

# DUAL

CORPORATE RISKS

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This is to certify that in accordance with the authorisation granted under Contract to the undersigned by Arch Insurance Company (Europe) Limited and in consideration of the premium specified in the Schedule We, the Insurers named below, are hereby bound to insure in accordance with the terms and conditions contained herein or endorsed hereon.

We hereby agree, to the extent and in the manner hereinafter provided, to indemnify or otherwise pay *Insureds* in respect of the contingencies or events specified in the sections of the Certificate. However this Certificate only applies to those Sections as indicated in the Schedule attached to this Certificate.

The Certificate, Schedule, Exclusions and General Conditions shall be read together as one contract and any word or expression to which a specific meaning has been attached in any part of the Certificate, Schedule, Exclusions and General Conditions shall bear the same meaning wherever it may appear.

Please read **this Certificate** and, if it is incorrect, return it immediately for alteration.

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Signed by **DUAL CORPORATE RISKS LIMITED** acting for  
Arch Insurance Company (Europe) Limited

 Arch  
Insurance (Europe)<sup>™</sup>

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# DUAL FOCUS

## (Investment Managers)

In consideration of the payment of premium, We agree to provide the cover described in this Certificate in accordance with the terms of this Certificate.

### Section 1: Insuring Clauses

#### 1.1 Fund & Investment Manager Professional Civil Liability Insurance

We will pay Loss as incurred by the *Insured* in respect of any *Claim* first made against the *Insured* and reported to *Us* during the *Certificate Period*, (or *Discovery Period* if applicable) for a *Wrongful Act*.

#### 1.2 Fund & Investment Manager Directors and Officers Liability Insurance

We will pay Loss as incurred by any *Insured Person* or on an *Insured Person's* behalf in respect of any *Claim* first made against any such *Insured Person* and reported to us during the *Certificate Period* (or *Discovery Period* if applicable), in respect of a *Wrongful Act* for which the *Insured Entity* or *Fund* is not permitted or required to indemnify the *Insured Person*.

#### 1.3 Fund & Insured Entity Reimbursement Insurance

If the *Insured Entity* or *Fund* pays Loss on behalf of an *Insured Person* resulting from any *Claim* first made against any *Insured Person* and reported to *Us* during the *Certificate Period* (or *Discovery Period* if applicable) for a *Wrongful Act*, then *We* will reimburse the *Insured Entity* or *Fund* in respect of such Loss.

#### 1.4 Fund & Investment Manager Crime Protection Insurance

We will indemnify the *Insured Entity* and *Fund* for *Direct Financial Loss* first *Discovered* by the *Insured* and reported to *Us* during the *Certificate Period* (or *Discovery Period* if applicable) resulting from any:

- (a) *Act of Infidelity*; or
- (b) *Third Party Crime*.

### Section 2: Extensions

The extensions are subject to the Insuring Clauses and all other Certificate terms, conditions and exclusions of this Certificate.

#### Extensions applicable to all Insuring Clauses

##### 2.1 New Funds

For a period of 90 days after the date a *New Fund* is first managed or sponsored by an *Insured Entity*, *Fund* will include any *New Fund* acquired, created or incorporated during the *Certificate Period*, but not listed in the *Submission*, provided that:

- (a) the offer size of the *New Fund* does not exceed the amount specified in Item 11 of the Schedule; and
- (b) the *New Fund* is not regulated by the U.S. Securities and Exchange Commission (SEC); and
- (c) the *New Fund* is not offered for the benefit of residents of the United States of America, or a partnership or corporation organised under the laws of the United States of America; and
- (d) the *New Fund's* investment strategies are not materially different in nature to those of the existing *Fund's* investment strategies as provided in the *Submission*.

After the period of 90 days set out above *We* may continue to insure the *New Fund* on such terms as agreed between the *Insured Entity* and *Us*. If no such terms are agreed, there will be no cover under this *Certificate* in respect of the *New Fund*.

In respect of this Extension cover shall only apply in respect to any *Wrongful Act*, *Act of Infidelity* or *Third Party Crime* committed whilst such entity is a *Fund* sponsored by an *Insured Entity*.

## 2.2 New Subsidiaries

For a period of 90 days after an entity becomes a subsidiary of an *Insured Entity* (in line with the definition of *Subsidiary* under this Certificate save as regards timing) during the *Certificate Period*, whether by acquisition or incorporation, *Subsidiary* will include any such entity, provided that such entity, at the date of acquisition or incorporation:

- (a) has total gross assets of less than 25% of the consolidated total gross assets of the *Policyholder* at the inception date of this *Certificate*; and
- (b) has total gross assets under management of less than 25% of the consolidated total gross assets under management of all *Insured Entities* at the inception date of this *Certificate*; and
- (c) is not incorporated, domiciled in or providing *Investment Advisory Services* in the United States of America and is not registered as an investment advisor with the SEC; and
- (d) does not engage in business activities which are materially different in their nature to those of the *Insured Entities* as provided in the *Submission*.

In respect of this Extension, cover shall only apply in respect to any *Wrongful Act*, *Act of Infidelity* or *Third Party Crime* committed whilst such entity is a *Subsidiary* of an *Insured Entity*.

## 2.3 Fund & Subsidiary Run Off Cover

In the event of the sale, transfer, disposal or dissolution of any *Fund* or *Subsidiary* before or during the *Certificate Period*, We will pay *Loss* in respect of:

- (a) any *Claims* first made during the *Certificate Period* for any *Wrongful Act* in respect of that *Subsidiary* or *Fund* committed prior to the sale, transfer, disposal or dissolution of the *Subsidiary* or *Fund*;
- (b) any *Investigation* first commenced during the *Certificate Period* in respect of conduct committed before the sale, transfer, disposal or dissolution of the *Subsidiary* or *Fund*; and
- (c) any *Act of Infidelity* or *Third Party Crime* committed before the sale, transfer, disposal or dissolution of the *Subsidiary* or *Fund* and first discovered during the *Certificate Period*.

## 2.4 Discovery Period

If on expiry of the *Certificate Period*, this *Certificate* is neither renewed nor replaced with similar cover, the *Policyholder* shall be entitled to a *Discovery Period* of:

- (a) 30 days, granted automatically with no additional premium payable;
- (b) 12 months, if the *Policyholder* requests such period in writing within 15 days after the end of the *Certificate Period* and tenders an additional premium of 100% of the annual premium level in effect immediately prior to the end of the *Certificate Period* within 30 days after the end of the *Certificate Period*; or
- (c) 72 months, if a *Transaction* takes place and the *Policyholder* requests such period in writing within 30 days following the end of the *Certificate Period*, on such terms and conditions, if any, and for such additional premium as We may reasonably decide.

## 2.5 Advance Payment of Defence Costs

We will advance *Bail Bond* and *Civil Bond Expenses*, *Defence Costs*, *Extradition Costs*, *Investigation Costs*, *Prosecution Costs*, and *Public Relations Expenses* in excess of the *Deductible* as they are incurred and before final disposition of a *Claim* where we have not determined the *Insured's* right to indemnity for the *Claim*. For clarity, under Insuring Clause 1.2 and Insuring Clause 1.3, We will not rely on Section 4.9 (Fraudulent, Dishonest and Wilful Conduct) until there is a relevant judgment, final adjudication or admission.

Any advancement of such costs or expenses shall be repaid to *Us* by the *Insured*, severally according to their respective interests, if and to the extent it is determined that the *Insured* were not entitled to receive such payment.

## 2.6 Continuity of Cover

In the absence of fraudulent non-disclosure, where a *Claim* that would otherwise be covered by this *Certificate* is excluded by Exclusion 4.2 (Prior Knowledge), then cover is provided under this *Certificate* for that *Claim*, provided always that:

- (a) *Responsible Person* first became aware of the facts that might give rise to the *Claim* after the *Continuity Date*; and
- (b) the cover shall be in accordance with all the terms, conditions, Exclusions and limitations of the policy in force when the *Responsible Person* first became so aware.

## Extensions applicable to Insuring Clause 1.1 Fund & Investment Manager Professional Civil Liability, 1.2 Fund & Investment Manager Directors & Officers Liability and 1.3 Fund & Insured Entity Reimbursement only

### 2.7 Court Attendance

*Defence Costs* includes GBP 100 per day for each day on which an *Insured Person* has been legally compelled to and has attended court as a witness in connection with a *Claim* notified under and covered by this *Certificate*. The *Deductible* does not apply to this Extension. The total amount payable under this Extension is GBP 5,000 in the aggregate for all *Claims* and all *Insureds* and is part of, not in addition to, the *Indemnity Limit*.

