

DEXIA MICRO-CREDIT FUND

Société d'Investissement à Capital Variable

RCS Luxembourg B 66258

Luxembourg

**DEXIA MICRO-CREDIT FUND: BlueOrchard Debt Sub-Fund
(hereinafter the
“BlueOrchard Debt Sub-Fund”)**

Prospectus

January 2010

Board of Directors:

Chairman:

André **Roelants**, Chief Executive Officer,
Clearstream International, Luxembourg

Members:

Benoît **Debroise**, Head of Treasury &
Financial Markets Dexia Group

Marc **Beaujean**, Directeur-Associé,
McKinsey & Company Belgium, Inc.

Ernst A. **Brugger**, President, Sustainable
Performance Group, Zürich

Wim **Vermeir**, Global Head of Equity
Management and Member of the Executive
Committee
Dexia Asset Management

Vincent **Hamelink**, Member of the
Executive Committee

Jean-Yves **Maldague**, Managing Director
Dexia Asset Management Luxembourg

Dexia Asset Management Luxembourg
Represented by Naïm **Abou-Jaoudé**,
Managing Director

Melchior **de Muralt**, Partner
De Pury, Pictet, Turrettini & Cie

Registered Office:

69, route d'Esch
L-1470 Luxembourg

Sponsor:

Dexia Banque Internationale à Luxembourg
69, route d'Esch
L-2953 Luxembourg

Investment Managers:

Dexia Asset Management
136, route d'Arlon
L-1150 Luxembourg

BlueOrchard Finance S.A.
32 rue Malatrex
CH-1201 Geneva

**Custodian, Paying Agent,
Domiciliary and Corporate
Agent, and Administrative
Agent:**

RBC Dexia Investor Services Bank S.A.
14, Porte de France, L-4360 Esch-sur-
Alzette

Transfer Agent (incl. Registrar agent): RBC Dexia Investor Services Bank S.A.
14, Porte de France, L-4360 Esch-sur-
Alzette

Auditor:

PricewaterhouseCoopers
400, route d'Esch
L-1014 Luxembourg

Copies of the prospectus may be obtained from the registered office of the Company at 69, route d'Esch, L - 1470 Luxembourg.

Information concerning the Company may be obtained from BlueOrchard Finance S.A.

TABLE OF CONTENTS

	Page
1. STRUCTURE	5
2. DURATION.....	7
3. INVESTMENT OBJECTIVE AND POLICY.....	7
4. INVESTMENT RESTRICTIONS.....	13
5. RISK CONSIDERATIONS.....	14
6. INVESTMENT MANAGERS.....	16
7. CUSTODIAN, PAYING AGENT, DOMICILIARY AND CORPORATE AGENT, AND ADMINISTRATIVE AGENT	17
8. TRANSFER AGENT (included Registrar Agent activities)	19
9. SHARES	19
10. ISSUE OF SHARES	20
11. CONVERSION OF SHARES	22
12. REDEMPTION OF SHARES	23
13. DETERMINATION OF THE NET ASSET VALUE.....	25
14. DISTRIBUTION POLICY	28
15. CHARGES AND EXPENSES	29
16. MEETINGS OF, AND REPORTS TO, SHAREHOLDERS	30
17. DISSOLUTION AND LIQUIDATION OF THE COMPANY	31
18. DISSOLUTION AND MERGER OF SUB-FUNDS OR CLASSES OF SHARES.....	32
19. TAXATION.....	33
APPENDIX I: SPECIAL INVESTMENT AND HEDGING TECHNIQUES AND INSTRUMENTS.....	35
APPENDIX II:.....	39
DOCUMENTS AVAILABLE.....	39

1. STRUCTURE

Dexia Micro-Credit Fund (the "Company") is offering shares (the "Shares") on the basis of the information contained in this prospectus (the "Prospectus") and in the documents referred to herein. An amendment or updated Prospectus shall be provided, if necessary, to reflect material changes to the information contained herein.

The Company is an investment company organised under the laws of the Grand Duchy of Luxembourg as a "Société d'Investissement à Capital Variable" with several separate sub-funds (the "Sub-Funds").

In accordance with the Articles, the board of directors of the Company (the "Board of Directors") may issue Shares in each Sub-Fund. A separate portfolio of assets is maintained for each Sub-Fund and is invested in accordance with the investment objective applicable to the relevant Sub-Fund. As a result, the Company is an "umbrella Fund" enabling investors to choose between one or more investment objectives by investing in one or more Sub-Funds.

The Board of Directors may, at its discretion, issue several share classes within each Sub-Fund, each class corresponding to a specific denomination currency.

At the date of this Prospectus, the Company is offering Shares for subscription in the BlueOrchard Debt Sub-Fund. If further Sub-Funds are created, the Prospectus will be updated accordingly.

The BlueOrchard Debt Sub-Fund offers three classes of Shares having a different denomination currency (USD/CHF/EUR).

The Board of Directors has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or opinion. The Board of Directors accepts responsibility accordingly.

No person is authorised to give any information or to make any representations other than those contained in the Prospectus and in the documents referred to therein.

The distribution of the Prospectus and the offering of the Shares may be restricted in certain jurisdictions. The Prospectus does not constitute an offer or solicitation in a jurisdiction where to do so is unlawful or where the person making the offer or solicitation is not qualified to do so or where a person receiving the offer or solicitation may not lawfully do so. It is the responsibility of any person in possession of the Prospectus and of any person wishing to apply for Shares to inform himself of and to observe all applicable laws and regulations of relevant jurisdictions.

The distribution of the Prospectus is not authorised unless it is accompanied by the most recent annual and semi-annual reports of the Company, if any. Such report or reports are deemed to be an integral part of the Prospectus.

Luxembourg - The Company's objective is to invest 20% or more of the net assets of each Sub-Fund in assets other than transferable securities and other liquid financial assets referred to in Article 41 (1) of the Law of 20 December 2002 on undertakings for collective investment (the "2002 Law "); the Company is consequently registered pursuant to the provisions of Part II of the 2002 Law.

Such registration does not however require any Luxembourg authority to approve or disapprove either the adequacy or accuracy of the Prospectus or the assets held in the Company. Any representations to the contrary are unauthorised and unlawful.

The Company was incorporated on 18 September 1998 and is governed by the Law of 10 August 1915 on commercial companies, as amended, and by the 2002 Law.

The Articles of Incorporation of the Company (the "Articles") were published in the "Mémorial C, Recueil des Sociétés et Associations" (the "Mémorial") of 26 October 1998 and have been filed with the Chancery of the District Court of Luxembourg.

The Articles have been amended by notarial deeds dated 23 October 1998, 21 October 2004, 12 January 2005 and 23 April 2007.

Any interested person may inspect this document at the Chancery of the District Court of Luxembourg; copies are available on request from the registered office of the Company.

The share capital of the Company will be equal, at any time, to the total value of the net assets of all the Sub-Funds.

USA - The Shares have not been registered under the United States Securities Act of 1933 as amended nor has the Company been registered under the Investment Company Act of 1940, as amended. Consequently, Shares of the Company may not be publicly offered or sold in the United States of America or in any of its territories subject to its jurisdiction and may not be offered to or for the benefit of, or purchased by, U.S. Persons (as defined in Article 10 of the Company's Articles). Applicants may be required to declare that they are not U.S. Persons and are not applying for Shares on behalf of any U.S. Person.

Although Shares are freely transferable, the Articles give powers to the Board of Directors to impose such restrictions as it may think necessary for the purpose of ensuring that no Shares in the Company are acquired or held by any person in breach of the law or the requirements of any country or governmental authority or by any person in circumstances which in the opinion of the Board of Directors might result in the Company incurring any liability or taxation or suffering any other disadvantage which the Company may not otherwise have incurred or suffered and, in particular, by any U.S. Person as referred to above.

Under such powers, the Company may compulsorily redeem all Shares held by any such person on the terms provided in the Articles and may restrict the exercise of rights attached to such Shares.

The value of the Shares may fall as well as rise and a shareholder on transfer or, as the case may be and when applicable, redemption of Shares may not get back the amount he initially invested. Income from the Shares may fluctuate in money terms and changes in rates of exchange may cause the value of the Shares to go up or down. The levels and basis of, and reliefs from, taxation may change. There can be no assurance that the investment objectives of the Company will be achieved.

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences, foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to the subscription, purchase, holding, redemption, if applicable, or disposal of the Shares of the Company.

All references in the Prospectus to "USD" and "CHF" are to the legal currency respectively of the United States of America and of Switzerland.

All references in the Prospectus to "EUR" are to the legal currency of the European Monetary Union.

All references to "Business Day" refer to any day on which banks are open for business in Luxembourg City.

The Shares of the Sub-Funds are listed on the Luxembourg Stock Exchange.

