

DQS

Absolute Return Fund

DQS INVESTMENT MANAGEMENT B.V.

DQS ABSOLUTE RETURN FUND

PROSPECTUS

DQS ABSOLUTE RETURN FUND

1 JULY 2006

AMENDED AND RESTATED AS PER OCTOBER 1, 2010

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DIRECTORY
DQS ABSOLUTE RETURN FUND

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<p>Executing Brokers</p> <p>Interactive Brokers (UK) Ltd One Carey Lane, Fifth floor London EC2V 8AE United Kingdom</p>	<p>The Director of Custodian</p> <p>Stichting IMFC Bewaarder "Rivierstaete" Building Amsteldijk 166 1079 LH Amsterdam The Netherlands</p>
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<p>Legal & Tax Advisor</p> <p>Clifford Chance Limited Liability Partnership Droogbak 1A 1013 GE Amsterdam The Netherlands</p>	

IMPORTANT NOTICE

Defined terms and expressions have the meaning ascribed to them in section 1 (Definitions) of this Prospectus.

Potential investors should review the Prospectus and its annexes carefully and consult their legal and financial advisers to check possible tax or other issues related to the purchase, holding or redemption of Participations.

The Fund Manager accepts responsibility for the information contained in this document. To the best knowledge and belief of the Fund Manager (which has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the importance of such information.

Any information given or representation made by any dealer, salesman or other person and (in either case) not contained herein should be regarded as unauthorised and, accordingly, should not be relied upon. Neither the delivery of this prospectus nor the offer, issue or sale of Participations will, under any circumstances, constitute a representation that the information contained in this Prospectus is correct at any time subsequent to the date of this Prospectus as printed on the cover of this Prospectus.

No person has been authorised to provide any information or make any representation in connection with the Fund, other than the information and representations contained in this Prospectus and its annexes. Any such other information or representations, if given or made, should not be relied upon as having been authorised by the Fund Manager.

The distribution of this Prospectus and the offer, sale and delivery of the Participations in certain jurisdictions may be restricted by law. No action has been taken to permit the distribution of this Prospectus in any jurisdiction where action would be required for such purpose, except in The Netherlands. Neither the Fund nor the Fund Manager is regulated or supervised in The Netherlands by the Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the "AFM") or by any other regulator or supervisory authority.

This Prospectus does not constitute an offer for, or an invitation to subscribe to or purchase, any Participations in any jurisdiction to any person to whom it is unlawful to make such offer or invitation in such jurisdiction. Persons into whose possession this Prospectus comes are required to inform themselves about and to observe any such restrictions.

The Participations in the Fund are redeemable by the Fund at the option of the Participant on certain conditions (as defined below and in the Terms & Conditions, attached as Schedule 1). Otherwise Participations cannot be transferred at all; except at the sole discretion of the Fund Manager the transfer of Participations could eventually be allowed if there is no change in beneficial ownership.

The contents of this Prospectus are not to be construed as investment, legal or tax advice. Participants should seek advice from their independent financial or tax adviser. Participants must take notice of the risk profile of the Fund as discussed in section 3 (*Risk Factors*) of the Prospectus. The Fund is a new venture and therefore there is no direct past performance to measure or illustrate. In any event, returns on past investments are no guarantee as to the

returns on future investments. The value of the investment may fluctuate. By investing in the Fund, Participants assume the risk of losing their entire investment.

Selling restrictions

THE NETHERLANDS

Participations described herein may not, directly or indirectly, be offered or acquired in The Netherlands, except:

- for a counter value of at least EUR 50,000 per Participant; and/or
- to Participants being professional investors within the meaning of Article 1 of the Regulation dated October 9, 1990 (as amended from time to time) issued pursuant to article 14 of the Dutch Act on the Supervision of Investment Institutions (*Wet toezicht beleggingsinstellingen*); and/or
- to less than 100 natural persons not being the professional investors as referred to above.

USA PERSONS

United States: the Participations have not been and will not be registered under the Securities Act of 1933 of the United States (as amended) (the "1933 Act") or the securities laws of any of the States of the United States. The Participations may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any "US Person" as defined in Regulation S under the 1933 Act except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable State laws. The Participations are being offered outside the United States pursuant to the exemption from registration under Regulation S under the 1933 Act. Each applicant for Participations will be required to certify whether it is a US Person or not. The Fund will not be registered under the United States Investment Company Act of 1940 (the "1940 Act") in reliance on the exception from the definition of investment company provided by Section 3(c)(7) of the 1940 Act. Thus, all U.S. purchasers of the Participations (and U.S. transferees) will be required to be "qualified purchasers" as defined in Section 2(a)(51) of the 1940 Act.

OTHER FOREIGN INVESTORS

The Fund is not open to (legal) persons of other countries for whom it is prohibited to participate under the applicable laws and regulations of their country of residence or establishment.

SUMMARY OF DQS ABSOLUTE RETURN FUND

The following is a brief summary only and is qualified in its entirety by the more detailed information appearing in the body of this Prospectus. Information in this introduction is selective and should be read in conjunction with the full text of this Prospectus.

This Prospectus will be governed by and construed in accordance with the laws of The Netherlands. A Dutch translation may be made available at the discretion of the Fund Manager. The English text will prevail in all circumstances.

(A) **The Fund**

The Fund is an investment fund (*beleggingsfonds*) as referred to in article 1 under (b) of the Act with a semi open-ended structure. The Fund is governed by the Terms and Conditions. By entering into a Participation Agreement, a Participant represents and warrants to have reviewed the Terms and Conditions and agrees to be bound thereby. A Participant is admitted to the Fund by issuance of a Participation.

The Participations are redeemable at the option of the Participant on certain conditions as defined in the Prospectus and in the Terms and Conditions. Otherwise Participations cannot be transferred or assigned, and cannot be made subject to any encumbrance, as described in the Terms and Conditions. The Fund therefore has a semi-open ended character.

(B) **Investment Objectives**

The Fund has an active investment policy and aims to invest in equity, futures and options traded on exchanges in the United States of America and Europe. The Fund investment objective is to generate positive returns regardless of market conditions. The fund seeks to achieve a high level of return for participants of 30% per year net of costs and fees, with a risk adjusted return and Sharpe ratio being significantly higher (i.e. better) in comparison to equities and with a low level of correlation with the stock markets. The Fund uses statistical models developed and practised by the Fund Manager. These models continuously analyse the markets on a quantitative basis. The models may be adjusted and new strategies added when deemed necessary by the Fund Manager. Depending on the market circumstances and point of view, it can be decided that a significant part of the Fund assets will be invested in bonds listed on official exchanges or in cash instruments.

All investments will be made in accordance with the investment policy described in section 2 (*Investment Objectives, Policy, Strategies and Restrictions*) of the Prospectus. The Participants will not be able to exercise any influence or control over the investment policy.

(C) **Fund Manager and Custodian**

The Fund Manager will act as the manager (*beheerder*) of the Fund and the Custodian will act as the custodian (*bewaarder*) of the assets and liabilities of the Fund. In managing the assets and liabilities of the Fund, the Fund Manager will act solely in the interests of the Participants. The Custodian will be the legal owner of all assets of the Fund. The Custodian

will acquire and hold the assets of the Fund and assume obligations on behalf of and for the account of the Participants. The Custodian will act solely in the interest of the Participants.

(D) Administrator and Executing Broker

IMFC Fund Services B.V. will act as administrator of the fund. Interactive Brokers (UK) Ltd will act as executing brokers of the Fund.

(E) Subscriptions and Redemptions

Subscriptions and redemptions are solely processed on every first Business Day of each month. A Participant needs to observe a notice period of 30 calendar days for the redemption of its Participations. Redemption is subject to certain other conditions as described in section 13 (*Redemptions*) of this Prospectus and in the Terms and Conditions.

(F) Fees and Expenses

The Fund Manager is entitled to a Management Fee equal to 1,5% of the Net Asset Value excluding (*i.e.* before deduction of) the Management Fee and the Performance Fee.

In addition, The Fund Manager is entitled to a Performance Fee of 20% of the increase in the Net Asset Value excluding (*i.e.* before deduction of) the Performance Fee and including (*i.e.* after deduction of) the Management Fee. The Performance Fee is paid according to "high water mark" rules.

Certain other fees and expenses are payable.

(G) Reporting to Participants

Participants will receive audited annual financial statements. Participants will also be provided with statements of the Net Asset Value of their Participations on a monthly basis.

(H) Risk Profile

An investment in Participations carries a very high degree of risk and is suitable only for persons who can assume the risk of losing their entire investment. Potential investors should consider, among other things, the risks mentioned below, review this Prospectus, its annexes and consult with their professional advisors.

Each Participant must make certain representations and warranties in the Participation Agreement which include, without limitation, that:

- (i) the Participant has the knowledge and expertise in business and financial matters to make it capable of assessing and evaluating the merits and risks associated with investing in the Fund;
- (ii) the Participant has independently assessed, evaluated and verified the merits and risks associated with investing in the Fund and the transactions contemplated there under; and
- (iii) the Participant is willing to assume and will be able to bear the full financial and economic risk of its subscription, while maintaining adequate means of providing for

its current needs and foreseeable contingencies, even in the event of a loss of its entire investment in the Fund.

Investors are advised to take notice of the risk profile of the Fund as discussed in section 3 (*Risk Factors*).

(I) **Application Procedure**

An applicant must complete and return the Participation Agreement, provide the necessary documents for his identification and pay the relevant Total Subscription Amounts to participate in the Fund.

1. **DEFINITIONS**

The following definitions will apply to this document:

"**Act**" means the Dutch Act on the Supervision of Investment Institutions (*Wet toezicht beleggingsinstellingen*), as amended from time to time.

"**Advisor to the Fund Manager**" means Mr J.G.M. van Ringelenstein or such other advisor as may be appointed from time to time.

"**Administrator**" means IMFC Fund Services B.V. or such other administrator as may be appointed from time to time.

"**Auditor**" means KPMG Accountants N.V. or such other auditor as may be appointed from time to time.

"**Broker**" means Interactive Broker (UK) Ltd and Alaron Trading Corporation or such other broker as may be appointed from time to time by the Fund Manager.

"**Business Day**" means any day on which banks are generally open for business in The Netherlands.

"**Calculation Period**" means each period of one month. However, the first Calculation Period may be shorter or longer than one month, resulting from the starting date and length of the Initial Offering Period.

"**CET**" means Central European Time.

"**Custodian**" means Stichting DQS Custodian or such other Custodian as may be appointed from time to time in accordance with the Terms and Conditions.

"**Euro**" means the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.

"**Fund**" means the contractual arrangements between the Participants, the Fund Manager and the Custodian in relation to the participation, management, custody and administration of the fund as described in this Prospectus and the Terms and Conditions, also referred to as the DQS Absolute Return Fund.

"**Fund Manager**" means DQS Investment Management B.V.

"**Fund Estate**" means the totality of the Fund's assets and obligations.

"**Initial Offer Amount**" means 1000 Participations.

"**Initial Offer Period**" means the period determined by the Fund Manager during which Participations are offered for subscription at the fixed offering price, which period shall end on 1 August 2006 and which period may be extended or shortened by the Fund Manager at its sole discretion.

"**Management Board**" means a statutory board of managing directors (*bestuurders*).

"**Management Fee**" means the fixed part of the Fund Manager's remuneration to be calculated in accordance with the Terms and Conditions.

"**Net Asset Value**" is equal to the balance of the value of the Fund's assets and the value of its liabilities.

"**Participant**" means a natural or legal person, which participates in the Fund in accordance with the Participation Agreement and the Terms and Conditions.

"**Participation**" means a unit representing the rights of a Participant to a certain percentage of the Net Asset Value. Each Participation represents an equal interest in the Net Asset Value.

"**Participation Agreement**" means the participation agreement between the Fund Manager, the Custodian and each of the Participants individually, as amended from time to time.

"**Performance Fee**" means the variable part of the Fund Manager's remuneration to be calculated in accordance with the Terms and Conditions.

"**Prospectus**" means this document including its annexes.

"**Redemption Date**" means the first Business Day of each month and/or, under certain circumstances as set out in the Terms and Conditions, such other day or days as the Fund Manager may from time to time determine at its sole discretion.

"**Redemption Form**" means the standard form through which a request for redemption of Participations is made.

"**Redemption Price**" means Net Asset Value per Participation as at the last Valuation Date prior to the relevant Redemption Date.

"**Register**" means the register in which the names and addresses of all Participants are recorded stating the particulars of their Participations and their Subscription Date in accordance with the Terms and Conditions.

"**Sharpe ratio**" means the annual return minus risk-free return, divided by the annualised standard deviation of return.

"**Subscription Date**" means the first Business Day of each month and/or such other day or days as the Fund Manager may from time to time determine at its sole discretion.

"**Subscription Price**" means the subscription price for a single Participation.

"**Terms and Conditions**" means the terms and conditions of management and custody (*voorwaarden van beheer en bewaring*) of the Fund as attached as annex 1.

"**Total Redemption Amount**" means the Total Redemption Price adjusted by (i) additional redemption proceeds if an equalization adjustment (if applicable) made at the time of subscription has not been fully applied, to be determined in the sole discretion of the Fund Manager, and (ii) redemption fees and costs of the Custodian.

"**Total Redemption Price**" means the Redemption Price multiplied by the relevant number of Participation.

"Total Subscription Amount" means the Total Subscription Price together with costs and fees with respect to the issue of the relevant Participations.

"Total Subscription Price" means the Subscription Price multiplied by the relevant number of Participations.

"Valuation Date" means the last Business Day of each month, or such other day or days as the Fund Manager may from time to time determine at its sole discretion, provided that there will never be more than two Valuation Dates in any calendar month.

2. INVESTMENT OBJECTIVES, POLICY, STRATEGY AND RESTRICTIONS

2.1 Investment Objectives

The Fund Manager aims to generate returns irrespective of market movements with a target return of 30% per year net of costs and fees, with a risk adjusted return and Sharpe ratio being significantly higher (i.e. better) in comparison to equities; and with a low level of correlation with the stock markets..

2.2 Investment Policy

The Fund has an active investment policy and aims to invest in equity, futures and options traded on exchanges in the United States of America and Europe.

The investment policy of the Fund is to adopt a disciplined risk management and trading style, balancing between focused position taking and portfolio diversification.

The Fund uses statistical models developed and practised by the Fund Manager. These models continuously analyse the markets on a quantitative basis. The models may be adjusted and new strategies added when deemed necessary by the Fund Manager.

The Fund Manager may use a wide range of financial instruments to achieve its objectives using long and short positions and combinations thereof.

