
If you are in any doubt about the contents of this Supplement, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser.

The Directors of the Company, whose names appear under the heading “Management and Administration” in the Prospectus dated 21 October 2009, accept responsibility for the information contained in the Prospectus and in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of the information.

HERMES PAN EUROPEAN SMALL CAP COMPANIES FUND

(a sub-fund of Hermes Investment Funds public limited company)

SUPPLEMENT

This Supplement contains information relating to the Fund. This Supplement forms part of and should be read in conjunction with the general description of the Company contained in the current Prospectus.

This Supplement No. 3 replaces Supplement No. 3 dated 21 October 2009.

The date of this Supplement No. 3 is 12 January 2010.

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DEFINITIONS

“*Accumulating Classes*”, the following Share Classes: Class F Stg£ Accumulating, Class F € Accumulating, Class F US\$ Accumulating, Class Z Stg£ Accumulating, Class Z € Accumulating and Class Z US\$ Accumulating and Class P Stg£ Accumulating.

“*Business Day*”, a day (excluding Saturday and Sunday) on which the banks are open for business in both Ireland and London (or such other day as the Directors may from time to time determine and notify in advance to Shareholders).

“*Class F Shares*”, Shares in the following Share Classes: Class F Stg£ Distributing, Class F Stg£ Accumulating, Class F € Distributing, Class F € Accumulating, Class F US\$ Distributing and Class F US\$ Accumulating.

“*Class P Shares*”, Shares in Class P Stg£ Accumulating.

“*Class Z Shares*”, Shares in the following Share Classes: Class Z Stg£ Distributing, Class Z Stg£ Accumulating, Class Z € Distributing, Class Z € Accumulating, Class Z US\$ Distributing and Class Z US\$ Accumulating.

“*Dealing Day*”, each Business Day (or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders provided there is at least one Dealing Day per fortnight).

“*Distributing Classes*”, the following Share Classes: Class F Stg£ Distributing, Class F € Distributing, Class F US\$ Distributing, Class Z Stg£ Distributing, Class Z € Distributing and Class Z US\$ Distributing.

“*Fund*”, Hermes Pan European Small Cap Companies Fund.

“*Initial Offer Period*”, the period set by the Directors in relation to any Share Class of the Fund as the period during which Shares are initially on offer. Specific details of the Initial Offer Period for the Fund’s Share Classes are set out under the heading “Initial Offer”.

“*Initial Offer Price*”, the price set by the Directors in relation to any Share Class at which Shares are offered during the Initial Offer Period. Specific details of the Initial Offer Price for the Fund’s Share Classes are set out under the heading “Initial Offer”.

“*Valuation Point*”, close of business in the relevant market on each Dealing Day provided that if any of the relevant markets are not open on a Dealing Day, the value of the relevant Investments at the close of business on the previous Dealing Day shall be used.

With the exception of the defined terms set out above, and unless the context requires otherwise, defined terms in this Supplement shall have the meaning attributed to them in the Prospectus of the Company.

INTRODUCTION

The Company is authorised in Ireland by the Financial Regulator as a UCITS for the purposes of the Regulations. The Company is an investment company with variable capital and having segregated liability between its sub-funds and is structured as an umbrella fund in that the share capital of the Company may be divided into different Share Classes with one or more classes representing a separate sub-fund of the Company. Each sub-fund may have more than one Share Class.

This Supplement forms part of and should be read in conjunction with the general description of the Company contained in the current Prospectus together with the most recent annual report and audited financial statements and if published after such report, a copy of the latest half-yearly report and unaudited financial statements.

This Supplement contains information relating to the Share Classes of the Fund which are listed below together with the currency of denomination of each Share Class:

Share Class	Base Currency
Class F Stg£ Distributing	Sterling
Class F Stg£ Accumulating	Sterling
Class F €Distributing	Euro
Class F €Accumulating	Euro
Class F US\$ Distributing	US Dollars
Class F US\$ Accumulating	US Dollars
Class P Stg£ Accumulating	Sterling
Class Z Stg£ Distributing	Sterling
Class Z Stg£ Accumulating	Sterling
Class Z €Distributing	Euro
Class Z €Accumulating	Euro
Class Z US\$ Distributing	US Dollars
Class Z US\$ Accumulating	US Dollars

There is no intention to make an application for the Class P Stg£ Accumulating Shares of the Fund to be listed on the Irish Stock Exchange. The Class Z Stg£ Accumulating Shares have been admitted to the Official List of the Irish Stock Exchange and to trading on the Main Market of the Irish Stock Exchange. With the exception of the Class P Stg£ Accumulating Shares, application has been made to the Irish Stock Exchange in respect of all other Share Classes detailed above to be admitted to the Official List and to trading on the Main Market of the Irish Stock Exchange. The Directors do not anticipate that an active secondary market will develop in relation to the Shares.

The base currency of the Fund is Sterling.

As at the date of this Supplement, there are no other Share Classes in the Fund, but additional Share Classes may be added to the Fund in accordance with the requirements of the Financial Regulator.

