequent class funds.

G. *Issue of Shares*

The directors are authorised without limitation, but subject always to the availability of Shares, to allot and issue Shares at any time without reserving preferential subscription rights to existing shareholders.

The directors may in the future issue further classes of Shares with such investment objectives and policies, as they think fit.

Fractions of Shares may be issued to four decimal places.

PATF shall register Shares jointly in the names of not more than four holders should they so require. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of holders.

H. *Qualified Holders*

The directors may determine whether or not any particular person or class of person should become or remain the holder of Shares should they be of the opinion that the holding of Shares by such person may be in breach of any governmental regulation or announcement or would otherwise render PATF liable to taxation for which it would otherwise not be liable.

In particular, a person will not be permitted to become or remain the holder of Shares if that person is not a Qualifying Investor or if the holding of Shares by such person may be in breach of any governmental regulation or announcement or would otherwise render the Fund liable to taxation for which it would otherwise not be liable. It has been determined that no U.S. Persons (within the meaning of Regulation S promulgated under the United States Securities Act of 1933) shall be permitted to become or remain holders of Shares.

No new participant, whether by virtue of subscription or transfer of any interest in the Fund, will be recognised and no such subscription or transfer will be effected unless and until such person has delivered or arranged for the delivery of a signed Application Form in a form satisfactory to the Manager certifying (among other things) that the new participant or transferee is a Qualifying Investor and has read and understood these Scheme Particulars. Each such Application Form must also contain any additional prescribed certifications.

Where a person is a Qualifying Investor by virtue of paragraph (h) of the definition of "Qualifying Investor" in these Scheme Particulars (which reflects the definition contained in Schedule 1 to the Regulations), an application from such person may only be accepted if such application contains a certificate in the prescribed form signed by a Regulated Financial Adviser. Where an application for Shares is made by a life assurance company investing assets within its long term business fund, the life assurance company is required to sign an additional certification in the prescribed form.

No person resident for taxation purposes in the Isle of Man (other than the Manager) is permitted to have an interest in the Fund or in any Share.

24. Net Asset Value

The Net Asset Value of each Sub-Fund will be determined in the Isle of Man as at 5.00 pm on the last business day of each calendar month and on such other occasions as the directors may determine (each a "Valuation Day") and shall normally be equal to the value of all of the relevant Sub-Fund's assets less the value of all of its liabilities (including accrued duties and charges).

To ensure equity between investors, any expense or liability of a Sub-Fund may, if the directors consider it appropriate, be amortised over such period as the directors may determine (and the directors may at any time and from time to time determine to lengthen or shorten any such period) and the unamortised amount thereof at any time shall also be deemed to be an asset of the relevant Sub-Fund.

Each Sub-Fund's assets will be valued as follows:

- (a) traded endowment policies will be valued by using a standard actuarial valuation methodology and appropriate pricing discount methodology with no allowance for mortality, taking the present value of the sum assured, attaching reversionary bonuses, illustrative future reversionary bonuses and illustrative terminal bonuses less the present value of future premiums. The formula allows for valuation on a day, months and years basis, once the present value has been calculated, at the directors' discretion, a further discount may be applied to provide a smoothing of the gross asset value to account for movement in interest and bonus rates and market sentiment;
- (b) the value of any cash in hand or on deposit, bills and demand and promissory notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued but not received will be deemed to be the full amount thereof unless the directors shall have determined that any such deposit, bill, demand or promissory note or account receivable or other amount is not worth the full amount, in which event the value will be deemed to be such value as the directors determine to be the reasonable value thereof;
- (c) certificates of deposit, treasury bills, bank acceptances, trade bills and any other monetary instruments not otherwise provided for in PATF's articles of association will each be valued (on the basis of notification to the directors by a person approved by the directors for such purpose whose business includes dealing in or effecting transactions in such investments) according to the normal dealing practice therein;
- (d) except as otherwise provided by PATF's articles of association, all of a Sub-Fund's assets will be valued:
 - (i) in the case of an asset which is an investment of any description other than traded endowment policies or units or shares in a collective investment scheme, at the bid price of that investment;
 - (ii) in the case of investments which are units or shares in a collective investment scheme, at the mean of the issue and redemption price for units or shares of the kind in question following the most recent valuation of the relevant scheme;
 - (iii) if there is no price for the asset in question under (i) or (ii) above, at a reasonable estimate of the fair value thereof determined in such manner as the directors shall from time to time determine.

Except as otherwise provided by PATF's articles of association, interest-bearing assets will be valued at cost plus accrued interest from the date of acquisition and adjusted by an amount representing the amortisation of any discount or premium at the date of acquisition.

In the case of any asset for which no price quotations are available as above provided, the fair value will be determined in such manner as the directors shall from time to time determine.

If any asset is realised or contracted to be realised at a known value, the net proceeds of such realisation shall be taken into account in lieu of any other method of determining the value of the investment concerned.

Where express provision is not made in PATF's articles of association for the valuation of any particular asset, it shall be valued on such basis as the directors determine.

Currencies or values in currencies other than in Sterling, unless the directors determine otherwise, will be converted or translated at the spot exchange rates prevailing in the London foreign exchange market having regard (inter alia) to any premium or discount which may be relevant and to costs of exchange into Sterling.

For the purpose of valuing assets, the directors may rely upon the opinions of any persons who appear to them to be competent to value assets by reason of any appropriate professional qualification or of experience of any relevant market.

Where investments or assets could be valued by reference to more than one of the preceding valuation principles, the directors may select which valuation principle will be applicable until otherwise determined in accordance with this provision. Notwithstanding the foregoing, the directors may permit some other method of valuation to be used for any of a Sub-Fund's assets if they consider that such valuation better reflects the fair value of an asset.

