

**THE CAYMAN NATIONAL MASTER SERIES**  
(a Multi-Class Unit Trust (“Unit Trust”) established under the laws of the Cayman Islands)

**JUNE 2004**

**OFFERING MEMORANDUM**

A continuous offering of non-voting, redeemable Units in the Class Funds of the Cayman National Master Series Trust at the net asset value per Unit.

The Supplemental Offering Memoranda relating to the Dow Jones Industrial Average Index Fund and the Absolute Return Fund form part of this Offering Memoranda, such that this document together with the Supplemental Offering Memorandum for the relevant Fund shall together comprise the Offering Memorandum for such Fund.

**Continuous Offering**

Absolute Return Fund

Dow Jones Industrial Average Index Fund

**Offering Price**

Net Asset Value per Unit

Net Asset Value per Unit

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## GENERAL NOTICE AND SECURITIES WARNINGS

The Cayman National Master Series Trust (the “Unit Trust” or “Trust”) is a multi-class unit trust established on 31<sup>st</sup> March 2004 under the laws of the Cayman Islands. The investment objective of each Class of the Unit Trust (each a “Fund”) is set out in the Supplemental Offering Memorandum applicable to that Fund. The Trustee is offering non-voting, redeemable units (the “Units”) in each Fund at initially US\$100 per Unit, and thereafter at a price based on net asset value. The Unit Trust is comprised of several sub-trusts (each a “Class”). Each Class of Units represents a beneficial interest in the assets of the relevant Fund. The minimum initial investment in any of the Funds is US\$5000. If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, lawyer, accountant or other professional adviser. The distribution of this document and the offering of Units in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required by the Trustee to inform themselves about and to observe such restrictions. This document does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The Shares in each Fund are offered on the basis of the information and representations contained in this document and the Supplemental Offering Memorandum applicable to that Fund. Any other information given or representations made by any person cannot be relied upon as having been authorised by the Trustee. Neither the delivery of this document (or the supplements hereto) nor the allotment or issue of Units in any Fund shall under any circumstances create any implication that there has been no change in the affairs of the Trustee or each Fund since the date hereof. The Units have not been registered under any securities laws. Since each of the Funds is administered by Cayman National Trust Co. Ltd., which holds an Administrator’s Licence under the Mutual Funds Law (2003 Revision), the Unit Trust and each of the Funds will comply with that law by registration as a mutual fund administered by a licenced administrator. No action has been taken to permit an offering of Units or the distribution of this Offering Memorandum in any jurisdiction where action would be required for such purposes. Accordingly, this Offering Memorandum may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised. Except in a transaction, which does not violate US securities laws, Units in any Fund may not be directly or indirectly offered or sold in the US, or any of its territories or possessions or areas subject to its jurisdiction, or to or for the benefit of a U.S. Person (as later defined in this document).

The Unit Trust and the Funds constituted thereunder are not recognised collective investment schemes under any United Kingdom financial services law and, as such, Units in the Funds may not be offered or sold in the United Kingdom by means of this document and/or any Supplemental Offering Memorandum relating to a Fund except in accordance with all applicable provisions of the relevant United Kingdom financial services laws and all applicable orders, rules and regulations relating thereto. All references to “dollars”, “cents” and the signs “US\$” and “\$” in this document are, except where the context otherwise requires, references to the currency of the US. This document and the relevant Supplemental Offering Memorandum form the Offering Memorandum with respect to each Fund. All terms defined in this document shall have the same meaning in any accompanying Supplemental Offering Memorandum. The distribution of this document and any Supplemental Offering Memorandum and the offering of the Units in certain jurisdictions may be restricted and, accordingly, persons who have possession of this document and any Supplemental Offering Memoranda are required by the Trustee to inform themselves about, and to observe such restrictions and any formalities required to be observed in the relevant jurisdiction and to pay all transfer and other taxes required to be paid in the relevant jurisdiction in connection with their acquisition and disposal of Units. Prospective investors should not construe the contents of this document or any Supplemental Offering Memorandum as legal, tax or financial advice. Persons interested in acquiring Units in any Fund should inform themselves as to (i) the legal requirements of the countries of their nationality, residence, ordinary residence or domicile for such acquisition, (ii) any foreign exchange restrictions or exchange control requirements which they might encounter on the acquisition or sale of Units and (iii) the income tax and other taxation consequences which might be relevant to the acquisition, holding or disposal of Units. Unless the context otherwise requires and except as varied or otherwise specified in this Offering Memorandum words and expressions used in this Offering Memorandum shall bear the same meaning as in the Trust Deed for the Trust. The following is a summary of certain information set forth more fully elsewhere in this, Offering Memorandum and any accompanying Supplemental Offering Memoranda.

### SUMMARY OF TERMS

The following is a summary of certain information set forth more fully elsewhere in this Offering Memorandum and any accompanying Supplemental Offering Memorandum. This summary should be read in conjunction with such detail information.

#### The Unit Trust:

The Cayman National Master Series Trust is a multi-class unit trust organized under the laws of the Cayman Islands. The Trust has an umbrella structure permitting the creation of one or more Classes (Funds), each of which will be a separate sub-trust of the Trust. With respect to each Fund, the Trust will issue a different Class of Units and a Supplemental Offering Memorandum describing the particular Fund. Each Fund will constitute a separate pool of assets with each Unit in such Fund representing a fractional undivided beneficial interest in that pool of assets. The value of the Units of each Fund will fluctuate with the value of the relevant Fund’s portfolio of underlying investments.

#### The Trustee:

Cayman National Trust Co. Ltd. (the “Trustee”), a company incorporated with limited liability in the Cayman Islands on 1<sup>st</sup> October 1976 under the provisions of the Companies Law (2003 Revision) is the Trustee of the Unit Trust (and all Funds thereof). With licences for Trust, Unrestricted Class “B” Banking and Mutual Funds Administration, the company offers a wide scope of services including company formation, administration and management; trusts, mutual and pension funds administration, and private banking.

#### Funds:

The investments for each Fund will be carried out through a separate investment program, as more particularly described in the Supplemental Offering Memorandum for each Fund. Each Fund will be separate and independent from all others. Initially, the Trustee has established the following Funds:

Dow Jones Industrial Average Index Fund  
Absolute Return Fund

The investment objectives and strategies, particular risk factors, fee structures and any specific terms and conditions of the offering of the Units in respect of each Fund will be set out in a separate Supplemental Offering Memorandum for that Fund. Accordingly, Units in each Fund will be offered to investors pursuant to this Offering Memorandum and the Supplemental Offering Memorandum relating to the relevant Fund. The assets of each Fund are held exclusively for the benefit of Unitholders of the applicable Fund. Each Fund will be open-ended, the Units issued in respect of which will be capable of redemption at the request of the holders thereof in accordance with the terms of the Declaration of Trust constituting The Cayman National Master Series Trust executed by the Trustee on 31<sup>st</sup> March 2004 (the “Trust Deed”).

#### Investment Objective:

The investment objectives and strategies applicable to each Fund are set out in the Supplemental Offering Memorandum relating to that Fund. Generally, the Manager (as defined below) will allocate the assets of each Fund to individual investments and/or investment vehicles to pursue the particular investment objectives and strategies of each Fund.

The Manager may allocate a portion of the assets of a Fund to one or more investment vehicles managed by selected investment management and advisory groups including collective investment schemes and other investment products offered by such groups or to which such groups have access. Any such investment vehicles will have the same or similar underlying investment strategies and objectives as the relevant Fund. Asset allocations may vary significantly during market cycles. The Trustee may, in its discretion, vary the investment strategies and objectives of each Fund from time to time.

#### Investment Manager:

Details of the Investment Manager for each Fund (the “Manager”) are set out in the Supplemental Offering Memorandum relating to that Fund. Generally, the Manager of each Fund will allocate the Fund’s assets to individual investments and/or investment vehicles to pursue the particular investment objectives and strategies of each Fund.

