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PUBLICATION OR DISTRIBUTION INTO OR IN DIRECTLY  
OR INDIRECTLY AUSTRALIA, CANADA, JAPAN OR THE  
UNITED STATES OR TO U.S. PERSONS**

**CARADOR INCOME FUND PLC**

*78 Sir John Rogerson's Quay*

*Dublin 2, Ireland*

**This document is important and requires your immediate attention. If you are in any doubt as to the action you should take you should seek advice from your stockbroker, bank manager, solicitor, accountant or other appropriately authorised independent financial adviser.**

**This document has not been reviewed by the Central Bank of Ireland (the "Central Bank").**

**If you have sold or transferred all of your shares ("Shares") in Carador Income Fund plc (the "Company") please pass this document at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee as soon as possible.**

**Except where the context otherwise requires, defined terms used herein shall have the same meaning as those used in the Company's prospectus dated 16 July 2012 (the "Prospectus"). For this purpose, the section entitled "Definitions" on pages 40 to 45 of the Prospectus is incorporated by reference into this document. A copy of the Prospectus may be obtained from the website of the Company at: [www.carador.co.uk](http://www.carador.co.uk).**

**This document is sent solely in relation to the Extraordinary General Meeting of the Company and does not constitute an offer of, or the solicitation of an offer to buy or subscribe for, securities of the Company in the United States or to any person in any other jurisdiction to whom or in which such offer or solicitation is unlawful. The distribution of this document in certain jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. In particular, this document is not for release, publication or distribution in or into the United States or to U.S. Persons, save to existing shareholders in the Company ("Shareholders") who are either (a) QIBs who are also QPs or (b) AIs who are also Eligible ICA Investors.**

24 May 2013

Dear Shareholder,

**Re: Changes affecting the Company and forthcoming Extraordinary General Meeting**

**1. Introduction**

This circular sets out the background to, and reasons for, proposals to amend certain structural features of the Company, which are described in more detail in Part 5, and provides notice of an Extraordinary General Meeting of the Company ("EGM") which is being held at 4.00 p.m. (Irish time) on 26 June 2013 at 78 Sir John Rogerson's Quay, Dublin 2, Ireland at which approval will be sought for the following proposals (the "Proposals"):

- 1.1 to amend the articles of association of the Company (the "Articles"):
  - (a) to permit the creation of "repurchase pool" share classes;
  - (b) so that instead of a winding-up vote taking place in 2021, a continuation vote would be held instead in 2022;
  - (c) to enable an amendment to the distribution policy such that the Company is not required to pay out all net income each year; and
- 1.2 to give authority to the Board to issue and allot up to 500 million new Shares in the Company.

*Directors: Werner Schwanberg (German); Edward D'Alelio (U.S.);  
Nicholas Moss (U.K.); Fergus Sheridan and Adrian Waters.  
Registered office: As above. Registered number: 415764.*

In addition, as further set out in Part 6, the Company is making an amendment to the performance fee hurdle.

The cumulative effect of the Proposals is intended to provide for a continuing vehicle benefitting from scale (the current net asset value (“NAV”) of the Company is U.S.\$538.3 million) and exposure to the attractive opportunities that exist in the collateralised loan obligation (“CLO”) market. In addition, the Proposals should enable the Company to manage its dividend policy and continue to provide consistency of quarterly dividends.

## 2. Shareholder consultation

The Board, through its advisors, has recently undertaken a consultation process with major Shareholders and, in developing the Proposals, has taken into consideration the views expressed in that process.

## 3. Background

The Company has delivered strong shareholder returns with an annualised NAV total return of 26.54 per cent. from the launch of the U.S. Dollar share class on 9 December 2008 to 30 April 2013. The CLO market has evolved significantly over the last 12 months and much of the strong returns over the last three years have been generated from significant cashflows and a re-rating of CLO Mezzanine and Income Notes. The Company believes that the opportunity to deploy significant capital in the secondary CLO market at attractive returns will diminish over the next few years. In contrast, as described in Part 4, the primary CLO market recovered dramatically in 2012 and primary CLO Income Notes may now offer higher risk-adjusted internal rates of return (“IRRs”) than those currently available in the secondary market (“risk-adjusted” in this context means adjusting for potential losses from defaults).

As a result, the Company intends to take advantage of the opportunity to invest in primary CLO Income Note transactions which, although permitted under the current investment policy, needs to be considered alongside some of the structural features of the Company.

### *Performance of the Company<sup>1</sup>*

As at 30 April 2013, the unaudited NAV per U.S. Dollar Share was \$0.9908 (excluding the dividend paid on 9 May 2013). At the same date, the share price was \$1.0038, representing a premium to NAV of 1.31 per cent<sup>2</sup>. The Company has generated strong NAV total returns and paid a growing annual dividend since the issue of the U.S. Dollar Shares:

| <i>Year</i>       | <i>NAV %<br/>Total Return</i> | <i>Dividends<br/>per share</i> |
|-------------------|-------------------------------|--------------------------------|
| 2008 <sup>†</sup> | 0.00                          | \$0.0019                       |
| 2009              | 1.08                          | \$0.0693                       |
| 2010              | 50.30                         | \$0.0722                       |
| 2011              | 19.19                         | \$0.1125                       |
| 2012              | 50.96                         | \$0.1483                       |
| 2013*             | 1.43                          | \$0.0340                       |

**Annualised Return      26.54 per cent.**

<sup>†</sup> from 1 December 2008.