The liabilities of a Sub-Fund will be deemed to include all liabilities (including such amount as the directors determine to provide in respect of contingent liabilities) of whatsoever kind and nature. In determining the amount of such liabilities the directors may calculate any liabilities on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any such period.

For the purposes of calculating a Sub-Fund's Net Asset Value the total amount payable in respect of Shares which have been redeemed or whose allotment has been cancelled will, from the time at which such shares are deemed to cease to be in issue until such amount is paid, be deemed to be a liability of the relevant Sub-Fund.

In relation to the No.2 Fund (but not the Fund), for the purposes of calculating Net Asset Value, introductory fees paid to introducers via the Promoter will be amortised over a period of five years and any redemption penalties payable by investors will be paid to the No.2 Fund and charged to deferred acquisition costs. For the purposes of the statutory accounts, such costs will be written off as incurred and a reconciliation to the Net Asset Value of the No.2 Fund will be contained in the statutory accounts.

If the directors consider it appropriate in relation to any Dealing Day (whether by virtue of the size or value of any single redemption request, the number and/or volume of redemption requests, any identifiable trend of redemption requests, market conditions at the time, or otherwise), the value of assets of a Sub-Fund on the relevant Valuation Day may be calculated (either generally for the purposes of calculating the Dealing Price applicable to all redemptions to be effected on the next following Dealing Day or, in special circumstances, for the purposes of calculating the Dealing Price applicable to a specific redemption to be effected on such day) with reference either to the actual sale price of any assets realised in order to finance redemptions on that Dealing Day or to the realisable value of such assets and not on any other basis contained herein and notwithstanding any other provision relating to the valuation of the assets of the relevant Sub-Fund contained in these Scheme Particulars or in PATF's articles of association.

In addition, the directors may, in their absolute discretion, apply such adjustment in respect of the breakage costs of any hedging contract which PATF is required to break in order to effect any redemption as they may consider appropriate in the circumstances.

25. Dealing Price

Shares in each of Original PATF, PATF-\$ and PATF-€ will be issued and redeemed on a Dealing Day for an amount equal to the Net Asset Value (by reference to the most recent Valuation Day) of the relevant Sub-Fund divided by the number of Shares of the relevant Sub-Fund in issue or deemed to be in issue, rounded down to the nearest one-hundredth of a penny ("the Dealing Price"). Redemptions of Shares in the No.2 Fund (but not normally redemptions of Shares in the Fund) may be subject to redemption penalties.

26. Suspension of Valuation

The directors may suspend the allocation, issue, repurchase and cancellation of Shares in a Sub-Fund and the calculation of the Net Asset Value per Share, if, inter alia, the value of the assets of the relevant Sub-Fund cannot reasonably be ascertained.

The issue, allocation, repurchase and redemption of the Shares in the relevant Sub-Fund shall cease forthwith upon such suspension or upon the occurrence of an event causing it to enter into liquidation.

Shareholders having requested a repurchase (or redemption) of their Shares will be notified in writing of any such suspension within seven days of their request and will be promptly notified upon termination of such suspension.

The beginning and end of any period of suspension (except for customary closing of stock exchanges for not more than three days) will be made known at the registered office of PATF and announced to shareholders affected.

27. The Sale, Redemption and Repurchase of Shares in the Fund

A. *Dealing Day*

A Dealing Day in relation to Shares in the Fund is normally the first business day of each calendar month or such other day as the directors may determine.

B. *Dealing*

The Manager will accept applications for Shares in the Fund on any Dealing Day and will effect redemptions of Shares on any Dealing Day, in each case at prices based upon the underlying investments as set out in Section 25.

Applications for the purchase of Shares in the Fund received after 5.00 pm on any Valuation Day will be held over until the Dealing Day following the next Valuation Day and, on acceptance by the Manager, will be dealt with at prices ruling on that day.

Applications for the redemption of Shares in the Fund must be received by the Manager at least 14 days prior to the Dealing Day upon which the redemption is requested to take effect.

The Manager reserves the right to reject any application to buy any Shares in the Fund or redeem any such Shares if this would result in a shareholding falling below the required minimum level (see Sections 27E, 27F and 28).

Transactions will take place at the current Dealing Price on the relevant Dealing Day (or, if no price is available at that time, due to a suspension or revaluation, at the next available price).

A preliminary charge on the issue of Shares in the Fund of up to a maximum of 6 per cent of the Dealing Price may be charged (see Section 35F).

C. *Currency of Payment and Foreign Exchange Transactions*

Where payments in respect of purchase or redemption of Shares in Original PATF, PATF-\$ or PATF-€ are tendered or requested in a freely transferable currency other than Sterling, US Dollars or Euros respectively, the necessary foreign exchange transaction will be arranged by the Manager for the account of, and at the expense of, the applicant at the time the application is received and accepted. The Manager will take no responsibility for the rate of exchange obtained.

D. *Communications*

All communications regarding the purchase or redemption of Shares in the Fund must be made to the Manager whose details appear in Section 2.

E. *Application Procedure*

Applications for Shares in the Fund may be made to the Manager up to 5.00 pm on any Valuation Day. Applications should be made by completing the Application Form (including any required certifications) and sending it by post or by facsimile followed by post duly completed to the Manager. An acknowledgement of the investment will be made by the issue of a contract note, which will be sent to the applicant with a duplicate to the applicant's authorised agent, if one is appointed.

