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**Name of Recipient; Copy No.**

**CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM**

**KOREA INTERNATIONAL INVESTMENT FUND LTD.**

*A Cayman Islands Exempted Limited Liability Company*

**Offering of Class A Shares**

**Offering Price: Net Asset Value per Share**

**Minimum Investment: U.S. \$100,000**

**April 2013**

*Fund Adviser*

**International Investment Advisers, L.L.C.**

## **IMPORTANT INFORMATION**

This Confidential Private Placement Memorandum (the “**Memorandum**”) relates to the offering of Class A Shares (the “**Shares**”) in Korea International Investment Fund Ltd. (the “**Fund**”). The Fund is an exempted limited liability company incorporated on 5 November 1992 in the Territory of the British Virgin Islands and transferred by way of continuation to the Cayman Islands on 28 March 2012 pursuant to the Companies Law (2011 Revision) of the Cayman Islands.

This Memorandum is confidential. It is intended to be read only by the person to whom it has been delivered to enable that person to evaluate an investment in the Fund. It is not to be reproduced or distributed to any other person. By accepting this Memorandum, the recipient agrees: (i) to keep confidential all information contained herein; (ii) not to disclose all or any part of such information to any third party without the prior written consent of the Manager (as defined herein); (iii) not to make copies of all or any part of this Memorandum without the prior written consent of the Manager; and (iv) upon request, to return promptly to the Manager this Memorandum and all information related to it, without retaining copies, in the event that the recipient does not subscribe for Shares.

The Directors (as defined herein), whose names appear in the Directory, accept responsibility for the information contained in this Memorandum. To the best of their knowledge and belief, the information contained in this Memorandum is factually correct and does not omit anything that is likely to make that information deceptive or misleading. The Directors have taken all reasonable care to ensure that this is the case. The investment analysis contained in this Memorandum has been prepared on the basis of certain assumptions, only some of which are included in this Memorandum. Certain information contained herein has been obtained from sources outside the Manager and the Fund. While such information is believed to be reliable for the purposes used herein, no representations are made as to the accuracy or completeness thereof and none of the Manager, the Fund or any of their directors, affiliates or their respective partners, members, shareholders or employees assume responsibility for such information.

### **Reliance on this Memorandum**

The Shares are offered solely on the basis of the information contained in this Memorandum. Potential investors should disregard, and not rely upon, any other information or representations given or made by any dealer, broker or other person. No person is authorised to give any information or to make any representations in connection with the offering of Shares apart from those representations contained in this Memorandum. A potential investor to whom such information or representations are given or made must not rely on them as having been authorised by the Fund, the Directors, the Manager or the Administrator (as defined herein).

Statements in this Memorandum are based on the law and practice in the Cayman Islands as at the date it was issued. Such statements are therefore subject to change should that law or practice change. Under no circumstance does the delivery of this Memorandum or the issue of Shares imply or represent that the affairs of the Fund have not changed since the date of this Memorandum.

### **Investor responsibility**

The Fund does not make representations or warranties of any kind with respect to the economic return from, or the tax consequences of an investment in, the Fund. It cannot assure that existing laws will not be changed or interpreted adversely.

Prospective investors must not treat this Memorandum as legal, investment or tax advice. This Memorandum supersedes all prior information provided to prospective investors with respect to the Investment Manager and the Shares and all previous versions. It should be reviewed before making an investment decision.

Prospective investors should carefully review this Memorandum in its entirety and should also consult with their legal, tax and financial advisors in relation to the following:

- (i) the legal and regulatory requirements within their own countries for purchasing, holding, redeeming and disposing of Shares;
- (ii) any foreign exchange restrictions to which they may be subject in their own countries in relation to purchasing, holding, redeeming or disposing of Shares; and
- (iii) the legal, tax, financial and other consequences of subscribing for, purchasing, holding, redeeming or disposing of Shares.

By retaining this Memorandum, each recipient acknowledges and represents to the Fund that it has read, understood and accepted the terms of this Important Notice.

### **No offer in restricted jurisdictions**

The distribution of this Memorandum and the offering or purchase of the Shares may be restricted in certain jurisdictions. Neither this Memorandum nor the Shares qualify for offer, sale or distribution under the laws of any jurisdiction governing the offer or sale of mutual fund shares or other securities.

The receipt of this Memorandum or the accompanying Subscription Application Form does not constitute an invitation to a recipient to subscribe for Shares in a jurisdiction where it is necessary to comply with some registration or other legal requirement to make that invitation, or the use of the Subscription Application Form, lawful. No such recipient may treat this Memorandum or the accompanying Subscription Application Form as an invitation to subscribe for Shares, nor may such recipient use the Subscription Application Form. This Memorandum does not constitute an offer or solicitation:

- by anyone in a jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so; or
- to anyone to whom it is unlawful to make such offer or solicitation.

It is the responsibility of every person in possession of this Memorandum and every person wishing to apply for Shares to inform himself, herself or itself of, and to observe all applicable laws and regulations of, any relevant jurisdiction.

The Fund may not make an invitation to the public in the Cayman Islands to subscribe for the Shares unless the Fund is listed on the Cayman Islands Stock Exchange. For these purposes, "public" has the same meaning as "public in the Islands" as defined in the Mutual Funds Law (2009 Revision) of the Cayman Islands (the "**Mutual Funds Law**"). Apart from this restriction, persons resident, domiciled, established, incorporated or registered pursuant to the laws of the Cayman Islands may beneficially own Shares.

The Shares of the Fund described herein have not been registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any State Laws, and the Fund has not been registered under the United States Investment Company Act of 1940, as amended (the "Investment Company Act"). Accordingly the Shares may not be offered or sold, except pursuant to exemptions from registration thereunder. Further, The Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission ("**SEC**") or by the securities regulatory authority of any state or of any other jurisdiction, nor has the SEC or any such securities regulatory authority passed upon the accuracy or adequacy of this Memorandum.

## **Risks**

Investment in the Fund carries with it a degree of risk. There can be no assurance that the Fund's investment objective will be achieved or that investors will receive a return of their capital. In addition, investment results may vary substantially over the life of the Fund. Because of these and other risks, an investment in the Fund is only suitable for sophisticated investors who:

- (a) are able to bear the loss of a substantial portion or even all of the money they invest in the Fund;
- (b) understand the high degree of risk involved;
- (c) believe that investment in the Fund is suitable for them based on their investment objectives and financial needs; and
- (d) have no need of liquidity of investment.

Prospective investors are therefore advised to seek independent professional advice on the implications of investing in the Fund. Certain risk factors that potential investors need to consider appear in Section III headed "Certain Risk Factors."

There is no public market for the Shares, nor is a public market expected to develop in the future.

## **Regulation**

The Fund is not currently required to register as a "mutual fund" under the Mutual Funds Law because the Fund does not have more than fifteen (15) investors, and a majority of the investors of the Fund are entitled to appoint and remove the Directors. The Fund may determine to accept more than 15 investors. In that event, the Fund would register as a mutual fund with the Cayman Islands Monetary Authority ("CIMA") pursuant to section 4(3) of the Mutual Funds Law, however, no Cayman Islands or other regulatory authority will pass upon or endorse the merits of this offering or the accuracy or adequacy of this Memorandum.

## **Confidentiality**

By subscribing for Shares, each investor is deemed to have consented to such release of confidential information pursuant to Section 3(2)(b)(i) (or any amendment of that provision) of the Confidential Relationships (Preservation) Law (2009 Revision) of the Cayman Islands.

## **Forward-looking information**

Certain information contained in this Memorandum constitutes "forward-looking statements", which can be identified by use of forward-looking terminology such as "may", "will", "target", "should", "expect", "attempt", "anticipate", "project", "estimate", "intend", "seek", "continue" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Forward looking information is provided for illustrative purposes only and is not intended to serve and must not be relied on by any investor, as a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Forward-looking statements are subject to certain risks, uncertainties and assumptions. If one or more of these risks or uncertainties materialize, or if underlying assumptions, estimates or data prove incorrect, then actual results could vary materially from those anticipated, projected or estimated.

None of the Fund, the Directors, the Manager, the Administrator or any of their respective affiliates is obliged, or undertakes, to release publicly any updates or revisions to any forward-looking statement to reflect a change in the Fund's or the Manager's expectations or a change in events, conditions or circumstances on which the statement is based.

## **FOR UNITED KINGDOM SUBSCRIBERS**

The Fund is an unregulated collective investment scheme for purposes of the Financial Services Act 1986 of the United Kingdom (the “FSA”). Accordingly, the Fund has not been authorized or otherwise approved by the Securities and Investment Board and, as an unregulated scheme, cannot be marketed in the United Kingdom to the general public. This Memorandum can therefore be issued in the United Kingdom only to restricted categories of recipients, namely persons who fall within the categories of persons set out in Article 9(3) of the Financial Services (Investment Advertisements) (Exemptions) Order 1988 (As Amended) and being authorized persons, persons whose ordinary business is to buy or sell property of the same kind as the property to which the scheme relates and qualifying institutional investors and other categories of investors to whom unregulated collective investment schemes can be marketed without contravening Section 76(1) of the FSA by virtue of the Financial Services (Promotion of Unregulated Schemes) Regulations 1991. Transmission of this Memorandum to any other person in the United Kingdom is unauthorized and may contravene the FSA.

## **FOR SWISS SUBSCRIBERS**

The Fund has not been registered in Switzerland under the Swiss Investment Fund Act of March 18, 1994. The Fund will not undertake a public solicitation in or from Switzerland.

## **FOR NETHERLANDS ANTILLES SUBSCRIBERS**

None of the Shares may be offered or sold, directly or indirectly, in the Netherlands Antilles or to any citizen or inhabitant thereof (including any corporation, partnership or other entity created by or organized in the Netherlands Antilles or under the laws of the Netherlands Antilles) who is treated as a “resident,” as defined in Section 1 of the Landsverordening Deviezenverkeer (Foreign Exchange Act) of the Netherlands Antilles, and who have not obtained a license or benefits from an exemption, from the Bank of the Netherlands Antilles, to Shares of the Fund.

## **FOR HONG KONG SUBSCRIBERS**

Except as permitted by law, there may not, in or from Hong Kong, be distributed or issued or caused to have distributed or issued any invitation relating to this Memorandum or the shares described herein or any other offering material relating to the shares in any such case other than to persons outside Hong Kong or to persons in Hong Kong whose business involves the acquisition, disposal, or holding of securities, whether as principal or as agent.

## **FOR JAPANESE SUBSCRIBERS**

The Shares have not been and will not be registered under the Securities and Exchange Law of Japan nor have they qualified under the standards of selection of foreign mutual funds established by the Securities Dealers’ Association of Japan. The shares described herein are not being offered, and may not be offered, sold or delivered, directly or indirectly, in Japan or to residents of Japan, except pursuant to an exemption in accordance with applicable Japanese laws and regulations.

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## DIRECTORY

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<b>The Fund</b>	Korea International Investment Fund Ltd. c/o: Advanced Fund Administration (Cayman) Ltd.	Contact: Carmen McField Tel: 345-943-4232 Fax : 345 943 4231 E. : <a href="mailto:investorservices@afaservices.com">investorservices@afaservices.com</a>
<b>Directors</b>	R. Alex Hammond-Chambers Patrick Louppe Henry M. Seggerman	
<b>Manager</b>	International Investment Advisers, L.L.C. Suite 903,352 Seventh Avenue, New York, NY 10001, U.S.A.	Contact: Henry Seggerman President Tel: 212 977 9222 Fax: 212 977 6555 E. : <a href="mailto:henry.seggerman@ia-funds.com">henry.seggerman@ia-funds.com</a>
<b>Administrator</b>	Advanced Fund Administration (Cayman) Ltd. 122 Mary Street 5th Floor, Zephyr House P.O. Box 1748 Grand Cayman, KY1-1109 Ph: 345-943-4232	Contact: Carmen McField Tel: 345 943 4232 Fax : 345 943 4231 E. <a href="mailto:investorservices@afaservices.com">investorservices@afaservices.com</a>
<b>Banker, Custodian:</b>	Butterfield Bank (Cayman) Limited P.O. Box 705 GT, Butterfield House, 68 Fort Street, Grand Cayman, Cayman Islands,	Tel: 345-949-7055 Fax: 345 949 7004
<b>Cayman Islands Legal Advisers:</b>	Smeets Law (Cayman) Suite 2206, Cassia Court 72 Market Street, Camana Bay P. O. Box 32302 Grand Cayman KY1-1209 Cayman Islands	Contact: Janet Francis Tel: 345 815 2800 Fax: 345-947 4728 E. : <a href="mailto:jfrancis@smeetslawnet.com">jfrancis@smeetslawnet.com</a>
<b>US Tax Preparation</b>	BDO Seidman LLP 100 Park Avenue, New York, NY 10017, USA Telephone: 212 885-8293	Contact: Michael Andreola Tel: 212 885 8000 Fax: 212 697 1299 E. : <a href="mailto:mandreola@bdo.com">mandreola@bdo.com</a>
<b>Malaysian Trust Company</b>	Shearn Skinner Trust Company Ltd. Lot 2&3, Level 3, Wisma Lazenda Jalan Kemajuan, PO Box 81479 87000 W.P. Labuan, East Malaysia	Contact: Ms. Lillian Chau Trust Manager Tel: 011 60 87 414073 Fax: 011 60 87 413281 E. : <a href="mailto:sstc@streamyx.com">sstc@streamyx.com</a>

## KOREA INTERNATIONAL INVESTMENT FUND LTD.

### SUMMARY OF TERMS OF OFFERING

The following is a summary only and is qualified in its entirety by the more detailed information contained elsewhere in the Memorandum, the Articles and the Fund's material contracts.