#### Administrator and Transfer Agent:

Cayman National Trust Co. Ltd. will act as Administrator (the “Administrator”) and Registrar and Transfer Agent for each Fund. The Administrator shall perform all general administrative tasks for the Unit Trust (and each Fund), including the provision of accounting and secretarial services, the calculation of Net Asset Values, keeping of financial records and maintenance of the Unit Trust’s books and records. The Administrator shall be responsible for maintaining the Register of Unitholders for each Fund and for the issue, redemption and transfer of Units. The fees and expenses of the Administrator in respect of the above services will be charged to each Fund on the basis set out in the relevant Supplemental Offering Memorandum.

#### Custodian:

Cayman National Trust Co. Ltd. (the “Custodian”) has been appointed as the Custodian of the assets of each Fund. The Custodian will have primary custody of each Fund’s assets, which are not under the custody or control of sub-custodians, nominees or brokers appointed by the Trustee and/or the Manager of each Fund.

#### Dealings:

Applications to subscribe for, redeem and switch Units from one Fund to another must be made to the Administrator on or before 4:00 p.m. (Cayman Islands time) on the Banking Day prior to the last Banking Day of each week or on such other days as the Trustee may determine (each a “Transaction Day”). Subscriptions, redemptions and switches will normally be processed and take effect on the Banking Day next following the relevant Transaction Day (a “Dealing Day”).

#### Banking Day:

For the purposes of this document, a “Banking Day” is any day (excluding a Saturday and Sunday) on which banks are open for business in the Cayman Islands and such other places as the Trustee may from time to time determine. Prospective investors and Unitholders should note that where notices or applications are to be given to the Administrator by reference to a specified time in the Cayman Islands, the Cayman Islands does not, unlike certain other jurisdictions, adjust its clocks to take account of “summer time” or “daylight saving” and, accordingly, potential investors and Unitholders should note carefully the time in the Cayman Islands to ensure that no deadlines or cut-off times are missed.

#### Offering Units:

The offering of Units in each Fund will be made on the basis of this document and a separate Supplemental Offering Memorandum relating to that Fund. During the initial offering period applicable to each Fund (details of which, are set out in the Supplemental Offering Memorandum relating to each Fund), Units of that Fund will be offered at a purchase price of US\$100 per Unit. After termination of the initial offering period in respect of a Fund, Units of that Fund will be offered as of each Dealing Day at a purchase price per Unit based on the Net Asset Value per Unit as at the close of business (Cayman Islands time) on the Transaction Day preceding the relevant Dealing Day. Subscription monies are payable in full by 4:00 p.m. (Cayman Islands time) on the Banking Day prior to the last Banking Day of each week (or on such other days as the Trustee may determine). Subscribers whose applications for Units have been accepted by or on behalf of the Trustee will be issued with Units on the Banking Day following the relevant Transaction Day at the purchase price calculated on such Transaction Day in accordance with the procedure for Net Asset Value calculation.

Minimum Subscription:

When applying for Units in the Funds, subscribers must initially apply for Units in any Fund having a minimum aggregate subscription amount of at least US\$5000. Thereafter the minimum additional subscription for Units in a Fund by an existing Unitholder is US\$500. The Trustee may, however, at its discretion accept subscriptions for a lesser amount than US\$5000.

Redemption:

Subject to any particular provisions, pertaining to the redemption of Units in a Fund contained in the relevant Supplemental Offering Memorandum, Unitholders may request redemption of their Units by notice sent to the Administrator before 4:00 p.m. (Cayman Islands time) on the Banking Day prior to any Transaction Day for redemption on the Banking Day following the relevant Transaction Day at a redemption price per Unit determined by reference to the Net Asset Value per Unit of the relevant Fund (less any early redemption fee, if applicable) calculated after the closing of the relevant markets where the underlying securities or instruments of that Fund are traded on the relevant Transaction Day. Provided that the redemption request is received by the Administrator prior to 4:00 p.m. in the Cayman Islands on the Banking Day prior to the relevant Transaction Day, the request will be processed on the first Banking Day falling after the relevant Transaction Day. Requests received after 4:00 p.m. on the requisite day (Cayman Islands time) will be held over until the next Dealing Day and Units will be redeemed at the redemption price applicable on the next Transaction Day, and will be processed on the first Banking Day falling after that Transaction Day. Partial redemptions are permissible provided that, following a partial redemption, the Unitholder will continue to hold Units in the relevant Fund having an aggregate Net Asset Value of not less than US\$5000.

Compulsory Redemptions:

The Company may compulsorily redeem the Units of any Unitholder in certain circumstances, including, without limitation, if the Net Asset Value of the Units of a particular Fund held by a Unitholder is less than US\$5000 or if Units are held by or for the benefit of a person who is not an Eligible Investor (as defined herein) (see discussion under the heading "Compulsory Redemptions").

Subscription Procedure:

A person interested in subscribing for Units (an "Applicant") should complete the Subscription Agreement(s) provided with the Supplemental Offering Memorandum in respect of the relevant Fund(s) in which the Applicant wishes to invest and return the same to the Administrator at the address specified thereon, or as further directed by the Administrator. It is a requirement of each subscription that, to ensure compliance with all applicable money laundering rules and regulations, the Administrator may at its absolute discretion require such documentation, as it deems necessary to verify the identity of any person applying to subscribe for Units. The Trustee reserves the right to reject any application for Units in its absolute discretion and shall not be obliged to give any reason for such rejection. Applications from persons who are not Eligible Investors will not be accepted.

Switching:

Subject to the limits and provisions specified under the heading "Issue, Redemption and Switching of Units" herein, Units of one Fund can be switched into Units of another Fund. Requests for switches must be received by the Administrator not later than 4:00 p.m. (Cayman Islands time) on the Banking Day prior to any Transaction Day in order for the requested switch to take effect on the first Banking Day following the relevant Transaction Day. The price at which Units are switched will be based on Net Asset Values per Unit of the relevant Funds, as calculated on the relevant Transaction Day.

Distributions:

The policy regarding distributions with regard to each Fund will be set out in the Supplemental Offering Memorandum relating to that Fund. However, as the overall investment objective of the Unit Trust is to achieve capital appreciation, the Trustee does not anticipate that any distributions shall be paid to Unitholders out of each Fund's earnings and profits, but rather that such income will be reinvested. However, the Trustee reserves the right to make distributions to Unitholders from time to time in accordance with the Trust Deed of the Unit Trust.

Net Asset Value:

The net asset value of each Fund and the Units in each Fund (the "Net Asset Value") will be determined on each Transaction Day in accordance with Trust Deed of the Unit Trust. The Net Asset Value of each Fund is generally equivalent to the assets of such Fund less the liabilities of such Fund calculated after the closing of the markets where the underlying securities or instruments of the relevant Fund are traded. The Net Asset Value per Unit of each Fund is determined by dividing the Net Asset Value of the Fund by the number of outstanding Units of the relevant Fund. The accounting of Net Asset Value is determined in accordance with internationally accepted standards. The calculation of the Net Asset Value for each Fund is generally carried out by the Administrator as at the close of business in the Cayman Islands on each Transaction Day.

Fees and Expenses:

The fees and expenses applicable to each Fund are set out in the Supplemental Offering Memorandum for that Fund.

**THE TRUST**

Cayman National Master Series Trust (the "Trust") is a multi-class unit trust organized under the laws of the Cayman Islands. The Trust has an umbrella structure permitting the creation of one or more Classes, each of which (a "Fund") will be a sub-trust of the Trust. With respect to each Fund, the Trust will issue a different class of Units and a Supplemental Offering Memorandum describing the particular Fund. Each Fund will constitute a separate pool of assets with each Unit representing a fractional undivided beneficial interest in that pool of assets. The value of the Units of each Fund will fluctuate with the value of the relevant Fund's portfolio of underlying investments. The Trust Deed empowers the Trustee of the Trust to create separate Funds under the umbrella trust structure and to issue Units in each such Fund to investors. Each Fund will be open ended in that Unitholders will be entitled to request the Trustee to redeem their Units at a redemption price based on the Net Asset Value per Unit on the terms and conditions set out in the Trust Deed, this document and the Supplemental Offering Memorandum relating to that Fund.

