

Heads of Agreement

The Undersigned:

KMG CAPITAL MARKETS LUXEMBOURG S.A., having its registered office at 9, rue Basse, L-4963 Clemency,

Hereinafter referred to as the “Global Investment Manager” or the “Manager”

The Global Investment Manager is a “Société Anonyme” whose object is to carry out investment management activities for the exclusive benefit of the SICAV KMG SICAV-SIF S.A. (hereinafter referred to as “KMG”) whose registered office is at 11, Rue Aldringen, L -1118 Luxembourg, a Luxembourg investment fund regulated by the law of 13th February 2007 relating to specialized investment funds.

And

Hereinafter referred to as “Investment Advisor - IA”

Whereas:

- The Global Investment Manager manages KMG an ‘open-architecture’ platform established and operating under the Luxembourg law of 13th February 2007 relating to Specialised Investment Funds. KMG offers to IAs the opportunity to create and manage their own dedicated fund to the KMG SICAV - SIF (“the Fund”) according to their specifications, including personal branding, investment objectives and policy.
- IA is an Investment Manager, who wishes to transfer the entire / or part of his portfolio into his own dedicated fund of KMG, under an Investment Advisor Agreement (the ‘IAA’) and enjoy the rewards that this brings, such as to fortify his position in the industry, gain additional distribution exposure, gain access to institutional investors and acceptance by Life companies.

Have declared to have agreed as follows:

Article 1

IA is aware that the Manager envisages entering into similar Heads of Agreement (hereafter “Heads”) with other entities in various countries, within and outside the EU territory. The Heads shall not constitute exclusivity to either party and shall not impede either party to enter into similar agreements with counterparts (other entities), provided that the confidentiality clauses are observed at all times.

Article 2

The parties hereto shall provide each other with the necessary information and documentation in order to enable the other party to complete and finalise the establishment of the Fund. The Manager shall require a complete response by the IA to the questions set forth in the Proposed SICAV SIF details, herewith attached, and reserves the right to ask additional questions and require additional documentation in order to be able to create the IA's Fund.

Article 3

In its assessment, KMG shall apply a number of criteria which may include without limitation, the following:

- present assets under management of a minimum of EURO 10 Million to be transferred into the Fund,
- satisfactory track records for the last 3 years.

Article 4

The IAA between the Manager and IA will contain clauses to stipulate:

- The functions, powers and obligations of the IA and the Manager, including the power to Veto decisions.
- The appointment of KMG Capital Markets Luxembourg S.A as the Global Investment Manager.
- Non-exclusivity with regards to the Services of the IA.
- The power of either party to delegate the whole or part of their functions to third parties with the Manager's written approval.
- The power of either party to assign the whole of their functions to third parties with the Manager's written approval, such an approval not to be unreasonably withheld.
- The minimum level of assets managed through the Fund in relation to the IA over periods of time and action to be taken in the event of failure to achieve minimum levels.
- The rights and obligations of the IA in relation to participation in marketing and publicity campaigns – the IA to abide by the marketing laws/rules of the Fund, the country of residence of the IA, the country where the marketing is undertaken and any applicable Luxembourg laws/rules.
- Codes of conduct for the IA and its personnel with regard to acquisition and communication with clients - the IA to abide by the relevant laws/rules of the Fund, the country of residence of the IA and any applicable Luxembourg laws/rules.
- Approval of marketing and advertising literature.
- Approval of the use of logos.
- The listing in financial press – KMG will use all reasonable endeavours to have the Fund quoted in the financial press. Any charges applicable for this purpose shall be recovered from the Fund.
- Performance reviews.
- Confidentiality clauses excluding information in the public domain.
- Indemnity by the IA to cover the Fund, its Managers and its Service Providers: Administrators, Custodians, Paying Agents, Transfer Agents, Auditors, etc.
- Resignation and Termination.
- Dispute Resolution to be by mediation In Luxembourg.
- Complaints to be notified to the Manager in accordance with fixed procedures.
- Fees.

To the extent required or deemed appropriate, additional agreements or other documents may be put in place.

Article 5

This Heads comes into force on the date of signing.

Article 6

Both parties shall maintain confidentiality with any information provided by the other party (the "Confidential Information"). Any Confidential Information shall be returned to the providing party as soon as possible in case parties have agreed that they will not enter into an IAA. Any information that forms part of the public domain shall not be regarded as Confidential Information. However, the receiving party is under the obligation to inform the providing party as soon as possible in writing that such is the case, either identifying why the said information is already in the public domain or what the source of information was, that provided the recipient with information that was not in the public domain. The IAA shall contain extensive stipulations with regard to Confidential Information to the extent that such stipulations shall not be subject of a separate agreement.

Article 7

The present Heads constitute the entire agreement between the parties and supersede all prior representations, agreements, statements and understandings relating to its subject matter, whether verbal or in writing. The Heads are governed by the Laws of Luxembourg. All disputes shall be decided by the competent courts of Luxembourg.

Article 8

After signing of these Heads, and payment of a non refundable deposit of EURO 40.250,-. (including VAT) KMG will proceed with the establishment of the Fund to the specific requirements of the IA.

All time, travel, legal, third party, promotional and other costs incurred by KMG and/or the Global Investment manager from the inception of discussions with the I.A both prior and post signing of the agreement will be the sole responsibility of the IA, until passed on to their respective Fund to be amortised over a defined period of time, once established.