Payment for Shares may be made by cheque, or telegraphic transfer. Applicants will be allotted Shares on the Dealing Day following the day on which the Manager receives advice from the receiving bank that cleared funds are available and the duly completed Application Form is received. An application for Shares in Original PATF, PATF-\$ or PATF-€ made by an applicant, whether or not such applicant has an existing holding of Shares in the relevant Sub-Fund, will not be accepted if it is for less than £10,000 (or currency equivalent) by value (or such other value as the directors may in their discretion determine jointly with the Manager).

Payments received from third parties will usually be refused.

Interest will not be paid to investors on monies awaiting investment.

Applications made by persons who are not Qualifying Investors for the purposes of the Regulations (see Section 23H) or which do not contain all required certifications will be rejected.

F. *Redemption Procedure*

The Manager will generally redeem Shares in the Fund on any Dealing Day. Requests to redeem such Shares should be made to the Manager at least 14 days prior to the Dealing Day upon which the redemption is requested to take effect and may be made by telephone, facsimile or in writing. Telephone and facsimile requests must be immediately confirmed in writing. The following written information shall be given: the name, the personal account number of the holder of Shares and the number of Shares to be redeemed.

Requests for redemption received and accepted by the Manager will normally be dealt with at the relevant Dealing Price ruling on the Dealing Day next following the expiration of the 14 day period referred to above. Requests received with inadequate notice will be held over until the next Dealing Day.

The Manager will normally refuse to comply with instructions for dealings in Shares in Original PATF, PATF-\$ or PATF-€ if the value of the deal is less than £10,000 (or currency equivalent) or if to do so would result in a residual holding in the relevant Sub-Fund of less than £10,000 (or currency equivalent) by value (or such other value, being not less than US\$15,000 (or its Sterling equivalent), as the directors may in their discretion determine jointly with the Manager). If, in exceptional circumstances, the directors permit a dealing or dealings in Shares for less than the minimum amount, a surcharge of £30 (or currency equivalent) will be charged by way of discretionary redemption penalty.

PATF may, but is not bound to, redeem on any Dealing Day more than 5% of the Shares in any Sub-Fund in issue. If the number of redemption requests exceeds this limit, the requests may be reduced proportionately. Any requests not redeemed in full on the first Dealing Day will be carried forward to each succeeding Dealing Day until complied with in full. Requests carried forward from an earlier Dealing Day will be given priority over later redemption requests.

Requests to redeem, once made, may only be withdrawn in the event of a suspension or deferral of the redemption of Shares, unless the directors in their absolute discretion determine otherwise.

The Manager may redeem compulsorily the Shares of any shareholder by not less than 30 days' prior written notice to that shareholder.

On the redemption of Shares, the nominal value of each Share will be financed by the issue of a Nominal Share (for which, during the currency of the Management Agreement, the Manager has agreed to subscribe). A holder of Nominal Shares shall be entitled at any time to convert such shares into Shares in any Sub-Fund by paying to PATF on any Dealing Day the difference between the current Dealing Price for Shares in the relevant Sub-Fund and the nominal value of the Nominal Shares converted.

In accordance with the Articles of Association of PATF, the directors may determine that redemptions of Shares should be subject to a redemption penalty calculated on such basis and at such rate as they may in their absolute discretion determine. Without in any way limiting their discretion, circumstances in which the directors may consider such a redemption penalty to be appropriate would include: taxation or legislative changes; and those where, in their opinion, the value of all or any of the assets of the Fund ascertained in accordance with the Articles and these Scheme Particulars did not represent the realisable value of those assets. Any such redemption penalty would be deducted from the redemption proceeds otherwise payable to the relevant shareholder.

G. Settlement

Payment of the redemption proceeds will be made to the relevant shareholder upon delivery of the above written instructions. Payments will normally be made in Sterling, or in a freely transferable currency as requested by the shareholder, within 10 business days of approval by the directors of the Net Asset Value for the relevant Dealing Day. Any costs in respect of currency conversions will be borne by the shareholder.

Repurchase proceeds will be sent by cheque or telegraphic transfer at the expense and risk of the shareholder to the credit of the bank account of the first-named registered shareholder. No interest will be paid to investors on redemption monies awaiting payment.

28. Minimum Holding of Shares

The minimum holding of Shares in Original PATF, PATF-\$ or PATF-€ is Shares to a value of not less than £10,000 (or currency equivalent), or such other value as the directors may in their discretion determine jointly with the Manager.

29. Transfers

The transfer of Shares may normally be effected by delivery to the Manager of an instrument of transfer in a form acceptable to the Manager together with a specimen signature of the transferee. The register of shareholders may be inspected at the registered office of PATF.

No transfer will be effected unless and until the transferee has delivered or arranged for the delivery of a signed declaration (accompanied by any required certifications) acknowledging that, among other things, the transferee is a Qualifying Investor and has read and understood these Scheme Particulars and has complied with the Manager's requirements for information relating to verification of identity as detailed in Section 38C.

30. Value Added Tax

All fees and charges will, where appropriate, be subject to VAT in the United Kingdom or the Isle of Man, currently levied at 20%. Such VAT will be paid by PATF.

31. Dividends, Meetings and Reports

A. *Dividends*

It is not anticipated that any income will be received in respect of the Fund and it is not intended that any income that is received will be distributed by way of dividend or otherwise, although the Manager may in its discretion do so.

B. *Meetings*

The annual general meeting of shareholders of PATF will be held in the Isle of Man each year. Twenty-one clear days' notice will be given in writing to shareholders.

C. *Reports*

Financial periods of PATF end on 31st December in each year, being PATF's annual accounting date. PATF is required to produce an annual report containing the audited financial accounts, which are to be sent to all shareholders within six months of the end of the financial period. Annual reports will also be available at PATF's registered office at least 21 days before each annual general meeting.