**INVESTMENT OBJECTIVES AND STRATEGIES**

The investment objectives and strategies, any particular risk factors, fee structures and specific terms and conditions of the offering of Units in respect of each Fund may be set out in a separate Supplemental Offering Memorandum for that Fund. The net proceeds from the issue of Units in each Fund will become part of the segregated pool of assets of that Fund. All income and capital gains earned on the assets of each Fund shall accrue to such Fund and all expenses and liabilities relating to a particular Fund (including management and incentive fees, if any, and other expenses) and any redemption of Units related thereto shall be charged to and paid from the Fund in question. Thus, the trading results of any one Fund will have no effect on the value of any other Fund and the holders of Units in any Fund will not, by virtue of their holding Units in that Fund, have any interest in the assets of any other Fund. Investment objectives and strategies

The Trust has been established to permit private and institutional investors to participate in the investment programs provided by each Fund. The overall investment objective of the Trust is to achieve, through the individual Funds, strong capital appreciation while attempting to limit investment risk. The Trustee plans to structure the investment programs and strategies and the investment restrictions of each Fund established, or to be established, by the Trustee based upon the specific investment objectives of that Fund. Those investment objectives will be more fully set forth in the Supplemental Offering Memorandum relating to each Fund. Where some or all of the assets of a Fund are invested in investment vehicles, such investment vehicles must invest their respective assets in underlying securities and investments in the same or similar markets and sectors identified for investment by the relevant Fund. The Manager may allocate a portion of the assets of a Fund to one or more investment vehicles managed by selected investment management and/or advisory groups including collective investment schemes and other investment products offered by such groups or to which such groups have access. Any such investment vehicles must have the same or similar underlying investment strategies and objectives as the relevant Fund. While any assets of a Fund are not invested or allocated, the Manager of the Fund may select cash or cash equivalent investments for that Fund until the relevant assets have been invested or otherwise allocated.

**ADMINISTRATION AND MANAGEMENT**The Trustee:

The Trustee of the Trust is Cayman National Trust Co. Ltd., a company incorporated with limited liability in the Cayman Islands on 1<sup>st</sup> October 1976 under the provisions of the Companies Law (2003 Revision). The Trustee holds an unrestricted trust licence issued under the Banks and Trust Companies Law (2003 Revision) of the Cayman Islands and an unrestricted mutual fund administrators licence issued under the Mutual Funds Law (2003 Revision) of the Cayman Islands. Cayman National Trust Co. Ltd., holds licences for Trust, Unrestricted Class "B" Banking and Mutual Funds Administration; Cayman National Trust Co. Ltd. offers a wide scope of services including company formation, administration and management; trusts, mutual and pension fund administration, and private banking.

The Directors of the Trustee and the Directors of the Manager, are: Benson Obadia Ebanks Jr., OBE, JP, Chairman, Truman Murray Bodden, OBE, JP, Deputy chairman, Stuart Dack, ACIB, MBA, CEO & President, John C. Bierley, BA, JD, Clarence Flowers, Jr., Sherri Bodden-Cowan, LL.B, David W. Trimble MA (Hons), Peter Adye Tomkins, MBA, J.F. Richard Hew, each of whoms biographies are set out below.

**Benson Obadia Ebanks**, a former member of the Cayman Islands Legislative Assembly, Mr. Ebanks is a former member of the Cayman Islands Pension Board and a Charter Member of the Rotary Club of Grand Cayman. He is also a Founding Director of Cayman National.

**Truman Murray Bodden**, an Attorney-at-Law, as well as a former Member of the Cayman Islands Legislative Assembly from 1976-2000 and former Leader of Government Business and acting Attorney General. Mr. Bodden is an ACIB, LL.B (Hons.) London, FICM, FFA, MCFI, ACIARB, and Barrister of Law. He has served on the Education Council, Civil Aviation Authority and Water Authority and is a member of the Cayman Law Society and Bar Association. He is also a former Director of Barclays Private Bank and Trust Cayman Ltd., a founding Director of Cayman National and Senior Partner of the law firm of Truman Bodden and Company.

**Stuart Dack**, he entered banking in 1971, and obtained the ACIB qualification with distinction. Mr. Dack worked for the Midland Bank Group in the UK for 22 years where he held a number of managerial roles at branch banking, area and regional levels. He joined Cayman National as Internal Auditor in 1992 and in 1998 was promoted to Executive Vice President of Cayman National Corporation. In 2001, he was awarded an MBA with Merit from Southampton University.

John C. Bierley, a Florida Bar Board Certified International Lawyer based in Tampa where he has practiced for 39 years. He is a member of the Council on Foreign Relations, a Director of the InterAmerican Bar Association, the Society of International Business Fellows and the University of Florida Foundation. He is also Director of the Florida Business BancGroup Inc. and Bay Cities Bank. Mr. Bierley is also a Founding Director of Cayman National.

Clarence Flowers, Jr., Managing Director of Orchid Development Ltd., and a Director of the Flowers Group and Cayman Water Company. He is a well-respected member of Cayman's business community and has spearheaded several projects in the Cayman Islands, including the construction and management of the Century Yard Building at Cricket Square on Elgin Avenue.

Sherri Bodden-Cowen, was educated in the Cayman Islands and the United Kingdom, and gained an LL.B Hons from Bristol University, England. She was subsequently called to the Bar of England & Wales in 1986 and the Cayman Islands in 1987. Mrs. Bodden-Cowen has worked for the Cayman Islands Government, the predecessor law firm of Appleby Spurling Hunter, and was an Associate and Partner in the firm of Boxalls. Mrs. Bodden-Cowen owns her own law firm, Bodden & Bodden and is a Director of Bodden Corporate Services. Mrs. Bodden-Cowen has served and continues to serve in numerous capacities as Chairman of Director of Cayman Islands statutory boards and authorities.

David W. Trimble, was a merchant banker in London 1963-68, and the Bahamas 1967-73, a Director of Mercantile Bank & Trust Co. (Cayman) Ltd. 1969-73 and became a director of Cayman National in 1984. In 1974 he was a founder and subsequently Chairman of a quoted UK financial services company, PlanInvest Group plc. In 1987 he became Chairman of London stockbrokers, Robert Wigram & Co. and from 1979 to 2003 was a Registered Insurance Broker. He is presently Chairman of Jacob Cowen & Sons Ltd., manufacturer of cotton wool, wadding and pollution control equipment; Chairman of H&H Group plc, with subsidiary companies in livestock auctioneering, auto finance, land and estate agency, insurance broking and fine art auctioneering; and a director of Cumbrian Newspapers Group.

Peter Adye Tomkins, the Founder of Cayman National Corporation Ltd. and Subsidiaries began his working life in the Merchant Marine. He entered commercial banking with Barclays Bank International Ltd. in 1951 and took up the position of Executive Vice-President with Mercantile Bank & Trust Co. (Cayman) Ltd. in 1969. From 1973 to 1994 he held the positions of Founder, President and Chief Executive Officer of Cayman National Corporation Ltd. and Subsidiaries. Now retired, Mr. Tomkins remains on the Board of Directors of Cayman National. Mr. Tomkins has been a Member of the Financial Secretary's Private Sector Consultative Committee, President of the Cayman Islands Bankers Association, a Member of the Housing Development Board, Treasurer of Triple C School, President of the Employees Assistant Programme, Director of the Cayman Islands Monetary Authority and a Member of the Vision 2008 Team.

J. F. Richard Hew, he is the Executive Vice President, Chief Operating Officer and Director at Caribbean Utilities Company Ltd. (CUC). In 1988 Mr. Hew graduated with a Bachelor of Science in Electrical Engineering from the University of Florida, and since then has risen through the ranks at CUC. In 1997 he obtained the degree of Master of Business Administration at Wilfrid Laurier University, Ontario, Canada. Mr. Hew is a registered Professional Engineer in the State of Florida and is presently a member of the Board of Governors of the Community College of the Cayman Islands.