\* to 30 April 2013.

## 4. The CLO market and the opportunity in primary CLOs

U.S. senior secured loans in a CLO structure have historically proved to be resilient investments over the market cycle. Pre-financial crisis, the U.S. CLO market had reached in excess of \$100 billion in issuance at its peak in 2007. The primary CLO market largely ceased issuance during 2009/10; however, the market has

1 Past performance provides no guarantee or assurance of future returns.

2 It should be noted that although the Q1 2013 Ex Div date was 1 May, after the April month end, the Administrator calculates the NAV on an Ex Div basis, recognising the dividend as a liability. Therefore whilst the NAV above is shown Ex Div the corresponding share price was Cum Div.

since recovered with total issuance of \$55 billion in 2012 and U.S.\$30 billion in the four months to the end of April 2013.

At 30 April 2013, the Company was invested as follows (primary notes refer to investments issued in the Primary Market since 2011, that is after the financial crisis. All other investments are deemed to be secondary notes.):

- 49.35 per cent. in secondary Income Notes;
- 29.88 per cent. in secondary Mezzanine Notes;
- 0.58 per cent. in primary Income Notes; and
- 18.07 per cent. in primary Mezzanine Notes.

At 30 April 2013, the secondary Income and Mezzanine Notes had a weighted average term to legal maturity of 7.6 years. However, 52.89 per cent. of the CLOs, by NAV, will have reached the end of their reinvestment period by the end of 2013. Therefore, GSO Capital Partners International LLP (the “Investment Manager”) expects significant amounts of principal to be returned over the next two to three years. As a result, if the Proposals are not implemented, there is expected to be a reduction in the Company’s interest receipts and return profile and a return of capital to investors.

As CLO financing costs came down during 2012, primary Income Note investments have started to offer increasingly attractive risk-adjusted returns. The forecast primary CLO issuance, including the considerable CLO refinancing requirements, is expected to provide a robust pipeline of primary opportunities in the coming years.

The Board believes that an attractive investment proposition exists in the primary CLO market and, given the profile of secondary CLO investments, a growing investment into primary CLOs has the potential to be beneficial to Shareholders and reinforce the Company’s ability to maintain consistent dividend payments to Shareholders.

Relative to secondary CLOs, the Investment Manager believes primary CLOs offer investors the following advantages:

- attractive risk-adjusted returns for a longer duration;
- cleaner portfolios of senior secured loans;
- greater visibility of cashflows due to less call and prepayment potential;
- ability to buy in size; and
- the potential to secure superior economics by investing in a majority stake of the Income Notes of a given CLO.

In future, to seek to diversify manager risk in Primary Market CLOs, no more than 20 per cent. of NAV in any calendar year may, at the time of investment, be invested in Mezzanine and/or Income Notes of Primary Market CLOs managed by an affiliate of the Investment Manager. In measuring compliance with this limit, the aggregate amount of such positions that have been purchased and sold in the same calendar year shall not be counted towards the 20 per cent. limit.

## **5. Proposals**

### **5.1 *Replacement of 2017 continuation vote with a repurchase opportunity for investors***

The Directors stated in 2011 that it was their intention to propose a continuation vote at the annual general meeting (“AGM”) to be held in 2017. As a result of the proposal to increase the level of investment made in primary CLOs, the Directors now believe that it would be more appropriate to offer investors a repurchase opportunity in 2017, in place of a continuation vote.

The Directors recognise that some Shareholders may wish to consider an exit from the Company other than through the market, particularly if the Shares are trading at a discount to NAV. Therefore, the Directors are proposing the introduction of a 5-yearly repurchase opportunity where an investor may be able to elect, subject to certain conditions and the Directors' discretion, to realise its Shares through a repurchase pool.

If this proposal is approved by Shareholders, at the Directors' discretion, Shareholders may be offered a repurchase opportunity for up to 100 per cent. of their holding in 2017 if the Shares have traded at an average discount to NAV in excess of 5 per cent. over the 12 month period prior to 30 April 2017 (a "Repurchase Offer"). The average discount would be determined by taking each month-end published NAV compared to the average daily Share price for each trading day in that month and adding together the average discount or premium for each month in the twelve month period and dividing the total by twelve.

In the event that the discount-triggered realisation mechanism is not activated, the Directors may, at their absolute discretion, propose an ordinary resolution to Shareholders at the AGM in 2017 to approve a repurchase opportunity on substantially the same terms as those described above.

It is intended that after 2017, Shareholders will be given 5-yearly repurchase opportunities on the same basis. Any Repurchase Offer will be subject to the requirements of the Central Bank and in accordance with the relevant laws. If elections to repurchase are made in respect of more than 75 per cent. of the Shares, the Directors will consider whether a winding-up resolution should instead be put to Shareholders.