<b>The Fund</b>	Korea International Investment Fund Ltd. (the “ <b>Fund</b> ”) was incorporated in the Territory of the British Virgin Islands on 5 November 1992 and was transferred by continuation to the Cayman Islands on 28 March 2012.
<b>Objectives and Strategies</b>	The Fund has been organized to provide certain investors with the opportunity to invest in a portfolio of equity and equity-related securities of Korean issuers listed on the Korea Stock Exchange and KOSDAQ or of government entities (“ <b>Korean Securities</b> ”). The Fund’s investments are held through Korea International Investment Holdings (L) Pte. Ltd. (the “ <b>Subsidiary</b> ”), a subsidiary of the Fund organized in Malaysia, which is entitled to the benefits of the Republic of Korea (“ <b>Korea</b> ”) - Malaysia tax treaty. The Fund may also invest directly or through the Subsidiary, as a non-Korean entity, and at a premium (if applicable), in Korean Securities in over-the-counter markets and/or non-Korean stock exchanges where Korean Securities are listed (such as the London Stock Exchange); provided that any premium of greater than 5% of the purchase price of the relevant Korean Securities will be subject to the approval of the Board.
<b>Risk Factors</b>	Investing through the Fund in securities of Korean companies involves special investment considerations, which may include restrictions on foreign investment and on repatriation of capital, currency fluctuations, potential price volatility, lesser liquidity of the securities markets, governmental involvement in and influence on the private sector and other political and economic risks. See “Risk Factors.”
<b>Investment Restrictions</b>	The Fund may not invest more than 25% of its assets in any class of securities of any one issuer, nor may shares of any class of securities of any issue held by the Fund exceed 5% of the securities of that class of the issuer's securities.
<b>Bankers</b>	Butterfield Bank (Cayman) Limited.
<b>Board of Directors of the Fund</b>	The Board of Directors of the Fund (the “ <b>Board</b> ”) are responsible for the overall management and control of the Fund in accordance with the Articles. However, the Directors are not responsible for the day-to-day operations and administration of the Fund, nor are they responsible in their capacity as directors for making or



approving any investment decisions. The investment responsibilities have been delegated to the Manager under the terms of the Operating Agreement between the Fund and the Manager, whilst the day-to-day administrative functions have been delegated to the Administrator under the Administration Agreement. In each case, the delegation has been made in accordance with the Directors' powers of delegation under the Articles. The Directors will periodically review the performance of the Investment Manager and the Administrator.

### **The Manager**

International Investment Advisers, L.L.C. acts as the Fund's Adviser and Manager (the "**Manager**"). The Manager coordinates investment of the Fund's assets in Korean Securities as well as investment of any cash balances maintained by the Fund.

### **The Administrator**

Advanced Fund Administration (Cayman) Ltd. (the "**Administrator**") has been appointed as the administrator, registrar and transfer agent of the Fund. The Administrator calculates the Fund's Net Asset Value (defined below) and the Fund's advisory, sponsorship, administrative and consulting fees, is responsible for the day-to-day administration of the Fund and serves as the Fund's registrar and transfer agent. All shareholder inquiries should be directed to the Administrator. See "Management - Administrator."

### **Shares of the Fund**

The Fund has an authorised share capital of US\$50,000 divided into 4,999,900 participating, redeemable, voting shares having a par value of US\$0.01 each (the "**Class A Shares**"), 1 voting, redeemable, share having a par value of US\$0.01 each (the "**Class B Share**") and 99 voting, redeemable, non-participating shares having a par value of 0.01 each (the "**Class C Shares**"). The sole Class B Share has been issued to the Manager. The Class B Share has no voting rights and provides for an annual allocation (the "**Performance Allocation**") equal to 15% of any increase in the Net Asset Value (defined below) of the Fund in each year over the highest previous year-end Net Asset Value. See "Shares of the Fund – Performance Allocation."

Ninety-nine (99) Class C shares of the Fund have been issued to the Manager. Class C Shares do not participate in the profits of the Fund. The Holder of the Class C Shares must approve any transfer of Class A and Class B Shares.

### **Subscriptions**

The Fund is offering additional Shares. The purchase price of each Share subscribed for will be based on the Net Asset Value (defined below) calculated on the Valuation Date (defined below) immediately preceding

the Fund's acceptance of each subscription on the relevant Subscription Date (defined below under "Subscriptions - Subscription Terms").

**The Fund may reject any subscription in whole or in part in its sole discretion.**

### **Investor Eligibility**

Shares will not be registered or qualified for sale in any jurisdiction, and offers of the Shares will be made only as permitted under applicable securities law. Subscriptions will be accepted only from an investor who qualifies as an "accredited investor" pursuant to Regulation D under the Securities Act. The Fund may decline to accept a subscription from any investor, in its sole discretion, if it would be appropriate to keep the Fund from having to register under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**") or if, the Advisor, the Fund or the Fund's investors would become subject to adverse regulatory or tax consequences as a result of such subscription or for any other reason. To subscribe for Shares, an eligible investor must complete the Subscriber Information Form and the Subscription Agreement (attached as Appendix A to this Memorandum).

### **Net Asset Value Determination**

The Administrator calculates net asset value ("Net Asset Value") as of the close of business on the last day of each month that is a Business Day (as defined below) (the "**Valuation Date**"). The term "Business Day" means any day which is a Business Day in Korea and on which trading is conducted on the Korea Stock Exchange and which is not a day on which banks in Korea, New York City or London are authorized or obligated by law or executive order to close. Net Asset Value on any Valuation Date is calculated by subtracting all accrued expenses, fees, including an Management Fee (as defined below), and liabilities of the Fund from the fair value of all assets held by the Fund on such Valuation Date. Net Asset Value per Share is calculated by dividing Net Asset Value on any Valuation Date by the total number of Shares outstanding at the close of business on such Valuation Date.

### **Transfer of Shares**

Shares of the Fund are not transferable without the prior written consent of the holder of the Class C Shares, which consent may be denied for any reason, in its sole discretion. The Fund generally does not permit any transfer that would result in any shareholder of the Fund owning fewer than 1,000 Shares.

### **Dividends**

It is not anticipated that the Fund will pay any regular dividends or distributions to its Shareholders. See "Dividends and Distributions."

## **Fees and Expenses**

The Fund bears all fees and expenses associated with its investments, including the Management Fee (defined below), the Administration Fee (defined below), brokerage, banking and custody charges, interest, taxes, duties, professional fees of its auditors, legal counsel and consultants and administrative fees. There are no other management or advisory fees payable by the Fund.

The Fund pays the Manager a Management fee which is calculated and payable quarterly and in arrears, at an annual rate which equals 1.585% of the average Monthly Net Asset Value of the Fund during that quarter (the “**Management Fee**”). The Manager is also entitled to an annual Performance Dividend through its ownership of the Class B Share. See “Fees and Expenses” and “Shares of the Fund - Performance Dividend.”

The fee payable to the Administrator is based on its standard schedule of fees charged by the Administrator for similar services.

The Fund also pays its custodian bank a fee of .035% per annum calculated on the daily market value of the Fund’s investment portfolio and payable quarterly in arrears.

## **Redemption of Shares**

Class A Shares may be redeemed by their holders on a Valuation Date with at least five (5) days prior written notice to the Administrator or Investment Manager at the Net Asset Value per Share as of such day. Settlement of redemptions are ordinarily made within fifteen (15) days after the date of redemption.

The Fund may compel the redemption of any Shares if such redemption would be appropriate to keep the Fund from having to register under the Investment Company Act or in order to protect the Fund, its investors or the Advisor/Manager from adverse tax or regulatory consequences. Under certain circumstances, the Fund may suspend the right of redemption. See “Redemption of Shares - Compulsory Redemptions” and “Suspension of Redemptions.”

## **Tax Considerations**

All persons interested in purchasing Shares bear the responsibility of informing themselves of any income tax or other tax consequences relevant to their particular circumstances in connection with the subscription, holding or redemption of Shares or the receipt of dividends, if any, paid thereon. Prospective investors are not to construe the contents of this Memorandum or any prior or subsequent communications from the Fund or any of its directors, officers or agents as legal or tax advice. Each investor should consult his or her own

financial advisor, counsel and accountant as to tax matters and related matters concerning his or her investment. See “Taxation and Other Regulations”.

### **ERISA Considerations and Tax**

**Considerations for U.S. Shareholders** Investment in the Fund is generally open to institutions, including pension and other funds subject to the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”). Fiduciaries of employee benefit plans subject to Title I of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”) (together, “ERISA Plans” or “Plans” or, singularly, “ERISA Plan” or “Plan”), in consultation with their advisers, should carefully consider the impact of ERISA, the Code and the regulations, rules, procedures and judicial decisions thereunder on an investment in Shares of the Fund. Among other matters, a fiduciary of an ERISA Plan should consider: (i) whether the investment is prudent and in accordance with the documents and instruments governing such ERISA Plan, (ii) the composition of the ERISA Plan’s portfolio with respect to diversification; (iii) the cash flow needs of the ERISA Plan and the effect thereon of the illiquidity of the investment; (iv) the ERISA Plan’s funding objectives; (v) the tax effects of the investment described in this Memorandum; (vi) the fact that the shareholders in the Fund may consist of a diverse group of investors (including taxable and tax-exempt entities) and Advisor/Manager does not take the particular objectives of any investor or class of investors into account; and (vii) the risks of an investment in Shares of the Fund discussed in “Risk Factors” of this Memorandum.

### **Reports**

Each shareholder will receive annual un-audited financial statements of the Fund and quarterly shareholding statements. The Directors may also from time to time arrange for the preparation of audited financial statements in their discretion.

## **KOREA INTERNATIONAL INVESTMENT FUND LTD.**

### **THE FUND**

The Fund was incorporated on 5 November 1992 in the Territory of the British Virgin Islands as an International Business Company and commenced operations on 27 November 1992. The Fund was transferred by way of continuation to the Cayman Islands on 28 March 2012. The registered office of the Fund is at the office of the Administrator in the Cayman Islands. The Fund does not maintain an office or place of business in the United States.

### **INVESTMENT PORTFOLIO**

#### **Investment Objective and Policies**

The investment objective is to obtain long-term capital appreciation through investment in equity and equity-related securities which are listed on the Korea Stock Exchange or KOSDAQ. The Fund may also invest in fixed-income securities issued by listed Korean companies or by government entities.

The Fund, through the Subsidiary, invests Korean Securities. The Fund invests directly or through the Subsidiary, as a non-Korean entity, and at a premium (if applicable), in Korean Securities on the Korea Stock Exchange or in over-the-counter markets and/or non-Korean stock exchanges where Korean Securities are listed (such as the London Stock Exchange); provided that any premium of greater than 5% of the purchase price of the relevant Korean Securities shall be subject to the approval of the Board.

In order to fund redemptions of Shares, pay expenses or make distributions, the Fund may maintain a portion of its assets in cash or cash equivalents, and may invest such cash in money market or equivalent short term investment instruments.

In the future, the Fund and/or the Subsidiary may, upon the advice of the Manager and upon the approval of the Board in the case of the Fund or the Subsidiary, invest in options, contracts to purchase Korean Securities, currency futures, related indices and similar transactions for speculative and/or hedging activities. In such event, the Manager may be subject to the requirements of the Commodities Exchange Act, as amended, including registering as CPOs and/or CTAs under such Act. The Manager has agreed that it will not cause the Fund or the Subsidiary to invest in futures unless the Fund will continue to be in compliance with all relevant U.S. laws, including, without limitation, the Commodities Exchange Act.