The Trustee receives, solely out of the assets of each relevant Fund, an annual fee of US\$2,500 in respect of each Fund and is also reimbursed out of the assets of the relevant Fund for all out-of-pocket expenses payable in connection with its services from time to time. The Trustee shall have the power, without obtaining the consent of Unitholders, to establish from time to time further Funds and each such Fund will be separate and distinct with respect to its assets and liabilities and will be a separate sub-trust of the Trust for all purposes.

#### Manager:

Details of the Investment Manager for each Fund (the "Manager") are set out in the Supplemental Offering Memorandum relating to that Fund. Generally the Manager of each Fund will allocate the assets attributable to each Fund to individual investments and/or investment vehicles to pursue the particular investment objectives and strategies of each Fund. The Manager will manage the Fund(s) for which it is responsible and supervise the overall investing operations of such Fund(s). It will be the responsibility of the Manager of each Fund to invest the assets of the Fund(s) for which it acts as Manager and to monitor the performance of the individual investments and the investment vehicles in which the assets attributable to each Fund are invested and to allocate and reallocate the assets of each such Fund. Under each Investment Management Agreement, the Trustee out of the assets of the relevant Fund(s) managed by the Manager will indemnify the Manager and its affiliates and the officers, directors, managing members, members, shareholders, partners, controlling persons, employees, agents, sub-advisers and legal representatives of any of them against any loss, expense, judgment, settlement cost, fee and related expenses (including attorneys' fees and expenses), costs or damages suffered or sustained by any such person, unless the same are the result of the willful misfeasance, willful default or reckless disregard of such person. In accordance with the terms of each Investment Management Agreement, the services of the Manager may be terminated on at least 3 months' written notice from either the Trustee or the relevant Manager (or such shorter notice as the parties may agree to accept) or earlier on the occurrence of a breach of the relevant Investment Management Agreement by either party which remains unwaived or unremedied, the liquidation or dissolution of either the Trustee or the relevant Manager or in the case of certain other events. The fees to be paid to each Manager for its services under the relevant Investment Management Agreement are set out in the Supplemental Offering Memorandum for each Fund.

#### Custodian:

Cayman National Trust Co. Ltd. (the "Custodian") has been appointed by the Trustee as primary custodian of the securities and uninvested cash of each Fund, which are held on behalf of that Fund either directly by the Custodian or through sub-custodians or nominees of the Custodian. The Custodian holds a Class B banking and trust licences issued under the Bank and Trusts Companies Law (2003 Revision) of the Cayman Islands. The Custodian acts in its capacity as custodian pursuant to the terms of a Custody and Principal Paying Agent Agreement (the "Custodian Agreement") between the Trustee and the Custodian. The Trustee has agreed, pursuant to the Custodian Agreement, to indemnify out of the assets of the relevant Fund(s) the Custodian and its affiliates and the officers, directors, managing members, members, shareholders, partners, controlling persons, employees, agents, sub-advisers and legal representatives of any of them against any loss, expense, judgment, settlement cost, fee and related expenses (including attorneys' fees and expenses), costs or damages suffered or sustained by any such person, unless the same are the result of the willful misfeasance, willful default or reckless disregard of such person. Under the Custodian Agreement, the appointment of the Custodian may be terminated by the Trustee upon 3 months' notice in writing (or such shorter notice as the Custodian agrees to accept) or earlier, in certain other circumstances including, without limitation, the occurrence of a breach by the Custodian or on the appointment of a liquidator or receiver to the Custodian. Where the Custodian holds the assets of any Fund(s) it shall do so by maintaining segregated accounts and separate records for the investments and related dealings of such Fund(s). The Custodian will not be involved in the investment decision-making process of any Fund. Under the Custodian Agreement the Custodian may hold the investments of any Fund in its name, the name of a nominee, the name of a sub-custodian or such other name as may be necessary under the laws of the countries having jurisdiction over the issuers of the relevant investments in custodial accounts of the Custodian, sub-custodian or nominee or with Euroclear, Cedel or another appropriate depository system. The assets attributable to each Fund may also be held in segregated accounts maintained by internationally reputable and financially sound brokerage firms (see "Clearing Broker/Brokerage Arrangements" below). The fees to be paid to the Custodian for its services to the Trustee are set out in the Supplemental Offering Memorandum for each Fund.

#### Administrator and Registrar and Transfer Agent:

In addition to its role as Trustee, Cayman National Trust Co. Ltd. (the "Administrator") will act as administrator and registrar and transfer agent of each Fund. The Administrator shall perform all general administrative tasks for each Fund, including, without limitation, maintaining the books and records of each Fund (including its Register of Unitholders), arranging for the issue, redemption and switch of Units, the periodic preparation of Net Asset Values, the keeping of financial records, acting as primary registrar and transfer agent, providing secretarial functions and conducting the general administration of each Fund.

The Administrator provides its services as Administrator and registrar and transfer agent pursuant to an Appointment of Administrator Acknowledgement (the "Administration Agreement") executed on 31<sup>st</sup> March 2004. Under the Administration Agreement, the Trustee will indemnify, out of the assets of the relevant Fund(s), the Administrator and its affiliates and the officers, directors, managing members, members, shareholders, partners, controlling persons, employees, agents, sub-advisers and legal representatives of any of them against any loss, expense, judgment, settlement cost, fee and related expenses (including attorneys' fees and expenses), costs or damages suffered or sustained by any such person, unless the same are the result of the willful misfeasance, willful default or reckless disregard of such person. The Administrator or the Trustee may terminate the Administration Agreement at any time upon 3 months' written notice thereof. The fees to be paid to the Administrator for its services relating to each Fund are set out in the Supplemental Offering Memorandum for each Fund.

#### Clearing Broker/Brokerage Arrangements:

Internationally reputable brokerage firm(s) as may be selected in respect of each Fund from time to time to execute, settle, clear and hold (in segregated accounts) investments of the relevant Fund(s). Accordingly, a clearing broker may have custody of some (or all) of a Fund's assets. The fees to be paid to brokers for their services will vary in accordance with such brokers standard fee schedules. All such fees shall be paid from the assets of the Fund to which they relate.

### ISSUE, REDEMPTION AND SWITCHING OF UNITS

#### Initial Offering:

Units of each Fund will be offered for sale under the terms and conditions as set out herein and as set out in the Supplemental Offering Memorandum relating to that Fund. No Units will be issued otherwise than for cash and on a fully paid up basis. Generally, Units in each Fund will be offered for sale during an initial offering period (in relation to each Fund, its "Initial Offering Period") in respect of that Fund (details of which are specified in the Supplemental Offering Memorandum for that Fund) at a purchase price of US\$100 per Unit.

#### Continuous Offering:

Generally, after termination of the Initial Offering Period of each Fund, Units in that Fund will be continuously offered for subscription at their Net Asset Value on the last Banking Day of each week, or at their Net Asset Value on such other day(s) as the Trustee may determine (each such day being a "Transaction Day"). Units will be issued during the continuous offering on the first Banking Day next following the relevant Transaction Day (a "Dealing Day").

Minimum Subscription:

When applying for Units in a Fund, subscribers shall initially be required to apply for Units having a minimum aggregate purchase price of US\$5000. Thereafter, an existing Unitholder of any Fund shall be entitled to subscribe for additional Units in such Fund having a minimum purchase price of US\$500.