In implementing a Repurchase Offer, the Directors will allocate to a repurchase pool (the "Repurchase Pool") assets of the Company with an aggregate value (as at the NAV Calculation Date immediately preceding the establishment of the Repurchase Pool) equal to the NAV (as at the same date) attributable to the Shares to be repurchased. As the general pool of assets comprising the Company (the "General Pool") is expected to consist of cash as well as investments in CLOs, the assets allocated to the Repurchase Pool will include a cash element as well as a share of the non-cash assets held. Shareholders participating in the Repurchase Offer ("Exiting Shareholders") will receive Repurchase Pool Shares which, subject to the then existing regulations, are anticipated to be admitted to listing on the Official List of the UK Listing Authority ("UKLA") and to trading on the Main Market of the London Stock Exchange. Repurchase Pool Shares will carry full voting rights.

The proportion allocated to the Repurchase Pool in cash and non-cash assets would be *pro rata* to the cash and non-cash assets held in the Portfolio, provided that there may be circumstances when a *pro rata* allocation may not be reasonably practicable in relation to certain assets (e.g., minimum denominations of assets make a split impossible and/or impractical or transfer restrictions make certain assets unsuitable for the Repurchase Pool). In all cases, as required by the Central Bank of Ireland, asset allocation will be subject to the approval of the Board and the Custodian.

An initial cash payment (if available) in the currency of denomination of the Repurchase Pool Shares will be made on a *pro rata* basis to Exiting Shareholders following the closing of the Repurchase Offer with further cash payments to be made, at the discretion of the Directors, as assets in the Repurchase Pool are realised. The time it will take to realise the non-cash assets contained in the Repurchase Pool and therefore to distribute repurchase proceeds to Exiting Shareholders will depend on (i) market conditions and how quickly the Investment Manager is able to sell such assets at prices it considers to be reasonable in the circumstances; (ii) the remaining maturity of the investments; and (iii) any early redemption of the investments. The Directors expect that in normal circumstances it should be possible to realise the assets comprised in a Repurchase Pool and distribute the proceeds to Exiting Shareholders within six to nine months of the relevant repurchase date. However, this may take longer in less favourable market conditions.

The costs and expenses of implementing the Repurchase Offer will be payable out of the Repurchase Pool together with the Repurchase Pool's *pro rata* share of the ongoing costs and expenses of the Company and any costs and expenses of the Company attributable solely to such Repurchase Pool

until such time as the Repurchase Pool has been fully realised and all repurchase proceeds have been distributed.

The foregoing changes will require amendments to be made to the Articles.

### 5.2 ***Amendment of the Articles to replace the winding-up vote with a continuation vote and an amendment to the distribution policy***

The Articles currently provide that a winding-up vote will be put to Shareholders at the AGM in 2021.

A consequence of this provision is that the Company is required to pay out all of its net income in any year to Shareholders to seek to ensure that the Company is not treated as an “offshore fund” under the UK tax regime so that UK investors are taxed as to capital on any disposal of their Shares.

The purchase price of the Income Notes of CLOs reflects both income and capital receipts to maturity; accordingly, the Company treats a proportion of each quarterly cash flow received from each Income Note as capital, which is capable of reinvestment. Once capital (plus a return at an assumed reinvestment rate) equal to 105 per cent. of the original purchase price has been retained, all future cash receipts revert to the income account and are available for distribution. As a result of this policy the Company will pay Shareholders increasing amounts of capital as income, resulting in a reduction in NAV over the next three to four years. The automatic payment of all receipts in this manner prevents the Directors from managing the distribution policy.

If the winding-up vote is removed, the Company will no longer be required to pay out all net income to fall outside of the offshore fund rules, which will enable the Company to manage its dividend policy.

The Company is therefore seeking Shareholder approval to remove the winding up vote in 2021, and replace it with a continuation vote in 2022 on terms that the Company continue for a further 10 years at the expiry of which a further continuation vote would be put. In addition, it is proposed that the provisions in the Prospectus detailing the current policy of the Company to pay out all net income in any year be amended with effect from 1 July 2013 as follows:

#### ***Dividend policy***

*The Directors will distribute all or part of the Company’s net income (after reasonable expenses and retaining an element of cash flow receipts on Income Notes of CLOs) received from the underlying investments as quarterly dividends in January, April, July and October each year. The Directors aim to make consistent, quarterly dividend payments, and may use any retained net income to assist in implementing this policy.*

The rest of the detailed dividend policy remains unchanged as stated in the Prospectus.

Based on the current portfolio and absent a change in market conditions, the Directors, acting on advice from the Investment Manager, believe that the remaining quarterly dividends for 2013 should be within a fairly narrow range of the Q1 2013 dividend of \$0.034 per Share.

*These are targets and not forecasts and there can be no guarantee or assurance that these returns or dividends or any particular level of return or dividends will be achieved.*

### 5.3 ***Shareholder authority to issue new Shares***

At the time the Company released its 2011 annual report and financial statements on 27 April 2012, the Directors stated that they had agreed with the Investment Manager that an aggregate of U.S.\$175 million of new funds could be raised through future fund raisings (including the amounts to be raised pursuant to that issue of C Shares). Amounts in excess of this would require the approval of Shareholders. Following the issue of C Shares in 2012 the Company has capacity to raise a further U.S.\$50 million before 31 May 2013 without the approval of Shareholders.

