

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER AUTHORISED FINANCIAL ADVISER.

The Fund is an experienced investor fund and complies with the requirements of the Financial Supervision (Experienced Investor Fund) (Exemption) Order 1999 (as amended) (the “Order”) of the Isle of Man. Shares are only available to persons whom the Administrator considers to be sufficiently experienced to understand the risks associated with an investment in the Fund.

Each participant in the Fund must be an experienced investor for the purposes of the Order, that is, a person who is sufficiently experienced to understand the risks associated with an investment in the Fund (an “Experienced Investor”).

The Fund is not subject to approval in the Isle of Man and investors are not protected by any statutory compensation arrangements in the event of the Fund’s failure. The Isle of Man Financial Supervision Commission does not vouch for the financial soundness of the Fund or for the correctness of any statements made or opinions expressed with regard to it.

The Administrator has approved this Offering Document being the offering document for the purposes of the Order as containing sufficient information to enable an informed investment decision to be made.

Financial Foundations PLC

(an open-ended investment company incorporated under the laws of the Isle of Man
with registered number 115908C)

Offering Document

Dated 17th March 2006

IMPORTANT INFORMATION

This Offering Document and Restrictions on Distribution

This Offering Document describes Financial Foundations PLC (“the Fund”), an open-ended investment company incorporated on 15th March 2006 under the laws of the Isle of Man with registered number 115908C.

This Offering Document does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Purchasers should inform themselves as to the legal requirements within their own countries for the purchase of Shares and to any taxation or exchange control legislation applicable to them.

The Fund reserves, and intends to exercise, the right at its sole discretion to compulsorily redeem any shares offered, sold, transferred, assigned, delivered to or held in contravention of these prohibitions or in circumstances where Shareholdings may have adverse legal, fiscal or pecuniary consequences on the Fund or its remaining Shareholders.

This Offering Document has been prepared in connection with the offer and sale, outside of the United States of America its territories or possessions, of Shares in Financial Foundations PLC (the “Fund”), to investors who are neither citizens nor residents of the Isle of Man or the United States of America.

United States

No registration statement has been filed with the United States Securities and Exchange Commission or any US State Securities Authority with respect to this offering. None of the Shares have been or will be registered under the United States Securities Act of 1933, as amended (the “1933 Act”) and none of the Shares may be offered, sold, transferred, assigned or delivered, directly or indirectly, in the United States of America, its territories and possessions, any State of the United States of America or the District of Columbia (the “United States”), or to any US Person as defined herein. In addition, the Fund has not been and will not be registered under the United States Investment Company Act of 1940, as amended (the “1940 Act”).

Shares may not, directly or indirectly, be offered, sold, transferred, assigned or delivered to, or held by, any US Person as defined in this Offering Document, at any time or any person in the United States of America or any person in circumstances which might result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantages which the Fund might not otherwise incur or suffer, or would result in the Fund being required to register under the 1940 Act or the Investment Manager or any affiliate being required to register under the United States Commodity Exchange Act, as amended.

Isle of Man

None of the Shares may be subscribed for, by or on behalf of, or as trustee or nominee for, any person who is resident for tax purposes in the Isle of Man.

Reliance on this Offering Document

Statements made in this Offering Document and any Supplement are based on the law and practice in force in the Isle of Man at the date of the Offering Document, which may be subject to change. Neither the delivery of this Offering Document nor the offer, issue or sale of Shares in the Fund shall under any circumstances constitute a representation that the affairs of the Fund have not changed since the date hereof. This Offering Document will be updated by the Fund to take into account any material changes from time to time. Any information or representation not contained herein or given or made by any

broker, salesperson or other person should be regarded as not authorised by the Fund and should accordingly not be relied upon.

This Offering Document does not purport to contain all the information that a prospective investor may desire in investigating the investment but contains all material information. Investors should not treat the contents of this Offering Document as advice relating to legal, taxation, investment or other matters. You should consult your stockbroker, accountant, solicitor, independent financial adviser or other professional adviser.

The Shares are transferable subject to certain conditions (see “Investing in the Fund” at page 13), but will not be transferable under any circumstances to US Persons as defined at page 7.

Prospective subscribers are not to construe this document as legal or tax advice. Each subscriber should consult his own advisers for advice concerning the various legal, tax and economic considerations relating to the purchase of Shares. No representations or warranties of any kind are intended, or should be inferred, with respect to the economic return or the tax consequences from a purchase or sale of Shares.

Risk Factors

The Fund’s investment programme is speculative and entails a certain degree of risk; there can be no assurance that appreciation will occur or that losses will not be realised. The value of the Shares may fall as well as rise and investors may not get back the value of their original investment. Investors should read and consider the section entitled “Risk Factors” before investing in the Fund.

DIRECTORY

Financial Foundations PLC

Directors	Pritesh R Desai Jayne M Evett
Promoter	James Sproats Kay Lane Farm, Kay Lane Lymm, Cheshire WA13 0TN
Company Secretary	Nigel A A McFarlane 31-37 North Quay Douglas Isle of Man IM1 4LB
Registered Address	31-37 North Quay Douglas Isle of Man IM1 4LB
Auditor	PKF (Isle of Man) LLC P O Box 16, Analyst House 20-26 Peel Road Douglas Isle of Man, IM99 1AP
Custodian	Collins Stewart (CI) Limited PO Box 328 Landes du Marché Chambers Landes du Marché Vale Guernsey GY1 3TY
Investment Manager	Collins Stewart (CI) Limited (Isle of Man Office) Anglo International House Bank Hill Douglas Isle of Man IM7 3AB
Legal Advisors in the Isle of Man	Simcocks Advocates Limited Ridgeway House Ridgeway Street Douglas Isle of Man British Isles IM99 1PY
Administrator	Blue Sea International Limited 31-37 North Quay Douglas Isle of Man IM1 4LB

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- DEFINITIONS -

Annual Accounting Date	31 st December in each year.
Articles	The Articles of Association of the Fund.
Base Currency	The currency of account of a Share Class as specified in this Offering Document or any supplementary offering document
Board	Board of Directors of the Fund.
Business Day	Any day which is a Business Day in the Isle of Man and London. The Directors may amend the definition of Business Day from time to time and Shareholders will be given 30 days' prior notice of any change.
Class Fund	Means as defined at page 26.
Dealing Day	The Business Day following the Valuation Day or such other day as the Directors may from time to time determine. Shareholders shall be given 30 days' notice of any change in Dealing Day. The Board may determine additional Dealing Days without notice to Shareholders.
Direct Share Classes	Means the US Dollar Direct Share Class and the Euro Direct Share Class
Euro or €	The unit of a single currency as defined in and subject to the provisions of Council Regulation (EC) No. 1103/97 and Council Regulation (EC) No. 974/98 of 3 May 1998 and all other regulations on the introduction of the Euro.
Euro Share Classes	Means the Euro Direct Share Class, the Euro Institutional Share Class, the Euro Ten Year Share Class and the Euro Retail Share Class.
Experienced Investor	Means a person who, in relation to the Fund, is sufficiently experienced to understand the risks associated with an investment in the Fund.
Fund	Means Financial Foundations PLC.
Initial Offering Period	Means the initial offer of Shares in each class of Shares for a period of up to one month, with the option that the Board may extend such period at their discretion.
Institutional Share Classes	Means the US Dollar Institutional Share Class and the Euro Institutional Share Class.
Issue Price	Means the price per share at which a Share is issued or transferred or converted, calculated in accordance with the Articles by reference to the Net Asset Value per Share of the relevant Share Class as at the Valuation Day prior to the relevant Dealing Day.
Management Shares	Means as defined at page 27.
Minimum Investment	The minimum initial investment and minimum additional investment is as detailed in the Supplementary Memorandum for each class of Shares.

Net Asset Value or NAV	The net asset value of the Fund calculated in accordance with the Articles, or the net asset value per Share, as the context requires.
Nominal Shares	Means as defined at page28.
“the Order”	Means the Isle of Man Financial Supervision (Experienced Investor Fund) (Exemption) Order 1999.
Prohibited Persons	Any person, as determined by the Directors, to whom a sale or transfer of Shares would be in breach of the laws or requirements of any jurisdiction or governmental authority or in circumstances (whether taken alone or in conjunction with other persons or any other circumstances appearing to the Directors to be relevant) which, in the opinion of the Directors, might result in the Company and/or its Shareholders as a whole incurring any liability to taxation or suffering any other regulatory, pecuniary, legal, taxation or material administrative disadvantage that the Company might not otherwise have suffered or incurred. US Persons are Prohibited Persons.
Redemption Price	Means the price per share at which a Share is redeemed or re-purchased, calculated in accordance with the Articles by reference to the Net Asset Value per Share of the relevant Share Class as at the Valuation Day prior to the relevant Dealing Day.
Redemption Request Form	A request in writing given by a Shareholder to redeem all or part of his holding of Shares, in the form set out Appendix C, such request to be effective from the date of receipt, if such date is a Business Day.
Shareholders	Means holders of Shares.
Shares	Means participating redeemable preferences shares of nominal value US\$0.01 or €0.01 each in the capital of the Fund
Share Class	Means a class of Shares in the Fund
Ten Year Share Classes	Means the US Dollar Ten Year Share Class and the Euro Ten Year Share Class
Unclassified Share	Means a participating redeemable preference share in the capital of the Fund of US\$0.01 or €0.01 nominal value available for issue as Shares of any class or as Nominal Shares, as determined by the Directors.
US Dollar, USD or US\$	United States Dollars, the lawful currency for the time being of the United States of America.
US Dollar Share Classes	Means the US Dollar Direct Share Class, the US Dollar Institutional Share Class and the US Dollar Ten Year Share Class.
US Person	For the purposes of this offering document, but subject to applicable law and to such changes as may be notified to applicants for shares and transferees, “US Person” means: (a) any natural person who is a resident of the United States; (b) any partnership or corporation organised or incorporated under the laws of the United States; (c) any estate of which any executor or administrator is a US Person; (d) any trust of which any trustee is a US Person as

defined in sub-paragraphs (a) and (b) herein; (e) any agency or branch of a foreign entity located in the United States; (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or fiduciary for the benefit or account of a US Person; (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or, if an individual, resident in the United States; (h) any partnership or corporation if (i) organised or incorporated under the laws of any foreign jurisdiction and (ii) formed by a US Person principally for the purpose of investing in securities not registered under the United States Securities Act of 1933 (the “1933 Act”) unless it is organised or incorporated and owned, by accredited investors (as defined in Rule 501 (a) under the 1933 Act) who are not natural persons, estates or trusts; or (i) any entity organised principally for passive investment such as a commodity pool, investment company or other similar entity (other than a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States) (1) in which US Persons hold units of participation representing in the aggregate 10 per cent. or more of the beneficial interest in the entity; or (2) which has as a principal purpose the facilitating of investment by a US Person in a commodity pool with respect to which the operator is exempt from certain requirements under the United States Commodity Exchange Act regulations by virtue of its participants being non-US Persons.

