

UCITS Platform

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J&E Davy, trading as Davy, is regulated by the Central Bank of Ireland. Davy is a member of the Irish Stock Exchange, the London Stock Exchange and Euronext. In the UK, Davy is authorised by the Central Bank of Ireland and authorised and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our authorisation and regulation by the Financial Conduct Authority are available from us on request.

Davy Asset Management is regulated by the Central Bank of Ireland.

Davy Investment Fund Service is regulated by the Central Bank of Ireland.

Introduction

1.1 Ireland as a Fund Domicile

Ireland is recognised globally as a premier location for establishing and servicing regulated investment funds. Some €2.2 trillion¹ in fund assets are serviced from Ireland.

Ireland stands apart from other comparable jurisdictions, offering a gateway to global distribution of internationally recognised, regulated funds. As a fund domicile, Ireland is defined not only by its impressive asset values but also by the presence of over 50 world renowned fund service providers, over 11,000 fund professionals, a favourable tax environment and a robust regulatory environment, all of which have evolved over the past 20 years to meet the changing needs of fund managers originating from over 50 countries². Irish regulated funds are not subject to Irish tax. Ireland has also negotiated an extensive tax treaty network with 62 countries and has Memorandums of Understanding in place with China, Dubai, Hong Kong, Isle of Man, Jersey, South Africa, Switzerland, Taiwan, UAE and USA as well as cooperation with all EU states.

The fact that leading players in investment management, fund administration and custody services have chosen to establish bases here is testimony to Ireland's ability to provide a 'one-stop-shop' solution for the global investment management community.

For more information on Ireland as a fund domicile, please refer to www.irishfunds.ie.

1.2 About Davy Fund Services

Established in 1926, Davy is Ireland's leading provider of stockbroking, wealth management, asset management and financial advisory services. Employing over 460 people, we offer a broad range of services to private clients, corporations and institutional investors. Our activities are organised around five interrelated business areas: Asset Management, Capital Markets, Corporate Finance, Private Clients and Research.

Davy established its first regulated fund in 1997 and, as a result, we are very familiar with all aspects of managing and administering these structures. The range of assets managed within these vehicles varies depending on the fund's investment profile. In many cases, investments are confined to specific asset classes for example the commercial property sector, both domestically and overseas, while others follow a broader allocation incorporating quoted equities, private equity, hedge funds, debt securities and other alternative asset classes.

The following entities are directly involved in our fund services offering:

J&E Davy (Trading as Davy)

Davy is an investment firm specialising in providing investment management services to both in-house and third party Collective Investment Schemes ('CIS'). The firm is also authorised to provide a number other key services to funds such as promotion, distribution and listing. Davy is a lead Sponsor for investment funds wishing to list on the Irish Stock Exchange and is one of only three Sponsors to be represented on the Stock Exchange's Investments Funds Listing Committee.

Davy Asset Management

Davy Asset Management is an investment firm which focuses on providing investment management services to both in-house and third party CIS including UCITS ('Undertakings for Collective Investments in Transferable Securities') and Non-UCITS. Davy Asset Management has expertise in managing a broad range of asset classes including quoted equities, private equities, hedge funds, debt and real estate. Assets are managed through a range of regulated structures - UCITS and Non UCITS (including QIFs ('Qualified Investor Funds')). Davy Asset Management can also act as a Promoter and Distributor of funds.

¹ Central Bank of Ireland (December 2012)

² Source: Irish Funds Industry Association

Davy Investment Fund Services

Davy Investment Fund Services is a Non UCITS management company and acts as a Manager to several funds. This service is offered to those who wish to establish investment funds in Ireland. Where appointed as a Manager to a fund, our specialists will appoint the key service providers to act on behalf of the funds including investment managers, sponsors for listing purposes, custodians, administrators, promoters and distributors.

Regulatory Oversight and Control

All three of the entities listed above are licensed and regulated by the Central Bank of Ireland. J&E Davy and Davy Asset Management are authorised as Investment Firms under the European Communities (Markets in Financial Instruments) Regulations 2007 ('MiFID'). MiFID is an EU-wide Directive that sets out the regulatory framework for financial services firms operating in the EU. The Central Bank of Ireland is responsible for prudential and conduct of business regulation and supervision of investment firms in Ireland.

In addition to external regulatory supervision a range of internal independent oversight functions are in place, including:

- A Compliance Team consisting of 12 employees, many with a background in the fund/ investment management industry;
- A Compliance Committee chaired by a non-executive director; and
- An Audit Committee chaired by a non-executive director.