A potential investor shall only be permitted to hold Class Z Shares if he has entered into a Client Agreement.

HERMES PAN EUROPEAN SMALL CAP COMPANIES FUND

Investment Objective and Policies

The investment objective of the Fund is to provide long-term capital appreciation.

The Fund will seek to achieve its objective by investing primarily in equity securities of small-capitalisation companies listed in Europe which the Investment Manager has identified as undervalued and the Fund will invest at least two-thirds of its assets in these securities.

Small-capitalisation companies include companies that fall within the universe of equity securities that comprise the MSCI Pan European Smaller Companies Index. The MSCI Pan European Smaller Companies Index is a market capitalisation weighted rules-based index of listed European companies.

The Fund may also invest in convertibles (including both preferred stock and debt) and may hold warrants as well as cash.

At least 90% of the Fund's assets will be invested in securities that are listed, traded or dealt in on a Regulated Market in Europe.

In pursuance of its investment policy, the Fund may also acquire units/shares of collective investment schemes, including exchange-traded funds and other sub-funds of the Company, where such collective investment schemes satisfy the requirements of the Financial Regulator.

In pursuit of its investment objective, the Fund may utilise financial derivative instruments, such as futures and options, for direct investment and/or efficient portfolio management purposes. These financial derivative instruments will be used for purposes such as assisting cash flow management (for cost effectiveness) and gaining exposure to certain markets and securities in a quicker and/or more cost effective manner. These financial derivative instruments may be dealt in on an exchange traded or OTC basis. Please see section headed "Investment in Financial Derivative Instruments and Efficient Portfolio Management" in the Prospectus for more information. The Fund may be leveraged up to 100% of its Net Asset Value as a result of its use of financial derivative instruments. The total exposure associated with the investments of the Fund, including investments in financial derivative instruments, may amount to 200% of the Net Asset Value of the Fund.

The Fund may engage in stock lending for efficient portfolio management purposes in accordance with the requirements of the Financial Regulator.

In making its investment decisions, the Investment Manager will take account of any CGRI Guidelines with regards to the holding of either individual securities or various categories or classes of securities. The CGRI Guidelines are intended to provide guidance on achieving best practice standards of corporate governance and equity stewardship and with the aim of adding value to and/or preserving value in the Funds.

Currency Hedging Policy

Hedging at Portfolio Level

The Fund may enter into transactions for the purposes of hedging the currency exposure of the underlying securities into Sterling. If undertaken, the aim of this hedging will be to reduce the Fund's level of risk or to hedge the currency exposure to the currency of denomination of some or all of the Fund's underlying securities. FDIs such as forward foreign exchange contracts and currency swaps may be utilised if the Fund engages in such hedging. The currency exposure generated as a result of investing in securities which are denominated in a currency other than the base currency will not be allocated to separate classes.

Hedging at Share Class Level

It is not currently intended to enter into transactions for the purposes of hedging the currency exposure of any class which is denominated in a currency other than Sterling. Accordingly, the value of Shares denominated in Euro and US Dollars will be subject to exchange rate risk in relation to Sterling.

This currency hedging policy may change such that the Fund may enter into transactions for the purpose of hedging the currency exposure of any class which is denominated in a currency other than Sterling. The extent to which the Fund intends to hedge against such currency fluctuations shall not exceed 105% of the Net Asset Value of the relevant Share Class. Whilst not the intention, over-hedged or under-hedged positions may arise due to factors outside of the control of the Fund. Hedged positions will be kept under review by the Investment Manager to ensure that over-hedged positions do not exceed the permitted level. This review will also incorporate a procedure to ensure that positions materially in excess of 100% will not be carried forward from month to month. All such transactions will be clearly attributable to the specific class and currency exposures of different classes will not be combined or offset. The costs and gains/losses of the hedging transactions will accrue solely to the relevant Share Class.

RISK FACTORS

Potential investors should consider the risk factors set out in the Prospectus.

INVESTMENT AND BORROWING RESTRICTIONS

The Company is a UCITS and accordingly the Fund is subject to the investment and borrowing restrictions set out in the Regulations and the Notices. These are set out in detail in Appendix III of the Prospectus.

For accounting periods commencing on or after 1 December 2009, it is intended that the Fund will seek reporting fund status under the new Offshore Funds (Tax) Regulations 2009 (“New Regulations”). Under the New Regulations, the restriction on the amount that the Fund can invest in other collective investment schemes, which applied under the distributor status regime, has been removed. In accordance with the investment restriction set out at section 3.1 of Appendix III of the Prospectus, the limit on the Fund’s investment in other collective investment schemes including other sub-funds of the Company will be 10% of its Net Asset Value.

MANAGEMENT AND ADMINISTRATION

Full details relating to the Directors and service providers to the Fund are set out in the Prospectus.