### 2.8 Retired Insured Persons

If this *Certificate* is not renewed or replaced with similar cover at the expiry of the *Certificate Period* or after cancellation by Us, *Retired Insured Persons* will automatically be granted a 72 month *Discovery Period* at no additional premium.

This Extension is not available if the *Policyholder* purchases a *Discovery Period* or in the event of a *Transaction*. No cover is provided to any *Insured Entity* or *Fund* under this Extension.

### 2.9 Additional Limit For Non Executive Directors

If the *Indemnity Limit* is exhausted by the payment by Us of *Loss*, We agree to pay an amount not exceeding 50% of the *Indemnity Limit*, in addition to the *Indemnity Limit*, on the following terms:

- (a) this Extension is only available to Non Executive Directors of the *Insured Entity* or *Fund*; and
- (b) the *Indemnity Limit* and any other available insurance or source of indemnity available to the Non Executive Director has first been exhausted; and
- (c) the maximum amount of *Loss* paid by Us in respect of all *Claims* for all Non Executive Directors will not exceed 50% of the *Indemnity Limit* in the aggregate; and
- (d) this Extension does not provide any cover to an *Insured Entity* or *Fund*.

### 2.10 Domestic Partners

*Insured Person* includes the spouse, civil partner or domestic partner of an *Insured Person* for *Loss* arising from a *Claim* for a *Wrongful Act* of such *Insured Person*.

### 2.11 Administrators and Executors

*Insured Person* includes the administrators, heirs, legal representatives or executors of a deceased, incompetent, bankrupt or insolvent *Insured Person's* estate in respect of *Loss* arising from a *Claim* for a *Wrongful Act* of such *Insured Person*.

## Extensions applicable to Insuring Clause 1.1 Fund & Investment Manager Professional Civil Liability only

### 2.12 Documents

We will pay on behalf of the *Insured* for any *Claim* resulting from *Documents* which while in the custody of the *Insured* and for which the *Insured* is legally liable have been unintentionally destroyed, damaged, deleted, erased or which after diligent search cannot be found.

### 2.13 Breach Of Privacy

We will pay for any *Claim* alleging the loss or misuse of confidential or personal information, material or data, or invasion or breach of privacy of any client of an *Insured Entity* or *Fund* anywhere in the world or the breach of any law or regulation regulating the collection, management, confidentiality or disclosure of personal or confidential information of any client of an *Insured Entity* or *Fund* anywhere in the world.

## 2.14 Crisis Mitigation

We will pay the *Public Relations Expense* of any *Insured Entity* for external crisis management services provided within 30 days of a *Crisis* occurring during the *Certificate Period* and providing such *Crisis* has immediately been notified to *Us* during the *Certificate Period*. The *Deductible* does not apply to this Extension. The total amount payable under this Extension is GBP 10,000 in the aggregate for all *Claims* and is part of, not in addition to the *Indemnity Limit*. In no circumstances shall the *Insured* be entitled to cover of greater than GBP 10,000 in the aggregate for all *Claims* and *Insureds* in respect of cover under this Extension, Extension 2.15 Public Relations Cover and Extension 2.27 Identity Theft Expenses.

## 2.15 Public Relations Cover

Loss includes, the *Public Relations Expense* of the *Insured*:

- (a) in connection with a *Claim* for extradition of such *Insured Person*; or
- (b) to mitigate any adverse effect on such *Insured Person's* reputation by circulating findings which exonerate the *Insured Person* from fault, liability or culpability in connection with a *Claim* that is covered under this *Certificate*, provided such findings are made by a court with jurisdiction to finally dispose of such *Claim*.

The total amount payable under this Extension is GBP 10,000 in the aggregate for all *Claims* and all *Insureds* and is part of, not in addition to the *Indemnity Limit*. In no circumstances shall the *Insured* be entitled to cover of greater than GBP 10,000 in the aggregate for all *Claims* and *Insureds* in respect of cover under this Extension, Extension 2.15 Public Relations Cover and Extensions 2.27 Identity Theft Expenses

## Extensions applicable to Insuring Clauses 1.2 Fund & Investment Manager Directors & Officers Liability and 1.3 Fund & Insured Entity Reimbursement only

### 2.16 Emergency Costs

If, due to an emergency, *Our* prior written consent to any *Defence Costs* or *Investigation Costs* cannot reasonably be obtained as required by this *Certificate*, *We* will waive prior consent, provided *Our* consent is obtained within 30 days of the first *Defence Costs* or *Investigation Costs* being incurred and such costs are deemed by *Us* to be reasonable. The total amount payable under this Extension after application of the *Deductible* is GBP 25,000 in the aggregate for all *Claims*, *Investigations* and *Insureds* and is part of, not in addition to the *Indemnity Limit*.

### 2.17 Extradition Costs

Loss includes the *Extradition Costs* of each *Insured Person* in connection with a *Claim* against such *Insured Person* covered under this *Certificate*.

### 2.18 Bail & Civil Bond Expenses

Loss includes the *Bail Bond and Civil Bond Expenses* of each *Insured Person* incurred during the *Certificate Period* in connection with a *Claim* that is covered under this *Certificate*. The total amount payable under this Extension is GBP 10,000 in the aggregate for all *Claims* and all *Insureds* and is part of, not in addition to the *Indemnity Limit*.

### 2.19 Punitive Damages

Loss includes any punitive or exemplary damages awarded against an *Insured Person* to the extent that *We* are not legally prohibited from paying such punitive or exemplary damages. The total amount payable under this Extension is GBP 500,000 in the aggregate for all *Claims* and all *Insureds* and is part of, not in addition to the *Indemnity Limit*.

### 2.20 Prosecution Costs

Loss includes the *Prosecution Costs* of each *Insured Person*:

- (a) to obtain the discharge or revocation of:
  - (i) a temporary or permanent disqualification of such *Insured Person* from managing an *Insured Entity* or *Fund* (including as a senior manager or responsible officer) during the *Certificate Period*; or
  - (ii) a judicial order entered during the *Certificate Period* imposing:
    - a. confiscation, assumption of ownership and control, suspension or freezing of rights of ownership of real property or personal assets of such *Insured Person*;
    - b. a charge over real property or personal assets of such *Insured Person*;
    - c. restriction of such *Insured Person's* liberty to a specified domestic residence or *Official Detention*; or
    - d. deportation of an *Insured Person* following revocation of otherwise current and valid immigration status for any reason other than such *Insured Person's* conviction of a crime.

- (b) where such *Insured Person* alleges an *Official Body* is acting or proposes to act beyond power or in breach of the proceeding conducted by the *Official Body* rules of natural justice during the course of or for the purposes of any *Investigation* or administrative or regulatory

The total amount payable under this Extension is GBP 100,000 in the aggregate for all such *Loss, Claims* and all *Insureds* and is part of, not in addition to the *Indemnity Limit*.

### 2.21 Occupational Health & Safety

Notwithstanding Exclusion 4.6 (Bodily Injury / Property Damage Exclusion), We will pay *Defence Costs*

- (a) in respect of any *Claim* made against an *Insured Person*, or
- (b) in respect to any *Investigation* by an *Official Body* in relation to an *Insured Person's* conduct

arising from a breach or alleged breach of any occupational or workplace health and safety legislation.

The total amount payable under this Extension is GBP 250,000 in the aggregate in respect of all *Claims* and all *Insureds* and is part of, not in addition to the *Indemnity Limit*.

### 2.22 Pollution

Notwithstanding Exclusion 4.3 (Pollution), We will pay:

- (a) *Defence Costs* that are payable in respect of any *Claim* against an *Insured Person* resulting from a *Wrongful Act* in connection with the discharge, dispersal, release or escape of *Pollutants*.
- (b) a *Loss* in respect of any *Claim* made against a *Director or Officer* by a shareholder of an *Insured Entity*, whether made directly or derivatively, alleging damage to that *Insured Entity* or its shareholders due to a breach of duty owed by the *Director or Officer*.

The total amount payable under this Extension is GBP 500,000 in the aggregate in respect of all *Claims* and all *Insureds* and is part of, not in addition to the *Indemnity Limit*.

### 2.23 Outside Directorship Liability

We will pay *Loss* in respect of any *Claim* or *Investigation* in respect of an *Outside Entity Director*, provided the *Claim* is for a *Wrongful Act* or the *Investigation* is in respect of conduct which occurred whilst the *Outside Entity Director* is or was at the specific request of an *Insured Entity* or *Fund*, a director, officer, trustee, governor or equivalent position of such *Outside Entity*.

