

HSBC Corporate Money Funds

Prospectus



This document is important:

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, lawyer, accountant or other professional adviser.

The distribution of this document and the offering of Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required by HSBC Corporate Money Funds Limited (the “Company”) to inform themselves about, and to observe, such restrictions. This document does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The Shares are offered on the basis of the information and representations contained in this document and any further information given or representations made by any person may not be relied upon as having been authorised by the Company or its Directors. Neither the delivery of this document nor the allotment or issue of Shares shall under any circumstances create any implication that the information given in this document is correct as of any time subsequent to the date of this document.

The Company has been classified as a Bermuda Standard Scheme. As such, the Company is subject to regulation and supervision as provided for in the Bermuda Monetary Authority (*Collective Investment Scheme Classification*) Regulations, 1998. However, the Company should be viewed as an investment suitable only for investors who can fully evaluate and bear the risks involved.

Permission under the *Exchange Control Act, 1972* (and Regulations made thereunder) has been obtained from the Bermuda Monetary Authority for the issue of up to 19,999,880,000 common shares of US\$0.10 par value each. Approvals or permissions received from the Bermuda Monetary Authority do not constitute a guarantee by the Authority as to the performance of the scheme or creditworthiness of the Company. Furthermore, in giving such approvals or permission, the Authority shall not be liable for the performance or default of the Company or for the correctness of any opinions or statements expressed. In addition, a copy of this document has been delivered to the

Registrar of Companies in Bermuda for filing pursuant to *The Companies Act, 1981* of Bermuda. In accepting this document for filing, the Registrar of Companies in Bermuda accepts no responsibility for the financial soundness of any proposal or for the correctness of any of the statements made or opinions expressed with regard to them.

The Shares of the Company, issued or to be issued, have been listed on The Bermuda Stock Exchange. It is not anticipated, at the time, that the Shares will be listed on any other stock exchange.

This document includes particulars given in compliance with the Listing Regulations of The Bermuda Stock Exchange for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Bermuda Stock Exchange takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this document.

The Shares have not been registered under any United States securities laws and, except in a transaction which does not violate the United States securities laws, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or to or for the benefit of a US Person.

The Company is not a recognised collective investment scheme under any United Kingdom financial services laws and, as such, Shares of the Company may not be offered or sold in the United Kingdom by means of this document except to persons authorised to carry on investment business under such laws, persons whose ordinary business involves the acquisition or disposal of investments similar to those of the Company and otherwise persons permitted to receive this document under such laws.

1 February 2006

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Distribution of this document is not authorized unless it is accompanied by a copy of the latest audited financial statements of the Company, if any, which form part of the Prospectus.

HSBC Investments (Bermuda) Limited (“ISBM”) of 6 Front Street, Hamilton, Bermuda, is a wholly owned subsidiary of The Bank of Bermuda Limited (the “Bank”), which is a member of the HSBC Group. Both ISBM and the Bank are licensed to conduct investment business by the Bermuda Monetary Authority.

Funds managed by ISBM are offered by Prospectus only in those jurisdictions where they are permitted by law. Persons are required to inform themselves and observe any relevant restrictions. ISBM makes no representation as to the suitability of the funds for investors.

Investors should be aware that performance returns are affected by market fluctuations. Investing entails risks, including possible loss of principal. Past performance is no guarantee of future performance. Investors should note that the use of derivatives and investments involving a currency other than their own will create foreign exchange exposure, which involves special risks. It is the aim of the Company to preserve capital and, where applicable, to maintain a stable net asset value per share; these aims are not guaranteed. Additionally, investors should consider their investment objectives, whether or not they can assume these risks and should undertake their own appropriate professional advice.

1.0 Directory

1.1 Directors & Officers

William D. Thomson (President)
Retired Executive Vice President of
The Bank of Bermuda Limited
Suite 733, 48 Par-la-Ville Road
Hamilton HM 11, Bermuda

Gonzalo E. Jalles (Vice President)
Head of Investments
The Bank of Bermuda Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM 11, Bermuda

Wayne P. Chapman
Head of Private Client Services
The Bank of Bermuda Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM 11, Bermuda

Michael W. Collins
Head of Banking Services
The Bank of Bermuda Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM 11, Bermuda

John A. Hawkins
Retired Executive Vice President, Private Clients of
The Bank of Bermuda Limited
Bermuda House, St. Julian's Avenue
St. Peter Port, Guernsey
Channel Islands

Julie E. McLean
Partner
Conyers Dill & Pearman
Clarendon House
2 Church Street
Hamilton HM 11, Bermuda

1.2 Secretary & Registered Office

Management International (Bermuda) Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM 11, Bermuda

1.3 Manager

HSBC Investments (Bermuda) Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM 11, Bermuda

1.4 Custodian & Banker

The Bank of Bermuda Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM 11, Bermuda

1.5 Administrator

Management International (Bermuda) Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM 11, Bermuda
Telephone: + 441 299 5418
Facsimile: + 441 299 6061
Email: bob.ifs.investor.services@bob.hsbc.com

1.6 Auditors

PricewaterhouseCoopers
Dorchester House
7 Church Street
Hamilton HM 11, Bermuda

1.7 Legal Advisers

Conyers Dill & Pearman
Clarendon House
2 Church Street
Hamilton HM 11, Bermuda

1.8 Bermuda Stock Exchange Listing Sponsor

Bermuda International Securities Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM 11, Bermuda

2.0 Summary

2.1 Offers

19,999,880,000 common shares of various classes with a par value of US\$0.10 each (the “Shares”) at prices based upon the Net Asset Value per Share.

HSBC Corporate Money Funds Limited (the “Company”), formerly All Points Corporate Money Funds Limited, formerly Bermuda Institutional Money Fund Limited, has been incorporated in Bermuda as an exempted mutual fund company to carry on the business of a mutual fund company and, as such, has the power to issue and redeem its Shares at their net asset value as calculated in the manner described herein. The Shares of the Company are divided into several Classes, one or more of which relates to a Fund within the Company. The current Classes of Shares are US Dollar Fund - A Shares (“Class A - USD”), US Dollar Fund - B Shares (“Class B - USD”), US Dollar Fund - C Shares (“Class C - USD”), US Dollar Fund - I Shares (“Class I - USD”) and US Dollar Fund - R Shares (“Class R - USD”), all of which relate to the same Fund, namely the US Dollar Fund; Sterling Fund - A Shares (“Class A - GBP”), Sterling Fund - B Shares (“Class B - GBP”), Sterling Fund - I Shares (“Class I - GBP”) and Sterling Fund - R Shares (“Class R - GBP”) all of which relate to the same Fund, namely the Sterling Fund; Euro Fund - A Shares (“Class A - EUR”), Euro Fund - B Shares (“Class B - EUR”), Euro Fund - I Shares (“Class I - EUR”) and Euro Fund - R Shares (“Class R - EUR”) all of which relate to the same Fund, namely the Euro Fund; Australian Dollar Fund - R Shares (“Class R - AUD”) which relates to a Fund, namely the Australian Dollar Fund; Canadian Dollar Fund - R Shares (“Class R - CAD”) which relates to a Fund, namely the Canadian Dollar Fund; and Swiss Franc Fund - R Shares (“Class R - CHF”) which relates to a Fund, namely the Swiss Franc Fund. The Base Currency of the US Dollar Fund has been designated as US dollars and, as such, will be valued, the Shares related thereto priced and dividends paid in US dollars; the Base Currency of the Sterling Fund has been designated as sterling and, as such, will be valued, the Shares related thereto priced and dividends paid in sterling; the Base Currency of the Euro Fund has been designated as euro and, as such, will be valued, the Shares related thereto priced and dividends paid in euro; the Base Currency of the Australian Dollar Fund has been designated as Australian dollars and, as such, will be valued, the Shares related thereto priced and dividends paid in Australian dollars; the Base Currency of the Canadian Dollar Fund has been designated as Canadian dollars and, as such, will be valued, the Shares related thereto priced and dividends paid in Canadian dollars; and the Base Currency of the Swiss Franc Fund has been designated as Swiss francs and, as such, will be valued, the Shares related thereto priced and dividends paid in Swiss francs.

2.2 Investment Objective

The principal objective of the Company is to achieve as high a level of current income as is consistent with the preservation of capital and the maintenance of liquidity by

investing in a diversified portfolio of money market instruments.

2.3 Issue of Shares

Investors must meet the Company’s suitability and eligibility criteria as may be determined by the Manager from time to time and all subscriptions are subject to rejection or acceptance in whole or in part by the Manager, in its sole discretion, even if such person meets such suitability or eligibility requirements.

The Shares of the US Dollar Fund, Sterling Fund, Euro Fund, Australian Dollar Fund, Canadian Dollar Fund and Swiss Franc Fund are available for subscription pursuant to this Prospectus on each Dealing Day. A placing fee of up to 0.10% of the aggregate subscription amount may be payable to the Manager or designated distribution agent by applicants on the issue of US Dollar Fund - C Shares. Shares are issued at a Subscription Price based upon the Net Asset Value per Share of the relevant Class. Although the Company cannot guarantee these results, the Company will seek to maintain a constant Net Asset Value per Share of:

- US\$1.00 for Shares in Classes A,B,C and I of the US Dollar Fund;
- £1.00 for Shares in Classes A, B and I of the Sterling Fund; and
- €1.00 for Shares in Classes A, B and I of the Euro Fund.

The Subscription Price is payable in cleared funds, in full, on the Dealing Day.