2.1 Why UCITS?

UCITS ('Undertakings for Collective Investment in Transferable Securities') have their basis in EU legislation and once authorised in one member state, may be marketed to the investing public throughout the EU without further authorisation. This is described as an EU passport and as a result UCITS must comply with a more stringent regulatory regime in terms of permitted investments and investment restrictions. UCITS are also sold globally, being recognised by many non-EU regulators for registration to sell outside the EU.

The necessity to comply with this common European standard has resulted in global recognition for the 'UCITS' brand. As a result, a significant area of growth for UCITS is from non-EU managers in Asia, the Middle East and Latin America.

From its inception in 1985, UCITS legislation has continually evolved to recognise the ever-changing requirements of the investment community.

UCITS III significantly broadened the range of investment possibilities for UCITS funds by permitting managers to use financial derivative instruments ('FDI') to access strategies that were previously the sole remit of the hedge fund community. The opportunity to structure alternative investment strategies within a robust regulatory framework has underpinned the growth and appeal of the UCITS product offering.

UCITS IV addressed a demand for greater streamlining of cross-market distribution which presents Investment Managers with substantial opportunities for wider and more cost effective fund distribution. In particular, the ability to 'passport' funds from country to country through a single pan-European management company is a significant development. Under the new framework, a UCITS-authorized management company in one EU Member State will be able to manage a UCITS fund located in another. In addition to this centralised management company initiative, UCITS IV also recognised master-feeder funds, which can be used to facilitate asset pooling from local market UCITS feeder funds.

UCITS IV also heralded the introduction of a revised point of sale investor communication known as the Key Investor Information Document ('KIID'). The KIID is an easy to understand two-page brochure that is required for each fund and/or share class as of July 2012. The KIID provides a brief description of the UCITS investment objectives, the investment policy, details of the risk/reward policy, investment performance and details of the underlying charges.

Key features of a UCITS fund

- EU Passport;
- UCITS international brand recognition;
- Open-ended; units/shares must have the right to be redeemed on demand or at a minimum on a bi-monthly basis;
- Economies of scale;
- Reduced management cost and investor fees;
- Opportunity to optimise fund performance on lower cost base; and
- Inherent risk management with leverage, borrowing and diversification restrictions.

Almost 80%³ of the assets of Irish domiciled funds are held in UCITS.

³ Source: Irish Funds Industry Association.

2.2 What can UCITS invest in?

While UCITS funds must invest in accordance with the investment and borrowing restrictions imposed by UCITS legislation, advances in the UCITS product have broadened the range of assets into which UCITS can invest.

In summary, UCITS are permitted to invest in:

- transferable securities;
- money market instruments;
- other open-ended funds;
- closed-ended funds;
- cash deposits with credit institutions;
- structured financial instruments; and
- financial derivative instruments: swaps, options, futures, forwards, OTC derivatives, CFDs.

A full list of the investment restrictions and eligible assets for a UCITS is provided for in UCITS 9.5 of the UCITS Notices issued by the Central Bank of Ireland.

2.3 UCITS Platform

Davy Asset Management acts as the promoter and distributor of the Skyline Umbrella Fund plc (the 'Platform'). The platform provides entities and individuals with an established structure to create a UCITS ('Undertakings for Collective Investment in Transferable Securities') compliant sub-fund.

The Platform caters for those who are seeking a solution to a client need or market-led request for a UCITS offering, where the outlay of resources associated with launching and maintaining a fully fledged in-house UCITS may not be viable.

Those seeking to set up a sub-fund on the Platform must meet certain conditions set out by the Board of Directors of the Platform and the appointed Investment Manager must be approved by the Central Bank of Ireland.

Key Features of the UCITS Platform

- Simple, transparent umbrella structure easily communicated to investors
- UCITS regime understood by and accessible to investors across the EU
- Segregated sub-fund with separate documentation and accounts
- Project management of product launch minimised
- Established Board of Directors and corporate governance regime in situ

Due to investment restrictions imposed on UCITS this may not be the most appropriate structure for all fund providers. Davy can discuss alternative structures with you in the context of your requirements.

The Skyline Umbrella Fund plc is an umbrella type open-ended investment company with variable capital and segregated liability between sub-funds governed by the laws of Ireland and authorised by the Central Bank of Ireland.

2.4 Structure

Skyline Umbrella Fund plc is structured as a self-managed Irish corporate umbrella fund with a series of sub-funds each separately managed by individual Investment Managers.