Cover provided by this Extension is specifically excess of any other applicable insurance in force in respect of such *Outside Entity* and any indemnification provided by such *Outside Entity*. If the *Outside Entity's* other applicable insurance is provided by *Us*, then the applicable *Indemnity Limit* for all *Loss* covered by virtue of this Extension will be reduced by the *Indemnity Limit* specified in the Schedule of the other Certificate provided by *Us* to the *Outside Entity*.

### 2.24 Investigation Costs

We will pay *Investigation Costs* to or on behalf of an *Insured Entity* in respect of an *Investigation* for which the notice is first served on the *Insured Entity* in the *Certificate Period* or any applicable *Discovery Period*. The total amount payable under this Extension is 25% of the *Indemnity Limit* in the aggregate in respect of all *Investigations* and *Insureds*, which sum is part of, not in addition to the *Indemnity Limit*.

### 2.25 Employment Practice Claim

We will pay on behalf of the *Directors or Officers* or *Outside Entity Director* for any *Claim* resulting from an *Employment Practice Claim* covered under this Certificate. The total amount payable under this Extension is part of, not in addition to the *Indemnity Limit*.

## Extensions applicable to Insuring Clause 1.4 Fund & Investment Manager Crime Protection only

### 2.25 Loss Investigation

In addition to the *Indemnity Limit* We will pay any reasonable fees and expenses incurred and paid by the *Insured Entity* or *Fund*, with our prior written consent (which will not be unreasonably withheld or delayed), to investigate, prove and report a *Direct Financial Loss* covered under Insuring Clause 1.4. Reasonable expenses shall not include wages, salaries, time costs and expenses or other remuneration of any *Insured*. The total amount payable under this Extension is GBP 25,000 in the aggregate for all *Claims and Insureds*.

### 2.26 Computer Program Restoration

We will pay any reasonable expenses incurred and paid by the *Insured Entity* or *Fund*, with *Our* prior written consent (which will not be unreasonably withheld or delayed), for the reproduction or duplication of damaged or destroyed electronic computer programs as a result of a *Loss* covered under Insuring Clause 1.4 to the level (or a substantially similar level) of operational capacity prior to the *Loss* being discovered.

The total amount payable under this Extension is GBP 25,000 in the aggregate for all *Claims and Insureds* and is part of, not in addition to, the *Indemnity Limit*.

### 2.27 Identity Theft Expenses

We will pay any reasonable legal fees, costs and expenses incurred and paid by the *Insured Entity*, with *Our* prior written consent (which will not be unreasonably withheld or delayed):

- (a) when applying for civil or criminal proceedings to be dismissed or withdrawn on the basis that the alleged liability resides with a third party perpetrator of an *Identity Theft* fraud and not the *Fund, Insured Entity* or its *Directors or Officers*.
- (b) to correct or reinstate public records after an *Identity Theft* has occurred.
- (c) for *Public Relations Expenses* to address the adverse publicity or reputational injury due to an *Identity Theft*.

The total amount payable under this Extension is GBP 10,000 in the aggregate for all *Claims and Insureds* and is part of, not in addition to the *Indemnity Limit*. In no circumstances shall the *Insured* be entitled to cover of greater than GBP 10,000 in the aggregate for all *Claims and Insureds* in respect of cover that falls under this Extension, Extension 2.14 Crisis Mitigation and Extension 2.15 Public Relations Cover.

## Section 3: Definitions

### 3.1 Act of Infidelity means:

any dishonest, fraudulent or malicious act committed by an *Employee* alone or in collusion with others. However with respect to *Loans and Trading, Act of Infidelity* means only a dishonest or fraudulent act committed by an *Employee* with the intent of making improper financial gain for the *Employee* who committed such act.

### 3.2 Bail Bond and Civil Bond Expenses means:

the reasonable premium (but not collateral) for a bond or other financial instrument to guarantee an *Insured Person's* contingent obligation for bail required by a court hearing a *Claim* for any *Wrongful Act*.

### 3.3 Bill of Exchange means:

an unconditional order in writing, addressed by one person to another, signed by the addresser, requiring the addressee to pay on demand or at a fixed or determinable future time a fixed sum of money to or to the order of a specified person, or to bearer.

### 3.4 Certificate of Deposit means:

a written acknowledgement by a financial institution of a deposit with a promise to pay such deposit to any person or to his order.

### 3.5 Certificate Period means:

the period specified in item 2 of the schedule to this Certificate.

**3.6** *Computer Systems* means:

a computer and all networks, input, output, processing, storage or communication facilities, which are connected, directly or indirectly to such a device.

**3.7** *Claim* means:

- (a) a written demand seeking compensation or damages for a specified *Wrongful Act*; or
- (b) a civil, criminal, administrative, regulatory, arbitration, mediation, conciliation or alternative dispute resolution proceeding for a specified *Wrongful Act* commenced by the filing of charges or orders; or
- (c) an *Investigation* including where no *Wrongful Act* has been specified
- (d) any *Employment Practice Claim* in respect of Insuring Clauses 1.2 Fund & Investment Manager Directors & Officers Liability and 1.3 Fund & Insured Entity Reimbursement only

**3.8** *Continuity Date* means:

the date specified at item 5 of the Schedule to this Certificate.

**3.9** *Crisis* means:

any of the following unforeseen events where, in the reasonable opinion of the chief executive officer (or equivalent) of the *Policyholder*, the event has the potential to cause an impending decrease in excess of 25% of the combined annual revenue of the *Insured Entity* or *Fund* if left unmanaged:

- (a) the sudden, unexpected death or disability of a *Director* or *Officer*;
- (b) the discharge or enforced resignation (other than in accordance with planned retirement) of a key investment manager;
- (c) loss of a major customer, contract or credit facility;
- (d) employee workplace violence;
- (e) the first apparent unauthorised intrusion into any computer system or network of an *Insured Entity* or *Fund*;
- (f) a man-made disaster;
- (g) any criminal or fraud investigation into the affairs of an *Insured Entity* or *Fund*.

*Crisis* is *Insured* specific and does not include an event that affects the *Insured's* industry in general.

**3.10** *Deductible* means:

the amounts specified in Item 5 of the schedule to this Certificate corresponding to each Insuring Clause.

**3.11** *Defence Costs* means:

that part of *Loss* consisting of reasonable costs, charges, fees (including but not limited to legal fees) and expenses incurred with *Our* prior written consent (which will not be unreasonably withheld or delayed) to investigate, defend, settle or appeal a *Claim* or an *Investigation*, examination or inquiry but does not include regular or overtime wages, salaries or fees of the *Directors* or *Officers* or *Employees* of the *Insured Entity* incurred in attending, defending, investigating or monitoring and such *Claims* and *Investigations*.

**3.12** *Director* or *Officer* means:

any natural person who was, now is or during the *Certificate Period* becomes:

- (a) a director, officer, senior manager or Non Executive Director, responsible officer, company secretary, alternate director, shadow director, de-facto director, member or partner of an *Insured Entity* or *Fund*;
- (b) a compliance committee, investment committee or investment advisory committee member of an *Insured Entity* or *Fund*;
- (c) a trustee of a *Fund* established as a trust;
- (d) a general partner of a *Fund* established as a limited partnership;

- (e) an *Employee* of an *Insured Entity* who is concerned in or takes part in the management of that *Insured Entity*;
- (f) an *Employee* who is a co-defendant with a *Director or Officer* of an *Insured Entity* or *Fund* in a *Claim* for a *Wrongful Act*.

**3.13** *Direct Financial Loss* means:

- (a) direct financial loss sustained by an *Insured Entity* or *Fund* as a result of any single act, omission or event. A series of related or continuous acts, omissions or events up to the time of *Discovery* will be treated as a single act, omission or event.
- (b) interest not received or which becomes payable as a direct result of an *Act of Infidelity* or *Third Party Crime*. Such interest:
  - (i) will be calculated at the average of the base rate in force between the date the interest would have been received or becomes payable and the date of *Discovery*; and
  - (ii) is limited to GBP 250,000 in the aggregate for all *Claims* and all and is part of, not in addition to the *Indemnity Limit*.