Application Procedure:

Applications for Units in a Fund should be made by completing and signing the Subscription Agreement provided with the Supplemental Offering Memorandum in respect of the Fund(s) in which the applicant wishes to invest and sending the same to the Administrator at the address referred to in the Subscription Agreement. Alternatively, applications may be made by fax to the Administrator at the number shown on the Subscription Agreement providing the details requested and by promptly sending the original Subscription Agreement duly completed and signed by or on behalf of the applicant to the Administrator. The Administrator and Trustee reserve the right, in their absolute discretion and without assigning any reason therefore, to reject and return any application and remittances. Applications for Units will generally be processed to take effect on the Banking Day following the relevant Transaction Day. For an application to be duly processed as of any Dealing Day an original completed Subscription Agreement and the full amount of the purchase price payable must be received by the Administrator by 4:00 p.m. (Cayman Islands time) on the Banking Day prior to the last Banking Day of each week (unless otherwise determined by the Trustee). The purchase price shall be payable by certified cheque, bank draft or wire transfer. A contract note will be issued to successful applicants confirming acceptance within five (5) Banking Days of the relevant Dealing Day. Once applications have been received and accepted, they will be irrevocable. Units will not be allotted or issued without a completed and duly signed Subscription Agreement and receipt of the full amount of the purchase price in cleared funds. The Trustee may issue fractions of Units up to 100<sup>th</sup> of a Unit. It is a term of each subscription that, to ensure compliance with all applicable money laundering rules and regulations, the Administrator may at its absolute discretion require verification of identity from any applicant. The making of an application to subscribe for Units will constitute a representation and warranty by the applicant that all applicable money laundering rules and regulations will not be breached by the acceptance of the appropriate remittance and an undertaking from the applicant to provide such verification of identity to the satisfaction of the Administrator. Unless the Trustee in its absolute discretion shall otherwise determine, the obligation of the Trustee to allot Units to an applicant is conditional on the Administrator being provided with such evidence within a reasonable time (as determined by the Trustee) after a request for information to verify the identity of an applicant. Accordingly, if this condition is not fulfilled or waived by the Trustee, the application by and any allotment of Units to the applicant will be deemed to have lapsed and the purchase price paid by the applicant will be returned (without interest) to the account of the drawee bank from which such sums were originally debited.

Subscriptions in Specie:

The Trustee may in its absolute discretion accept a subscription for Units of any Fund in kind rather than in cash and, in so doing, the Trustee or its delegates shall use the same valuation procedures used in determining the Net Asset Value in determining the value to be attributed to the relevant securities to be transferred or assigned or otherwise made available to the Trustee in respect of the relevant Fund. The Trustee shall receive securities of a value equal to the subscription payment to which the Trustee would otherwise be entitled after deducting all brokerage and other costs involved in transferring or assigning the securities to the Trustee in respect of the relevant Fund.

Restrictions on Unitholders:

There are certain restrictions on the eligibility of investors to subscribe for Units (see discussion under the heading "Compulsory Redemptions"). Units will not be issued to persons who are not Eligible Investors. Applicants subscribing for Units are advised that the Units are issued subject to the provisions of the Trust Deed and the Offering Memorandum for each Fund.

Restrictions on Transfers:

Units may generally be transferred without the prior consent of the Trustee or its agents, provided that no transfer will be accepted or registered if made to a person who is not an Eligible Investor (as defined below) or if it would give rise to any of the Trustee's compulsory redemption rights described under the heading "Compulsory Redemptions" below.

Units are Listed:

No Units in any Fund are listed on any securities exchange, however, the Trustee reserves the right to list the Units of any or all Funds on a securities exchange (or exchanges) should it wish to do so at a future date.

Units to be Issued in Registered Form:

Generally Units will only be issued in registered form.

Redemption of Units:

Generally, subject to any particular provisions relating to the redemption of Units in a particular Fund, as set out in its Supplemental Offering Memorandum, Unitholders may request redemption of their Units by notice to the Administrator before 4:00 p.m. (Cayman Islands time) on the Banking Day prior to any Transaction Day for redemption on the Banking Day next following the relevant Transaction Day on which the redemption request was given. The redemption price per Unit being redeemed shall be the Net Asset Value per Unit of the relevant Fund (less any early redemption fee, if applicable) calculated after the closing of the relevant markets where the underlying securities, instruments or investments of that Fund are traded on the relevant Transaction Day. Payment of the redemption price will normally be made by telegraphic transfer, sent at the risk of the redeeming Unitholder, to the Unitholder's designated bank account within ten (10) Banking Days following the Dealing Day on which the redemption took effect provided that the Administrator has received all original subscription documentation and any identification verification documentation requested. No interest shall be payable between the Dealing Day on which the redemption took effect and the date of receipt by the redeeming Unitholder of the redemption proceeds. Requests for redemption received after 4:00 p.m. (Cayman Islands time) on the Banking Day prior to a Transaction Day will be held over until the next Dealing Day and the relevant Units will be redeemed on the Dealing Day falling after the next Transaction Day at the redemption price applicable on that Transaction Day. Partial redemptions of Units held by a Unitholder in a Fund are permissible provided that, following a partial redemption, the relevant Unitholder will continue to hold Units in that Fund having an aggregate Net Asset Value of not less than US\$5000. There are no restrictions on a Unitholder requesting redemption of all outstanding Units held by that Unitholder in a Fund. The Trustee may temporarily suspend redemptions (see discussion under the heading "Suspension of Dealings"). Redemption requests may be initiated by fax or other written request, bearing the Unitholder's full name, registered address, his Unitholder's identification number and identifying the Fund in respect of which the request to redeem Units is being made. While redemption requests may be initiated by telephone or facsimile, redemption proceeds will not be remitted to the redeeming Unitholder until the Administrator has received an original duly authorised and signed written redemption request, all original subscription documentation and all identification verification documentation requested.

Redemptions in Specie:

The Trustee has an absolute discretion to effect a redemption payment to any or all-redeeming Unitholders in kind rather than in cash. The circumstances in which the Trustee may exercise this discretion include, without prejudice to the generality of the foregoing, a situation where substantial redemptions are received in respect of a Fund which will make it impracticable to realise the underlying securities in order to fund the redemption payments. In making redemption payments in kind, the Trustee will use the same valuation procedures used in determining the Net Asset Value in determining the value to be attributed to the relevant securities to be transferred or assigned or otherwise made available to the redeeming Unitholders. Redeeming Unitholders will receive securities of a value equal to the redemption payment to which they would otherwise be entitled. Furthermore, redeeming Unitholders receiving a redemption payment in kind will be responsible for all custody and other cost involved in changing the ownership of the relevant securities and all ongoing custody costs in respect of such securities.

Compulsory Redemptions:

The Trustee may compulsorily redeem in cash or in kind some or all of a Unitholder's Units. If at any time it is ascertained that Units are not held by an Eligible Investor. If the number of Units held by a Unitholder does not exceed or does not have a Net Asset Value greater than such minimum value or amount as the Trustee may from time to time determine to be the minimum acceptable number, value or amount. If by reason of the transmission of Units any Unitholder fails to obtain or retain the necessary minimum number, amount or value of Units in any particular Fund; or if a request for redemption by one Unitholder would, if accepted, result in the number of Units in the relevant Fund remaining outstanding falling below the minimum number, amount or value set for that Fund. For the purpose of this Offering Memorandum and any Supplemental Offering Memorandum an "Eligible Investor" shall be any person who has provided all anti-money laundering due-diligence information requested by the Trustee, the Administrator or their delegates and, who is not:

(a) A national, citizen or resident of the United States, a corporation, partnership or other entity created or organised in or under the laws of the United States or any political sub-division thereof, or an estate or trust which is subject to United States federal income taxation regardless of the source of its income (each a "U.S. Person"); provided however, that this restriction shall not apply to a branch or agency of a United States bank or insurance company operating outside the United States for valid business reasons as a locally regulated branch or agency engaged in banking or insurance business and not solely for the purpose of investing in securities not registered under the United States Securities Act of 1933, as amended; or (b) A citizen, national, resident, corporation, partnership or other entity or trust located in any jurisdiction where the offer, sale, transfer holding or delivery of Units in any Class would be unlawful; or A custodian, nominee or trustee for any person or entity described in (a) or (b) above.