“US Person” does not include: (a) a discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated or, if an individual, resident in the United States; (b) any estate of which any professional fiduciary acting as executor or administrator is a US Person if (i) an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate and (ii) the estate is governed by foreign law; (c) any trust of which any professional fiduciary acting as trustee is a US Person if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settler if the trust is revocable) is a US Person; (d) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; (e) any agency or branch of a US Person located outside the United States if (i) the agency or branch operates for valid business reasons and (ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively in the jurisdiction where located; or (f) certain international organisations as specified in Rule 902(o)(7) of Regulation S under the 1933 Act.

Please Note: The above definition is provided for guidance only. It is not a statement of the present legal definition of U.S. Person and has not been verified by a United States attorney. Investors should seek independent legal advice if they are unsure of their status.

Valuation Day

Means in relation to any Share Class, the last Business Day of each calendar month or any other Business Day the Board shall deem to be necessary, for the purposes of valuing the Net Asset Value and the price at which Shares of a Class may be issued or redeemed, or for the purpose of calculating the fees payable to service providers appointed by the Fund as the case may be, and which shall be as stated in the Supplementary Memorandum relating to each Share Class.

PART 1

- THE COMPANY -

General

The Fund was incorporated under the laws of the Isle of Man as a public limited liability company on 15th March 2006 with registration number 115908C under the provisions of the Isle of Man Companies Acts 1931-2004.

The Fund is an open-ended investment company of unlimited duration and qualifies as an experienced investor fund under the Order. Accordingly, it may only issue its Shares to Experienced Investors as defined in the Order and its Articles of Association prohibit the issue of Shares to a new participant unless and until such participant has signed the necessary statement acknowledging that they are an Experienced Investor.

Share Classes

Shares in the Fund may be issued in a number of Share Classes. The following Share Classes are available for issue to investors:

Euro Direct Share Class
Euro Institutional Share Class
Euro Ten Year Share Class
Euro Retail Share Class

(the “**Euro Share Classes**”)

US Dollar Direct Share Class
US Dollar Institutional Share Class
US Dollar Ten Year Share Class

(the “**US Dollar Share Classes**”)

The Directors may create further Share Classes from time to time.

Management Shares

In addition to the Share Classes outlined above, the Fund has issued Management Shares fully paid at par to Mr James Sproats, the Promoter of the Fund.

The Management Shares have voting rights, in particular in relation to the appointment and removal of directors and, as the holder thereof, Mr Sproats controls the Fund.

However, the Management Shares are not redeemable and have limited rights to participate in the assets of the Fund on the winding up of the Fund.

Investment Policy

The objective of the Fund is to provide long term capital growth within medium risk parameters, achieving consistent risk-adjusted returns. It is the Investment Manager’s intention to focus on managing

risk as well as return with the aim of delivering consistent and superior investment returns with reduced risk and volatility.

The Fund will invest the assets of each Share Class principally in a diversified portfolio of equities, fixed interest products, market neutral products, traded life policies and cash. Accordingly, investors in the Fund must generally be willing to accept higher risk, particularly in the short term, in anticipation of higher long term returns. The base currency of each portfolio will correspond with the denomination of the Share Class concerned; and, in order to reduce currency risk, there will generally be a large proportion of assets held in the base currency of the portfolio.

Investors should note that each Share Class may also differ in relation to the currency in which the Shares are denominated, the method of subscription for Shares and the charging structure, details of which are set out in the Supplementary Memorandum for the relevant Share Class.

The Investment Manager intends to focus on managing risk as well as return and aims to deliver consistent and superior investment returns in excess of the benchmark with reduced risk and volatility.

Whilst the Fund has a wide investment remit the Investment Manager will primarily utilise its proven fund of funds methodology and will strive to add value using active asset allocation which, depending upon the approach taken, will include approximately 10-20 of the Investment Manager's preferred funds at any time, although this will be determined by prevailing market conditions at the time of investment. The Investment Manager utilises a vigorous screening process to select funds which involves both quantitative and qualitative analysis.

The Fund intends that risk management will play an important role in investment strategy, particularly in the area of asset allocation. During periods of market turbulence, it is therefore intended that the emphasis will be on capital preservation; during such periods the Fund intends to increase the exposure of the assets of each Share Class to market neutral instruments and raise cash in order to protect the value of the portfolio.

The Investment Manager has appointed an asset allocation committee, which meets regularly, and makes its decisions based on economic and market analysis, fundamental and technical data, risk evaluation and correlation analysis.

Borrowing

Pursuant to the Articles, the Directors may exercise all of the powers of the Fund to borrow and to give security therefor. At present it is envisaged that borrowings will only be incurred to meet redemptions which would otherwise result in the Fund having prematurely to realise investments or to meet timing differences arising on the settlement of investments within the Fund and that such borrowings will be limited to an amount equal to 25% of the Net Asset Value at the time of borrowing.

Dividend Policy

The Fund's objective is capital appreciation, which will be pursued in part by the re-investment of investment income. Consequently, the Fund does not intend to pay any dividends in the normal course of its business.

PART 2

- RISK FACTORS -

General

Before making an investment decision in relation to the Shares, prospective investors should carefully consider all of the information contained in this Offering Document. Investment in the Fund carries with it a degree of risk. The risk factors set out below are not exhaustive. There may be other risks that a prospective investor should consider that are relevant to his or its particular circumstances or generally.

No guarantee is given that Shareholders will receive back the full amount of their investment in the Shares or that the investment objectives will be met. Trading strategies are not always successful.

There is no assurance that the investment approach of the Fund will be successful or that the Fund will achieve its investment objectives. It should be appreciated that the value of Shares can go down as well as up, and that investors may not realise the amount initially invested. Past performance does not necessarily indicate future performance.

Investment in the Fund is only suitable for investors for whom an investment in the Fund does not constitute a complete investment programme and who fully understand and are willing to assume the risks involved in the Fund's investment programme.

Establishment Charge

For those Classes where there is an Establishment Charge (being the Direct Share Classes and the Euro Retail Share Class), Investors should note that the price at which Shareholders subscribe for Shares is lower than it would have been if there were no establishment charge and the price at which Shares are redeemed will also be lower. In addition, it should be noted that the adverse effect of the establishment charge on Net Asset Value per Share increases as the level of subscriptions to the Class increases.

Furthermore, the establishment charge is effectively a charge on the Class as a whole and accordingly all Shareholders continue to bear an element of the ongoing establishment charge notwithstanding that they have held their Shares beyond the 60 month amortisation period applicable to their own subscription. However, Investors should note that it is the intention of the Directors under such circumstances to convert Shares in the Direct Share Classes and the Euro Retail Share Class into Shares in the Institutional Share Classes (see "Conversion of Shares") at page 17). In effect, on expiry of such period, the Shares concerned will be converted into Shares in the US Dollar Institutional Share Class or the Euro Institutional Share Class, as appropriate.

Reliance on the Investment Manager

The profitability of the Fund will depend on the Investment Manager's ability to generate positive returns on behalf of the Fund. There is no assurance that the Investment Manager will remain as Investment Manager to the Fund for any fixed period of time.

Lack of regulation

Financial Foundations PLC is not subject to approval in the Isle of Man or the United Kingdom and investors are not protected by any statutory compensation arrangements in the event of the Fund's failure. Neither the Isle of Man Financial Supervision Commission nor the United Kingdom Financial Services

Authority vouches for the financial soundness of the Fund or for the correctness of any statements made or opinions expressed with regard to it.

The Fund may invest in investment funds which are not subject to any form of authorisation or regulatory supervision. Therefore, investment in such schemes carries a higher potential risk and this should be taken into account before making any investment decision.

Transferability Restrictions

Shares are subject to restrictions on redemption, assignment and transfer provisions as set out in this Offering Document and the Supplementary Memoranda. There will be no secondary market for Shares.

Currency Risk

Shares in the Fund may be denominated in US Dollars or Euro. In the event that the Fund invests in securities denominated in a currency that differs from the base currency of the investing Share Class, that Share Class will be exposed to adverse changes in foreign exchange rates.

Tax and Regulatory Change

The tax consequences to the Fund and to Shareholders, the ability of the Fund, as a foreign investor to invest in certain markets, the ability of the Fund to repatriate its assets including any income and profit earned on those assets and other operations of the Fund are based on existing regulations which are subject to change through legislative, judicial, or administrative action in the various jurisdictions in which the Fund and the Investment Manager operate.

Liquidity of investments

Investments may be or become illiquid for a variety of reasons and it may under certain market conditions be difficult or impossible to close out a position. This may occur, for example, where trading is suspended or restricted at times of rapid price movement. Shares are therefore suitable only for investors who do not require immediate liquidity for their investments.

Borrowing/Gearing

Investors should be aware that whilst the use of borrowings should enhance the Net Asset Value when the value of the Fund's underlying assets is rising, it will have the opposite effect when the underlying asset value is falling. Furthermore, any fall in the underlying asset value may result in the Fund breaching financial covenants contained in any facility agreements entered into with a lender. Any interest rate movements may affect the performance of the Fund.

If the Fund is required to repay all or part of any borrowings, it may be required to repay such borrowings in whole or part together with any attendant costs, and may be required to sell part of its assets at less than market value or at a time and in circumstances where the realisation proceeds are reduced because of a downturn in asset values at that time. Amounts owing under a secured bank facility will rank ahead of Shareholders' entitlements and, accordingly if the Fund's assets do not grow at a rate sufficient to cover the costs of establishing and operating the Fund, Shareholders may not recover the amount initially invested in the Fund.