*Direct Financial Loss* shall not include fines and penalties or salaries, fees, commissions, bonuses and similar employee benefits earned in the normal course of employment, including salary increases and promotions, other than bonuses, commissions or profit sharing paid to an *Employee* for a specific transaction with which such *Employee* was involved and in respect of which that *Employee* had committed an *Act of Infidelity* covered under this *Certificate*.

**3.14** *Discovered and Discovery* means:

when any *Responsible Person* first becomes aware of or had knowledge of any act, omission or event which could reasonably be foreseen to give rise to a *Direct Financial Loss* covered by this *Certificate*, even though exact amounts or details of the *Direct Financial Loss*, act, omission or event are unclear at the time of such awareness or knowledge. Such awareness or knowledge shall constitute *Discovery* by every *Insured*.

**3.15** *Discovery Period* means:

the period immediately after the expiry of the *Certificate Period* when pursuant to Extension 2.4 written notice may be given to *Us* of:

- (a) a *Direct Financial Loss Discovered* during such period which was a direct result of an *Act of Infidelity* or *Third Party Crime* committed prior to the expiry of the *Certificate Period*;
- (b) a *Claim* first made during such period or the period for a *Wrongful Act* committed prior to the expiry of the *Certificate Period*.

**3.16** *Document* means:

any cheque, *Bill of Exchange*, *Draft*, *Certificate of Deposit*, *Letter of Credit*, *Promissory Note*, withdrawal order or receipt for the withdrawal of funds or *Property*, money order, orders upon public treasuries, or any similar instruments of value serving the same purpose.

**3.17** *Draft* means:

a *Bill of Exchange* payable on demand drawn by or on behalf of a financial institution.

**3.18** *Employee* means any:

- (a) natural person under a contract of employment with or under the direct control and supervision of an *Insured Entity* or *Fund*.
- (b) *Director or Officer* when performing acts coming within the scope of the usual duties of an employee as described in (a) above;
- (c) natural person assigned to perform duties within the scope of the usual duties of an employee, within the *Premises* for an *Insured* by any agency supplying temporary personnel on a full-time or part time basis;
- (d) guest student pursuing studies or duties with the *Insured* at their *Premises*;

- (e) employee of a parent or related company of the *Insured* solely whilst performing duties on behalf of the *Insured*;
- (f) in respect of Insuring Clause 1.4 only, *Employee* is extended to also include:
  - (i) a solicitor retained by an *Insured Entity* whilst they are performing legal services for the *Insured*;
  - (ii) consultant retained by an *Insured Entity* whilst they are performing consulting services for the *Insured* pursuant to a written contract;

*Employee* does not include any independent broker, independent financial adviser or similar agent or representative, remunerated on sales or commission basis unless specifically agreed by *Us* and endorsed to this *Certificate*.

**3.19** *Employment Practice Claim* means:

Any *Claim* arising out of any actual or alleged unfair or wrongful dismissal, discharge or termination, either actual or constructive, of employment, employment related misrepresentation, wrongful failure to employ or promote, wrongful deprivation of career opportunities, wrongful discipline; failure to furnish accurate job references; failure to grant tenure or negligent employee evaluation; or sexual or workplace or racial or disability harassment of any kind (including the alleged creation of a harassing workplace environment); or unlawful discrimination, whether direct, indirect, intentional or unintentional, or failure to provide adequate employee policies and procedures.

**3.20** *Extradition Costs* means:

any reasonable fees, costs and expenses (except remuneration of any *Insured*, costs of their time or overheads of any *Insured Entity* or *Fund*) incurred with *Our* prior written consent (which will not be unreasonably withheld or delayed) by or on behalf of an *Insured Person* in challenging, or resisting a request for extradition, including any appeal relating thereto, brought against such *Insured Person* following the execution of a warrant for arrest against such person in relation to a *Claim* covered under this *Certificate*.

**3.21** *Fund* means:

any trust, investment trust, investment management company, managed investment scheme, mandate, partnership, fund (including any master feeder structure, PCC, LCC, sub fund or subsidiary thereof), special purpose vehicle established by a *Fund* in order to facilitate an investment or other similar entity managed by the *Insured Entity* and specifically listed in the *Submission* or listed by Endorsement to this *Certificate*.

**3.22** *Indemnity Limit* means:

the amount specified in item 3 of the Schedule.

**3.23** *Identity Theft* means:

the theft, duplication of and fraudulent use of the publicly available data on file or within the computer storage and processing facilities (including memoranda and articles of association, statutorily required returns or filings, official records of regulatory authorisations, licences or permits and records of legal compliance or infractions, the purpose of which is to publicly document, authenticate or prove the existence and good standing of the entity or which may be relied upon by investors, financial institutions, clearing corporation, vendors, credit reporting authorities and others in assessing and establishing the *Insured's* credit ratings and/or reputation) of an *Insured*, an official registry or of any party which relates to the *Insured's* formation and genuine identity.

**3.24** *Insured* means:

any *Insured Entity*, *Fund* and *Insured Person*.

**3.25** *Insured Entity* means:

the *Policyholder* and any *Subsidiary* of the *Policyholder*.

**3.26** *Insured Person* means:

any past, present, or future:

- (a) *Director or Officer of a Fund or Insured Entity;*
- (b) *Employee of the Fund or Insured Entity, or person for whose Wrongful Act an Insured Entity is legally liable, with respect to Insuring Clause 1.1 only; or*
- (c) *Outside Entity Director for a Wrongful Act whilst performing duties for the Outside Entity.*

*Insured Person* does not include an external auditor, receiver, receiver and manager, official manager, liquidator, administrator, trustee or other person administering a compromise or scheme of arrangement made between the *Insured Entity* and any other person.

**3.27** *Investigation* means:

any official investigation, inquiry or examination by an *Official Body* concerning the affairs of an *Insured Entity* or possible misconduct by any *Insured Person* in the performance of or failure to perform *Investment Advisory Services*, other than a routine regulatory supervision, inspection or compliance review or hearing, investigation or examination or inquiry which focuses on an industry rather than an *Insured* at which the *Insured* is compelled to attend by notice or process.

**3.28** *Investigation Costs* means:

reasonable fees, costs and expenses (except remuneration of any *Insured*, costs of their time or costs or overheads of any *Insured Entity* or *Fund*) incurred with *Our* prior written consent (which will not be unreasonably withheld or delayed) by or on behalf of an *Insured* in:

- (a) preparing for, attending or producing documents to an Investigation; or
- (b) responding to a raid on, or on-site visit to any *Insured Entity* by an *Official Body* that involves the production, review copying or confiscation of files or interviews of any *Insured*.

**3.29** *Investment Advisory Services* means:

the investment advisory, investment management, trustee and financial services declared in the *Submission*, performed or required to be performed by or on behalf of an *Insured Entity* pursuant to an agreement with a third party.

**3.30** *Letter of Credit* means:

an agreement in writing by a financial institution made at the request of a customer that the issuer will honour *Drafts* or other demands for payment upon compliance with the conditions specified in the agreement.

**3.31** *Loan* means:

- (a) any loan or transaction in the nature of, or amounting to, a loan or extension of credit, including a lease, made by or obtained by or from an *Insured Entity* or *Fund*; or
- (b) any note, account, invoice, agreement or other evidence of debt, assigned or sold by or to, or discounted or otherwise acquired by an *Insured Entity* or *Fund*.

**3.32** *Loss* means:

damages, judgment awards, settlement awards and *Defence Costs*.

*Loss* however does not mean:

- (a) civil or criminal fines or penalties;
- (b) taxes;
- (c) punitive or exemplary damages (except as covered under Extension 2.19); or
- (d) matters which are uninsurable under the law applicable to this Certificate.

**3.33** *New Funds* means:

any *Fund* (including sub funds and subsidiaries thereof) that would amount to a *Fund* as defined by this Certificate but is only sponsored or established by an *Insured Entity* during the *Insurance Period*.

**3.34** *Not for Profit Organisation* means:

any entity which has a written constitution which prohibits the distribution of profits or assets amongst its members during the lifetime of the entity or upon its winding up.

**3.35** *Official Body* means:

any regulator, government, governmental body, governmental or administrative agency, self regulatory body, professional body, authority, royal commission, commission of inquiry, stock exchange or any other person having legal authority to conduct an investigation.

**3.36** *Official Detention* means:

the confinement of an *Insured Person* in secure custodial premises, operated by or on behalf of a government or judicial agency in connection with a *Claim* against such *Insured Person* and either without charge or without a judicial finding of culpability or liability in that *Claim*.