Subject to the Manager’s sole and absolute discretion in any particular case or generally, the minimum initial subscription and the minimum amount for subsequent transactions for Shares of the US Dollar Fund are as follows:

Class	Initial	Subsequent
Class R - USD	US\$1,000	US\$1,000
Class B - USD	US\$25,000	US\$10,000
Class A - USD	US\$1,000,000	US\$25,000
Class I - USD	US\$10,000,000	US\$1,000,000
Class C - USD	US\$50,000,000	US\$10,000,000

The minimum initial subscription and the minimum amount for subsequent transactions for Shares of the other Funds shall be the equivalent amount in the Base Currency for each Class of Shares in such other Funds corresponding to the relevant Class of Shares in the US Dollar Fund. For example, the minimum initial subscription for Class A-GBP is the sterling equivalent of US\$1,000,000 at the time of subscription.

The minimum initial subscription amount for each Class of Shares in each Fund is hereinafter referred to as the “Minimum Holding”. The minimum amount for subsequent transactions for each Class of Shares is hereinafter referred to as the “Minimum Transaction Amount”.

The Manager is entitled in its absolute discretion from time to time to accept or reject any application for any Shares.

2.4 Transfer of Shares

Shares in the Company are transferable by instrument in writing signed by the transferor provided that it would not result in either the transferor or the transferee being registered as the holder of Shares of any Class having a value of less than the Minimum Holding, subject to the Manager's sole and absolute discretion, in any particular case or generally, of the relevant Class of Shares.

2.5 Redemption of Shares

Shares are redeemable at the option of the holder on any Dealing Day at a Redemption Price based upon the Net Asset Value per Share of the relevant Class. Redemption of part of a holding of Shares is also permitted provided it would not be for less than the Minimum Transaction Amount and would not result in a shareholder remaining registered as a holder of Shares having a value of less than the Minimum Holding, subject to the Manager's sole and absolute discretion in any particular case or generally, of the relevant Class of Shares. There is no charge or fee payable on redemption.

2.6 Compulsory Redemption

Shares are subject to compulsory redemption at any time for any reason, in the sole and absolute discretion of the Directors and upon not less than 30 days' written notice to shareholders.

2.7 Dividend Policy

It is the intention of the Directors to declare dividends for each Class of Shares of each Fund, except the Class R Shares, on each Dealing Day which will be paid monthly and will be automatically reinvested in the form of additional Shares of the same Class unless the shareholder elects for payment in cash. Shareholders shall be entitled to dividends from the Dealing Day on which Shares are issued until the day preceding the Dealing Day on which Shares are redeemed. Dividends declared in relation to Class A Shares, Class B Shares, Class C Shares and Class I Shares in each Fund will vary to the extent that the management fees applicable to each Class differ. Additionally, dividends may be declared at a different rate for each Fund. With respect to the Class R Shares, shareholders do not receive dividends since their share of income or profits are accumulated and reflected in the daily Net Asset Value per Share.

The details on pages 4 and 5 are in summary form only and must be read in conjunction with the detailed information in this Prospectus.

3.0 Definitions

"Accumulating Share Class" means any Class of Shares which does not receive dividends and whose share of income or profits are accumulated and reflected in the daily Net Asset Value per Share.

"Administrator" means Management International (Bermuda) Limited.

"Base Currency" means, with respect to each Fund, the currency in which the assets of the relevant Fund shall be valued and in which the Net Asset Value per Share, the Subscription Price and the Redemption Price is determined and dividends paid and, unless the Directors specify to the contrary, the Base Currency shall be US dollars for the US Dollar Fund, sterling for the Sterling Fund, euro for the Euro Fund, Australian dollars for the Australian Dollar Fund, Canadian dollars for the Canadian Dollar Fund and Swiss francs for the Swiss Franc Fund .

"Business Day" means a day on which the banks in Bermuda and the Federal Reserve banks in the United States and, where applicable, banks in the jurisdiction of the Base Currency of the relevant Fund are open for business and/or any other day or days which the Manager may determine from time to time.

"Bye-laws" means the Bye-laws of the Company.

"Class" means a sub-division of the share capital of the Company into classes of Shares, one or more of which may participate in a separate portfolio of assets.

"Custodian" or "Bank" means The Bank of Bermuda Limited.

"Dealing Day" means the day on which issues and redemptions of Shares take place, being each day which is a Business Day and/or such other day or days as may from time to time be determined by the Manager.

"Director" means a Director of the Company.

"Fund" means a fund established and maintained by the Company in connection with one or more Class(es) of Shares created for issue and within which all assets and liabilities attributable to the relevant Class or Classes of Shares shall be held.

"Manager" means HSBC Investments (Bermuda) Limited.

"Minimum Holding" means the minimum initial subscription amount for each Class of Shares in the capital of the Company in each Fund as specified on page 4 or such other minimum initial subscription amount as the Manager may determine from time to time in any particular case or generally.

"Minimum Transaction Amount" means the minimum amount for subsequent transactions for each Class of Shares in the capital of the Company in each Fund as specified on page 4 or such other minimum subsequent transaction amount as the Manager may determine from time to time in any particular case or generally.

"Net Asset Value" means the net asset value of the Company, the net asset value of a Fund, the net asset value of any Class of Shares within a Fund or the Net Asset Value per Share, as appropriate, calculated as described herein.

"Redemption Price" means the Net Asset Value of the relevant Class within a Fund as at the Valuation Point on the relevant Dealing Day divided by the number of Shares of the relevant Class within that Fund in issue and rounded

to the nearest integral unit of the Base Currency of the relevant Fund.

“**Shares**” means common shares of any Class of a par value of US\$0.10 each.

“**Subscription Price**” means the Net Asset Value of the relevant Class within a Fund as at the Valuation Point on the relevant Dealing Day divided by the number of Shares of the relevant Class within that Fund in issue and rounded to the nearest integral unit of the Base Currency of the relevant Fund.

“**US Person**” is as defined on the Company’s Application Form.

“**Valuation Point**” means 1:00 p.m. in Bermuda on a Dealing Day for Shares of the US Dollar Fund, 12:00 noon in Bermuda on a Dealing Day for Shares of the Sterling, Euro, Australian Dollar, Canadian Dollar and Swiss Franc Funds or such other time or times as may be determined by the Directors.

In this Prospectus, unless otherwise specified, all references to “US dollars”, “US\$” or “USD” are to the currency of the United States of America, all references to “sterling”, “GBP” and “£” are to the currency of the United Kingdom, all references to “euro”, “EUR” and “€” are to the currency introduced at the start of the third stage of the economic and monetary union pursuant to the Treaty of Rome dated 25th March, 1957 (as amended) establishing the European Community, all references to “Australian dollars”, “AU\$” or “AUD” are to the currency of Australia, all references to “Canadian dollars”, “CA\$” or “CAD” are to the currency of Canada and all references to “Swiss francs” or “CHF” are to the currency of Switzerland.

4.0 Introduction

HSBC Corporate Money Funds Limited, formerly All Points Corporate Money Funds Limited, formerly Bermuda Institutional Money Fund Limited, is a mutual fund company incorporated with limited liability and with unlimited duration in Bermuda on 4 December 1997 in accordance with *The Companies Act 1981*. The name of the Company was changed to HSBC Corporate Money Funds Limited on 31 December 2004. The Company was amalgamated with the HSBC Global Cash Funds Limited and continued as one under the name HSBC Corporate Money Funds Limited on 1 February 2006. The Company is open-ended in that it can issue and redeem its Shares at prices based upon their Net Asset Value per Share.

The Company is managed by HSBC Investments (Bermuda) Limited, formerly Bermuda International Investment Management Limited, a wholly-owned subsidiary of The Bank of Bermuda Limited.

The present authorised share capital of the Company is US\$ 2,000,000,000 consisting of 12,000 founders’ shares of US\$1.00 par value each and 19,999,880,000 common shares of US\$0.10 par value each. The founders’ shares have been issued nil paid to, and are owned by, the Manager. The

founders’ shares are not entitled to vote unless there are no other Shares in issue, are not entitled to any dividends and, in the event of a winding-up or of dissolution of the Company, whether voluntary or involuntary or for the purposes of a reorganisation or otherwise or upon distribution of capital, shall be entitled, *pari passu* with the holders of Shares, only to the amount paid up in respect of each founders’ share. The common shares have the rights and are issued and redeemed at prices described in this Prospectus. The Directors have the power at their discretion to create such number of Classes of Shares as they may determine. On the creation of a new Class or Classes of Shares, the Directors may either determine that such new Class or Classes shall relate to an existing Fund or Funds or may establish and maintain a Fund or Funds attributable to one or more such new Class or Classes of Shares and shall specify the Base Currency of such Fund or Funds.

The assets of each separate segregated Fund are held exclusively for the benefit of the holders of Shares of the relevant Class(es).

At present, the Company has available for issue Shares in the Classes described in this Prospectus.

The Directors may, from time to time, determine when a Class is open or closed for subscription.

The Company has the power to issue and redeem its Shares at prices based upon the value of the net assets attributable to the relevant Class of the underlying Fund. Details concerning issues and redemptions and the calculation of the applicable Subscription and Redemption Prices are set out on pages 10, 11 and 12.

The proceeds of issue of Shares of any Class or Classes are paid to the relevant Fund. Investments acquired are held by and all income and capital gains earned on the investments shall accrue to the relevant Class within the relevant Fund and all expenses and liabilities related to a particular Fund are charged to and any dividends or redemptions of Shares of any Class are paid out of the assets of the relevant Class within the relevant Fund. Thus, the trading results of any one Fund will have no effect on the value of any other Fund and the holders of any Class of Shares will not have any interest in the assets of the Company other than the Fund attributable to the Class of Shares held by them. The assets of each Fund will, however, be subject to the rights of the general creditors of the Company.