VALUATION OF ASSETS

The Net Asset Value of the Fund and the Net Asset Value attributable to each Share Class will be calculated by the Administrator by reference to the value of the Fund’s Investments as at the Valuation Point on each Dealing Day in accordance with the requirements of the Articles and full details are set out under the heading “Statutory and General Information” in the Prospectus. The Net Asset Value of the Fund will be expressed in its base currency and will be available on the Business Day after the Dealing Day at the office of the Administrator during normal business hours. If a Share Class has been admitted to the Official List of the Irish Stock Exchange and to trading on the Main Market of the Irish Stock Exchange, the Net Asset Value of that Share Class will be notified immediately, upon calculation, to the Irish Stock Exchange.

The value of instruments or securities which are quoted, listed or dealt in on a Regulated Market shall (save in certain specific cases) be the last traded price on such Regulated Market as at the Valuation Point, or the closing mid-market price when no last traded price is available. Further details are set out in the Articles and in the Prospectus under the heading of “Statutory and General Information”.

DIVIDEND POLICY

Accumulating Classes

Each of the Accumulating Classes is an accumulating Share Class and, therefore, it is not intended to distribute dividends to the Shareholders in the Fund. The income and other profits will be accumulated and reinvested on behalf of Shareholders. Dividends, if paid on the Shares, may be paid out of the net income of the Fund including interest and dividends earned by the Fund less expenses of the Fund.

Distributing Classes

Each of the Distributing Classes is a distributing Share Class and, therefore, it is intended to declare dividends on the Shares of the Distributing Classes of the Fund out of the net income of the Fund including interest and dividends earned by the Fund less expenses of the Fund. Dividends will normally be declared on or about December and June of each year and will normally be paid within two months of the date on which they have been declared. The Directors may change the frequency with which the Distributing Classes declare and pay dividends and Shareholders will be notified of any changes by way of a note to the annual or semi-annual financial statements of the Company. Distribution payments will be made to the bank account detailed on the Account Opening Form or to such bank account as may be subsequently notified to the Administrator in writing.

INITIAL OFFER

Initial Offer for Class Z Stg£ Accumulating

The Initial Offer Period in respect of the Class Z Stg£ Accumulating Shares has closed.

Initial Offer for Share Classes other than Class Z Stg£ Accumulating

The Initial Offer Period in respect of Class P Stg£ Accumulating will open on 13 January 2010 at 9.00am (Irish time) and shall close at 5.00pm (Irish time) on 30 June 2010, unless such period is shortened or extended by the Directors and any extensions shall be notified to the Financial Regulator.

The Initial Offer Period in respect of all Share Classes other than Class Z Stg£ Accumulating and Class P Stg£ Accumulating is currently open and shall close at 5.00pm (Irish time) on 30 June 2010, unless such period is shortened or extended by the Directors and any extensions shall be notified to the Financial Regulator.

The Initial Offer Price per Share for all Share Classes other than Class Z Stg£ Accumulating shall be the equivalent of the Net Asset Value per Share of the Class Z Stg£ Accumulating Shares as at the close of the Initial Offer Period of the relevant Share Class.

General

Applications for Shares during the Initial Offer Period must be received (together with cleared funds) during the Initial Offer Period. All applicants applying for Shares during the Initial Offer Period must complete (or arrange to have completed under conditions approved by the Directors) the Account Opening Form and Dealing Form prescribed by the Directors in relation to the relevant Share Class of

the Fund. Completed Account Opening Forms and Dealing Forms should be sent to the Investment Manager who will arrange for these to be forwarded to the Administrator.

Notwithstanding the foregoing, subscription monies received during the Initial Offer Period may be returned to investors and the launch of the Fund or a Share Class postponed in the event that, in the Directors' opinion, insufficient monies are received during the Initial Offer Period to launch the Fund or Share Class as a viable concern.

SUBSCRIPTIONS

Procedure

Account Opening Forms

All applicants applying for the first time for Shares in the Company must complete (or arrange to have completed under conditions approved by the Directors) and sign the Account Opening Form and Dealing Form prescribed by the Directors in relation to the Company and the relevant Share Class of the Fund. Subsequent applications by existing Shareholders may be made by fax without the requirement to submit original documents or otherwise in writing as may be prescribed by the Directors, in accordance with the requirements of the Financial Regulator, from time to time provided that there has been no change in the relevant details of the Shareholder. Account Opening Forms and Dealing Forms may be obtained from the Company or the Administrator. Account Opening Forms and Dealing Forms shall (save as determined by the Directors) be irrevocable and may be sent by facsimile at the risk of the applicant. Initial applications can be made by fax provided the original of the Account Opening Form (and supporting documentation in relation to money laundering prevention checks) is sent to arrive promptly and within three Business Days after the time for receipt of such application. Completed Account Opening Forms and Dealing Forms should be sent to the Investment Manager who will arrange for these to be forwarded to the Administrator.

Failure to provide the original Account Opening Form by such time may, at the discretion of the Company, result in the compulsory redemption of the relevant Shares. However, applicants will not receive the proceeds of any redemption of Shares or any dividend payments until the original Account Opening Form has been received and anti-money laundering procedures have been completed.