**3.37** *Outside Entity* means:

- (a) any *Not For Profit Organisation*;
- (b) any corporation, partnership or limited liability company in which any *Fund Entity* maintains, maintained or proposes to maintain an equity investment with board representation or board advisor or board observer status.
- (c) any entity which has been listed by endorsement to this Certificate as an outside entity.

**3.38** *Outside Entity Director* means:

any natural person who was, is, or during the *Certificate Period* becomes at the specific request of an *Insured Entity* or *Fund* a director, officer, trustee or equivalent of an *Outside Entity*.

**3.39** *Policyholder* means:

the entity listed in item I of the Schedule.

**3.40** *Pollutants* means:

any substance, solid, liquid, gaseous, biological, radiological or thermal irritant, toxic or hazardous substance or contaminant including, but not limited to asbestos, lead, smoke, vapours, dust, vapour, fibre, mould, spores, fungi, germs, soot, fumes, acids, alkalis, chemicals and waste materials. Waste materials include, but are not limited to, recycled, reconditioned or reclaimed materials.

**3.41** *Premises* means:

the interior of any building occupied by an *Insured Entity* or *Fund* in conducting the business of the *Insured Entity* or *Fund*.

**3.42** *Promissory Note* means:

an unconditional promise in writing by one person to another signed by the maker agreeing to pay, on demand or at a fixed or determinable future time, a sum certain in money to or to the order of a specified person or to bearer.

**3.43** *Property* means:

- (a) cash (including currency, coins and banknotes), bullion, precious metals and articles made there from, jewellery, gems, precious and semi precious stones, stamps, artwork, postal orders and insurance policies;
- (b) any *Document*;
- (c) any *Securities*, papers, including books of account and other records used by an *Insured Entity* or *Fund* in the conduct of their business, in which an *Insured Entity* or *Fund* has an interest, or which are held by an *Insured Entity* or *Fund* for any purpose or in any capacity; or
- (e) physical media upon which electronic data are stored and recorded.

**3.44** *Prosecution Costs* means:

any reasonable fees, costs and expenses incurred by an *Insured Person* with *Our* prior written consent (which will not be unreasonably withheld or delayed) to bring legal proceedings.

**3.45** *Public Relation Expenses* means:

the reasonable fees, costs and expenses of a public relations firm or consultant, crisis management firm or law firm retained by the *Insured* with *Our* prior written consent (which will not be unreasonably withheld or delayed) to prevent or limit adverse effects or negative publicity.

**3.46** *Responsible Person* means:

any person appointed by an *Insured Entity* or *Fund* with responsibility for monitoring or reporting *Claims* or *Direct Financial Loss*, a *Director* or *Officer*, general counsel, partner or equivalent of an *Insured Entity* or *Fund*.

**3.47** *Retired Insured Persons* means:

any *Director* or *Officer* who ceases to hold such office prior to the expiry of the *Certificate Period*, other than by reason of a *Transaction* or the insolvency, liquidation, receivership or administration of the *Insured Entity*.

**3.48** *Retroactive Date* means:

the date specified in item 5 of the Schedule to this Certificate.

**3.49** *Securities* means:

any shares, stock, script, warrants, bonds, debentures, notes, evidence of indebtedness, other equity or debt securities or any other interest in the *Insured*, and any right to purchase, subscribe to or vote with respect to such interests.

**3.50** *Submission* means:

each and every signed proposal form; including the declarations, statements and representations therein, its attachments and all other information which is either submitted to *Us* in hard copy or electronic format or incorporated in the proposal form by reference.

**3.51** *Subsidiary* means:

any entity in which an *Insured Entity*, either directly or indirectly, through one or more other entities:

- (a) controls the composition of the board of directors;
- (b) controls more than half of the shareholder or equity voting power;
- (c) holds more than half of the issued share capital or equity; or
- (d) any joint venture or entity over which the *Insured Entity* exercises effective management control

on or before the inception of this Certificate.

We will only provide cover in respect of a *Wrongful Act*, *Direct Financial Loss* or conduct of a *Subsidiary* occurring whilst such entity falls within the definition of *Subsidiary* under this Certificate.

**3.52** *Third Party Crime* means:

- (a) the physical loss of, damage to or destruction of *Property* anywhere by any means; or
- (b) the impairment, alteration or modification of the *Insured's* electronic data or *Computer Systems*

by any natural person who is not an *Employee* and which does not fall within the definition of *Act of Infidelity* under this Certificate.

**3.53** *Trading* means:

trading or other dealings in securities, contracts for difference, commodities, futures, options, swaps, foreign or UK funds, currencies, foreign exchange and the like.

**3.54** *Transaction* means:

any one of the following events:

- (a) the *Policyholder* consolidates with or merges into or sells all or substantially all of its assets to any other person or entity or group of persons and/or entities acting in concert other than another *Insured Entity* or *Fund*;

- (b) any person or entity, whether individually or together with any other person or persons, entity or entities becomes entitled to exercise more than 50% of the rights to vote at general meetings of the *Insured Entity* or control the appointment of directors who are able to exercise a majority of votes at Board meetings of the *Insured Entity*;
- (c) the merger, consolidation or other combination of any Fund with any other unrelated fund not currently covered under this Certificate but only in relation to such *Fund*; or
- (d) the investment advisor and/or principal underwriter/general distributor of any *Fund* ceasing to act as such, but only in relation to such *Fund*.

**3.55** *We/Us/Our*

means the Insurers named at Item 13 of the Schedule to this Certificate.

**3.56** *Wrongful Act* means:

In respect of Insuring Clause 1.1:

any misstatement, misleading statement, act, error, omission, neglect, breach of trust, breach of fiduciary duty or breach of regulations committed or attempted or allegedly committed or attempted by any *Insured*, and/or any other person for whom an *Insured Entity* or *Fund* is legally liable, while performing or failing to perform *Investment Advisory Services*

In respect of Insuring Clauses 1.2 and 1.3:

any misstatement, misleading statement, act, error, omission, neglect, breach of trust, breach of fiduciary duty or breach of regulations committed or attempted or allegedly committed or attempted by an *Insured Person* while acting in his or her capacity as an *Insured Person* or any matter claimed against an *Insured Person* solely by reason of his or her status as such, or *Employment Practice Claim*.

**Section 4: Exclusions**

**Exclusions applicable to all Insuring Clauses**

**4.1 Money Laundering Exclusion**

We will not pay for any *Claim* or any legal liability arising as a direct result of any act or acts of Money Laundering or any act or acts which are in breach of or constitute an offence or offences under any money laundering legislation (or any provisions and/or rules or regulations made by any Regulatory Body or Authority thereunder) and in respect of which:

- (a) it is established by a final finding of a competent court, tribunal, regulatory or administrative body or any other authority by whose rules or regulations the Insured is bound, that such Money Laundering actually occurred; or
- (b) (in the event of a proposed settlement with the third party claimant before any hearing, trial or tribunal), such Money Laundering would probably have been established as in (i) above.

If any dispute arises as to whether such final finding would probably have established that Money Laundering actually occurred, the matter shall be referred to a competent Counsel of the English Bar to be appointed jointly by *Us* and the Insured or, if not so appointed within 7 days of one party so electing, by a competent Counsel chosen by the Chairman of the Bar Council, which competent Counsel shall decide whether or not such probability existed at the time of the settlement.

It is agreed, however, this exclusion shall only apply to deliberate and knowing acts of the Insured or an *Employee* that are authorised or condoned by the Insured

**4.2 Prior Knowledge and Retroactive**

- (a) We will not pay for any *Loss* directly or indirectly caused by, arising out of or in any way connected with:
  - (i) any *Claim* arising from or in connection with any fact or circumstance that the *Insured* knew or ought reasonably to have known prior to the *Certificate Period* could give rise to a *Claim*;
  - (ii) any *Claim* that was first made, threatened or intimated against the *Insured* prior to the *Certificate Period*;

- (iii) any litigation or other proceedings commenced against the *Insured* and/or any *Outside Entity* prior to the *Certificate Period*; or
  - (iv) any *Claim* arising from or in connection with any fact or circumstance of which notice has been or reasonably should have been given under any previous insurance, no matter how expressed.
- (b) We will not pay for any *Direct Financial Loss Discovered*
- (i) prior to the inception of the *Certificate Period*; or
  - (ii) after the expiry of the *Certificate Period* or any applicable *Discovery Period*.