The Fund may not invest more than 25% of its assets in any class of securities of any one issuer, nor may shares of any class of securities of any issue held by the Fund exceed 5% of the securities of that class of the issuer's securities. Accordingly, the Fund's portfolio may be highly concentrated with a significant percentage of the Fund's assets being allocated to relatively few positions. Although this technique could result in greater profits for the Fund if such Korean Securities perform favorably, such technique may increase the volatility of the Fund and create a greater risk of loss in the event such Korean Securities do not perform as expected.

#### **Borrowing**

The Fund may employ any conventional hedge-fund leverage strategy, including but not limited to Derivative Equity Swap and Active Extension. Such strategies will be subject to consultation with the Fund's Board of Directors.

## Banking, Custody and Brokerage

An account is maintained on behalf of the Fund by the Administrator with Butterfield Bank (Cayman) Limited in the Cayman Islands for purposes of receiving subscription funds, disbursing redemption payments and processing cash transactions not directly related to the investment of the Fund's assets through the Subsidiary.

### THE FUND'S PERFORMANCE RECORD

The following table shows the year over year cumulative change in the Fund's Net Asset Value per share for the one, three, five and ten-year periods ended April, 30, 2013 as well as the compound annual growth rate of Net Asset Value per share for the three, five and ten-year periods ended April 30, 2013. In all cases, the amounts are net of all expenses and are based on Net Asset Values calculated by the Fund's Administrator.

ABSOLUTE RETURNS				ANNUALIZED RETURNS		
1YR	3YR	5YR	10YR	3YR	5YR	10YR
14.78%	-20.22%	-29.66%	133.85%	-7.25%	-6.79%	8.86%

Past performance is not indicative of future performance, and the Fund makes no representation that it will increase Net Asset Value in the future.

### RISK FACTORS

Investments in the Fund entail risks atypical of investments in the United States and other developed markets. These risks may take many forms and include, but are not limited to, the possibility that the Fund's investments may be affected negatively by uncertainties such as political change, foreign exchange and currency fluctuations, currency repatriation or conversion restrictions, foreign investment or trading restrictions, unexpected taxes or fees, and other adverse developments in Korea. The Fund is also susceptible to the political environment, which affects issuers located in Korea.

Prospective investors should give careful consideration to the following factors in evaluating the merits and suitability of an investment in the Fund's Shares:

*Concentration of Investments.* While the Fund previously followed a policy of investing not more than 10% of its Net Asset Value in any one issuer, currently, the Fund has increased this percentage to up to 25% of its Net Asset Value in order to acquire the desired level of certain Korean securities. Accordingly, the Fund's portfolio may be highly concentrated with a significant percentage of the Fund's assets being allocated to relatively few positions. Although this technique could result in greater profits for the Fund if such Korean securities perform favorably, such technique may increase the volatility of the Fund and create a greater risk of loss in the event such Korean securities do not perform as expected.

*Korean Stock Market Volatility.* The Korean Stock Market has experienced significant volatility on occasion during the lifetime of the Fund. This volatility has been a result of the following factors, among others: a significant decline in the price of DRAM memory chips, one of Korea's major exports, an increase in the price of imported oil, the depreciation of the U.S. dollar, cooling of China's economy; tensions with North Korea and Korean consumer credit card defaults.

*Adverse Currency Fluctuations.* Because the Fund's assets are invested primarily in Equity Securities of Korean companies, and because the great majority of the Fund's revenues will be

received in Won, the U.S. Dollar equivalent of the Fund's net assets and distributions will be adversely affected by reductions in the value of the Won relative to the U.S. Dollar to the extent that the Fund does not successfully hedge against such reductions. Such changes will also affect the Fund's income. If the value of the Won falls relative to the U.S. Dollar between receipt of income and the making of Fund distributions, the Fund may be required to liquidate securities in order to make distributions if the Fund has insufficient cash in U.S. Dollars to meet distribution requirements. Similarly, if the exchange rate for the Won declines between the time the Fund incurs expenses in U.S. Dollars and the time cash expenses are paid, the amount of Won required to be converted into U.S. Dollars in order to pay expenses in U.S. Dollars could be greater than the equivalent amount of such expenses in Won at the time they were incurred. The Fund or Subsidiary may employ from time to time certain investment techniques which are designed principally to hedge against currency exchange rate risks but which themselves may involve additional risks. There can be no guarantee that instruments suitable for hedging currency or market shifts will be available at the time useful, or that at any particular time the Fund will be appropriately or effectively hedged.

*Foreign Investments Entail Special Risks.* The economy of Korea may differ unfavorably from the U.S. economy in such respects as growth of gross domestic product or gross national product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments position. For example, the Korean economy is heavily dependent upon international trade and, accordingly, had been and may continue to be adversely affected by economic conditions in the U.S. and other countries with which it trades, trade barriers, managed adjustments in the value of the Won and other protectionist measures imposed or negotiated by the U.S. and other countries with which it trades.

Investments in foreign securities involve special considerations due to limited information, higher brokerage costs, different accounting standards and thinner trading markets. They may also entail certain other risks, such as the possibility of one or more of the following: imposition of dividend or interest withholding or taxes; currency blockages or transfer restrictions; expropriation, nationalization or other adverse political economic developments; less government supervision and regulation of securities exchanges, brokers and listed companies, as compared to the United States; and the difficulty of enforcing obligations in other countries.

Purchases of Korean securities may be made in foreign currencies and as a result, the Fund may incur currency conversion costs and may be affected unfavorably by changes in the value of foreign currencies against the U.S. dollar. Further, it may be more difficult for the Fund's agents to keep currently informed about corporate actions which may affect the prices of portfolio securities. Communications between the United States and Korea are less reliable than within the United States, thus increasing the risk of delayed settlements of portfolio transactions. The ability and decision to purchase and sell securities may be affected by laws or regulations relating to the convertibility of currencies and repatriation of assets.

*Hedging Transactions May Entail Risks.* Hedging transactions have risks associated with them including possible default by the other party to the transaction, illiquidity and, to the extent the Advisor/Manager's view as to certain market movements is incorrect, the risk that the use of such hedging transactions could result in losses greater than if they had not been used. The use of currency transactions can result in the Fund incurring losses as a result of a number of factors, including the imposition of exchange controls, suspension of settlements, or the inability to deliver or receive a specified currency. Losses resulting from the use of hedging transactions would reduce Net Asset Value, and possibly income, and such losses can be greater than if the hedging transactions had not been utilized.

*There Are Korea Geopolitical Risks.* Although in 1999, The Republic of Korea's President, D. J. Kim, initiated a constructive dialogue with North Korea's leader, Kim Jong-Il The Republic of

Korea, while highly developed compared to North Korea, has been subjected, for at least a generation, to continuous low-level threats, and occasional high visibility threats, of military action from North Korea.

*Substantial Government Involvement in the Private Sector.* The Korean government has historically exercised and continues to exercise substantial influence over many aspects of the private sector. The Korean government from time to time has informally influenced the payment of dividends and the prices of certain products, encouraged companies to invest or to concentrate in particular industries, induced mergers between companies in industries suffering from excess capacity and induced private companies to publicly offer their securities. In addition, the government has in the past sought to minimize excessive price volatility on the Korea Stock Exchange through various steps, including the imposition of limitations on daily price movements of securities. Such actions by the government in the future could have a significant effect on the market prices and dividend yields of Equity Securities.

*Less Liquid Korean Securities Market.* The Korean securities market is relatively small as compared to the securities markets of the United States, Japan and certain European countries, although it has been, with certain exceptions, generally characterized by growth. The development of the Korean securities markets may be attributed to, among other things, the Korean government's extensive involvement in the private sector. Trading on the Korea Stock Exchange has averaged about \$3 billion in value daily in the past 12 months.

*Lesser Corporate Disclosure Standards.* Issuers of securities in Korea are not subject to the same degree of regulation as are United States issuers with respect to such matters as insider trading rules, restrictions on market manipulation, shareholder proxy requirements and timely disclosure of information. Korean accounting, auditing, governance and financial standards are not equivalent to United States standards in important respects and, therefore, less information is generally available to investors in publicly-traded Korean securities than to investors in publicly-traded U.S. securities.

*Over-the-Counter Securities.* As described above, the Fund and the Subsidiary may also pay premiums to purchase Korean Securities, including, without limitation, in over-the-counter markets and/or non-Korean stock exchanges where Korean Securities are listed (such as the London Stock Exchange). The amounts of such premiums may fluctuate significantly; accordingly, if after the Fund or the Subsidiary pays a premium for a Korean Security, the premium attainable in connection with such security decreases, the Fund or the Subsidiary may experience a loss even if the price of the Korean Security with respect to which such premium was paid remains the same or increases. Therefore, the purchase of securities at a premium may add an additional element of risk to the Fund's trading activities.

*Futures and Options.* The Fund and the Subsidiary are trading in futures and options related to Korean Securities. Trading futures is leveraged and volatile. In the speculative trading of futures contracts, the Fund and the Subsidiary may not be required to deposit funds equal to the value of the futures contract; rather the Fund and the Subsidiary need only make a deposit, called an "initial margin deposit," equal to a small percentage of the Fund's and the Subsidiary's overall commitment under the futures contract. As a result, a relatively small adverse move in the price of a futures contract may result in a much larger adverse effect on the Fund's and the Subsidiary's overall commitment under such contract and, accordingly, result in immediate and substantial losses to the Fund and the Subsidiary.

The premiums paid for options increase the Fund's and the Subsidiary's transaction costs. In addition, in certain situations, such premiums may result in such a high reduction in the spread between the acquisition price of the Korean Securities with respect to which the Fund or the Subsidiary holds an option and the anticipated value of such Korean Securities that the Manager



determines to cause the Fund or the Subsidiary not to exercise such option. Since options expire on specified dates, if the consummation of a transaction is delayed beyond the expiration of an option held by the Fund or the Subsidiary, the Fund or the Subsidiary may lose the anticipated benefit of the option or incur additional premium costs in the purchase of similar options which expire at a later date.

*There Are Potential Conflicts of Interest.* As described above, the Manager receives a Performance Dividend and an Management Fee, which are calculated as a percentage of the increase in value of the Fund or in the Net Asset Value of the Fund. This arrangement may create an incentive for the Advisor to cause the Fund to purchase Korean Securities that are riskier than would be the case in the absence of this fee arrangement in order to increase the value of the Fund.

Finally, the Manager advises funds other than the Fund. The records of any such advisory services are not be available for inspection by the Fund or the shareholders. The methods and strategies that the Manager will utilize in advising the Fund may be utilized by the Advisor/Manager in advising other funds. When the Manager advises that Korean Securities be purchased, all such funds may be competing for the same or similar securities and, depending upon which fund purchases such securities first, the difference in timing may result in the acquisition of Korean Securities by some funds and not others.

*Indemnification of the Manager.* The Operating Agreement (as hereinafter defined) provides, to the extent permitted by applicable law, that the Manager shall not be liable to the Fund or its shareholders for acts or omissions in the performance of its services in the absence of gross negligence, willful misconduct or reckless disregard of its duties, and contains provisions for the indemnification of the Manager by the Fund against liabilities to third parties arising in connection with the performance of the Manager's services under the Operating Agreement.

*Disposition of Shares.* There is no secondary market for the Shares, and they are subject to restrictions on transferability as described herein. Consequently, shareholders may be able to dispose of their Shares only by means of redemption. The risk of any decline in the Net Asset Value of the Shares during the period from the date of notice of redemption until the redemption date is borne by the shareholder. The Shares have not been registered under the securities laws of any jurisdiction. The Class A & Class B Shares may not be transferred without the consent of the holder of the Class C Share. The Class C Shares are currently held by the Manager. Under certain circumstances, the Fund may require the involuntary redemption of Shares or may suspend the right of redemption.

*Illiquidity of Investments.* Although liquidity will be considered an important criteria of investment selections, investments will be intended in certain cases to be long term in nature and may require considerable delay before they are saleable. Realization of value from such investments may be difficult in the short term, or may have to be made at a substantial discount compared to other freely tradable investments. Currently, the Fund may invest up to 25% of its assets in any class of securities of any one issuer, up to 5% of such class of the issuer's securities. Moreover, in general, the Korea Stock Exchange does not afford the liquidity found on the U.S. equity exchanges. Trading on the Korea Stock Exchange has averaged about \$3 billion in value daily in the past 12 months.

*Adverse Effects of Substantial Redemptions; Suspension of Redemptions.* While the Advisor/Manager uses its best efforts to provide liquidity in the Fund sufficient to satisfy redemption requests, substantial redemptions by holders within a short period of time could require the liquidation of positions more rapidly than would otherwise be desirable, which could adversely affect the value of the remaining Shares. In addition, regardless of the period of time in which withdrawals occur, the resulting reduction in the Fund's assets could make it more difficult

to generate a positive rate of return or recoup losses due to a reduced equity base. Further, redemptions may be suspended under certain circumstances. See also “Redemption of Shares – Suspension of Redemptions.” In light of the Fund’s investment objective and its anticipated portfolio, the Fund should be considered as a vehicle for diversification and not as a balanced investment program, and investors should be investing in the Fund on a long-term basis. See also “Redemption of Shares – Compulsory Redemptions.”