Hedging

The Investment Manager may, at its absolute discretion and subject to all applicable investment restrictions, engage in transactions involving hedging for any Share Class created by the Fund. However,

there can be no assurance that instruments suitable for hedging currency or interest rate risks will be available at the time when the Fund wishes to use them.

Except as mentioned above in connection with borrowings to meet redemptions, the Fund will not enter into gearing or stocklending arrangements.

Investment in Exempt International Schemes or other Unregulated Collective Investment Schemes

The Fund has the power to invest in schemes which may not be subject to any form of authorisation or regulatory supervision. Such schemes are not required to have an independent custodian or any custodian at all. Therefore, investment in such schemes carries a higher potential risk and this should be taken into account in any investment decision.

The foregoing list of risk factors does not purport to be complete or fully explain the risks involved in an investment in the Fund. Prospective investors should read through the entire Offering Document including all appendices before determining to invest in the Fund.

PART 3

- SHARES IN THE COMPANY -

Issue of Shares

The Board of Directors are authorised without limitation to issue Shares at their discretion. Fractional Shares may be issued up to two decimal places.

Information applicable to each Share Class will be contained in separate Supplementary Memoranda, copies of which will be provided to all current investors in the Fund, including details of the amount of any initial and top up subscriptions.

The following Share Classes are currently available for issue:

- **Dollar Institutional Share Class**
- **Euro Institutional Share Class**
- **Dollar Direct Share Class**
- **Euro Direct Share Class**
- **Dollar Ten Year Share Class**
- **Euro Ten Year Share Class**
- **Euro Retail Share Class**

Following the Initial Offer Period for each Share Class issued by the Fund, Shares may be purchased on any Dealing Day at the relevant Subscription Price representing the aggregate of the Net Asset Value per Share in the relevant Class on the Valuation Day immediately preceding the relevant Dealing Day, adjusted for fiscal and other charges, if any, in accordance with the Articles, the Initial Charge (if any) and any adjustment for, respectively, rounding or handling charges.

Investing in the Fund

Shares are only available to persons whom the Administrator is satisfied are Experienced Investors (as defined in this Offering Document) who are not Prohibited Persons. Applications made by persons who are not Experienced Investors or who are Prohibited Persons will be rejected. **Subscribers and**

transferees of Shares (other than existing Shareholders) must sign the declaration, contained in the Application Form, acknowledging that he is an “Experienced Investor” under the terms of the Order.

The Directors may decline to accept any application for Shares, in whole or in part, in their absolute discretion without giving any reason. In such event the application money or any balance will be returned (without payment of interest) either by transfer to the remitting bank account (where practicable) and less any wire transfer charges, or otherwise by cheque posted to the applicant (at his risk and expense). Subject to the provisions relating to eligibility of investors in the Fund, all subscriptions, once made, are irrevocable.

Initial Offer

During the Initial Offer Period, Shares will be available for subscription at the following prices:

<u>Share Class</u>	<u>Initial Price Per Share</u>
• Dollar Institutional Share Class	US\$100
• Euro Institutional Share Class	€100
• Dollar Direct Share Class	US\$100
• Euro Direct Share Class	€100
• Dollar Ten Year Share Class	US\$100
• Euro Ten Year Share Class	€100
• Euro Retail Share Class	€100

Initial Charges and Subscription Fees

Shares in some Share Classes are subject to the payment of an initial charge or subscription fee. Details of any such initial charge or subscription fee are set out in the Supplementary Memorandum for the relevant Share Class. Any such initial charge or subscription fee will be deducted from the amount of any subscription before calculating the number of Shares to be issued.

Continuing Offer

Subsequent to the Initial Offering Period, provided that the minimum investment is subscribed for, Shares will generally be available for purchase at the Issue Price per Share Class on each Dealing Day. Shares issued in each Share Class will be denominated in the base currency specified in this offering document or in the Supplementary Memorandum for the relevant Share Class.

Subscription Procedure

In order to subscribe for Shares, all subscribers must:

- (A) Complete the attached Appendix A - “Application Form”, (page 34)
- (B) Attach all relevant identification documents as set out in the attached Appendix A .

Both individual investors and corporate investors must complete the signature provision at page 40.

All completed documents must be forwarded to:

Financial Foundations PLC
c/o Blue Sea International Limited
31-37 North Quay
Douglas
Isle of Man IM1 4LB

Subscription monies (US\$ or Euro) must be transferred as follows:

USD	PAYMENT BY MT100/MT103
BANK	Wachovia Bank NA, New York
SWIFT ADDRESS	PNBPUS3NNYC
Account Name (Field 57)	The Royal Bank of Scotland International Ltd
Account number	2000193009149
IBAN	GB79RBOS16588058286939
Beneficiary (Field 59)	BLUE SEA CLIENT A/C RE FINANCIAL FOUNDATIONS
Account Number	5880-58286939
Reference (field 70)	Subscription to Financial Foundations PLC – Ref (<i>please quote your name</i>)

EURO	PAYMENT BY MT100/MT103
BANK	The Royal Bank of Scotland Plc, Correspondent Banking Branch, Great Tower Street, London
Account Name (Field 57)	The Royal Bank of Scotland International Ltd
SWIFT ADDRESS	RBOSGB2L
Account number	WGIOM-EURC
IBAN	GB79RBOS16588058286939
Beneficiary (Field 59)	BLUE SEA CLIENT A/C RE FINANCIAL FOUNDATIONS
Account Number	5880-58286939
Reference (field 70)	Subscription to Financial Foundations PLC – Ref (<i>please quote your name</i>)

Applications for Shares must be made to the Administrator by 5.00pm on the Business Day prior to the relevant Dealing Day. The Fund reserves the right to refuse any subscription where cleared funds are not received in the Administrator's Client Account, at least 3 (three) Business Days before the Dealing Day. Requests received after this deadline will be held over until the next Dealing Day and Shares will then be issued at the Net Asset Value per relevant Share Class applicable on such Dealing Day.

Applicants for Shares are required to specify, on application, a bank account into which the proceeds of any redemptions will be paid. The Administrator will not make third party payments and bank accounts must therefore be held in the name of the Shareholder. Any subsequent alteration of such instructions must be in writing and duly signed by the Shareholder, which, together with their full name and registered address, will constitute the proof of identity required to implement instructions by fax for holders of Shares. The Administrator will not accept telephone instructions.

In order to comply with laws and regulations designed to prevent Money Laundering, an applicant for Shares or transferee will also be required to produce evidence of his identity satisfactory to the Administrator (see "Money Laundering" at page 32). Production of the necessary documents together with the subscription form will avoid any delay in investment or issue of confirmation.

Receipt for Monies and Deal Notes

If so requested a receipt will be issued by the Administrator on receipt of any payment on application. Interest will not be paid on subscription monies received prior to the Dealing Day.

Proof of purchase of Shares will be evidenced by the issue of a deal note sent to investors by the Administrator within 30 (thirty) days of the relevant Dealing Days. Share certificates will not be issued. All Shares issued will be held in non-certificated form and recorded in the Fund's register of Shareholders. Shares will be calculated to two decimal places.

Compulsory Redemption

The Directors have power under the Articles to give notice to a Shareholder requiring the transfer or redemption of any Share (i) held or beneficially owned by any person in breach of any law or requirement of any jurisdiction or governmental authority (or by any US Person (save where such US Person may lawfully own the same) or (ii) held or beneficially owned by any person such that the status, standing or tax residence of the Fund is or may be prejudiced or the Fund may suffer any pecuniary or regulatory disadvantage which it would not otherwise have suffered.

The Directors may by not less than four weeks' notice expiring on a Dealing Day to all holders of Shares of a certain Class compulsorily redeem all (but not some) of the Shares not previously redeemed at the redemption price on such Dealing Day, if in the opinion of the Directors it is considered advisable prudent or otherwise in the interest of the Shareholders to do so as a result of any enactment legislation or other event or circumstances whatsoever.

If either: (i) the Net Asset Value per Share Class is less than either US\$75.00 (for the US Dollar Share Classes) or €75.00 (for the Euro Share Classes) for any consecutive three-month period occurring after the first anniversary of the Fund's incorporation; or (ii) the aggregate Net Asset Value of all the Share Classes in the Fund is less than US\$5,000,000 (or the equivalent in Euros) for any consecutive three-month period occurring after the first anniversary of the Fund's incorporation; or (iii) if the Directors consider it advisable or prudent in the interests of shareholders as a result of any enactment, legislation or otherwise, the Fund may, in any such case, at its option, cause all Shares then outstanding to be redeemed.

Transfers of Shares

Transfer of Shares may only be made to persons who qualify as Experienced Investors for the purposes of the Order and who are not Prohibited Persons.

No new participant in the Fund, whether by virtue of subscription or transfer of any interest in the Fund, will be recognised and no such subscription or transfer will be effected unless and until such person has completed, signed and returned, to the Administrator, a declaration that the new participant or transferee is an Experienced Investor and has read and fully understood (i) the risk warnings relating to the Fund and (ii) this offering document.

Redemption of Shares

Shareholders may redeem their Shares on and with effect from any Dealing Day at the Redemption Price per Share Class on the relevant Dealing day (save during any period when the calculation of the Net Asset Value is suspended). Shareholders bear the risk of any decline in the Net Asset Value from the date notice of intent to redeem is given until the relevant redemption date.

Certain Share Classes may be subject to an Exit Charge upon the redemption of Shares. Details of any applicable charges will be contained in the Supplementary Memorandum for the relevant Share Class.

A Shareholder wanting to redeem his Shares must serve a Redemption Request Form (see Appendix B at page 41) on the Fund, c/o the Administrator, at 31-37 North Quay, Douglas, Isle of Man, IM1 4LB. Requests for redemption must be received by the Administrator not less 5 (five) Business Days prior to the relevant Dealing Day. Requests received after such time will be held over until the next Dealing Day.

No redemption proceeds will be paid out unless the original application form and related anti-money laundering documentation, if previously requested, has been received by the Administrator.

Where a Shareholder requests redemption of part of his Shares such that his resulting interest is less than US\$7,500 for the Euro Share Classes or €7,500 for the US Dollar Share Classes or currency equivalent, the Board may in its discretion require such Shareholder to redeem all of his Shares.