Copies of all financial reports, constitutional documents (and amendments, if any) and the latest scheme particulars of the Fund may be obtained from the registered office of PATF and the Manager. Copies of all reports are available free of charge.

32. Taxation

The following summary is based on the law and practice currently in force in the Isle of Man and is subject to changes therein.

A. *Taxation of PATF*

With effect from 6 April 2006, a standard rate of corporate income tax of 0% applies in the Isle of Man. This rate applies to the income and profits of all Isle of Man resident companies, with the exception of licensed banks in respect of their deposit-taking activities and companies which derive income or profits from Isle of Man situated land and property, both of which are taxable at the 10% rate. It is anticipated that the 0% rate of tax will apply to the income of PATF and therefore no Isle of Man corporate income tax will become payable by the fund.

The Attribution Regime for Individuals (“ARI”) imposes a tax charge on Isle of Man resident individual shareholders of certain Isle of Man companies (“relevant companies”). As PATF specifically excludes Isle of Man residents from acquiring shares, the company is not a relevant company for the purposes of these provisions and so will not be required to undertake the additional reporting obligations of a relevant company. The ARI will be abolished for accounting periods beginning on or after 6 April 2012 (although ARI is not applicable to PATF as it excludes Isle of Man investors).

The Isle of Man does not levy taxes on capital inheritances, capital gains or gifts or sales of shares. A probate fee may be payable on the estate of a deceased shareholder, up to a current maximum of £649.

It is intended that PATF will be so organised as to be fiscally resident in the Isle of Man. PATF may invest in various jurisdictions and, in consequence, certain of its income and gains may be liable to taxation in those jurisdictions. However, PATF will aim to minimise taxation on its income and gains to the extent to which the directors and the Manager consider reasonable.

There are no current exchange control restrictions applicable in the Isle of Man.

B. *Shareholders’ Tax Position*

It is expected that shareholders in PATF may be resident for tax purposes in a number of different countries. Consequently, no attempt is made in these Scheme Particulars to summarise the actual taxation consequences for each investor of subscribing for, buying, holding, transferring, redeeming, selling or otherwise acquiring or disposing of Shares in PATF. These consequences will vary in accordance with the law and practice currently in force in a shareholder’s country of citizenship, residence, and/or domicile and with his personal circumstances or, in the case of a corporation, its country of incorporation, its place of management and control, or its residence under any other test which would result in it becoming subject to taxation in that jurisdiction.

All investors should inform themselves of and when appropriate consult their professional advisers on, the possible tax consequences and any exchange control requirements of subscribing for, buying, holding, transferring, redeeming, selling or otherwise acquiring or disposing of Shares.

33. General Information

A. *Directors*

The board of directors of PATF shall be composed of at least two persons. Under the

terms of the Regulations, at least one of the directors is required to be a person who holds office in a non-executive capacity and who is independent of any promoter of the Fund and of any body corporate that is a subsidiary of any promoter of the Fund or a subsidiary of any holding company of any promoter of the Fund.

Directors may be removed or replaced at any time by resolution of the shareholders. Upon a director being removed from office, resigning from office or not being reappointed to such office at the end of his term of office, both that person and the Manager are required by the Regulations to give notice to the Isle of Man Financial Supervision Commission in writing together with the reasons (if any) for that removal, resignation or failure to reappoint.

There is no age limit or share qualification for directors. The directors are vested with all powers to perform all acts necessary or useful for accomplishing PATF's investment objectives.

PATF may indemnify any director or officer to the extent permitted by the Companies Acts 1931 to 2004 out of the property of PATF against all losses or liabilities which he may sustain or incur in relation thereto.

At no time will a majority of the directors be resident in the United Kingdom nor will a meeting of directors be validly constituted unless a majority of the directors present at the meeting is not resident in the United Kingdom nor will the board of directors meet in the United Kingdom. A majority of directors will attend board meetings in person in the Isle of Man.

B. *Dealings in Shares by the Manager*

It is not intended that the Manager should, as principal, acquire, hold or sell Shares in the Fund.

C. *Amendment to PATF's Articles of Association*

PATF's articles of association may be amended at any time by a resolution of a meeting of shareholders subject to the quorum and voting requirements provided by Isle of Man law.

Written notice to shareholders of the effectiveness of each amendment of the articles of association shall be provided with the next statement of account following its effectiveness. Such notice shall either state the text of amendments or summarise its content and provide that the complete text of the amendment shall be sent to any shareholder upon request.

D. *Winding up*

PATF may be wound up if a special resolution of the shareholders so determines.

On a winding up, the assets available for distribution amongst the shareholders shall be applied by the liquidator in the following priority:-

- (a) firstly, in the repayment *pari passu* to the holders of Shares of sums up to the nominal amount paid up thereon;
- (b) secondly, in the repayment *pari passu* to the holders of Nominal Shares of sums up to the nominal amount paid up thereon;
- (c) thirdly, in the repayment *pari passu* to the holders of the Management Shares of sums up to the nominal amount paid up thereon;

(d) fourthly, in the payment to holders of Shares of any surplus of assets then remaining attributable to the Shares, such payment being made in proportion to the nominal amounts paid up on such Shares.

E. Listing

The Shares in the Fund are not presently quoted or listed on any stock exchange and no such listing is currently intended. However, the Dealing Price may be published in the relevant sections of the Financial Times, Reuters, Bloomberg or other agencies.

F. Business Day and Time

References herein to a 'business day' means a day other than a Saturday or Sunday or a day which is a public holiday in the Isle of Man or a day falling within a period of suspension of the determination of the Net Asset Value of Shares, as described in Section 26. References herein to time are to time in the Isle of Man.