Shares of each Class are available for issue, subject as hereinafter provided, at the applicable Subscription Price per Share which will be payable by the applicants to the Company.

Potential subscribers of Shares in the Company and any Class should inform themselves as to:

- 1) the possible tax consequences;
- 2) the legal requirements; and
- 3) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence or domicile and which might be relevant to the subscription, holding and disposal of Shares in the Company.

4.1 Investment Objectives & Policies

The Company provides a vehicle for investment in cash and cash equivalents with the objective of providing as high a level of current income as is consistent with the preservation of capital and the maintenance of liquidity.

The Company has obtained, and will endeavour to maintain, a “Triple A” rating from one of the two most recognised rating agencies, in respect of all of the Funds. The Directors will ensure that each of the Funds will invest in securities which are consistent with maintaining this rating. Money market funds rated “Triple A” are judged to be of an investment quality similar to “Triple A” rated fixed income obligations, that is, they are judged to be of the best quality. The rating is not intended to evaluate the performance of a Fund with respect to appreciation, volatility of net asset value or yield.

The following credit portfolio requirements shall be maintained:

All securities in a Fund will have a minimum short term rating of P-1 or A-1 or higher, or a minimum long term rating of A2 or A or higher.

For the securities with only a short term rating, a comparable long term rating will be applied, for the purposes of these limits:

Long Term Rating Category Range	Maximum Operational Limits
Triple A	100%
Double A	70%
Single A	25%

In assigning a long term rating, guarantees and full and partial support will be taken into consideration.

Where ratings from the two largest rating agencies conflict, the lowest of the two ratings issued will apply.

Downgrading of investments in the portfolio may result in a security’s rating falling below the permitted minimum. Any security outside of these guidelines shall be approved by the Manager for holding.

The US Dollar Fund will normally consist of cash and money market instruments denominated in US dollars. The Sterling Fund will normally consist of cash and money market instruments denominated in sterling. The Euro Fund will normally consist of cash and money market instruments denominated in euro. The Australian Dollar Fund will normally consist of cash and money market instruments denominated in Australian dollars. The Canadian Dollar Fund will normally consist of cash and money market instruments denominated in Canadian dollars. The Swiss Franc Fund will normally consist of cash and money market instruments denominated in Swiss francs. However, the Company may also invest in loans, interest rate swaps, adjustable rate securities, repurchase agreements, short-dated bonds, government securities and other short-term instruments which the Manager believes to be of appropriate credit quality and which are consistent with the investment objectives of the relevant Fund.

The Manager will establish (and may vary from time to time):

- 1) guidelines regarding financial institutions with whom the Manager may place deposits for the Company or whose certificates of deposit may be purchased for the Company;
- 2) guidelines establishing the criteria to be applied with regard to issuers or debtors when considering the purchase of loans, money market instruments (including money market funds), shortdated bonds and government securities;
- 3) the proportion of assets comprising any one Fund that may be deposited with any one financial institution or invested in instruments of any one issuer or debtor; and
- 4) guidelines as to the use of options, futures, currency swaps and structured notes. The Directors intend that these instruments will only be used for the purpose of efficient portfolio management.

There can be no assurance that the investments of the Company, the US Dollar Fund, the Sterling Fund, the Euro Fund, the Australian Dollar Fund, the Canadian Dollar Fund or the Swiss Franc Fund will be successful or that the objectives of the Company will be attained.

4.2 Investment Restrictions

The Bye-laws of the Company contain no restrictions on the investments or borrowing powers of the Directors in respect of any Fund. However, the Directors intend that the Company shall not for the account of any Fund:

- 1) acquire securities or instruments with an unexpired maturity or interest rate refixing date of more than 13 months;
- 2) make loans (except to the extent that the acquisition of an investment might constitute a loan) or guarantee the repayment of loans other than the making of deposits with the Bank or any bank or deposit-taking institution approved by the Manager;
- 3) invest in real property, commodities or commodity contracts;
- 4) acquire any asset or investment which would involve the assumption of unlimited liability unless a corresponding hedge transaction is entered into in respect to that asset or investment;
- 5) make investments which will result in the Company exercising legal or management control of any underlying investments;
- 6) invest more than 10% of the value of the net assets of a Fund in securities issued by any one body corporate or group of companies (except for securities issued by the government of an OECD country, supra-national entities and securities issued by agencies backed by such governments or supra-national entities and for Triple A rated money market funds); and
- 7) sell securities short, buy securities on margin or buy, sell or deal in options in securities or warrants except for the purposes of hedging.

The Manager shall not in any case be obliged to reduce any holding if any such limit were exceeded owing to the appreciation or depreciation of investments, the receipt of profits, bonuses or benefits in the nature of capital, any scheme of arrangement or amalgamation, reconstruction, conversion or exchange, any redemption of shares or fluctuations in exchange rates. However, if these limits are exceeded, the Company may not add further to such investments. The limits and restrictions in section 2 above and in “Borrowing Limits” below are exclusive of and therefore do not apply to the sweep facility activities described below.

4.3 The Sweep Facility

A sweep facility is provided by the Bank to certain approved Bank corporate customers to enable an automatic transfer of funds at the end of each Business Day from or to their current account to or from the relevant Fund. The resulting overnight balances are shown as cash or an overdraft of the relevant Fund and are settled through trading of securities on the next business day. Interest is earned or paid on these balances at a rate equal to the daily yield of the relevant Fund so as not to affect the position of the shareholders of the relevant Fund who do not utilise the sweep facility.

The sweep facility does not disadvantage any shareholders who are unable to participate in the sweep facility and does not affect the calculation of the daily yield.

4.4 Borrowing Limits

The Bye-laws provide that the Company Shall not borrow amounts in excess of 10% of the value of the net assets of a Fund and shall not make any borrowings other than shortterm borrowings (the policy of the Directors is to borrow monies on overdraft for short periods from time to time when required to meet requests for redemption or when funds are required for investment).

4.5 Risk Factors

Foreign Exchange

Investors should be aware that investments in a Fund with a Base Currency other than their own will create a foreign exchange exposure and the value of the investment in terms of their own currency may be depleted significantly as a result.

Options, Futures & Swaps

The use of options, futures, currency swaps and interest rate swaps involve special risks including dependence on the ability to predict movements in interest or currency rates and imperfect correlation between the hedging instruments and the securities being hedged.

Insolvency

Investors should also be aware that the value of Shares of a Fund could be adversely affected by the insolvency or similar financial difficulties affecting any institution, including the Bank, with which the cash of the relevant Fund has been deposited, or any issuer whose securities are held by the relevant Fund.

4.6 Dividend Policy

It is the intention of the Directors of the Company to declare dividends on each Dealing Day in respect of each Class of Shares of each Fund, except for Accumulating Share Classes (e.g. Class R Shares). Subject to the statutory test, dividends may be paid out of net income or net realised investment gains at the sole discretion of the Directors. The test is that the Company shall not declare or pay a dividend, if there are reasonable grounds for believing that the Company is, or would after the payment, be unable to meet its liabilities as they become due.

Shares of each Fund, except Accumulating Share Classes (e.g. Class R Shares), begin earning income and shall be entitled to dividends on the day the Shares are issued until the day preceding the day on which the Shares are redeemed. Dividends will be payable on the last Business Day of each calendar month and are automatically reinvested in additional Shares of the same Class (or fractions thereof) as determined by reference to the relevant Net Asset Value per Share on such day. Shareholders may also elect to have their dividends paid by cash credit to the account indicated on the initial Application Form. Shares subscribed for before the deadline on a Dealing Day shall begin earning income and their dividend entitlement on that day. No interest will be paid on accrued but unpaid dividends.

If a shareholder redeems all Shares during a calendar month, all dividends to which such shareholder is entitled will be paid along with the redemption proceeds.

It is the policy of the Directors to maintain a stable Net Asset Value per Share in each Fund, except for Accumulating Share Classes; however, the Company cannot guarantee this result.

To the extent necessary to maintain a stable Net Asset Value per Share, the Company may temporarily reduce or suspend the declaration of daily dividends or take any action deemed appropriate for this purpose. Dividends declared in relation to Class A Shares, Class B Shares, Class C Shares and Class I Shares in each Fund will vary to the extent that the management fees applicable to each Class of the relevant Fund differ. Additionally, dividends may be declared at a different rate for each Fund.

With respect to the Class R Shares, shareholders do not receive dividends since their share of income and profits are accumulated and reflected in the daily Net Asset Value per Share.

5.0 Management & Administration

5.1 Directors

William D. Thomson, British, retired as Executive Vice President of The Bank of Bermuda Limited in October 1994, after 40 years of service. He is a director of a number of insurance, shipping, investment and mutual fund companies and a member of the corporation of the Bermuda Biological Station. He is a past Chairman of the Bermuda International Business Association and a Fellow of the Institute of Directors.

Wayne P. Chapman, British, is Head of Private Client Services of The Bank of Bermuda Limited. Mr. Chapman joined the Bank of Bermuda in 1980 as a Fund Accounting Supervisor and held several management positions within Corporate Trust, Bermuda, until his 1994 secondment to the Bank's Luxembourg office as Head of Corporate Trust Services, Europe. In 1996, he was appointed Managing Director of the Luxembourg office. Mr. Chapman returned to Bermuda in July 1997 and assumed the position of Senior Vice President of Investment Services. In 2001, he became the Head of Private Client Services. Mr. Chapman holds degrees in Business and Financial Services.