In the event that redemption requests are received for redemption of Shares representing in aggregate more than 50 per cent of the total number of Shares then in issue, the Fund may reduce the requests rateably and pro rata amongst all Shareholders seeking to redeem Shares on the relevant Dealing Day and carry out only sufficient redemptions which, in aggregate, amount to 50 per cent of the Shares then in issue. Shares which are not redeemed but which would otherwise have been redeemed will be redeemed on the next Dealing Day (subject to further deferral if the deferred requests exceed 50 per cent of the Shares then in issue) in priority to any other Shares for which redemption requests have been received. Shares will be redeemed at the redemption price prevailing on the Dealing Day on which they are redeemed.

Conversion of Shares

The Directors have power under the Articles: (i) to allow Investors to convert Shares into Shares of another Class; and (ii) to effect compulsory conversions of Shares into Shares of another Class. The Directors have resolved in general not to allow such conversion at the instance of Investors; and to effect compulsory conversions only in relation to the conversion of Shares in those Classes where there is an Establishment Charge into Shares in the Institutional Share Classes where the Shareholders concerned have held their Shares beyond the 60 month amortisation period applicable to their own subscription (see “Establishment Charge” at page 11).

Settlement

Payment of redemptions will normally be made within 10 (ten) days after determination of the relevant Net Asset Value.

However, the Directors in their absolute discretion may defer payment of all or any part of the redemption proceeds, without interest, if for any reason, including but not limited to, illiquidity or other restraints on realisation of investments (see “Risk Factors” at page 11), funds to pay the redemption proceeds are not immediately available to the Fund and the Directors consider that to make payment out of other resources (if available) would be materially prejudicial to the interests of remaining members.

The Fund may defer payment of the proceeds of a redemption if, in the judgement of the Fund’s Directors, liquidating investments in order to raise sufficient funds to pay redemption proceeds will be unduly burdensome to the Fund.

The Directors have discretion to pay redemption proceeds due to Shareholders in whole or in part by distributing to them in specie any of the assets of the Fund, and in particular any shares or securities of other companies to which the Fund is entitled.

Suspension of Valuation and Dealing

The Board may suspend the calculation of the Net Asset Value and consequently may suspend the right of Shareholders to require the Fund to issue or to redeem any Shares of the Fund when it is reasonable to do so for the whole of any part of the following periods:

- (a) during which any recognised stock exchange or other securities market dealing in the Fund's investments ("Securities Market") or money or foreign exchange market is closed, other than customary weekend and holiday closings;
- (b) during which trading on any such Securities Market or money or foreign exchange market is restricted; or
- (c) during which a breakdown occurs in any of the means normally employed by the Directors in ascertaining the prices of the Fund's investments or for any other reason the prices of the Fund's investments cannot in the opinion of the Directors reasonably be ascertained or circumstances exist as a result of which, in the opinion of the Directors, it is not reasonably practicable for the Fund to realise any of the Fund's investments or to receive remittances arising from realisation of such investments either at all or at normal rates of exchange.

No issue or redemption of Shares will take place during any period when the calculation of the Net Asset Value is suspended. Notice of any suspension will be given to any Shareholder tendering his Shares for redemption. During the period of suspension a Shareholder may withdraw his request for redemption. Such request must be in writing. If the request is not withdrawn, the redemption will take place as of the first Dealing Day following the end of the suspension, which in such instance will be the first Business Day thereafter.

Any suspension of redemptions and the calculation of the Net Asset Value will be notified as soon as reasonably possible to Shareholders and all steps will be taken to bring any period of suspension to an end as soon as reasonably possible.

Investors should be aware that the Redemption Price paid by the Fund for any Shares may be higher or lower than the Issue Price paid at the time of purchase of such Shares.

PART 4

- MANAGEMENT AND ADMINISTRATION -

Promoter

The Promoter of the Fund is Mr James Thomas Sproats of Kay Lane Farm, Kay Lane, Lymm, Cheshire WA13 OTN.

Mr Sproats was born on 21 October 1959 and was educated at Lymm High School and Liverpool University, from which he holds a Degree in Metallurgy and Material Science. He also holds the F.P.C. 1, 2 & 3 qualifications.

In October 1982, Mr Sproats joined Liberty Life, where he was employed until October 1996, rising to the position of Regional Director for the area from Preston to Bristol, with eight branches and one hundred and twenty sales people. At various times he received awards as the company's top Assistant Branch Manager, top Branch Manger and top Regional Manager.

In October 1996, he joined DeVere and Partners as Regional Director for Europe, tasked with establishing their European Region office from a “green field” starting point. By October 2004, Mr Sproats was responsible for the growth of the office to forty five consultants; furthermore, his was the first Region to start operating under a licensed regime and bring in compliance procedures, and the first to net issue commissions in excess of £1-million. While at DeVere, Mr Sproats also received numerous awards for business produced.

Since October 2004, Mr Sproats has been associated with the Alliance Partnership, which he established. The Alliance Partnership is a network for Financial Advisors, the object of which is to allow them access to a larger number of financial institutions; and also to provide them with compliance and administration support. At present, it consists of twelve brokerage firms.

Mr Sproats holds all the Management Shares of the Fund in issue and thus controls the Fund.

Directors

The Directors are responsible for managing the business affairs of the Fund.

The Fund’s Board is responsible for the management of the Fund and will review the investment and administrative affairs of the Fund.

The present Directors are:

Pritesh Desai

Mr Desai graduated in economics from the University of East Anglia and is a Fellow of the Association of Chartered Certified Accountants and a member of the Securities Institute. He obtained his post qualification experience with a leading firm of chartered accountants before founding Taitnys Management Limited in the Isle of Man, licensed as a corporate service provider by the Isle of Man Financial Supervision Commission. Mr Desai is a director of the Administrator and is involved with the structuring, management and administration of collective investment schemes.

Jayne Evett

Jayne Evett is a Director of the Administrator. Ms Evett has had many years’ experience in the investment field. Prior to her employment by the Administrator, Ms Evett was employed for 5 years by Caledonian Trust (IOM) Limited as Administrator of the fund services department and for 11 years by MeesPierson (Isle of Man) Limited as a Administrator in the fund services department and as an Investment Adviser in the investment management department where her clients were high net worth individuals. Ms Evett currently assists promoters and sponsors to set up offshore fund companies and manages the fund services operation for the Administrator.

Both of the Directors act in a non-executive capacity

The Fund’s Articles of Association provide that, subject to certain limitations and in certain circumstances, the Fund will indemnify the Directors, officers or liquidator of the Fund against all expenses, judgements, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative, or investigative proceedings.

The address of the directors is the registered office of the Fund.

No Director has:

- (i) any unspent convictions in relation to indictable offences; or

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- (ii) been bankrupt or the subject of a voluntary arrangement, or has had a receiver appointed to any asset of such Director; or
 - (iii) been a director of any company which, while he was a director with an executive function or within 12 months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangements with its creditors generally or with any class of its creditors; or
 - (iv) been a partner of any partnership, which while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset;
 - (v) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
 - (vi) been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any company.

The Administrator

The Administrator was incorporated in the Isle of Man on 22nd July 2004 and is owned by Pritesh Desai, a Director of the Administrator and the Fund, and Anthony Preece, a marketing executive. The Administrator is the holder of a category 3(b) investment business licence issued on 12th October 2004 under section 3 of the Investment Business Act 1991 of the Isle of Man and as such is authorized to act as Administrator of the Fund.

The Administrator's registered office is 31-37 North Quay, Douglas, Isle of Man. Its principal activity is the provision of a range of mutual fund administration services.

The Registrar and Transfer Agent

The Administrator acts as registrar and transfer agent of the Fund and as such is responsible for transfers and redemptions from Shareholders, for recording the pertinent shareholder information in the Fund's shareholder register, and for issuing the appropriate share certificates (if any) to new Shareholders, and as such is responsible for the recording and processing of subscriptions

The Investment Manager

The Fund has appointed Collins Stewart (CI) Limited (Isle of Man Office) as Investment Manager to the Fund.

Collins Stewart Tullett plc is a global financial services group listed on the London Stock Exchange and a constituent of the FTSE 250 index. Collins Stewart is the stockbroking and investment management part of the business, which, since its formation, has grown rapidly and has established itself as one of London's leading independent financial services groups.

The offshore division of Collins Stewart, Collins Stewart (CI) Limited ("CSCI"), has offices in the Isle of Man, Guernsey and Jersey. With approximately 180 staff in the three islands, they are the largest offshore Stockbroking and investment management business.

CSCI is licensed and regulated by the Isle of Man Financial Supervision Commission, the Guernsey Financial Services Commission and the Jersey Financial Services Commission. It is a member of the

London Stock Exchange, the Channel Islands Stock Exchange, OFEX and the International Capital Market Association. For the purposes of the Fund, CSCI, is a holder of category 5 (b) and 3(b) investment business licenses under the Investment Business Act 1991 of the Isle of Man.

The Custodian

Collins Stewart (CI) Limited has been appointed as custodian to the assets of the Fund. The Custodian is incorporated in Guernsey with number 22761. Its registered office is No 1 Le Truchot, St. Peter Port, Guernsey, GY1 4AE. The ultimate holding company of the Custodian is Collins Stewart Tullett plc which is incorporated in England and Wales and listed on the London Stock Exchange. The Custodian is licensed by the Guernsey Financial Services Commission in respect of its role as Custodian to the Fund.

Collins Stewart (CI) Limited (“CSCI”) has an in-house custody, settlement and back office administration centre, based in Guernsey. CSCI has built an experienced team of people who possess the full range of specific administrative skills. All back office staff are physically separated from investment staff and have reporting lines which avoid conflicts of interest. CSCI’s staff are supported by up-to-date systems and technology in which CSCI have already made, and continue to make, substantial investment.

CSCI adheres strictly to the very stringent rules and regulations imposed upon it by the GFSC and is subject to regular compliance monitoring. Client assets are effectively “ring-fenced” within CSCI’s custody framework which ensures the security of assets.

Advisers as to Isle of Man law

The Fund’s advisers as to Isle of Man law are Simcocks Advocates Limited of Ridgeway House, Ridgeway Street, Douglas, Isle of Man.