*Enforcement of Civil Liabilities and Judgments.* There is uncertainty whether the courts of the Cayman Islands, Malaysia or Korea would enforce a judgment obtained in the United States or any other country based upon violation of U.S. securities laws, or entertain an original action brought in such jurisdictions on that basis.

*Lack of Protection Under the Investment Company Act.* The Fund is an open-end investment company (a mutual fund) that is engaged in the business of investing in, holding and trading securities and permits periodic redemptions of its Shares. The Fund has not and will not register under the Investment Company Act of 1940 (the “Investment Company Act”) in reliance upon the exclusion from the definition of an “investment company” provided by Section 3(c)(1) or 3(c)(7) of the Investment Company Act. Accordingly, the provisions of the Investment Company Act which, among other things, require that a fund’s board of directors, including a majority of disinterested directors, approve certain of the fund’s activities and contractual relationships, and prohibit the fund from engaging in certain transactions with its affiliates, will not be applicable.

## MANAGEMENT

### *Board of Directors of the Fund*

The Board of the Fund has ultimate responsibility for managing the Fund. The Board currently consists of the following three members:

**R. Alex Hammond-Chambers** - Alex Hammond-Chambers served as Chairman of the Board of the Edinburgh-based investment management firm Ivory & Sime from 1985 to 1991. He joined Ivory & Sime in 1964, became a partner in 1969 and a director in 1975. At Ivory & Sime, he was responsible for the establishment and marketing of a number of highly specialized investment projects and joint ventures. He also managed Atlantic Assets Trust from 1970 through 1974, and British Assets Trust and Edinburgh American Assets Trust from 1969 through 1985. From 1984 to 1987 he served as the first overseas governor of the NASD. Since retiring from Ivory & Sime, Mr. Hammond-Chambers started his own company, providing non-executive directorship services to numerous companies, with a particular emphasis on funds management. He has served as chairman of American Opportunity Investment Trust and director of Finsbury Income and Growth Investment Trust among others. He is currently on the board of directors of a number of international investment funds including Korea International Investment Fund, of which he is Chairman. Mr. Hammond-Chambers is a graduate of Cambridge University.

**Patrick Louppe** – Before his retirement, Patrick Louppe was Director of Marketing for IBM’s European headquarters (“IBM Europe”). Mr. Louppe has also served in numerous other managerial capacities at IBM Europe including Director of the mid-range computer product line division, Regional Manager of the workstation marketing, European Manager of Marketing Strategy and Field Operations Manager for the United Kingdom and Italy. Mr. Louppe is a graduate of the Business School of Paris and the Business School of Michigan State University.

**Henry M. Seggerman** - Henry Seggerman is President of the Advisor/Manager. He joined International Investment Advisers in 1996 and worked very closely with Harry G. A. Seggerman in the research and analysis of Korean equities. He has visited more than 100 Korean listed companies as well as Korean government and industry officials. Mr. Seggerman has been in

business management for twenty five years. He is a graduate of the University of Michigan with a Masters degree from New York University. Mr. Seggerman worked first as an advertising account executive in New York City. Subsequently, he was hired as Vice President of Acquisitions for Paramount Pictures, where he remained for seven years. Following this tenure, Mr. Seggerman was producer, executive producer, or production executive of numerous projects for media companies including HBO, Polygram, Paramount, and Twentieth Century-Fox.

The Board will meet at least once a year to review the investment and administrative affairs of the Fund. The Board is not responsible for the day-to-day operations and administration of the Fund. The Fund reimburses each director for travel and other reasonable out-of-pocket expenses incurred in connection with his services. The Fund pays Board Fees of \$20,000 in total per annum. The Fund's Memorandum and Articles of Association provide that the directors shall not be liable to the Fund for any acts or omissions in the performance of their duties in the absence of willful misconduct, gross negligence, reckless disregard of his duties or as otherwise required by law, and contain certain provisions for the indemnification of the directors by the Fund, to the extent permitted by law, against liabilities to third parties arising in connection with the performance of their services.

#### *Manager*

International Investment Advisers, L.L.C. acts as Manager to the Fund and the Subsidiary pursuant to the terms of an operating agreement (the "**Operating Agreement**"). The Manager coordinates investment of the Fund's and the Subsidiary's assets, as well as investment of any cash balances maintained by the Fund or the Subsidiary. International Investment Advisers, L.L.C. is a private investment management firm located in New York. The firm together with its predecessor has been in the investment advisory business for 20 years. While the firm continues to focus on investment opportunities in Korea, it also manages other funds.

The Operating Agreement provides, to the extent permitted by applicable law, that the Manager shall not be liable to the Fund or its shareholders for acts or omissions in the performance of its services in the absence of gross negligence, willful misconduct or reckless disregard of its duties, and contains provisions for the indemnification of the Manager by the Fund against liabilities to third parties arising in connection with the performance of the Manager's services under the Operating Agreement.

#### *Administrator*

Advanced Fund Administration (Cayman) Limited, has been appointed as the Fund's administrator, registrar and paying agent. The Administrator and its affiliates provide administrative services for many offshore investment funds.

The Administrator is a licensed Mutual Fund Administrator under the Mutual Funds Law (2009 Revision) of the Cayman Islands. The registered office of the Administrator is at

Pursuant to the Administration Agreement, the Administrator is responsible, under the ultimate supervision of the Fund's Board of Directors, for maintaining the Fund's principal office and for certain matters pertaining to the administration of the Fund, including: (i) maintaining the Fund's accounts, (ii) calculating the Fund's net asset value ("NAV") (iii) maintaining the Fund's principal corporate records, (iv) communicating with Shareholders, (v) accepting the subscriptions of new Shareholders, (vi) making redemptions of the Shares, and (vii) ensuring compliance with Cayman Islands law and regulation (including but not limited to anti-money laundering regulations). The Fund and the Administrator have entered into an Administrative Services Agreement concerning these duties and responsibilities. The fee payable to the

Administrator is based on its standard schedule of fees charged by the Administrator for similar services.

The Administration Agreement is governed by Cayman Islands law and subject to termination by the Administrator or by the Fund upon 90 days' written notice. Under the Administration Agreement between the Fund and the Administrator, the Fund will indemnify the Administrator against, and hold it harmless from, any expense, loss, liability or damage arising out of any claim asserted or threatened to be asserted by any third party in connection with the Administrator's serving or having served as such pursuant to the Administration Agreement; provided however, that the Administrator will not be indemnified with respect to any expense, loss, liability or damage which was caused by its own gross negligence, willful default or fraud. The Administrator will not be responsible for valuing the Fund's investments and, in providing services to the Fund, will not act as guarantor or offeror of the Shares in any respect nor will the Administrator be responsible for monitoring any investment restrictions or compliance with the investment restrictions and therefore will not be liable for any breach thereof.

The Administrator will also provide annual unaudited financial statements for the Fund and process cash transactions not directly related to the Fund's investment portfolio.

The Administrator has no responsibility with respect to trading activities, the Investment Manager, the management or performance of the Fund, or the accuracy or adequacy of this Offering Memorandum.

## **SUBSCRIPTIONS**

### **Subscription Terms**

The Fund is offering Class A Shares on the first Business Day of each month (the "**Subscription Date**"). Each Share will be sold at the Net Asset Value per Share calculated on the Valuation Date immediately preceding the relevant Subscription Date. Completed Subscription Documents must be received at least two (2) Business Days prior to any Subscription Date for such subscription to be accepted on that Subscription Date.

The minimum investment in the Fund by each new investor is US\$100,000. However, the Fund may, upon the advice of the Manager, in its sole discretion, modify the minimum investment requirement or accept a lesser subscription amount. In the event the Fund is required to register with CIMA as a mutual fund pursuant to section 4(3) of the Mutual Funds Law, investors with investments of less than US\$100,000 will either need to redeem their investment or increase investment in the Fund to no less than US\$100,000.

### **Eligible Investors**

Shares may be acquired directly or indirectly only for the account or benefit of a person to whom the offer or sale of such Shares would not be restricted under the laws of the jurisdiction of such subscriber. The Administrator, on behalf of the Fund, will accept subscriptions for Shares from an investor only if the Fund determines that the offer and sale of Shares to such an investor is exempt from registration under the securities laws of any applicable jurisdiction, does not subject the Fund or the Manager to regulation under the laws of any jurisdiction and will result in no adverse tax consequences to the Fund, its shareholders, or the Manager.

Each subscriber must complete and submit, for approval by the Fund, the subscription documents attached as Appendix A, establishing the eligibility of such subscriber to subscribe for Shares. Subscriptions will be accepted only from an investor who qualifies as an "Accredited Investor" as

defined in Rule 501(a) of Regulation D under the Securities Act, and from an investor who is not a U.S. Person.

A “U.S. Person” is (i) any natural person resident in the United States; (ii) any partnership or corporation organized or incorporated under the laws of the United States; (iii) any estate of which any executor or administrator is a U.S. Person; (iv) any trust of which any trustee is a U.S. Person; (v) any agency or branch of a foreign entity located in the United States; (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person; (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and (viii) any partnership or corporation if: (A) organized or incorporated under the laws of any foreign jurisdiction and (B) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by “accredited investors” who are not natural persons, estates or trusts.

The Fund may refuse to accept any subscription for Shares, and may require the redemption by any shareholder, if as a result of such shareholder holding Shares of the Fund, the Fund would be subject to registration as an investment company under the Investment Company Act or if such shareholder would render the Manager ineligible to receive a performance fee under Rule 205-3 promulgated under the U.S. Investment Advisers Act of 1940, as amended. See also “Redemption of Shares - Compulsory Redemptions” for additional circumstances in which investors may be deemed ineligible.

Investment in the Fund generally will be open to institutions, including pension and other funds subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). Fiduciaries of employee benefit plans subject to Title I of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”) (together, “ERISA Plans” or “Plans” or, singularly, “ERISA Plan” or “Plan”), in consultation with their advisers, should carefully consider the impact of ERISA, the Code and the regulations, rules, procedures and judicial decisions thereunder on an investment in Shares of the Fund. Among other matters, a fiduciary of an ERISA Plan should consider: (i) whether the investment is prudent and in accordance with the documents and instruments governing such ERISA Plan, (ii) the composition of the ERISA Plan’s portfolio with respect to diversification; (iii) the cash flow needs of the ERISA Plan and the effect thereon of the illiquidity of the investment; (iv) the ERISA Plan’s funding objectives; (v) the tax effects of the investment described in this Memorandum; (vi) the fact that the shareholders in the Fund may consist of a diverse group of investors (including taxable and tax-exempt entities) and the Manager does not take the particular objectives of any investor or class of investors into account; (vii) the risks of an investment in Fund Shares discussed in “Risk Factors” of this Memorandum; and (viii) the fact that, as discussed below, investment in the Fund by Benefit Plan Investors may be significant, and, therefore, that certain ERISA regulations, described in further detail below, may be applicable to the Fund, its managers and the named Plan fiduciaries.

## SHARES OF THE FUND

### **The Fund's Share Capital**

The Fund has an authorised share capital of US\$50,000 divided into 4,999,900 Class A Shares having a par value of US\$0.01 each, 1 Class B Share having a par value of US\$0.01 each and 99 Class C Shares having a par value of US\$0.01 each.

### **Net Asset Value Determination**

Net Asset Value and Net Asset Value per Share are determined by the Administrator as of the close of business on the Korea Stock Exchange on the last day of each month that is a Business Day. The Fund's Net Asset Value is calculated on a monthly basis by the Administrator and equals the value of the Fund's assets, including unamortized organizational expenses as of the Valuation Date, after deducting from the total value of the Fund's assets all accrued debts and liabilities of the Fund, including (i) fees of the Administrator and any service provider to the Fund earned but not yet paid, (ii) amortization of the Fund's organization costs, (iii) any allowance for the Fund's accounting and audit fees, consulting and legal fees, (iv) any contingencies for which reserves are determined to be required, (v) the Management Fee, the Sponsorship Fee, and other fees, including directors' fees and (vi) any other liabilities or expenses to be borne by the Fund. Net Asset Value per Share is calculated by dividing Net Asset Value on any Valuation Date by the total number of Shares outstanding at the close of business on the Valuation Date. Net asset valuations are expressed in U.S. dollars, and any items denominated in other currencies are translated at prevailing exchange rates as determined by the Administrator.