2. DURATION

The Company is created for an unlimited period of time and may be dissolved at any time by the general meeting of shareholders.

3. INVESTMENT OBJECTIVE AND POLICY

1. Investment Philosophy of the Company

The Company aims principally at offering to investors a higher return compared to money market rates whilst contributing to the refinancing of small entities involved in the financing of micro-companies in emerging countries economies. This new sector, characterised by a high growth capacity, should represent over the next years an important area of development for the capital markets of emerging economies. At the same time, this new sector should offer numerous investment opportunities.

The entities financing micro-companies are not necessarily banks, from a legal status point of view. However they are generally referred to as "micro-banks". Latin America, Asia, Africa, the Middle East and Europe shall constitute the main investee geographic areas of the Company.

2. Investment Objective and Policy of the BlueOrchard Debt Sub-Fund

The principal objective of the Sub-Fund is to invest in debt instruments issued by micro-banks.

The portfolio of the Sub-Fund consists of 2 different parts:

a) Part 1: Micro Banks' Debt

The "Micro Banks' Debt" represents the portion of the portfolio of the Sub-Fund contributing to the refinancing of micro-banks through debt securities and other financing instruments.

The Sub-Fund invests in local debt securities issued by micro-banks which are neither listed on a stock exchange nor dealt in on another Regulated Market.

To the extent the investment by the Sub-Fund in debt securities would be impracticable due to the lack of securitisation of such instruments or would be prejudicial to shareholders due to the withholding taxes levied on investment in such securities, the Sub-Fund may contribute to the refinancing of micro-banks (i) by making direct loans to such credit entities, potentially carrying option rights to participate in the capital of the credit entities or by making loans to credit institutions specialized in the refinancing of micro-banks, or (ii) by making deposits with larger credit institutions involved in the refinancing of micro-banks, which deposits will be remunerated in favour of the Sub-Fund by the interest rate prevailing in the market for such type of deposits and will be pledged for the benefit of such credit institutions. The scope and timeframe of such loans and deposits will depend on the relevant market conditions at the time of investment but it is anticipated that such investments will be made on an ancillary or temporary basis.

Most of the investments in debt instruments issued by micro-banks are denominated in USD (however, investments may also be quoted in local currencies) and will have a maturity of maximum three years.

The portfolio is so structured that the debt instruments in which the Sub-Fund will invest shall not have all the same maturity date so that the reimbursement of those instruments shall not occur at the same time, making it possible for the Sub-Fund to ensure regular reassessment of portfolio composition, but also enabling the sub-fund to generate cash on a regular basis in order to try to meet requests for redemptions if needed.

The management of the Sub-Fund shall be focused on the credit risk of micro-banks and not on interest and exchange rates trading.

It is intended that the Micro Banks' Debt should represent a percentage of 40% to 90% of the portfolio of the Sub-Fund. The actual percentage invested will depend on technical, political and economic developments related to the micro-banks' business and environment.

In exceptional circumstances duly approved by the Board of Directors, the Sub-Fund may convert a portion of its debt investment into shares or other type of equity participation issued by such micro-bank, in the best interest of Shareholders. The aggregate amount of all equity participations held by the Sub-Fund at the time of such conversion and as result thereof shall not exceed 2% of its net assets

b) Part 2: Liquid Assets

The “Liquid Assets” represent the portion of the portfolio of the Sub-Fund which is invested in fixed or variable income securities or instruments representative of loans issued by emerging countries, states or local authorities or by supranational entities, in money market instruments, term deposits, cash or cash equivalents.

For each class of Shares of the Sub-Fund, all investments which are not denominated in the denomination currency of the relevant class of Shares, may be hedged back in such currency.

3. Investment Management Process of the BlueOrchard Debt Sub-Fund

Micro-banks, being institutions specific to the survival economy, also referred to as "informal economy" in many developing areas, are set up to finance micro-companies and small companies in these countries. A survival economy usually produces interesting levels of return linked to the "vital" structure of the financed activities. As opposed to the current practice, this type of financing will follow a pure economic logic rather than a free assistance logic.

Due to the novelty of the Micro-Banks' Debt, the investment process focuses particularly on the analysis of the various risks. The selection of micro-banks is carried out according to the three following steps:

- definition of the management scope on the basis of criteria designed to assess the feasibility and the creditworthiness of the investments;
- selection of potential targets on the basis of the Investment Managers scoring model;
- definition of the legal and financial conditions of the investment by the Sub-Funds in the micro-banks.

At the outcome of this process, a portfolio of approximately 100 items will be proposed to the Sub-Fund.

Phase I: Definition of the management scope

There exists today approximately 7,000 micro-banks around the world, mainly located in South America and Asia. The first step consists in defining the management scope of the Sub-Fund. It shall be limited to micro-banks meeting the following criteria, which are designed to ensure a maximum safety in the legal framework and soundness in the financial background:

1. To be established in a country with a tax and regulatory environment favourable to foreign investors in such institutions (further definition of the country selection)

The country in which the micro-bank is established should as far as possible:

- have a convertible currency and no foreign exchange restrictions;
- have a regulatory environment favourable to foreign investments:
 - from an administrative point of view: authorisation, negotiation of financial securities (particularly debt);
 - from a tax point of view: avoidance of a heavy fiscal burden on income, capital gains, registration fees, stamp duty, reimbursement periods under one year;
- have a satisfactory legal, regulatory and fiscal framework - in terms of deadlines, costs, enforceability and debt collection - allowing the issue of securities by micro-banks and the granting of loans in favour of micro-banks.

2. To enjoy an unquestionable legal status

The micro-bank must be a legal person or enjoy a status which offers sufficient protection to the creditor, whatever are the mechanisms of indebtedness.

The Company recognises that public limited companies and banks will satisfy the above requirement.

May also be admitted, on a case by case basis; the non-governmental organisations and other associations.

3. To have a sound financial background

The financial background of the micro-bank is assessed in accordance with the following criteria:

- size and strength of its balance sheet;
- analysis of the requirements of the micro-bank:
 - growth rate of the activities over the last two years; the Company reserves, however, the right to disregard such criteria when the micro-bank (i) benefits from the know-how elaborated by a non governmental organisation having at least five years experience in the micro-finance area and (ii) is entrusted with the management and the clients of such non governmental organisation;
 - self-financing rate, percentage represented by external capital flows;

- analysis of the net margin; minimum net banking income criteria;
- analysis of the lending policy:
 - amount, duration, pledge level/joint liability level;
- analysis of the default risk through a study of:
 - the default level;
 - the debt collection policy/guarantee rules;
 - the annual information on these elements.

These criteria are given as examples and will be defined with the developing environment of the micro-banks.

4. To have a consistent activity background

The micro-bank must be able to show:

- two full years of activity; the Company reserves, however, the right to disregard such criteria when the micro-bank (i) benefits from the know-how elaborated by a non-governmental organisation having at least five full years of activity in the micro-finance area and (ii) is entrusted with the management and the clients of such non-governmental organisation;
- audited accounts;
- historical details.

Phase II: Selection of potential targets through Micro Banks' Debt Investment Manager's scoring model

Once the management scope is determined, the Micro Banks' Debt Investment Manager will try to reduce the target range by engaging in a political and macro-economical analysis of the countries, carried out in respect of emerging euro-debt securities, and to a credit analysis of the micro-banks.

Phase II shall establish a shortlist of approximately 150 micro-banks within the management scope.

The credit analysis of micro-banks relies on the Micro Banks' Debt Investment Managers' scoring model based on three principles:

- the profitability of the micro-bank;
- the soundness of its balance sheet:
 - capitalisation;

- deposits/credits ratio;
- the consistence of:
 - the activity development;
 - the default rate.

The scoring criteria remain to be defined. They will be established on the basis of an analysis of approximately 50 micro-banks.

The model will allocate two scores to each micro-bank analysed:

- an activity score;
- a financial "strength" score.

Phase III: Determination of the legal and financial terms and conditions

Phase III will allow the establishment of the performance of the Sub-Fund by composing the portfolio around 80 to 100 items. Two aspects will be taken into account at this stage: a "classic" one consisting of identifying the most performing micro-banks, and a more specific one, based on new techniques, consisting in securitising, as much as possible, the investments of the Sub-Fund in eligible micro-banks.

1. Financial Terms

The characteristics of the investments of the Sub-Fund in micro-banks are as follows:

- specification of the maturities to avoid financing short-term requirement with long term resources. The Micro-Banks' Debt will have a maximum initial maturity of 3 years;
- guaranteed debts are favoured but not mandatory. Due to the cost of the guarantee mechanisms, it is not compulsory to systematically proceed to a guarantee. However, no subordination of the debt will be tolerated;
- more generally, the negotiation framework will refer to the rates of the State borrowings, of the local interbank market, or even to other securities issued by micro-banks. This return objective is intended to create an interesting risk premium for the final investor. The risk premium must take into account:
 - the liquidity: non-transferable securities;
 - the country risk;

- the micro-bank risk.