Subscriptions

Applications for Shares must be received by the Investment Manager before 5.00 pm (Irish time) on the Business Day prior to the relevant Dealing Day or such other time as the Directors may determine (provided the application is received by the Administrator before the relevant Valuation Point). All subscriptions will be dealt on a forward pricing basis, i.e. by reference to the Price for Shares calculated as at the Valuation Point on the relevant Dealing Day. Any applications received after that time will normally be held over until the next Dealing Day but may be accepted for dealing on the relevant Dealing Day, at the discretion of the Directors (provided the application is received by the Administrator before the relevant Valuation Point).

Subscription Price

Shares will be issued on each Dealing Day at the relevant Price.

The latest Price for Shares will be available during normal business hours every Business Day at the office of the Administrator and will be published daily on the following website www.hermes.co.uk.

Fractions

Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the Price for one Share, provided however that fractions shall not be less than four decimal points or such number of decimal points of a Share as the Directors may determine from time to time. Subscription monies, representing less than the relevant fraction of a Share will not be returned to the applicant but will be retained by the Fund in order to defray administration costs.

Subscription Monies

Method of Payment

Subscription payments net of all bank charges should be paid to the Administrator by CHAPS, SWIFT or telegraphic transfer to the bank account specified at the time of dealing (except where local banking practices do not allow electronic bank transfers). Other methods of payment are subject to the prior approval of the Company in consultation with the Administrator. No interest will be paid in respect of payments received in circumstances where the application is held until a subsequent Dealing Day.

Currency of Payment

Subscriptions may be accepted in a currency other than the designated currency of the relevant Share Class at the discretion of the Administrator (see section headed “Currency of Payment and Foreign Exchange Transactions” in the Prospectus).

Timing of Payment

Payment in respect of subscriptions must be received by the Administrator within four Business Days of the cut-off time for receipt of applications for Shares set out above. If payment in full in cleared funds in respect of a subscription has not been received by the relevant time, the Company and/or the Investment Manager may cancel the allotment and the Shareholder shall indemnify the Company for any loss suffered by the Company as a result of a failure by the Shareholder to pay the subscription monies by the relevant time. In addition, the Company will have the right to sell all or part of the applicant’s holding of Shares in the Fund or any other sub-fund of the Company in order to meet these charges.

The Company may temporarily borrow an amount equal to the subscription, subject to the Fund’s borrowing limit of 10% of its Net Asset Value, and invest the amount borrowed in accordance with the investment objective and policies of the Fund. Once the required subscription monies have been received, the Company will use this to repay the borrowings. The Company reserves the right to charge the relevant Shareholder for any interest or other costs incurred by the Company as a result of this borrowing. If the Shareholder fails to reimburse the Company for those charges, the Company and/or Investment Manager will have the right to sell all or part of the applicant’s holdings of shares in the Fund or any other sub-fund of the Company in order to meet those charges and/or to pursue that Shareholder for such charges.

Minimum Subscriptions/Holdings/Redemptions

The Minimum Subscription, Minimum Holding and Minimum Redemption amounts for Share Classes will be as follows:

Share Class	Minimum Initial Subscription Amount	Minimum Subsequent Subscription Amount	Minimum Holding Amount	Minimum Redemption Amount
Class F Shares	Stg£100,000*	Stg£5,000*	Stg£100,000*	Stg£5,000*
Class P Shares	Stg£100,000*	Stg£5,000*	Stg£100,000*	Stg£5,000*
Class Z Shares	per Client Agreement	per Client Agreement	per Client Agreement	per Client Agreement

*or its foreign currency equivalent

The limits set out above may be lowered or waived at the discretion of the Investment Manager. Shareholders will be notified of any permanent change to the Minimum Subsequent Subscription Amount, Minimum Holding Amount and Minimum Redemption Amount. The Company has the power to redeem the remaining holding of any Shareholder who redeems his minimum holding of Shares in any Share Classes to below the foregoing amount or its foreign currency equivalent.

REDEMPTIONS

Procedure

Redemption

Every Shareholder will have the right to require the Company to redeem his Shares in the Fund on any Dealing Day (save during any period when the calculation of the Net Asset Value is suspended in the circumstances set out in the Prospectus) on furnishing to the Administrator a redemption request.

All redemption requests are dealt with on a forward pricing basis, i.e. by reference to the Price for Shares calculated at the Valuation Point on the relevant Dealing Day.

Dealing Form

All applicants seeking to redeem Shares must complete (or arrange to have completed under conditions approved by the Directors) and sign a Dealing Form which may be obtained from the Company. Completed Dealing Forms should be sent to the Investment Manager who will arrange for these to be forwarded to the Administrator.

Dealing Forms in respect of the Fund must be received by the Investment Manager before 5.00 pm (Irish time) on the Business Day prior to the relevant Dealing Day. If the Dealing Form is received after that time it shall (unless otherwise determined by the Directors and provided it is received by the Administrator prior to the Valuation Point) be treated as a request for redemption on the Dealing Day following such receipt and Shares will be redeemed at the Price for that day. Shares will be redeemed at the Price calculated at the Valuation Point on the relevant Dealing Day.