The assets of the Fund are valued at the last sale price reported on the Valuation Date on the principal securities exchange or market on which such assets are traded. In the absence of reported sales prices on the Valuation Date, assets will be valued at the last reported bid quotation, in the case of assets held long, or at the last reported offer quotation, in the case of securities held short. In the absence of reported bid and offer quotations, such assets are valued from the broker bids of at least one market maker. In the absence of current broker bids, or if it is concluded that such broker bids are not indicative of the fair value of such assets, the value of assets will be recorded at their fair value as determined by the Board of Directors in consultation with the Advisor/Manager. The Net Asset Value quotations for Shares as of the most recent Monthly Valuation Date may be obtained by contacting the Administrator or the Manager. The prior month-end historical performance can be found on the Manager's website: [www.iiafunds.com](http://www.iiafunds.com).

### **Performance Dividend/Allocation**

Fifteen percent (15%) of the "new net profit" of the Fund for each year is allocated to the Class B Share. For this purpose, the "net profit" of the Fund is based on the change in the unrealized appreciation or depreciation of investments as well as net investment income or loss and net realized gain or loss. The Performance Dividend is calculated in each year prior to the accrual of the Performance Dividend, and is subject to adjustments for subscriptions and redemptions as provided below (the "New Net Profit"). Performance Dividends shall accrue and, if declared, be distributed as of the end of each fiscal year of the Fund. The Performance Dividend is calculated on a "peak-to-peak" basis so that a Performance Dividend shall accrue only to the extent that the Net Asset Value of the Fund at the end of a given fiscal year has increased beyond the highest

previous level of the Net Asset Value at the end of any prior fiscal year in respect of which a Performance Dividend was calculated (less such Performance Dividend) (the “**High-Water Mark**”). For clarification, the High Water Mark will be set each year after the accrual of the Performance Dividend. For the purposes of the foregoing calculation only, adjustments shall be made to account for subscriptions or redemptions as follows:

- (i) any amounts received by the Fund for the sale of new Shares issued following the initial offering of shares (a) shall be deducted from the Net Asset Value of the Fund and (b) shall not increase the High-Water Mark; and
- (ii) any amounts paid by the Fund for the redemption of Shares shall be deducted from the High-Water Mark.

The annual distribution of the Performance Dividend will be made only if, as and when declared by the Board. If the Performance Dividend exceeds the available cash, then in order to pay the same, the Board may:

- (i) obtain a sufficient amount of available cash to distribute the Performance Dividend by (a) borrowing money, (b) liquidating Securities and distributing the proceeds thereof (through the Subsidiary) to the Fund or liquidating Korean Securities held by the Fund or the Subsidiary, and (c) offering additional Shares of the Fund to shareholders; or
- (ii) defer distribution of the Performance Dividend, all such deferred amounts of the Performance Dividend being accumulated until such time as the Fund has sufficient funds to distribute the same to the holder of the Class B Share.

All amounts of the Performance Dividend not distributed pursuant to the foregoing provisions (whether or not declared) shall be treated as accumulated and undistributed and shall be termed as the “Undistributed Performance Balance.” The Undistributed Performance Balance may be distributed, in whole or in part, as a dividend in a subsequent year, subject to the foregoing provisions, in which case the Undistributed Performance Balance shall be reduced to that extent, or shall be distributed on a winding up of the Fund or at the time of the redemption of the Class B Share. The holder of the Class B Share may also elect to convert the Undistributed Performance Balance attributable to the Class B Share into Shares based on the Net Asset Value of the Shares as of such date. The single issued and outstanding Class B Share is held by the Manager.

### **Conversion of Class B Share**

The Class B Share may, at the option of the holder, be converted to such number of shares of any class of the Fund, the Net Asset Value per Share of which is equal to the Class B Share Price (as defined below) at such conversion date.

### **Voting and Other Rights**

Each shareholder is entitled to one vote for each Share held. Meetings of the Fund’s shareholders may be called from time to time by the Board. Shareholders will receive at least thirty (30) days notice of any shareholders’ meeting and will be entitled to vote their Shares either personally or by proxy.

### **Limited Liability of Owners of Shares**

The Fund is a limited liability company and intends to issue only fully paid up Shares. Accordingly, shareholders cannot be called upon to make any payments beyond the sum subscribed by them upon liquidation or in any other circumstances.

### **Shareholder Rights on Liquidation and Dissolution**

The Fund may be liquidated by the passing of a Special Resolution by the Shareholders **or by a resolution of the Board of Directors**. Upon the passing of a resolution for the liquidation of the Fund, a liquidator may be appointed whose duty is to wind-up the affairs of the Fund by him in gathering all assets and satisfying all liabilities.

Upon a winding up of the Fund, the Fund shall distribute to the holder of the Class B Share the Class B Share Price (as defined below). The right of the holder of the Class B Share to receive such Class B Share Price upon a winding up of the Fund shall rank *pari passu* with the rights of the holders of the Shares upon a winding up of the Fund.

The Class B Share Price shall be the initial capital investment in the Class B Share by the Manager plus the Undistributed Performance Balance as at the beginning of the fiscal year in which the conversion of the Class B Share, the redemption of the Class B Share or the winding up of the Fund occurs (less any amounts distributed in respect of such Undistributed Performance Balance from the beginning of such fiscal year up to the date of such conversion, redemption or winding up) plus an amount, if any, that would have accrued as a Performance Dividend as at such conversion, redemption or winding up date, calculated as set forth above, but on the basis of the twelve month period preceding the date of such conversion, redemption or winding up rather than the end of a given fiscal year of the Fund.

### **Transfers**

Transfer of the Class A and Class B Shares is permitted only with the prior written consent of the holders of Class C Shares, which may be given or withheld in their absolute discretion.

### **Registration of Shares and Certificates**

Shares of the Fund will be issued only in registered form; the Fund will not issue bearer shares. The Administrator maintains a current list of the registered names and addresses of the Fund's shareholders at the Fund's registered office in the Cayman Islands. The shareholder register is not required by any current law to be furnished on a regular basis to any governmental authority in any jurisdiction. The Administrator shall record on the share register of the Fund the number of Shares issued to, and currently owned by, each shareholder.

## **DIVIDENDS AND DISTRIBUTIONS**

Any dividend and interest income received by the Fund, net of applicable Korean withholding tax, will ordinarily be reinvested in the Fund, since distributions in Korea are subject to a 22 percent Korean withholding tax on dividends. Performance Dividends will be satisfied out of any cash held by the Fund or by the sale of additional Shares of the Fund. If the Performance Dividend for any year exceeds available cash, the Fund may redeem a sufficient number of securities to fund the balance of the Performance Dividend, or such balance may be added to any existing unpaid Performance Dividend, which will be accumulated with interest until sufficient cash is available. The Manager may also elect to convert any unpaid Performance Dividends into Shares based on the Net Asset Value of the Shares as of such date.



Any current income of the Fund not required by the Fund to satisfy the Performance Dividend for the current year and any unpaid Performance Dividends from prior years may, in the discretion of the Fund's directors, be reinvested in securities, retained against future Performance Dividends or distributed to shareholders. The Fund does not expect to make regular dividends or distributions to shareholders.

## **FEES AND EXPENSES**

### **Fees and Expenses of the Fund and the Subsidiary**

As an investor (through the Subsidiary), the Fund and the Subsidiary bear a pro rata share of the cost of the fees and expenses. The Fund pays its Korean custodian quarterly custodial fees at an annual rate of .035%, calculated on the daily market value of the Fund's investment portfolio. The Fund bears all other costs of its investment program including brokerage, banking charges, paying agent fees, sales charges, interest, taxes and duties as well as professional fees of its auditors and legal counsel.

Pursuant to the Operating Agreement, the Fund pays the Manager a quarterly management fee at an annual rate of 1.585% of the average monthly Net Asset Value of the Fund's investment portfolio during that quarter. The Manager is, also entitled to the Performance Dividend by virtue of its ownership of the Class B Share. Payment of the Performance Dividend is made at the end of each fiscal year of the Fund. The Performance Dividend is calculated on a "peak-to-peak" basis. Thus, no dividend will be paid unless the Net Asset Value per share of the Fund appreciates first beyond the Net Asset Value per share at the time of purchase and thereafter beyond the highest previous level at which a Performance Dividend was calculated (less such Performance Dividend). Appropriate adjustments will be made to account for subscriptions and redemptions. The "high water" Net Asset Value of the Fund is now \$841.29 per share; the Net Asset Value of the Fund at April 30, 2013 was \$ 503.80 per share.

The annual distributions in respect of the Performance Dividend may be made out of any cash held by the Fund, derived from other investments, redemptions of Shares, retained capital or borrowings from banks or other lenders. If (i) the underlying assets of the Fund are deemed (as a result of 25% or more of the Fund's Shares being held by Benefit Plan Investors to be assets ("ERISA Plan Assets") of the ERISA Plans (as defined below) investing in the Fund, and (ii) if the Performance Dividend for any year exceeds available cash, then the Fund shall, at the Advisor/Manager's election, either defer payment thereof or obtain a sufficient amount of available cash to timely pay the Performance Dividend by (i) borrowing money from a party that is not a "party in interest" (which term may include banks or other entities that have a relationship with U.S. ERISA Plans that are investors in the Fund, the sponsors of such Plans or parties providing services to such Plans) with respect to an ERISA Plan (as such terms are described in the Appendix hereto under "Certain ERISA Considerations"), (ii) liquidating securities traded on the Korea Stock Exchange held thereby and/or (iii) offering additional Shares of the Fund to investors that are not "parties in interest" with respect to an ERISA Plan. If the Fund is deemed to hold Plan Assets the Fund will not be permitted to pay interest upon any deferral of payment of the Performance Dividend to the Advisor/Manager and the Advisor/Manager will not be permitted to convert any unpaid Performance Dividend into Shares of the Fund. If the Fund is not deemed to hold ERISA Plan Assets and the Performance Dividend exceeds available cash, the Fund may defer payment of the Performance Dividend and pay interest thereupon at an interest rate per annum equal to 1% over the prime rate of Chase Manhattan Bank from time to time until sufficient cash is available; provided, however, that if payment of the Performance Dividend is or will be deferred under such circumstances, the Advisor/Manager may, in lieu of such deferment, elect to convert the amount of any unpaid Performance Dividend into Shares of the Fund based on the Net Asset Value of the Shares as of the nearest prior Valuation Date. The Advisor/Manager will also be reimbursed by the Fund for all actual out-of-pocket expenses

incurred on behalf of the Fund. As of the date of this Amended Private Placement Memorandum, the Fund is not deemed to hold ERISA Plan Assets.

The Manager believes that the above-described arrangement, under which the Performance Dividend is charged for the management of the Fund's investments, based on the performance of the Fund, is equitable.

Pursuant to the Administrative Services Agreement, the Fund pays the Administrator an annual administration fee that is calculated and accrued on each Valuation Day and billed quarterly in arrears based on its standard schedule of fees charged by the Administrator for similar services. The Administrator and the Manager are entitled to reimbursement of actual out-of-pocket expenses incurred on behalf of the Fund. All fees paid to the Administrator will be borne by the Fund. The Administrator is responsible for providing all office personnel, office space and office facilities required for the performance of its services.

The Fund and the Subsidiary bear all other expenses incident to their operations, including, but not limited to, (i) brokerage commissions and charges incurred in connection with cash management; (ii) fees and charges of custodians and clearing agencies; (iii) income taxes, withholding taxes, transfer taxes and other governmental charges and duties; (iv) fees of legal advisers, consultants, independent auditors and other professional services; (v) directors' fees and expenses and board meeting expenses; (vi) the costs of maintaining the Fund's registered office in the Cayman Islands and the Subsidiary's registered office in Labuan, Malaysia; (vii) the costs of printing and distributing any offering materials and (viii) any reports and notices to shareholders and all fees related to the undertaking of any other duties necessary for the proper administration of the Fund and the Subsidiary as directed in writing by the Directors.

## **REDEMPTION OF SHARES**

### **Voluntary Redemptions**

The Shares may be redeemed at the option of a shareholder on the last Business Day of each month (the "**Monthly Redemption Date**") on the giving not less than five (5) Business Days prior written notice to the Administrator. The Directors may provide for a redemption notice period of less than five (5) Business Days in a particular case or generally in their sole discretion. Shares shall be redeemed at the Net Asset Value per Share as determined on the close of business on such day (the "**Redemption Price**"). Requests to redeem Shares ("Redemption Request") must be sent to and received by the Administrator, acting as redemption agent, on behalf of the Fund.

Redemption Requests shall be deemed to have been received on the date of receipt by the Administrator.