Michael W. Collins, American, was appointed Head of Banking Services of The Bank of Bermuda Limited in July 2002, following four years as Senior Vice President, Corporate Banking. His primary responsibility is the oversight of Bank of Bermuda's Corporate, Commercial and Community Banking departments. Prior to joining the Bank in July 1992, he worked for JP Morgan in New York and Bermuda Commercial Bank Ltd. Mr. Collins was educated at St. Albans School in Washington, DC and Brown University in Providence, Rhode Island, where he earned a BA in Economics.

John A. Hawkins, British, retired as Executive Vice President of The Bank of Bermuda Limited in June 2001, after 25 years of service. Mr. Hawkins will continue to act in a consultancy capacity to The Bank of Bermuda Group and is a director of a number of the Bank's subsidiary companies and a number of investment and mutual fund companies. Mr. Hawkins is a Fellow of the Institute of Chartered Accountants of England and Wales.

Gonzalo E. Jalles, Argentinian, has been Head of HSBC Investments (Bermuda) since August 2004. Mr. Jalles originally joined HSBC in February 2000 as a manager of the HSBC public pension fund in Argentina with assets under management over \$3 billion. Later he was appointed Chief Investment Officer of Asset Management in Argentina before locating to London to assume a global management role. Prior to joining HSBC, he worked at Santander Investments, developing the firm's asset management business for over five years and creating the second largest asset manager in Argentina. Mr. Jalles has a degree in economics and a Masters degree in Finance. He also holds a Chartered Financial Analyst designation.

Julie E. McLean, British, is a partner in the Corporate Department of Conyers Dill & Pearman in Bermuda, which she joined in 1993. Ms. McLean also spent two years in the firm's Hong Kong office specialising in the initial public offerings of Bermuda companies listed on the Hong Kong Stock Exchange. Ms. McLean has an LLB from the University of British Columbia and a BA from the University of Western Ontario.

The Directors of the Company are responsible for the overall investment policy and administration of the Company and each of the Funds.

5.2 Manager

The Company has appointed HSBC Investments (Bermuda) Limited, formerly Bermuda International Investment Management Limited, as its Manager, under an agreement between the Company and the Manager (the "Management Agreement"), with responsibility for the management of the Company and the supervision of the administration of the Company. The Manager is a wholly owned subsidiary of the Bank of Bermuda Limited.

The Manager is a company incorporated on 1 September 1966, with limited liability in and under the laws of Bermuda. The name of the Manager was changed to its present name on 31 December 2004. The Manager presently conducts investment management for other Bank of Bermuda mutual funds and institutional clients. The current Directors of the Manager are Mr. Wayne P. Chapman, Mr. Gonzalo E. Jalles (also Directors of the Company), Mr. Philip M. Butterfield, Mrs. Faith A. Outerbridge, Mr. Stephen J. Baker and Mr. William H. Welton.

The appointment of the Manager will continue unless and until determined, inter alia, by the Company giving the Manager at least one month's notice, or the Manager giving the Company at least six months' notice of termination in writing.

The Manager is entitled to receive a monthly management fee from the Company, the details of which are given in the "Charges & Expenses" section on page 13.

In making or disposing of investments on behalf of any Fund, the Manager may deal with any bank or recognised dealer in securities, including the Bank, and may also make deposits with, borrow from and transact other business with the Bank for the account of the Funds. Purchases from and sales to the Bank of investments will only be made on a basis approved by the Directors in writing; subject thereto, the terms of each such transaction will be agreed between the Manager and the Bank, which may retain for its own benefit any profit arising therefrom.

5.3 Custodian & Banker

The Bank has been appointed by the Company under an agreement between the Company, the Manager and the Bank (the "Custodian Agreement") as Custodian of the investments and uninvested cash of the Company, which are held on behalf of the Funds either directly by the Bank or through sub-custodians, nominees, agents or delegates of the Bank.

The appointment of the Bank as Custodian may be terminated by either the Bank or the Company on giving not less than 60 days' notice in writing. The Directors may not remove the Custodian unless and until a successor corporation shall have been appointed in accordance with the Bye-laws.

The Custodian is entitled to receive a monthly custody fee from the Company, the details of which are given in the "Charges & Expenses" section on page 13.

The Company has also appointed the Bank as its banker on the Bank's normal banking terms for customers (as regards

bank charges, interest and other matters). As banker to the Company, the Bank is responsible for executing banking and financial transactions for the account of the Company and its Funds. The Bank is a limited liability company incorporated in Bermuda under *The Bank of Bermuda Act of 1890*. It was amalgamated with the HSBC Group in February 2004.

5.4 Administrator

The Company has appointed Management International (Bermuda) Limited (“the Administrator”) to provide administrative services and to act as its Registrar. Under an agreement between the Company, the Manager and the Administrator (the “Administration Agreement”), the Administrator is responsible for maintaining the register of shareholders for the issue, redemption and transfer of Shares in the Company, for the periodic calculation of the Net Asset Value per Share, for maintaining the books and records of the Company, for providing company secretarial services and for the general administration of the Company. The Administrator is a wholly-owned subsidiary of the Bank.

The appointment of the Administrator may be terminated by either the Administrator or the Company giving not less than 60 days’ notice in writing.

The Administrator is entitled to receive a monthly administration fee from the Company, the details of which are given in the “Charges & Expenses” section on page 13.

5.5 Issue of Shares

Shares of the US Dollar Fund, Sterling Fund, Euro Fund, Australian Dollar Fund, Canadian Dollar Fund and Swiss Franc Fund are available for subscription pursuant to this Prospectus on each Dealing Day.

Investors must meet the Company’s suitability and eligibility criteria as may be determined by the Manager from time to time and all subscriptions are subject to rejection or acceptance in whole or in part by the Manager, in its sole discretion, even if such person meets such suitability or eligibility requirements.

The Company, the Manager, the Administrator, or any of their duly authorised agent(s), may request such documentation as it deems necessary prior to the issue of Shares to achieve compliance with applicable anti-money laundering statutes and regulations and failure to provide the necessary evidence may result in applications being rejected or in delays in the dispatch of documents and for the issue of Shares.

All Classes of Shares may be issued by the Company on Dealing Days. The Bye-laws of the Company stipulate that Shares will be issued at the Subscription Price applicable on each Dealing Day. Where, at the time of the application for Shares, there are no Shares of the relevant Fund in issue, the Subscription Price shall be such amount as the Directors may determine. Shares may not be issued at less than their par value.

A placing fee of up to 0.10% of the aggregate subscription amount may be payable to the Manager or designated distribution agent by applicants on the issue of US Dollar Fund – C Shares. This fee may be altered or waived at the

discretion of the Manager or distribution agent through whom US Dollar Fund – C Shares may be sold. The Subscription Price together with the placing fee is payable in cleared funds, in full, by the time specified below. This fee is intended to discourage the misuse of this Class as a cash management tool rather than for strategic cash allocation.

For Shares of the US Dollar Fund, completed applications must be received by the Administrator or the Bank by 1:00 p.m. (Bermuda time) on a Dealing Day in order to be dealt with on that Dealing Day. Any application received after 1:00 p.m. on a Dealing Day will be dealt with on the next following Dealing Day. The Manager reserves the right to alter the cut-off time if considered appropriate for Shares of the US Dollar Fund. Payment for Shares of the US Dollar Fund in cleared funds must be received by the Custodian by 1:00 p.m. (Bermuda time) on the relevant Dealing Day.

For Shares of the Sterling, Euro, Australian Dollar, Canadian Dollar and Swiss Franc Funds, completed applications must be received by the Administrator or the Bank by 12:00 noon (Bermuda time) on the Business Day immediately preceding the intended Dealing Day. Any application received for Shares of the Sterling, Euro, Australian Dollar, Canadian Dollar or Swiss Franc Fund after 12:00 noon on a Business Day will be dealt with on the second Dealing Day immediately following that Business Day. The Manager reserves the right to alter the cut-off time if considered appropriate for the Shares of any of the Funds. Payment for Shares of the Sterling, Euro, Australian Dollar, Canadian Dollar and Swiss Franc Funds in cleared funds must be received by the Custodian by 12:00 noon (Bermuda time) on the relevant Dealing Day.

Applications for the issue of Shares may only be accepted in respect of Classes which the Directors have declared open for subscription. The Directors have complete discretion to declare from time to time which individual Classes are open or closed for subscription at the relevant Dealing Day.

Fractions of a Share of not less than one thousandth of a Share may be issued. Shares will be issued in registered form without a share certificate. Confirmation of completed subscriptions will be posted normally within five Business Days.

Subject to the Manager’s sole and absolute discretion in any particular case or generally, the minimum initial subscription and the minimum amount for subsequent transactions for Shares of the US Dollar Fund are as follows:

Class	Initial	Subsequent
Class R USD	US\$1,000	US\$1,000
Class B USD	US\$25,000	US\$10,000
Class A USD	US\$1,000,000	US\$25,000
Class I USD	US\$10,000,000	US\$1,000,000
Class C USD	US\$50,000,000	US\$10,000,000

The minimum initial subscription and the minimum amount for subsequent transactions for Shares of the other Funds shall be the equivalent amount in the Base Currency for each Class of Shares in such other Funds corresponding to the relevant Class of Shares in the US Dollar Fund. For example, the

minimum initial subscription for Class A-GBP is the sterling equivalent of US\$1,000,000 at the time of subscription.