Redemption requests will only be accepted where cleared funds and completed documents are in place from original subscriptions including original Account Opening Forms and anti-money laundering procedures have been completed.

Dealing Forms shall (save as determined by the Directors) be irrevocable and may be sent by facsimile at the risk of the relevant Shareholder.

Redemption Price

Shares will be redeemed on each Dealing Day at the relevant Price.

The latest Price for Shares will be available during normal business hours every Business Day at the office of the Administrator and will be published daily on the following website www.hermes.co.uk.

Fractions

Apart from circumstances in which a Shareholder is redeeming his entire holding of Shares in the Fund:-

- (a) fractions of Shares will be issued where any part of the redemption monies for Shares represents less than the Price for one Share, provided however that fractions shall not be less than four decimal points or such number of decimal points of a Share as the Directors may determine from time to time; and
- (a) redemption monies representing less than the relevant fraction of a Share will not be returned to a Shareholder but will be retained by the Fund in order to defray administration costs.

Method of Payment

Redemption payments will be made to the bank account detailed on the Account Opening Form or as subsequently notified to the Administrator in writing.

Currency of Payment

Shareholders will normally be repaid in the currency of denomination of the relevant Share Class. Redemptions may be paid in another currency at the request of a Shareholder and at the Administrator's discretion (see section headed "Currency of Payment and Foreign Exchange Transactions" in the Prospectus).

Timing

Redemption proceeds in respect of Shares will be paid on the fourth Business Day following the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Administrator.

Compulsory Redemption

All the Shares of the Fund may be redeemed at the discretion of the Directors if, after the first anniversary of the first issue of Shares of the Fund, the Net Asset Value of the Fund falls below Stg£100,000,000 for any period of time.

The Company shall have the right to redeem compulsorily any Share at the Price or to require the transfer of any Share to a Qualified Holder if in their opinion (i) such Share is held by a person other than a Qualified Holder; (ii) the redemption or transfer (as the case may be) would eliminate or reduce the exposure of the Company or the Shareholders to adverse tax, legal, reputational, fiscal or regulatory consequences; (iii) the holding of Shares by that Shareholder would be a material administrative disadvantage to the Company or its Shareholders as a whole; (iv) the Shareholder has not completed the anti-money laundering procedures to the satisfaction of the Company and/or the

Administrator; or (v) the holding of such Shares may result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Company or its Shareholders as a whole.

TRANSFERS

Shares are (save as hereinafter specified) freely transferable and may be transferred in writing in a form approved by the Directors. No transfer may be made unless the proposed transferee:

- (a) has completed an Account Opening Form and provided such other information (e.g. as to identity) as the Directors may reasonably require; and
- (b) has also a current Client Agreement with the Investment Manager (Class Z Shares only);

The Directors may decline to register any transfer of a Share where it appears that such transfer would be likely to result in the legal or beneficial ownership of such Share by a person who is not a Qualified Holder or expose the Company to adverse tax or regulatory consequences.

SWITCHING

Shareholders of any Share Class within the Fund may switch free of charge to another Share Class within the Fund or to the same or another Share class of another sub-fund as the Directors may permit.

Shareholders can only switch into Class Z Shares if they have a Client Agreement in place.

FEES AND EXPENSES

General

The Fund shall bear its attributable proportion of the organisational and operating expenses of the Company (including any establishment expenses). These are set out in detail under the heading “Fees and Expenses” in the Prospectus.

Investment Management Fees

Investment Management Fees - Class F Shares

The Investment Manager is entitled to charge an annual investment management fee of up to 1% of the Net Asset Value in respect of the Class F Shares. The fees will be accrued daily based on the daily Net Asset Value attributable to the relevant Share Class and will be paid monthly in arrears.

Investment Management Fees - Class Z Shares

There will be no investment management fees or expenses charged to the assets attributable to the Class Z Shares. Shareholders in the Class Z Shares will be subject to a fee with regard to their investment in the Fund based on the Client Agreement between them and the Investment Manager. This fee will not exceed 3% per annum of the value of the Shareholder’s holding in the Fund.

The Investment Manager reserves the right to repurchase the entire holding of Shares of any Shareholder (deducting any amount owed for unpaid investment management fees), if the relevant Client Agreement is terminated for any reason whatsoever.

Investment Management Fees - Class P Shares

Base Annual Investment Management Fee

The Investment Manager is entitled to charge a base annual investment management fee of up to 0.65% of the Net Asset Value in respect of the Class P Shares (the "Base Fee"). The fees will be accrued daily based on the daily Net Asset Value attributable to the Class P Shares and will be paid monthly in arrears.

Performance Fee

In addition to the Base Fee, the Investment Manager may also be entitled to a performance fee (the "Performance Fee") if, in general terms, the Class P Shares outperform the MSCI Pan European Smaller Companies Index (the "Performance Fee Benchmark Index").