Switching of Units:

Subject to the provisions below, Units of a particular Fund can be exchanged for Units of any other Fund (for example: Units in the Dow Jones Industrial Average Index Fund may be exchanged for Units in the Absolute Return Fund) subject to receipt of a Switching Notice to that effect by the Administrator not later than 4 p.m. (Cayman Islands time) on the Banking Day prior to any Transaction Day. An exchange of Units in one Fund for Units in another Fund will be effected by way of the redemption of Units in the Fund a Unitholder currently holds Units in, and the issue of Units in another Fund in exchange. Requests for switches received by the specified time limit on the Banking Day prior to a Transaction Day will be processed and take effect on the Dealing Day following the Transaction Day on which the switching request was given. The price at which Units will be converted shall depend on the Net Asset Value per Unit of the relevant Funds, in each case as calculated on the relevant Transaction Day. Requests for a partial switch of Units of a particular Fund will not be permitted if, immediately following such switch, the Unitholder will either (a) hold Units of the Fund out of which that shareholder is switching (the "Original Fund") having an aggregate Net Asset Value of less than US\$1000, or (b) hold Units of the Fund into which that Unitholder is switching (the "New Fund") having an aggregate Net Asset Value of less than US\$1000. The rate at which all or any part of a holding of Units in the original Fund will be exchanged for Units in a new Fund will be determined in accordance with the following formula:

$$A = \frac{B \times OC}{NC}$$

where: A is the number of Units of the New Fund to be issued;  
B is the number of Units of the Original Fund to be switched;

OC is the Net Asset Value per Unit of the Original Fund as of the close of business on the relevant Transaction Day; and NC is the Net Asset Value per Unit of the New Fund as of the close of business on the relevant Transaction Day. A Unitholder will generally receive a notice from the Administrator within five (5) Banking Days of any switch setting out details of the calculation in accordance with the above formula and confirming the number of Units held by that Unitholder in the Original Fund (if any) and the number of Units held by the Unitholder in the New Fund.

#### SUSPENSION OF DEALINGS

The Trustee may suspend calculation of Net Asset Values for any Fund and the issue of Units and the rights of Unitholders to redeem or switch Units during any period where the Trustee believes it to be necessary or in the best interests of the Trust (or any Fund) including, without limitation, because: of the existence of a war, a relevant national or international disruption, major financial crisis, act of god or any like state of affairs which constitutes an emergency or any other extraordinary circumstances as determined by the Trustee in its sole discretion as a result of which the Trustee shall determine that disposal of the assets of the Trust or a Fund (or any part thereof) is not reasonably possible in an orderly manner; the means of communication or data processing facilities necessary to determine the price or value of any of the assets of any Fund or the value of Units in any Fund does not function satisfactorily; the transfer of funds related to the realisation or acquisition of investments is not reasonably practicable; the issue or redemption of Units would result in violation of any provision of law in any relevant jurisdiction; or the Trustee, in its absolute discretion, takes the view that the issue or redemption of Units would prejudice the interests of Unitholders taken as a whole. The Trustee reserves the right to withhold redemption payments from persons whose Units have been redeemed prior to such suspension until after the suspension is lifted. The Trustee may exercise this right in circumstances where the Trustee believes that to make such redemption payment during the period of suspension would materially prejudice the interests of remaining Unitholders. No interest will be paid on any redemption payments so withheld. Notice of any suspension will be given to all Unitholders tendering their Units for redemption or switching. If, in such circumstances, a redemption or switching request is not withdrawn the redemption or switch will take place as of the first Dealing Day following the lifting of the suspension. The first Banking Day following the lifting of a suspension will be treated as a Dealing Day.

#### DETERMINATION OF NET ASSET VALUE

The purchase price, switching rate and redemption price of each Unit in each Fund will be determined by reference to the net asset value (the "Net Asset Value") per Unit of that particular Fund. The Trust Deed provides that the Net Asset Value per Unit of each Fund will be determined as at the close of business on each Valuation Day (which currently is the same as each Transaction Day) and will be calculated by reference to the value of the net assets of the relevant Fund, divided by the number of Units in the Fund outstanding as at the time of calculation of the Net Asset Value per Unit. The value of the net assets of each Fund will be determined in accordance with, inter alia, the following provisions: All calculations of the value of investments quoted, listed, traded or dealt in or on any exchange shall be made by reference to the last quoted price (or, in the absence of any trades, at the mean between the last offer price and the last bid price) on the principal exchange for such investments as at the close of business on the day for which such calculation is to be made; all calculations of all other securities shall be made by reference to the mean between the last offer and the last bid prices quoted on the principal exchange of the security, provided always that: if the Trustee at its discretion considers that the prices reported on an exchange other than the principal exchange provide in all the circumstances a fairer criterion of value in relation to any such investment, it may adopt such prices; the Trustee may, at its absolute discretion, permit some other method of valuation to be used if it considers that such other valuation method would better reflect the true value of the investment being valued; if no price quotations are available, as provided above, the value of an asset shall be determined from time to time in such manner as the Trustee shall determine; such valuation shall not be open to challenge by current or previous Unitholders in a Fund; any value (whether of a security or cash) otherwise than in US dollars shall be converted into US dollars at the rate (whether official or otherwise) which the Trustee shall in its absolute discretion deem appropriate to the circumstances having regard, inter alia, to any premium or discount which it considers may be relevant and to costs of exchange; and investments in other funds, limited partnerships or similar investment vehicles are valued on the basis of the most recent price or valuation (which includes estimated prices or valuations) provided by the relevant manager or administrator. Where estimates are used, the Net Asset Value will not be subsequently adjusted to reflect any difference between the estimates provided and the final price (if any) issued by the underlying investment vehicles. The Net Asset Value per Unit of each Fund will be available from the Administrator on request. The Net Asset Value is determined in accordance with international accounting standards. Risk considerations. Prospective investors should consider the following factors in determining whether an investment in a Fund is a suitable investment.

#### RISK CONSIDERATIONS

##### Lack of Operating History:

Although all persons involved in the management of the Funds and the service providers to the Trust and each of the Funds have had long experience in their respective fields of specialisation, it has to be considered that each Fund has no operating history upon which prospective investors can evaluate their likely performance. The Managers may allocate the assets of each Fund to one or more investment vehicles of selected investment managers. Accordingly, the performance of each Fund may be reliant on the investment decisions of the investment managers appointed in respect of each such investment vehicle and the consequent performance of such investment vehicles.

##### Investment and Trading Risks in General:

The investments made in respect of each Fund will be subject to normal market fluctuations. Accordingly, only investors who can afford the risks inherent in this type of investment should invest in the Funds. There can be no assurance that appreciation will occur or that losses will not be realised and the value of Units may be subject to volatile movements. Past performance of managers or advisers to any investment vehicle cannot be considered as indicative of future results. Although each Fund's investment program is expected to provide some protection from the risks inherent in the ownership of investments, there can be no assurance that such investment program will effectively provide protection against such risks or that a Fund's investment objectives will be achieved.

##### Possible Effect of Redemptions:

Unitholders of each Fund may redeem their Units in accordance with the terms of the Trust Deed, the Offering Memorandum and Supplemental Offering Memorandum for each Fund. However, substantial redemptions could require the Trustee to liquidate investments held for the account of a Fund more rapidly than otherwise desirable in order to provide the necessary cash to fund redemptions and to achieve a market position that appropriately reflects a smaller equity base. This could adversely affect the value of Units in a Fund.

##### Counterparty Credit Risk:

Some of the investments, which may be made for a Fund, may be reliant on the ability of a counterparty to a transaction to perform its obligations. In the event that any such party fails to complete its obligations for any reason, the Fund may suffer losses. Accordingly, each Fund is exposed to a credit risk on the counterparties with which trades are made. Each Fund will also bear the risk of settlement default by clearing houses and exchanges. Any default by a counterparty or on settlement could have a material adverse effect on a Fund.

##### Regulatory Change:

The tax treatment applicable to each of the Funds, the ability to make foreign investments, the ability to repatriate assets including any income and profits earned on assets and the general operations with respect to each Fund are based on existing laws and regulations which are subject to change through legislative, judicial and administrative action in various jurisdictions. It is possible that future legislation may restrict each Fund's operations as described herein, or create adverse tax implications.

##### Conflicts of Interest:

Each Fund is subject to actual and potential conflicts of interest (see discussion under the heading "Potential Conflicts of Interest").