Alongside an investment in primary CLOs, the Directors are aware of significant demand for the Company's Shares, as evidenced by the premium to NAV at which the Shares have traded. The Directors intend to conduct one or more placings of Shares or C Shares to increase the Company's capital base to take advantage of market opportunities.

Accordingly, a resolution is proposed to permit the issue of 500 million Shares on a non-pre-emptive basis. It is intended that such Shares shall be in the form of C Shares or General Pool Shares issued at a premium to NAV.

## **6. Change to performance fee hurdle**

The Investment Manager is entitled to be paid a performance fee in respect of the U.S. Dollar Shares equivalent to 13 per cent. of the amount by which the value of the NAV at the financial year-end per U.S. Dollar Share, plus dividends per U.S. Dollar Share paid in the period, exceeds the value of the NAV as at the end of the previous completed accounting reference period as increased by the Hurdle Rate (currently 12-month U.S. Dollar Libor) plus 2 per cent.

To reflect the current low interest rates, with effect from the performance fee calculation period starting on 1 January 2014, the Investment Manager has determined to introduce a minimum level Hurdle Rate which will be the higher of 12-month U.S. Dollar Libor and 4 per cent. for the purpose of the performance fee, plus 2 per cent. If this Hurdle Rate was applicable as at today's date, the performance fee would be payable on returns exceeding 6 per cent. in the financial year.

*The changes proposed in Parts 5.1 and 5.2 require amendments to be made to the Articles. A copy of the proposed revised Articles will be available for inspection at the registered office of the Company at 78 Sir John Rogerson's Quay, Dublin 2, Ireland and at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG, United Kingdom, during normal business hours on any Business Day from the date of this circular until the conclusion of the EGM and at the place of the EGM for at least 15 minutes prior to, and during, the EGM. If any changes of a material nature are made to the draft Articles (for example, to meet the Central Bank's requirements) before they are tabled for approval at the EGM, these changes will be brought to the attention of Shareholders as soon as is reasonably practicable and, in any event, at the EGM before consideration of the resolutions to adopt the revised Articles.*

## **7. Effective date**

Provided that the Proposals outlined in Part 5 are approved by Shareholders, the effective date will be 26 June 2013 (i.e., the date of the EGM).

Confirmation as to whether or not the proposals outlined in Part 5 have been approved by Shareholders will be contained in a regulatory announcement following the EGM and will also be available on the website of the Company. It is intended that an information memorandum will also be published by the Company following the EGM containing details of these changes and the changes set out in Part 6. A copy of the information memorandum will be available, free of charge upon request, at the registered office of the Company: Carador Income Fund plc, 78 Sir John Rogerson's Quay, Dublin 2, Ireland.

## **8. Extraordinary General Meeting on 26 June 2013**

You will find attached a notice of the EGM, which will be held at 78 Sir John Rogerson's Quay, Dublin 2, Ireland on 26 June 2013 at 4.00 p.m. (Irish time). At the EGM, Shareholders will be asked to consider the items of special business contained in the Proposals described above in Parts 5.1-5.3.

Each of the proposals described in Parts 5.1-5.3 requires the approval of the Shareholders by way of special resolution. The proposal described in Part 5.3 also requires the approval of the Shareholders by way of an ordinary resolution. In the case of each special resolution this means that at least 75 per cent. of the votes cast by Shareholders present and voting in person or by proxy at the EGM must be in favour of the resolution. In the case of an ordinary resolution this means that a simple majority of the votes cast by Shareholders present and voting in person or by proxy at the EGM must be in favour of the resolution.

Copies of the resolutions to be adopted can be found in the notice of the EGM which accompanies this letter.

If you would like to vote on the resolutions but cannot come to the EGM, you can appoint a proxy to exercise all or any of your rights to attend, vote and speak at the EGM by using the attached proxy form.

**9. Action to be taken**

If you are a Shareholder, you will find enclosed with this document a Form of Proxy for use at the EGM.

Whether you intend to be present at the EGM or not, you are asked to complete the Form of Proxy in accordance with the instructions printed thereon and to return it to the Company Secretary, State Street Fund Services (Ireland) Limited, 78 Sir John Rogerson's Quay, Dublin 2 or return it by fax (Fax number: +353-1-416 1450) as soon as possible and, in any event, so as to arrive not later than 4.00 p.m. (Irish time) on 24 June 2013. The completion and return of the Form of Proxy will not preclude you from attending the EGM and voting in person if you wish to do so.

**10. US voting restrictions**

Only persons outside the United States who are not U.S. Persons (as defined in Regulation S under the Securities Act) will be permitted to vote for or against the resolutions, save for existing Shareholders in the Company who are either (a) QIBs who are also QPs or (b) AIs who are also Eligible ICA Investors. Any person who holds Shares may be required by the Directors to sell or transfer its Shares to a person qualified to own the same and provide the Directors with evidence of such sale or transfer if its holding would (i) give rise to an obligation on the Company to register as an "investment company" under the Investment Company Act or any similar legislation; (ii) give rise to an obligation on the Company to register under the Exchange Act or any similar legislation; (iii) result in the Company not being considered a "Foreign Private Issuer" as that term is defined by Rule 3b-4(c) promulgated under the Exchange Act; or (iv) in the opinion of the Board cause the assets of the Company to be considered "plan assets" within the meaning of the plan asset regulations 29 C.F.R. § 2510.3-101 adopted by the United States Department of Labor under ERISA (each such person, a "Prohibited Person" and such Shares, in the circumstances in (i), (ii), (iii) and (iv) above a "Prohibited Share"), to the extent permitted under the CREST rules.