The Performance Fee will be earned if the total Net Asset Value of the Class P Shares at the end of a performance period ("NAV2") exceeds the total Net Asset Value of the Class P Shares at the end of the last performance period in respect of which a performance fee was earned, adjusted for subscriptions and/or redemptions of Class P Shares and weighted according to the date of the relevant subscriptions and/or redemptions and factored by the performance of the Performance Fee Benchmark Index for the period ("NAV1"). Accordingly, any underperformance of the Performance Fee Benchmark Index will be clawed back (i.e. cleared) before a Performance Fee becomes due in subsequent calculation periods. For the first Calculation Period (as defined below), NAV1 will be the total Net Asset Value of the Class P Shares at the end of the Initial Offer Period adjusted for subscriptions and/or redemptions of Class P Shares and weighted according to the date of the relevant subscriptions and/or redemptions and factored by the performance of the Performance Fee Benchmark Index for the period.

The Performance Fee will be 10% of the positive difference between NAV2 and NAV1.

The Performance Fee in respect of each Class P Share will be calculated annually in respect of each calendar year (a "Calculation Period") and will accrue on a daily basis as at each Valuation Point. Details of the timing for receipt by the Investment Manager of any Performance Fees it has earned are set out below. The Performance Fee in respect of each Calculation Period will be calculated by reference to the total Net Asset Value of the Class P Shares after deduction for any accrued Base Fee and before deduction for any accrued Performance Fee.

The first Calculation Period will commence on the first Dealing Day after the closure of the initial offer period for the Class P Shares and will end on 31 December 2010. Thereafter, the Calculation Period will be each 12 month period ending on 31 December. The last Calculation Period will begin on 1 January prior to the termination of the Investment Management Agreement and will end on the date of the termination of the Investment Management Agreement.

Any amount of Performance Fee calculated with respect to redeemed Class P Shares will be calculated and will be earned by the Investment Manager at the date of redemption. Thus, it is possible that although NAV2 has not exceeded NAV1 for a full Calculation Period, a Performance Fee might be earned by the Investment Manager in respect of Class P Shares redeemed where the redemption took place when the Net Asset Value of the Class P Shares at redemption was higher than the relevant NAV1.

The calculation of the Performance Fee will be verified by the Custodian.

Where Performance Fees are payable regarding the Class P Shares these will be based on net realised and net unrealised gains and losses as at the end of each Calculation Period. As a result, Performance Fees may be paid on unrealised gains which may subsequently never be realised.

Payment of Performance Fees

One of the advantages of having a performance fee arrangement is that it aligns the interests of the Investment Manager with those of the Class P Shareholders - out-performance by the Investment Manager will lead to higher fees which incentivises the Investment Manager to deliver better investment returns. One of the disadvantages of having a performance fee arrangement is that these arrangements can incentivise excessive risk taking as fund managers seek a performance fee in the current period without considering the longer term impact of their investment decision. In order to address this short term issue and to provide true incentives to consistently deliver out-performance in the long term, the Performance Fees will be paid to the Investment Manager in three equal payments rather than in one payment.

One-third of the Performance Fee will be payable at the end of the Calculation Period in which they have been earned (the "First Payment"). The remaining two-thirds will be deferred and payable in two separate payments (the "Second Payment" and the "Third Payment").

The Second Payment will be made at the end of the subsequent Calculation Period but only if the Class P Shares' three-year rolling relative return is positive at the end of that Calculation Period. If, at the end of the subsequent Calculation Period, the Class P Shares' three-year rolling relative return is negative, the Second Payment of the Performance Fee will be further deferred until such time as the Class P Shares' three-year rolling relative return is positive.

Once the Second Payment has been made, the Third Payment will be made at the end of the subsequent Calculation Period but only if the Class P Shares' three-year rolling relative return is positive at the end of that Calculation Period. If, at the end of the subsequent Calculation Period, the Class P Shares' three-year rolling relative return is negative, the Third Payment of the Performance Fee will be further deferred until such time as the Class P Shares' three-year rolling relative return is positive.

The Investment Manager may receive Performance Fees referable to different Calculation Periods at the end of a Calculation Period where the Class P Shares' three-year rolling relative return is positive. For example, if the Class P Shares' three-year rolling relative return is positive for each of the first three Calculation Periods, the Investment Manager will receive the First Payment for the third Calculation Period, the Second Payment for the second Calculation Period and the Third Payment for the first Calculation Period.

The three-year rolling relative return is the average performance of the Class P Shares relative to the Performance Fee Benchmark Index over a three-year rolling period. In order to calculate the three-year rolling relative return applicable at the end of the first and second Calculation Periods, a relative performance of zero will be assumed for two years and one year respectively.

The Performance Fee will be taken out of the Net Asset Value of the Class P Shares at the end of the Calculation Period in which it has been earned and held as a contingent liability on the Fund's balance sheet. Accordingly, holding these monies in the Fund's account will not increase the Net Asset Value of the Fund or the Class P Shares.

If the Class P Shares are being terminated and there are deferred Performance Fees which have not yet been received by the Investment Manager, these monies will be returned to the Class P Shares and benefit Shareholders in the Class P Shares at that time.