2.2.1 Financial Instruments

The investment objectives will be pursued by investing in a wide range of financial instruments, including listed equities, several kind of futures including commodity futures, options and other equity (derivative) securities. The core of the portfolio will be invested in European and US listed equities, equity-related instruments and derivatives.

The Fund Manager acting in its capacity of Fund Manager of the Fund may:

- (i) buy and sell put and call options;
- (ii) enter into futures contracts;
- (iii) enter into securities lending contracts in order to increase the returns, which will only be entered into with reputable banks or credit institutions under certain conditions;
- (iv) make short sales of equities and enter into contracts, which have the effect of giving the Fund exposure to a short position in a security (in order to meet its obligations under short sales, the Fund may borrow securities);
- (v) invest in fixed or floating rate debt instruments issued by corporate entities, national governments, government agencies, supranational entities or central banks (the debt instruments that the Fund may choose to invest in may not have any specific credit rating);

- (vi) invest in short, medium or long-term bank deposits in any currency or invest in any certificate of deposit and the full range of money market instruments;

As far as an investment in the above-mentioned securities and instruments results in certain unwanted exposures, interest rate derivatives, credit derivatives, foreign exchange instruments and other financial instruments may be used for hedging purposes. Leverage positions are followed on a continuing basis and adapted to developments.

The assets of the Fund may be made subject to a pledge, mortgage, usufruct, charge, lien retention or other encumbrance (whether or not a *beperkt recht*) of any nature as security for obligations incurred for the purposes of the Fund.

2.2.2 **Trading and Risk Management**

The Fund's policies will be implemented with a fully computerized quantitative based methodology including the automated processing of large amounts of data from all relevant markets. The Fund Manager's proprietary trading models appropriate for each strategy then generate the trading signals, which are reviewed by the Fund Manager; improvisation and trader emotion are almost entirely eliminated from the investment process.

The overall risk of the Fund will be monitored by the Fund Manager. The Fund will trade only instruments on official markets and exchanges. The Fund Manager will operate a disciplined stop loss protocol and the Fund's positions will be adjusted in case of developments outside expected levels. As a large part of the Fund's assets will be US Dollar denominated, the need or desirability of hedging will be continuously monitored and applied when considered necessary.

Portfolio risk will be reduced by diversification across instruments, strategies, countries and sectors. Gross exposure for equities is expected to range from 0% to 50% of total assets under management. Futures' margin and equity ratios will vary and are expected to range from 20% to 45% of total assets under management.

3. RISK FACTORS

There can be no assurance that the Fund's investment policy will be successful or that the Fund will achieve its investment objectives as described in section 2. An investment in Participations carries a very high degree of risk and is suitable only for persons who can assume the risk of losing their entire investment. Potential investors should consider, among others, the risks mentioned below, review this Prospectus and its annexes such as the Participation Agreement carefully, consult with their professional advisors and analyse the extensive market risk limits and -control structure. The Fund is a new venture and therefore there is no direct past performance to measure or illustrate. In any event, returns on past investments are no guarantee as to the returns on future investments. The value of the investment may fluctuate. By investing in the Fund, Participants assume the risk of losing their entire investment.

3.1 General Risks

3.1.1 Business Risk

The investment results of the Fund are reliant upon the success of the Fund Manager, which is a recently established entity, and there is likewise no operating history by which to evaluate its likely future performance.

No assurance can be given that the Participations of the Fund will increase in value. An investment in Participations carries a very high degree of risk and is suitable only for persons who can assume the risk of losing their entire investment.

The Fund will be controlled by an extensive market risk limit structure. Furthermore, derivatives may be used to limit risk or even produce positive returns in case of market stress.

3.1.2 Net Asset Value Considerations

The Net Asset Value per Participation is expected to fluctuate over time with the performance of the Fund's investments. A Participant may not fully recover his initial investment when he chooses to redeem his Participations or upon compulsory redemption if the Net Asset Value per Participation at the time of such redemption is less than the Subscription Price paid by such Participant (taking into account any equalization adjustment, if applicable) or if any un-amortized costs and expenses of establishing the Fund remain.

The financial objectives for the Fund are laid down in terms of a target return in combination with a set of risk management measures designed to limit the downside fluctuations of the Net Asset Value per Participation.

3.1.3 Illiquidity of Participations

The Participations are not listed on any stock exchange. Participants will, however, be able to redeem their Participations subject to restrictions set out herein and in accordance with the Terms and Conditions.

3.1.4 **Future and Past Performance**

The Fund is a new venture and therefore there is no direct past performance to measure or illustrate. Prior to the Fund the Fund Manager's key investment manager Mr C.C. Collee has developed a track record, which he considers to be favourable, while using the strategy's indicated in section 2; the track record can be obtained at the Fund Manager's office. In any event, returns on past investments are no guarantee as to the returns on future investments. The value of the investment may fluctuate. By investing in the Fund, Participants assume the risk of losing their entire investment.

As with investment values in general, the value of the investment made by the Fund may go down as well as up. No guarantees as to investment performance are given, either expressly or by implication. Different investments made by the Fund are likely to give different levels of return and it is possible that some investments may fall in value.

There is no guarantee that the investments into which the Fund intends to enter will generate a profit and the Fund may be forced to sell investments at a loss in certain circumstances.

3.2 **Market Risks**

3.2.1 **Derivative Risk**

The Fund may invest in listed derivatives. The individual financial instruments used may be highly volatile and may expose the Fund to a high risk of loss. The initial margin deposits required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss, which is high in proportion to the amount of funds actually placed as initial margin and may result in losses exceeding the margin deposited.

In order to effectively manage the implicit high leverage in derivative instruments, the Fund Manager has developed an extensive risk management system.

3.2.2 **Borrowing**

The Fund may use borrowing for the purpose of making investments. The use of borrowing creates special risks and may significantly increase the Fund's investment risk. Borrowing creates an opportunity for greater yield and total return but, at the same time, will increase the Fund's exposure to capital risk and interest costs.

3.2.3 **Concentration of Investments**

Although the Fund Manager will diversify the investment portfolio of the Fund in accordance with the principles set out in section 2 (*Investment Objectives, Policy, Strategy and Restrictions*), the Fund may at certain times hold relatively few, large investments in relation to the size of the Fund. The Fund could be subject to

significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected.

3.2.4 **Illiquidity of investments**

In some circumstances, investments may be relatively illiquid, making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. Accordingly, the Fund's ability to respond to market movements may be impaired and the Fund may experience adverse price movements upon liquidation of its investments. If trading on an exchange is suspended, the Fund may not be able to execute trades or sell positions at prices the Fund believes are desirable.

3.2.5 **Transaction Costs**

The Fund's investments approach may involve a high level trading. Transaction costs will be borne by the Fund and therefore, ultimately, by the Participants. Transaction costs may be reduced through screen based trading instead of trading through brokers or volume discounts (any return commissions from brokers will be for the benefit of the Fund and not the Fund Manager). Transaction costs should compare favourably with expected results.

3.2.6 **Currency Exposure**

The Participations are denominated in Euro and will be issued and redeemed in this currency. A large part of the assets may, however, be invested in securities and other investments which are denominated in other currencies than the Euro. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. In addition, potential investors whose assets and liabilities are predominantly in other currencies should take into account the potential risk of loss arising from fluctuations in value between the Euro and such other currencies.

Currency exposures of the Fund will be hedged according to the policies described in paragraph 2.2.2. (*Trading and Risk Management*).

3.2.7 **Short Selling**

Short selling involves trading on margin and accordingly can involve greater risk than investments based on a long position. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no absolute guarantee that securities necessary to cover the short position will be available for purchase.

3.3 **Other Risks**

3.3.1 **Political Risk**

The investments of the Fund may be adversely affected by developments in the countries the Fund may invest in. This may result in a partial or complete loss of the investments made by the Fund. Such developments include, without limitation:

- (i) war;
- (ii) civil unrest, ranging from protests to civil war;
- (iii) changes in the political situation and/or government of a country; and
- (iv) acts of terrorism.

3.3.2 **Company Risk**

The provision of information by companies may not be comparable to the levels of quality customary in Western European and North American markets. To ensure that investment decisions are made based on correct, up-to-date and adequate information, the Fund will only invest in companies having a standard of disclosure at least comparable to that of companies in Western Europe and North America.

3.3.3 **Counter Party Risks**

The Fund will be subject to the risk of the inability of a counter party to perform with respect to transactions, whether due to bankruptcy, suspension of payments, similar proceedings or other causes. In the selection process, the credit quality of counter parties has been one of the important factors, which the Fund Manager has considered. Any material changes in the credit quality of counter parties may result in the appointment or choice of other counter parties.

The Fund may rank as one of the counter party's unsecured creditors in relation to assets of the Fund which the counter party's borrows or otherwise uses and, in the event of the insolvency of the counter party, the Fund might not be able to recover equivalent assets in full. Part of the risk may be mitigated by netting agreements, which form part of other agreements.

3.3.4 **Suitability of Investing in the Fund**

An investment in the Fund is suitable only for sophisticated investors. An investor must have the financial ability to understand and to accept the extent of their exposure to the risks and lack of liquidity inherent in an investment in the Fund.

Recipients of this Prospectus are strongly advised to consult their own professional advisers and to consider for themselves the financial, accounting, legal, tax and other consequences of subscribing before making a decision. Each investor contemplating subscribing for or purchasing any shares should make their own independent investigation of the financial condition and affairs, and their own appraisal of the creditworthiness, of the Fund and the terms and conditions of the Participations.

3.3.5 **Conflicts of Interest**

It is possible that the Fund Manager, the Custodian, the Broker, or the Administrator may, in the course of business, have conflicts of interest with the Fund. Each will, at all times, have regard in such event to its obligations to the Fund and will endeavour to ensure that such conflicts are resolved fairly.

In addition, subject to applicable law, any of the foregoing may deal, as principal or agent, with the Fund, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis.

The Fund Manager or any person connected with the Fund Manager may invest in, directly or indirectly, or manage or advise other investments funds or accounts that invest in assets that may also be purchased or sold by the Fund. Neither the Fund Manager nor any person connected with it is under any obligation to offer investment opportunities of which any of them becomes aware to the Fund or to account to the Fund in respect of (or share with the Fund or inform the Fund of) any such transactions or any benefit received by any of them from any such transaction, but will allocate such opportunities on an equitable basis between the Fund and other clients.

3.3.6 Investment Management Risk

The Investment performance of the Fund is substantially dependent on the services of key individuals who are responsible for managing the investments of the Fund. These key individuals are connected with the Fund Manager. In the event of death, disability, departure, insolvency or withdrawal of any of these key individuals, the performance of the Fund may be adversely affected. The Fund Manager currently relies on Mr C.C. Collee, who will be supported by an additional experienced investment manager from the day the Fund is launched. However it is anticipated to increase the number of investment managers commensurate to the growth of the size of the Fund in order to substantially reduce the investment management risk.

3.3.7 Locating Suitable Investments

The success of the Fund depends on the ability of its management to identify, select, effect and realize appropriate investments. There is no guarantee that suitable investments will be or can be acquired or that investments will be successful.

3.3.8 Dependency on Directors

Control over the operation of the Fund and the Fund Manager will be vested entirely with the directors, and the Fund's future profitability will depend largely upon the business and investment acumen of the directors and other principals. Investors generally have no right or power to take part in the management of the Fund or to control the day-to-day operations, including investment and disposition decisions, of the Fund.

3.3.9 Importance of Personnel

The success of the Fund depends substantially upon the skills and expertise of the individuals employed by it to locate, select and develop appropriate investments. There can be no assurance that the present individuals will continue to be employed by the Fund throughout the life of the Fund nor that suitable replacements will be found should they become incapacitated. As a result, the Fund's performance could

be adversely affected should one or more key executives cease to participate in the activities of the Fund.

3.3.10 **Profit Sharing**

In addition to receiving a Management Fee, the Fund Manager receives a Performance Fee as described in section 14 (*Fees and expenses*) which risk is counterbalanced by the risk limits and control structure described above.

3.3.11 **Economic Conditions**

General economic conditions may affect the Fund's activities. Interest rates, the availability of financing, the price of securities and participation by other investors in the financial markets may adversely affect the value and number of investments made by the Fund. Returns generated by the investments may be insufficient to allow full redemption of the shares.

3.3.12 **Regulatory Risk**

The regulatory environment for investment funds is evolving and changes therein may adversely affect the Fund's ability to pursue its investment strategies. In addition, the regulatory and/or tax environment for derivative and related instruments is evolving and may be subject to modification by government or judicial action that may adversely affect the value of the investments held by the Fund. The effect of any future regulatory or tax change on the Fund is impossible to predict.

3.3.13 **Tax Considerations**

An investment in the Fund may involve complex tax considerations that will differ for each investor. Each investor is advised to consult its own tax advisors. The tax rules or their interpretation in relation to an investment in the Fund may change during the term of the investment.

3.3.14 **Other Variable Factors**

General economic and political conditions may affect the Fund's activities. Interest rates, the availability of financing, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by the Fund.

3.3.15 **Regimes**

Information contained in this Prospectus on legislation and taxation is based on understanding of current Netherlands laws (including tax laws), and practice and procedure, which may be subject to change, which may have an effect on it or its investments.

3.3.16 **Inflation and Deflation risk**

The Net Asset Value of the Participations will be denominated in a certain currency, which may be subject to inflation or deflation effects. Inflation or deflation may affect the Net Asset Value per Participation. The Fund will not specifically hedge inflation risk or take other measures to mitigate this specific risk, other than described in paragraph 2.2.2. (*Trading and Risk Management*).

4. **THE FUND**

The Fund is an investment fund (*beleggingsfonds*) as referred to in article 1 under (b) of the Act. The Fund is not a legal entity but a contractual arrangement *sui generis* between the Fund Manager, the Custodian and the Participants. The Fund is established as of the first issue of a Participation and shall continue to exist for an indeterminate period of time.

It has a semi-open ended structure, which means that the Fund will on request issue and redeem Participations subject to certain restrictions as described herein, always on the first Business Day of a month. The Fund is governed inter alia by the Terms and Conditions. By entering into a Participation Agreement a Participant represents and warrants to have reviewed the Terms and Conditions and agrees to be bound thereby. A Participant is admitted to the Fund by the issuance of a Participation.

The cash in the Fund will be invested in cash, equivalents, securities, derivatives and other assets, by using the subscribed capital from Participants or by using borrowed money or entering into other liabilities. The Participants have no proprietary rights with respect to the assets of the Fund. The Custodian is the legal owner of all assets of the Fund. The Custodian will acquire and hold the assets for the purpose of management and custody (*ten titel van beheer en bewaring*) on behalf of and for the account of the Participants. Such interest of the Participants is represented by the Participations held by each of them.

Participants will receive audited annual financial statements. Participants will also be provided with statements of the Net Asset Value of their Participations on a monthly basis.