The minimum initial subscription amount for each Class of Shares in each Fund is hereinafter referred to as the “Minimum Holding”. The Minimum Holding may be such other sum as the Manager in its sole and absolute discretion may from time to time determine in any particular case or generally. The minimum amount for subsequent transactions for each Class of Shares is hereinafter referred to as the “Minimum Transaction Amount”. The Minimum Transaction Amount may be such other sum as the Manager in its sole and absolute discretion may from time to time determine in any particular case or generally.

5.6 Anti-Money Laundering

As part of the Administrator’s responsibility for the prevention of money laundering, the Company, the Administrator, its affiliates, subsidiaries or associates may require detailed verification of the applicant’s identity and the source of the funds. The Manager and the Administrator reserve the right to determine the extent of the detailed verification of each application where:

- 1) the applicant is a recognised financial institution which is regulated by a recognised authority and carries on business in a country listed in Appendix A, “Foreign Regulated Institutions” in the Guidance Notes on the Prevention of Money Laundering; or
- 2) the application is made through a recognised intermediary which is regulated by a recognised regulatory authority and carries on business in a country recognised in Appendix A, “Foreign Regulated Institutions” in the Guidance Notes on the Prevention of Money Laundering. In this situation, the Company may rely on a written assurance from the intermediary that the requisite identification procedures on the Subscriber for business have been carried out.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised as having sufficient anti-money laundering regulations. In the case of section 2 above, to avoid any delays, the applicant should ensure that its remitting bank includes the applicant’s full name and account number in any confirmation sent.

By way of example, an individual may be required to produce a copy of a passport or identification card duly certified by a public authority such as a notary public, together with evidence of his/her address such as a utility bill or bank statement, and date of birth. In the case of corporate applicants this may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), and the names, occupations, dates of birth and residential and business addresses of all directors and beneficial owners. Detailed requirements are outlined in the Company’s Application Form.

The details given above are by way of example only, and the Administrator and/or Manager reserve the right to request

such information as is necessary to verify the identity of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator and/or Manager or the Company may refuse to accept the application and all subscription monies relating thereto.

If any person who is resident in Bermuda (including the Administrator and/or Manager) has a suspicion that a payment to the Company (by way of subscription or otherwise) contains the proceeds of criminal conduct, that person is required to report such suspicion pursuant to the *Proceeds of Crime Act, 1997*.

The procedure for application is set out at the end of this document on page 18.

5.7 Transfer of Shares

Shares in the Company are transferable by instrument in writing signed by (or in the case of a transfer by a body corporate, signed on behalf of or sealed by) the transferor. The completed instrument of transfer must be sent to the Administrator. The Administrator may require the signature of the transferor to be authenticated by a bank, stockbroker or notary public.

Subject to the Manager’s sole and absolute discretion in any particular case or generally, no transfer may be made which would result in either the transferor or the transferee being registered as the holder of Shares of any Class having a value of less than the Minimum Holding of the relevant Class of Shares. The Manager may also decline to recognise any transfer unless it is deposited at the registered office of the Company or such other place as the Manager may appoint, accompanied by any such other evidence as the Manager may reasonably require to show the right of the transferor to make the transfer and an Application Form completed by the transferee.

No transfer may be made to US Persons.

The Directors may at their absolute discretion waive any restrictions on transfer.

The registration of transfers may be suspended for a total of not more than 30 days in any year at the discretion of the Manager.

In the case of death of any one of joint shareholders, the survivor or survivors will be the only person or persons recognised by the Company as having any title to the interest of the deceased joint shareholder in the Shares registered in the names of such joint shareholders.

5.8 Redemption of Shares

Subject to any suspension of the determination of the Net Asset Value of any Fund and subject as mentioned below, Shares may be redeemed on any Dealing Day at a Redemption Price based upon the Net Asset Value per Share of the relevant Class either:

- 1) by letter to the Administrator or the Bank at the address set out on page 3;

- 2) by facsimile to the Administrator or the Bank at the numbers set out on page 3; or
- 3) by email with scanned signatures to the Administrator or the Bank at the email address set out on page 3.

Requests for redemption of US Dollar Fund - A Shares, B Shares, I Shares and R Shares should be received by 1:00 p.m. (Bermuda time) on the relevant Dealing Day. Request for redemption of US Dollar Fund - C Shares should be received by 1:00 p.m. (Bermuda time) on the Business Day immediately preceding the intended Dealing Day. Requests for redemption of Shares of the Sterling, Euro and Canadian Dollar Funds should be received by 12:00 noon (Bermuda time) on the Business Day immediately preceding the intended Dealing Day. Requests for redemption of Shares of the Australian Dollar and Swiss Franc Funds should be received by 12:00 noon (Bermuda time) on the third Business Day immediately preceding the intended Dealing Day.

All requests for redemption should state the number of shares, or value, the Class, the registered name in which such Shares are registered, and should be signed by an authorised signatory or signatures as notified to the Manager from time to time and should be for not less than the Minimum Transaction Amount and any remaining holding shall not have a value of less than the Minimum Holding, subject to the Manager's sole and absolute discretion in any particular case or generally, for the relevant Class of Shares. Where any remaining holding falls below a Net Asset Value equal to the Minimum Holding of the relevant Class of Shares, the Manager has the right to give notice to such shareholder requiring him to convert such remaining holding into the appropriate Class or to compulsorily redeem all of such remaining holding. Where requests are made by facsimile and contain instructions for the payment of redemption proceeds to someone other than the registered holder a shareholder must, in addition, forward a written request to the Manager before payment is made.

The Company, the Administrator, or any of their duly authorised agent(s), may request such documentation as it deems necessary prior to the redemption of Shares to achieve compliance with applicable anti-money laundering statutes and regulations and failure to comply with a request for additional information could result in the total redemption of the subscribers investment in the Company or may result in the Company, the Manager or the Administrator, as the case may be, refusing to process a redemption request until proper information is provided.

The Manager, the Administrator or the Bank may require the signature on the request for redemption to be authenticated by a bank, stockbroker or notary public.

Shares of the US Dollar Fund will be redeemed on the corresponding Dealing Day for which such redemption request is received for which purpose any such redemption request received after 1:00 p.m. (Bermuda time) will be treated as having been received on the next such Business Day. Shares of the Sterling, Euro and Canadian Dollar Funds will be redeemed on the corresponding Dealing Day

immediately following the Business Day on which such redemption request is received for which purpose any such redemption request received after 12:00 noon (Bermuda time) on a Business Day will be treated as having been received on the next such Business Day. Shares of the Australian Dollar and Swiss Franc Funds will be redeemed on the corresponding Dealing Day following the third Business Day on which such redemption request is received for which purpose any such redemption request received after 12:00 noon (Bermuda time) on a Business Day will be treated as having been received on the next such Business Day. A shareholder redeeming Shares will be paid an amount equal to the Redemption Price relevant to those Shares as at the close of business on the relevant Dealing Day. Subject to the above, the Bye-laws provide that payment of the redemption monies shall be made in the relevant Base Currency and will be dispatched to the redeeming shareholder on the relevant Dealing Day or after receipt of all necessary completed documentation whichever is the later.

Payment will normally be made by wire/telegraphic transfer for shareholders wishing to have their Shares redeemed. The onus is placed on the shareholder(s) to ensure that the Administrator is provided with accurate bank account details as indicated on the initial application form (name and address of bank, account name and number). Such monies will then be transferred to the designated bank account at the risk of the redeeming shareholder on the relevant Dealing Day or after receipt of the original initial application form and adequate instructions whichever is the later.

A shareholder may also request payment of his/her redemption monies in a currency other than the relevant Base Currency. Subject to receipt of any necessary exchange control or other government consent, if applicable, and at the risk of the shareholder and on his/her paying any costs thereby involved, the Manager shall use its best endeavours to arrange for the conversion of the redemption proceeds to which the shareholder is entitled into such currency as the shareholder may require at the prevailing commercial exchange rate offered by the Bank.

Redemption of part of a holding of Shares is permitted provided it would not be for less than the Minimum Transaction Amount and would not result in the shareholder remaining registered as a holder of Shares having a value of less than the Minimum Holding of the relevant Class of Shares for each Fund. The Manager may in its sole and absolute discretion allow a shareholder to redeem less than the Minimum Transaction Amount and/or to remain registered as a holder of Shares having a value of less than the Minimum Holding of the relevant Class of Shares for each Fund.

The Manager may elect to purchase Shares presented for redemption at a price not less than the Redemption Price applicable on the relevant Dealing Day.

The Directors have power on any redemption to divide in specie the whole or any part of the assets of the relevant Fund and to distribute such assets in satisfaction or part satisfaction of the monies payable on redemption of Shares.

5.9 Compulsory Redemption

The Bye-laws of the Company empower the Directors in their sole and absolute discretion to compulsorily redeem all or a portion of a shareholder's Shares at any time for any reason, at the relevant Redemption Price per Share. The Directors anticipate exercising such powers if, among other things, as a result of any transfer or redemption, a shareholder's holding of Shares falls below a Net Asset Value equal to the Minimum Holding of the relevant Class of Shares, or if to do so, in the Directors' sole opinion, would eliminate or reduce the exposure of the Company or any Fund or its shareholders to adverse tax consequences under the laws of any country or if the acquisition or holding of Shares might be expected to prejudice, or risk prejudicing, in any way the Company, any Fund or the shareholders. The Directors are required by the Company's Bye-laws to give 30 days written notice to shareholders before exercising this power.