Administrator's Fees

The Administrator is entitled to a fee at a rate of up to 0.0075% of the Net Asset Value of the Fund accrued and calculated daily and payable monthly in arrears, subject to an annual minimum fee of Stg£25,000. This minimum fee may be increased by Stg£2,500 per annum for each additional share class created after the establishment of the Fund. The Administrator is also entitled to be reimbursed for all agreed transfer agency charges, transaction fees at normal commercial rates and out of pocket expenses properly incurred by it in the performance of its duties and responsibilities under the Administration Agreement. All such fees and expenses will be borne by the Fund.

Custodian's Fees

The Custodian is entitled, out of the assets of the Fund, to a fee of 0.0025% of the Net Asset Value, accrued and calculated daily and payable monthly in arrears.

The Custodian shall also be entitled to be reimbursed for all agreed out of pocket expenses properly incurred by it in the performance of its duties. The Custodian will also charge fees and expenses of any delegate of the Custodian, provided they are at normal commercial rates.

Other Fees and Expenses

Details of the other fees and expenses relating to the Company and Shareholders are set out in the Prospectus.

GENERAL

The Funds in existence as at the date of this Supplement are set out in the Global Supplement.

UNITED KINGDOM TAXATION

General

The following is a general guide based on the law and practice currently in force in the UK. It applies to the Company and to investors who are resident or ordinarily resident in the UK for tax purposes and who hold Shares as an investment. As is the case with any investment, the tax position at the time an investment is made is unlikely to continue indefinitely.

Prospective investors should consult their professional advisers on the tax and other consequences of their subscribing for, purchasing, holding, selling, or redeeming Shares under the laws of their country of residence, domicile, citizenship, incorporation or establishment.

If you are in any doubt about your tax position, or if you may be subject to tax in a jurisdiction other than or the UK, you should consult your professional adviser.

United Kingdom

The Company

The Directors intend to conduct the affairs of the Company so that it does not become resident in the UK for tax purposes. As a result, provided the Company does not trade in the UK, the Company will not be subject to UK tax on income or gains. Investment income arising from UK sources may, however, be subject to UK withholding tax.

Shareholders

Taxation of Dividends (where relevant)

Shareholders resident in the UK for tax purposes will be liable to income tax or corporation tax on dividends paid to them in respect of a Share Class in the Company, according to their personal circumstances. Gross investors, such as registered pension schemes, will be exempt from tax on the income.

Individual taxpayers, other than higher rate taxpayers, will be liable to income tax on their dividend at the rate of 10%, while higher rate taxpayers will be liable to income tax on the dividend at the rate of 32.5% (42.5% from 6 April 2010). UK resident individuals who are not liable to income tax on their income and Shareholders who hold their Shares through an ISA will not be subject to UK tax on the dividends. Corporate shareholders subject to corporation tax will be liable to corporation tax on the income.

Capital Gains - Distributing Classes

Each Share Class is treated as an offshore fund for the purposes of UK taxation. The Directors of the Company intend to manage the affairs of each Distributing Class in such a way that they qualify for distributing fund status for UK tax purposes and to apply for certification as a distributing fund each year in respect of each Distributing Class from HM Revenue & Customs. Provided that a Share Class is certified as being a distributing fund throughout the Shareholder's period of ownership of Shares in that Share Class then any gains realised on his disposal of Shares will be subject to tax as capital gains. Such certification is, however, granted retrospectively and there can be no guarantee that certification will be obtained in respect of a Share Class or that, if obtained, it will continue to be obtained for all future accounting periods of the Company. Individuals are liable to capital gains tax only if their total chargeable gains (net of allowable losses) in the year exceed their annual exemption. Any gains in excess of this exemption are taxable at a flat rate of 18%. Disposals for this purpose include redemptions and sales of Shares, and also any switch of Shares into an Accumulating Class.

If a Share Class is not certified as being a distributing fund throughout the period of ownership of an investor then gains (including any foreign exchange gains arising from the conversion of Euro or US Dollar amounts in respect of Shares into Sterling) arising on the disposal of Shares would constitute income for the purposes of UK taxation, and be taxed at income tax rates.

Capital Gains - Accumulating Classes

Each Share Class is treated as an offshore fund for the purposes of UK taxation. The Income and Corporation Taxes Act 1988 ("ICTA") provides that if an investor who is resident or ordinarily resident in the UK for tax purposes holds a "material interest" in an overseas company that constitutes an "offshore fund" and that company does not qualify as a "distributing fund" throughout the period during which the investor holds that interest, then any gain accruing to the investor upon the sale, redemption or other disposal of that interest will be taxed at that time as income and not as a capital gain. Accumulating Shares will constitute "material interests" in an "offshore fund" for the purposes of these provisions. The Directors do not intend to seek certification as a distributing fund for the Accumulating Classes in respect of any accounting period. Accordingly, Shareholders who are resident or ordinarily resident in the UK for tax purposes may be liable to UK income tax in respect of gains arising from the sale, redemption or other disposal of their Shares in the Accumulating Classes. For this purpose disposals include redemptions and sales of Shares and also switches between classes of Share.