Pursuant to the Terms and Conditions the Custodian will grant a power of attorney to the Fund Manager to manage (*beheren*) the assets of the Fund in accordance with the Terms and Conditions. The Fund Manager will only act in the interest of the Participants.

The base currency of the Fund is Euro.

5. **THE DUTCH ACT ON THE SUPERVISION OF INVESTMENT INSTITUTIONS**

Under the Dutch Act on the Supervision of Investment Institutions (*Wet toezicht beleggingsinstellingen*) the Fund Manager is exempt from the licence requirement as it makes use of the following selling restriction:

Sets of Participations described herein may not, directly or indirectly, be offered or acquired in The Netherlands, except:

- for a counter value of at least EUR 50,000 per Participant; and/or
- to Participants being professional investors within the meaning of Article 1 of the Regulation dated October 9, 1990 (as amended from time to time) issued pursuant to article 14 of the Dutch Act on the Supervision of Investment Institutions (*Wet toezicht beleggingsinstellingen*); and/or
- to less than 100 natural persons not being the professional investors as referred to above.

Therefore, neither the Fund nor the Fund Manager is regulated or supervised in The Netherlands by the Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) or by any other regulator or supervisory authority.

6. THE FUND MANAGER

DQS Investment Management B.V. will be the Fund Manager and is an investment management company and the manager (*beheerder*) of the Fund based on the Terms and Conditions. The Fund Manager is responsible for the implementation of the investment objectives, in accordance with the Fund's investment policy, and decides on the Fund's investment activities.

The Fund Manager is a limited liability company (*besloten vennootschap*) incorporated on 8 February 2006, having its statutory seat (*statutaire zetel*) in Voorburg. The Fund Manager has been registered with the Chamber of Commerce of Haaglanden, The Netherlands under number 27285330.

The fiscal year of the Fund Manager is the same as the calendar year. The annual report and annual accounts of the Fund Manager will be prepared within five months after the close of the fiscal year

The articles of association (*statuten*) and the published annual report and accounts of the Fund Manager are deposited at its office and copies are available free of charge. Schedule 2 of this Prospectus contains an informal English translation excerpt of the Articles of Association of the Fund Manager.

The Management Board of the Fund Manager directly determines the policy of that company. Indirectly and ultimately Mr C.C. Collee and Mr D.W. Siekman determine the policy.

The Fund Manager is represented by its directors Mr C.C. Collee and Mr D.W. Siekman.

Curriculum Vitae Managers

C.C. Collee, Investment Advisor/Manager

Mr C.C. Collee has an Engineering Degree in Chemical engineering of Technical College (HTS) The Hague, The Netherlands (1976).

Mr C.C. Collee worked as an option trader on European Option Exchange (Euronext) for ten (10) years. He started as employee of a market makers firm learning the trade. After four (4) years Mr C.C. Collee became director of an option-trading firm and three (3) years later he started his own firm.

During the last ten (10) years he has been trading for own account and risk. At the same time developing and testing investment strategies, analytical tools and decision support systems.

J.A.N. Hoek, Investment Advisor/Manager

Mr J.A.N. Hoek has a Bachelor Degree in Economics (1988) from The Hague University of professional education; two NIBE certificates, qualifying as an exchange broker (1987); AEX/ Euronext-Authorized Trader (1989); and passed the Eurex-Trader Examination in 2003.

Mr J.A.N. Hoek has nineteen (19) years hands-on and management experience in a broad range of investment management activities such as investment research, risk management,

professional trading in stocks and options, developing investment decision support (IT) systems, contact with regulatory authorities; and successfully setting up as one of the two directors the European branch of an American proprietary trading firm (culminating in 30 traders with offices in 4 countries, within a timeframe of four (4) years).

D.W. Siekman, Manager marketing

Mr D.W. Siekman has an MA Economics, Register Accountant (NIVRA) and MBA INSEAD (1980).

He has 30 years business experience including auditing, consulting, finance and economics, and management in staff-, line- and chief executive positions at medium to large size (listed) companies.

7. **ADVISOR TO THE FUND MANAGER**

Mr J.G.M. van Ringelenstein will act as advisor to the Fund Manager. His advisory role will be on a part-time basis.

Curriculum Vitae Advisor to the Fund

Mr J.G.M. van Ringelenstein

Mr J.G.M. van Ringelenstein was a member of Euronext Amsterdam in the capacity of market – maker (from 1984 - 2003) and has an extensive experience in trading and investment.

From 1994 to July 1996 he also was the chairman of the football club Stichting FC Den Haag, while in addition being the chairman of ADO from October 1995 until July 1996. Since the merger of the two clubs on July 1996 he is the chairman of the Vereniging HFC ADO Den Haag and member of the clubs' Members Council. From 1997 until mid 2001 he also was a member of the Board of KNVB (the Dutch national football association) and member of the Board of its Section Professional Football.

In addition Mr J.G.M. van Ringelenstein is active as board member of four non-profit organisations operating in the public sector.

8. THE CUSTODIAN

Stichting DQS Custodian will act as Custodian (*bewaarder*) of the assets and liabilities of the Fund. The Custodian specialises in the custody and administration of funds of investment management companies, which fall under the Act. The Custodian is a Foundation (*Stichting*) incorporated on 8 February 2006, having its statutory seat (*statutaire zetel*) in Voorburg. The Custodian has been registered with the Chamber of Commerce of Haaglanden, The Netherlands under number 27285331.

The fiscal year of the Custodian is the same as the calendar year. The annual report and annual accounts of the Custodian will be prepared within six months after the close of the fiscal year. The Articles of Association, and the annual report and annual accounts of the Custodian are deposited at its office and copies are available free of charge. Schedule 3 of this Prospectus contains an excerpt of the Articles of Association of the Custodian.

The member of the Management Board of the Custodian is: Stichting IMFC Bewaarder.

The Management Board of the Custodian determines the policy of the Custodian.

At the date of this Prospectus, the sole member of the Management Board of the Custodian is Stichting IMFC Bewaarder.

Stichting IMFC Bewaarder is a company focussing on trustee, custodian and paying and transfer agent services, a 100% controlled entity of IMFC Fund Services B.V. and part of the IMFC Group (please also see the website www.imfc.nl). IMFC Group is an independent group of companies providing a broad range of services to onshore and offshore funds.

Stichting IMFC Bewaarder is a foundation incorporated in Amsterdam on November 30, 2007, with its statutory seat (*statutaire zetel*) in Amsterdam and registered with the Chamber of Commerce of Amsterdam, The Netherlands under number 34288104.

The directors of Stichting IMFC Bewaarder are: Mr H. Leijdesdorff, Mrs S. Perret Gentil, Mr G. Kruizinga and Mrs C. Nardon.

Curriculum Vitae Directors Stichting IMFC Bewaarder

Mr H. Leijdesdorff

Mr H. Leijdesdorff is a lawyer, graduate of the University of Leiden. He started his professional career in 1980 with the trust division of the Citco Group in Curaçao. After his four-year stay in the Caribbean, he moved to the offices of Citco in Amsterdam, where he was the managing director from 1991 through 1993. In December 1995 he joined Bayard Trust Services in Amsterdam. In September 1995 he was a founder of IMFC.

Mrs S. Perret Gentil

Mrs S. Perret Gentil is a lawyer, graduate of the Vrije Universiteit in Amsterdam. She has past working experience with MeesPierson Trust in Curaçao, where she was working as a legal assistant and account manager. In September 1995 she was a founder of IMFC.

Mr G. Kruizinga

Mr G. Kruizinga is a Higher National Business School graduate, specialising in accounting. He worked for the Citco Group in Curaçao and Amsterdam as an accountant and senior account manager in the Mutual Fund Administration Department for over 12 years.

Mrs C. Nardon

Mrs C. Nardon is a graduate of the University of Trieste in Italy with a degree in economics and business administration. She started her career as an accountant with ENI International Holding B.V. in Amsterdam. In 1998 she worked for Citco Fund Services in Amsterdam as an accountant and senior account manager in the Mutual Fund Administration Department for three and a half years.

9. THE ADMINISTRATOR

IMFC Fund Services B.V. is appointed as administrator by the Fund Manager and Custodian ("**the Administrator**"), to act as the Administrator of the Fund.

The Administrator is dedicated to providing third party administration and related services, a 100% subsidiary of IMFC Netherlands N.V. and part of the IMFC Group (please also see the website www.imfc.nl). IMFC Group is an independent group of companies providing a broad range of services to onshore and offshore funds.

The Administrator is a limited liability company incorporated in Amsterdam, The Netherlands on 2 July 2002 and is registered with the Chamber of Commerce of Amsterdam, The Netherlands under number 34176206.

Pursuant to an Administrative Services Agreement dated 30 June 2006 between the Administrator, Fund Manager and Custodian, the Administrator will provide financial, accounting and administration services to the Fund, including the following matters:

- communicating with Participants;
- maintaining the Fund's Participation register;
- processing subscriptions and redemptions;
- preparing and maintaining the Fund's financial and accounting records;
- determining the Net Asset Value;
- preparing financial statements;
- arranging for the provision of accounting, clerical and administrative services;
- disbursing payments of fees and expenses;
- liaising with auditors and delivery of audited financial statements to the Participants;
- maintaining corporate records.

The Directors of the Administrator are Mr H. Leijdesdorff, Mrs S. Perret Gentil, Mr G. Kruizinga and Mrs C. Nardon. Please see section 8 (*The Custodian*) for their curriculum vitae.

The Administrative Services Agreement states that:

"The Fund Manager shall indemnify the Administrator (which shall include solely for purposes of this clause 8 the Administrator's directors, officers, employees) against, and hold it harmless from, any expense, loss, liability or damage arising out of any claim asserted or threatened to be asserted by any third party in connection with the Administrator's serving or having served as such pursuant to this Agreement; provided, however, that the Administrator shall not be entitled to such indemnification with respect to any expense, loss, liability or damage which was caused by the Administrator's own gross negligence (*grove schuld*), wilful default (*opzet*) or reckless disregard of its duties hereunder".

Any such indemnification will be made on behalf of the Fund and charged to the Fund by the Fund Manager.

The Administrator is not responsible for any of the trading or investment decisions of the Fund Manager or the effect of such trading decisions on the performance of the Fund.

10. **THE AUDITOR**

KPMG Accountants N.V. ("**KPMG**") will act as auditor of the Fund. KPMG is an independent major audit firm providing a broad range of audit, tax and advisory services.

11. **THE BROKER**

The fund has appointed one executing broker: Interactive Brokers (UK) Ltd ("**Interactive Brokers**").

Interactive Brokers holds memberships on approximately 60 exchanges, market centers, and clearing corporations around the world and Interactive Brokers is regulated by the Financial Services Authority (FSA) in the United Kingdom. The account is (partially) protected by the Securities Investor Protection Corporation (SIPC) and Lloyd's of London insurers.

Interactive Brokers is registered as a securities institution with the AFM in The Netherlands on the basis of its passport under the EU Investment Services Directive (1993/22/EEC).

For further information please contact the Custodian or the Fund Manager.

In its capacity as Broker, the Broker will execute purchase and sale orders for the Fund Manager and Custodian. The Broker may also provide the Fund Manager with financing lines and short selling facilities.

The Broker will have no decision-making discretion relating to the Fund's investments. The Broker is a service provider to the Fund and is not responsible for the preparation of this document or the activities of the Fund and therefore accepts no responsibility for any information contained in this Prospectus. The above description is based on the websites and information received from the brokers.

The Fund Manager and the Custodian reserve the right, at their discretion, to change the brokerage and Custody arrangements described above including, but not limited to, the appointment of additional Broker(s).

12. SUBSCRIPTIONS

12.1 Subscription Price, Total Subscription Price and Total Subscription Amount

The Subscription Price during the Initial Offering Period shall be Euro 100. The minimum number of Participations issued during the Initial Offering Period shall be 1000 in accordance with section 12.3 (*Minimum Investment*), the Initial Offer Amount.

Following the close of the Initial Offer Period, Participations will be issued at a recalculated Subscription Price on each Subscription Date. In principle, Participations will be offered monthly on every first Business Day. The Subscription Price will then be equal to the Net Asset Value per Participation after deduction of the Management and Performance Fees as at the last Valuation Date prior to the relevant Subscription Date.

Subscription (and Redemption) will take place at Net Asset Value (also after deduction of the Management and Performance Fees) as at the last Valuation Date prior to the relevant Subscription Date (and Redemption Date); consequently an equalization reserve (to be used at alternative valuation methods) is not applicable. If and when an equalization reserve is deemed necessary, solely at the discretion of the Fund Manager, the Participants will be informed thereof.

No Subscription fees will be charged.

The Fund Manager is authorized to resolve to issue additional Participations to Participants or redeem issued Participations from Participants provided the Participation Net Asset Value is not affected.

The Fund Manager is authorized to resolve to close the Fund to new subscriptions, either for a specified period or until a time that is otherwise determined and either in respect of all investors or new investors only. During any such period Participations will not be available for subscription.

The Fund Manager is authorised to resolve the acceptance of participants to the Fund.

12.2 Procedure

Applicants for Participations during the Initial Offer Period should complete and sign a Participation Agreement, provide the necessary documents for his identification and send it to the Administrator so as to be received by the Administrator no later than 12.00 CET on the last day of the Initial Offer Period.

Applicants for Participations for subsequent periods should complete and sign a Participation Agreement, provide the necessary documents for his identification, and send it to the Administrator so as to be received by the Administrator no later than 12.00 CET on the tenth (10th) Business Day before the Subscription Date.

Payment of the Total Subscription Amount must be received in Euro by the Custodian, ultimately five (5) Business Days preceding the Subscription Date.

12.3 Minimum Investment

The minimum counter-value of sets of Participations offered during the Initial Offering Period for each Participant will be Euro 100,000.

Subsequent sets of Participations offered to existing or new Participants are generally intended to be of a counter-value of at least Euro 100,000 but may vary at the discretion of the Fund Manager, but will always be in compliance with the following:

Participations described herein may not, directly or indirectly, be offered or acquired in The Netherlands, except:

- for a counter value of at least EUR 50,000 per Participant; and/or
- to Participants being professional investors within the meaning of Article 1 of the Regulation dated October 9, 1990 (as amended from time to time) issued pursuant to article 14 of the Dutch Act on the Supervision of Investment Institutions (*Wet toezicht beleggingsinstellingen*); and/or
- to less than 100 natural persons not being the professional investors as referred to above.