##### Lack of Participation by Unitholders:

Voting and Non-Voting Units will be issued in respect of each Fund. All Voting Units in each Fund will be held by Cayman National Trust Co. Ltd. Only Non-Voting Units in the various Funds are offered pursuant to the Offering Memorandum. Unitholders holding Units purchased pursuant to this Offering Memorandum will have no right to participate in the day-to-day operations of each Fund and will generally not be entitled to receive notice of, nor attend or vote at meetings of Unitholders. The only exception to this position exists where a proposal is made to amend the Trust Deed to vary rights of redemption with respect to Units. In such circumstances 75%, in number, of all Unitholders (whether they be the holders of Voting Units or Non-Voting Units) must pass a resolution approving any such proposed amendment. The sole remedy of Unitholders with respect to any changes made to, or with respect to, any Fund of which they disapprove, shall be the voluntary redemption of their Units.

##### No Secondary Market:

The Trustee does not anticipate that an active secondary market in Units in any Fund will develop.

**The foregoing list of risk factors does not purport to be complete or fully explain the risks involved in an investment in any Fund. Further risk factors particular to each Fund may be specified in the Supplemental Offering Memorandum relating to that Fund.**

#### TAXATION

The affairs of each Fund will be conducted in such a manner as to minimize any taxation payable. The following comments are for the purpose of providing general assistance only, they are not intended to be a substitute for the advice of an investor's own tax and legal advisors, and should not be interpreted as legal or tax advice. Investors should appreciate that the taxation consequences for investors may be otherwise than as stated below. Investors should consult their professional advisers on the possible tax consequences of their subscribing for, purchasing, holding, selling or redeeming Units in any Fund under the laws of their countries of citizenship, residence, ordinary residence or domicile.

##### Cayman Islands:

The Cayman Islands at present impose no taxes on income, profits, capital gains or appreciations of each Fund. There are also currently no taxes imposed in the Cayman Islands on income, profits, capital gains or appreciations of the holders of the Units issued with respect to each Fund nor any taxes on the holders of Units in the nature of estate duty, inheritance or capital transfer tax. There are presently no exchange controls and no other restrictions on the transfer of funds to or from the Cayman Islands.

##### United States:

The gains attributable to each Fund should not be subject to United States federal income, branch profits or withholding taxes because the Trustee expects that each Fund will not be treated as engaged in a "trade or business" in the United States, for United States federal income tax purposes. Because of the factual nature of this matter, however, this issue can never be entirely free from doubt. Although

substantially all of the interest earned by the Trustee in respect of each Fund from sources within the United States is expected to be of a type which will not be subject to United States federal income, branch profits or withholding taxes, the Trustee in respect of each Fund may earn interest and dividends from time to time that could be subject to United States federal withholding taxes at a rate of 30%. Unitholders who are not otherwise subject to United States income tax will not be subject to United States income or withholding tax on distributions received by them from any Fund or on capital gains realised by them with respect to their Units in any Fund. A Unitholder who at the time of his death is not a citizen or resident of the United States would not be subject to United States estate tax with respect to his Units in any Fund. The Trustee expects that each Fund will not be subject to state and local taxes in the United States on its income or capital. Because of the absence of full guidance under state and local law, however, this result is not entirely clear. The conclusions under this heading are based in the US Internal Revenue Code and existing laws, judicial decisions and administrative regulations, rulings and practice in the United States, all of which are subject to change.

General:

In other jurisdictions where investments may be made for each Fund the Trustee (and consequently the relevant Fund) may be subject to non-recoverable foreign withholding or capital gains taxation on interest and dividends or capital gains derived from such investments. While the Trustee does not anticipate making distributions with respect to each Fund and because income will generally be re-invested for each Fund, in some cases the receipt of distributions by Unitholders and the redemption of Units may result in a tax liability for Unitholders according to the tax regime applicable in their various countries of residence. Investors resident in or citizens of certain countries, which have anti-offshore fund legislation, may have a current liability for the undistributed income and gains of any Fund in which they hold Units. Prospective investors should be aware that the Company does not intend to apply for a certificate as a “distributing fund” for the purposes of section 760 of the Income and Corporation Taxes Act 1988 of the United Kingdom.

**GENERAL INFORMATION**

The Trust:

The Cayman National Master Series Trust was established as a multi-class unit trust under the law of the Cayman Islands on 31<sup>st</sup> March 2004 by a Declaration of Trust made by the Trustee. The Trust will terminate 150 years after the date on which it was established. However, it may also be terminated earlier in the circumstances described in the Trust Deed.

Units:

There is no limit to the number of Units, which may be issued in each Fund. Each Unit in a Fund represents an undivided beneficial interest in the underlying assets of that Fund. Generally, all Units will be issued in registered form. The Units carry no right to distributions or other interim payments unless so determined by the Trustee. In a winding-up, each Unit issued in respect of a Fund entitles its holder to share in the relevant surplus assets of such Fund. A fraction of a Unit will rank *pari passu* and proportionately with a whole Unit.

Funds:

The Trustee has reserved the right to create from time to time further Funds in addition to the Dow Jones Industrial Average Index Fund and the Absolute Return Fund. Each new Fund will have the investment objectives set out in the Supplemental Offering Memorandum for such Fund. All of the Non-Voting Units issued in respect of each Fund will rank *pari passu*, and have substantially the same rights, terms and conditions as other Non-Voting Units issued in respect of the same Fund. The assets attributable to each Fund will be held by or on behalf of the Trustee upon separate trusts for the holders of Units of that Fund. All subscription monies received will be applied, and redemption payments will be made, in US Dollars. Investments made with the subscription proceeds attributable to each Fund will be kept in segregated accounts and separate accounting records will be maintained for each Fund. To the extent that any investments are made for any Fund in a currency other than US dollars the performance of such Fund will be affected by changes in the relevant currency exchange rates.

Variation of Trust Deed:

Except where the Trustee is able to certify that such variation does not materially prejudice the rights of Unitholders, the Trust Deed (and consequently the rights of Unitholders) may only be varied by a resolution of the holders of Voting Units. Cayman National Trust Co. Ltd. is the holder of all the Voting Units in each of the Funds and consequently the only person generally entitled to vote on changes to the Trust Deed. The only exception to the position outlined above exists where a proposal is made to amend the Trust Deed to vary rights of redemption with respect to Units. In such circumstances 75%, in number, of all Unitholders (whether they be the holders of Voting Units or Non-Voting Units) must pass a resolution approving any such proposed amendment. The sole remedy of Unitholders with respect to any changes made to, or with respect to, any Fund of which the disapprove shall be the voluntary redemption of their Units.

Place of Business:

The Trustee's principal place of business is in the Cayman Islands at the office of the Trustee listed in the Directory.

Register of Units:

The Register of Units is maintained by the Administrator and will only be disclosed to Unitholders to the extent necessary for a particular Unitholder to confirm their (and only their) registration as the holder of Units in a Fund.

Borrowing Powers:

The Trustee may borrow on behalf of each Fund but no sum shall be borrowed if, on the date it is proposed to borrow the sum, that sum together with all other sums borrowed and not repaid at that date would if they were immediately repayable require more than 10% in net asset value of the investments of the relevant Fund to be utilised for the purposes of repayment. Borrowing may be effected only for the purposes of acquiring investments for a Fund, paying expenses of a Fund, facilitating the payment of the redemption price on Units which are to be redeemed or have been redeemed, for the clearance of transactions or for emergency purposes. The Trustee may not utilise the assets of a Fund as security for the borrowings of another Fund. At the date hereof, no Fund has outstanding borrowings, or indebtedness in the nature of borrowing, including bank overdrafts, liabilities under acceptances, acceptance credits, mortgages, charges, hire purchase commitments or any guarantees or other material contingent liabilities.

Voting Rights:

Generally, only Voting Units will carry voting rights in respect of each Fund. Accordingly, only Voting Units have the right to vote on almost all matters to be voted on by Unitholders. The only exception to the position outlined above exists where a proposal is made to amend the Trust Deed to vary rights of redemption with respect to Units. In such circumstances 75%, in number, of all Unitholders (whether they be the holders of Voting Units or Non-Voting Units) must pass a resolution approving any such proposed amendment. The sole remedy of Unitholders with respect to any changes made to, or with respect to, any Fund of which they disapprove, shall be the voluntary redemption of their Units. Only non-voting Units in the various Funds are offered pursuant to this Offering Memorandum.