2. Legal and Technical Aspects of the Micro-Banks' Debt

The Company will carefully review all technical and legal aspects of the transaction process. The safety of this process depends on the type of the Micro-Banks' Debt selected as well as on the terms and conditions agreed upon for the settlement of the transactions and the custody of the debt instruments.

Global portfolio composition

Once these various steps are completed, the Micro Banks' Debt Investment Manager is in a position to build a portfolio offering:

- a sufficient level of liquidity to allow desinvestments;
- risk diversification (see hereinafter under “Investment Restrictions”).

These investments will be gradually made on the basis of:

- the management scope definition;
- the safety/reliability of the refinancing transactions and of the custodian bank;
- the transaction environment.

4. INVESTMENT RESTRICTIONS

1. The Company may not, in each Sub-Fund:
 - a) invest more than 90% of the total assets of each Sub-Fund in securities and debt instruments not listed on a stock exchange nor dealt in on another regulated market, which operates regularly and is recognised and open to the public (a "Regulated Market");
 - b) acquire, for each Sub-Fund and for the Company as a whole, more than 20% of the financing instruments of the same kind issued by the same issuing body, provided that such restriction shall not apply in respect of debt instruments issued by a micro-bank;
 - c) invest more than 20% of the net assets of each Sub-Fund in financing instruments issued by the same issuing body.

The restrictions mentioned here above are not applicable to securities issued or guaranteed by a member state of the Organisation for Economic Cooperation and Development or their local authorities or public international bodies with European Union, regional or world-wide scope.

2. The Company, in each Sub-Fund, may borrow the equivalent of up to 25% of its net assets without restriction in respect of the intended use thereof.

3. The Company shall generally not invest in derivative instruments, other than currency hedging instruments, debt swaps or similar agreements designed to manage risk associated with borrowings, and similar risk management derivatives, within the limits set forth in Appendix I hereinafter.

5. RISK CONSIDERATIONS

The investments within the Company are subject to market fluctuations and to the risks inherent in all investments; accordingly, no assurance can be given that the investment objectives will be achieved. The risk factors hereafter may result in substantial net asset value volatility and depreciation. The Company is therefore intended for investors without immediate need for their funds and who should be able to afford a loss of all or a substantial part of their investment.

Investments of the Sub-Fund are, in particular, subject to the following risks:

General risks linked to investments in emerging countries

1. In general, emerging countries securities are substantially less liquid than securities of more developed countries. This may adversely affect the timing and pricing of the Sub-Funds' acquisitions and disposals of such securities. Furthermore, the Sub-Funds may hold investments in companies whose daily volumes of shares traded are low. This may also qualify the shares of such companies as less liquid.
2. The degree of regulation in emerging countries is generally less stringent than that in more developed countries.
3. Emerging countries companies are generally not subject to accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those used in developed countries.
4. The Sub-Funds' investments can be adversely affected by political, economic and diplomatic changes.
5. Furthermore, in certain countries and for certain types of securities forming part of the portfolio, the validity of title may be challenged by third parties or by the relevant issuers due to the possible deficiencies arising from applicable laws and regulations.
6. Settlement systems in emerging countries may be less well recognised than in developed countries. There may be a risk that settlement may be delayed and

that securities of the Sub-Funds may be in jeopardy because of failures or of defects in the system. Market practice may even require that payment be made prior to receipt of the security, or that delivery of the security be made before payment is received. In such cases, default by the counterparty through whom the transaction is effected might result in a loss being suffered by the Sub-Funds.

Specific risks linked to investments in debt instruments issued by micro-banks

1. The Sub-Funds will mostly invest in local debt instruments which will be neither listed on a stock exchange nor dealt in on another Regulated Market. The issues of such debt instruments may not be submitted to any control from a regulatory authority.
2. In most cases, there does not exist a secondary market for the trading of debt instruments issued by micro-banks. Thus, there may exist no liquidity with regard to these instruments.
3. Due to the novelty of the debt instruments issued by micro-banks, the selection of the debt instruments of the portfolio may not be based on extensive historical records and past research.

Specific risks linked to investments in non-transferable securities

1. The Sub-Funds' portfolio will be subject to the risks inherent in all development capital investment. Investment in unlisted companies is more speculative and involves a higher degree of risk than is normally associated with equity investment on established stock exchanges. No assurance can be given that the Sub-Funds' primary investment objective of capital appreciation will then be achieved.
2. Furthermore, investments in unquoted companies involve increased risk as minority investors have limited ability to protect their position in or influence the affairs of such companies.

Specific risks linked to micro-banks activities

1. While Micro-Banks' Debt offers potentially significant capital returns, micro-banks may face business and financial uncertainties. Furthermore, micro-companies will typically be in an early stage of development with little or no operating history and will have a need for substantial additional capital to support expansion. There can be no assurance that their use of the Sub-Funds' financing will be profitable to the Sub-Funds.
2. Furthermore, micro-banks being not necessarily banks or credit institutions, they will not be subject to any regulatory control by a supervisory authority in the country of origin.

Specific risks linked to the portfolio valuation

The lack of an active public market for securities and debt instruments will make it more difficult and subjective to value investments of the Sub-Funds for the purposes of determining the net asset value (the "NAV").

6. INVESTMENT MANAGERS

The Board of Directors shall have the broadest powers to act in any circumstances on behalf of the Company, subject to the powers assigned by law and the Articles to the general meeting of shareholders.

The Board of Directors has been given power to administer and manage the Company and to decide on its objectives and the investment policy to be pursued by each Sub-Fund.

In order to execute this policy, the Board of Directors has appointed BlueOrchard Finance S.A. and Dexia Asset Management, with registered office at 136 route d'Arlon, L-1150 Luxembourg as investment managers (the "Investment Managers"), to provide the Company with advice, reports and recommendations in connection with the management of the Company, and to advise the Company as to the selection of the securities and other assets constituting the actual Sub-Funds' portfolios. Furthermore, the Investment Managers shall, on a day-to-day basis and subject to the overall control and ultimate responsibility of the Board of Directors, purchase and sell securities and otherwise manage the actual Sub-Funds' portfolios.

BlueOrchard Finance S.A. (the "Micro Banks' Debt Investment Manager") is in charge of the management and investments of the portion of the portfolio of the BlueOrchard Debt Sub-Fund which is invested in Micro Banks' Debt (as defined under Section 3, 2, a), "Part 1: Micro Banks' Debt" above).

BlueOrchard Finance S.A. is also responsible for arranging the hedging against exchange rate risk concerning all non-USD Micro Bank investments.

The appointment of BlueOrchard Finance S.A. was made under an agreement dated 22 January 2007.

BlueOrchard Finance S.A. is a public limited company, incorporated under the laws of Switzerland on 15 March 2001, with the purpose of managing investments funds, providing advice and carrying out research and analysis in the financial sector, in particular in favour of entities involved in micro-finance investments and credit allocations. Its registered office is at 32, rue Malatrex, CH-1201 Geneva, Switzerland. On 31 December 2005, its share capital amounted to CHF 1,050,000.

Dexia Asset Management, with registered office at 136 route d'Arlon, L-1150 Luxembourg (the "Liquid Assets Investment Manager" or "Dexia AM") is in charge of the management and investments of the portion of the portfolio of the BlueOrchard Debt Sub-Fund which is invested in Liquid Assets (as defined under section 3, 2, b), "Part 2: Liquid Assets" above).

Dexia AM is also responsible for the hedging against the risk of exchange rate concerning all subscriptions, for each class of shares of the Sub-Fund, which are not denominated in the denomination currency of the relevant class of shares.

The appointment of Dexia AM was made under an agreement dated 22 January 2007.

Dexia AM is a public limited company. Its share capital amounts to EUR 225,110,610.53 represented by 15,386 registered shares.

These two distinct investment management agreements are entered into for an unlimited period and may be terminated at any time by the Company or the relevant Investment Manager on giving 90 days' prior written notice.

Subject to the prior approval of the Board of Directors, the Investment Managers may delegate part or all of their duties, functions, powers or privileges to other persons or entities on terms and conditions as the Investment Managers determine.

Under a delegation agreement dated 22 January 2007, Dexia AM has delegated the implementation of the management of the portion of the portfolio of the BlueOrchard Debt Sub-Fund which is invested in Liquid Assets, under its own supervision and responsibility, and at its own expense, to its Belgian subsidiary, Dexia Asset Management, with registered office at 180 rue Royale, B-1000 Brussels.

This agreement may be terminated by each party subject to prior written notice of 90 days.