Davy Asset Management has been approved by the Central Bank of Ireland as a promoter of regulated investment funds in Ireland. The Central Bank of Ireland does not define the promoter role but instead considers the promoter to be a driving force in establishing and creating the fund, as well as appointing the service providers. It further expects that the promoter will provide investment management and/or distribution services to the fund. The Central Bank of Ireland requires that eligible promoters are:

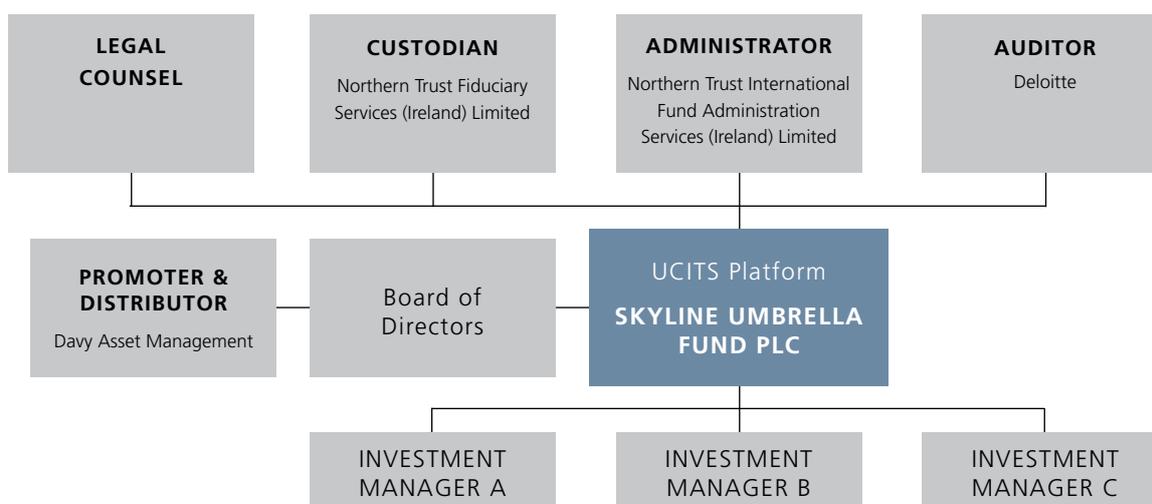
- must be of good repute and have a demonstrable track record in the promotion and/or organisation of regulated funds;
- regulated to a standard that is deemed acceptable by the Central Bank of Ireland; and
- has at least €635,000, or its foreign currency equivalent, in paid up capital or balance sheet reserves.

Each Investment Manager will be able to trade its own investment strategy, as set out in the sub-fund documents, using the infrastructure of the platform, including independent service providers such as custodian, administrator and auditor.

Of major importance is the fact that Irish legislation specifically provides for segregation of liabilities between sub-funds. The Investment Funds, Companies and Miscellaneous Provisions Act 2005 introduced segregated liability for sub-funds of umbrella investment companies which allows the assets of each sub-fund within an umbrella structure to be protected from the liabilities of other sub-funds within the same umbrella investment company.

An important gateway for regulated investment funds is to gain access to an established international distribution solution such as AllFunds Bank (www.allfundsbank.com). Through our business relationship with AllFunds Bank, Davy Asset Management will provide access to this distribution channel for qualifying UCITS sub-funds.

Davy UCITS Platform Structure



The Board

The Board of the Platform consists of four directors and is constituted in line with the Corporate Governance Code for Collective Investment Schemes and Management Companies.

UCITS IV requires the following key management functions to be carried out by the Board:

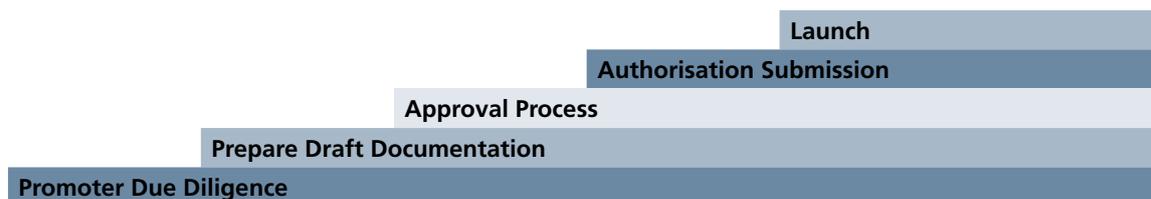
- Decision taking;
- Monitoring compliance;
- Risk management;
- Monitoring investment performance;
- Complaints handling;
- Financial control;
- Monitoring capital adequacy;
- Internal audit;
- Supervision of delegates; and
- Accounting policies & procedures.