Restrictions on Unitholders:

No Units may be allotted to, or may be acquired by persons other than Eligible Investors (as defined under “Compulsory Redemptions” above).

Trustee's Indemnity:

The Trust Deed provides that in the absence of fraud, willful default or willful misfeasance the Trustee shall be held harmless and fully and effectually indemnified out of the assets of the relevant Fund(s) from and against all or any actions or proceedings (in which it may be involved or with which it may be threatened), costs, claims, judgments, damages, amounts paid in settlement, charges, liabilities, expenses (including lawyer fees), losses or demands which the Trustee may sustain, incur or pay in respect of any act or failure to act in connection with the relevant Fund(s) of the Trust. Further, to the maximum extent permitted by law, the Trustee shall not be responsible for or liable to the Unitholders for any loss, costs, damages or liabilities whatsoever that may result from its acts or omissions as Trustee of any Fund.

Termination:

The Trust and each of the Funds will terminate 150 years after the date on which the Trust was established. However, the Trust and each of the Funds may also be terminated earlier in the circumstances described in the Trust Deed.

Mutual Funds Law

The Trust will be a mutual fund as defined in the Cayman Islands Mutual Funds Law (2003 Revision). Because each of the Funds is administered by Cayman National Trust Co. Ltd. which holds an Administrators Licence under such Mutual Funds Law, the Trust (and each of the Funds) will comply with that law by registration as a mutual fund administered by a licensed administrator. Such registration does not imply that the Cayman Islands Monetary Authority or any other regulatory authority in the Cayman Islands has passed upon or approved this Offering Memorandum or the offering of the Units hereunder. To effect the required registration, the Administrator on behalf of the Trust (and each of the Funds) is required to provide to the Monetary Authority a summary of the terms of the offering of the Units and to provide details of the Trust's (and each of the Fund's) various agents along with a copy of this Offering Memorandum and the Supplemental Offering Memoranda hereto. Audited financial statements are required to be filed annually. The Administrator on behalf of the Trust (and each of the Funds) must notify the Monetary Authority of any changes in the details of the summary of the terms of the offering and any change in the Trust's (and each of the Fund's) agents as filed on initial registration and supply copies of any supplements to or revisions of this Offering Memorandum and the Supplemental Offering Memoranda hereto. The Administrator is licensed as an Administrator under the Mutual Funds Law.

Anti-Money Laundering Measures

Measures aimed towards prevention of money laundering will require the Administrator acting on behalf of the Trustee to verify the subscriber's identity and source of funds. Subscribers should provide to the Administrator proof of identity. By way of example, an individual may be required to produce a copy of a passport or picture identity card duly certified by a notary public or other public authority in the individual's country of residence, together with evidence of the individual's address such as a copy of a utility bill or bank statement. In the case of corporate applicants, subscribers may be required to produce certified copies of their constitutional documents and the names and addresses of all directors and beneficial owners. No such evidence or other evidence of source of funds will be required if the subscription is made via a recognised financial intermediary or payment is made through a banking institution, which in either case is in a country with appropriate money laundering regulations. Please see the Subscription Agreement for further details. Investors are reminded of the Trustee's right to reject subscriptions from any investor.

Commissions and Options: Save as disclosed in this Offering Memorandum and any Supplemental Offering Memorandum relating to a particular Fund, no commissions, discounts, brokerage or other special terms have been granted by the Trustee in connection with the issue or sale of any Units and no person has, or is entitled to be given, an option to subscribe for any Units in a Fund.

Auditors:

PricewaterhouseCoopers are the auditors of the Trust and each Fund (the “Auditors”). The Auditors have given and have not, before delivery of a copy of this document for filing with the Monetary Authority in the Cayman Islands, withdrawn their written consent to the issue of this document with the references to them in the form and context in which they are included.

Financial Year End:

The financial year-end of the Trust and each Fund is 30 September in each year. The first accounts will be made up to 30 September 2005. Unitholders will be sent a summary of the audited accounts within three (3) months of the year-end of the Fund in which they hold Units.

Distributions:

The policy regarding distributions with regard to each Fund will be set out in the Supplemental Offering Memorandum regarding that Fund. However, as the overall investment objective of the Trust and each Fund is generally to achieve capital appreciation, the Trustee does not anticipate that any distributions shall be paid to Unitholders out of each Fund's earnings and profits, but rather that such income will be reinvested. However, the Trustee reserves the right to pay distributions to Unitholders of each Fund from time to time.

Financial Prospects of the Funds:

Other than as expressly disclosed in this document or the Supplemental Offering Memoranda, as at the date hereof the Trustee is not aware of any other factors that could affect the financial prospects of the Funds constituted under the Trust Deed of the Trust.

Potential Conflicts of Interest:

The Manager, Administrator, Custodian, Banker, advisers and brokers to the Trustee or any individual Fund may act as manager, administrator, adviser or broker to other mutual funds or clients and may also invest for their own accounts. As such, this group could compete for the same trades or investments as the Trustee or any Fund may otherwise make. The Trustee, Administrator, Custodian and Banker to the Funds are all members of the same corporate group, accordingly the fees payable by each Fund and the terms of appointment of such service providers to the Funds have not been set by arms-length negotiations. The Managers will earn fees based on the net asset value of the relevant Fund. Such fees will be earned in respect of unrealised gains and a subsequent reduction in net asset value may mean that such fee would not otherwise have been earned. Such fee may also create an incentive to make investments that are more speculative than would be the case without such value-based fees.

**MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company and are, or may be, material:

[The Investment Management Agreement between the Trustee and Cayman National Securities Ltd. dated 2004](#)

[The Investment Management Agreement between the Trustee and Cayman National Securities Ltd. dated 2004](#)

[The Investment Management Agreement between the Trustee and Cayman National Securities Ltd. dated 2004](#)

[The Appointment of Administrator Acknowledgement between the Trustee and the Administrator dated 2004; and](#)

[The Custody & Principal Paying Agent Agreement between the Trustee and the Custodian dated 15<sup>th</sup> June 2004. The Units are issued pursuant to resolutions of the Trustee dated 15th June 2004.](#)

**AVAILABILITY OF DOCUMENTS**

Copies of the following documents will be available for inspection at any time during normal business hours on any Banking Day free of charge at the Trustee's principal place of business: The Trusts Law (2001 Revision) (as amended) of the Cayman Islands; The Declaration of Trust Constituting the Cayman National Master Series Trust dated 15th June 2004. The material contracts referred to above and material contracts subsequently entered into; Any interim financial statements published for each Fund and audited financial statements of each Fund together with the Auditors' report thereon; The written consent of the Auditors; and The written consent of the Administrator.

**CONTINUATION UNDER FOREIGN LAW**

The Trustee may at any time by Deed declare that the Trust and each of the Funds should take effect in accordance with the laws of some other place in any part of the world.

**DIRECTORY****Trustee**

Cayman National Trust Co. Ltd.  
Cayman National Building  
200 Elgin Avenue  
P.O. Box 10340APO  
Grand Cayman, Cayman Islands  
Telephone: (345) 949 0445  
Fax: (345) 949 9557

**Custodian**

Cayman National Trust Co. Ltd.  
Cayman National Building  
200 Elgin Avenue  
P.O. Box 10340APO  
Grand Cayman, Cayman Islands

**Bankers**

Cayman National Bank Ltd.  
Cayman National Building  
200 Elgin Avenue  
P.O. Box 1097 GT.  
Grand Cayman, Cayman Islands

**Cayman Islands, Legal Advisors to the Trustee**

Appleby Spurling Hunter  
75 Fort Street  
P.O. Box 190GT  
Grand Cayman, Cayman Islands

**Administrator**

Cayman National Trust Co. Ltd.  
Cayman National Building  
200 Elgin Avenue  
P.O. Box 10340APO  
Grand Cayman, Cayman Islands  
Telephone: (345) 949 0445  
Fax: (345) 949 9557

**Managers**

As listed in the relevant Supplemental Offering Memorandum for each Fund

**Auditors**

PricewaterhouseCoopers  
Strathvale House  
90 North Church Street  
P.O. Box 258 GT.  
Grand Cayman, Cayman Islands