

"Offshore Fund Rules") may apply to an investment made by the Fund in an "offshore fund." The Fund itself will not constitute an offshore fund for these purposes, although it is possible that the Fund may hold or acquire investments which are offshore funds for such purposes. In such cases, all or part of an Investor's distributions attributable to any gain made by the Fund on the disposal of an investment may be treated as income, rather than capital gains, for UK tax purposes, depending on the circumstances and the status of the investment as a "reporting fund" or "non-reporting fund" for the purposes of the Offshore Fund Rules.

UK resident individuals. Investors who are UK resident or ordinarily resident individuals should note that, in certain circumstances, gains of non-UK resident companies in which the Fund has made an investment may be treated as accruing to such individual Investors.

UK resident companies.

Investments in non-UK companies. Investors who are UK resident companies should note that investments in non-UK resident companies may be "controlled foreign companies" for UK tax purposes. The profits of a controlled foreign company can in certain circumstances be apportioned to UK resident companies and corporation tax charged thereon. It is unlikely that an apportionment of the relevant proportion of the investee company's profits would be made against an Investor which is a UK resident company as the circumstances in which an apportionment can be made should not be present.

Unrealized gains or losses. Investors subject to UK corporation tax may be treated for UK corporation tax purposes as realizing profits, gains or losses in respect of certain assets, including those which are subject to the "loan relationship" rules in Part 5 of the Corporation Tax Act 2009, generally on a basis reflecting the treatment in its statutory accounts, although in some cases on a mandatory mark-to-market basis. These profits, gains or losses will be taken into account in computing income for UK corporation tax purposes. An Investor's actual share in the return from these types of investments will not necessarily be the same as the amounts on which the Investor was taxed under these rules.

Pension funds and other exempt bodies. Investors who are exempt from UK tax on income or gains should not be charged UK tax on income or gains made by the Fund.

UK taxation of non-UK resident investors.

Income. Non-UK resident Investors should generally not be liable to UK tax on income from UK investments held directly or indirectly by the Fund, except to the extent that UK tax is deducted from such income at source. Interest income received from UK sources is generally subject to a withholding tax of 20%. Certain Investors may, however, be able to reclaim UK income tax deducted at source from interest payments made by UK resident investee companies and beneficially owned by them if such Investors are resident in a country with which the UK has concluded an appropriate double tax treaty and they are not otherwise carrying on a trade in the UK.

In the case of an Investor who is an individual who is or has been a UK resident and who re-acquires UK residence on a return to the UK after a period of five years or less of non-UK residence, certain types of income (including, for example, dividends arising to the Fund from a UK company) that arise during such an Investor's period of non-residence may be treated as arising to him in the period he reacquires residence in the UK and subject to income tax on that basis.

Capital. Investors who are neither resident nor domiciled in the UK will not normally be liable to UK tax on gains made by the Fund. Such gains may, however, be liable to UK tax in the hands of an individual Investor on returning to the UK after an absence of up to five years, if realized during the period of absence.

The above comments do not address the position of a non-UK resident who holds his or her Interest for the purpose of a financial trade, whether carried on within or outside the UK, to whom different UK tax considerations apply.

Inheritance tax. A limited partnership interest in an English limited partnership carrying on business in the UK is regarded as an asset located in the UK for the purposes of inheritance tax. This means that on the death of an Investor, inheritance tax could be payable. Inheritance tax could also be payable in relation to an Interest held on trust, for example, on the death of a beneficiary of an interest in possession trust or, in the case of a discretionary trust, the distribution of all or any part of an Interest from the trust or on the trust's ten year anniversaries.