Capital Gains - Change to Offshore Funds Tax Regime

A new framework is to be implemented for the taxation of investments in offshore funds to replace the present distributing funds regime which will operate by reference to whether a fund opts into a reporting regime ("reporting funds") or not ("non-reporting funds"). Under the framework, investors in reporting funds would be subject to tax on the share of the reporting fund's income attributable to their holding in the fund, whether or not distributed, but any gains on disposal of their holding will be subject to capital gains tax. HMRC will be able to approve a fund (or class of shares in a fund) in advance as a reporting fund. Investors in non-reporting funds would not be subject to tax on income retained by the non reporting fund but any gains on disposal of their holding would be subject to tax as offshore income gains. The new regime will be enacted under regulations made pursuant to the Finance Act 2008 and will have effect from 1 December 2009. To the extent that the Distributing Classes in the Fund could satisfy the requirements to qualify as a reporting fund, the Board of Directors intend to apply to the HMRC for certification of the Distributing Classes in the Fund as a reporting Fund.

Capital Gains - Gross Investors

Gross investors, such as registered pension schemes, are exempt from tax on capital gains, regardless of whether the relevant Share Class has been certified as a distributing fund by HM Revenue & Customs.

Capital Gains - Corporate investors

Corporate investors within the change to corporation tax are liable to corporation tax on capital gains (with the benefit of indexation relief). Gains realised on the disposal of Shares in the Distributing Classes will be capital gains provided that the Share Class in question is certified as a distributing fund, as described in 'Capital Gains - Distributing Classes' above. Corporate investors within the change to corporation tax which invest in Shares in Accumulating Classes will also be subject to corporation tax on any gains they realise on their disposal, but without the benefit of indexation relief.

However, if the Company has more than 60% by market value of its investments in debt securities, money placed at interest (other than cash awaiting investment), building society shares or holdings in a fund with, broadly, more than 60% of its investments similarly invested, and related derivatives, then corporate investors will be subject to an alternative charge under the rules for the taxation of loan relationships contained in the Finance Act 1996. Shareholders who are within the charge to corporation tax in the UK will be subject to tax as income on all profits and gains arising from the Shares (calculated at the end of each accounting period of the investor and the date of disposal of its interest), on a fair value accounting basis. These rules will apply to investors if the 60% limit is exceeded by the Company at any time during the investor's accounting period, even if it was not holding Shares at that time. The Directors do not anticipate that the 60% limit will be breached.

Stamp duty and stamp duty reserve tax

Neither UK stamp duty nor stamp duty reserve tax will be payable on the issue of the Shares. Agreements to transfer Shares will not be subject to stamp duty reserve tax, nor to stamp duty provided the instrument of transfer remains outside the UK.

Other UK Tax Considerations - Income - Distributing Classes

As it is intended that the Distributing Classes will distribute substantially all of their income each year, the UK anti-avoidance provisions which attribute income accruing to an offshore company to UK resident companies and ordinarily resident individuals are not expected to apply to holders of Shares in the Distributing Classes.

Other UK Tax Considerations - Income - Accumulating Classes

The attention of individuals ordinarily resident in the UK is drawn to Part 13 Income Tax Act 2007. These provisions are aimed at preventing the avoidance of income tax by individuals through transactions resulting in the transfer of assets or income to persons, including companies, resident or domiciled abroad. The provisions may render those individuals liable to tax in respect of relevant undistributed income of the Company on an annual basis.

ICTA also contains provisions which subject certain UK resident companies to corporation tax on profits of non-UK resident companies in which they have an interest. The provisions affect UK resident companies which, either alone or together with associates, have an interest in at least 25% of the profits of the non-resident company and the non-resident company is controlled by UK residents, does not distribute substantially all of its income and is resident in a low tax jurisdiction. As the Company will not make distributions, this legislation may be relevant to corporate Shareholders. The legislation is not directed towards the taxation of capital gains.

HM Revenue & Customs may seek to cancel tax advantages from certain transactions in securities under section 703 of ICTA. The Directors do not believe that a relevant tax advantage will arise but no clearance has been sought from HM Revenue & Customs.

Other UK Tax Considerations - Capital Gains

In addition, it is anticipated that the shareholdings in the Company will be sufficiently widely held to ensure that the Company would not be a close company if it were resident in the UK. If, however, this is not the case, then capital gains accruing to it will be apportioned to UK resident or ordinarily resident shareholders who hold over 10% of the Company and they will be subject to capital gains tax on the gains apportioned to them (except in the case of gross investors). Where capital gains tax is paid by an investor under these provisions, it may be possible for that investor to claim relief subsequently for all or part of it.

Other Tax Considerations

Dividends and interest may suffer withholding tax imposed by the country where the payments originate. Capital gains realised when investments are sold by the Company may also be subject to local withholding tax in certain countries. The Company will not be eligible to benefit from Ireland's range of double tax treaties in many cases where there is a requirement that the Company is 'subject to tax'.

Transfer taxes may be payable on the purchase of investments by the Company.

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