**11. Recommendation**

The Board considers the Proposals to be in the best interests of the Company and the Shareholders as a whole and, accordingly, the Board unanimously recommends that you vote in favour of the resolutions.

Should you have any questions relating to these matters, you should either contact us at the above address or your stockbroker, bank manager, solicitor, accountant or other appropriately authorised independent financial adviser.

Yours sincerely



*DIRECTOR*

For and on behalf of  
Carador Income Fund plc

**CARADOR INCOME FUND PLC**  
**(the “Company”)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**  
**OF THE COMPANY**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take you should seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other professional adviser.**

**If you have sold or transferred all of your shares in the Company (“Shares”), please forward this document at once to the purchaser or transferee or to the stockbroker, bank manager or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee as soon as possible.**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (“EGM”) of the members of the Company will be held in the offices of State Street Fund Services (Ireland) Limited at the registered address of the Company at 78 Sir John Rogerson’s Quay, Dublin 2 at 4.00 p.m. (Irish time) on 26 June 2013. Also enclosed is a proxy form in order for you to cast your votes on the matters to be voted on at the EGM. Only those members registered as members of the Company as of the record date set out herein (the “Record Date”) shall have the right to participate and vote in the EGM.

**Special Business**

1. To consider, and if thought fit, pass the following as an Ordinary Resolution of the Company:

“**RESOLVED THAT**, for a period concluding the earlier of immediately prior to the Annual General Meeting of the Company to be held in 2014 or 31 December 2014, the Board be and is hereby authorised to allot up to 500 million Shares in the Company, provided that such authority is additional to the authority (if any) granted to the Board to allot Shares at the Annual General Meeting scheduled to be held at 3.00 p.m. (Irish time) on 26 June 2013.”

2. To consider, and if thought fit, pass the following as a Special Resolution of the Company:

“**RESOLVED THAT**, for the period referred to in item 1, the Board be and is hereby authorised to allot the Shares referred to in item 1 without having previously to offer such Shares to Shareholders on a pre-emptive basis.”

3. To consider, and if thought fit, pass the following as Special Resolutions of the Company:

- (a) “**RESOLVED THAT:**

- (1) the articles of association of the Company (the “Articles”) be and are hereby amended as follows:

- (a) by the insertion of the following defined terms in alphabetical order in Article 1:

*“Distributable Reserve” means the portion of the Net Asset Value of the Company attributable to Repurchase Pool Shares which is available to satisfy repurchases of those shares.*

*“Repurchase Pool Class Conversion” means, in relation to any Class of General Pool Shares, the conversion of shares in that Class to Repurchase Pool Shares in accordance with the provisions of Article 11.*

*“Repurchase Pool Class Election” means the request to participate in a Repurchase Pool Class Conversion that is submitted to the Company in accordance with the provisions of Article 13.*



*“Repurchase Offer” shall have the meaning given to it in Article 13(c).*

*“Repurchase Pool Shareholder” means a person who is registered as a holder of Repurchase Pool Shares in the Register.*

*“Repurchase Pool Shares” means shares in the Company designated as Repurchase Pool Shares which participate only in the Pool attributable to the relevant Class or Classes of Repurchase Pool Shares.*

- (b) by the deletion of the defined terms “General Pool Shares”, “Member”, “OECD” and “Pool” in Article 1 and their replacement as follows:

*“General Pool Shares” means the shares in the Company other than the C Shares or Repurchase Pool Shares which participate only in the Pool attributable to the Classes of shares other than the Classes of C Shares and Repurchase Pool Shares.*

*“Member” or “Shareholder” means a person who is registered as the holder of shares in the Register.*

*“OECD” means the Organisation for Economic Co-operation and Development which currently comprises Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the U.K. and the U.S.*

*“Pool” means a separate pool of assets and liabilities as described in Article 16(q) created for a Class of C Shares, a Class or Classes of Repurchase Pool Shares or the Classes of General Pool Shares, as the case may be.*

- (c) by the insertion of the following after Article 5(c)(vii):

- (d) (i) *Without prejudice to the generality of Article 5(a) and subject to the Act and the Rules, the Directors are authorised to issue Repurchase Pool Shares of such Classes in such numbers and on such terms as they may resolve, provided that such terms are consistent with the provisions of these Articles of Association.*
- (ii) *If there are in issue at the same time Repurchase Pool Shares carrying different rights, each shall be deemed to be a separate Class. The Directors may, if they so decide, designate each Class of Repurchase Pool Shares in such manner as they see fit in order that each Class of Repurchase Pool Shares can be identified.*
- (iii) *Repurchase Pool Shareholders shall have the right to attend, speak and vote at any general meetings of the Company and the relevant Class, as the case may be, in accordance with the provisions of these Articles of Association.*
- (iv) *The Repurchase Pool Shares shall be transferable in accordance with Article 17.*
- (v) *Without prejudice to its obligations under the Act and the Rules, the Company shall in relation to each Class of Repurchase Pool Shares:*
- (A) *procure that the Company’s books and records shall be operated so that the assets attributable to the Repurchase Pool Shares of the relevant Class or Classes (as the case may be) can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall procure that separate cash and securities accounts shall be created and*