34. Material Agreements

PATF has entered into agreements with:

- (a) the Manager dated 3rd April 2009 (with an effective date of 30th April 2009), whereby the Manager agrees to provide management and administration services in return for the consideration described herein;
- (b) the Manager and the Custodian dated 28th October 2005, whereby the Custodian agrees to provide custodian services in return for the consideration described herein;
- (c) the Policy Provider dated 14th December 2000, whereby the Policy Provider agrees to sell traded endowment policies to PATF (as restated and amended on 11th March 2009);
- (d) the Policy Administrator dated 3rd November 2003, whereby the Policy Administrator agrees to provide valuation and support services in return for the consideration described herein; and
- (e) the Promoter and the Policy Provider dated 30th November 2010, whereby the Promoter agrees to market and promote the Sub-Funds in return for the consideration described herein.

Each of the agreements referred to in (a) and (b) above is terminable by three months' notice or earlier in certain exceptional circumstances; each of the agreements referred to in (c) and (d) above is terminable by the Policy Provider or the Policy Administrator (as the case may be) upon six months' notice and by PATF upon twelve months' notice to expire on any anniversary of the date of the relevant agreement and not earlier than the third such anniversary or earlier in certain exceptional circumstances; and the agreement referred to in (e) above is terminable by either party giving notice to the other at any time.

The agreements contain indemnities in favour of the Manager, the Custodian, the Policy Provider, the Policy Administrator and the Promoter generally in the absence of negligence, fraud or wilful default on their part.

At least 30 days advance notice will generally be given to shareholders of any proposal to change the Manager or Custodian or to vary materially the agreements set out above or the fee arrangements described herein.

35. Details of Charges, Fees and Expenses

A. *Remuneration of the Custodian*

The Custodian's remuneration (which is calculated and paid monthly in arrears) is 0.125% per annum of the aggregate value of the property of the Sub-Funds up to £25m; if the aggregate value of the property of the Sub-Funds exceeds this figure, the Custodian's remuneration will be 0.0625% in respect of such amounts which exceed £25m. In addition, there will be a transaction charge of £25 per transaction. Transactions include: purchases, sales, maturities and other activities, such as demutualisations. Such fee is to be calculated and paid quarterly in arrears. There will also be a safekeeping charge for each policy of £2 per annum calculated and paid annually in arrears based on the number of policies held on 31st December.

B. *Remuneration of the Manager*

The Manager will be paid a periodic fee exclusive of any out-of-pocket expenses, equal to 0.175% per annum of the aggregate Net Asset Value of the Sub-Funds (determined in the manner outlined in Section 24), subject to a minimum aggregate fee of £25,000 per quarter, such fee to accrue from day to day and to be calculated and paid monthly in arrears.

For as long as the the Fund does not have a Regulated Promoter (as defined in the Regulations), the Manager will also be paid an additional fee payable equal to 0.05% per annum of the aggregate Net Asset Value of the Sub-Funds (determined in the manner outlined in Section 24), subject to a minimum fee of £80,000 per annum, such fee to accrue from day to day and to be calculated and paid monthly in arrears.

C. *Remuneration of the Policy Administrator*

The Policy Administrator will be paid a periodic fee equal to 0.65% per annum of the Net Asset Value of the Fund and of the No.2 Fund (determined in the manner outlined in Section 24), such fee to be calculated and paid quarterly in arrears. In addition, the Policy Administrator will receive a fee of £150 in respect of each traded endowment policy purchased by the Fund in consideration of the Policy Administrator checking the title to the relevant policy.

D. *Remuneration of the Promoter*

PATF will pay to the Promoter a periodic fee equal to 1 per cent per annum of the Net Asset Value of the No.2 Fund (and not the Fund). In addition to this periodic fee, the Promoter may be paid a fee calculated as a percentage (which may be up to 8 per cent) of subscription moneys for Shares in the No.2 Fund (and not the Fund), from which introductory fees may be paid to intermediaries.

Costs and expenses incurred by the Promoter in promoting and marketing the Fund will be reimbursed to the Promoter by the Policy Provider. To the extent that the Promoter incurs costs and expenses on behalf of PATF which do not relate exclusively to the promotion and marketing of the Sub-Funds, it shall be entitled to receive reimbursement of such costs and expenses from PATF.

E. *Remuneration of the Consulting Actuary*

PATF will pay fees to the Consulting Actuary at the rate of £400 per hour, subject to a maximum of £2,000 per day, and a fee of £2,000 for attendance at any board meeting of PATF.

F. *Preliminary Charge*

The Manager will deduct a preliminary charge on the issue of Shares of up to a maximum of 6% of the Dealing Price when authorised to do so by the shareholder on the application form. This preliminary charge will be paid to the shareholder's financial advisor.

36. Directors' Responsibilities, Consents, etc.

The directors and the Manager are responsible for the information contained in this document. To the best of the knowledge and belief of the directors and the Manager (who have taken all reasonable care to ensure that such is the case), these Scheme Particulars: accurately set out all material information which, at the date of these Scheme Particulars, is known by the directors (or which any director would have obtained by making reasonable enquiries at that time) and which is relevant to an investor or potential investor making an informed judgement about whether to invest in the Fund; are not misleading; and do not omit anything likely to affect the import of such information. The directors and the Manager accept responsibility accordingly.

Statements made in this document are based on the law and practice currently in force in the Isle of Man and are subject to changes in those laws. The distribution of this document and the offering of the Shares may be restricted in certain jurisdictions. It is the responsibility of any person in possession of this document and any persons wishing to make application for Shares pursuant to this document to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions.