#### 4.3 Pollution

We will not pay any *Claim* directly or indirectly arising from or attributable to:

- (a) the actual, alleged or threatened discharge, dispersal, release or escape of *Pollutants*, whether such discharge, dispersal, release or escape is intentional or accidental; or
- (b) any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralise *Pollutants*.

#### 4.4 RICO

We will not pay any *Claim* arising from or attributable to violations of the Racketeer Influenced and Corruption Organisation Act, 18 U.S.C. 1961 et seq., or similar statutory law of the United States of America or any statute or jurisdiction therein, and any amendments thereto and rules or regulation promulgated thereunder.

#### 4.5 Retroactive

We will not pay any *Loss* or *Claim* arising from or attributable to any *Wrongful Act*, *Act of Infidelity* or *Third Party Crime* that is actually or allegedly committed or commenced by or on behalf of *You* prior to the Retroactive Date shown in Item 5 of the Schedule.

### Exclusions applicable to Insuring Clauses I.1 Fund & Investment Manager Professional Civil Liability, I.2 Fund & Investment Manager Directors & Officers Liability and I.3 Fund & Insured Entity Reimbursement

#### 4.6 Bodily Injury / Property Damage

We will not pay any *Claim* based upon, attributable to, involving, contributed to by or which arises directly or indirectly from bodily injury, sickness, mental anguish or emotional distress or disturbance, disease or death of any person howsoever caused or damage to or destruction of any tangible property, including loss of use thereof.

This exclusion shall not apply to:

- (a) Any *Claim* for libel, slander, defamation or injurious falsehood;
- (b) Extension 2.12 “Lost Documents”;
- (c) Extension 2.21 “Occupational Health & Safety”;
- (d) Extension 2.14 “Crisis Mitigation”, or
- (e) *Investigation Costs*
- (f) *Employment Practice Claims* under Insuring Clauses I.2 Fund & Investment Manager Directors & Officers Liability and I.3 Fund & Insured Entity Reimbursement only

#### 4.7 SEC Exclusion

We will not pay any *Claim* arising from, attributable to or in any way involving any actual or alleged violation of the Securities Act 1933, the Securities Act 1934, any rules or regulations of the Securities and Exchange Commission adopted thereunder, or any Federal, State or Provincial Law similar to the foregoing, including amendments thereto, in the USA.

#### 4.8 Assumed Liability

We will not pay for any *Loss* directly or indirectly caused by, arising out of or in any way connected with any *Claim* made against an *Insured* for any guarantee or warranty, intentional breach of contract or assumed or accepted liability which would not have otherwise attached to the *Insured* in the absence of such contract, warranty or agreement. This Exclusion does not apply to an *Insured Person's* contract of employment with an *Insured Entity* or *Fund*.

#### 4.9 Fraudulent, Dishonest & Wilful Conduct

We will not pay any *Claim* directly or indirectly arising from or attributable to:

- (a) the gaining in fact of any personal profit, secret profit or advantage to which the *Insured* was not legally entitled;
- (b) the *Insured* having participated in *Securities* transactions with information that is/was not available to other sellers or purchasers of such *Securities*;
- (c) the committing in fact by an *Insured* of any dishonest, fraudulent, criminal or malicious act or omission; or
- (d) Any wilful violation or wilful breach by an *Insured* of any statute, contract or regulation.

For the purpose of determining the applicability of this exclusion 4.9, the *Wrongful Act* of any *Insured* shall not be imputed to any other *Insured*. Only statements made and knowledge of any past, present or future chairman, managing director, chief executive officer, chief financial officer, chief operating officer, chief legal officer (or any equivalent positions) of an *Insured Entity* will be imputed to that *Insured Entity*. This exclusion shall only apply if it is established through a relevant judgment, final adjudication or any admission by an *Insured* that the relevant conduct did in fact occur.

#### 4.10 ERISA

We will not pay any *Claim* arising from or attributable to any actual or alleged violation of the responsibilities, obligations or duties imposed by any retirement or pension legislation anywhere in the world including but not limited to the *Employee Retirement Income Security Act 1974 (USA)* or *Claims* arising from or attributable to the *Insured* acting in the capacity as trustee, fiduciary or administrator of any pension or employee benefit scheme.

#### 4.11 Market Abuse

We will not pay any *Claim* or *Loss* arising from, attributable to, relating to or in any way involving any act or acts (or alleged act or acts) of Market Abuse. For the purposes of this exclusion "Market Abuse" means behaviour which constitutes market abuse pursuant to the provisions of the *Financial Services and Markets Act 2000*. The burden of proving that any claim does not fall within this Market Abuse Exclusion shall be upon the *Insured*.

### **Additional exclusions applicable to Insuring Clause 1.1 Fund & Investment Manager Professional Civil Liability**

#### 4.12 Proprietary Trading Loss

We will not pay any *Loss* in respect of any *Claim* for a proprietary trading loss, financial loss or a business loss where an *Insured Entity* or *Fund* is acting on its own behalf or as principal.

#### 4.13 Insured vs. Insured

We will not pay any *Loss* in respect of any *Claim* brought by or on behalf of any *Insured*, or successors or assigns of any *Insured*, unless such *Claim* is brought by or on behalf of:

- (a) an *Employee* as a customer or client of an *Insured Entity* or *Fund* and is not solicited by or brought with the voluntary (instead of legally required) intervention, assistance or participation of any *Insured* or *Fund* against whom it is brought; or
- (b) a *Fund*, on advice from independent legal counsel selected by and at the expense of the *Fund* (selection of such counsel being subject to the prior written approval of *Us*) that, on the balance of probabilities, the failure to make such *Claim* would be a breach of duty owed by the *Directors* or *Officers* of such *Fund*.

## **Additional exclusions applicable to Insuring Clauses 1.2 Fund & Investment Manager Directors & Officers Liability and 1.3 Fund & Insured Entity Reimbursement**

### **4.14 Consensual Claims**

We will not pay for any *Loss* arising out of based upon or attributable to any *Claim*, which is solicited by, or brought with the voluntary (instead of legally required) intervention, assistance or active participation of, any *Insured* or *Fund* against whom it is brought.

### **4.15 USA Insured vs Insured**

We will not pay for any *Loss* arising out of based upon or attributable to any *Claim*, brought within the United States of America, its states, localities, territories or possessions or under any laws thereof by or on behalf of any:

- (a) *Insured Entity*;
- (b) *Fund*;
- (c) *Outside Entity* in which an *Insured Person* serves or served as an *Outside Entity Director*; or
- (d) *Insured Person* of such *Insured Entity*, *Fund* or *Outside Entity*;

except for any *Claim* against an *Outside Entity Director* or a *Director* or *Officer*:

- (i) pursued as a shareholder derivative action on behalf of an *Insured Entity*, *Fund* or *Outside Entity*;
- (ii) pursued by an *Insured Person* for contribution or indemnity, if the *Claim* directly results from another *Claim* otherwise covered under this Certificate
- (iii) pursued by any past *Director* or *Officer* or *Employee* of an *Insured Entity*, *Fund* or *Outside Entity*; or
- (iv) pursued by an insolvency administrator, receiver, trustee or liquidator of an *Insured Entity* either directly or derivatively on behalf of an *Insured Entity*, *Fund* or *Outside Entity*;

This Exclusion does not apply to *Defence Costs* of any *Insured Person*.

### **4.16 Recovery Against Employees**

We will not pay any *Loss* arising from an action brought by or on behalf of an *Insured Entity* against an *Insured Person* who is an *Employee* in respect of any loss or liability which the *Insured Entity* may suffer or incur, whether directly or vicariously, as a result of the conduct of that *Employee* arising out of or in the course of their employment (employment does not include duties as a *Director* or *Officer* of any *Insured Entity*).

## **Exclusions applicable to Insuring Clause 1.4 Fund & Investment Manager Crime Protection**

### **4.17 Director Infidelity**

We will not pay for *Direct Financial Loss* resulting from an *Act of Infidelity* of any *Director* or *Officer*.

### **4.18 Fraudulent Computer Program Features**

We will not pay for *Direct Financial Loss* resulting from fraudulent features contained in computer programs developed for sale to, or sold to multiple customers at the time of their acquisition from a vendor or consultant unless:

- (a) the features were inserted after the date of acquisition; or
- (b) at the time of *Direct Financial Loss* the fraudulent features were contained solely on the computer programs of an *Insured Entity* or *Fund* and not on those sold to any other customer.