The Bye-laws of the Company also empower the Directors in their sole and absolute discretion to compulsorily redeem all (but not less than all) of the Shares of any Class in issue at any time for any reason, at the relevant Redemption Price per Share. The Directors are required by the Company's Byelaws to give 30 days written notice to shareholders before exercising this power.

6.0 Charges & Expenses

6.1 Manager, Custodian & Administrator

Under the terms of the Management Agreement, the Manager is entitled to receive from the Company in respect of each Fund, a monthly management fee of up to 1% per annum of the average of the daily value of the net assets during the month and to be reimbursed its out-of-pocket expenses.

The fees and expenses of the Custodian and Administrator will also be paid by the Company in respect of each Fund and will be upon terms agreed between themselves. Such fees will proportionately reduce amounts payable by the Company in respect of each Fund to the Manager. The total fees (which includes management, custody and administration fees) attributable to each Fund, expressed as a per annum percentage of Net Asset Value of the relevant Class of the Fund, are as follows:

Fund	Fee				
	Class A	Class B	Class C	Class I	Class R
US Dollar Fund	0.30%	0.35%	0.10%	0.20%	0.65%
Sterling Fund	0.30%	0.35%		0.20%	0.65%
Euro Fund	0.30%	0.35%		0.20%	0.65%
Australian Dollar Fund					0.85%
Canadian Dollar Fund					0.65%
Swiss Franc Fund					0.85%

The Manager is entitled in its absolute discretion to increase (or decrease) these percentages from time to time up to the maximum management fee of 1% per annum.

6.2 Directors

Each Director is entitled to receive from the Company a fee at such rate as may be determined from time to time by the Board of Directors provided such remuneration shall not exceed an aggregate amount of US\$30,000 in any financial year without the prior consent of shareholders in a general meeting. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending meetings of the Company.

6.3 Other Expenses

The Company, in addition, bears all of its operating costs and expenses including the cost of all brokerage, interest on borrowings and fees in respect thereof, the annual Bermuda company registration fee, the fees and expenses of the auditors and legal advisers to the Company, the cost of publication of prices and the cost of printing and distributing of semi-annual and annual reports and statements.

The total operating expenses of the Company will not exceed in aggregate 1.0% per annum of the average net asset value of the Company. Any excess will be defrayed by the Manager.

7.0 Taxation

The following comments are based on advice received by the Directors regarding current law and practice. Investors should appreciate that the taxation consequences for investors and the Company may be otherwise than as stated below. Investors should consult their professional advisers on the possible tax consequences of their subscribing for, purchasing, holding, selling or redeeming Shares under the laws of their countries of citizenship, residence, ordinary residence or domicile.

7.1 Bermuda

At the date of this Prospectus, there is no Bermuda income, corporation, or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Company or its shareholders, other than shareholders ordinarily resident in Bermuda. The Company is not subject to stamp duty on the issue, transfer or redemption of its Shares. The Company has received from the Minister of Finance of Bermuda under the *Exempted Undertakings Tax Protection Act, 1966* an assurance that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital assets, gain or appreciation or any tax in the nature of estate duty or

inheritance tax, such tax shall not until 28 March 2016 be applicable to the Company or to any of its operations, or to the shares, debentures or other obligations of the Company except in so far as such tax applies to persons ordinarily resident in Bermuda and holding such shares, debentures or other obligations of the Company or any land leased or let to the Company.

As an exempted company, the Company is liable to pay in Bermuda a registration fee based upon its authorised share capital at a rate not exceeding BDS\$27,825 per annum.

The Company has been classified as non-resident of Bermuda for exchange control purposes by the Bermuda Monetary Authority whose permission for the issue of Shares in the Company has been obtained. The transfer of Shares between persons regarded as non-resident of Bermuda for exchange control purposes and the issue and redemption of Shares to or by such persons may be effected without specific consent. Any person regarded as resident in Bermuda for exchange control purposes may require specific authorisation under that Act. The Company, by virtue of being non-resident of Bermuda for exchange control purposes, is free to acquire, hold and sell any foreign currency and securities without restriction.

7.2 Other Jurisdictions

The central management and control and the day-to-day management of the Company are undertaken in Bermuda and it is not intended that the Company will operate in such a manner as to be engaged in a trade or business, directly or through a branch or agency, in any other jurisdiction. Accordingly, it is not expected that the Company will be subject to foreign taxation other than withholding taxes on certain investment income.

8.0 General Information

8.1 Calculation of Net Asset Value & Subscription & Redemption Prices

The Subscription and Redemption Price of a Share is determined at the Valuation Point on each Valuation Day and is calculated by reference to the value of the net assets attributable to the relevant Class within the relevant Fund. Where at the relevant time there are no Shares of the relevant Class in issue, the Subscription Price shall be such amount in the underlying Base Currency as the Directors shall determine.

The assets of a Fund comprise the aggregate of:

- 1) investments owned or contracted to be acquired by the Fund;
- 2) cash on hand or on deposit, including accrued interest on such deposits;
- 3) cash payments outstanding on any shares allotted by the Fund;
- 4) bills and demand notes and amounts receivable including net amounts receivable in respect of investments contracted to be realised by the Fund;

- 5) interest accrued on interest-bearing investments of the Fund, except that accrued on securities which is included in the quoted price; and
- 6) other property and assets of any kind and nature of the Fund, including prepaid expenses and unamortised preliminary expenses as valued and defined from time to time by the Directors.

The liabilities of a Fund are deemed to include:

- 1) investments contracted to be sold by the Fund;
- 2) bills and accounts payable by the Fund;
- 3) management and administrative expenses payable and/or accrued (the latter on a day-to-day basis) in respect of the Fund;
- 4) the gross acquisition consideration of investments or other property contracted to be purchased by the Fund;
- 5) reserves authorised or approved by the Directors for duties and charges or taxes or contingencies (accrued where appropriate on a day-to-day basis);
- 6) the aggregate amount of all borrowings and interest commitment fees and other charges of the Fund arising in connection therewith (accrued where appropriate on a day-to-day basis); and
- 7) other liabilities of the Fund of whatsoever nature (which shall, where appropriate, be deemed to accrue from day to day), including outstanding payments on any Shares previously redeemed and, as from the record date in respect thereof, any dividends declared and not paid (contingent liabilities, if any, being valued in such manner as the Directors may determine from time to time or in any particular case).

The Company seeks to stabilise the Net Asset Value of the Shares of each Class for each Fund, except Accumulating Share Classes, as follows:

- 1) at US\$1.00 for Classes A, B, C and I of the US Dollar Fund, the price at which it is intended that Shares of Classes A, B, C and I of the US Dollar Fund shall be sold or redeemed;
- 2) at £1.00 for Classes A, B and I of the Sterling Fund, the price at which it is intended that Shares of Classes A, B and I of the Sterling Fund shall be sold or redeemed; and
- 3) at €1.00 for Classes A, B and I of the Euro Fund, the price at which it is intended that Shares of Classes A, B and I of the Euro Fund shall be sold or redeemed.

In each case, Shares will be sold and redeemed after declaring dividends of substantially all of the Funds' net investment income and net realised investment gains attributable to the Shares daily and by valuing the Company's investments using the amortised cost method. Under this valuation method, the Company's investments are valued at their acquisition cost as adjusted for amortisation of premium or accretion of discount rather than at current market value. The Manager will continually monitor any deviation between the value of assets using this method and the current market value and recommend changes, where necessary to ensure that the Company's

investments are valued at their fair value as determined in good faith by the Directors. If material deviation occurs, the value of the assets will be adjusted. This method will only be used for investments with a residual maturity of less than 13 months and with a minimum credit rating of investment grade.

The Net Asset Value of any Class of Shares within a Fund is determined by taking the total value of the investments and other assets and income thereon within the relevant Fund attributable to that Class and deducting that Class' expenses and liabilities, in all cases in a manner determined by the Directors. The Net Asset Value per Share of any Class shall be calculated at the time of each determination by dividing the Net Asset Value of the relevant Class by the number of Shares of the relevant Class outstanding.

The value of the net assets of a Fund is determined in accordance with the Bye-laws of the Company which also provide, inter alia, that:

- 1) the Directors at their absolute discretion may permit some other method of valuation to be used if they consider that such valuation better reflects the fair value of any investment or investments;
- 2) the value of any cash in hand or on deposit, bills and demand notes and amounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received shall be deemed to be the full amount thereof unless the Directors shall have determined that the same is not worth the full amount thereof, in which event the value thereof shall be such as the Directors deem to be the reasonable value thereof;
- 3) preliminary expenses are to be amortised over a maximum period of five years from the launch of the Company and are to be included as an asset valued at cost, less amounts amortised;
- 4) where a Fund has entered into a forward contract for the sale or purchase of currency, the currency required to be delivered by the relevant Fund shall be included in the assets of the relevant Fund at the price payable to the relevant Fund under such contract and there shall be included in the liabilities of the relevant Fund the cost of purchasing as advised to the Fund for the relevant Dealing Day, the contract quantity of that currency on the date for performance of the contract; and
- 5) any value (whether of a security or of cash) otherwise than in the underlying currency of the relevant Fund is to be converted into such currency at the rate (whether official or otherwise) which the Directors shall, in their absolute discretion, deem appropriate to the circumstances having regard, inter alia, to any premium or discount which they consider may be relevant and to costs of exchange.

The Bye-laws provide that any certification as to the Net Asset Value per Share given in good faith by or on behalf of the Directors is binding on all parties.

8.2 Allocation of Assets & Liabilities Between Funds

The following provisions apply to the Funds established and maintained in respect of each Class of Shares:

- 1) the proceeds from the allotment and issue of each Class of Shares shall be applied in the books of the Company to the Fund established for that Class of Shares, and assets and liabilities and income and expenditure attributable thereto shall be applied to the relevant Class within such Fund subject to the provisions as set out below. The assets of each Fund will, however, be subject to the general creditors of the Company. Additionally, the Bye-laws specifically permit the assets of one or more Classes of Shares to be applied to the same Fund;
- 2) where any asset is derived from another asset (whether cash or otherwise), such derivative asset shall be applied in the books of the Company to the same Class and Fund as the asset from which it was derived and on each revaluation of an investment, the increase or diminution in value shall be applied to the relevant Class and Fund;
- 3) in the case of any asset of the Company (or amount treated as a notional asset) which the Directors do not consider is attributable to a particular Class, Fund or Funds, the Directors shall have discretion to determine the basis upon which any such asset shall be allocated between Classes and/or Funds and the Directors shall have power at any time and from time to time to vary such basis;
- 4) the Directors shall have discretion to determine the basis upon which any liability shall be allocated between Classes and Funds (including conditions as to subsequent re-allocation thereof if circumstances so permit) and shall have power at any time and from time to time to vary such basis; and
- 5) the Directors may transfer any assets (or amounts treated as notional assets) to and from Classes and Funds if, as a result of a creditor proceeding against certain of the assets of the Company or otherwise, a liability will be borne in a different manner from that in which it would have been borne under section 4 above, or in any similar circumstances.

Save as otherwise provided, the assets so held in each Fund shall be applied solely in respect of the Shares of the Class to which such Fund appertains. Subject to *The Companies Act 1981* and the Bye-laws, dividends as and when declared by the Directors shall be paid to the holders of Shares of a Class out of the relevant Class of the relevant Fund. On a redemption of Shares of a Class, the redemption proceeds shall be paid to the holder redeeming such Shares out of the relevant Class of the relevant Fund.

In the event of the Company being wound up, the Bye-laws provide that the liquidator will apply the assets of the Company in satisfaction of creditors' claims in such manner and order as the liquidator thinks fit. The liquidator shall in relation to the assets available for distribution among shareholders make in the books of the Company such transfers thereof to and from Funds as may be necessary in

order that the effective burden of such creditors' claims may be shared between the holders of Shares of Funds in such proportions as the liquidator in his/her absolute discretion may think equitable having regard to the above provisions. The assets available for distribution among the shareholders shall then be applied in the following priority:

- 1) first, in the payment to the holders of the founders' shares, *pari passu* with the holders of each Class of Shares of a sum equal to the par value of founders' shares and the Shares of such Class held by such holders respectively provided that there are sufficient assets available in the relevant Fund to enable such payment to be made;
- 2) second, in payment to the holders of each Class of Shares of any balance then remaining in the relevant Fund, such payment being made in proportion to the number of Shares of the relevant Class held; and
- 3) third, in the payment to the holders of each Class of Shares of the balance then remaining and not comprised within any of the Funds, such payment being made in proportion to the number of Shares held.

8.3 Suspension of Valuations & Dealings

The Manager may suspend the determination of the Net Asset Value per Share of any Class for the whole or any part of a period during which any exchange or over-the-counter market on which any significant portion of the investments of a Fund are listed, quoted, traded or dealt in is closed (other than customary weekend and holiday closings) or trading on any such exchange or market is restricted; when circumstances exist as a result of which in the opinion of the Manager it is not reasonably practicable for the Company to dispose of investments comprised in a Fund or as a result of which any such disposal would be materially prejudicial to shareholders; when a breakdown occurs in any of the means normally employed in ascertaining the value of investments or when for any other reason the value of any of the investments or other assets of a Fund cannot reasonably or fairly be ascertained; or during which the Company is unable to repatriate funds required for the purpose of making payments due on redemption of the Shares of the relevant Class or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemptions of the Share cannot in the opinion of the Manager be effected at normal rates of exchange.

No Shares may be issued, converted or redeemed during such period of suspension. The Directors will use their best endeavours to cause notice of their declaration of such suspension to be published and will cause another notice to be so published at the end of any such period of suspension.

8.4 Change of Capital

The Company in general meeting may from time to time by resolution increase its capital, alter the share capital of the Company and reduce its share capital to such sum not less than US\$12,000.

8.5 Variation of Class Rights

All or any of the special rights for the time being attached to any Class for the time being issued (of which there are none at present save as referred to herein) may (unless otherwise provided by the terms of issue of the Shares of the Class) from time to time be altered or abrogated with the sanction of a resolution passed by a majority of three-fourths of the holders of such Shares, voting in person or by proxy at a general meeting.

The rights attached to any Class shall (unless otherwise expressly provided by the conditions of issue of such Shares) not be deemed to be varied by the creation, allotment or issue of further Shares ranking *pari passu* therewith.

8.6 Voting Rights

Subject to any special terms as to voting upon which any Shares may be issued or may for the time being be held, at any general meeting on a show of hands every shareholder who, being an individual, is present in person or, being a corporation, is present by a duly authorised representative, shall have one vote. On a poll every shareholder present as aforesaid or by proxy shall have one vote for every Share held.

To be passed, resolutions of the Company in general meeting will require a simple majority of the votes cast by the shareholders voting in person or by proxy at the meeting at which the resolution is proposed.

A majority of not less than 75% of the votes cast by the shareholders present in person or by proxy and (being entitled to vote) voting in general meeting is required in order to rescind, alter or amend a Bye-law or make a new Bye-law. Further, no Bye-law shall be rescinded, altered or amended and no new Bye-law shall be made unless the same shall have been proposed at a meeting of the Directors.

8.7 Directors

A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his/her office of Director, or may act in a professional capacity to the Company on such terms as the Directors may determine.

A Director, notwithstanding his/her interest, may be counted in the quorum present at any meeting at which he/she or any other Director is appointed to hold any such office or position of profit under the Company or at which the terms of any such appointment are arranged, and he/she may vote on any such appointment or arrangement other than his/her own appointment or the arrangement of terms thereof.

No Director shall be disqualified by his/her office from contracting with the Company in any capacity, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be voided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office

or of the fiduciary relation thereby established, provided that the nature of his/her interest is disclosed by him in accordance with the Bye-laws. However, with certain exceptions, a Director shall not vote and shall not be counted in the quorum on respect of any contract or arrangement in which he/she is so interested and, if he/she shall vote, his/her vote shall not be counted.

There is no provision in the Bye-laws requiring a Director to retire by reason of any age limit and no share qualification for Directors.

8.8 Restrictions on Shareholders

The Directors shall have the power to impose such restrictions as they may think necessary for the purpose of ensuring that no Shares in the Company are acquired or held by any person or persons in circumstances (whether directly or indirectly affecting such person or persons, connected or not, or any other circumstances appearing to the Directors to be relevant) which, in the opinion of the Directors, might result in the Company incurring any liability to taxation or suffering any other pecuniary or commercial disadvantage which the Company might not otherwise have incurred or suffered (a “non-qualified person”).

If it comes to the notice of the Directors that any Shares are so held by any such non-qualified person, the Directors may give notice to such person requiring the redemption or transfer of such Shares in accordance with the provisions of the Bye-laws.

A person who becomes aware that he/she is holding or owning Shares in breach of any such restriction is required either to deliver to the Company a written request for the redemption of his/her Shares in accordance with the Bye-laws or to transfer the same to a person who would not thereby be a non-qualified person.

8.9 Indemnities

No Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act of conformity or for any loss of expense to the Company through the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any monies, securities or effects shall be deposited or for any loss occasioned by an error of judgement, omission, default or oversight on their part or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of their office or in relation thereto, unless the same happens through their own fraud or dishonesty.

Each Director, Secretary or other officer of the Company shall be indemnified by the Company against, and it shall be the duty of the Directors out of the funds of the Company to pay all costs, losses and expenses which any such Director or officer may incur or become liable for by reason of any contract entered into, or act or thing done by him as such

Director or officer, or in any way in the discharge of his/her duties, and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company, and have priority as between the shareholders over all other claims except as respects any such Director or officer where any such cost, loss or expense shall happen through his/her own fraud or dishonesty.

The Company has agreed to indemnify each of the Manager, the Custodian and the Administrator from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgements, suits, costs, expenses and disbursements of any kind or nature whatsoever (other than those resulting from fraud, wilful misconduct or gross negligence on the part of the Manager, Custodian and Administrator or any agent appointed by them) which may be imposed on, incurred by or asserted against the Manager, Custodian or Administrator, as the case may be, in performing their respective obligations or duties under the Management Agreement, Custodian Agreement or Administration Agreement.

8.10 Dividends

All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. No dividend shall bear interest as against the Company.

8.11 Contracts

The following contracts have been entered into by the Company and are, or may be, material:

- 1) the Management Agreement between the Company and the Manager as amended and restated on 1 February 2006, pursuant to which the Manager has been appointed manager of the Company;
- 2) the Custodian Agreement between the Company, the Manager and the Bank as amended and restated on 1 February 2006, pursuant to which the Bank has been appointed Custodian of the assets of the Company; and
- 3) the Administration Agreement between the Company, the Manager and the Administrator as amended and restated 1 February 2006, pursuant to which the Administrator has been appointed to provide accounting and valuation services and to act as registrar and transfer agent of the Company and to provide secretarial services to the Company.