Shares may not be acquired by persons resident in the Isle of Man except for the acquisition of Nominal Shares by the Manager.

Prospective applicants for Shares should inform themselves as to the legal requirements and consequences of applying for, holding and disposing of Shares and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

This document does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer is not qualified to do so to anyone to whom it is unlawful to make such offer or solicitation.

The Shares have not been registered under the United States Securities Act of 1933 and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or to or from the benefit of a United States person (within the meaning of Regulation S promulgated under the said Act).

The Shares may only be acquired by persons who qualify as Qualifying Investors for the purposes of the Regulations.

37. Disclosure Statement and Anti-Money Laundering Provisions

A. *Disclosure Statement*

By applying for Shares, applicants are deemed to make the following disclosures, undertakings, representations, warranties and consents to the Fund and to the Manager and are deemed to have done so by their signature on an Application Form:

- (1) I/We am/are a Qualifying Investor/Qualifying Investors.
- (2) I/We am/are sufficiently experienced to understand the features and risks associated with an unauthorised and unapproved fund of a type such as the Fund.
- (3) I/We personally accept all the risks associated with an investment in the Fund and particularly that my/our investment in the Fund involves risks that could result in a loss of a significant proportion or all of the sums invested.
- (4) I/We acknowledge receipt of the current Scheme Particulars of the Fund which I/we have carefully considered in advance of my/our application and have taken note in particular of the investment policy and the risk factors relating thereto. I/We hereby confirm that my/our application is made solely on the terms thereof and subject to PATF's memorandum and articles of association. I/We acknowledge that any financial intermediary who advised me/us in relation to my/our application did so as my/our advisor and was not an agent of or acting on behalf of the Fund and/or the Promoter
- (5) I/We confirm that I/we have the authority to make the investment pursuant to the Application Form whether this investment is my/our own or is made on behalf of another person or institution and I/we confirm that I/we have the right and authority to request redemption of shares of Original PATF, PATF-\$ and/or PATF-€ (as the case may be) and that I/we will comply with the redemption instructions set out in the Scheme Particulars.
- (6) The Manager is hereby authorised and instructed to accept and execute any instructions in respect of the shares to which my/our application relates and the Manager and PATF may rely conclusively upon and shall incur no liability in acting upon such notice, request, consent, instruction or other instrument believed by either of them in good faith to be genuine or to be signed by the proper person(s) or duly authorised or properly made.
- (7) I/We irrevocably apply for such number of shares (including fractions) at a price determined in accordance with the Scheme Particulars as may be purchased with the amount subscribed. I/We hereby undertake and agree to accept any number of Shares in respect of which my/our application may be accepted. I/We acknowledge that PATF reserves the right to reject any application in whole or in part and to restrict or prevent the ownership of shares by any person, firm or corporation in the circumstances outlined in the Scheme Particulars.
- (8) On demand I/we (jointly and severally) promise to pay to PATF (or order) the sum of the amount subscribed and pledge the subscribed Shares as security for payment of all sums due hereunder. I/We note that PATF's articles of association contain provisions enabling forfeiture of Shares in the event of non-payment of my/our subscription.

- (9) I/We warrant that the acceptance of my/our application to subscribe for shares together with the appropriate remittance will not breach any applicable money laundering rules and regulations and I/we undertake to provide verification of my/our identity satisfactory to the Manager, if so requested. I/We shall hold PATF and the Manager and any other party including the other shareholders harmless and indemnified against any loss arising due to the process of my/our application if such information as has been required has not been provided by me/us or if, by virtue of my/our holding, I/we are in breach of the laws and regulations of any competent jurisdiction.
- (10) I/We confirm that I/we am/are over the age of 18 years of age and that I/we hereby authorise the Manager, its nominees, affiliates or its directors and officers to obtain independent verification of any information I/we have provided with respect to my/our application.
- (11) I/We confirm that I/we are aware of the taxation, investment and legal implications of this investment and that, where necessary, I/we have obtained independent advice and that the Manager and PATF are in no way responsible or accountable for my decision in respect of my/our application.
- (12) I/We consent to the use, by PATF, the Manager or any third party acting on its behalf, of the information (including personal data) contained in my/our application form (the "information") for the purpose of enabling PATF, the Manager or any third party acting on its behalf, to process my/our application and, if successful, to manage, administer and service my/our investment in the Fund in accordance with the terms of the Scheme Particulars and the articles of association of PATF.
- (13) For the purposes of the Data Protection Act 2002, I/we consent to my/our details being passed by and between PATF, the Promoter, the Manager, our agent and the Custodian in order to enable those persons to perform their designated functions in relation to the Fund. In addition, I/we note that the names of shareholders will be added to a mailing list which may be used by the Promoter to send details of new and existing products. I/we note that if I/we do not wish to receive such details, I/we should notify the Promoter in writing.
- (14) (Applicable where there are joint shareholders) We direct that on the death of one of us, the Shares for which we apply be held in the name of and to the order of the survivor(s) of us or the executors and/or administrator of such survivor.
- (15) I/We declare that the Shares subscribed for are not being acquired directly or indirectly by a person who is resident in the Isle of Man for the purposes of taxation.
- (16) I/We certify that the Shares are not being acquired directly or indirectly by a US Person (as defined by regulation S of the United States Securities Act of 1933), nor in violation of any applicable law. In particular, (i) I/we understand that the Fund has not been and will not be registered under the United States Investment Company Act of 1940, as amended, and that the Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any State of the United States and, unless described otherwise in the Scheme Particulars, the Shares may not be offered, sold, transferred, assigned or delivered, directly or indirectly, in the United States or to a US Person at any time; (ii) I am not/none of us is a US Person.
- (17) I/We agree to notify the Manager in writing immediately if I/we become aware that any of the above representations is no longer complete and accurate in all respects and agree immediately either to redeem, or tender to PATF for repurchase, a sufficient number of Shares to allow the representations to be made.