*maintained in the books of the Company for the assets attributable to the Repurchase Pool Shares of the relevant Class or Classes (as the case may be);*

(B) *allocate to the assets attributable to the Repurchase Pool Shares of the relevant Class or Classes (as the case may be) such proportion of the expenses or liabilities of the Company incurred or accrued between the date of issuance of the Repurchase Pool Shares and the date the Repurchase Pool Shares are repurchased by the Company (both dates inclusive) as the Directors fairly consider to be attributable to the Repurchase Pool Shares of the relevant Class or Classes (as the case may be); and*

(C) *give appropriate instructions to the Investment Manager, the Custodian and the Administrator to manage the Company's assets so that such undertakings can be complied with by the Company.*

(vi) *In relation to each Class of General Pool Shares where a Repurchase Offer is approved by the Directors at their discretion, the General Pool Shares in respect of which a Repurchase Pool Class Election is submitted shall be converted into Repurchase Pool Shares of the equivalent currency Class in accordance with the provisions of Articles 11 and 13.*

(d) by the deletion of Article 9(e) and its replacement as follows:

(e) *Article 9(b) shall not apply in relation to the allotment of bonus shares, the allotment of Repurchase Pool Shares, nor to a particular allotment of equity securities if these are, or are to be, wholly or partly paid otherwise than in cash.*

(e) by the deletion of Article 11(d) and (e) and their replacement with the insertion of new Article 11(d), (e), (f) and (g) as follows:

(d) *Subject to the provisions of Article 13, in the case of a Repurchase Pool Class Conversion, the Directors shall procure that:*

(i) *General Pool Shares designated in a particular currency in respect of which a Repurchase Pool Class Election has been submitted shall be converted on the relevant NAV Calculation Date into Repurchase Pool Shares of the same currency;*

(ii) *as soon as practicable following such report, an announcement is made advising holders of General Pool Shares of the Class in respect of which a Repurchase Pool Class Election has been submitted of the aggregate number of Repurchase Pool Shares of the relevant Class to which holders of General Pool Shares of that Class are entitled on the Repurchase Pool Class Conversion;*

(iii) *the Repurchase Pool Shares of the relevant Class arising upon Repurchase Pool Class Conversion shall be divided amongst the former holders of General Pool Shares of the relevant Class in respect of which a Repurchase Pool Class Election has been submitted pro rata according to their respective former holdings of General Pool Shares of the relevant Class.*

(e) *The following conditions shall apply to a Class C Conversion, a Compulsory Conversion or a Voluntary Conversion (each a "Conversion"):*

- (i) *the number of New Class Shares, new General Pool Shares of the relevant Class (as the case may be) to be issued on Conversion shall be determined by the Directors in accordance with the following formula:*

$$NS = \frac{(A \times B - TC) \times C}{D}$$

*where:*

*NS = the number of New Class Shares or new General Pool Shares of the relevant Class (as the case may be) which will be issued;*

*A = the number of Original Class Shares or C Shares (as the case may be) to be converted;*

*B = the Net Asset Value per share of such Original Class Shares or C Shares (as the case may be) to be converted on the relevant NAV Calculation Date;*

*C = the currency conversion factor (if any) as determined by the Directors;*

*D = the Net Asset Value per share of New Class Shares or new General Pool Shares of the relevant Class (as the case may be) or the Initial Price per share (in a case in which shares in the Class of New Class Shares or new General Pool Shares (as the case may be) are being issued for the first time pursuant to the Conversion) on the relevant NAV Calculation Date; and*

*TC = the transaction charge incurred in connection with the proposed transaction which shall not in any event exceed 5 per cent. of the Net Asset Value per Share of the New Class Shares. No transaction charge will be levied in the case of a Compulsory Conversion, a Class C Conversion.*

- (ii) *Upon Conversion, the Company shall cause cash and/or non-cash assets representing the value of NS as defined in (e)(i) above to be allocated to the Class comprising the New Class Shares, or new General Pool Shares (as the case may be).*
- (f) *The following conditions shall apply to a Repurchase Pool Class Conversion, (a “Conversion”):*
- (i) *Repurchase Pool Shares shall be issued on a one-for-one basis with the General Pool Shares which have been converted;*
- (ii) *the Repurchase Pool Shares shall be issued at an Initial Price per share which is equal to the Net Asset Value per share of the General Pool Shares as of the relevant NAV Calculation Date less a transaction charge to cover all fees, expenses and costs incurred in connection with the proposed transaction which may include, without limitation, the fees, expenses and costs associated with the issuance and listing of the Repurchase Pool Shares but shall not in any event exceed 5 per cent. of the Net Asset Value of the General Pool Shares;*
- (iii) *upon Conversion, the Company shall cause cash and/or non-cash assets representing the value of the Repurchase Pool Shares referred to at (f)(i) above to be allocated to the Class comprising the Repurchase Pool Shares.*
- (g) *The Conversion shall be effected by way of redesignation of Original Class Shares, C Shares or General Pool Shares (as the case may be) into New Class Shares, new General Pool Shares or Repurchase Pool Shares of the relevant Class*