8.12 Miscellaneous

- Mr. Gonzalo E. Jalles and Mr. Wayne P. Chapman are Directors of the Manager. The Manager receives the fees as mentioned under the “Charges & Expenses” section on page 13.
- The minimum amount which must be raised by the issue of Shares of each of the US Dollar Fund, the Sterling Fund, the Euro Fund, the Australian Dollar Fund, the Canadian Dollar Fund and the Swiss Franc Fund now being offered in order to provide for the sums referred to in Section 28 of *The Companies Act 1981* has already

been raised and no further amount is necessary to be raised for that purpose.

- The Auditors have given and have not withdrawn their written consent to the inclusion of their name in this document as having accepted the appointment as auditors and the references to them in the form and context in which they are included.
- No events have occurred subsequent to the date of the most recent audited financial statements of the Company and prior to the date of issue of this document which either provide material additional information relating to conditions that existed at the date of such audited financial statements or which cause significant changes to assets or liabilities relating to the US Dollar Fund, Sterling Fund, Euro Fund, Australian Dollar Fund, Canadian Dollar Fund or Swiss Franc Fund or which will or may have a significant effect on the future operations of any such Fund or the Company.
- The Company does not have any subsidiaries.
- There are no existing or proposed service contracts between any of the Directors and the Company, but the Directors may receive remuneration as set out in this Prospectus. Save as disclosed in this document, no Director is materially interested in any contract or arrangement subsisting at the date hereof which is significant in relation to the business of the Company.
- No person has, or is entitled to be given, an option to subscribe for any Share or loan capital of the Company.
- Copies of the annual audited financial statements of the Company and each Fund (made up to 30 June in each year) will be sent to shareholders at their registered addresses not less than 21 days before the date fixed for the general meeting of the Company at which they will be considered. Annual general meetings will usually be held in Bermuda normally during the month of October or such other date as the Directors may determine. Notices convening each annual general meeting will be sent to shareholders together with the annual accounts and reports not later than 21 days before the date fixed for the meeting.
- The Company is not engaged in any litigation or arbitration proceedings and is not aware of any litigation or claim pending or threatened by or against it since incorporation.
- The Manager will pay associates, including the Bank, commissions based on the total net asset values of shares by any subscriber introduced to the Manager by such associates pursuant to an intermediary agreement entered into by the Manager and such associates.
- Any notice or document may be given by the Company to any shareholder either by delivering it to such shareholder in person or by sending it to such shareholder's address or to such other address given for the purpose. For this purpose, a notice or document may be sent by letter, mail, courier service, cable, telex, telecopier, facsimile, electronic mail or other mode of representing words in a legible form.

8.13 Inspection of Documents

Copies of the following documents will be available for inspection at any time during normal business hours on any day (excluding Saturdays, Sundays and Public Holidays) free of charge at the offices of the Company in Bermuda:

- 1) *The Companies Act, 1981* (as amended) of Bermuda;
- 2) the Memorandum of Association and Bye-laws of the Company;
- 3) the material contracts referred to above; and
- 4) the Auditors' letter of consent.

9.0 Procedure for Application

Initial application must be made by completing the relevant application form and returning to the Administrator or the Bank.

Subsequent applications may be made by written instructions giving the exact name(s) of the account and stating:

- 1) the amount to be invested;
- 2) the Fund and Class(es) of Shares to be applied for; and
- 3) how payment has been or is being made.

Applications by facsimile or by e-mail with scanned signature must be confirmed by posting the original signed copy.

Payment for Shares may be made by electronic or telegraphic transfer. Applicants are advised whenever possible to apply by facsimile and to make payment by telegraphic transfer to avoid any delay in the allotment of their Shares. The Directors have the right to accept or reject (in whole or in part) any application for Shares.

Cleared funds must be received by the Custodian on the relevant Dealing Day by the time specified in section 5.5. If payment of the Subscription Price is not received by the relevant date, the application will be cancelled and any allotment of Shares made on the basis thereof will be cancelled. The costs of such cancellations shall be met by the applicant.

Deadlines for the application for the issue of shares on a particular Dealing Day are as follows:

Fund	Trade Deadline
US Dollar Fund	1:00 p.m. (Bermuda time) on the relevant Dealing Day
Sterling Fund Euro Fund Australian Dollar Fund Canadian Dollar Fund Swiss Franc Fund	12:00 noon (Bermuda time) on the Business Day immediately preceding the intended Dealing Day

Issued by:
The Bank of Bermuda Limited
Member HSBC Group
6 Front Street
Hamilton HM 11
Bermuda

www.bankofbermuda.bm

HSBC Corporate Money Funds

(a company incorporated with limited liability in Bermuda)

Addendum to the Prospectus

This document is an Addendum to the Prospectus dated 1st February 2006 issued by HSBC Corporate Money Funds Limited. This document is not authorised unless it is accompanied by the said Prospectus.

Change of Directors

p. 3, under "1.1 Directors and Officers", please remove "Michael W. Collins, Head of Banking Services" and replace by "William Graham-Welton, Head of Corporate Banking". (Effective 30 June 2006)

Please remove "Gonzalo E. Jalles, Head of HSBC Investments" and replace by "Guillermo H. Konecny, Head of HSBC Investments (Bermuda) Limited". (Effective 31 January 2007)

p. 9, under "5.1 Directors" please replace "Michael W. Collins" and his biography by "William Graham-Welton" and his biography as follows:

William Graham-Welton, British, is Managing Director and Head of Corporate Banking of The Bank of Bermuda Limited. Previous positions at Bank of Bermuda have included Head of Capital Markets, Head of Corporate Credit and Director, Corporate Finance. Mr. Welton joined the Bank in 1997, having spent the previous 10 years as a structured finance specialist and relationship manager for Barclays de Zoete Wedd, the Industrial Bank of Japan and First Chicago, based primarily in London and Hong Kong. Mr. Welton is a graduate of the University of Southampton in England, with a BSc. Honours in Economics, Accounting and Law. (Effective 30 June 2006)

Please replace "Gonzalo E. Jalles" and his biography by "Guillermo H. Konecny" and his biography as follows:

Guillermo H. Konecny, Argentinian, took up the position of Head of HSBC Investments (Bermuda) in January 2007. Mr Konecny previously served as Chief Investment Officer and Managing Director of Multimanager Americas, HSBC Investments (USA), in New York with responsibility for the liquidity business in the US and the evaluation and monitoring of external investment managers in the US, Brazil, Canada and Bermuda. Mr Konecny has over 18 years of investment

experience and has been with the HSBC Group since 1989. Previous to his position in New York, he was responsible for the HSBC Multimanager business in the UK, Middle East and the Channel Islands, and prior to that he was the Head of Asset Management for HSBC Argentina. He holds a Public Accountant's degree from Buenos Aires University, and an Executive MBA. Mr Konecny is also a Chartered Financial Analyst charter holder. (Effective 31 January 2007)

Change of Auditors

p. 3, under "1.6 Auditors", please remove PricewaterhouseCoopers, 7 Dorchester House, Hamilton, Bermuda as Auditors of the Company and replace with Ernst & Young, Reid Hall, 3 Reid Street, Hamilton Bermuda. (Effective 30 June 2006)

Change of Cut-off Time

p. 6, under "3.0 Definitions" after the definition of "Valuation Point" please replace "1:00" with "3:00". (Effective 14 August 2006)

p. 10, under "5.5 Issue of Shares", in the sixth paragraph, please replace each reference to "1:00" with "3:00". (Effective 14 August 2006)

p. 12, under "5.8 Redemption of Shares", in the second paragraph please replace each reference to "1:00" with "3:00". (Effective 14 August 2006)

Please replace the first sentence of the sixth paragraph with the following:

"Shares of the US Dollar Fund - A Shares, B Shares, I Shares and R Shares will be redeemed on the corresponding Dealing Day for which such redemption request is received for which purpose any such redemption request received after 3:00 p.m. (Bermuda time) will be treated as having been received on the next such Business Day. Shares of the US Dollar Fund - C Shares will be redeemed on the corresponding Dealing Day immediately following the Business Day on which such redemption request is received for which purpose any such redemption request received after 3:00 p.m. (Bermuda time) on a

Business Day will be treated as having been received on the next such Business Day.”
(Effective 14 August 2006)

p. 14, under “8.1 Calculation of Net Asset Value & Subscription & Redemption Prices”, after the second line, please insert the following:

“When the Fund is closed due to a Bermuda holiday, this will not constitute a Valuation Day. On those days where the Fund is closed due to a Bermuda holiday but the markets of the underlying assets of the Fund are not closed, any price or yield adjustment attributable to a change in the value of the underlying assets of the Fund during that Bermuda holiday will occur in the following Valuation Days of the Fund.”
(Effective 14 August 2006)

p. 18, under “9.0 Procedure for Application”, in the box at the end of the section please replace “1:00” with “3:00”. (Effective 14 August 2006)

Change of Year-end

p. 18, under “8.12 Miscellaneous”, in the 8th bullet point starting with “Copies of the annual audited financial statements of the Company and each Fund (made up to 30 June in each year)” please replace “30 June” with “30 April”. (Effective 30 March 2007)

Please add a bullet point with the following provision: “The year end of the Company is 30 April in each year.” (Effective 30 March 2007)

Any investment in the Company will be made on the basis of information contained in the Prospectus as updated by the information contained in this Addendum.