B. *Anti Money-Laundering Provisions*

All subscriptions must comply with all applicable money laundering rules and regulations. The Manager may, at its absolute discretion, require verification of identity from any person applying to subscribe for Shares (an 'applicant'). The making of an application to subscribe for Shares will constitute a warranty from the applicant that no applicable money laundering rules and regulations will be breached by the acceptance of the appropriate remittance and an undertaking from the applicant to provide verification of identity reasonably satisfactory to the Manager.

Unless PATF in its absolute discretion shall otherwise determine, the obligation of PATF to allot Shares to an applicant is conditional on the Manager being provided with such evidence within a reasonable time (as determined by the directors) after a request therefor. Accordingly, if this condition is not fulfilled or waived by PATF, the application by and any allotment of Shares to the applicant will be deemed to have lapsed and the money paid by the applicant will be returned (without interest) to the account of the bank from which such sums were originally debited (but in each case subject to applicable money laundering rules and regulations and without prejudice to any rights PATF may have to take proceedings to recover in respect of loss or damage suffered or incurred by it as a result of the failure to provide satisfactory evidence as aforesaid).

C. *Information for Singapore Investors*

The offer of Shares in Original PATF, PATF-\$ and PATF-€ (the "PATF Sub-Funds") which are the subject of these Scheme Particulars is only allowed to be made to sophisticated investors and not to the retail public in Singapore. Moreover, these Scheme Particulars do not constitute a prospectus as defined in the Singapore Securities and Futures Act, Chapter 289 (the "SFA"). Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. Prospective investors should consider carefully whether the investment is suitable for them.

The offer which is the subject of these Scheme Particulars may also be made to the institutional investors specified in Section 304 of the SFA.

The Manager is licensed and regulated by the Isle of Man Financial Supervision Commission ("IOM FSC"). The contact details of the IOM FSC are as follows: Isle of Man Government Financial Supervision Commission, PO Box 58, Finch Hill House, Bucks Road, Douglas, Isle of Man, IM99 1DT, Tel; 00 44 1624 689300, Fax; 00 44 1624 689399.

These Scheme Particulars have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, these Scheme Particulars and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor specified in Section 304 of the SFA, (ii) to a sophisticated investor, and in accordance with the conditions, specified in Section 305 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions, of any other applicable provision of the SFA.

38. Application Procedure

A. *Procedure*

Applications for Shares in Original PATF, PATF-\$ or PATF-€ must be made to the Manager by 5.00 pm on any Valuation Day in order to be dealt with on the next following Dealing Day.

There are separate Application Forms for the Fund and for the No.2 Fund. Applications

should be made by completing the appropriate Application Form (including any required certifications) and sending it to the Manager by post or by fax (followed by post) duly completed. Please note that, if the original Application Form along with the original verification documents described in Section 38C below are not received on the Dealing Day, the investment may not deal for the current month.

An acknowledgement of the investment will be made by the issue of a contract note, which will be sent to the applicant with a duplicate to the applicant's authorised agent, if one is appointed.

Payment for Shares may be made by cheque or telegraphic transfer. Subject to the deadlines outlined above being met, applicants will be allotted Shares on the Dealing Day following the day on which the Manager receives the later of the duly completed Application Form and advice from the receiving bank that cleared funds are available.

Payments received from third parties will usually be refused.

An application for Shares in Original PATF, PATF-\$ or PATF-€ made by an applicant, whether or not such applicant has an existing holding of Shares in the relevant Sub-Fund, will not be accepted if it is for less than £10,000 (or currency equivalent) by value (or such other value as the directors may in their discretion determine jointly with the Manager).

Applications made by persons who are not Qualifying Investors for the purposes of the Regulations (see Section 23H) or which do not contain all required certifications will be rejected.

B. Application Address

The completed form should be detached and posted or faxed (with the original following by post) to the Manager:

*Abacus Financial Services Limited
Sixty Circular Road
Douglas
Isle of Man IM1 1SA*

*Tel No: +44 (0) 1624 689750
Fax No: +44 (0) 1624 689602
e-mail: afsl@abacusiom.com*

C. Verification Documents Required

Money Laundering Procedures

Measures aimed towards the prevention of money laundering require any applicant for Shares, any party acting on behalf of an applicant, and any third party on whose behalf the applicant is acting, to verify his/her identity and source of funds and wealth to the Manager. This obligation is absolute and the Manager will notify applicants if information and/or documents in addition to that specified below are required. The Manager reserves the right to request such information and documentation as is necessary to meet its legal and regulatory obligations. Details of the Anti-Money Laundering requirements of the Manager are set forth below.

Please note in certain circumstances (e.g. for politically exposed persons) enhanced due diligence will be undertaken and further documentation may be requested before the application is accepted.