The Auditors

The Fund has appointed PKF (Isle of Man) LLC, as its auditors.

Potential Conflicts of Interest

The business of the Investment Manager and any investment advisor or their respective affiliates (“affiliates”) may involve trading for other funds, proprietary, capital and managed accounts, including commodity pools and the commodities markets. The Investment Manager and any investment advisor and affiliates may manage such accounts during the same period that the Investment Manager manages the Fund’s assets. In this connection, the orders for the Fund may be executed in competition with the orders for proprietary accounts, and other accounts managed by the Investment Manager and any investment advisor or affiliates. The Investment Manager and any investment advisor, certain of its affiliates and officers, Directors and employees may trade commodity interests for their own accounts and manage other accounts on different financial terms and therefore may have an incentive to favour certain accounts over others. However, under no circumstances in making trading decisions for the Fund will the Investment Manager and any investment advisor be permitted to favour any account managed by them over the Fund in any way or manner, except to the extent that trading leverage in the accounts may differ. The Investment Manager and any investment advisor will be required to treat the Fund in a fiduciary capacity to the extent recognised by applicable law. As a general matter, the records of trading by the Investment Manager and any investment advisor, affiliates and other officers, Directors and employees will not be made available to the Fund. In addition, the Investment Manager and any investment advisor and affiliates may use a number of different trading strategies and systems to trade for other Funds, proprietary and managed accounts. As a result, trading decisions generated by one trading programme and trading decisions made by another may be entirely different. Thus, positions may differ among the Investment Manager’s and any investment advisor’s accounts.

The Administrator and Custodian may from time to time act as administrator, secretary, registrar, or custodian provider in relation to, or be otherwise involved in, other funds established by parties other than the Fund, which have similar investment objectives to those of the Fund. It is therefore, possible that they may, in the course of business, have potential conflicts of interest with the Fund.

The Administrator and Custodian will, at all times, have regard in such events to their obligations to the Fund and the Board will use reasonable endeavours to ensure that such conflicts are resolved fairly and in the interests of the Shareholders.

PART 5

- FEES AND EXPENSES -

The Fund will pay the fees and expenses of the Promoter, the Investment Manager (including the fees payable to the Custodian) and the Administrator (including the fees payable to the Directors), as described in this offering document. In addition, the Fund will pay certain other costs and expenses incurred in its operation.

All fees will where appropriate bear value added tax.

Start Up Expenses

Expenses (including legal and other professional fees) relating to the set up of the Fund and the initial offering of its Shares are not expected to exceed £25,000 and will be paid by the Fund. Expenses (including legal and other professional fees) relating to the set up of additional Share Classes will be charged paid to the relevant Share Class.

Administrator's Fees

The Administrator will be paid a fee of 0.3% per annum of the aggregate Net Asset Value of all the Share Classes, subject to a minimum fee of £20,000 per annum, which minimum fee will be reduced to an annualised fee of £5,000 for the first six months, £10,000 for the second six months and £15,000 for the third six months. This fee will be paid monthly in arrears and apportioned pro-rata between all active Share Classes.

The Administrator will be paid an additional fee of £4,000 per annum, payable annually in advance, in respect of the services of Pritesh Desai and Jayne Evett as Directors; and £1,500 per annum, payable annually in advance, for provision of a suitably qualified company secretary and registered office.

The Administrator and the Directors will also be reimbursed for any reasonable out-of-pocket expenses incurred by them in performing their duties.

The Administrator's fees are subject to review after an initial period of six months and annually thereafter.

Investment Manager's Fees

The Investment Manager shall be paid an annual management fee of 1.5% per annum of the Net Asset Value of the US Dollar Share Classes and 1.95% per annum of the Net Asset Value of the Euro Share Classes, as at the last day of each calendar month and which shall be payable monthly in arrears on the last Business Day of each calendar month.

In the event that additional investment management fees are to be payable in respect of certain Share Classes, details of any such fees will be contained in the Supplementary Memorandum for the relevant Share Class.

The fees of the Custodian shall be discharged by the Investment Manager.

Initial Fees, Subscription Fees and Establishment Charge

The Fund reserves the right to pay the full amount of any Initial Fee, Subscription Fee or Establishment Charge to either the Promoter or introducers by way of commission and to retain any balance for its absolute use and benefit.

General

The Fund will bear all continuing offering costs and other operational expenses including, but not limited to, routine ongoing legal, auditing, directors' and officers' insurance and accounting expenses, consultants' fees, printing and mailing costs, bank fees, income tax exempt fees, company duty and filing fees etc, and extraordinary expenses, if any,

In addition, all expenses directly related to investment and trading activities will be borne by the Fund.

PART 6

- NET ASSET VALUE -

The Net Asset Value of each Share Class will be calculated by the Administrator as at close of business on the Valuation Day. The Board may at its discretion and without notice to Shareholders determine any other date as being an additional Valuation Day. Net Asset Value calculations are determined in the following manner:-

The Articles of Association (the "Articles") of the Fund provide for the valuation of the Shares by reference to the value of the net assets of the Fund. The Net Asset Value of the Fund means the total assets of the Fund less its total liabilities. The Articles provide for the method of valuation of the assets and liabilities of the Fund and state that the assets of the Fund shall include:

- (a) all cash on hand and on deposit, including any interest accrued;
- (b) all bills and demand notes and accounts receivable;
- (c) all investments owned or contracted for by the Fund;
- (d) all stock and cash dividends and cash distributions to be received by the Fund and not yet received by it, when the Net Asset Value is being determined as at the record date (or the ex-dividend date if different from the record date) or a date subsequent thereto;
- (e) all interest accrued on any interest-bearing investments owned by the Fund (except interest accrued on investments in default and interest which is included in the quoted price); and
- (f) all other property of every kind and nature including prepaid expenses as defined from time to time by the Directors.

The Articles also provide for the method of valuation of the assets and liabilities of the Fund as follows:

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- (a) The value of any cash on hand or on deposit, bills and demand and promissory 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 the Directors shall have determined that any such deposit, bill, demand or promissory note or account receivable or other amount is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Directors shall deem to be the reasonable value thereof.
- (b) Certificates of deposit, treasury bills, bank acceptances, trade bills and any other monetary instruments not otherwise provided for hereunder shall each be valued (on the basis of notification to the Directors by a person approved by the Directors for the purposes of this article whose business includes dealing in or effecting transactions in such investments) according to the normal dealing practice therein.
- (c) Subject to the above provisions, all investments shall be valued:
- (i) in the case of an investment which is an investment of any description other than units or shares in a collective investment scheme, at the mid-market dealing price of that investment;
 - (ii) in the case of investments which are units or shares in a collective investment scheme at the value determined by the manager of such collective investment scheme, at the mid-market dealing price for units or shares of the kind in question following the most recent valuation of the relevant scheme (or otherwise in accordance with the offer conditions of the relevant Share Class; as determined by the Directors);
 - (iii) if there is no price for the investment in question under (i) or (ii) above, at a reasonable estimate of the amount which would be paid to a seller by way of consideration for an immediate transfer or assignment to him at arm's length plus any fiscal charges or other charges payable.
- (d) In the case of any investment for which no price quotations are available as above provided, the value thereof shall be the fair value thereof as shall be determined from time to time in such manner as the Directors shall determine.
- (e) In the case of any investment realised or contracted to be realised at a known value the net proceeds of such realisation shall be taken into account in lieu of any other method of determining the value of the asset concerned subject to such allowance as the Directors consider appropriate if such net proceeds are receivable at some future date subsequent to the Valuation Day.

If in valuing any asset of the Fund the Directors at any time consider that any of the above mentioned bases of valuation are inapplicable or give rise to an unfair value they shall be entitled to substitute what in their opinion is a fair value for that asset.

The Net Asset Value of each Share Class shall be determined separately and to each such determination the above provisions shall apply as if references to the Fund were to each Share Class.

PART 7

- TAXATION –

General

The information below is a brief summary of the tax advice received by the Directors relating to current law and practice which may be subject to change and interpretation.

The information given below does not constitute legal or tax advice and prospective investors should consult their professional advisers on the possible tax consequences of buying, selling, converting, holding or redeeming Shares under the laws of the jurisdictions in which they may be subject to tax. Investors are also advised to inform themselves as to any exchange control regulations applicable in their country of residence.

Generally the tax consequences of acquiring, holding, converting, redeeming or disposing of Shares in the Fund will depend on the relevant laws of the jurisdiction to which the Shareholder is subject. These consequences will vary with the law and practice of the Shareholder's country of residence, domicile and with his personal circumstances.

The Company

The Assessor of Income Tax in the Isle of Man is expected to confirm that the Fund is eligible for exemption Isle of Man income tax under the provisions of the Income Tax (Exempt Companies) Act 1984, subject to the payment of an annual exemption fee (currently £475). The Fund will not therefore incur any additional liability to Isle of Man tax. One of the conditions of maintaining such status is that no Isle of Man resident may invest or have an interest in the Fund. It is the intention of the Directors to apply annually for this exemption.

Shareholders

Under current legislation in the Isle of Man, there is no income tax or withholding tax payable by its Shareholders who are not residents or citizens of the Isle of Man in respect of their Shares.

There is no capital gains tax, inheritance tax or stamp duty payable in the Isle of Man and therefore at present, neither the Fund, nor any non-Isle of Man resident Shareholders will suffer any tax in the Isle of Man on capital gains. Payments made by the Fund to non-Isle of Man resident Shareholders, whether made during the life of the Fund or by distribution on the liquidation of the Fund, will not be subject to Isle of Man tax.

A probate fee may be payable in respect of the estate of a deceased shareholder, up to a current maximum of £538.

Shares will not be offered, sold or delivered within the Isle of Man or to Isle of Man residents.

Currently there are no exchange control restrictions applicable in the Isle of Man.