### **4.19 Proprietary Information**

We will not pay for *Direct Financial Loss* resulting from the actual or alleged plagiarism of, or the accessing and dissemination of any confidential information (including but not limited to trade secrets, computer programs, customer information, patents, trademarks, trade names or copyrights), except to the extent that any such confidential information is used to support or facilitate the commission of an *Act of Infidelity* or *Third Party Crime* covered by this Certificate.

#### 4.20 Mail

We will not pay any sum attributable to loss of *Property* while in the custody of any postal service, other than *Property* sent via registered mail, recorded delivery or courier.

#### 4.21 Property Damage

We will not pay any sum attributable to loss, damage, or destruction;

- (a) of, or to any office, *Premises* or real estate, however caused;
- (b) of, or to any property as a result of fire, explosion, implosion or collapse, other than loss of *Property* due to a malicious act of an *Employee*;
- (c) as a result of looting, or any act of God or nature, including hurricane, typhoon, earthquake or subterranean fire; or
- (d) arising out of based upon or attributable to ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel, or the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

#### 4.22 Consequential Loss

We will not pay for:

- (a) indirect or consequential loss of any nature;
- (b) any loss or deprivation of income or profits (including but not limited to interest and dividends), except to the extent which sum falls within Definition 3.13 (*Direct Financial Loss*);
- (c) business interruption (including loss of computer time or use),
- (d) mechanical, electronic or software failure, faulty construction, error in design, latent defect, wear or tear, gradual deterioration, electrical disturbance, electronic data corruption, failure or breakdown or any malfunction or error in programming or errors or omissions in processing; or
- (e) loss of or damage to any property whatsoever by reason of wear, tear, gradual deterioration, moth or vermin.

### Section 5: General Conditions

#### 5.1 Deductible

Unless stated to the contrary in this *Certificate*, *Our* liability shall only apply to that part of each *Loss* or *Direct Financial Loss* which is in excess of the *Deductible* and such *Deductible* shall be borne by the *Insured Entity*, *Fund* or the *Insured Person* (as the case may be) at their own risk.

Unless otherwise expressed in the Schedule to this *Certificate*, all *Deductibles* are inclusive of *Defence Costs* up to the amount of the *Deductible*.

Costs and expenses incurred by *Us* in determining whether *We* are liable to indemnify the *Insured* under this *Certificate* shall not be subject to the *Deductible* and will be met by *Us*.

For the purposes of determining the *Deductible* applicable to any *Claim* covered by this *Certificate*, all *Claims* which arise out of or are attributable to or are in any way connected with a single *Wrongful Act* shall constitute a single *Claim* for the purposes of this *Certificate*. A single *Wrongful Act* includes all *Wrongful Acts* which are related to form part of a series of related conduct.

For the purposes of determining the *Deductible* applicable to any *Direct Financial Loss* covered by this *Certificate*, all *Acts of Infidelity* or *Third Party Crime* which arise out of or are attributable to or are in any way connected with a single *Act of Infidelity* or *Third Party Crime* shall constitute a single *Act of Infidelity* or *Third Party Crime* for the purposes of this *Certificate*. A single *Act of Infidelity* or *Third Party Crime* includes all *Acts of Infidelity* and *Third Party Crime* which are related or form part of a series of related conduct.

## 5.2 Indemnity Limit

Subject to Extension 2.9 (Additional Limit for Non-Executive Directors) and Extension 2.25 (Loss Investigation) *Our* total liability under this *Certificate* in respect of all Insuring Clauses and Extensions combined shall not exceed the *Indemnity Limit*. This limit of *Our* liability is an aggregate limit and applies irrespective of the number of *Claims* or instances of *Direct Financial Loss* otherwise covered by this *Certificate* and irrespective of the number of *Insured* entitled to cover under this *Certificate*.

In the event that *We* recommend settlement of a *Claim* and the *Insured* does not agree to the settlement of the *Claim*, and the *Insured* decides to contest the *Claim*, *Our* liability shall not exceed the amount for which the *Claim* could have been settled and *Defence Costs* incurred up until the date upon which the *Claim* could have been settled.

## 5.3 Discovery Period

The *Policyholder* must make any request for a *Discovery Period* in writing, and pay any additional premium applicable within 30 days after the expiry of the *Insurance Period*. A *Discovery Period* is not cancellable by the *Policyholder*. No *Discovery Period* is available if this *Certificate* is cancelled or avoided.

## 5.4 Subrogation

Where *We* have paid *Loss* under this *Certificate* *We* become entitled to any rights the *Insured* has against any party in relation to the payment. The *Insured* will do nothing to prejudice such rights.

The *Insured* must, at its own cost, assist *Us* and provide information and assistance required by *Us* and/or the lawyers and investigators and others appointed by *Us* as *We* may reasonably require to exercise *Our* rights of subrogation. This may include providing and signing statements and other documents and the giving of evidence. Any unreasonable failure to comply with this obligation may entitle *Us* to deny liability for the *Claim* in whole or part.

The *Insured* shall, at its own cost, do all things reasonably practicable to minimise *Loss*, including but not limited to the *Insured's* liability in respect of any *Claim*.

*We* will waive *Our* right of subrogation against an *Insured Person* under this *Certificate*, except where it has been established Exclusion 4.9 (Fraudulent, Dishonest & Wilful Conduct) applies.

## 5.5 Notification

The *Policyholder* will act on behalf of all *Insureds*.

As a condition precedent to *Our* liability under this *Certificate* the *Insured* shall notify *Us* of any *Claim* or *Direct Financial Loss* as soon as practicable, but in no event later than 45 days after the date on which any *Insured Entity* or *Fund's* Chairman or Chairwoman, Chief Financial Officer, Chief Executive Officer, general partner or managing member first becomes aware that a *Claim* has been made, and in any event within the *Insurance Period* or *Discovery Period*.

Notice as required above shall be given to *Us* in writing, and delivered to the nominee stated in item 8 of the Schedule.

Such notification must include:

- (a) a specific description of the alleged *Wrongful Act* or other conduct, including all details of parties involved;
- (b) a copy of any *Claim* or *Investigation*; and
- (c) a specific description of the *Act of Infidelity* or *Third Party Crime*, including all details of parties involved and identification of the *Direct Financial Loss*.

If during the *Certificate Period* the *Insured* first become aware of a situation that the *Insured* reasonably believes may become a *Claim*, the *Insured* must notify *Us* in writing to the Claims Manager of the Nominee stated in Item 8 of the Schedule as soon as possible and in any event during the *Certificate Period*. Any *Claim* that is subsequently made and that arises out of such notified situation will be treated as having been made during the *Certificate Period*. Such notification must include all details to support the *Insured's* belief that the situation may become a *Claim*.

## 5.6 Allocation

If a *Claim* gives rise to both a *Loss* and/or *Defence Costs* which are covered under this *Certificate* and *Loss* or *Defence Costs* which are not, *We* and the *Insured* shall negotiate in good faith to agree on a basis for allocation, taking into consideration the relative legal and financial exposures of the parties and the matters involved. In such negotiations, the parties shall take into consideration factors such as (but not limited to):

- (a) the extent to which the *Claim* is directed to covered and uncovered parties and matters;
- (b) the relative legal and financial exposure of the *Insured* compared to that of the uncovered parties; and
- (c) the financial benefits obtained by the covered and uncovered parties in the relevant transaction or litigation due to its settlement.

If the *Deductible* applicable to Insuring Clause 1.2 applies to part of a *Loss* and the *Deductible* applicable to Insuring Clause 1.3 applies to part, then both *We* and the *Insured* must use best efforts to reach an agreement of a fair allocation of such *Loss* between Insuring Clause 1.2 and Insuring Clause 1.3.

If *We* and the *Insured* cannot agree on allocation the dispute shall be submitted to a Queen's Counsel or local equivalent (who in the absence of agreement by the parties shall be selected by the Chairman of the Bar Council or local equivalent from a list comprised of three nominations from each of parties) to determine a basis for allocation. In determining the basis for allocation the Queen's Counsel shall take into consideration the factors contained in (a)-(c) above and the intent of this Clause.

## 5.7 Legal Defence and Settlement

*We* will be entitled to assume the legal defence of any *Claim* covered under this *Certificate* in the name of the *Insured* and *We* will have full discretion in managing any negotiation or proceeding as to the resolution of such *Claim*.

*We* will be entitled to appoint the lawyers that will defend and represent the *Insured* in respect of any *Claim*.

*We* will be entitled to settle a *Claim* if *We* so choose.