Redemption Requests may be delivered to the Administrator by facsimile, so long as the original Redemption Request is forwarded immediately to the Administrator. None of the Fund, the Directors, the Administrator or any other agents of the Fund accepts any responsibility for any errors in facsimile transmissions. If a Redemption Request is forwarded by facsimile, no redemption proceeds will be paid to the Shareholder until the original Redemption Request has been received by the Administrator.

The Fund, or the Administrator on its behalf, may refuse to make a redemption payment or distribution to a Shareholder if:

- (i) a director of the Fund or the Administrator suspects or is advised that the payment of any redemption or distribution moneys to that Shareholder may result

in a breach or violation of an applicable anti-money laundering or other law or regulation by any person in any relevant jurisdiction; or

- (ii) that refusal is considered necessary or appropriate to ensure the compliance by the Fund, its directors or the Administrator with any of those laws or regulations in any relevant jurisdiction.

Once given, a Redemption Request may not be revoked by the Shareholder unless determination of the Net Asset Value is suspended by the directors in the circumstances set out below or the directors otherwise agree.

The Redemption Request may be delivered to the Administrator by facsimile, so long as the original Redemption Request is forwarded immediately to the Administrator. None of the Fund, the Directors, the Administrator or any other agents of the Fund accepts any responsibility for any errors in facsimile transmissions. If a Redemption Request is forwarded by facsimile, no redemption proceeds will be paid to the Shareholder until the original Redemption Request has been received by the Administrator.

Redemption proceeds normally will be remitted within fifteen (15) Business Days after the applicable Monthly Redemption Date without interest for the period from such Monthly Redemption Date to the payment date. The Fund may make redemption proceeds in cash, in kind or partly in cash and partly in kind in the sole discretion of the Directors. In-kind distributions may, without limitation, take the form of shares in a special purpose vehicle entitling redeeming Shareholders to receive proceeds from the liquidation of Fund assets transferred to such special purpose vehicle in an amount equal to the aggregate redemption payments due to such redeeming Shareholders. Redemption payments made in cash will be paid by wire transfer to an account designated by the shareholder or by check posted at the shareholder's risk (as specified by the shareholder in his written redemption notice). In the case of redemptions as of a date other than the last day of a fiscal year, a performance accrual of fifteen percent (15%) of the increase in Net Asset Value attributable to the results of operations from the beginning of the fiscal year through the applicable Monthly Redemption Date is determined in the same manner as the annual Performance Dividend is computed at the end of each fiscal year, and is deducted from the Net Asset Value of the Shares redeemed and is paid to the Manager.

The Fund's obligation to redeem Shares is subject to suspension or deferral as set forth below under "Suspension of Redemptions."

### **Compulsory Redemptions**

The Fund has the right to require the compulsory redemption of all or part (on a pro-rata basis if the relevant Shares are held by more than one shareholder) of the Shares held by a shareholder:

- (1) if as a result of the Shares being held for the benefit of such shareholder, the Shares or the Fund would be subject to registration in any jurisdiction;
- (2) if the shareholder owns fewer than 1,000 Shares;
- (3) if, in the judgment of the Fund, the ownership of the Shares by the shareholder is unlawful or may be harmful or injurious to the business or reputation of the Fund or the Advisor/Manager;
- (4) if the Shares would be held by any person or persons in consequence of which registration of the Shares under the Securities Act, registration of the Fund under

the Investment Company Act, or registration of the Shares, the Fund or the Advisor/Manager under the securities laws of any state of the United States or of any other jurisdiction would be necessary;

- (5) if the Shares would be held by any person or persons who, if resident in the United States, do not qualify as “accredited investors” as defined in Rule 501(a) of Regulation D promulgated under the Securities Act;
- (6) if the Shares would be held by any person or persons in consequence of which the number of holders or of any group or class thereof would exceed such number as the Fund may from time to time determine;
- (7) if the Shares would be held by any person who does not meet the investor eligibility standards established by the Fund from time to time; or
- (8) if the Fund’s Board has adopted a resolution calling for the liquidation and dissolution of the Fund.

In addition, a person who becomes aware that he or she is holding or owning Shares in contravention of the restrictions above shall immediately transfer all such Shares to a person who would not thereby be in contravention of any such restriction or shall make a request for redemption of all such Shares. Compulsory redemptions will be made as described under “Voluntary Redemptions”, above, as of the next Monthly Redemption Date after which a notice of compulsory redemption is issued to the shareholder.

### **Suspension of Redemptions**

The Directors may declare that the issue or redemption of Shares, or the payment of redemption proceeds, or the determination of net asset value is suspended

Upon the occurrence of any of the following circumstances:

- (1) when the Korea Stock Exchange and KOSDAQ or any securities exchange or organized interdealer market on which a significant portion of the Fund’s assets, if applicable, is regularly quoted or traded is closed (other than for holidays) or trading thereon has been substantially restricted or suspended;
- (2) whenever, a state of affairs exists as a result of which disposal of the assets of the Fund or other transactions in the ordinary course of the Fund’s business involving the sale, transfer, delivery or withdrawal of securities or funds is not reasonably practicable without seriously prejudicing the interests of shareholders, or if for any other reason the Fund is not able to obtain sufficient cash to honor redemption requests.
- (3) if, in the opinion of the Manager, it is not reasonably practicable to determine the Net Asset Value of the Shares on an accurate and timely basis or dispose of assets or transfer funds at normal prices or normal rates of exchange;
- (4) if the Fund’s Board has adopted a resolution calling for the liquidation and dissolution of the Fund;
- (5) if any such redemption would require the registration of the Fund as an investment company under the Investment Company Act, or during any period

when the redemption of Shares by the Fund, would, in the opinion of the Board, result in the violation of any material provision of applicable law; or

- (6) If any such redemption would require the redemption at any one time of more than 20% of the Fund's assets, or if the Fund otherwise lacks sufficient liquidity to make such a redemption.

The Fund may withhold payment to any person whose Shares have been tendered for redemption until after any suspension has been lifted. Notice of any suspension will be given to any shareholder who has tendered his Shares for redemption and to whom full payment of the redemption proceeds has not yet been remitted and such shareholder will be promptly notified in similar manner upon termination of such suspension. Shareholders shall have the right to withdraw a redemption request during a period of suspension in writing received by the Fund prior to termination of such suspension. If a redemption request is not withdrawn by a shareholder following notification of a suspension, the redemption will be effected as of the first Monthly Redemption Date after such suspension is ended on the basis of the Net Asset Value as of the nearest prior Valuation Date.

### **Redemption of the Class B Share**

The Fund shall have the right on five (5) days' notice to redeem or repurchase the Class B Share at the Class B Share Price in the event of the holder of the Class B Share ceasing to be the Manager to the Fund (whether as a result of (i) the Fund terminating the Manager under the Operating Agreement as Manager to the Fund or (ii) the Class B Share being transferred to a person other than the Manager of the Fund).

In the event that payment in full of an amount equal to the Performance Dividend has not been distributed to the holder of the Class B Share by the Fund within six months following the end of the fiscal year in which such Performance Dividend was accrued, such holder may on five days' notice compel the Fund to redeem the Class B Share at the Class B Share Price.

## **TAXATION AND OTHER REGULATIONS**

### **Introduction**

This summary of the principal tax consequences applicable to the Fund and its shareholders is based upon advice received from the Fund's Cayman Islands, Malaysian, Korean and United States legal and tax advisors. Such advice is based upon factual representations made by the Manager concerning the proposed operations of the Fund. The conclusions summarized herein could be adversely affected if any of the material factual representations on which they are based should prove to be inaccurate. No assurance can be given that courts or fiscal authorities will agree with the following or that there will be no changes to the below-mentioned laws or regulations.

Prospective investors are urged to consult their own tax advisors to determine the possible tax consequences, including income tax consequences, to them under the laws of any of the following jurisdictions: jurisdictions of which they are citizens, residents or domiciliaries; jurisdictions in which they conduct business; and jurisdictions in which they purchase, hold, redeem or dispose of Shares.

**NO TAX RULINGS HAVE BEEN SOUGHT, AND NEITHER THE UNITED STATES INTERNAL REVENUE SERVICE NOR ANY OTHER TAXING AUTHORITY HAS OPINED ON THE TAX CONSEQUENCES OF THIS INVESTMENT.**

The following discussion does not constitute tax advice.

**Taxation**

**Cayman Islands**

There is no direct taxation of the Fund in the Cayman Islands and, therefore, interest, dividends and gains payable to the Fund will be received by the Fund free from all Caymans Islands tax.

The Fund has applied for, and can be expected to obtain, an undertaking from the Cayman Islands authorities that, in accordance with Section 6 of the Tax Concessions Law (1999 Revision) for 20 years from the date of issue of the undertaking, no law that is enacted in the Cayman Islands imposing any tax or duty to be levied on income, profits, gains or appreciations shall apply to it or its operations, and no such tax or any tax in the nature of estate duty or inheritance tax shall be payable on or in respect of its shares, debenture or other obligations or by way of withholding in whole or in part of any payment of dividend or other distribution or its income or capital to its shareholders or any payment of principal or interest or other sums due under its debentures or other obligations.

No capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of shares. The only taxes that will be chargeable on the Fund in the Cayman Islands are an annual charge payable to the Registrar of Companies calculated on the nominal amount of the authorized share capital of the Fund, which is currently approximately US\$732 per annum. There are no exchange controls in the Cayman Islands.

**Malaysia**

The Fund holds its investments through the Subsidiary, which is organized in Labuan, Malaysia. The Malaysian Labuan Offshore Business Activity Tax Act 1990, Act 445 of the Laws of Malaysia (the "1990 Act"), established a separate Malaysian income tax regime for offshore companies incorporated in Labuan, Malaysia ("Labuan companies"). The 1990 Act and associated legislation provides that Labuan companies cannot be used for investments into Malaysia, save where specific approval is given for a collective investment fund. A Labuan company is required to file an annual tax return with respect to its offshore activities. Currently, through its Labuan domicile, the Subsidiary is compliant with the procedures for claiming any applicable benefits under the double tax treaty between Korea and Malaysia. The Subsidiary will comply with all regulatory requirements to preserve this status.

No Malaysian withholding tax is imposed on dividend distributions (or other distributions) to shareholders of Labuan companies, as long as the income with respect to which such distributions are made has been generated outside of Malaysia. The Subsidiary anticipates that it will generate all of its income outside of Malaysia and hence no withholding should be imposed on distributions made by the Subsidiary to the Fund.

**Korea**

Under current Korean legislation, neither the Fund nor the Subsidiary should be subject to any form of Korean taxation on income or capital gains other than in relation to withholding taxes on payments to the Subsidiary in respect of dividends at a rate of 22 percent.

## **United States**

The Fund and Subsidiary intend to conduct their operations in such a manner as to ensure that they are not engaged in a trade or business within the United States, as such term is used in the U.S. Internal Revenue Code of 1986, as amended. Accordingly, the Fund and the Subsidiary generally should not be subject to U.S. federal income tax on gains derived from their investment and trading transactions. Any U.S. source dividends derived by the Fund and certain limited categories of U.S. source interest income, which are not expected to be material in amount, will be subject to a non-recoverable U.S. federal withholding tax at a rate of 30%.

## **Other Jurisdictions**

In other jurisdictions where the Fund may invest, foreign taxes may be withheld at source on dividend and interest income derived by the Fund at rates ranging typically up to 30%.

## **Mutual Funds Law**

The Fund falls within the definition of a “mutual fund” in terms of the Mutual Funds Law. However, the Fund is not required to be registered as a mutual fund with CIMA because the Fund does not have more than 15 investors, and a majority of the investors of the Fund are entitled to appoint and remove the Directors. The Fund may determine to accept more than 15 investors. In that event, the Fund would be required to register as a mutual fund with CIMA pursuant to section 4(3) of the Mutual Funds Law, however, no Cayman Islands or other regulatory authority will pass upon or endorse the merits of this offering or the accuracy or adequacy of this Memorandum.

## **Anti-Money Laundering Regulations**

As part of the Fund’s responsibility for the prevention of money laundering, the Fund, the Fund Administrator, its affiliates, subsidiaries or associates require a detailed verification of the applicant’s identity and the source of the payment. Depending on the circumstances of each application, a detailed verification might not be required where:

- (i) the subscriber is a licensed entity or financial institution regulated in a country recognised as having an adequate anti-money laundering regime;
- (ii) the subscriber is an entity or financial institution listed on the Cayman Islands or other approved stock exchange; or
- (iii) the subscription funds have been paid from an account held in the name of the subscriber from a financial institution based in a country recognised as having an adequate anti-money laundering regime.