EU Savings Tax Directive

The EU Savings Tax Directive (Council Directive 2003/48/EC) (the "Directive") came into force on 1st July 2005. The Isle of Man has entered into Agreements with the EU Member States. These Agreements effectively require the Island to comply with the requirements of the Directive, subject to certain other jurisdictions also complying. Once the provisions of the Directive are implemented by the Island, then

certain distributions and redemption proceeds paid by collective investment schemes established in the Isle of Man to shareholders who are individuals resident in the EU may be subject to withholding tax. However, the Isle of Man Government has determined that only one category of collective investment scheme, namely authorised schemes, will fall within the Directive and that all other types of collective investment scheme, including the experienced investor fund do not fall within the Directive. Accordingly, there will be no requirement to deduct withholding tax from any such distributions or redemption proceeds paid to Shareholders by the Fund.

PART 8

- STATUTORY AND MISCELLANEOUS INFORMATION -

The Fund

The Fund was incorporated under the laws of the Isle of Man as a public company with limited liability on 15th March 2006 in accordance with the provisions of the Companies Acts 1931-2004. The Fund is an open-ended investment company whose Shares are only available to Experienced Investors as defined in the Order.

The Fund's Memorandum of Association

The Fund has the capacity, rights, powers and privileges of an individual as stated at paragraph 4 of the Memorandum of Association and is currently subject only to the restrictions contained in its Articles of Association and Isle of Man law.

Share Capital

The Fund has an authorised share capital of (1) US\$10,100 divided into 100 management shares of US\$1.00 each ("Management Shares") and 1,000,000 unclassified shares of US\$0.01 (one cent) each ("Unclassified Shares"), and (2) €10,000 divided into 1,000,000 unclassified shares of €0.01 (one cent) each ("Unclassified Shares"). Unclassified Shares are available for issue as Shares or Nominal Shares.

The characteristics of shares are set out below. At the present time, there are seven Share Classes:

- Euro Direct Share Class
- Euro Institutional Share Class
- Euro Ten Year Share Class
- Euro Retail Share Class

- US Dollar Direct Share Class
- US Dollar Institutional Share Class
- US Dollar Ten Year Share Class

For further details of each Share Class, please refer to the Supplementary Memorandum for each Share Class.

Class Funds

Upon the creation and issue of classes of Shares, the Directors are required to establish a fund (a "Class Fund") for each Share Class in the following manner:-

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- (a) the net proceeds from the issue of each Share Class shall be applied to the Class Fund established for that Share Class, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Class Fund in the manner outlined below;
 - (b) any asset derived from another asset comprised in a Class Fund shall be applied to the same Class Fund as the asset from which it was derived and any increase or diminution of value shall be applied to the relevant Class Fund;
 - (c) in the case of any asset which the Directors do not consider as attributable to a particular Class Fund, the Directors shall have discretion to determine the basis upon which any such asset shall be allocated between Class Funds and shall have power at any time and from time to time to vary such basis;
 - (d) any liability shall be allocated to the Class Fund or Class Funds to which, in the opinion of the Directors, it relates or, if such liability is not attributable to any particular Class Fund, the Directors shall have discretion to determine the basis upon which any such liability shall be allocated between Class Funds and shall have power at any time and from time to time to vary such basis; and
 - (e) the Directors may transfer any assets to and from Class Funds if, as a result of a creditor proceeding against certain of the assets of the Fund or otherwise, a liability would be borne in a different manner from that in which it would have been borne under paragraph (d) above or in any similar circumstances.

In the event of a successful claim by a third party, the Fund and its assets as a whole will be liable. However, to the extent such liability is attributable to a particular Class Fund, the Directors have power under the Articles to make any necessary adjustments to ensure the liability is borne by the appropriate Class Fund.

Characteristics of Shares in the Fund

(i) Shares

Shares may be issued out of the Unclassified Share capital of the Fund and designated to any new or existing Share Class, at the sole discretion of the Directors from time to time and in accordance with the Companies Act 1931-2004.

Shares are redeemable and confer the right to participate in the profits and losses of the Fund. Shares hold no voting rights except where a resolution is proposed (i) to wind up the Fund; (ii) to alter the investment policy of the Fund; or (iii) to issue shares other than as Management Shares, Shares or Nominal Shares.

They confer the right in a winding-up or repayment of capital (i) to repayment of the nominal amounts paid up thereon in priority to any payment to the holders of any other Class; and (ii) after the repayment of the amounts paid up on the Management Shares and Nominal Shares to be paid an amount equal to that proportion of the Fund's surplus assets (after paying or providing for all expenses of liquidation and other liabilities) which their respective holdings of Shares represent at the commencement of winding up.

Subscriptions and redemptions are payable in the currency in which the Share Class is denominated.

(ii) Management Shares

Management Shares are entitled to vote at general meetings but do not participate in the profits or losses of the Fund. They also confer the right to vote on a winding up, and upon winding up or repayment of

capital, subject to the prior repayment of the nominal amount paid up on the Shares and Nominal Shares, to the repayment of the amount paid up on Management Shares. All Management Shares have been issued fully paid at par to Mr James Sproats.

(iii) **Nominal Shares**

Nominal Shares will only be issued at par to the Administrator for the purpose of providing funds for the redemption of the nominal amount of Shares. Nominal Shares may be redeemed at par. Nominal Shares may be converted into any Share Class by paying an amount per Share equal to the Issue Price on a Dealing Day less the nominal value of the shares converted. Holders of Nominal Shares are not entitled to vote at general meetings.

They also confer the right, in a winding-up or repayment of capital, subject to the prior repayment of the nominal amount paid up on the Shares, to the repayment of the nominal amount paid up on the Nominal Shares but do not participate in the profits or assets of the Fund.

(iv) **Unclassified Shares**

Means an unclassified share in the capital of the Fund of US\$0.01 or €0.01 nominal value available for issue as Shares of any Share Class or as Nominal Shares, as determined by the Directors.

Alteration of Share Capital and Pre-Emption Rights

The Fund may from time to time by ordinary resolution increase its capital by such sum to be divided into shares of such amounts as an ordinary resolution shall prescribe. All new shares are subject to the provisions of the articles of association with reference to payment of calls, lien, transfer, transmission, forfeiture and otherwise.

Subject to and in accordance with the provisions of the Companies Acts 1931-2004 (“the Companies Acts”), the Fund may by special resolution from time to time reduce its share capital in any way, and in particular, without prejudice to the generality of the foregoing power may:

- (1) extinguish or reduce the liability on any of its shares in respect of share capital not paid up; or
- (2) with or without extinguishing or reducing liability on any of its shares:
 - (a) cancel any paid-up share capital which is lost or which is not represented by available assets; or
 - (b) pay off any paid-up share capital which is in excess of the requirements of the Fund; and may, if and so far as necessary, alter its memorandum of association by reducing the amounts or its share capital and of its shares accordingly.

Subject to and in accordance with the Companies Acts the Fund may by ordinary resolution from time to time alter its share capital by:

- (1) consolidating and dividing all or any of its share capital into shares of larger amount than its existing shares; or
- (2) sub-dividing its shares, or any of them, into shares of smaller amount than that fixed by its memorandum of association, however, so that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; or

-
- (3) cancelling any shares which, at the date of the passing of the ordinary resolution in that behalf, have not been taken or agreed to be taken by any person, and diminishing the amount of its share capital by the amount of the shares so cancelled.

There are no pre-emption rights upon the issue of Shares in the Company.

Material Contracts

There follows a summary of the principal contents of all contracts which are or may be material entered into by the Fund, not being contracts entered into in the ordinary course of business:

(a) Administration Agreement

An Administration Agreement between the Fund and the Administrator provides that the Administrator will (subject to the overall policy and supervision of the Directors) act as Administrator of the Fund and to carry on the general administration of the Fund. The Administrator is authorised to act on behalf of the Fund. Pursuant to the terms of the administration agreement the Administrator has power to delegate the whole or any part of the rights, duties, powers, discretions or functions exercisable by it provided that the Administrator shall remain responsible for the acts or omissions of its appointee.

The Administrator will not be liable to the Fund or any Shareholder except for losses arising from wilful default or negligence in the performance or non-performance by the Administrator of its duties under the administration agreement. The Administrator and its directors, officers and servants have the benefit of an indemnity from the Fund in relation to the performance of duties thereunder except in the case of an indemnified party's wilful default or negligence. The administration agreement may be terminated by the Administrator on the giving of three months' notice or earlier in certain circumstances; the Fund may terminate the appointment of the Administrator on the giving of three months' notice, or earlier in certain circumstances.

The Administrator will be paid by the Fund at the rates and in the manner set out above at page 22.

It should be noted that in relying on information furnished by other persons in performing services for the Fund, the Administrator will not be responsible or liable for the accuracy of the underlying data. The Administrator in no way acts as guarantor or offeror of the investment described herein and is not responsible for the actions of the sales agents, Investment Administrator, advisors, consultants and brokers the Directors may select.

(b) Investment Management Agreement

An Investment Management Agreement between the Fund and the Investment Manager provides that the Investment Manager will provide discretionary investment management services, dealing and settlement services in relation to the Fund's investments.

The Investment Manager may delegate all or part of its duties thereunder, and will act in good faith and with due diligence in its choice and use of any delegate or agent.

The Agreement provides that the Investment Manager shall not be liable to the Fund for any loss, liability or cost suffered or incurred by the Fund as a result of the Investment Manager providing services to the Fund unless it is caused by the Investment Manager's negligence, wilful default or fraud; and in such cases, the Investment Manager's liability shall be limited to the replacement of securities or monies (including interest) lost or foregone as an immediate result of the Investment Manager's action or failure to act; consequential loss is excluded. The Agreement also contains provisions for the indemnification of the Investment Manager by the Fund against liabilities arising in connection with the performance of its duties and against legal liability and expenses, including legal expenses, other than those resulting from

fraud, negligence, dishonesty or wilful default on the part of the Investment Manager or any associated person, delegate, servant or agent

The Agreement may be terminated by either party on written notice.

The Investment Manager will be paid by the Fund at the rates and in the manner set out above at page 22.

(c) Custodian Agreement

A Custodian Agreement between the Custodian and the Fund provides that the Custodian will provide nominee and safe custody services to the Fund.

The Fund's assets will be held on its behalf either directly by or in the name of the Custodian or its agents, in segregated accounts maintained for clients' securities. The Custodian will take reasonable care in appointing agents, but will not be responsible for any loss, liability or cost which the Fund incurs from any default of any such agent, except in relation to its own nominee companies which it uses for the sole purpose of holding securities, for which the Custodian accepts full responsibility.

The Agreement may be terminated by either party on one month's notice in writing.

The fees of the Custodian will be discharged by the Investment Manager.

Directors' Interests

Provided that the nature of his interest shall be disclosed as set out below, no Director or intending Director shall be disqualified by his office from contracting with the Fund either as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Fund in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Fund for any profit realised by any such contract or arrangement by reason of such Director holding that office, or of the fiduciary relationship thereby established.

The nature of his interest must be declared by him at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken in consideration, or if the Director was not at the date of the meeting interested in the proposed contract or arrangement then at the next meeting of the Directors held after he became so interested.

A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Fund. A Director shall nevertheless be counted in the quorum at a meeting at which matters upon which he is debarred from voting are under consideration.

A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:

- (a) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Fund or any of its subsidiaries;
- (b) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Fund or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

-
- (c) any proposal concerning an offer of shares or debentures or other securities of or by the Fund or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- (d) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he is not the holder of or beneficially interested in 1 per cent or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purposes of this article to be a material interest in all circumstances).

The Fund may by ordinary resolution suspend relax the provisions described above to any extent or ratify any transactions not duly authorised by reason of a contravention thereof.

Winding Up

The Fund may be wound up if the Shareholders resolve by special resolution to do so pursuant to the provisions of the Isle of Man Companies Acts 1931-2004.

Auditors

The annual financial statements of the Fund will be audited by PKF (Isle of Man) LLC in the Isle of Man.

Reports and Financial Statements

The Fund's financial year will end on the 31st December in each year, except that its final financial period will end on the date the Fund is placed in liquidation. Audited financial statements of the Fund will be available at the Fund's principal administrative office in the Isle of Man. The audited annual financial statements for the Fund will be sent to Shareholders within four months from the end of the period to which they relate.

Each Shareholder will normally be furnished with an annual report of the Fund, which will include the Net Asset Value of the Fund and the Net Asset Value per relevant Share Class at the end of the year, and such other information as the Fund, at its discretion, determines to be necessary or appropriate.

The annual general meeting of shareholders of the Fund will be held in the Isle of Man for the purpose, inter alia, of considering the annual audited financial statements of the Fund. The year end of the Fund will be 31st December in each year. Notices convening the annual general meeting, together with the annual report and accounts of the Fund will be sent, within four months of the financial year end (and at least twenty-one days before the date fixed for the meeting), to shareholders at their registered address.

Shareholders will receive two months' written notice of the following:-

- (i) any change in the investment policy, limits and restrictions of the Fund;
- (ii) any change in the Administrator, Investment Manager, or Custodian;
- (iii) any increase in the costs and expenses incurred by the Fund; and
- (iv) any other amendment to the Fund considered by the Directors to be material.

It is envisaged that prices of Shares are published on *Bloombergs Professional* and Shareholders on application to the Administrator may arrange to obtain statements and deal notes online at www.blueseas.co.im.

Money Laundering

It is a condition of each subscription that, in order to ensure compliance with all relevant rules and regulations designed to avoid money laundering, the Administrator will require verification of identity of any applicant subscribing for Shares. The making of an application to subscribe for Shares will constitute a warranty from the applicant that such application, and the related remittance of the necessary funds, will not in any way breach any rules and regulations designed to avoid money laundering. Each applicant must undertake to provide verification of identity upon request from, and to the satisfaction of, the Administrator. Any obligation of the Fund to allot Shares to an applicant is conditional on the Administrator being provided with such evidence within one month after a request therefor.

Accordingly, in the event that this condition is not fulfilled the application by, and any allotment of Shares to, the applicant will be deemed to have lapsed and the funds remitted by the applicant will be returned (without interest) and less any wire transfer charges, to the account of the bank from which the funds were originally received.

It is a further condition of each subscription that neither the Fund nor the Administrator shall be responsible, or have any liability for, loss or damage (whether actual or alleged) arising from a decision by the Fund to treat any application as lapsed as a result of the applicant failing to provide evidence of identity to the satisfaction of the Administrator within one month of the Administrator having requested such information.

Present Position

As at the date of this Offering Document:

- (i) None of the Shares of the Fund are under option, or agreed, conditionally or unconditionally to be put under option.
- (ii) There are no legal, arbitration or other proceedings pending or threatened against the Fund, nor have there been since its incorporation.
- (iii) The Fund has no loan capital (including term loans) outstanding or created but unissued, and no outstanding mortgages, charges, debentures or other borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.
- (iv) Neither the Directors, nor any connected person, the existence of which is known to or could with reasonable diligence be ascertained by that Director, whether or not through another party, have any interest in the Shares of the Fund, nor have they been granted any options in respect of the Shares of the Fund.
- (v) Save as disclosed under “Potential Conflicts of Interest” at page 21, none of the Directors has any interest, direct or indirect, in any transactions, which are unusual in their nature or significant to the business of the Fund during the current or immediately preceding financial year.
- (vi) No loan or guarantee has been granted or provided by the Fund to any Director.
- (vii) None of the Directors have a service contract, existing or proposed, with the Fund.

The Directors may, with the prior approval of the Board, fix the emoluments of Directors with respect to services to be rendered in any capacity to the Fund. A statement as to remuneration of directors must be furnished to Shareholders if so demanded in accordance with section 147 of the Companies Act 1931 (as amended).

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

The Articles of Association contain no provision requiring Directors to retire on attaining a particular age.

Documents Available for Inspection

The following documents are available for inspection from the date of this document for the duration of the offer period, during normal business hours at the registered office of the Fund:

- (i) the Memorandum and Articles of Association of the Fund;
- (ii) the material contracts referred to herein;
- (iii) the Isle of Man Companies Acts 1931 to 2004;
- (iv) this Offering Document.

The Fund's organisational documents, including copies of the Memorandum and Articles of Association, its books and accounts and agreements, shall be kept at the Fund's principal administrative office in the Isle of Man and each Shareholder (or duly constituted designee of a Shareholder) shall have, at all times during normal business hours, free access to such documents, upon prior written request and appointment, providing they represent to the Fund that they are requesting such access for legitimate business reasons.

APPENDIX A
Financial Foundations PLC
Application Form

Please send completed application forms to:
Blue Sea International Limited, 31-37 North Quay, Douglas, Isle of Man, IM1 4LB;
Fax: +44 1624 627248 Tel: +44 1624 627247

Application Procedure

Applications should be sent to the Administrator at 31-37 North Quay, Douglas, Isle of Man. Applications must be received by the Administrator no later than 5 p.m. (London time) on the Business Day immediately preceding the relevant Dealing Day. All applications, whenever made, should be accompanied by a copy of the telegraphic transfer form providing for payment before the relevant Dealing Day to the bank account set out in this Application Form.

After the Initial Offer of Shares, the number of Shares issued in respect of any application will depend on the relevant Subscription Price.

Any Initial Charge or Subscription Fee shall be deducted from the amount of any subscription before calculating the number of Shares to be issued:-

A right is reserved to accept in part only or to reject or scale down applications for Shares, and to make any acceptance in whole or in part subject to the prior provision of information sufficient to satisfy the Directors that the receipt of such application and/or any subsequent issue of Shares is not made in consequence of or will not constitute a breach of the Laws or any applicable legislation in the country of origin of the applicant.

If any application is not accepted in full, application monies will be returned in part or in full (as the case may require) to the applicant by mail at the applicant's risk, or by telegraphic transfer to the remitting account at the applicant's expense.

All cheques and other documents sent or returned to applicants will be sent by mail at the risk of the person(s) entitled thereto.

Where payment in respect of a subscription for Shares is tendered or requested in a freely transferable currency, the necessary foreign exchange transaction will be arranged for the account of, and at the expense of, the applicant at the time the application is received and accepted.

Shares will only be issued on receipt of cleared funds.

Application Process

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

Blue Sea International Limited, 31-37 North Quay, Douglas, Isle of Man, IM1 4LB.

Tel No: +44 (0) 1624 627247, Fax No: +44 (0) 1624 627248

Verification Documents Required

The Administrator is required to verify the identity of all new investors and therefore requires you to produce the following documents that must be attached to your application for Shares:

Applications via an Authorised Intermediary:

Notification may be provided by the introducer completing an "eligible introducer's certificate", which can be obtained directly from the Administrator by phoning +44 (0) 1624 627247. If an "eligible introducer's certificate" is produced, the verification documents noted below will not be required:

Individual Investors:

1. Original (or certified copy) passport; and
2. Original (or certified copy) proof of address documents such as utility bill, bank or building society statement, tenancy agreement.
3. Completed Source of Funds & Source of Wealth Statements

Corporate Investors:

1. Certificate of Incorporation;
2. A “Certificate of Good Standing”, issued in the country of incorporation (This should include the names of the present Directors)
3. Evidence of identity of the beneficial owners (Certified copies as detailed in “Individual Investors above);
4. Evidence of identity for each of the Directors; (Certified copies as detailed in “Individual Investors above);
5. Evidence of the identity of at least two account signatories, where these are not the Directors;
6. Nature of the Company’s business;
7. Completed Source of Funds & Source of Wealth Statements Certified copy of the Board Resolution authorising the account signatories together with a list of those signatories; and
8. Certified copies of any Power of Attorney, or any other authority affecting the operation of the account, as given by the directors in relation to the company;

Applications made by a corporation should be signed by a duly authorised official who should state their representative capacity and a list of authorised signatories with sample signatures should be provided to the Administrator:-

	Registration Details for Companies
Name of Corporate Entity	
Company Registration Number	
Registered Address	
Postal Code	
Business Address (if different from above address)	
Postal Code	
Country of Formation	
Telephone Number	
Fax Number	
Email Address	
Nature of Business	
Details of Licence (if any)	
<p>Source of Wealth Information Private Companies only</p> <p><i>Please provide full details and NOT single word answers. If this space is not sufficient for your purpose please use a separate piece of paper.</i></p> <p><i>Documentary evidence may be required.</i></p>	
<p>Source of Funds Private Companies only</p> <p><i>Please provide full details and NOT single word answers. If this space is not sufficient for your purpose please use a separate piece of paper.</i></p> <p><i>Documentary evidence may be required.</i></p>	

Registration Details for Individuals	1st Applicant	2nd Applicant
Title (Mr, Mrs, Miss etc.)		
Surname		
First Forename		
Any other names		
Address		
Postcode		
Telephone (Home)		
Email Address		
Occupation		
Date of Birth		
<p>Source of Wealth Information</p> <p><i>Please provide full details and NOT single word answers. If this space is not sufficient for your purpose please use a separate piece of paper.</i></p> <p><i>Documentary evidence may be required</i></p>		
<p>Source of Funds</p> <p><i>Please provide full details and NOT single word answers. If this space is not sufficient for your purpose please use a separate piece of paper.</i></p> <p><i>Documentary evidence may be required</i></p>		

Please contact the Administrator if you have any queries regarding the supply of this information.

Application

I/We apply to invest in FINANCIAL FOUNDATIONS PLC as indicated below, having received and read a copy of the Offering Document of the Fund, dated 17th March 2006.]

Amount to be invested in figures:	Amount to be invested in words:	Share Class
US\$/EURO	US\$/EURO	INSTITUTIONAL CLASS Minimum investment Euro 25,000 or USD 25,000
US\$/EURO	US\$/EURO	DIRECT CLASS Minimum investment Euro 7,500 or USD 7,500
US\$/EURO	US\$/EURO	TEN YEAR Please State Your Minimum Subscription Commitment (minimum either EURO 500 or USD 500)
EURO	EURO	EURO RETAIL CLASS Minimum Investment EUR 7,500

Payment Details

- a) For bank to bank transfer please arrange transfer to:

USD	PAYMENT BY MT100/MT103
BANK	Wachovia Bank NA, New York
SWIFT ADDRESS	PNBPUS3NNYC
Account Name (Field 57)	The Royal Bank of Scotland International Ltd
Account number	2000193009149
IBAN	GB79RBOS16588058286939
Beneficiary (Field 59)	BLUE SEA CLIENT A/C RE FINANCIAL FOUNDATIONS
Account Number	5880-58286939
Reference (field 70)	Client Name

EURO	PAYMENT BY MT100/MT103
BANK	The Royal Bank of Scotland Plc, Correspondent Banking Branch, Great Tower Street, London
Account Name (Field 57)	The Royal Bank of Scotland International Ltd
SWIFT ADDRESS	RBOSGB2L
Account number	WGIOM-EURC
IBAN	GB79RBOS16588058286939
Beneficiary (Field 59)	BLUE SEA CLIENT A/C RE FINANCIAL FOUNDATIONS
Account Number	5880-58286939
Reference (field 70)	Client Name

- b) I/We enclose a cheque made payable to Blue Sea International Ltd Client A/c re - FINANCIAL FOUNDATIONS PLC

Terms and Conditions

1. I/We declare that the Shares hereby subscribed for are not being acquired directly or indirectly by a person who is resident in the Isle of Man for the purposes of taxation (other than a company exempt from Isle of Man taxation by virtue of the Income Tax (Exempt Companies) Act 1984).
2. I/We confirm that I am/we are 18 years of age or over.
3. I/We confirm that I/we am/are not a US person (as defined in the Offering Document) and am not acquiring Shares on behalf of, or for the benefit of, a US Person, nor do I/we intend selling or transferring any shares which I/we may purchase to any person who is a US person. I/We confirm that I was /we were not in the US at the time any shares were offered to me/us or at the time I/we executed this Agreement.
4. I/We warrant that I/we are not acquiring any Shares for immediate re-sale.
5. I/We declare that the shares have not been acquired directly or indirectly in violation of any applicable law.
6. I/We having read and understood a copy of the Offering Document and relevant Supplementary Offering Memoranda hereby confirm that this subscription is based solely on the Offering Document for the Fund and relevant Supplementary Offering Memoranda current at the date of this subscription and the material contracts therein referred together (where applicable) with the most recent audited annual report of the Fund and (if issued after such report) its most recent un-audited semi-annual report and that I/we are not relying on any representations made by placement agents or other third parties.
7. I/We, hereby confirm that the Fund, the Directors and the Administrator are each authorised and instructed to accept and execute instructions in respect of the Shares to which this application relates given by me/us by facsimile. If instructions are given by me/us by facsimile, I/we undertake to confirm them in writing. I/we hereby indemnify the Fund, the Directors and the Administrator and agree to keep each of them indemnified, against any loss of any nature whatsoever arising to each of them as a result of any of them acting on facsimile instructions. The Fund, the Directors and the Administrator may rely conclusively upon and shall incur no liability in respect of any action taken upon any notice, consent, request, instructions or other instrument believed, in good faith, to be genuine or to be signed by properly authorised persons.
8. I/We, acknowledge that due to anti money laundering requirements operating within their jurisdiction, the Administrator and/or the Fund will require proof of identity before the application can be processed and the Fund and/or the Administrator shall be held harmless and indemnified against any loss ensuing due to the failure to process this application, if such information as has been required by the parties hereto has not been provided by me/us.
9. I/We acknowledge that my/our investment in the Fund will be subject to an administration fee, an investment management fee, custodian fee, and where applicable an initial charge or subscription fee and an exit charge as more particularly described in the Offering Document and relevant Supplementary Offering Memoranda.
10. I/We acknowledge and confirm that no representations, warranties or covenants have been made to me/us by the Fund or any representative or agent of the Fund other than those contained in the Offering Document.
11. I/We agree to notify the Fund immediately if I/we become aware that any of the confirmations are no longer accurate and complete in all respects and agree immediately either to sell or to tender to the Fund for redemption a sufficient number of Shares to allow the confirmation to be made.

12. I/WE CONFIRM THAT I AM/WE ARE AN EXPERIENCED INVESTOR AS DEFINED ON PAGE 6 OF THE OFFERING DOCUMENT OF FINANCIAL FOUNDATIONS PLC DATED 17TH MARCH 2006 AND FURTHER CONFIRM THAT I/WE HAVE READ, FULLY UNDERSTOOD AND ACCEPTED THE RISKS ASSOCIATED WITH AN INVESTMENT IN FINANCIAL FOUNDATIONS PLC.

Signatures Having read and agreed the Terms and Conditions

Signature (s)		
Name (s)		
Title		
Date		

DATA PROTECTION

In accordance with the Isle of Man Data Protection Act 2002, it should be noted that the Administrator may hold and process information comprising "personal data" obtained from or about investors in relation to their investments in the Fund. (In this context "investors" includes individual directors, officers, authorised signatories and beneficial owners of corporate investors; individual trustees, settlors, protectors and beneficiaries of trust investors; individual limited partners and general partners of limited partnerships and any other person whose personal data is provided to the Administrator in connection with an investment in the Fund).

This personal data may be utilised by the Administrator: (a) to properly identify the investor in accordance with anti-money laundering regulatory requirements; (b) to properly record the investor's interest in the Fund in accordance with relevant corporate laws and regulations; (c) to advise the investor of matters relative to his/her investment in the Fund, including current values and changes to Fund documentation etc; (d) unless the investor notifies the Administrator otherwise, to advise the investor of other investment opportunities that may be or become available from the Fund's sponsors.

By agreeing to invest in the Fund, investors acknowledge and accept that the Administrator may hold and process personal data for the purposes outlined above and further acknowledge and accept that the Administrator may, in order to fulfil its duties to the Fund and comply with regulatory requirements: (i) retain such personal data for prescribed periods after the investor has redeemed his/her holding in the Fund; (ii) transfer such personal data, by any method including electronically, to the Fund's registered agent in its country of incorporation, including countries which may not have enacted data protection legislation equivalent to that in the Isle of Man; (iii) transfer such information to the Directors, Investment Administrator, legal advisor or any other agent of the Fund entitled to receive such information; (iv) transfer such personal data to any person or entity to which the Administrator has a legal obligation to disclose such information; (v) maintain such information on proprietary Blue Sea International Limited computer systems which may be based or maintained in countries which have not enacted data protection legislation equivalent to that in the Isle of Man.

Telephone calls to Blue Sea International Limited may be monitored or recorded for security, confirmation and/or training purposes.

APPENDIX B

REDEMPTION REQUEST FORM

(This form should be retained and used by a Shareholder wishing to redeem Shares in the Fund)

To: **Financial Foundations PLC**
c/o Blue Sea International Limited
31-37 North Quay
Douglas
Isle of Man IM1 4LB

Date: _____

I/We hereby request redemption, as defined in and subject to all of the terms and conditions of the Offering Document for **Financial Foundations PLC** dated 17th March 2006 of [_____] (*insert number of Shares to be redeemed*) Shares in the [_____] Share Class in the Fund, representing all/a portion (delete as applicable) of my/our Shares in the Fund. Except as otherwise approved by the Board of Directors, I/we understand that redemption will only be effective on giving written notice to the Fund's Administrator not less than 5 (five) Business Days prior to the relevant Dealing Day. I/we understand that except as otherwise provided in the Offering Document, payment of redemptions will normally be made within 10 (ten) days after determination of the relevant Net Asset Value. I/We also acknowledge that my/our redemption proceeds may be subject to an exit charge as described in the relevant Supplementary Offering Memorandum. No redemption proceeds will be paid out until the original Redemption Request Form is received by the Administrator.

I/We hereby represent and warrant that (i) I am/we are the true, lawful and beneficial owner(s) of the Shares of the Fund to which this request relates, with full power and authority to request redemption of such Shares; (ii) I am/we are hereby redeeming all/a portion (delete as applicable) of the Shares which I/we own. Such Shares are not subject to any pledge or otherwise encumbered in any fashion.

INDIVIDUAL SHAREHOLDER (S) (OR ASSIGNEE(S))

ENTITY SHAREHOLDER (OR ASSIGNEE(S)), PARTNERSHIP, CORPORATION OR TRUST

(1) _____
(Signature of Shareholder or Assignee)

(1) _____
(Name of Entity)

(Signature of Partner, Corporate Officer or Trustee)

Print Name

Print Name and Title

(2) _____
(Signature of Shareholder or Assignee)

(2) _____
(Name of Entity)

(Signature of Partner, Corporate Officer or Trustee)

Print Name

Print Name and Title

Bank details for remittance of redemption proceeds:

Name of Bank

Address of Bank

Account Number

Name of Account