*(as the case may be) or in any such other manner as the Directors may determine in accordance with applicable laws. Fractions of New Class Shares, new General Pool Shares or Repurchase Pool Shares arising on such conversion will be rounded down to the nearest whole share.”*

- (f) by the deletion of Article 13 and its replacement as follows:

**REPURCHASE OF SHARES**

- (a) *The Company is not entitled to repurchase its own shares other than on termination of the Company or in circumstances where the Directors determine to repurchase shares at the Net Asset Value per share or otherwise at the discretion of the Directors in accordance with the proper exercise of their fiduciary duties and such shares shall be cancelled on repurchase. Repurchase proceeds shall be paid within thirty Business Days of the repurchase. The Members shall have no right whatsoever to request the Company to repurchase any shares.*
- (b) *In the event that the Company is required to deduct, withhold or account for tax on a disposal of shares by a Member (whether upon a repurchase or transfer of shares or otherwise), upon the payment of a distribution to a Member (whether in cash or otherwise) or in any other circumstances in which a tax liability arises in respect of shares held by a Member, the Directors shall be entitled to arrange for the cancellation of such number of the shares of such Member as are sufficient to discharge any such tax liability. Furthermore, the Company shall be entitled to deduct from the proceeds of the repurchase of shares such amount of tax as the Company is required to account for, deduct or withhold. The Directors may decline to register a transferee as a Member until such time as they receive from the transferee such declarations as to residency or status as they may require. The Company shall arrange to discharge the amount of tax due.*
- (c) *If General Pool Shares in a Class trade at an average discount to the Net Asset Value per share of the relevant Class in excess of 5 per cent. over the twelve month period ending on or around 30 April 2017 or such other date as may be set out in the Prospectus (the “Repurchase Offer Reference Date”), Shareholders in that Class may, at the discretion of the Directors, be offered a repurchase offer (“Repurchase Offer”) subject to the requirements of the Central Bank and in accordance with applicable law. Except where otherwise provided in the Prospectus, the average discount over the twelve month period shall be determined by: (i) taking each Net Asset Value per Share published in respect of a NAV Calculation Date and comparing it to the average daily share price for each trading day that month; and (ii) adding together the average discount or premium for each month in the twelve month period and dividing the total by twelve. The Company shall repurchase Repurchase Pool Shares in accordance with the rules and procedures set out in these Articles of Association and in the Prospectus.*
- (d) *Following the Repurchase Offer Reference Date in 2017, Shareholders may, at the discretion of the Directors, be offered further Repurchase Offers at five yearly intervals or with such other frequency as may be determined at the discretion of the Directors. The conditions precedent to the Repurchase Offer in 2017 stated in Article 13(c) above shall apply mutatis mutandis to such further Repurchase Offers.*
- (e) *The Company shall provide Shareholders with a notice of a Repurchase Offer in accordance with the procedures set out in the Prospectus. A holder of the relevant General Pool Shares may, in the case of any Repurchase Offer, convert all or any*

*portion of such shares into Repurchase Pool Shares by submitting a Repurchase Pool Class Election to the Company.*

- (f) *A Repurchase Pool Class Election shall be in such form as the Company shall prescribe, shall be irrevocable and shall unless otherwise provided in these Articles be filed by a Member in written form at the registered office of the Company, or at the office of the person or entity from time to time designated by the Company as its agent for such purposes, and, at the request of the Company shall be accompanied by the share certificate (duly endorsed by the Member), if applicable, or by proper evidence of succession or assignment satisfactory to the Company, if applicable.*
  - (g) *Following the Repurchase Pool Conversion Date, the Directors shall, at their discretion, cause the Company to repurchase Repurchase Pool Shares subject to sufficient Distributable Reserves being available provided that all Repurchase Pool Shares shall be repurchased within twelve months of the relevant Repurchase Pool Conversion Date or within such longer period as may be agreed between the Company and the Central Bank. For the avoidance of doubt, the repurchase of Repurchase Pool Shares shall be at the discretion of the Directors and compulsory in nature and Members shall have no right to request the repurchase of any or all of the Repurchase Pool Shares during the relevant period. The process for the repurchase of the Repurchase Pool Shares and the payment of repurchase proceeds shall be set out in the Prospectus. Repurchase Pool Shares which are repurchased by the Company shall be cancelled.*
  - (h) *The repurchase price per Repurchase Pool Share in any Class of Repurchase Pool Shares shall be the Net Asset Value per share in that Class as of the NAV Calculation Date when the Repurchase Pool Shares are repurchased by the Company, less such deduction or repurchase charge as may be set out in the Prospectus provided that such repurchase charge shall not exceed 5 per cent. of the Net Asset Value of the shares subject to repurchase. Payment to a Member will ordinarily be made in the Base Currency, or in any other freely convertible currency at the rate of exchange for conversion on the date of payment and shall be dispatched within the period specified in the Prospectus for the relevant Class.*
  - (i) *In the event that the average discount referred to in Article 13(c) is not in excess of 5 per cent., the Directors may, at their discretion, propose an Ordinary Resolution at the annual general meeting in the relevant year to approve a repurchase offer on substantially the same terms as those set out in this Article 13.*
  - (j) *If the Company receives Repurchase Pool Class Elections in respect of 75 per cent. or more of the General Pool Shares, the Directors may, at their discretion, elect instead of applying the provisions of this Article 13 to convene a general meeting of the Company at which a resolution shall be proposed to wind up the Company.*
- (g) by the deletion of Article 14 and its replacement as follows:

#### **DURATION**

- (a) *At the annual general meeting to be held in the year 2022 and in every tenth year thereafter, the Directors will propose a Special Resolution to the effect that the Company continue for a further ten years.*
- (b) *In the event that a Special Resolution proposed pursuant to Article 14(a) is not passed, the Directors are required to formulate proposals to be put to Shareholders to wind-up, reorganise or reconstruct the Company.*

- (h) by the deletion of the first paragraph of Article 16(q) and its replacement as follows:

*If at any time a Class of C Shares or Repurchase Pool Shares is in issue, the Directors shall establish a separate pool of assets and liabilities attributable to such Class of C Shares or Repurchase Pool Shares (as applicable) and a single separate pool of assets and liabilities attributable to all Classes of General Pool Shares (each, a “Pool”). For the avoidance of doubt: (x) if a number of Classes of C Shares are in issue a separate Pool shall be established for each such Class; and (y) if a number of Classes of Repurchase Pool Shares are in issue, the Directors, at their discretion, may determine whether a separate Pool shall be established for each such Class or a single separate Pool be established for one or more such Classes. The Directors shall maintain all the assets, income, earnings, liabilities, expenses and costs of each Pool separate and separately identifiable from all other assets, income, earnings, liabilities, expenses and costs of the Company and the other Pools, and the following provisions shall apply thereto:*

- (i) by the deletion of Article 30(a), the first paragraph of Article 30(b), and Article 30(g) and their replacement as follows:
- (a) *The Directors may from time to time as they think fit pay such dividends on shares of the Company as appear to the Directors to be justified, subject to any policy statement in relation to dividends in the Prospectus.*
  - (b) *Unless otherwise provided for in the Prospectus, the amount available for distribution in any Accounting Period shall be a sum equal to the aggregate of the net realised and unrealised capital gains net of realised and unrealised losses and/or the net income received by the Company, subject to such adjustments in respect of the shares as may be appropriate under the following headings:*
  - (g) *The Directors may, with the sanction of an Ordinary Resolution, satisfy any dividend due to Members, in whole or in part, by distributing to them in specie any of the assets of the Company (other than assets which have a contingent liability). Alternatively, if a Member does not wish to receive a dividend by way of an in specie distribution, it may require the Directors to realise such investments necessary in order to effect the relevant distribution.*

and


- (2) the Articles in the form presented to the meeting be and are hereby adopted as the Articles to the exclusion of all existing articles of association.”

**The directors of the Company consider that the proposed changes to the Articles of the Company are in the best interests of the shareholders as a whole and recommend that you vote in favour of the proposals.**

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

|  |  |
|--|--|
| Date of this Notice                                | 24 May 2013                            |
| Record Date for voting at the EGM                  | 4.00 p.m. (Irish time) on 24 June 2013 |
| Latest time and date for receipt of Forms of proxy | 4.00 p.m. (Irish time) on 24 June 2013 |
| Extraordinary General Meeting                      | 4.00 p.m. (Irish time) on 26 June 2013 |

BY ORDER OF THE BOARD

SIGNED:   
For and on behalf of  
State Street Fund Services (Ireland) Limited  
*Secretary*

Dated this 24th day of May 2013

**NOTE:**

Every member entitled to attend and vote at the EGM is entitled to appoint a proxy to attend, speak and vote in his/her stead. A body corporate may appoint an authorised representative to attend, speak and vote on its behalf. A proxy or an authorised representative need not be a member of the Company. The instrument appointing a proxy must be lodged at the office of the Company Secretary, State Street Fund Services (Ireland) Limited, 78 Sir John Rogerson's Quay, Dublin 2, Ireland for the attention of Ms. Ciara Timon or return it by fax (Fax No. 353-1-416 1450) at least 48 hours before the commencement of the meeting.

All Shareholders have equal voting rights based on the number of Shares held. The total number of Shares (and, accordingly, voting rights) in the Company is 543,253,359 U.S. Dollar Shares. However, subject to certain exceptions, only persons outside the United States who are not U.S. Persons (as defined in Regulation S under the United States Securities Act of 1933, as amended) will be permitted to vote for or against the resolutions. Copies of the full and unabridged text of the Memorandum and Articles of Association of the Company may be obtained, free of charge, upon request at the registered office of the Company at 78 Sir John Rogerson's Quay, Dublin 2, Ireland.