2.5 Participating in the Platform

Davy Asset Management will engage with the client company executives to draft an initial project plan for the purposes of outlining and managing the process for establishing the relevant UCITS product. As an initial step, Davy Asset Management will carry out due diligence to determine the experience and operational capability of the prospective Investment Manager. This exercise will also seek evidence that the Investment Manager adheres to a rigorous investment process supported by robust operational and risk management systems necessary to meet the requirements of the UCITS regulations.

Steps to Platform Participation

- Davy Asset Management undertakes due diligence on prospective Platform participant.
- Participant and Davy Asset Management agree outline business terms for the sub-fund launch, subject to acceptable due diligence.
- Davy Asset Management instructs Platform legal counsel to issue all parties with draft sub-fund documentation for review and comment.
- Once drafting reaches an appropriate stage, Davy Asset Management instructs legal counsel to commence application process to Central Bank of Ireland. This can include an application for the approval of the participant to act as Investment Manager of an Irish regulated UCITS fund.
- As Promoter, Davy Asset Management project manages the application process to the Central Bank of Ireland, correspondence and status reports to all parties and completion of all documentation, including material contracts through to the launch of the sub-fund.
- Post-launch, the participant joins the ongoing communication process between all parties to the Platform and attends board meetings.



Estimated Time Frame: 6 weeks.

Fees: Fees, including those of third party service providers, are available from Davy Asset Management.

2.6 Davy Platform - Third Party Service Providers

Administrator and Custodian

Northern Trust International Fund Administration Services (Ireland) Limited has been appointed to act as Administrator and registrar of the Platform. The Administrator is a private limited liability company incorporated in Ireland on 15th June 1990 and is wholly-owned by Northern Trust Corporation.

Northern Trust Fiduciary Services (Ireland) Limited has been appointed to act as Custodian of all of its assets of the Platform. The Custodian is a private limited liability company incorporated in Ireland on 5th July 1990 and is also wholly-owned by Northern Trust Corporation.

Northern Trust Corporation and its subsidiaries comprise the Northern Trust Group, one of the world's leading providers of global custody and administration services to institutional and personal investors.

As of 30th September 2011, Northern Trust Corporation had:

- \$96 billion in banking assets;
- \$4.2 trillion in assets under custody; and
- \$644.2 billion in assets under management.

The Administrator and Custodian will provide:

- Fund administration;
- Custody services;
- Investment compliance measurement;
- Performance and liquidity reporting;
- Restriction monitoring;
- KIID production; and
- Act as MLRO.

For more information, see www.northerntrust.com.

2.7 Other Services

Funds Listing

Fund managers may seek to list a particular sub-fund in order to broaden their offering to a wider investor audience. Institutional investors who, by virtue of their own investment mandates, may require a listing on a recognised exchange before they can invest and certain countries where the relevant authorities require or provide exemptions for investments in listed securities. An Irish listing can also inexpensively satisfy UCITS NAV publication requirements.

Davy is the leading sponsoring broker to investment funds and one of the leading listing agents for asset-backed securities, debt securities and derivative securities on the Irish Stock Exchange. We have expert knowledge of the listing rules having worked on the listing of a wide range of securities, ranging from plain vanilla to hedge funds, and from asset-backed debt to straight corporate debt, in a variety of domiciles. We are one of only three sponsors to be represented on the Irish Stock Exchange Investment Funds Listing Committee, the body charged with approving policy updates and listing rules.

3 People & Contacts

If you require further information, please contact:



Tom Berrigan

Tom has been with Davy for 13 years and has considerable experience in the investment management industry as well as an extensive knowledge of the regulated funds business. He is a director of a number of Irish regulated investment funds and continues to provide advice to clients seeking to establish regulated fund structures with a particularly emphasis on the alternative asset sector.

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Carol O'Sullivan

Carol O'Sullivan has been a Director in the Investment Funds and Debt Listing Department of Davy since 2001. She was previously a Director in the Listing Department of ABN AMRO, Dublin, which she joined from the Corporate Finance Department of Davy. She is a graduate of Trinity College Dublin, holding an honours BBS degree. She has advised on a wide variety of transactions across a range of asset classes and fund structures.

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Michael Humphreys

Michael is a Director at Davy's London office with particular experience in structuring asset holdings and tax optimised transactions. He is a Chartered Financial Analyst, a Chartered Accountant and a taxation expert and has implemented a wide range of transaction structures with and on behalf of institutions, corporations and high net worth clients.

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Davy Investment Fund Services is regulated by the Central Bank of Ireland.

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