Dexia Asset Management, with registered office at 180 Rue Royale, B-1000 Brussels, is a management company of undertakings for collective investment established in Belgium in 1998 for an indefinite duration. It is a subsidiary of and it is controlled by Dexia Asset Management, with registered office at 136 route d'Arlon, L-1150 Luxembourg.

7. CUSTODIAN, PAYING AGENT, DOMICILIARY AND CORPORATE AGENT, AND ADMINISTRATIVE AGENT

RBC Dexia Investor Services Bank S.A. assumes the functions of Custodian, Paying Agent, Domiciliary and Corporate Agent, and Administrative Agent for the Company.

The Custodian carries out duties regarding custody of cash, securities and other assets deposits.

The Custodian will further, in accordance with the 2002 Law:

- a) ensure that the sale, issue, redemption and cancellation of Shares effected by the Company or on its behalf are carried out in accordance with the law and the Articles;
- b) ensure that in transactions involving the assets of the Company, the consideration is remitted to it within the usual time limits;
- c) ensure that the income of the Company is applied in accordance with the Articles.

The Custodian shall further be responsible for the payment of the redemption price of the Shares by the Company.

The Custodian may entrust all or part of the assets of the Company, in particular securities traded abroad or listed on a foreign stock exchange or admitted to a clearing system, to such clearing system or to such correspondent banks as may be determined by the Custodian from time to time. The Custodian's liability shall not be affected by the fact that it has entrusted all or part of the assets in its care to such a third party.

The Company has further appointed the Custodian as its Paying Agent responsible for the payment of distributions, if any, to shareholders of the Company.

The Company has also appointed the Custodian as its Domiciliary and Corporate Agent and as its Administrative Agent. In such capacity, it will be responsible for all administrative duties required by Luxembourg law, and in particular for the bookkeeping, the calculation of the NAV per Share as well as for providing and supervising the mailing of statements, reports, notices and other documents to the shareholders of the Company, in compliance with the provisions of, and as more fully described in, the relevant agreement mentioned hereinafter.

The rights and duties of RBC Dexia Investor Services Bank S.A. as Custodian, Paying Agent, Domiciliary and Corporate Agent, and Administrative Agent, are governed by two distinct agreements entered into on 22 January 2007 for an unlimited period of time, which may be terminated at any time by the Company or the Custodian on giving 90 days' prior written notice. However, the Custodian shall continue to act as Custodian pending replacement and until all assets of the Company have been transferred to the successor custodian.

RBC Dexia Investor Services Bank S.A., a public limited company ("*société anonyme*") is listed in the Trade and Companies Register ("*Registre de Commerce et des sociétés*") under number B-47192 and was established in 1994 under the name "First European Transfer Agent". It holds a banking licence in accordance with the Luxembourg law of 5 April 1993 on the financial sector, as amended, and specialises in the provision of custodian, administrative agent and other related services. As at 31 December 2008, its equity capital amounted to EUR 596.141.880.

RBC Dexia Investor Services Bank S.A. is a subsidiary of RBC Dexia Investor Services Limited, a company set up under English and Welsh law and which is a company controlled by Dexia Banque Internationale à Luxembourg S.A., Luxembourg, as well as by Royal Bank of Canada, Toronto.

8. TRANSFER AGENT (included Registrar Agent activities)

RBC Dexia Investor Services Bank S.A. assumes the functions of Transfer Agent (included the functions of Registrar Agent) for the Company.

In such capacity, it will be responsible for handling the processing of subscriptions for Shares, dealing with requests for redemptions and accepting transfers of Shares, for the safekeeping of the register of shareholders, the delivery of Share certificates, if requested, for accepting Share certificates tendered for replacement or redemption, in compliance with the provisions of and as more fully described in, the agreement mentioned hereinafter.

The rights and duties of RBC Dexia Investor Services Bank S.A. as Transfer Agent (included Registrar Agent) are governed by an agreement entered into on 22 January 2007 for an unlimited period of time, which may be terminated at any time by the Company or RBC Dexia Investor Services Bank S.A. on giving 90 days' prior written notice.

9. SHARES

The Company has been set up as a "multiple compartment investment company" which means that the Company may be composed of several Sub-Funds with each Sub-Fund constituting a separate portfolio of assets and liabilities. Each Sub-Fund is treated as a separate entity and operates independently and as between shareholders, each portfolio of assets shall be invested for the exclusive benefit of the relevant Sub-Fund. The net proceeds from the subscriptions to each Sub-Fund are invested in the specific portfolio of assets constituting such Sub-Fund and a purchase of Shares with respect to a Sub-Fund does not give the holder of such Shares any rights with respect to any other Sub-Fund.

Pursuant to the 2002 Law, a multiple compartment investment company constitutes a single legal entity. However, with regard to third parties, each Sub-Fund is exclusively responsible for all the liabilities attributable to it.

Within each Sub-Fund, several classes of Shares may be issued.

Shares of any class of Shares in any Sub-Fund may be issued in registered or bearer form at the option of the investors.

The inscription of the shareholder's name in the register of shareholders evidences his or her right of ownership of registered Shares.

Unless a Share certificate is requested, a holder of registered Shares shall receive a written confirmation of his or her shareholding. The Board of Directors recommends that investors hold non-certificated Shares for security and ease of dealing, as these

have the advantage that transfer and redemption instructions will be effected without the requirement to surrender a certificate.

A holder of bearer Shares requesting the exchange of his bearer Shares for registered Shares, or vice versa shall bear the costs for such exchange.

Shares are freely transferable except to U.S. Persons or nominees thereof as defined in Article 10 of the Articles.

All Shares must be fully paid-up; they are of no par value and carry no preferential or pre-emptive rights. Each Share of the Company, irrespective of its Sub-Fund, is entitled to one vote at any general meeting of shareholders, in compliance with Luxembourg law and the Articles.

However, the Company may decline to accept the vote of any U.S. Person, as referred to here above and provided in the Articles.

Fractional registered Shares will be issued to up to 3 decimal places of a Share, and such fractional Shares shall not be entitled to vote but shall be entitled to a participation in the dividends distribution and in the proceeds of liquidation attributable to the relevant Shares in the relevant Sub-Fund on a pro rata basis.

10. ISSUE OF SHARES

The subscription price per Share (the "Subscription Price") will be equal to the Net Asset Value (hereinafter the "NAV") of the relevant class of Shares of the relevant Sub-Fund increased, as the case may be, by the sales fee as stated below. The Subscription Price is available for inspection at the registered office of the Company.

The Shares will be issued on a continuous basis, as capital is required by the Company.

The minimum initial and subsequent investment as well as the minimum holding requirement per investor in the BlueOrchard Debt Sub-Fund are the following:

- USD class of Shares: 10,000 USD,
- CHF class of Shares: 15,000 CHF,
- EUR class of Shares: 10,000 EUR.

The subscriptions are dealt with at an unknown NAV.

Investors whose applications are accepted will be allotted Shares issued on the basis of the NAV determined in respect of the Valuation Day (as defined hereafter) following receipt of the application form provided that such application has been received in Luxembourg at the registered office of the Company or of the Registrar and Transfer Agent not later than 12.00 p.m. Luxembourg time, on the Business Day preceding the relevant Valuation Day. Applications received after that time will be processed in respect of the next Valuation Day.

Whenever the Company offers Shares for subscription, the price per Share at which such Shares are offered may be increased by a sales fee of up to a maximum of 4% of the NAV payable to the sales agents. The price so determined shall be payable in the denomination currency of the relevant class of Shares of the relevant Sub-Fund or in any other currency specified by the investor (in which case any currency conversion cost shall be borne by the investor) on the third Business Days after the relevant Valuation Day.

Share certificates or written confirmations of shareholding (as appropriate) will be sent to shareholders within ten Business Days after the relevant Valuation Day.

The Company reserves the right to reject any application in whole or in part, in which case subscription monies paid, or the balance thereof, as appropriate, will be returned to the applicant as soon as practicable or to suspend at any time and without prior notice the issue of Shares in one, several or all of the Sub-Funds.

The Company may agree to issue Shares as a consideration for a contribution in kind of securities or other assets, provided that such securities or other assets comply with the investment objectives and policy of the relevant Sub-Fund and that the contribution is made in compliance with the conditions set forth by Luxembourg law, in particular the obligation to deliver a valuation report from the auditor of the Company ("*réviseur d'entreprises agréé*") which shall be available for inspection. Any costs incurred in connection with a contribution in kind of securities or other assets shall be borne by the relevant shareholders.

No Shares of any Sub-Fund will be issued during any period when the calculation of the NAV in such Sub-Fund is suspended by the Company, pursuant to the powers reserved to it under the Articles.

In the case of suspension of dealings in Shares, the application will be dealt with on the first Valuation Day following the end of such suspension period.

The Company together with RBC Dexia Investor Services Bank S.A. and all the sales agents, must always comply with circular 05/211 of the CSSF of 13 October 2005 on the fight against money laundering and the financing of terrorism and the prevention of the use of the financial system for the purpose of money laundering and the financing of terrorism.

It is the responsibility of RBC Dexia Investor Services Bank S.A. to comply with the Luxembourg regulations and the directives of the Financial Action Task Force on Money Laundering (hereinafter "FATF") whenever a subscription request is received. Thus, when a shareholder or prospective investor submits a request, he must prove his identity by means of a copy of his identity papers (passport, national identity card), duly certified by the competent authorities of his country, such as an embassy, a consulate, a notary or the police. If the request is received from a corporate body, it must provide a copy of its articles of incorporation and the name and identity of its shareholders or directors. However, if the request is received from a financial institution or a distributor based in a FATF member state, the identity of these shareholders will not be verified. If there is any doubt as to the identity of the

applicant for the subscription or redemption of shares due to the lack, irregularity or insufficient proof of the applicant's identity, it is the duty of RBC Dexia Investor Services Bank S.A. to suspend this request or even refuse the subscription request on the aforementioned grounds. In this case, RBC Dexia Investor Services Bank S.A. is not liable for any costs or interest. The list of the countries adhering to FATF directives can be obtained upon written request to the SICAV or found directly on the following website: www.oecd.org.

Market timing

The Company does not permit market-timing or other excessive trading practices. Excessive, short-term (market-timing) trading practices may disrupt portfolio management strategies and harm fund performance. To minimise harm to the Company and the shareholders, the Board of Directors have the right to reject any subscription, redemption or conversion order, or levy a fee of up to 2% of the value of the order for the benefit of the Company from any investor who is engaging in excessive trading or has a history of excessive trading or if an investor's trading, in the opinion of the Board of Directors, has been or may be disruptive to the Company or any of the Sub-Funds. In making this judgment, the Board of Directors may consider trading done in multiple accounts under common ownership or control. The Board of Directors also has the power to redeem all Shares held by a shareholder who is or has been engaged in excessive trading. The Board of Directors or the Company will not be held liable for any loss resulting from rejected orders or mandatory redemptions.

11. CONVERSION OF SHARES

Any shareholder may request the conversion of all or part of his/her shares into shares of another Sub-Fund or another class of Shares of the same Sub-Fund.

Shareholders desiring to have all or any of their Shares converted into shares of another Sub-Fund or another class of Shares of the same Sub-Fund should apply in writing to the Company at its registered office or at the registered office of the Registrar and Transfer Agent.

Conversion requests should contain the following information: the identity and address of the shareholder requesting the conversion, the number of Shares to be converted, the relevant Sub-Fund, the relevant class of Shares, whether the Shares are issued in registered or bearer form, whether the Shares are issued with or without a Share certificate, the name in which such Shares are registered.

As the case may be, the bearer certificate, or a duly completed transfer form or any other document evidencing the transfer and all necessary documents to complete the conversion should be enclosed with such request. Any coupon not yet due shall be attached to bearer Shares.

The conversions are dealt with at an unknown NAV.

Barring a suspension of the calculation of the net asset value per share, Shareholders whose requests for conversion are accepted will have their Shares converted in respect of any Valuation Day provided that the requests have been received in Luxembourg not later than 12.00 p.m., Luxembourg time, on the thirtieth day preceding that Valuation Day (or, if such day is not a business day, on the following business day). Requests received after that time will be processed in respect of the next Valuation Day.

The rate at which all or part of the shares of a Sub-Fund or a class of Shares (the “initial Sub-Fund or class of shares”) is converted into shares of the other Sub-Fund or class of Shares (the “new Sub-Fund or class of Shares”) is determined as follows:

$$A = \frac{B \times C \times E}{D}$$

- A being the number of shares of the new Sub-Fund (or class of Shares) to be allocated;
- B being the number of shares of the initial Sub-Fund (or class of Shares) to be converted;
- C being the net asset value per share of the initial Sub-Fund (or class of Shares) as calculated on the valuation day concerned;
- D being the net asset value per share of the new Sub-Fund (or class of Shares) as calculated on the valuation day concerned;
- E being the exchange rate on the day concerned between the currency of the initial Sub-Fund and the currency of the new Sub-Fund.

Fractions of shares (down to one thousandths) in the new Sub-Fund or class of Shares will only be allocated to those shareholders who have their shares in the new Sub-Fund or class of Shares registered in their names.

There is presently no conversion charge. The Board of Directors reserves the right to introduce a conversion charge if and when appropriate. In such event, the Prospectus will be amended accordingly.

12. REDEMPTION OF SHARES

The Shares are redeemable in respect of any Valuation Day at the request of the shareholders at a price based on the NAV of the relevant Shares.

Shareholders desiring to have all or any of their Shares redeemed should apply in writing to the Company at its registered office or at the registered office of the Registrar and Transfer Agent.

Redemption requests should contain the following information: the identity and address of the shareholder requesting the redemption, the number of Shares to be redeemed, the relevant Sub-Fund, the relevant class of Shares, whether the Shares are issued in registered or bearer form, whether the Shares are issued with or without a Share certificate, the name in which such Shares are registered and details as to whom payment should be made. Share certificates in proper form (if any) and all necessary documents to complete the redemption should be enclosed with such request. Any coupon not yet due shall be attached to bearer Shares. For registered certificated Shares, the transfer form on the back of the certificate must be duly completed.

Shareholders have to take due care and bear responsibility that the certificates of the Shares to be redeemed, if any, are received in proper form at the registered office of the Company or of the Registrar and Transfer Agent.

The redemptions are dealt with at an unknown NAV.

Shareholders whose requests for redemption are accepted will have their Shares redeemed in respect of any Valuation Day provided that the requests have been received in Luxembourg not later than 12.00 p.m., Luxembourg time, on the thirtieth day preceding that Valuation Day (or, if such day is not a business day, on the following business day). Requests received after that time will be processed in respect of the next Valuation Day.

Shares will be redeemed at a price equal to the NAV in the relevant class of Shares of the relevant Sub-Fund in respect of the relevant Valuation Day. There is presently no redemption charge. The Board of Directors reserves the right to introduce a redemption charge if and when appropriate. In such event, the Prospectus will be amended accordingly.

The redemption price shall be paid on the third Business Days after the relevant Valuation Day, or from the date on which the redemption request details and Share certificates (if any) have been received by the Company, whichever is the later date.

Payment will be made by wire to the shareholder or by bank order to an account indicated by the shareholder, at such shareholder's expense and risk.

The redemption price will be paid in the denomination currency of the relevant class of Shares of the relevant Sub-Fund or in any other freely convertible currency specified by the shareholder. In the last case, any currency conversion cost shall be borne by the shareholder. The redemption price may be higher or lower than the price paid at the time of subscription or purchase.

Shares in any Sub-Fund will not be redeemed if the calculation of the NAV in such Sub-Fund is suspended by the Company in accordance with Article 12 of the Articles.

If, as a result of any request for redemption, the aggregate NAV of the Shares held by any shareholder in any Sub-Fund would fall below the minimum amount indicated in the section "Issue of Shares", then the Company may treat such request as a request to redeem the entire shareholding of such shareholder.

Furthermore, if on any Valuation Day redemption requests relate to more than 10% of the Shares in issue in a specific Sub-Fund, the Board of Directors may decide that part or all of such requests for redemption will be deferred for such period as the Board of Directors considers to be in the best interest of the Sub-Fund, but normally not exceeding four Valuation Days. On the next Valuation Day following such period, these redemption requests will be met in priority to later requests.

The Articles provide that the Board of Directors, on behalf of the Company, may compulsorily redeem the Shares held by any person, firm or corporate body, if in the opinion of the Company such holding may be detrimental to the Company, if it may result in a breach of any law or regulation whether Luxembourg or foreign, or if as a result thereof the Company may become subject to laws other than those of the Grand Duchy of Luxembourg (including but without limitation tax laws); specifically but without limitation the Company may compulsorily redeem Shares held by any U.S. Person.

13. DETERMINATION OF THE NET ASSET VALUE

1) Calculation and Publication

The NAV in respect of each class of Shares of each Sub-Fund shall be expressed in the currency in which the Shares of such class are denominated and shall be calculated as of any Valuation Day (as defined hereinafter) by dividing the net assets of each class of Shares and/or Sub-Fund (being the value of the portion of assets less the portion of liabilities attributable to such class of Shares and/or Sub-Fund on any such Valuation Day) by the total number of Shares in the relevant class of Shares and/or Sub-Fund then outstanding. The NAV per Share may be rounded up or down to the nearest unit.