Article 9

Should either party at any time decide not to proceed with the establishment of the Fund, notice should be given.

Upon termination of this agreement, settlement of all expenses incurred by KMG and / or the Global Investment Manager for and on behalf of the IA, will be paid immediately by the IA to KMG and / or the Global Investment Manager upon presentation of relevant bills and / or invoices.

A notice or other communication is properly given or served if the party delivers it by hand, posts it or transmits it by electronic mail/facsimile, to the following respective addresses:

For KMG Capital Markets Luxembourg S.A.
9, rue Basse,
L-4963 Clemency
Luxembourg
Phone: +352 26 302 423
Fax: +352 26 302 425
E-mail sicavs@kmgxicavsif.com

For IA _____

Phone _____
Fax _____
E-mail _____

Signed in counterparts on the 20.....

For and on behalf of :
KMG CAPITAL MARKETS LUXEMBOURG S.A.

In the Presence of :

For the IA

..... :

In the Presence of :

PROPOSED SICAV - SIF DETAILS

Fund Description

Proposed fund name	
Name of Investment Advisor	
Investment Objective	
Investment Policy/Philosophy	

<p>Characteristics</p> <p>Type of shares / units</p>	<p><input type="checkbox"/> Distribution</p> <p><input type="checkbox"/> Capitalisation</p> <p><input type="checkbox"/> Distribution and capitalisation</p> <p><input type="checkbox"/> Others (Hedged, Non-hedged) (please type here)</p>
<p>NAV Calculation Frequency</p>	<p>Daily <input type="checkbox"/> Weekly <input type="checkbox"/> Monthly <input type="checkbox"/> Other <input type="checkbox"/> please specify</p> <p>.....</p>
<p>Benchmarks</p>	
<p>Leveraging to be utilised</p> <p><i>Please detail:</i> <i>(max 300% under Luxembourg Law)</i></p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>.....</p>
<p>Hedging to be utilised</p> <p><i>Please detail:</i></p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>.....</p>
<p>Risk Rating (Low) 1 2 3 4 5 (High)</p>	<p>1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/></p>
<p>Base/Quoted Currency.....</p>	
<p>Real (/Pro Forma) Past Performance</p>	<p>1yr% 2yr.....% 3yr.....%</p>
<p>Investment Dealing Frequency</p>	<p>Daily <input type="checkbox"/> Weekly <input type="checkbox"/> Monthly <input type="checkbox"/> Other <input type="checkbox"/> please specify</p> <p>.....</p>

<p>Type of Investments</p> <p>Estimated percentage in terms of total net assets</p>	<p><input type="checkbox"/> Cash Deposits%</p> <p><input type="checkbox"/> Money market instruments%</p> <p><input type="checkbox"/> Bonds%</p> <p><input type="checkbox"/> Equities%</p> <p><input type="checkbox"/> Derivatives%</p> <p><input type="checkbox"/> UCIs (Plain vanilla, hedge funds, ...)</p> <p><input type="checkbox"/> Other transferable securities%</p> <p><input type="checkbox"/> Private equity%</p> <p><input type="checkbox"/> Other: please specify%</p>
<p>Geographical Sector</p> <p>Estimated percentage in terms of total net assets</p>	<p><input type="checkbox"/> Main OECD countries (Europe, USA, Can, HK, Japan, ...)%</p> <p><input type="checkbox"/> Eastern Europe%</p> <p><input type="checkbox"/> Central and South America%</p> <p><input type="checkbox"/> Asia%</p> <p><input type="checkbox"/> Other – please specify%</p> <p><input type="checkbox"/> Other – please specify%</p>
<p>Activity</p> <p>Estimated number of holdings in the portfolio</p> <p>Estimated number of transactions per year (purchase / sale)</p> <p>Prices available on a traditional pricing system (Telekurs, Reuters, Bloomberg, etc...)</p>	<hr/> <hr/> <hr/>
<p>Luxembourg Stock Market</p>	<p><input type="checkbox"/> Luxembourg Stock Market <input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Target Market</p>	
<p>Expected number of Shareholders per year</p>	

Fund's Performance

Seeding / Initial Transfer Value	EURO/GBP/US\$/Othermillion
Expected time for execution of transfer		
Seeding Source (including current location)		
Expected Future Inflows	Yr1	Yr2 Yr3
Expected Future Outflows	Yr1	Yr2 Yr3

Proposed Charging Structure:

Front End Load%
Rear End Charge % over	1yr 2yrs 3yrs 4yrs 5yrs
Your Management Fee% p.a.
Performance Fee	Yes <input type="checkbox"/> No <input type="checkbox"/>
Basis of Calculation

Authority to Act

Attach copy of existing client mandates/ agreements

List Conflicts of Interest that should be included in the prospectus:
(Any, double charges, retrocessions,)

1.
2.
3.
4.
5.

About the Investment Advisor/ Manager

Licences:
Qualifications:

Company History and Background:

Please attach any relevant documentation as necessary.

Required Due Diligence Documentation on the Investment Advisor/Manager

- Certificate of Incorporation
- Memorandum and Articles of Association
- Certificate of Directors
- Passport or Identity Cards copies of the Directors
- Proof of residential address of the Directors

Above documents to be certified as true copies.

Full contact details

Address:

Phone:

Fax:

Mobile:

E-mail:

For guidance and assistance please contact Paul Pavli at:

KMG SICAV - SIF S.A., 19 rue Eugène Ruppert, L-2453 Luxembourg

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