Regarding the United States, the Participations have not been and will not be registered under the Securities Act of 1933 of the United States (as amended) (the "1933 Act") or the securities laws of any of the States of the United States. The Participations may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any "US Person" as defined in Regulation S under the 1933 Act except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable State laws. The Participations are being offered outside the United States pursuant to the exemption from registration under Regulation S under the 1933 Act. Each applicant for Participations will be required to certify whether it is a US Person or not. The Fund will not be registered under the United States Investment Company Act of 1940 (the "1940 Act") in reliance on the exception from the definition of investment company provided by Section 3(c)(7) of the 1940 Act. Thus, all U.S. purchasers of the Participations (and U.S. transferees) will be required to be "qualified purchasers" as defined in Section 2(a)(51) of the 1940 Act.

The Fund is furthermore not open to (legal) persons of other countries for whom it is prohibited to participate under the applicable laws and regulations of their country of residence or establishment.

12.4 **Investor Representations and Warranties**

The Participation Agreement requires each prospective applicant for Participations to make certain representations and warranties to the Custodian and the Fund Manager.

The representations and warranties required of a Participant include, among other things that:

- (i) the execution and performance of the Participation Agreement do not contravene, or constitute a default under any provision of law applicable to the Participant;

- (ii) the Participant has the knowledge and expertise in business and financial matters to make it capable of assessing and evaluating the merits and risks associated with investing in the Fund;
- (iii) the Participant has independently assessed, evaluated and verified the merits and risks associated with investing in the Fund and the transactions contemplated there under; and
- (iv) the Participant is willing to assume and will be able to bear the full financial and economic risk of its subscription, while maintaining adequate means of providing for its current needs and foreseeable contingencies, even in the event of a loss of its entire investment in the Fund.

12.5 **Form of Participations**

All the Participations will be in registered form. Participation certificates will not be issued. Participants will subscribe to the Fund by entering into a Participation Agreement as set out in Schedule 4.

12.6 **Money Laundering**

Measures aimed at the prevention of money laundering may require an applicant for Participations to verify its identity to the Administrator. The procedure used by the Administrator is compliant with the Dutch Client Identification Act (*Wet identificatie bij dienstverlening*).

In order to comply with requirements of authorities of other jurisdictions where the Fund may trade or may make use of service providers (e.g. exchanges or brokers), the Fund may be required to submit identity and address documents of (all) Participants to these service providers (or authorities). If this is the case the Fund will comply with the requirements concerned.

If the applicant appears in person, the financial institution may establish its identity by means of having the applicant present the original of its passport or driving license or another official document proving its identity.

If an applicant does not appear in person, a financial institution may ascertain its identity by having it provide the institution with a copy or with the official number of its passport or driving license if certain conditions are met. Firstly, the financial service in connection with which the identification is being made must not involve any ready cash. Secondly, the first payment pursuant to the financial service concerned must be made by the applicant from, or by the applicant to, an account held by the applicant with a credit institution as defined in the Dutch Act on the Supervision of Credit Institutions 1992 (*Wet toezicht kredietwezen 1992*) or with an insurance company as described in the Dutch Act on the Supervision of Insurance Companies (*Wet toezicht verzekeringsbedrijf 1993*) which is domiciled in a member state of the European Union or a state that has been specifically designated by the Dutch Minister of Finance. The following countries have been so designated: Aruba, Australia, Bahrain, Canada, Hong Kong, Japan, Yemen, Kuwait, The Netherlands Antilles, New Zealand, Qatar,

Saudi Arabia, Singapore, Turkey, the United Arab Emirates, the United States and Switzerland.

In the case of corporate applicants, the following applies. If the applicant has a registered office in The Netherlands, its identity will have to be established by means of a certified extract from a Chamber of Commerce in The Netherlands or by means of a deed from a civil law notary (*notaris*). If the applicant does not have a registered office in The Netherlands, its identity will have to be determined by means of a certified extract from the official registry of the state in which the registered office of the legal entity is seated or by means of a statement given by a civil law notary or another (from the legal entity independent) functionary from that state, which can sufficiently guarantee the reliability of this statement by reason of the nature of his function.

In the event of delay or failure by the applicant to produce any information required for verification purposes, the application for a subscription and any payment relating thereto may be refused or process of a redemption request may be refused until proper information has been provided. Investors should note specifically that where a Total Redemption Amount is requested to be remitted to an account which is not in the name of the investor, the Administrator reserves the right to request such information as may be reasonably necessary in order to verify the identity of the investor and the owner of the account to which the Total Redemption Amount will be paid. The Total Redemption Amount will not be paid to a third party account if the investor and/or owner of the account fail to provide such information.

Each applicant for Participations acknowledges that the Administrator shall be held harmless against any loss arising as a result of a failure to process his application for Participations if such information and documentation as has been requested by the Administrator has not been provided by the applicant.

12.7 **Transfer**

The Participations are redeemable by the Fund Manager and the Custodian at the option of the Participant on certain conditions (see section 13 (*Redemptions*) and the Terms and Conditions). The Participations cannot be transferred or assigned except by way of redemption except if there is no change in beneficial ownership at the sole discretion of the Fund Manager. Participations cannot be made subject to any pledge, mortgage, usufruct, charge, lien, retention or other encumbrance (whether or not a *beperkt recht*) of any nature whatsoever.

12.8 **Universal succession of title**

In case of universal succession of title, Participations will be redeemable by the Fund Manager and Custodian in accordance with section 13 (*Redemptions*)

12.9 **Joint Ownership**

If a Participation is owned by more than one person, such joint owners may only be represented towards the Fund Manager or the Custodian by one person appointed by them for that purpose. Notice of such appointment shall be given forthwith to the Fund Manager in writing.

13. REDEMPTIONS

13.1 Redemption Price, Total Redemption Price and Total Redemption Amount

Participations are each redeemed at a Redemption Price. In principle, Participations may be redeemed on a monthly basis.

Redemption will take place at Net Asset Value (also after deduction of the Management and Performance Fees) as at the last Valuation Date prior to the relevant Redemption Date; consequently an equalization reserve (to be used at alternative valuation methods) is not applicable. If and when an equalization reserve is deemed necessary, solely at the discretion of the Fund Manager, the Participants will be informed thereof.

As an adjustment to the Total Redemption Price, a redeeming Participant:

- (i) may receive additional redemption proceeds if an equalization adjustment made at the time of subscription has not been fully applied, to be determined at the sole discretion of the Fund Manager; and
- (ii) will be charged with redemption fees and costs of the Custodian (see section 14 (*Fees and Expenses*)) only in case of redemption during the first year after subscription.

13.2 Procedure

Participations will be redeemable at the option of the Participant as per a Redemption Date. Participants should send a completed Redemption Form to be received by the Administrator no later than 12:00 CET on the Business Day falling at least 30 calendar days before the relevant Redemption Date, failing which the redemption request will be held over until the following Redemption Date and Participations will be redeemed at the Redemption Price applicable on that Redemption Date. The Custodian and the Fund Manager will use their best efforts to comply with a request for redemption but redemption cannot be fully guaranteed given the nature of the Fund's investments. See paragraph 13 (*Redemption*) of the Terms and Conditions for conditions suspending the redemption. If the Fund Manager deferred the redemption, the Fund Manager will determine an additional Business Day as soon as possible on which redemption can still take place. In the period in between these days, the Fund Manager will try to avoid that the Net Asset Value is substantially amended.

Redemption requests can only be made on Redemption Forms and may be sent by facsimile, but a Total Redemption Amount will not be remitted until the Administrator and the Fund Manager have received the original of the redemption request. Redemption Forms will be made available by the Custodian, the Fund Manager or the Administrator.

A request for a partial redemption of Participations may be refused or the holding redeemed in its entirety if, as a result of such partial redemption, the Net Asset Value of the Participations retained by the Participant would be less than the criteria set forth in paragraph 12.3 (*Minimum Investment*) above.

A redemption request (through submission of a Redemption Form), once made, is irrevocable save with the consent of the Fund Manager (which consent may be withheld).

Under exceptional circumstances, in the interest of the Participants, the Redemption Date may be a different day than the first Business Day of a month. In that case the Participants concerned will be notified by mail of the change of the Redemption Date.

The Custodian and/or the Fund Manager are entitled to restrict the redemption of Participations to a maximum of 25% of the Net Asset Value of the Fund. In such event, the number of Participations redeemed per Participant will be pro rata the total number of Participations offered for redemption. Any remaining Participations offered for redemption will receive preferential treatment at the next following Redemption Date.

The Custodian and/or Fund Manager are entitled to redeem all (but not part of) the Participations of any Participant:

- (i) if the Participant is dissolved, becomes insolvent, is unable to pay its debts, institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy, any other relief under any bankruptcy, insolvency or similar law;
- (ii) if in the Fund Manager's reasonable opinion the tax position of the Custodian, the Fund Estate or any of the other Participants is or will become negatively affected due to the tax status or position or any change therein of the relevant Participant or any other circumstance concerning such Participant; or
- (iii) if, for whatever reason, the continuation of the relationship cannot reasonably be expected from the Fund Manager and/or Custodian.

The Custodian and/or the Fund Manager may further suspend redemption of Participations if:

- (i) the transfer of funds realised from the sale of Fund's investments cannot, in the sole opinion of the Fund Manager, be effected at normal rates of exchange;
- (ii) exchanges are not open for business or the sale of Fund's investments is otherwise restricted or suspended;
- (iii) a state of affairs exists which constitutes a state of emergency as a result of which the sale of Fund's investments would, in the sole opinion of the Fund Manager, not be practical or would negatively affect the rights of other Participants;
- (iv) the Participant did not act in compliance with applicable legislation, the Terms and Conditions; or
- (v) for whatever reason, the valuation of Fund's investments to be sold cannot be promptly or accurately ascertained;

13.3 Settlement

Payment of a Total Redemption Amount will normally be made within 20 Business Days after the relevant Redemption Date. Payment will be made in Euro by direct transfer in accordance with instructions given by the redeeming Participant to the Administrator on the Redemption Form and at the Participant's risk and cost.

The Total Redemption Price will be equal to the Net Asset Value of the Participation redeemed.

13.4 **Money Laundering**

Participants should note that a redemption request may be refused if it is not accompanied by such additional information as may reasonably be required. This power may, without limitation to the generality of the foregoing, be exercised where proper information has not been provided for money laundering verification purposes as described in section 12.6 (*Money Laundering*). Net Asset Value

13.5 **Net Asset Value**

The Net Asset Value (and the Net Asset Value per Participation) will be expressed in Euro and determined as at the close of business on each Valuation Date. The Fund Manager may delegate the determination of the Net Asset Value and the Net Asset Value per Participation to the Administrator.

13.6 **Valuation methods**

Assets of the Fund will be valued at fair value, in accordance with accounting principles and practices generally accepted in The Netherlands, such as:

- (i) any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon will be valued at its price on the relevant Valuation Date where "closing price" means the last traded price of the day. The application of closing prices is not expected to have a material impact on valuation of the assets of the Fund as compared to the application of bid and ask prices for long and short positions respectively;
- (ii) investments, other than securities, which are dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued by reference to the most recent price quoted by that clearing house, exchange or financial institution. If there is no such price, then the average will be taken between the lowest offer price and the highest bid price at the close of business on any market on which such investments are or can be dealt in or traded, provided that where such investments are dealt in or traded on more than one market, the Fund Manager may determine at its discretion which markets shall prevail;
- (iii) deposits will be valued at their cost plus accrued interest;
- (iv) any value (whether of an investment or of cash) other than in Euro will be converted into Euro at the rate (whether official or otherwise) applicable as at close of business on the relevant Valuation Date, having regard, among other things, to any premium or discount which may be relevant and to costs of exchange.

14. FEES AND EXPENSES

14.1 Fees and Costs

The Fund Manager may use distributors when seeking Participants to purchase the Participations. The Fund Manager may pay remuneration to such distributors from the fees that the Fund Manager receives. Any such remuneration will be borne by the Fund Manager.

To insulate other Participants from the effect of costs incurred by the Custodian and/or the Fund in connection with the issue of new Participations to an existing or new Participant, the Custodian and/or the Fund Manager may at their sole discretion charge to the relevant Participant any brokerage fees and expenses incurred in connection with the purchase of securities, derivatives and/or cash equivalents relating to or arising out of the participation by a Participant. The Custodian will provide the Participant with an overview of the fees and expenses so charged.

14.2 Management Fee

The Fund Manager will receive a management fee equal to 1,5% (one and a half) of the Net Asset Value excluding (i.e. before deduction of) the Management Fee and the Performance Fee, as at the last Valuation Date of each calendar month, payable monthly in arrears out of the Fund's assets.

14.3 Performance Fee

The Fund Manager will also be entitled to receive a performance fee of 20% (twenty) of the increase (if any) in the Net Asset Value excluding (i.e. before deduction of) the Performance Fee and including (i.e. after deduction of) the Management Fee, calculated on a Participation-by-Participation basis.

The Performance Fee will be calculated in respect of each Calculation Period and will accrue on a monthly basis as at the last Valuation Date of each month. The Performance Fee will be payable to the Fund Manager in arrears within 20 calendar days of the end of each Calculation Period out of the Fund's assets. However, in the case of Participations redeemed during a Calculation Period, the accrued Performance Fee in respect of those Participations will be payable within 20 calendar days after the Redemption Date out of the Fund's assets.

The Performance Fee is paid according to the following "high water mark" rule: if the Fund over a Calculation Period suffers a reduction of Net Asset Value, the amount of the reduction must be recovered by a corresponding increase in the Net Asset Value in or during subsequent periods, which establishes the new basis for calculation of the Net Asset Value of the period in or during which the aforementioned recovery has taken place.

In order to minimize any inequities that could otherwise result for Participants or for the Fund Manager, the Performance Fee is charged following a method, which is currently operated by and may be requested by investors from, the Administrator. It ensures that regardless of the timing of the subscription for, or redemption of, Participations:

- (i) any Performance Fee paid to the Fund Manager is charged only on the actual increase in value of such Participations (if any);

- (ii) all holders of Participations have the same amount of capital per Participation at risk in the Fund; and
- (iii) all Participations have the same Net Asset Value per Participation.

14.4 **Redemption Fees and Expenses**

A redemption fee of 3% of the Total Redemption Price will be deducted in respect of redeemed Participations during the first year of participation. Redemption fees so withheld will be for the benefit of the Fund Manager.

The Custodian may at its sole discretion deduct any brokerage fees and expenses (including but not limited to settlement, taxes and related expenses) and other costs incurred in connection with the sale of investments of the Fund, necessary to allow the redemption of Participations, from the Total Redemption Price owed to the redeeming Participant. The Custodian will provide the redeeming Participant with an overview of the deducted fees and expenses.