If, since the time of determination of the NAV on the relevant Valuation Day, there has been a material change in the valuations of the investments attributable to the relevant Sub-Fund, the Company may, in order to safeguard the interests of the shareholders and of the Company, cancel the first valuation and carry out a second valuation. All subscription and redemption requests shall be treated on the basis of this second valuation.

The NAV is determined on the first Wednesday of each month (or, if such day is not a Business Day as defined here above, on the following Business Day) (the "Valuation Day"), on the basis of the value of the underlying investments of the Company determined as follows:

- (a) Debt instruments not listed or dealt in on any stock exchange or any other Regulated Market will be valued at fair market value, deemed to be the net present value calculated on the basis of the relevant interest rate market conditions applicable to the currency in which the relevant debt instrument is denominated; such value will be adjusted, if appropriate, to reflect the appraisal of the Investment Managers on the creditworthiness of the relevant debt

instrument. The Board of Directors will use its best endeavours to continually assess this method of valuation and recommend changes, where necessary, to ensure that debt instruments will be valued at their fair value as determined in good faith by the Board of Directors. If the Board of Directors believes that a deviation from this method of valuation may result in material dilution or other unfair results to shareholders, the Board of Directors will take such corrective action, if any, as it deems appropriate to eliminate or reduce, to the extent reasonably practicable, the dilution or unfair results.

- (b) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Board of Directors may consider appropriate in such case to reflect the true value thereof.
- (c) The value of assets which are listed or dealt in on any stock exchange is based on the last available price on the stock exchange which is normally the principal market for such assets.
- (d) The value of assets dealt in on any other Regulated Market is based on the last available price.
- (e) In the event any assets are not listed or dealt in on any regulated market or stock exchange in an other State or in an other regulated market, the value of such assets will be based on the reasonable foreseeable sales price determined prudently and in good faith.
- (f) In the event that, for any assets, the price as determined pursuant to sub-paragraph (a), (c) or (d) is not representative of the fair market value of the relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith.

The value of all assets and liabilities not expressed in the reference currency of a Sub-Fund will be converted into the reference currency of such Sub-Fund at the rate of exchange ruling in Luxembourg on the relevant Valuation Day. If such quotations are not available, the rate of exchange will be determined in good faith by or under procedures established by the Board of Directors.

The Board of Directors, in its discretion, may permit some other method of valuation to be used, if it considers that such valuation better reflects the fair value of any asset of the Company.

The NAV and the issue and redemption prices for the Shares of each class of Shares of each Sub-Fund may be obtained during business hours at the registered office of the Company.

2) Temporary Suspension of the Calculation

In each Sub-Fund, the calculation of the NAV and the issue and redemption of Shares may be temporarily suspended:

- (a) during any period when any one of the stock exchanges or other principal markets on which a substantial portion of the assets of the Company attributable to such Sub-Fund, from time to time, is quoted or dealt in is closed (otherwise than for ordinary holidays) or during which dealings therein are restricted or suspended provided that such restriction or suspension affects the valuation of the investments of the Company attributable to such Sub-Fund quoted thereon; or
- (b) during any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Board of Directors, or the existence of any state of affairs which constitutes an emergency in the opinion of the Board of Directors, disposal or valuation of the assets held by the Company attributable to such Sub-Fund is not reasonably practicable without this being seriously detrimental to the interests of shareholders, or if in the opinion of the Board of Directors the issue and, if applicable, redemption prices cannot fairly be calculated; or
- (c) during any breakdown in the means of communication or computation normally employed in determining the price or value of any of the investments of the Company attributable to such Sub-Fund or the current prices or values on any stock exchanges or other markets in respect of the assets attributable to such Sub-Fund; or
- (d) during any period when the Company is unable to repatriate funds for the purpose of making payments on the redemption of Shares of such Sub-Fund or during which any transfer of funds involved in the realization or acquisition of investments or payments due on redemption of Shares of the Company cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange; or
- (e) from the time of publication of a notice convening an extraordinary general meeting of shareholders for the purpose of winding up the Company or any Sub-Fund(s), or merging the Company or any Sub-Fund(s), or informing the shareholders of the decision of the Board of Directors to terminate or merge any Sub-Fund(s); or
- (f) when for any other reason, the prices of any investments owned by the Company attributable to such Sub-Fund cannot be promptly or accurately ascertained.

Notice of the beginning and of the end of any period of suspension shall be given by the Company to all the shareholders affected, i.e. having made an application for subscription or redemption of Shares for which the calculation of the NAV has been suspended.

Any application for subscription or redemption of Shares is irrevocable except in case of suspension of the calculation of the NAV in the relevant Sub-Fund, in which case shareholders may give notice that they wish to withdraw their application. If no such

notice is received by the Company, such application will be dealt with on the first Valuation Day following the end of the period of suspension.

14. DISTRIBUTION POLICY

The primary investment objective of the Company is to achieve long-term growth. The Company's operating plan does not contemplate payment of dividends to shareholders for the foreseeable future as long as opportunities exist to deploy capital consistent with its business strategy. Consequently, while such opportunities exist, no dividends shall be declared nor any other distributions or reimbursements shall be made to the shareholders.

15. CHARGES AND EXPENSES

As more fully described hereinafter, the Company will pay out of the assets of the relevant Sub-Fund all expenses payable by the Company which shall include but not be limited to the fees payable to the Investment Managers including performance fees, if any, fees and expenses payable to the Custodian and its correspondents, the Paying Agent, Domiciliary and Corporate Agent, and Administrative Agent, the Registrar and Transfer Agent, the listing agent, the distributor(s), any permanent representatives in places of registration as well as any other agent employed by the Company, the remuneration of the Directors and their reasonable out-of-pocket expenses, insurance coverage, and reasonable travelling costs in connection with board meetings, any fees and expenses involved in registering and maintaining the registration of the Company with any governmental agencies or stock exchanges in the Grand Duchy of Luxembourg and in any other country, fees and expenses for legal, accounting and auditing services, reporting and publishing expenses, including the costs of preparing, printing, advertising and distributing prospectuses, explanatory memoranda, periodic reports or registration statements, the costs of printing certificates, and the costs of any reports to the shareholders of the Company, expenses incurred in determining the Company's NAV, the cost of convening and holding shareholders' and board of directors' meetings, all taxes, duties, governmental and similar charges, and all other operating expenses, including all costs of buying or selling assets, reasonable traveling costs in connection with the selection of micro-banks and of investments in such micro-banks, the cost of publishing the issue and redemption prices, if applicable, interest, bank charges, currency conversion costs and brokerage, postage, telephone and telex. The Company may calculate administrative and other expenses of a regular or recurring nature on an estimated figure rateably for yearly or other periods in advance, and may accrue the same in equal proportions over any such period.

a) **Formation and Launching Expenses of Additional Sub-Funds**

The costs and expenses incurred in connection with the creation of a new Sub-Fund shall be written off over a period not exceeding five years against the assets of such Sub-Fund only and in such amounts each year as determined by the Board of Directors on an equitable basis. The newly created Sub-Fund shall not bear a pro-rata of the costs and expenses incurred in connection with the formation of the Company and the initial issue of Shares, which have not already been written off at the time of the creation of the new Sub-Fund.

b) **Fees of the Investment Managers**

1. Remuneration of the Micro Banks' Debt Investment Manager

In consideration of the management services rendered to the BlueOrchard Debt Sub-Fund, the Micro Banks' Debt Investment Manager will receive a fee of maximum 2.75% (currently of 2%) of the portion of the portfolio which is invested in Micro Banks' Debt (as defined under section 3, 2, a), "Part 1: Micro Banks' Debt" above).

2. Remuneration of the Liquid Assets Investment Manager

In consideration of the management services rendered to the BlueOrchard Debt Sub-Fund, the Liquid Assets Investment Manager will receive a fee of maximum 0.5% of the portion of the portfolio which is invested in Liquid Assets (as defined under section 3, 2, b), "Part 2: Liquid Assets" above).

In addition, the Liquid Assets Investment Manager will receive, in remuneration for the hedging of the assets composing the portfolio of the BlueOrchard Debt Sub-Fund, a fee of maximum 0.05% of the NAV of the Sub-Fund.

c) Fees of the Custodian, Paying Agent, Domiciliary and Corporate Agent, and Administrative Agent and Transfer Agent (included Registrar Agent)

The Custodian, Paying Agent, Domiciliary and Corporate Agent, and Administrative Agent and Transfer Agent (included Registrar Agent) is entitled to receive out of the assets of each Sub-Fund a total fee of 0,15% per annum of the average monthly NAV thereof during the relevant quarter and payable quarterly in arrears, with a minimum of EUR 25.000. per annum.