The *Insured* agrees not to admit liability for or settle any *Claim*, make any admission, offer or payment or assume any obligation in connection with any *Claim*, or incur any *Defence Costs* or other *Loss* in connection with any *Claim*, without *Our* prior written consent.

*We* shall not be liable for any settlement, *Defence Costs* or other *Loss*, admission, offer, payment or assumed obligation incurred without *Our* prior written consent.

*We* may require the *Insured* to conduct the defence of the *Claim*. If the *Defence Costs* and/or any other payment exceed the *Deductible* then *We* will pay the amount in excess of the *Deductible*.

## 5.8 Co-operation

The *Insured* shall give *Us* full co-operation and any information *We* may reasonably require as a condition precedent to our liability under this *Certificate*.

## 5.9 Order of Payment

If the payment of *Loss* in respect of a *Claim* is due under this *Certificate* but the amount of such *Loss* in the aggregate exceeds the remaining available *Indemnity Limit*, *We* shall:

- (a) first pay such *Loss* for which coverage is provided under Insuring Clause 1.2 of this *Certificate*; then
- (b) to the extent of any remaining amount of the *Indemnity Limit* available after payment under (a) above, pay such *Loss* for which coverage is provided under any other provision of this *Certificate*

## 5.10 Governing Law and Jurisdiction

This *Certificate* is governed by the laws of the country specified in Item 12 of the Schedule. Any disputes relating to interpretation of this *Certificate* shall be submitted to the exclusive jurisdiction of the High Court of the country specified in Item 12 of the Schedule.

### 5.11 Severability & Non Imputation

The *Submission* will be construed as a separate proposal by each of the *Insured*. With respect to statements made and particulars provided in the *Submission*:

- (a) no knowledge possessed by any *Insured Person* shall be imputed to any other *Insured Person*; and
- (b) only statements made and knowledge of any past, present or future chairman, managing director, chief executive financial officer, chief legal officer (or any equivalent positions) of an *Insured Entity* will be imputed to that *Insured Entity*.

### 5.12 Cancellation

We may cancel this Certificate due to non-payment of the premium or in the event of a *Transaction* by giving 30 days written notice to the *Policyholder*.

On cancellation of this Certificate should any notification have been made to the Certificate We will be entitled to and may keep the entire premium. Should no notification have been made to this Certificate We will be entitled to and may keep the premium reduced pro rata to the time this Certificate was on risk.

### 5.13 Assignment

The *Insured* must not assign this Certificate or any rights under this Certificate without *Our* prior written consent by way of endorsement to this Certificate.

### 5.14 Alteration to Risk

- (a) If during the *Certificate Period* a *Transaction* takes place with respect to any *Insured Entity* or *Fund*, then the cover provided under this Certificate to such *Insured Entity* or *Fund* (and their respective *Subsidiaries*) is amended to apply only to *Wrongful Act(s)*, *Act(s) Of Infidelity* or *Third Party Crime* committed prior to the effective date of the *Transaction*.
- (b) The *Insured* shall give *Us* written notice of the *Transaction* as soon as practicable but not later than 30 days after the effective date of the *Transaction*.
- (c) Cover for any *Claim* against an *Insured Entity* or any *Insured Person* shall apply only to *Wrongful Acts* committed while such entity is an *Insured Entity* and while such *Insured Person* serves in an *Insured Person Capacity*.
- (d) Cover under this Certificate shall cease with respect to an *Employee* of an *Insured Entity* or *Fund* as soon as any *Director* or *Officer* of an *Insured Entity* not in collusion with such *Employee* shall first learn of any *Act of Infidelity* by the *Employee* whenever committed, but without prejudice to the loss of *Property* in transit in the custody of such person at the time the *Director* or *Officer* of the *Insured* shall learn of such *Act of Infidelity*.
- (e) If during the *Certificate Period*, an *Insured Entity* decides to make an offering of its own *Securities* within the jurisdiction of the United States of America, or any *Fund* decides to make an offering of its own securities in any jurisdiction, whether its securities are already traded or not, by any means, public or private, then as soon as the information is publicly available, the *Insured Entity* or *Fund* shall provide *Us* with any prospectus or offering statement for *Our* evaluation and assessment of the increased exposure of the *Insured* and We shall be entitled to amend the terms and conditions of this Certificate and/or charge a reasonable additional premium reflecting the increase in exposure.

### 5.15 Valuation

In respect of Insuring Clause 1.4, We will pay *Loss* determined on the following valuation model:

- (a) the actual market value, determined by that published in the *Financial Times* or equivalent local daily financial newspaper, of *Securities*, foreign funds, currencies or precious metals at the close of business on the day the *Direct Financial Loss* was *Discovered*, or, if less, the actual cost of replacing the *Securities*;
- (b) the actual cash value of the property at the time of the *Direct Financial Loss*, or the actual cost of repairing or replacing the property or material of like quality and value, whichever is less;

- (c) Artwork is to be valued at the average valuation of two licensed independent artwork valuers, selection of which is to be mutually agreed upon by the *Policyholder* and *Us*.
- (d) the cost of blank books, pages, CD Roms or disks or other blank materials to replace lost or damaged books of account or other records plus the costs of labour paid by the *Insured* for the actual transcription or copying of data to reproduce such books of account or other records. If such electronic data cannot be reproduced and represent *Securities* or other financial instruments of value, the *Direct Financial Loss* will be valued as indicated in paragraphs (a) and (b) of this general condition.

#### **5.16** Singular and Plural

Any reference to the singular shall include the plural and vice versa.

#### **5.17** Basis of contract

It is understood and agreed that all statements and declarations made to *Us* in the submission have been relied upon by *Us* and are the basis of this Certificate and shall be deemed to be incorporated into and form the basis of this Certificate.

#### **5.18** Several Liability of Insurers

The obligations of the Insurers (where there is more than one) subscribing to this contract of insurance are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing Insurers are not responsible for the subscription of any co-subscribing Insurer who for any reason does not satisfy all or part of its obligations.

Please note that this page replaces the content on the inside back cover of this Certificate.

## Our Regulatory Status

This insurance is underwritten by DUAL Corporate Risks Limited (Company No. 4160680) on behalf of Arch Insurance Company (Europe) Limited (Company No. 4977362). Both DUAL Corporate Risks Limited and Arch Insurance Company (Europe) Limited are authorised and regulated by the Financial Services Authority. The Registration Numbers at the FSA are 312593 and 229887 respectively. These details may be checked by visiting the Financial Services Authority website at [www.fsa.gov.uk/register](http://www.fsa.gov.uk/register). Alternatively the Financial Services Authority may be contacted on 0845 606 1234.

DUAL Corporate Risks Limited is a member of the Financial Services Compensation Scheme (FSCS). Compensation under the scheme for insurance advising and arranging is covered for 100% of the first GBP 2,000 and 90% of the remainder of the cost, without any upper limit. However for risks incepting on or after 1<sup>st</sup> January 2010, compensation under the scheme for insurance advising and arranging is covered for 90% of the claim, without any upper limit.

Arch Insurance Company (Europe) Limited is a member of the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if it is unable to meet its liabilities under this insurance certificate. This depends upon the type of business and the circumstances of the claim. Further Information about the compensation scheme arrangements is available from the FSCS or by visiting the FSCS website at [www.fscs.org.uk](http://www.fscs.org.uk).

## How to Complain

We intend to provide an excellent service to you, however, we recognise that there may be occasions when you feel that this has not been achieved. If you are unhappy with any aspect of the service that you receive, please contact either your insurance broker or

The Managing Director  
DUAL Corporate Risks Limited  
140 Leadenhall Street  
London  
EC3V 4QT

Please state the nature of your complaint, the certificate and/or claim number.

If after taking this action you are still unhappy with our response please write to:

Chief Executive Officer  
Arch Insurance Company (Europe) Limited  
6<sup>th</sup> Floor  
Plantation Place South  
60 Great Tower Street  
London  
EC3R 5AZ

Having taken this action, if you feel that your complaint has not been handled satisfactorily, you may seek assistance from The Financial Ombudsman Service  
South Quay Plaza, 183 Marsh Wall London E14 9SR  
Telephone – 0845 080 1800  
Email – [enquiries@financial-ombudsman.org.uk](mailto:enquiries@financial-ombudsman.org.uk)  
Website – [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)  
The Financial Ombudsman Service will become involved if you are an eligible complainant as defined by the rules of the Financial Services Authority.

**The existence of this complaints procedure does not affect any right of legal action you may have against DUAL Corporate Risks Limited or Arch Insurance Company (Europe) Limited.**