Individuals

For each individual applicant for business, the following due diligence information will be required:

1. Acceptable Evidence of Identity documentation in the form of one of the following:
 - a) Current valid passport bearing the photograph of the applicant;
 - b) Current national identity card bearing the photograph of the applicant;
 - c) Armed forces ID card bearing the photograph of the applicant; or
 - d) Current valid provisional or full driving licence incorporating photographic evidence of identity.
 - The document must be certified as a true copy of the original and true likeness of the individual.
 - The document must be in date/valid and should show the issue and expiry date and it must show a good quality photograph, bearer's signature, and the name of the issuing authority.
2. Acceptable Verification of Address documentation in the form of an original or certified true copy of one of the following documents:
 - a) A recent account statement (i.e. no more than 3 months old) from a recognised bank, building society or credit card company or the most recent mortgage statement from a recognised lender;
 - b) A recent rates, council tax or utility bill (recent in respect of utility bills is considered to be for the last quarter i.e. no more than 3 months old). Mobile telephone bills are **not acceptable** as evidence of address under any circumstances;
 - c) Correspondence from an official independent source such as a central or local government department or agency;
 - d) Lawyer's confirmation of property purchase, or legal document recognising title to property; or
 - e) Photographic driving licence or national identity card containing current residential address if the document has not been used to verify identity.
 - Verification of Address documents must show the name of the individual and their address and should have been issued within the last 3 months.
 - Where an individual uses a PO Box or "care of" address, evidence of their 'true' address must be provided.

Companies

The following information and documentation is required for all companies:

- a) Original certified copy Certificate of Incorporation or equivalent;
- b) List of any trading names the company uses;
- c) Whether the company is listed and if so where;
- d) Details of the registered office and principal place of business (if different from the registered office address);
- e) Mailing address (if different from the registered office);
- f) Name of regulator (if applicable);
- g) Details of the nature of the applicant's business;
- h) An indication of the expected turnover of the investment;
- i) Original certified copy of the last available report and accounts of the applicant where available;

- j) Original certified copy evidence of identity and address for each of the beneficial owners of the applicant*;
- k) Original certified copy or original authorised signatory list;
- l) Original certified copy evidence of identity and address for at least two signatories;
- m) Original certified copy evidence of identity and address for at least two directors of the company;
- n) Original certified copy evidence of identity and address for any persons purporting to act on behalf of the company e.g. under Power of Attorney, and evidence of their authority to act in that capacity;
- o) Original certified copy of the Board Resolution authorising the investment; and
- p) Where the company is part of a group, a full structure chart showing any related entities.

Where any relevant party is a trust please refer to the relevant due diligence requirements listed below.

* Where a company is listed on a recognised stock exchange or is a subsidiary of such a company, then only the company itself may be considered as the principal whose identity needs to be verified. However consideration will be given to whether there is effective control of a listed company by an individual, small group of individuals or another corporate entity or trust. If this is the case, then those controllers must also be considered to be principals and verified accordingly. The Manager may ask for a complete list of all shareholders of the company in certain circumstances.

Trusts

The following information and documentation will be requested for all trusts:

- a) Name of Trust, date of establishment and legal status evidenced by an original certified copy extract of the Trust Deed;
- b) Original certified copy evidence of identity and address for the trustees or other persons controlling or having power to direct the activities of the applicant;
- c) Satisfactory evidence of proper appointment of trustees, e.g. an original certified copy extract from the Deed of Trust or a letter from an advocate verifying the same;
- d) Original certified copy evidence of identity and address for the settlor (and any person providing the funds where not the settlor);
- e) Original certified copy evidence of identity and address for any protector, enforcer, controller or similar person who has power to appoint or remove the trustees;
- f) Original certified copy evidence of identity and address for any person whose wishes the Trustees may be expected to take into account;
- g) Original certified copy evidence of the source or origin of the assets held in the trust;
- h) Original certified copy evidence of identity and address for any person(s) purporting to act on behalf of the trustees and evidence of such authority to act;
- i) Original certified copy evidence of identity and address for any person(s) by whom binding obligations may be imposed on the applicant and verify their authority to act; and
- j) The nature and purpose of the trust.

Where any relevant party is a legal person please refer to the corporate due diligence requirements listed above.

Regulated/licensed applicants (companies and trustees)

If a company or trustee applying to invest is regulated then reduced due diligence requirements may be possible. Please contact the Manager for further details in advance of an application to invest being made.

Other applicants

Please contact the Manager for details of its requirements in relation to other applicants.

Certification of documents

Where original documents cannot be supplied they need to be suitably certified by an independent person. The following will be accepted as suitable certifiers:

- Lawyer or Notary Public that is a member of a recognised professional body;
- Accountant that is a member of a recognised professional body;
- Actuary that is a member of a recognised professional body;
- Company Secretary that is a member of a recognised professional body;
- Member of the Judiciary;
- Officer of an Embassy, Consulate or High Commission of the country of the issue of documentary evidence of identity;
- Senior Civil Servant;
- Serving Police or Customs Officer; or
- Director, Company Secretary or Manager of a business regulated on the Isle of Man or an external regulated business as defined in the Proceeds of Crime (Money Laundering) Code 2010.

Each certification must state:

- that the document is a true copy of the original;
- that the photograph is a true likeness of the individual concerned (only for documents that contain an image of the individual);
- the certifier's name (printed clearly in block capitals);
- the certifier's signature;
- the date of certification;
- the occupation/capacity of certifier (printed clearly in block capitals); and
- the certifier's full contact details (printed clearly in block capitals).

An example of how a suitable certification might look is shown below:

**Certified true copy of the original document
(and true likeness of the individual)**

Signature:

Name:

Position:

Date:

Employer name and address:

Telephone No.:

Qualification:

Professional Body:

Membership No.:

Source of Funds and Source of Wealth

For all applicants, the Manager will seek to establish “Source of Funds” i.e. the bank account the funds are coming from, or who the cheque is issued by **and** the “Source of Wealth” i.e. how the applicants have acquired their wealth e.g. savings from employment, inheritance, sale of stocks and shares, sale of property etc. The Manager reserves the right to request further information and/or documentation as may be required to verify Source of Funds and Source of Wealth.

Documents written in a language other than English

Any document that is provided as part of the due diligence process and that is in any language other than English should be accompanied by an English translation of the document.

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