In addition, the Custodian, Paying Agent, Domiciliary and Corporate Agent, and Administrative Agent and Transfer Agent is entitled to be reimbursed by the Company for its reasonable out-of-pocket expenses and disbursements and for the charges of any correspondents.

16. MEETINGS OF, AND REPORTS TO, SHAREHOLDERS

Notice of any general meeting of shareholders (including those considering amendments to the Articles or the dissolution and liquidation of the Company or of any Sub-Fund) shall be mailed to each registered shareholder at least eight days prior to the meeting and shall be published to the extent required by Luxembourg law in the Mémorial and in any Luxembourg and other newspaper(s) that the Board of Directors may determine.

If the Articles are amended, such amendments shall be filed with the Chancery of the District Court of Luxembourg and published in the Mémorial.

The Company publishes annually a detailed audited report on its activities and on the management of its assets; such report shall include, inter alia, the audited annual accounts relating to all the Sub-Funds, a detailed description of the assets of each Sub-Fund and a report from the Auditor.

The Company shall further publish semi-annual unaudited reports, including, inter alia, a description of the assets of each Sub-Fund and the number of Shares issued and redeemed since the last publication.

The aforementioned documents will be sent to registered shareholders within four months for the annual reports and two months for the semi-annual reports of the date

thereof and copies may be obtained free of charge by any person at the registered office of the Company.

The accounting year of the Company shall commence on the first of July of each year and shall terminate on the thirty of June of the following year.

The annual general meeting of shareholders takes place in Luxembourg City at a place specified in the notice of meeting on the third Wednesday in the month of November at 3.00 p.m.

The shareholders of any Sub-Fund or any class of Shares within a given Sub-Fund may be convened to hold, at any time, general meetings to decide on any matters which relate exclusively to such Sub-Fund or class of Shares.

The accounts of the Company shall be maintained in USD being the reference currency of the share capital. The financial statements relating to the BlueOrchard Debt Sub-Fund shall also be expressed in USD, being the reference currency of the Sub-Fund.

17. DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company may at any time be dissolved by a resolution of the general meeting of shareholders subject to the quorum and majority requirements applicable for amendments to the Articles.

Whenever the share capital falls below two-thirds of the minimum capital of the equivalent in USD of EUR 1,250,000.-, the question of the dissolution of the Company shall be referred to a general meeting of shareholders by the Board of Directors. The general meeting, for which no quorum shall be required, shall decide by simple majority of the Shares represented at the meeting.

The question of the dissolution of the Company shall also be referred to a general meeting of shareholders whenever the share capital falls below one-fourth of the minimum capital of the equivalent in USD of EUR 1,250,000.-; in such event, the general meeting shall be held without any quorum requirement and the dissolution may be decided by shareholders holding one-fourth of the Shares represented at the meeting.

The meeting must be convened so that it is held within a period of forty days as from ascertainment that the share capital has fallen below two-thirds or one-fourth of the legal minimum, as the case may be.

Liquidation shall be carried out by one or several liquidators, who may be physical persons or legal entities and do not need to be shareholders; the general meeting of shareholders shall appoint them and determine their powers and their compensation.

The net proceeds of liquidation corresponding to each class of Shares in each Sub-Fund shall be distributed by the liquidators to the holders of Shares of the relevant

class of Shares in the relevant Sub-Fund in proportion to their holding of such Shares in such class of Shares.

Should the Company be voluntarily or compulsorily liquidated, its liquidation will be carried out in accordance with the provisions of the 2002 Law, which specify the steps to be taken to enable shareholders to participate in the distribution(s) of the liquidation proceeds and provide for a deposit in escrow at the *Caisse de Consignations* at the time of the close of liquidation. Amounts not claimed from escrow within the statute of limitation period shall be liable to be forfeited in accordance with the provisions of Luxembourg law.

18. DISSOLUTION AND MERGER OF SUB-FUNDS OR CLASSES OF SHARES

In the event that for any reason the value of the net assets in any Sub-Fund or class of Shares has decreased to or has not reached an amount of the equivalent of USD 5,000,000.00.- which is the minimum level for such Sub-Fund or class of Shares to be operated in an economically efficient manner, or if a change in the economic, monetary or political situation relating to the Sub-Fund or class of Shares concerned would have material adverse consequences on the investments of that Sub-Fund or class of Shares or in order to proceed to an economic rationalization, the Board of Directors may decide to compulsorily redeem all the Shares issued in such Sub-Fund or class of Shares at their NAV (taking into account actual realization prices of investments and realization expenses), calculated on the Valuation Day at which such decision shall take effect. The Company shall publish a notice to the holders of shares concerned by the compulsory redemption prior to the effective date for such redemption in the *d'Wort* and any other newspaper(s) that the Board of Directors may determine, which will indicate the reasons for, and the procedure of, the redemption operations; registered holders shall be notified in writing. Unless it is otherwise decided in the interests of, or to keep equal treatment between, the shareholders, the shareholders of the Sub-Fund or class of Shares concerned may continue to request redemption (if appropriate) of their Shares free of charge (but taking into account actual realization prices of investments and realization expenses) prior to the date effective for the compulsory redemption.

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, the general meeting of shareholders of any Sub-Fund or class of Shares may, upon proposal from the Board of Directors, redeem all the Shares of such Sub-Fund or class of Shares and refund to the shareholders the NAV of their Shares (taking into account actual realization prices of investments and realization expenses) calculated on the Valuation Day at which such decision shall take effect. There shall be no quorum requirements for such general meeting of shareholders which shall decide by resolution taken by simple majority of those present or represented and voting at such meeting.

Assets which may not be distributed to their beneficiaries upon the implementation of the redemption will be deposited with the Custodian for a period of six months

thereafter; after such period, the assets will be deposited with the *Caisse de Consignations* on behalf of the persons entitled thereto.

Under the same circumstances as provided in the first paragraph of this section, the Board of Directors may decide to allocate the assets of any Sub-Fund to those of another existing Sub-Fund within the Company or to another undertaking for collective investment or to another sub-fund within such other undertaking for collective investment (the "new Sub-Fund") and to redesignate the Shares of the Sub-Fund concerned as Shares of the new Sub-Fund (following a split or consolidation, if necessary, and the payment of the amount corresponding to any fractional entitlement to shareholders). Such decision will be published in the same manner as described in the first paragraph of this section (and, in addition, the publication will contain information in relation to the new Sub-Fund), one month before the date on which the amalgamation becomes effective in order to enable shareholders to request redemption of their shares, free of charge, during such period.

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, a contribution of the assets and of the liabilities attributable to any Sub-Fund to another Sub-Fund of the Company may be decided upon by a general meeting of the shareholders of the Sub-Fund concerned which will decide upon such an amalgamation by resolution taken with no quorum and by simple majority of those present or represented and voting at such meeting.

A contribution of the assets and of the liabilities attributable to any Sub-Fund to another undertaking for collective investment referred to in the fifth paragraph of this section or to another sub-fund within such other undertaking for collective investment shall require a resolution of the shareholders of the Sub-Fund concerned taken with no quorum and by simple majority of those present or represented and voting at such meeting, except when such an amalgamation is to be implemented with a Luxembourg undertaking for collective investment of the contractual type ("fonds commun de placement") or a foreign based undertaking for collective investment, in which case resolutions shall be binding only on such shareholders who have voted in favour of such amalgamation.

19. TAXATION

The following summary is based on the law and practice currently applicable in the Grand Duchy of Luxembourg and is subject to changes therein.

A. Taxation of the Company

The Company is not liable to any Luxembourg tax on profits or income, nor are distributions paid by the Company liable to any Luxembourg withholding tax. The Company is, however, liable in Luxembourg to a tax of 0.05% per annum of its NAV, such tax being payable quarterly on the basis of the value of the aggregate net assets of the Company at the end of the relevant calendar quarter. No stamp duty or other tax is payable in Luxembourg on the issue of Shares. No Luxembourg tax is payable on the realized capital appreciation of the assets of the Company.

General

Dividends and interest received by the Company on its investments may be subject to non-recoverable withholding or other taxes in the countries of origin.

Furthermore, the Company may be liable to certain taxes in countries where the Company carries out its investment activities. Those taxes are not recoverable by the Company in Luxembourg.

B. Luxembourg Taxation of Shareholders

Under current legislation, shareholders are not subject to any capital gains, income or withholding tax in Luxembourg (except for (i) those domiciled, resident or having a permanent establishment in Luxembourg or (ii) non-residents of Luxembourg who hold (personally or by attribution) more than 10% of the Shares of the Company and who dispose of all or part of their holdings within 6 months from the date of acquisition or (iii) in some limited cases, some former residents of Luxembourg who hold (personally or by attribution) more than 10% of the Shares of the Company).