The Fund or the Administrator reserve the right to request such information as is necessary to verify the identity of an applicant and may also request verification evidence in respect of a transferee of Shares. If the applicant or transferee fails to produce, or delays in producing, any evidence required for verification purposes, the Fund, or the Administrator on its behalf, may refuse to accept the application or to register the relevant transfer (as the case may be). If that happens in the case of a subscription of Shares, any funds received will be returned without interest to the account from which those funds were originally debited.

If, as a result of any information or other matter which comes to his or her attention during the course of his or her business, trade, profession or employment, any person resident in the Cayman Islands (including the Fund, its directors and the Administrator) knows or suspects that a payment

to the Fund (by way of subscription or otherwise) is the proceeds of criminal conduct, that person must report that information or other matter by virtue of the Proceeds of Crime Law, 2008 of the Cayman Islands. Also, under that law, that report is not to be treated as a breach of any restriction upon the disclosure of information imposed by law or otherwise.

## **ADDITIONAL INFORMATION**

### **Reports to Shareholders**

The Fund will furnish annual un-audited reports to its shareholders containing financial statements of the Fund. The Fund will also furnish quarterly shareholding statements. In addition the Fund may issue from time to time, audited financial statements. Net Asset Value quotations for Shares as of the most recent Monthly Valuation Date may be obtained by contacting the Administrator or the Manager. Prior month-end historical performance can be found on the Manager's website: [www.iiafunds.com](http://www.iiafunds.com)

### **Dissolution of the Fund**

The Fund may be liquidated either by a Special Resolution (as defined in the Companies Law (2011 Revision) of the Fund's shareholders or by a resolution adopted by the Fund's Board of Directors.

### **Fiscal Year**

The Fund's fiscal year will end on December 31 of each year.

### **Available Documents**

This Memorandum is not intended to provide a complete description of the documents summarized herein. Copies of the Operating Agreement and Memorandum and Articles of Association are available for inspection by shareholders and prospective investors during normal business hours at the Fund's registered office in George Town, Grand Cayman and will be furnished to shareholders upon written request.

### **Inquiries**

Inquiries concerning the Fund and the Shares (including information concerning subscription and redemption procedures and current Net Asset Values) should be directed to the office of the Administrator (at the address set forth in the Directory or by email at [investorservices@afaservices.com](mailto:investorservices@afaservices.com)).

### **Enforcement of Civil Liabilities and Judgments**

The Fund is a Cayman Islands company, and all of its assets and operations are located, and all of its revenues are derived, outside the United States. However, it may not be possible for investors to enforce outside the United States judgments against the Fund obtained in the United States in any civil actions, including actions predicated upon the civil liability provisions of the United States federal securities laws. In addition, certain of the directors of the Fund are non-residents of the United States, and all or a substantial portion of the assets of such persons are or may be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons, or to enforce against them judgments obtained in the United States courts, including judgments predicated upon the civil liability provisions of the United States federal securities laws. The Fund has been advised by its Cayman Islands and Korean counsel that there is uncertainty as to whether the courts of Cayman



Islands or Korea, as applicable, would enforce (i) judgments of United States courts obtained against the Fund or such persons predicated upon the civil liability provisions of the United States federal and state securities laws or (ii) in original actions brought in the Cayman Islands, or Korea, as applicable, liabilities against the Fund or such persons predicated upon the United States federal and state securities laws. A final and conclusive judgment in Federal or State courts of the United States under which a sum of money is payable (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty or multiple damages) may be subject to enforcement proceedings as a debt in the Court of the Cayman Islands under the common law doctrine of obligation. Among other things, it is necessary to demonstrate that the court which gave the judgment was competent to hear the action in accordance with private international law principles as applied in the Cayman Islands and that the judgment is not contrary to public policy in the Cayman Islands, has not been obtained by fraud or in proceedings contrary to natural justice and was not based on error in Cayman Islands law.

## APPENDIX A

### Korea International Investment Fund Ltd.

#### *Instructions for Investors*

Subscriptions to invest in the Fund may be made only by means of the completion, execution and delivery of these subscription documents. This digital version may be printed and filled in manually. Information provided should be to the fullest extent possible. Completed documents may be emailed or faxed to the Adviser. In either case, original, signed subscription documents must be delivered to Advanced Fund Administration (Cayman) Ltd., as administrator of the Fund:

Advanced Fund Administration (Cayman) Ltd.  
Zephyr House, 122 Mary Street,  
PO Box 1748, Grand Cayman,  
KY1-1109, Cayman Islands  
Attention: Investor Services  
Tel: 345 943 4231  
Fax 345 943 4232  
Email: [investorservices@afaservices.com](mailto:investorservices@afaservices.com)

With a copy to the Fund Adviser:

International Investment Advisers  
1681 Barnum Avenue  
Stratford, CT 06614,  
USA  
Attention: Martine Yourieff  
Telephone: 203 445 9750  
Fax: 203 459 8449  
Email: [martine.yourieff@iia-funds.com](mailto:martine.yourieff@iia-funds.com)

#### **Subscription Documents:**

- (a) *Subscriber Information Form:* Complete all requested information, date and sign.
- (b) *Subscription Agreement:* Date and sign the signature page. Any person signing the Subscription Agreement in a representative capacity should type or print on the last page of the Subscription Agreement the name of the Subscriber, the name of the person signing the Subscription Agreement and the capacity in which he is signing.

#### **Additional Information**

For additional information concerning subscriptions, prospective investors should contact the Adviser or the Fund Administrator as detailed above.

The acceptance of subscriptions is within the sole discretion of the Fund, which may require additional information prior to making a determination, including evidence of authorization of the person signing subscription documentation on behalf of the Subscriber. All subscription documents will be returned to the Subscriber if the subscription is not accepted.

### **Subscription Payments & Closing Date**

All subscription payments must be made by wire transfer to the following bank account held by Butterfield Bank (Cayman) Limited at The Bank of New York

To: The Bank of New York,  
48 Wall Street,  
New York, New York 10286  
SWIFT: IRVTUS3N  
ABA #: 021-000-018  
Account Name: Butterfield Bank (Cayman) Limited  
A/C #: 803-3265-086  
SWIFT: BNTBKYYK  
F/F/C: Korea International Investment Fund Ltd.  
Ref : 01210-070443

Unless otherwise agreed to by the Adviser or the Fund, subscriptions are payable in full, in readily available funds, at least one business day prior to the relevant Subscription Date.

**Korea International Investment Fund Ltd.**

***Subscriber Information Form***

Each subscriber to the Korea International Investment Fund Ltd. (the "Fund") is requested to furnish the following information (please print or type):

**1. Identity of Subscriber**

Name :

Mailing Address:

Telephone:

Fax :

Email :

Contact:

If the Subscriber is a natural person, please also furnish below the Subscriber's residential address if different from the address indicated above:

Residential Address:

**Amount of Subscription Commitment**

(a) Subscription Amount:

or (b) Number of Shares:

Is the Subscriber subscribing for Shares with the intent to sell, distribute or transfer Shares to any other person or persons?

Yes

No

Is the Subscriber subscribing for Shares as agent, nominee, trustee, partner or otherwise on behalf of, for the account of or jointly with any other person or entity?

Yes

No

Will any other person or persons have a beneficial interest in the Shares acquired (other than as a shareholder, partner or other beneficial owner of equity interests in the Subscriber)?

Yes

No

Does the Subscriber control, or is the Subscriber controlled by or under common control with, any other existing or prospective investor in the Fund?

Yes

No

Is the Subscriber a “U.S. Person”? A “U.S. Person” is (i) any natural person resident in the United States; (ii) any partnership or corporation organized or incorporated under the laws of the United States; (iii) any estate of which any executor or administrator is a U.S. Person; (iv) any trust of which any trustee is a U.S. Person; (v) any agency or branch of a foreign entity located in the United States; (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person; (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and (viii) any partnership or corporation if: (A) organized or incorporated under the laws of any foreign jurisdiction; and (B) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by “accredited investors” who are not natural persons, estates or trusts.

Yes

No

Note: If any of the above questions were answered “Yes,” please provide below any identifying information.

## 2. **Subscriber Qualification**

Subscriptions will be accepted only from investors who qualify as eligible investors within the meaning of applicable U.S. Federal and state securities regulations. *Please check [X] the relevant response.* Unless otherwise indicated, responses should be given by reference to the specific person for whose account the Shares are being acquired.

- (a) The Subscriber is a *natural person* whose individual net worth, or joint net worth with that person’s spouse, at the time of purchase exceeds \$1,500,000.

The Subscriber is an *entity* with total assets in excess of \$5,000,000 which was not formed for the purpose of investing in the Fund and which is one of the following:

a corporation;

a partnership;

a business trust;

a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

The Subscriber is a personal (non-business) trust with total assets in excess of \$5,000,000 which was not formed for the purpose of investing in the Fund and whose decision to invest in the Fund has been directed by a person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the investment.

The Subscriber is an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974 (including an Individual Retirement Plan) which satisfies at least one of the following conditions:

it has total assets in excess of \$5,000,000;

the investment *decision* is made by a plan fiduciary which is a bank, savings and loan association, insurance company or registered investment adviser;

it is a self-directed plan (i.e., a tax-qualified defined contribution plan in which a participant may exercise control over the investment of assets credited to his or her account) and the decision to invest is made by those participants investing, and each such participant qualifies as an accredited investor under the criteria listed in this Question 2(a).

The Subscriber is an employee benefit plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, which has total assets in excess of \$5,000,000.

The Subscriber is licensed, or subject to supervision, by U.S. Federal or state examining authorities as a “bank”, “savings and loan association”, “insurance company”, or “small business investment company” (as such terms are used and defined in 17 CFR §230.501(a)) or is an account for which a bank or savings and loan association is subscribing in a fiduciary capacity and over which such fiduciary exercises investment discretion.

The Subscriber is registered with the United States Securities and Exchange Commission as a broker or dealer or an investment company; or has elected to be treated or qualifies as a “business development company” (within the meaning of Section 2(a)(48) of the Investment Company Act of 1940 or Section 202(a)(22) of the Investment Advisers Act of 1940).

The Subscriber is an entity in which *all* of the equity owners are qualified under one or more of the criteria listed above.

- (b) *Ability to Bear Risk.* Is the Subscriber able to bear the economic risk of the proposed investment in Shares of the Fund?

Yes

No

- (c) *Investment Experience.* Did the individual responsible for making the investment decision to invest in the Fund rely on the advice of any other consultant or advisor in formulating the investment decision?

Yes

No

If yes, please provide the name, business address and principal occupation of the independent consultant or advisor and indicate his or her relationship with the individual responsible for the investment decision:

Name:

Address:

Principal Occupation:

Relationship:

### 3. **Supplemental Data for Entities**

If the Subscriber is *not* a natural person, furnish the following supplemental data (natural persons may skip to Question 4):

- (a) Legal form of entity:
- (b) Jurisdiction (State, if within United States) in which organized:
- (c) Jurisdiction (State, if within United States) in which primary place of business or head office is maintained:
- (d) Year of organization:
- (e) Briefly identify the Subscriber’s primary business:
- (f) Total number of shareholders, partners or other holders of equity or beneficial interests or other securities (including any debt securities other than short-term paper of the Subscriber): (If the number is more than 100, it is sufficient to respond “more than 100.”)
- (g) Is the Subscriber a wholly-owned or majority-owned subsidiary of another entity?
- |  |     |    |
|--|-----|----|
|  | Yes | No |
|--|-----|----|
- (h) Is the direct parent of the Subscriber a wholly-owned or majority-owned subsidiary of another entity?
- |  |     |    |
|--|-----|----|
|  | Yes | No |
|--|-----|----|
- (i) Was the Subscriber organized for the specific purpose of acquiring the Shares?
- |  |     |    |
|--|-----|----|
|  | Yes | No |
|--|-----|----|
- (j) If the Subscriber is an entity engaged primarily in investing or trading securities:
- (i) have shareholders, partners or other holders of equity or beneficial interests in the Subscriber been provided the opportunity to decide individually whether or not to participate, or the extent of their participation, in the Subscriber’s investment in the Fund (*i.e.*, have investors in the Subscriber been permitted to determine whether their capital will form part of the capital invested by the Subscriber in the Fund)?
- |  |     |    |
|--|-----|----|
|  | Yes | No |
|--|-----|----|
- (ii) does the current value of the amount of the Subscriber’s subscription to the Fund exceed 40 percent of the value of the Subscriber’s total assets?
- |  |     |    |
|--|-----|----|
|  | Yes | No |
|--|-----|----|
- (k) *ERISA*.
- (i) Is the Subscriber a pension, profit-sharing, annuity or employee benefit plan (a “Plan”) described in the Employee Retirement Income Security Act of 1974 (“ERISA”), whether or not subject to ERISA, or is the Subscriber an entity whose underlying assets include Plan assets by reason of a Plan’s investment in the Subscriber?