14.5 **Custody Fee**

The Custodian will be paid by the Fund Manager out of the Fund assets for the costs made in respect of its Director(s). The Director Appointment Agreement between the Custodian, Fund Manager and Stichting IMFC Bewaarder includes the following remuneration clause:

"The Director shall be paid by the Custodian by way of remuneration for its services pursuant to this Agreement a quarterly fee, calculated monthly, based on application of 1/12th (one-twelfth) of the following annual rates to the gross net asset values of the Fund as of the Valuation date of the relevant month in accordance with the normal policy on valuation as disclosed in the Prospectus (together with value added tax, if appropriate). The gross net asset value shall be meant as the value of the Fund before calculation of the administrative, management and performance fees as per the Valuation Date:

(i)	For the first EURO 10,000,000	EURO 5,000
(ii)	Between EURO 10,000,000 and EURO 15,000,000	EURO 7,500
(iii)	Between EURO 15,000,000 and EURO 25,000,000	EURO 10,000
(iv)	Between EURO 25,000,000 and EURO 50,000,000	EURO 25,000
(v)	Over EURO 50,000,000	EURO 40,000

The Custodian will also be reimbursed by the Fund, subject to approval by the Fund Manager, for any reasonable out-of-pocket expenses necessarily incurred in the performance of its duties."

14.6 **Administration Fee**

The Administrator will be paid by the Fund Manager out of the Fund assets for the costs made in respect of its services. The Administrative Services Agreement between the Custodian, Fund Manager and the Administrator includes the following remuneration clause:

"The Administrator shall be paid by the Fund Manager by way of remuneration for its services pursuant to this Agreement a quarterly fee, calculated monthly, based on application of 1/12th (one-twelfth) the following annual basis point rates to the monthly gross net asset values of the Fund as of the Valuation Date of the relevant month in accordance with the normal policy on valuation as disclosed in the Prospectus (together with value added tax, if appropriate). The gross net asset value shall be meant as the value of the fund before calculation of the administrative, management and performance fees as per the Valuation Date:

- (a) on the first EUR 30,000,000 or part thereof, 12 basis point (0.12%);
- (b) between EUR 30,000,000 and EUR 75,000,000, 10 basis points (0.10%);
- (c) between EUR 75,000,000 and EUR 150,000,000, 8 basis points (0.08%);
- (d) above EUR 150,000,000, 6 basis points (0.06%).

provided that the above mentioned monthly calculated fee in any period shall be not less than 1/12th (one-twelfth) of the annual fee amount corresponding with the Gross Net Asset Value:

- (a) on the first EUR 10,000,000 or part thereof, EURO 22,500;
- (b) between EURO 10,000,000 and EURO 15,000,000, EURO 26,500;
- (c) over EURO 15,000,000, EURO 29,500.

All reasonable out of pocket expenses incurred by the Administrator (including but not limited to data processing, email, telephone, fax, mail and courier costs), shall be paid or reimbursed by the Fund Manager in addition to the remuneration set out in clause 4.1. (of the Administrative Services Agreement, also mentioned above) These expenses shall be separately budgeted p.a. and monthly reported to the Fund Manager. Individual items exceeding Euro 250,= require prior approval of the Fund Manager.

The Remuneration is also based on an activity level of ten trades per Business Day, 100 positions, two brokers and ten to 15 Participants for a fund size of Euro 2-3 million (whereby fund size is defined by total net asset value).

The Remuneration is subject to a quarterly review to reflect demonstrable changes in the operational cost incurred by the Administrator if resulting from a significant and continuing difference in the relation of the activity level (as per the previous paragraph) and the fund size (whereby significant is defined as 25% or more, and continuing is defined as three months or more). The first scheduled review will take place at the end of December 2006."

In case the Administrator will need to prepare the audited report a fee in the amount of EURO 2,000 per audit will be charged.

14.7 Broker Commissions

The Broker will receive commission from the Fund at normal commercial rates on transactions executed by the Broker. The Broker charges debit interest on debit balances at an agreed rate, the amount of which will be reduced by the amount of credit interest payable on

credit balances generated by short sales or otherwise. These arrangements between the Broker and the Fund may be modified by agreement.

14.8 Other Fees and Expenses

The Fund will bear its own operating and other expenses, which may be paid by the Fund Manager (or Custodian) on behalf of the Fund and charged to the Fund subsequently. These expenses may include, without limitation:

- (i) investment expenses;
- (ii) administrative expenses;
- (iii) charges, fees and expenses of legal and other advisers and auditors;
- (iv) brokers' commissions, borrowing charges on securities sold short and any issue or transfer taxes or stamp duties chargeable in connection with securities transactions;
- (v) all taxes and corporate fees payable to governments or agencies;
- (vi) interests on borrowings, including borrowings from the Broker and (Sub-) Custodian;
- (vii) interest on borrowings from the Fund Manager (in case of financing start-up and operations of the Fund) at market rates of interest.
- (viii) communication expenses with respect to investor services and all expenses of meetings of Participants and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents;
- (ix) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business;
- (x) marketing costs;
- (xi) fees and expenses of supervisory authorities; and
- (xii) any other organisational and operating expenses.

The total costs and expenses of establishing the Fund are estimated to be approximately EUR 85,000 paid by the Fund Manager and charged to the Fund over a period of five years. These costs and expenses do not include any fees for the benefit of the Fund Manager.

The cost and expenses concerning the investment management function (i.e. personnel, information systems and data feeds) will be borne by the Fund Manager.

For marketing purposes the Fund Manager may use the services of external distribution channels or service providers demanding a commission or fee. Any such commission or fee, which may be a percentage of funds generated or which may be a percentage of the Fund Managers fee, will be borne by the Fund Manager.

15. **DISTRIBUTION POLICY**

In accordance with the Fund's investment objectives and under normal circumstances it is envisaged that any income or gains derived will be re-invested and not distributed to the Participants. However, the Fund Manager may, at its sole discretion and at any time, decide to distribute any income or gains derived to the Participants. In this case the Participants will be notified in writing at their addresses stated in the Register.

16. **REPORTS AND FINANCIAL STATEMENTS**

The financial year of the Fund will coincide with the calendar year.

An annual report and audited financial statements for the Fund in respect of each financial year will be sent to Participants as soon as practicable and in any event within five months of the end of the Fund's financial year. The first audited financial statements will cover the period from the establishment of the Fund up to and including 31 December of the same year. The Fund has not traded prior to the date of this Prospectus and no audited financial statements have been prepared in respect of the Fund to date.

The annual report and audited annual financial statements of the Fund will be mailed to each Participant at the address stated in the Register free of charge and will be made available for inspection at the registered offices of the Administrator and the Fund.

The financial statements will be prepared in accordance with accounting principles and practices generally accepted in The Netherlands.

17. TAXATION

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a Participant, and does not purport to deal with the tax consequences applicable to all categories of Participants. Participants should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of the Participations.

17.1 Taxation of the Fund

The Fund is transparent for Dutch corporate income tax purposes. As a consequence, the Fund is not subject to Dutch corporate income tax.

Distributions by the Fund (if any) are not subject to Dutch dividend withholding tax.

17.2 Taxation of Participants

A. Dutch Resident Participants

Participants who are individuals and are resident or deemed to be resident in The Netherlands, or who have elected to be treated as a Dutch resident Participant for Dutch tax purposes will generally be taxed annually on a notional income of 4% of their net investment assets, including the value of their Participation(s), at a rate of 30%, regardless of whether any distributions are received or any capital gains are realised with respect to the Participation(s), provided the Participation(s) are held as a portfolio investment and not, for instance in the context of any business.

Corporate and institutional Participants that are resident or deemed to be resident in The Netherlands, without being exempt from Dutch corporate income tax, will be subject to Dutch corporate income tax on all income and gains realised in connection with the Participations. As the Fund is transparent for Dutch corporate income tax purposes, such income and gains will consist of any income derived and any gain realised in respect of the Fund investments in proportion to the Participant's participation in the Fund.

It cannot be entirely ruled out that, due to the transparency of the Fund for Dutch corporate income tax purposes, changes of the proportional interest of a Participant e.g. as a result of a new Participant investing in the Fund may lead to a realization of capital gains for Dutch corporate income tax purposes.

B. Non-Dutch Resident Participants

Non-Dutch resident Participants normally will not be subject to Dutch income or corporate taxation with respect to income or capital gains realised in connection with a Participation, unless there is a specific connection with the Netherlands, such as an enterprise or part thereof which is carried on through a permanent establishment in The Netherlands. For a Participant holding the Participations in the context of an enterprise it cannot be ruled out that a permanent establishment is deemed to exist.

A Participant will not become resident or deemed to be resident in The Netherlands by reason only of the holding of a Participation.

SCHEDULE 1

TERMS AND CONDITIONS OF MANAGEMENT AND CUSTODY

1. Definitions

The following definitions apply in these Terms and Conditions:

"Act"	The Netherlands Act on the Supervision of Investment Institutions (<i>Wet toezicht beleggingsinstellingen</i>) of 1990, as amended.
"Administrator"	IMFC Fund Services B.V. or such other administrator of the Fund Estate as may be appointed from time to time.
"Advisor to the Fund Manager"	Mr J.G.M. van Ringelenstein or such other advisor as may be appointed from time to time
"Auditor"	KPMG Accountants N.V. or such other auditor as may be appointed from time to time.
"Business Day"	Any day on which banks are generally open for business in The Netherlands.
"Calculation Period"	Each period of one month. However, the first Calculation Period will be the period commencing on the Business Day immediately following the closing of the Initial Offer Period and ending on the next Valuation Date or on such date as will be determined by the Fund Manager.
"Cash"	Cash in any currency held in interest bearing call accounts or bank deposits.
"Cash Equivalent"	A money market instrument in any currency which is regularly negotiated and which has a residual maturity of twelve (12) months or less.
"CET"	Central European Time.
"Costs"	All costs, fees and expenses incurred by or charged to the Custodian or the Fund Manager in connection with the Fund Estate.
"Custodian"	Stichting DQS Custodian or such other Custodian as may be appointed from time to time in accordance with the Terms and Conditions.
"Derivative"	A financial instrument, product or index which is not a direct investment, but instead derives its

economic characteristics from the economic characteristics of one of more direct or derivative financial instruments, products or indexes.

"EUR" or "Euro"

The lawful currency of the Member States of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended.

"Fund"

The contractual arrangements between the Participants, the Fund Manager and the Custodian in relation to the participation, management, custody and administration as governed by these Terms and Conditions and the Prospectus, also referred to as the DQS Absolute Return Fund.

"Fund Assets"

The Fund Means and the Fund Investments.

"Fund Estate"

The totality of the Fund Assets and the Fund Obligations.

"Fund Investments"

All Securities, Derivatives and/or other assets (*goederen*) other than Fund Means that are acquired and held by the Custodian in its own name on behalf and for the account of the Participants in connection with the Fund.

"Fund Manager"

DQS Investment Management B.V.

"Fund Means"

Cash and Cash Equivalents.

"Fund Obligations"

The liabilities which the Custodian (or the Fund Manager on behalf of the Custodian) assumes and/or incurs in its own name on behalf and for the account of the Participants in connection with the Fund.

"Initial Offer Amount"

1000 Participations

"Initial Offer Period"

The period determined by the Fund Manager during which Participations are initially offered for subscription.

"Initial Offer Price"

EUR 100

"Investment Objectives"

The investment objectives of the Fund and the restrictions imposed on the Custodian set out in Article 3.3 hereof, as amended from time to time.

"Management Fee"	The fixed part of the Fund Manager's remuneration to be calculated in accordance with the provisions of Article 19.1 hereof.
"Meeting of Participants"	The meeting of representatives of Participants referred to in Article 20.1 hereof.
"Net Asset Value"	The balance, expressed in Euro, of the value of the Fund Assets and the value of the Fund Obligations, determined in accordance with the provisions of Article 10 hereof.
"Participant"	A natural or legal person that participates in the Fund in accordance with the Participation Agreement and these Terms and Conditions.
"Participation"	A unit in which the rights of the Participants to the Net Asset Value have been divided, each Participation representing an equal interest to the Net Asset Value.
"Participation Agreement"	The participation agreement between the Custodian, the Fund Manager and each of the Participants individually, as the same may be amended from time to time.
"Performance Fee"	The variable part of the Fund Manager's remuneration to be calculated in accordance with the provisions of Article 19.2 hereof.
"Prospectus"	The prospectus relating to the Fund including its annexes dated 1 July 2006.
"Redemption Date"	The first Business Day of each month and/or, under certain circumstances as set out in these Terms and Conditions, such other day as the Fund Manager may from time to time determine at its sole discretion.
"Redemption Form"	The standard form through which a request for redemption of Participations is made.
"Redemption Price"	The Net Asset Value per Participation as at the last Valuation Date prior to the relevant Redemption Date.
"Register"	As defined in Article 9.2 hereof.
"Securities"	Bonds, notes, ordinary shares, preference shares, convertible securities or other securities or

interests in a public or private company.

"Subscription Date"	The first Business Day of every month and/or, under exceptional circumstances, such other date or dates as the Fund Manager may from time to time determine at its sole discretion.
"Subscription Price"	The Net Asset Value per Participation as at the last Valuation Date prior to the relevant Subscription Date.
"Terms and Conditions"	The terms and conditions of management and custody (<i>voorwaarden van beheer en bewaring</i>) of the Fund set forth herein, as amended from time to time.
"Total Redemption Price"	The Redemption Price multiplied by the relevant number of Participations.
"Total Redemption Amount"	The Total Redemption Price adjusted by (i) additional redemption proceeds if an equalization adjustment (if applicable) made at the time of subscription has not been fully applied, to be determined in the sole discretion of the Fund Manager, and (ii) redemption fees and costs of the Custodian.
"Total Subscription Amount"	The Total Subscription Price together with costs and fees with respect to the issue of the relevant Participations.
"Total Subscription Price"	The Subscription Price multiplied by the relevant number of Participations.
"Valuation Date"	The last Business Day of each month or such other date or dates as may be determined by the Fund Manager, provided that there shall never be more than two (2) Valuation Dates in any calendar month.

2. Name, Term and Registration

- 2.1 The name of the Fund is: DQS Absolute Return Fund.
- 2.2 The Fund is established as of the first issue of a Participation and shall continue to exist for an indefinite period of time.
- 2.3 The Fund is exempt from a licence pursuant to the Act.

3. Nature and Objects

- 3.1 The Fund is an investment fund (*beleggingsfonds*) as referred to in Article 1 under (b) of the Act. The Fund is not a legal entity but a contractual arrangement (*sui generis*) between the Fund Manager, the Custodian and the Participants. These Terms and Conditions and the arrangements made in connection herewith do not establish a partnership (*maatschap* or *vennootschap onder firma*) or limited partnership (*commanditaire vennootschap*).
- 3.2 The Fund is established, operated and maintained exclusively for the collective investment and reinvestment of moneys in accordance with the general purposes set out in Article 3.3.
- 3.3 The Investment Objectives of the Fund are to invest in a variety of financial instruments with a focus on equity, several kind of futures including commodity futures and options traded on US and European exchanges and subject to the investment objectives, policy, strategy and restrictions set forth in the Prospectus. The Fund may borrow cash to finance investments.
- 3.4 The Fund Assets may be made subject to a pledge, mortgage, usufruct, charge, lien retention or other encumbrance (whether or not a *beperkt recht*) of any nature as security for obligations incurred for the purposes of the Fund.

4. Custody

- 4.1 All the Fund Assets shall be legally owned by, and will be administered in the name of, the Custodian. The Custodian may place the Fund Assets in subcustody with a reputable subcustodian.
- 4.2 The Custodian shall acquire and hold the Fund Assets for the purpose of management and custody (*ten titel van beheer en bewaring*) on behalf and for the account of the Participants and shall act solely in the interests of the Participants. Participants shall have no proprietary rights with respect to the Fund Assets.
- 4.3 The Custodian shall not acquire any assets or assume any obligations for its own account or for the account of third parties who or which are not Participants or participants in any other fund for which the Custodian acts as such.
- 4.4 The Fund Obligations shall be assumed in the name of the Custodian. The Custodian shall assume the Fund Obligations for the risk and account of the Participants.
- 4.5 The Custodian shall ascertain that the Fund Estate is managed by the Fund Manager in accordance with the Investment Objectives.
- 4.6 The Custodian shall act solely in the interest of the Participants. The Custodian shall only be liable towards the Participants for a loss suffered by them in connection with the performance of its duties and responsibilities under this article, if and to the extent that such loss is directly caused by the gross negligence (*grove schuld*) or wilful default (*opzet*) of the Custodian. The Custodian shall not be liable towards the Participants for any loss suffered by them as a result of any act or omission of a third party.
- 4.7 Should the Custodian cease to perform its function for whatever reason, while no subsequent custodian has been appointed by the Meeting of Participants, the Fund Manager shall be

authorised to appoint an interim custodian until a new custodian has been appointed by the Meeting of Participants. The Fund Manager shall convene a Meeting of Participants within two (2) months after it has appointed an interim custodian for the purposes of appointing a permanent new custodian.

5. Management and Investments

5.1 The Fund Manager is charged with the management and administration of the Fund Estate and is, subject to these Terms and Conditions, entitled and authorised in the name of the Custodian, to invest the Fund Means, to dispose of (*beschikken*) any of the Fund Investments, to assume Fund Obligations and to perform any and all other acts in its own name on behalf and for the account of the Fund which are reasonably necessary for or conducive to the attainment of the Investment Objectives. The Fund Manager's authority to act in the Custodian's name shall be subject to a separate power of attorney granted to the Fund Manager.

5.2 In managing the Fund Estate, the Fund Manager shall act solely in the interest of the Participants. In the performance of its obligations and in the exercise of its rights, powers and authorities here under, the Fund Manager shall exercise the standard of care, skill, prudence and diligence under the circumstances then prevailing that a prudent (*zorgvuldig*) person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character, risk profile and investment objectives as the Fund, having regard to the provisions hereof.

5.3 The Fund Manager may employ third parties in the exercise of its powers and duties under these Terms and Conditions.

5.4 The management and administration of the Fund Estate shall be performed for the account and at the risk of the Participants. Benefits and/or losses resulting there from shall consequently be for the benefit of or be borne by the Participants.

5.5 The Fund Manager shall not resign or withdraw from the Fund.

5.6 The Fund Manager shall only be liable towards the Participants for a loss suffered by them in connection with the performance of its duties and responsibilities under this article, if and to the extent that such loss is directly caused by the gross negligence (*grove schuld*) or wilful default (*opzet*) of the Fund Manager. The Fund Manager shall not be liable towards the Participants for a loss suffered by them as a result of any act or omission of a third party.

6. Fund Means

6.1 The Fund Means may be received by the Custodian in consideration for Participations, in respect of or in exchange for Fund Investments, by creation and increase of Fund Obligations and/or by creation, increase and application of provisions and reserves, if any.

6.2 The Fund Means may be held by the Custodian at the discretion of the Fund Manager pending the selection and purchase of suitable investments and reinvestments, and to maintain liquidity to meet payment obligations that arise or may arise.

6.3 The Fund Means may be used to pay for all Fund Obligations and Costs.

7. **Authority to Invest and Administer the Fund Assets**
- 7.1 Subject to the provisions set forth in Article 3.3 hereof and in this Article, the Fund Manager may invest the Fund Means in any Securities, Derivatives and Cash Equivalents and the determination of the Fund Manager as to whether or not any Securities, Derivatives and Cash Equivalents are of a type which may be purchased or held by the Custodian in view of the Investment Objectives shall be conclusive.
- 7.2 Subject to the provisions set forth in Articles 3.3 and 4.4 hereof and in this Article, the Fund Manager may assume Fund Obligations, including but not limited to borrowing cash and assuming obligations under transactions in Derivatives and Securities. Fund Obligations may be secured upon the Fund Assets.
- 7.3 It is the intention that subject only to the specific restrictions mentioned herein the Fund Manager shall have the broadest power and authority in making investments consistent with the investment powers herein provided. The Fund Manager shall have full discretionary power to retain for as long a period as it shall think proper and to manage, convert, exchange, transfer and dispose of the Fund Assets. The Fund Manager shall have and may exercise every right and privilege pertaining to management provided that the exercise of such right or privilege is conducive to the attainment of the Investment Objectives.
- 7.4 Without limiting the generality of the foregoing, the Fund Manager's powers and authority shall include:
- (i) to enter into, perform and carry out contracts of any kind necessary or incidental to the matters set forth in this Article 7;
 - (ii) to bring, sue, prosecute, defend, settle or comprise actions at law related to the purpose of the Fund;
 - (iii) to employ, retain, replace or otherwise secure or enter into agreements or other undertakings with persons or firms in connection with the management and operation of the Fund's business, including, without limitation, brokers, fund administrators, auditors, attorneys, consultants, investment bankers, any other agents, all on such terms and for such consideration as the Fund Manager deems advisable;
 - (iv) to exercise the statutory and contractual voting rights attached to or concerning the Fund Investments; and
 - (v) to engage in any kind of lawful activity, and perform and carry out contracts of any kind, necessary or advisable in connection with the accomplishment of the purpose of the Fund.
- 7.5 The Fund Manager and the Custodian may jointly appoint the Administrator, Broker(s) and the Auditor and replace it.

8. **Participants**

- 8.1 A Participant is admitted to the Fund by the issuance of a Participation, which issuance is recorded in the Participation Register.
- 8.2 Each Participant shall be beneficially entitled to the Fund Estate pro rata the number of its Participations.
- 8.3 All benefits and burdens, beneficially attached to the ownership of the Fund Estate, shall be in favour or for the account of each Participant pro rata the number of its Participations.
- 8.4 Each Participant will be provided with a copy of these Terms and Conditions.
- 8.5 Each Participant shall be bound by and subject to these Terms and Conditions by entering into a Participation Agreement.

9. **Participations**

- 9.1 The Participations shall be in registered form. Participation certificates shall not be issued. All Participations shall represent an equal interest to the Net Asset Value without priority or preference one over the other.
- 9.2 The Fund Manager shall keep a register in which the names and addresses of all Participants will be recorded, stating the particulars of their Participations and their Subscription Date (the "**Register**").
- 9.3 The Fund Manager shall at all times be entitled to rely on the accuracy of the information provided by each Participant for inclusion in the Register and to treat such information as conclusive with respect to such Participant and its entitlement to its Participations. The Fund Manager shall not be bound:
- (i) by any change in such information which has not been notified to the Fund Manager in accordance with Article 9.4 hereof; or
 - (ii) to recognise any interest or claim of any person to a Participation other than the Participant whose details have been duly entered in the register in respect thereof.
- 9.4 Each Participant shall notify the Fund Manager promptly of any change in the information referred to in Article 9.2 hereof in relation to such Participant. The Fund Manager shall upon receipt cause the Register to be amended accordingly within five (5) Business Days.
- 9.5 Within ten (10) Business Days upon entry (or any change in the entry relating to it) the Fund Manager shall send to each Participant an extract from the Register signed by the Fund Manager, in so far as it concerns its Participation(s). Such extract shall only serve as evidence of the entry and is non-negotiable.
- 9.6 Upon written request to that effect by the Participant to the Fund Manager, the Register shall be available at the Fund Manager's office for the inspection of each Participant on Business Days, but only in so far as it concerns the Participant's own entry.

9.7 The Fund Manager may delegate all or any part of its duties and responsibilities under this Article 9 to the Administrator.

10. Net Asset Value and Value of the Participations

10.1 On each Valuation Date the Fund Manager shall determine the Net Asset Value and the value of a single Participation. The Net Asset Value shall be expressed in Euro and a statement containing the Net Asset Value will be made available to the Participants in accordance with Article 15 hereof.

10.2 The value of a single Participation shall at any time be equal to the Net Asset Value divided by the number of Participations outstanding at such time.

10.3 The reasonable decision of the Fund Manager regarding the Net Asset Value, including the determination whether a method of valuation fairly indicates fair market value, and the selection of experts for purposes of assessing the value of the Fund Assets and the Fund Obligations, shall be conclusive and binding upon all Participants.

10.4 Notwithstanding Article 10.3 hereof the Fund Manager shall use the valuation methods set out in the Prospectus.

10.5 The Fund Manager may delegate all or any part of its duties and responsibilities under this Article 10 to the Administrator.

11. Issue of Participations

11.1 The Subscription Price during the Initial Offering Period shall be EUR 100. The minimum number of Participations issued during the Initial Offering Period shall be 1000.

Subsequent sets of Participations offered to existing or new Participants are generally intended to be of a counter-value of at least Euro 100,000 but may vary at the discretion of the Fund Manager, but will always be in compliance with the following selling restrictions:

Participations described herein may not, directly or indirectly, be offered or acquired in The Netherlands, except:

- for a counter value of at least EUR 50,000 per Participant; and/or
- to Participants being professional investors within the meaning of Article 1 of the Regulation dated October 9, 1990 (as amended from time to time) issued pursuant to article 14 of the Dutch Act on the Supervision of Investment Institutions (*Wet toezicht beleggingsinstellingen*); and/or
- to less than 100 natural persons not being the professional investors as referred to above.

United States: the Participations have not been and will not be registered under the Securities Act of 1933 of the United States (as amended) (the "1933 Act") or the securities laws of any of the States of the United States. The Participations may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any "US Person" as defined in Regulation S under the 1933 Act except pursuant to an exemption

from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable State laws. The Participations are being offered outside the United States pursuant to the exemption from registration under Regulation S under the 1933 Act. Each applicant for Participations will be required to certify whether it is a US Person or not. The Fund will not be registered under the United States Investment Company Act of 1940 (the "1940 Act") in reliance on the exception from the definition of investment company provided by Section 3(c)(7) of the 1940 Act. Thus, all U.S. purchasers of the Participations (and U.S. transferees) will be required to be "qualified purchasers" as defined in Section 2(a)(51) of the 1940 Act.

The Fund is not open to (legal) persons of other countries for whom it is prohibited to participate under the applicable laws and regulations of their country of residence or establishment.

- 11.2 The Fund Manager may in its sole discretion resolve to whom Participations shall be issued and may in its sole discretion decide to temporarily discontinue or indefinitely stop the issuance of Participations.
- 11.3 The Custodian shall issue Participations subscribed for in accordance with and subject to the provisions of the Participation Agreement and the Prospectus. With respect to Participations subscribed for after the Initial Offer Period, additional Participations may be issued in relation to any equalization adjustment (if applicable).
- 11.4 Participations shall be issued by the Custodian and acquired by the Participants on Subscription Dates.
- 11.5 To insulate other Participants from the effect of costs incurred by the Custodian and/or the Fund in connection with the issue of new Participations to an existing or new Participant, the Custodian and/or the Fund Manager may in their sole discretion charge to the relevant Participant any brokerage fees and expenses incurred in connection with the purchase of Securities, Derivatives and/or Cash Equivalents relating to or arising out of the participation by a Participant. The Custodian shall provide the Participant with an overview of the fees and expenses so charged.
- 11.6 The Custodian may delegate any or all part of its duties and responsibilities under this Article 11 to the Administrator.
12. **Transfer or Encumbrance of Participations, Universal succession of title and Joint Ownership**
 - 12.1 Participations cannot be transferred or assigned, except by way of redemption as provided in Article 13 hereof. At the sole discretion of the Fund Manager the transfer of Participations could eventually be allowed if there is no change in beneficial ownership.
 - 12.2 Participations cannot be made subject to any pledge, mortgage, usufruct, charge, lien, retention or other encumbrance (whether or not a *beperkt recht*) of any nature whatsoever.
 - 12.3 In case of universal succession of title, Participations will be redeemable by the Fund Manager and Custodian in accordance with Article 13 (*Redemptions*).

12.4 If a Participation is owned by more than one person, such joint owners may only be represented towards the Fund Manager or the Custodian by one person appointed by them for that purpose. Notice of such appointment shall be given forthwith to the Fund Manager in writing.

13. Redemption of Participations

13.1 Each Participant shall be entitled to redemption of all or some of its Participations in accordance with the provisions of this Article 13.

13.2 The Fund Manager and the Custodian shall be entitled to redeem all (but not part of) the Participations of any Participant:

- (i) if the Participant is dissolved, becomes insolvent, is unable to pay its debts, institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy, any other relief under any bankruptcy, insolvency or similar law;
- (ii) if in the Fund Manager's reasonable opinion the tax position of the Custodian, the Fund Estate or any of the other Participants is or will become negatively affected due to the tax status or position or any change therein of the relevant Participant or any other circumstance concerning such Participant; or
- (iii) if, for whatever reason, the continuation of the relationship cannot reasonably be expected from the Fund Manager and/or Custodian.

Each Participant agrees that it shall immediately notify the Fund Manager if any such status, position, change therein or any other circumstance occurs.

13.3 The Fund Manager and the Custodian shall be entitled to redeem part of the Participations of any Participant in relation to any equalization adjustment to be made (if applicable).

13.4 Redemption of Participations as referred to in Articles 13.1 and 13.3 hereof shall only be effected as per a Redemption Date. Redemption of Participations as referred to in Article 13.2 may be effected at all times.

13.5 A request for redemption by a Participant shall be made by completing a Redemption Form. Redemption Forms shall be made available by the Administrator. Completed Redemption Forms shall be sent to the Administrator with a copy to the Fund Manager. Redemption Forms will need to be received by the Administrator no later than 12.00 CET on the Business Day falling at least 30 calendar days before the relevant Redemption Date in relation to which the Participant requests that redemption shall take place. Requests for redemption not received in time will be held over until the following Redemption Date. Redemption Forms may be sent by fax and mail simultaneously but distributions shall not be made prior to the receipt of the original Redemption Form.

A request for a partial redemption of Participations may be refused or the holding redeemed in its entirety if, as a result of such partial redemption, the Net Asset Value of the Participations retained by the Participant would be less than the criteria set forth in Article 11.1 above.

Redemption Forms received by the Administrator shall be irrevocable unless the Fund Manager agrees otherwise. Requests for redemption may be refused in case anti-money laundering verification procedures so require. The Custodian and the Fund Manager shall use their best efforts to comply with a request for redemption but redemption cannot be fully guaranteed given the nature of the Fund Investments.

- 13.6 The Custodian and the Fund Manager may limit the redemption of Participations to a maximum of 25 (twenty-five) per cent. of the Net Asset Value on the last Valuation Date prior to the Redemption Date. In this case, the number of Participations to be redeemed per Participant will be pro rata the total number of Participations offered for redemption and remaining Participations (for which redemption was requested) shall be redeemed with preference on the following Redemption Date.
- 13.7 The Custodian and the Fund Manager may further suspend redemption of Participations if:
- (i) the transfer of funds realised from the sale of Fund's investments cannot, in the sole opinion of the Fund Manager, be effected at normal rates of exchange;
 - (ii) exchanges are not open for business or the sale of Fund's investments is otherwise restricted or suspended;
 - (iii) a state of affairs exists which constitutes a state of emergency as a result of which the sale of Fund's investments would, in the sole opinion of the Fund Manager, not be practical or would negatively affect the rights of other Participants;
 - (iv) the Participant did not act in compliance with applicable legislation, the Terms and Conditions; or
 - (v) for whatever reason, the valuation of Fund's investments to be sold cannot be promptly or accurately ascertained.
- 13.8 The Total Redemption Price shall be adjusted to the extent any remaining equalization adjustment applies to the Participations to be redeemed.
- 13.9 A redemption fee of three (3) per cent. of the Total Redemption Price will be deducted in respect of redeemed Participations during the first year of participation. Redemption fees so withheld will be for the benefit of the Fund Manager.
- 13.10 The Custodian may in its sole discretion deduct any brokerage fees and expenses (including but not limited to settlement, taxes and related expenses) and other costs incurred in connection with the sale of Fund Investments, necessary to allow the redemption of Participations, from the Total Redemption Price owed to the redeeming Participant. The Custodian shall provide the redeeming Participant with an overview of the deducted fees and expenses.
- 13.11 The Total Redemption Amount will be paid within 20 Business Days after the relevant Redemption Date unless exceptional circumstances occur, in which case the Total Redemption Amount will be paid at the earliest possible Business Day thereafter.

15.2 Upon the reasonable request of a Participant, the Fund Manager shall provide such Participant at the expense of such Participant with the data relevant to its tax declarations; the Fund Manager accepts no liability whatsoever with respect to the data provided.

15.3 The Fund Manager may delegate all or any part of its duties and responsibilities under this Article 15 to the Administrator.

16. Financial Year

The financial year of the Fund shall coincide with the calendar year.

17. Accounting

17.1 The Fund Manager shall prepare the Fund's annual reports and audited financial statements, consisting of a balance sheet, an income statement and explanatory notes thereto. The annual reports and audited financial statements of the Fund shall be signed by all members of the management board (*bestuur*) of the Fund Manager. Should one (1) or more signatures be missing, this shall be disclosed stating reasons.

17.2 The Fund Manager shall appoint a chartered accountant or another expert, as referred to in Article 2:393 paragraph 1 of The Netherlands Civil Code to audit the annual accounts of the Fund referred to in Article 17.1 hereof. Such person shall report on his audit to the Fund Manager, shall set out the results of his audit in a certificate and shall be entitled to receive reasonable compensation for the services rendered.

17.3 The annual accounts of the Fund shall together with the expert's certificate referred to in Article 17.2 hereof be sent to the Participants promptly and will be made available for inspection at the registered office of the Administrator and the Fund.

17.4 The Fund Manager shall use reasonable endeavours to cause the annual accounts to be prepared and furnished to the Participants within five (5) months after the close of each financial year.

17.5 The Fund Manager may delegate all or any part of its duties and responsibilities under this Article 17 to the Administrator.

18. Distributions

18.1 Subject to Article 18.2 hereof, the balance of any income or gains derived will be reinvested and not distributed to Participants.

18.2 The Fund Manager may, at its sole discretion and at any time, decide to distribute any income or gains derived to the Participants. Any distribution of proceeds decided on shall be separately notified to each Participant in accordance with Article 14.1 hereof.

19. Fees and Expenses

19.1 The Fund Manager will receive a management fee equal to 1.5 (one and a half) per cent. of the Net Asset Value excluding (*i.e.* before deduction of) the Management Fee and the Performance Fee, as at the last Valuation Date of each calendar month, payable monthly in arrears out of the Fund Assets.

- 19.2 The Fund Manager will also be entitled to receive a performance fee of 20 (twenty) per cent. of the increase (if any) in the Net Asset Value excluding (*i.e.* before deduction of) the Performance Fee and including (*i.e.* after deduction of) the Management fee, calculated on a Participation-by-Participation basis.
- 19.3 The Performance Fee will be calculated in respect of each Calculation Period and will accrue on a monthly basis as at the last Valuation Date of each month. The Performance Fee shall be paid out of the Fund Assets.
- 19.4 If the Fund over a Calculation Period suffers a reduction of Net Asset Value, the amount of the reduction must be recovered by a corresponding increase in the Net Asset Value in or during subsequent periods, which establishes the new basis for calculation of the Net Asset Value of the period in or during which the aforementioned recovery has taken place.
- 19.5 The Performance Fee charged to any Participation shall be proportionate to the performance of that particular Participation by way of an equalization adjustment (if such equalisation adjustment is applicable).
- 19.6 Costs and expenses in relation to the Fund (including but not limited to fees charged by the Administrator and the Custodian) shall be paid out of the Fund Assets.
- 20. Meeting of Participants**
- 20.1 Meetings of Participants may only be held when called by the Fund Manager. The Fund Manager will call Meetings of Participants as follows:
- 20.1.1 The Fund Manager must call a Meeting of Participants each year within 6 (six) months after the close of the financial year in order for the annual accounts of the Fund and the release (*décharge*) of the Fund Manager and the Custodian to be considered for approval and, if approved, adopted.
- 20.1.2 The Fund Manager must call a Meeting of Participants in the case that one (1) or more of the Participants - alone or collectively entitled to cast at least 30 per cent. of the total number of votes that can be cast by all the Participants together - so request(s) the Fund Manager by means of a letter addressed to the Fund Manager. Such letter must state the reasons for convening the meeting and the items to be dealt with at the Meeting of Participants.
- 20.1.3 The Fund Manager must convene a meeting of Participants whenever otherwise required pursuant to these Terms and Conditions.
- 20.1.4 The Fund Manager may convene a Meeting of Participants as often as it (in its sole discretion) deems necessary in the interests of the Participants.
- 20.2 The Meetings of Participants will be held in Amsterdam or another place to be determined by the Fund Manager. Notice for a Meeting of Participants will be given in accordance with Article 14.1 hereof at least fourteen (14) days prior to the meeting and will state the date, time, place and agenda for the meeting.

- 20.3 Participants wishing to attend a Meeting of Participants must notify the Fund Manager thereof in writing no later than five (5) Business Days prior to the meeting. Participants which have so notified the Fund Manager are entitled to be heard at the meeting and to exercise their voting rights.
- 20.4 The Fund Manager shall appoint a chairman and a secretary of Meetings of Participants. The chairman shall be responsible for determining the procedure to be adopted for the conduct of any meeting. The secretary shall be responsible for the preparation of the meeting.
- 20.5 The agenda for a Meeting of Participants shall be determined in the sole discretion of the Fund Manager save where a meeting is convened pursuant to a request made by one or more Participants as referred to in Article 20.1 hereof.
- 20.6 In Meetings of Participants, one (1) vote may be cast per Participation.
- 21. Amendment to the Terms and Conditions**
- 21.1 The Terms and Conditions may be amended by the Custodian and the Fund Manager upon the unanimous adoption by all members of the Meeting of Participants of a resolution approving the same.
- 21.2 The Custodian and the Fund Manager shall inform the Participants of the text of a proposed amendment at least thirty (30) calendar days before the day on which the amendment shall come into effect.
- 21.3 Any change in these Terms and Conditions which causes a reduction in the Participants' rights or security or imposes costs upon Participants does not become effective until three (3) months after the date of approval of the change and during this period Participants shall be entitled to redeem their Participations. The provisions of Article 13 hereof shall apply to any such redemption.
- 21.4 Upon amendment of the Terms and Conditions, the Fund Manager shall promptly send to the Participants the text of the revised Terms and Conditions.
- 22. Winding Up**
- 22.1 The Fund Manager, at its sole discretion, shall have the right to liquidate the Fund Estate, provided that it shall inform the Participants thereof in a Meeting of Participants.
- 22.2 The liquidation of the Fund Estate shall be effected by the Fund Manager. During the liquidation period these Terms and Conditions shall, to the extent possible, remain in full force and effect.
- 22.3 The balance left after the liquidation shall be distributed among the Participants in proportion to the number of their Participations, by which the Participations shall be cancelled. Notice that distributions are to be made payable to the Participants and the composition of the distributions or collections shall be given in accordance with the provisions of Article 14.1 hereof.
- 22.4 The Fund Manager shall prepare liquidation accounts, which shall be accompanied by a certificate of the person referred to in Article 17.2 hereof. Approval of those liquidation accounts by the Meeting of Participants shall, upon the unanimous adoption by all members

of the Meeting of Participants in a resolution, in so far as the Meeting of Participants does not make a proviso, constitute a discharge of the Custodian and the Fund Manager.

23. **Applicable Law, Competent Court and Duration**

These Terms and Conditions shall be governed by the laws of The Netherlands. The competent courts of Amsterdam and its appellate courts shall have exclusive jurisdiction to decide on a dispute between the parties arising from these Terms and Conditions. These Terms and Conditions shall remain in full force and effect until amended in accordance with Article 21 hereof.

SCHEDULE 2

SUMMARY OF ARTICLES OF ASSOCIATION OF THE FUND MANAGER

In this translation an attempt has been made to be as literal as possible without jeopardising the overall continuity. Inevitably, differences may occur in translation, and if so the Dutch text will by law govern.

ARTICLE 1.

1. The name of the company is:

DQS Investment Management B.V.

2. The official seat of the company is in Voorburg, The Netherlands

ARTICLE 2.

1. to act as fund manager of investment funds and to manage investment funds;
2. to render advice, amongst others (but not limited to) advice in respect of investments, to make recommendations in respect of investment opportunities, to select and to evaluate investments, to obtain advice in respect of investments from and for the benefit of third parties and to coordinate investment advice;
3. to participate in, to manage and to finance other enterprises and companies, to provide security for the debts of the company and of third parties; and
4. to do all that is connected therewith or may be conducive thereto, all this to be interpreted in the widest sense.

ARTICLE 3.

1. The authorized capital amounts to ninety thousand euro (EUR 90,000).
2. The authorized capital is divided into ninety thousand nine hundred (900) shares of one hundred euro (EUR 100) each.
3. All shares are to be registered shares. No share certificates shall be issued.

ARTICLE 8.

1. Any shareholder wishing to transfer one or more shares, shall first offer to sell those shares to his co shareholders in accordance with the provisions of this article. The obligation to make this offer is not applicable if, either all shareholders have given their written approval to the proposed transfer, which approval shall be valid for a period of three months, or a shareholder is obligated by law to transfer his shares to a prior shareholder.
2. The price at which the shares can be purchased by the other shareholders shall be agreed between the offeror and his co-shareholders. Failing agreement between the parties the price shall be set by an independent expert on request by the most willing party to be appointed by the chairman of the Chamber of Commerce and Factories in whose district the company has

its official seat, unless the expert is appointed by the parties by mutual consent. The expert referred to in the preceding sentence shall be authorized to inspect all books and records of the company and to obtain all such information as will be useful for his setting the price.

3. If the co shareholders together are interested in purchasing more shares than have been offered, the offered shares shall be distributed among them as far as possible in proportion to the shareholding of each interested party. However no interested party shall thus acquire more shares than he has applied for.
4. The offeror remains entitled to withdraw his offer, provided he does so within one month after he is informed to which interested parties he can sell all the shares included in the offer and at what price.
5. If it is established that the co shareholders do not accept the offer or that not all shares included in the offer shall be purchased against payment in cash, the offeror shall be free to transfer the shares within three months thereafter to whomsoever he wishes.
6. The company itself as holder of one or more shares shall be entitled to apply for the offered shares only with the consent of the offeror.
7. In case of suspension of payments, bankruptcy or placement under curatorship of a shareholder and in case of appointment of an administrator by the court over the property of a shareholder or over his shares in the company or in case of death of a shareholder who is an individual, the shares of the shareholder concerned shall be put on offer in accordance with the foregoing provisions hereof, within three months of the relevant event. If applications are made for all shares on offer, the offer may not be withdrawn.

ARTICLE 9.

1. The management of the company shall be constituted by a management board consisting of one or more members.
2. The general meeting shall appoint the members of the management board.
3. A member of the management board may be suspended or dismissed by the general meeting at any time.
4. The general meeting shall determine the remuneration and further conditions of employment for each member of the management board.

ARTICLE 10.

1. The management board shall be entrusted with the management of the company.
2. The management board shall be authorized to represent the company. Each member of the management board is also authorized to represent the company.
3. In the event of a conflict of interest between the company and a member of the management board, the company shall be represented by one of the other members of the management board. The general meeting shall at all times be competent to designate one or more other persons for this purpose. If it concerns a conflict of interest between the company and all

members of the management board, or the sole member of the management board, the company shall be represented by one or more persons to be designated by the general meeting.

4. All legal acts of the company vis-à-vis a holder of all of the shares, or vis-à-vis a participant in a community of goods further to a marriage or registered partnership of which all of the shares form a part, whereby the company is represented by such shareholder or one of the participants, shall be put down in writing. For the application of the foregoing sentence, shares held by the company or its subsidiaries shall not be taken into account.
5. Paragraph 4 does not apply to legal acts that, under their agreed terms, form part of the normal course of business of the company.

ARTICLE 13.

The financial year of the company shall be the calendar year.

SCHEDULE 3

SUMMARY OF ARTICLES OF ASSOCIATION OF THE CUSTODIAN

In this translation an attempt has been made to be as literal as possible without jeopardising the overall continuity. Inevitably, differences may occur in translation, and if so the Dutch text will by law govern.

ARTICLE 2.

1. The foundation's name is:

Stichting DQS Custodian

2. The official seat of the foundation is in the municipality of Voorburg, The Netherlands

ARTICLE 3.

1. The objects of the foundation are the acquisition of, the holding of, the management over, the disposal of, the investment in and the entering into transactions regarding equity, futures and options traded on exchanges in the United States of America and Europe.
2. The foundation shall pursue these objects by, inter alia: investing in a wide range of financial instruments, including listed equities, futures, options and other equity (derivative) securities in respect of any issuer, as well as to perform any legal act which is connected herewith or is conducive hereto.

ARTICLE 4.

1. The board of the foundation shall consist of such number of natural or legal persons as the board may determine. An incompletely constituted board shall retain its powers.
2. Board members shall be appointed by the board. Any vacancies which arise shall be filled as soon as possible. If after three months a vacancy has not been filled, the board member shall be appointed by the Amsterdam District Court, at the request of the most interested party.
3. The board shall appoint from among its members a chairperson, a secretary and a treasurer, or, as the case may be, a secretary treasurer.
4. Board members shall retire by rotation in accordance with a rotation list drawn up by the board, if such list is drawn up. A board member retiring in accordance with the rotation list shall be eligible for re-appointment forthwith.
5. A board member ceases to hold office:
 - (a) upon his death or dissolution;
 - (b) upon his retirement or his voluntary dismissal from office, whether or not in accordance with the rotation list referred to in paragraph 5;
 - (c) upon his being declared bankrupt or applying for a suspension of payments;

- (d) upon the appointment of a custodian to administer his affairs, and upon a court decision pursuant to which one or more of his assets are placed under curatorship as a result of his physical or mental condition;
- (e) upon his removal from office by the court in cases provided for by law;
- (f) upon his removal from office by the Fund Manager;
- (g) upon his removal from office by the Board.

ARTICLE 6.

1. The foundation shall be represented by the board or by two board members acting jointly.
2. The board may resolve to grant one or more board members or third parties a power of attorney to represent the foundation within the limits of that power of attorney.

SCHEDULE 4 PARTICIPATION AGREEMENT

This participation agreement is made this (day) of(month)(year)

THE UNDERSIGNED:

(1) **STICHTING DQS CUSTODIAN**, a foundation (*stichting*) having its statutory seat (*statutaire zetel*) in Voorburg, with its offices at Park Vronesteyn 24A, 2271 HS in Voorburg and listed in the Commercial Register of the Chamber of Commerce of Haaglanden, The Netherlands under number 27285331 (the "**Custodian**");

(2) **DQS INVESTMENT MANAGEMENT B.V.**, a private limited company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) having its statutory seat (*statutaire zetel*) in Voorburg, with its offices at Park Vronesteyn 24A, 2271 HS in Voorburg and listed in the Commercial Register of the Chamber of Commerce of Haaglanden, The Netherlands under number 27285330 (the "**Fund Manager**"); and

(3)

Name:

Address:

Place establishment:

(the "**Participant**").

CONSIDERING THAT:

- (a) the Custodian pursuant to the Terms and Conditions (as defined below) of the DQS Absolute Return Fund (the "**Fund**") holds the Fund Estate (as defined in the Terms and Conditions) for the purpose of management and custody on behalf of the participants of the Fund;
- (b) the Participant wishes to participate in the Fund; and
- (c) the relevant requirements of the Terms and Conditions in relation to the participations are fulfilled.

HEREBY AGREE AS FOLLOWS:

1. DEFINITIONS AND SCOPE OF APPLICATION OF THE TERMS AND CONDITIONS

The terms used in this agreement (this agreement including the schedule thereto: the "**Participation Agreement**") have, unless provided otherwise, the same meaning as set out in the terms and conditions of management and custody attached as Schedule 1 of the prospectus of the Fund dated (date) (the "**Terms and Conditions**").

All relations between the Participant, the Fund Manager and the Custodian are governed by this Participation Agreement and the Terms and Conditions as referred to above.

2. TOTAL SUBSCRIPTION AMOUNT

2.1 The Participant hereby undertakes to pay the Total Subscription Amount, in accordance with the provisions of the Terms and Conditions and this Participation Agreement, on (the "**Subscription Date**") by paying the Custodian a Total Subscription Price of(number in words) Euro (EUR.....) in consideration for Participations in the Fund to the bank account number 3736.54.073 at Rabobank, Vlietstreek-Zoetermeer, The Netherlands on the name of "Stichting DQS Custodian", Voorburg, The Netherlands;

2.2 The Total Subscription Amount shall be received no later than 12:00 hours CET on (date). The Participant may be charged for the costs of late payment of (any part of) the Total Subscription Amount on the basis of statutory interest (*wettelijke rente*) as from such date.

3. ACCEPTANCE SUBSCRIPTION, ISSUE PARTICIPATIONS

3.1 *For subscriptions during the Initial Offer Period*

Subject to the terms and conditions of this Participation Agreement, in consideration for the Total Subscription Amount, the Custodian hereby agrees to issue to the Participant a number of Participations equal to the Total Subscription Price referred to under 2.1 (a) above divided by one hundred (100) Euro.

3.2 *For subscriptions after the Initial Offer Period*

Subject to the Terms and Conditions, in consideration for the Total Subscription Price referred to under 2.1 (a) above, the Custodian hereby agrees to issue to the Participant a number of Participations equal to the Total Subscription Price referred to under 2 above divided by the Net Asset Value per Participation, *i.e.* after deduction of the Management and the Performance Fee of a single Participation as lastly calculated prior to the date hereof. In addition, an equalisation adjustment may apply, if applicable.

3.3 The Fund Manager shall enter the Participant's name, address and number of Participations in the Register in accordance with Article 9 of the Terms and Conditions. Such registration shall be conclusive evidence of the entitlement of the Participant.

4. REPRESENTATIONS AND WARRANTIES OF PARTICIPANT

The Participant represents and warrants (*garandeert*) to the Custodian and the Fund Manager that:

- (i) the execution and performance of the Participation Agreement do not contravene, or constitute a default under any provision of law applicable to the Participant;
- (ii) the Participant has the knowledge and expertise in business and financial matters to make it capable of assessing and evaluating the merits and risks associated with investing in the Fund;
- (iii) the Participant has independently assessed, evaluated and verified the merits and risks associated with investing in the Fund and the transactions contemplated there under;
- (iv) the Participant is willing to assume and will be able to bear the full financial and economic risk of its subscription, while maintaining adequate means of providing for its current needs and foreseeable contingencies, even in the event of a loss of its entire investment in the Fund;
- (v) the Custodian nor the Fund Manager, nor any other person acting on behalf of the Custodian or the Fund Manager respectively, have provided any warranties or guarantees for the benefit of the Participant. Regarding its own financial position (including the tax consequences) the Participant did not rely on an advice of the Custodian or the Fund Manager, respectively or other individuals acting on behalf of the Custodian or the Fund Manager with respect to this investment;
- (vi) the Participant has the legal capacity and competence to enter into and execute this Participation Agreement and to take all actions required pursuant hereto and if the Participant is a corporation, it has been validly and duly incorporated subsisting under the laws of its jurisdiction of incorporation and all necessary approvals by its competent body or competent bodies have been given to authorize execution of the Participation Agreement on behalf of the Participant;
- (vii) the signing and the performance of this Participation Agreement fall within the object clause of the articles of association and within the competence of the Participant and are in the interest of the Participant;
- (viii) the Participant is authorized to sign this Participation Agreement and to fulfil all obligations arising from this agreement. For this purpose the Participant does not have to register or otherwise perform acts with any public authority or independent supervisory authority, as all registrations or acts in respect of such public authority or independent supervisory authority (in so far as necessary) have taken place;
- (ix) the signing and the performance by the Participant of this Participation Agreement does not conflict with and will not result in any claim for default (*ingebrekestelling*) against the Participant under (i) any provision of law applicable to the Participant, or (ii) any directive, rule or instruction of any public authority or independent supervisory authority which supervises the business of the Participant, or (iii) the articles of association or other organizational documents of or regarding the

Participant, or (iv) any participation agreement, judgement, judicial ruling or order, verdict, decree or other instrument binding on the Participant; and

- (x) the Participant agrees that the above representations and warranties in this section will be true and correct both as of the execution date of the Participation Agreement and the issue of the Participations.

5. REDEMPTION, WINDING UP AND BANKRUPTCY

By signing the Participation Agreement the Participant has not intended, for any purpose, to enter into a partnership (*maatschap* or *vennootschap onder firma*) or limited partnership (*commanditaire vennootschap*) or public partnership (*openbare vennootschap*) or silent partnership (*stille vennootschap*) within the meaning of Title 7:13 of the Dutch Civil Code (*Burgerlijk Wetboek*) pending with the present Participants or the Custodian. If notwithstanding the explicit intentions of the parties involved, the existing legal relationship between them is qualified by any authorized judicial body as such a partnership, the Participant agrees, in so far as necessary, that (i) in case of a redemption of any or of all the Participations by the Participant in case of its liquidation, or in case of any other occurrence requiring under the rules of Dutch law such a partnership be dissolved, the other Participants have the right to continue and are deemed to continue the partnership and (ii) the payment of the value attributable to the redeemed Participations on the basis of the Value per Participation on the redemption date is considered to be the full and final settlement of the share in the joint ownership, if and as far as present, of such a partnership.

6. ADDITIONAL SUBSCRIPTION

If the Participant desires to acquire additional Participations in accordance with Article 11 of the Terms and Conditions, the issue thereof will be governed by the Notices of Subscription and, *mutatis mutandis*, by the provisions of this Participation Agreement, except Articles 2 and 3.

7. INDEMNITY

The Participant indemnifies the Custodian and the Fund Manager and persons connected to them, including the board of management, employees and advisers, without requesting or receiving any compensation therefore, against any claim, loss, damage, liability or costs, including the costs of legal advisers, to the extent that these are incurred by any of the Custodian and the Fund Manager and the persons mentioned above as a result of an incorrect representation of the facts by the Participant or by any act or omission of the Participant in breach of the Participation Agreement.

8. **RECOURSE**

In case the Participant does not fulfil its obligations under the Participation Agreement, the Custodian and the Fund Manager reserve all rights and legal remedies available to them under this Participation Agreement under Dutch law and otherwise. If the Custodian or the Fund Manager does not exercise a right or a legal remedy available to it under the Participation Agreement, this should not be interpreted as a waiver of the right to exercise such right or any other right or legal remedy in the future. The exercise of any right or legal remedy by the Custodian or the Fund Manager available to them under this Participation Agreement does not prejudice the exercise by the Custodian or the Fund Manager of the other rights available to them under this Participation Agreement under Dutch law or otherwise.

9. **VALIDITY OF WARRANTIES**

The statements, guarantees (*garanties*), acknowledgements and warranties made by the Participant remain in full force and effect after the Subscription Date. If there is any change in a thing stated, guaranteed, warranted or acknowledged by a Participant at the time of participation in the Fund, it shall notify the Custodian thereof without delay.

10. **REDEMPTION**

The Participant can resign by giving notice to the Custodian and the Fund Manager in the format set out in Schedule 2.

11. **TERMINATION**

This Participation Agreement can only be terminated with the written consent of the Custodian and the Fund Manager. This Participation Agreement may be terminated forthwith by the Custodian and the Fund Manager in the event the Participant has acted in material breach of the provisions of this Participation Agreement. Upon such termination the Custodian shall promptly redeem all Participations of the Participant in accordance with the Terms and Conditions.

12. **STATEMENTS**

All statements, including requests, offers, notices of consent, reports and other communications, shall be made in the form of e-mail, telex or fax, or by mail, post-paid. All messages shall be sent to the address of the relevant party as described in the preamble of this Participation Agreement.

Statements may also be sent to the address, e-mail address or telex or telefax number as notified by a party according to its last message to the other parties. A message is effective as from its receipt.

13. **ONE PARTICIPATION AGREEMENT; AMENDMENTS**

The Participation Agreement fully describes the existing agreement between parties with respect to the present subject and replaces any preceding participation agreement with respect to this same subject.

14. **NOTICES**

- 14.1 Any notices, consents, resignations, requests, demands, offers, reports and other communications under this Participation Agreement required to be given hereunder shall be in writing and shall be addressed or directed as follows:

To the Custodian: Park Vronesteyn 24A
2271 HS Voorburg
The Netherlands

To the Fund Manager: Park Vronesteyn 24A
2271 HS Voorburg
The Netherlands

To the Participant Name:

Address:

- 14.2 Either party may change their address and/or facsimile number for the purposes of all notices or communications required pr permitted to be given pursuant to their Participation Agreement by notice to the other parties.

15. **DIVISIBILITY**

Should any provision of the Participation Agreement, or the application thereof with regard to any party or circumstance, be held void or entirely or partially unenforceable by any authorized judicial body, the Participation Agreement shall in all other respects, handing the applicability of any other provision than the provision held void or entirely or partially unenforceable, be fully valid and enforceable.

16. **CHOICE OF LAW; COMPETENT COURT**

- (a) This Participation Agreement shall be governed by the laws of The Netherlands, and shall be interpreted accordingly.
- (b) The Participant hereby irrevocably agrees that any action or proceeding relating in any way to this Participation Agreement may be brought to the competent courts of

Amsterdam and its appellate courts and irrevocably submits to the non-exclusive jurisdiction of such courts.

IN WITNESS WHEREOF, the parties hereto have executed this Participation Agreement as of the day and year first written above.

STICHTING DQS CUSTODIAN

By:

Title:

By:

Title:

DQS INVESTMENT MANAGEMENT B.V.

By:

Title:

By:

Title:

PARTICIPANT

By:

Title:

By:

Title:

Schedule to the Participation Agreement

NOTICE OF REDEMPTION

Stichting DQS Custodian
 Park Vronesteyn 24A
 2271 HS Voorburg
 The Netherlands

Dear Sir, Madam,

..... (name participant) holds (number) Participations in the DQS Absolute Return Fund.

We kindly request you, as per the next date available therefore under the terms and conditions of management and custody of the DQS Absolute Return Fund:

- (a) to redeem all Participations held by the undersigned;*
- (b) to redeem the following number of Participations held by the undersigned:.....(number); *
- (c) to redeem for a sum of Euro (number)*

The Custodian shall pay such amount or deliver assets with an equivalent value in accordance with the provisions of Article 13 to :

.....

(name participant) by transferring to bank account number

or securities account number

Yours faithfully,

PARTICIPANT

 By:
 Title:
 Date:

 By:
 Title:
 Date:

- please strike through as applicable and complete information if applicable