General

It is expected that shareholders in the Company will be resident for tax purposes in many different countries. Consequently, no attempt is made in this Prospectus to summarize the taxation consequences for each investor of subscribing, converting (if any), holding or redeeming, if applicable, or otherwise acquiring or disposing of Shares in the Company. These consequences will vary in accordance with the law and practice currently in force in a shareholder's country of citizenship, residence, domicile or incorporation and with his personal circumstances.

Investors should inform themselves of, and when appropriate consult their professional advisers on, the possible tax consequences of subscribing for, buying, holding, redeeming or otherwise disposing of Shares under the laws of their country of citizenship, residence, domicile or incorporation.

**APPENDIX I
SPECIAL INVESTMENT AND HEDGING TECHNIQUES AND
INSTRUMENTS**

1. Techniques and Instruments related to Transferable Securities

For the purpose of hedging, efficient portfolio management, duration management or other risk management of the portfolio, the Company may, in each Sub-Fund, use the following techniques and instruments relating to transferable securities:

(A) Transactions relating to Options on Transferable Securities

An option is the right to buy or sell a particular asset at a stated price at some date in the future within a particular period. The Company may buy and sell call or put options on transferable securities provided that these options are traded on options exchanges or over-the-counter with broker-dealers who make markets in these options and who are first class financial institutions that specialize in these types of transactions and are participants in the over-the-counter markets.

The Company shall further comply with the following rules:

- (i) The total amount of premiums paid for the purchase of call and put options which are considered here, together with the total amount of premiums paid for the purchase of call and put options described under (B) b) below, may not, in respect of each Sub-Fund, exceed 15 % of the NAV of such Sub-Fund.
- (ii) The total commitment arising from (a) the sale of call and put options (excluding the sale of call options for which there is adequate cover) and (b) transactions for purposes other than hedging as referred to under (B) below, may not exceed, in respect of each Sub-Fund, at any time the NAV of such Sub-Fund. In this context, the commitment on call and put options sold is equal to the aggregate amount of the exercise prices of those options.
- (iii) When selling call options, the Company must hold either the underlying transferable securities, or matching call options or any other instruments (such as warrants) providing sufficient cover. The cover for call options sold may not be disposed of as long as the options exist unless they are covered in turn by matching options or other instruments used for the same purpose.

Notwithstanding the foregoing, the Company may sell uncovered call options if the Company is, at all times, able to cover the positions taken on such sale and if the exercise prices of such options do not exceed 25% of the NAV of the relevant Sub-Fund.

- (iv) When selling put options, the Company must be covered during the full duration of the options by sufficient cash to pay for the transferable securities deliverable to the Company by the counterparty on the exercise of the options.

(B) Transactions relating to Futures and Option Contracts relating to Financial Instruments

Dealing in financial futures is the trading in contracts related to the future value of transferable securities or other financial instruments. Except as regards interest rate swaps on a mutual agreement basis and options which may be traded as provided for under (A) here above, all transactions in financial futures may be made on a Regulated Market only. Subject to the following conditions, such transactions may be made for hedging purposes and for other purposes.

a) Hedging

Hedging is designated to protect a known future commitment.

- (i) As a global hedge against the risk of unfavourable stock market movements, the Company may sell futures on stock market indices or other financial instruments on indices. For the same purpose, the Company may sell call options or buy put options on stock market indices. The objective of these hedging operations assumes that a sufficient correlation exists between the composition of the index used and the Company's corresponding portfolios.
- (ii) As a global hedge against interest rate fluctuations, the Company may sell interest rate futures contracts. For the same purpose, it can also sell call options or buy put options on interest rates or make interest rate swaps on a mutual agreement basis with first class financial institutions specializing in this type of transaction.

The total commitment relating to futures and option contracts on stock market indices may not exceed the total valuation of securities held by the relevant Sub-Fund in the market corresponding to each index. In the same way, the total commitment on interest rate futures contracts, option contracts on interest rates and interest rate swaps may not exceed the total valuation of the assets and liabilities to be hedged held by the relevant Sub-Fund in the currency corresponding to these contracts.

b) Trading

Trading is based on the forecasting of future movements in financial markets. In this context and apart from option contracts on transferable securities (See (A) above) and contracts relating to currencies (See 2. below), the Company may, for a purpose other than hedging, buy and sell futures contracts and options contracts on any type of financial instrument provided that the total commitment arising on these purchase and sale transactions together with the total commitment arising on the sale of call and put options on transferable securities, in respect of each Sub-Fund, at no time exceeds the NAV of such Sub-Fund.

Sales of call options on transferable securities for which the Company has sufficient cover are not included in the calculation of the total commitment referred to above.

In this context, the commitment arising on transactions which do not relate to options on transferable securities is defined as follows:

- the commitment arising on futures contracts is equal to the liquidation value of the net position of contracts relating to identical financial instruments (after netting between purchase and sale positions), without taking into account the respective maturities and
- the commitment relating to options bought and sold is equal to the sum of the exercise prices of those options representing the net sold position in respect of the same underlying asset, without taking into account the respective maturities.

The total of the premiums paid to acquire call and put options as described above, together with the total of the premiums paid to acquire call and put options on transferable securities as described under (A) above may not, in respect of each Sub-Fund, exceed 15 % of the NAV of such Sub-Fund.

(C) Securities Lending

The Company may enter into securities lending transactions provided that they comply with the following rules:

- (i) The Company may only lend securities through a standardised system organised by a recognised clearing institution or through a first class financial institution specializing in this type of transaction.
- (ii) As part of lending transactions, the Company must in principle receive a guarantee, the value of which at the conclusion of the contract must be at least equal to the global valuation of the securities lent.

This guarantee must be given in the form of liquid assets and/or in the form of securities issued or guaranteed by a Member State of the OECD or by their local authorities or by supranational institutions and undertakings of a community, regional or world-wide nature and blocked in favour of the Company until the expiry of the loan contract.

Such a guarantee shall not be required if the securities lending is made through Clearstream Banking or EUROCLEAR or through any other organisation assuring to the lender a reimbursement of the value of the securities lent, by way of a guarantee or otherwise.

- (iii) Securities lending transactions may not exceed 50% of the global valuation of the securities portfolio of each Sub-Fund. This limitation does not apply where the Company is entitled at all times to the cancellation of the contract and the restitution of the securities lent.
- (iv) Securities lending transactions may not extend beyond a period of 30 days.

(D) Repurchase Agreement Transactions

The Company may on an ancillary basis enter into repurchase agreement transactions which consist of the purchase and sale of securities with a clause reserving the seller the right or the obligation to repurchase from the acquirer the securities sold at a price and term specified by the two parties in their contractual arrangement.

The Company can act either as purchaser or seller in repurchase agreement transactions or a series of continuing repurchase transactions. Its involvement in such transactions is, however, subject to the following rules:

- (i) The Company may not buy or sell securities using a repurchase agreement transaction unless the counterpart in such transactions is a first class financial institution specializing in this type of transaction.
- (ii) During the life of a repurchase agreement contract, the Company cannot sell the securities which are the object of the contract, either before the right to repurchase these securities has been exercised by the counterparty, or the repurchase term has expired.
- (iii) Where the Company is exposed to redemption of its own Shares, it must take care to ensure that the level of its exposure to repurchase agreement transactions is such that it is able, at all times, to meet its redemption obligations.

Repurchase agreement transactions are expected to take place on an occasional basis only.

2. Currency Hedging

In order to protect its present and future assets and liabilities against the fluctuation of currencies, the Company may enter into transactions the object of which is the purchase or the sale of forward foreign exchange contracts, the purchase or the sale of call options or put options in respect of currencies, the purchase or the sale of currencies forward or the exchange of currencies on a mutual agreement basis provided that these transactions be made either on exchanges or over-the-counter with first class financial institutions specializing in these types of transactions and being participants of the over-the-counter markets.

The objective of the transactions referred to above presupposes the existence of a direct relationship between the contemplated transaction and the assets or liabilities to be hedged and implies that, in principle, transactions in a given currency (including a currency bearing a substantial relation to the value of the reference currency (i.e. currency of denomination) of the relevant Sub-Fund - known as "Cross Hedging") may not exceed the total valuation of such assets and liabilities nor may they, as regards their duration, exceed the period where such assets are held or anticipated to be acquired or for which such liabilities are incurred or anticipated to be incurred.

APPENDIX II DOCUMENTS AVAILABLE

Copies of the following documents may be obtained during usual business hours on any Business Day in Luxembourg at the registered office of the Company:

- (i) the Articles of the Company;
- (ii) the current prospectus;
- (iii) the latest reports and accounts referred to under the heading "Meetings of, and Reports to, Shareholders";
- (iii) the 2002 Law and the law of 10th August 1915 on commercial companies, as amended.

05013/3.688801v1