- |       |  |    |
|-------|--|----|
|       | Yes  | No |
| (ii)  | Is the Subscriber a Plan which is <i>both</i> voluntary and contributory?  |    |
|       | Yes  | No |
| (iii) | If the Subscriber is subscribing as a trustee or custodian for an Individual Retirement Account, is the Subscriber a qualified IRA custodian or trustee? |    |
|       | Yes  | No |
| (iv)  | Is the subscriber subject to Title I of ERISA or Section 4975 of the Code?   |    |
|       | Yes  | No |

4. **Tax Information**

- (a) Social Security (for United States persons) or Tax Identification Number (for United States entities, trustees and custodians including for Individual Retirement Accounts):
- (b) Please indicate whether the Subscriber, for income tax purposes, files now or has ever filed a tax or information return, as a partnership, as a “grantor” trust or (if the Subscriber is a U.S. corporation) as an “S corporation” under Sections 1361-1379 of the U.S. Internal Revenue Code of 1986, as amended.
- |  |     |    |
|--|-----|----|
|  | Yes | No |
|--|-----|----|
- (c) Country of citizenship (natural persons only).



**Korea International Investment Fund**

Subscriber Information  
Signature Page

The Subscriber agrees to notify the Fund of any change with respect to the foregoing information and to provide such further information as the Fund may reasonably require.

Date:

Signature of Subscriber:

Printed Name:

Title/ representative capacity, if applicable:

**Korea International Investment Fund Ltd.**

***Subscription Agreement***

Korea International Investment Fund Ltd.  
c/o: Advanced Fund Administration (Cayman) Ltd.  
Zephyr House, 122 Mary Street,  
PO Box 1748, Grand Cayman, KY1-1109,  
Cayman Islands  
Attention: Investor Services  
Email: investorservices@afaservices.com

Ladies and Gentlemen:

The undersigned (the “Subscriber”) hereby acknowledges having received and read the Private Placement Memorandum of the Fund, dated April 2013 (the “Memorandum”) and documents attached thereto or referenced therein and any other related disclosure or offering documents (the “Offering Documents”) of Korea International Investment Fund Ltd. (the “Fund”), a Cayman Islands exempted limited liability company, which among other things describes the Shares of the Fund. Except as otherwise defined herein, all capitalized terms used herein shall have the meanings ascribed to such terms in the Amended Memorandum.

1. *Subscription Commitment.*

The Subscriber hereby subscribes to purchase as many Shares as maybe purchased for the Subscription Commitment amount set forth in the accompanying Subscriber Information Form completed and signed by the Subscriber (which shall be considered an integral part of this Subscription Agreement) in accordance with the procedures outlined in the Instructions for Investors. Such subscription shall be payable in full in readily available funds by wire transfer to the following bank account held by Butterfield Bank (Cayman) Limited at The Bank of New York, at least one Business Day prior to the Subscription Date:

To:	The Bank of New York, 48 Wall Street, New York, New York 10286
SWIFT:	IRVTUS3N
ABA #	021-000-018
Account Name:	Butterfield Bank (Cayman) Limited
A/C #:	803-3265-086
SWIFT:	BNTBKYYK
F/F/C:	Korea International Investment Fund Ltd.
Ref #:	01210-070443

The Subscriber understands that this subscription is not binding on the Fund until accepted by the Fund, and may be rejected in whole or in part by the Fund in its absolute discretion. If so rejected, the Fund shall return to the Subscriber, without interest or deduction, any payment tendered by the Subscriber, and the Fund and the Subscriber shall have no further obligation to each other hereunder. Unless and until rejected by the Fund, this subscription shall be irrevocable by the Subscriber.

2. *Representations, Warranties and Covenants.*

In order to induce the Fund to accept this subscription, the Subscriber hereby makes the following representations, warranties and covenants to the Fund:

- (a) The information set forth in the accompanying Subscriber Information Form is accurate and complete as of the date hereof, and the Subscriber will promptly notify the Adviser and the Fund of any material change in such information. The Subscriber consents to the disclosure of any such information, and any other information furnished to the Adviser or the Fund, to any governmental authority, self-regulatory organization or, to the extent required by law, to any other person.
- (b) The Subscriber has received and read carefully the Amended Memorandum, with three attached appendices, and is familiar with its contents.
- (c) The Subscriber or an adviser or consultant relied upon by the Subscriber in reaching a decision to subscribe has such knowledge and experience in financial, tax and business matters as to enable the Subscriber or such adviser or consultant to evaluate the merits and risks of an investment in the Shares and to make an informed investment decision with respect thereto.
- (d) Except as disclosed in the accompanying Subscriber Information Form, the Subscriber is acquiring Shares for the Subscriber's own account, does not have any contract, undertaking or arrangement with any person or entity to sell, transfer or grant a participation with respect to any of the Subscriber's interest in the Shares, and is not acquiring the Shares with a view to or for sale in connection with any distribution of the Shares.
- (e) The Subscriber understands that the Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), that the Fund is not registered under the United States Investment Company Act of 1940, as amended (the "Investment Company Act"), and that the Shares, the Fund, the Adviser /Manager are not registered under the securities laws of any state of the United States or of any other jurisdiction. The Subscriber agrees to notify the Adviser prior to any proposed sale, transfer, distribution or other disposition of any Shares or any beneficial interest therein, and will not sell, transfer, distribute or otherwise dispose of any Shares unless the Shares and the Fund are registered or such sale, transfer, distribution or other disposition is exempt from registration and unless the holder of the Class C Shares in the Fund consents to such sale or other disposition, which consent may be denied for any reason in the discretion of the holder of such Class C Shares. The Subscriber understands that the Adviser has no intention to register the Fund or the Shares, and is under no obligation to assist it in obtaining or complying with any exemption from registration. If the holder of the Class C Shares permits transfer, the Fund will require that a proposed transferee meet appropriate investor suitability standards and that, in certain circumstances at the discretion of the Fund, the transferor furnish a legal opinion satisfactory to the Fund and its counsel that the proposed transfer complies with applicable securities laws. An appropriate legend evidencing such restrictions may be placed on any certificates issued representing the Shares and appropriate stop transfer instructions may be placed with respect to the Shares.
- (f) In formulating a decision to invest in the Fund, the Subscriber has not relied or acted on the basis of any representations or other information purported to be

given on behalf of the Adviser that is inconsistent with the Offering Documents (it being understood that no person has been authorized by the Adviser to furnish any such representations or other information).

- (g) The Subscriber recognizes that there is not now any public market for the Shares, and that such a market is not expected to develop; accordingly, it is not likely to be possible for the Subscriber readily to liquidate the Subscriber's investment in the Shares other than through redemption of Shares as provided in the Amended Memorandum.
- (h) The Subscriber agrees that the Fund shall be entitled to redeem the Shares in accordance with the terms of the Amended Memorandum (see "Redemption of Shares - Compulsory Redemptions"), and the Subscriber agrees to cooperate fully with such redemption.
- (i) If the Subscriber is a natural person, the Subscriber has the legal capacity to execute, deliver and perform this Subscription Agreement and the Subscriber Information Form.
- (j) If the Subscriber is a corporation, partnership, trust or other entity, it is authorized to make an investment in the Fund and otherwise to comply with its obligations under this Subscription Agreement; it has fully and accurately completed the appropriate Acknowledgement to this Subscription Agreement; the person signing this Subscription Agreement on behalf of such entity has been duly authorized by such entity to do so; and this Subscription Agreement has been duly executed and delivered on behalf of the Subscriber and is the valid and binding agreement of the Subscriber, enforceable against the Subscriber in accordance with its terms. In addition, the Subscriber will, upon request of the Fund, deliver any documents which may reasonably be requested by the Fund, including an opinion of counsel to the Subscriber, evidencing the existence of the Subscriber, the legality of an investment in the Fund and the authority of the person executing on behalf of the Subscriber.
- (k) If the Subscriber is, or is acting on behalf of, an employee benefit plan subject to Title I of ERISA or Section 4975 of the Code (an "ERISA Plan"), the Subscriber has so indicated in Question 3(l) of the Subscriber Information Form, and the Subscriber represents and warrants to and agrees with each of the Fund and the Adviser, that on the date hereof:
  - (i) the decision to invest assets of the ERISA Plan in Shares was made by fiduciaries independent of the Adviser, the Manager, the Board, the Administrator and the Fund, which fiduciaries are duly authorized to make such investment decisions and who have not relied on any advice or recommendations of the Adviser, the Manager, the Board or the Administrator;
  - (ii) neither the Adviser, the Manager, the Board, the Administrator, nor any of their agents, representatives or affiliates have exercised any discretionary authority or control with respect to the ERISA Plan's investment in the Shares, nor has the Adviser, the Manager, the Board, the Administrator or any of their agents, representatives or affiliates rendered individualized investment advice to the ERISA Plan based upon the ERISA Plan's investment policies or strategy, overall portfolio composition or diversification;

- (iii) the terms of the documents governing the Fund comply with the instruments and applicable laws governing such ERISA Plan, and the undersigned shall promptly advise the Adviser in writing of any changes in any governing law or regulations or interpretations thereunder affecting the duties, responsibilities, liabilities or obligations of the Adviser, the Manager, the Board, the Administrator, the Fund, or any of their agents or affiliates; and
  - (iv) the plan is not a self-directed plan with respect to the decision to invest in the Fund and the decision to invest generally is not made by participants in the plan. The Subscriber will notify the Fund immediately if this representation ceases in the future to be true.
- (1) The Subscriber has no reason to anticipate any change in the Subscriber's circumstances, financial or otherwise, which may cause or require any sale or distribution by the Subscriber of all or any part of its Shares herein subscribed for.

3. *Indemnification.*

The Subscriber understands the meaning and legal consequences of the representations, warranties, agreements, covenants and confirmations set out in paragraph 2 above and agrees that the subscription made hereby may be accepted in reliance thereon. The Subscriber hereby agrees to indemnify and hold harmless the Adviser, the Administrator and the Fund from and against any and all loss, damage, liability and expense, including reasonable costs and attorneys' fees and disbursements, which the Adviser, Administrator and the Fund may incur by reason of, or in connection with, any representation or warranty made herein (or in the accompanying Subscriber Information Form) not having been true when made, any misrepresentation made by the Subscriber or any failure by the Subscriber to fulfill any of the covenants or agreements set forth herein, in the Subscriber Information Form or in any other document provided by the Subscriber to the Adviser or the Fund.

4. *Miscellaneous.*

- (a) The Subscriber agrees that neither this Subscription Agreement, nor any of the Subscriber's rights or interest herein or hereunder, is transferable or assignable by the Subscriber, and further agrees that the transfer or assignment of the Shares acquired pursuant hereto shall be made only in accordance with the provisions hereof and all applicable laws.
- (b) The Subscriber agrees that it may not cancel, terminate or revoke this Subscription Agreement or any agreement of the Subscriber made hereunder, and that this Subscription Agreement shall survive the death or legal disability of the Subscriber and shall be binding upon the Subscriber's heirs, executors, administrators, successors and assigns.
- (c) All of the representations, warranties, covenants, agreements and confirmations set out above and in the Subscriber Information Form shall survive the acceptance of the subscription made herein and the issuance of the Shares.
- (d) Within 10 days after receipt of a written request therefore from the Adviser or the Fund, the Subscriber shall provide such information and execute and deliver such documents as the Adviser or the Fund may deem reasonably necessary to comply

with any and all laws and ordinances to which the Adviser and the Fund is or may be subject.

- (e) This Subscription Agreement shall be construed in accordance with and governed by the laws of the Cayman Islands.
- (f) This Subscription Agreement, and the documents referred to and incorporated herein, constitute the entire agreement between the parties hereto with respect to the subject matter hereof and may be amended only by a writing executed by the Subscriber and the Fund.

5. *Notices.*

Any notice required or permitted to be given to the Subscriber in relation to the Fund, shall be sent to the address specified in Question 1 of the Subscriber Information Form accompanying this Subscription Agreement or to such other address as the Subscriber designates by written notice received by the Administrator, on behalf of the Fund.

IN WITNESS WHEREOF, the undersigned have executed this Subscription Agreement, intending to be legally bound, on this     day of                     20

Subscriber Name:

Subscriber Signature:

Name /Title of Signatory:  
(For Entities)

Date & Place of Execution:

Acknowledgement of Receipt of Subscription Documents:

Advanced Fund Administration (Cayman) Ltd.

By:

Name (please print):

Title:

Date:

#### ACCEPTANCE

The terms of the foregoing, including the subscription described therein, are agreed to and accepted this     day of                     20     by the Korea International Investment Fund Ltd.

KOREA INTERNATIONAL INVESTMENT FUND LTD.

By:

Name:

Title:

Date: