

SAINT-HONORÉ MICROFINANCE

Société d'Investissement à Capital Variable

RCS Luxembourg B 111 570

Luxembourg

PROSPECTUS DATED 6 MARCH 2008

Board of Directors:

Chairman:

La Compagnie Financière Edmond de Rothschild
Banque
represented by Samuel Pinto
Member of the directorate of La Compagnie
Financière Edmond de Rothschild Banque

Members:

Marc Odendall
Venture philanthropist and financial adviser

Martin Velasco
Entrepreneur
Member of the board of directors of BlueOrchard
Finance S.A.

Henri Elbaz
Member of the directorate of RFS Investment
Managers

Humbert Garreau de Labarre
Senior Vice President of La Compagnie
Financière Edmond de Rothschild Banque

Alexandre Col
Senior Vice President – Head of Investment Fund
Department of Banque Privée Edmond de
Rothschild S.A.

Registered Office:

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L-2535 Luxembourg

Sponsor:

La Compagnie Financière Edmond de Rothschild
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Investment Managers:

RFS Investment Managers
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BlueOrchard Finance S.A.
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**Custodian, Paying Agent,
Domiciliary Agent,
Registrar and Transfer
Agent and Administrative Agent:**

Banque Privée Edmond de Rothschild Europe
20, Boulevard Emmanuel Servais
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Auditor:

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400, route d'Esch
L-1014 Luxembourg

Legal Adviser:

Arendt & Medernach
14, Rue Erasme
L-1468 Luxembourg

Copies of the Prospectus may be obtained from the registered office of the Company at 20, Boulevard Emmanuel Servais, L - 2535 Luxembourg.

Information concerning the microfinance investment activities of the Company may be obtained from BlueOrchard Finance S.A.

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1. STRUCTURE

Saint-Honoré Microfinance (the "Company") is offering shares (the "Shares") on the basis of the information contained in this prospectus (the "Prospectus") and in the documents referred to herein. An amendment or updated Prospectus shall be provided, if necessary, to reflect material changes to the information contained herein.

The Company is an investment company organised under the laws of the Grand Duchy of Luxembourg as a "Société d'Investissement à Capital Variable" with several separate sub-funds (the "Sub-Funds").

In accordance with the articles of incorporation of the Company (the "Articles"), the board of directors of the Company (the "Board of Directors") may issue Shares in each Sub-Fund. A separate portfolio of assets is maintained for each Sub-Fund and is invested in accordance with the investment objective applicable to the relevant Sub-Fund. As a result, the Company is an "umbrella fund" enabling investors to choose between one or more investment objectives by investing in one or more Sub-Funds.

The Board of Directors may, at its discretion, issue several share classes within each Sub-Fund.

At the date of this Prospectus, the Company is offering Shares for subscription in the "Saint-Honoré Microfinance – A" Sub-Fund. If further Sub-Funds are created, the Prospectus will be updated accordingly.

The "Saint-Honoré Microfinance – A" Sub-Fund offers two classes of Shares having a different denomination currency (EUR/USD). At the date of this Prospectus, only the EUR share class is open.

The Board of Directors has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or opinion. The Board of Directors accepts responsibility accordingly.

No person is authorised to give any information or to make any representations other than those contained in the Prospectus and in the documents referred to therein.

The distribution of the Prospectus and the offering of the Shares may be restricted in certain jurisdictions. The Prospectus does not constitute an offer or solicitation in a jurisdiction where to do so is unlawful or where the person making the offer or solicitation is not qualified to do so or where a person receiving the offer or solicitation may not lawfully do so. It is the responsibility of any person in possession of the Prospectus and of any person wishing to apply for Shares to inform himself of and to observe all applicable laws and regulations of relevant jurisdictions.

The distribution of the Prospectus is not authorised unless it is accompanied by the most recent annual and semi-annual reports of the Company, if any. Such report or reports are deemed to be an integral part of the Prospectus.

Luxembourg - The Company's objective is to invest 20% or more of the net assets of each Sub-Fund in assets other than transferable securities and other liquid financial assets referred to in Article 41 (1) of the law of 20 December 2002 on undertakings for collective investment (the "2002 Law"); the Company is consequently registered pursuant to the provisions of Part II of the 2002 Law.

Such registration does not however require any Luxembourg authority to approve or disapprove either the adequacy or accuracy of the Prospectus or the assets held in the Company. Any representations to the contrary are unauthorised and unlawful.

The Company was incorporated on 4 November 2005 and is governed by the Law of 10 August 1915 on commercial companies, as amended, and by the 2002 Law.

The Articles are published in the "Mémorial C, Recueil des Sociétés et Associations" (the "Mémorial") of 30 November 2005 and have been filed with the Chancery of the District Court of Luxembourg.

Any interested person may inspect this document at the Chancery of the District Court of Luxembourg; copies are available on request from the registered office of the Company.

The minimum capital of the Company, as provided by law, which must be achieved within 6 months after the date on which the Company has been authorized as an undertaking for collective investment ("UCI") in Luxembourg, shall be EUR 1.250.000.-. The capital of the Company is represented by fully paid-up Shares of no par value. The initial capital of the Company has been set at EUR 35.000.- divided into 7 fully paid-up Shares of no par value.

The share capital of the Company will be equal, at any time, to the total value of the net assets of all the Sub-Funds.

USA - The Shares have not been registered under the United States Securities Act of 1933 as amended nor has the Company been registered under the Investment Company Act of 1940, as amended. Consequently, Shares of the Company may not be publicly offered or sold in the United States of America or in any of its territories subject to its jurisdiction and may not be offered to or for the benefit of, or purchased by, U.S. Persons (as defined in Article 10 of the Articles). Applicants may be required to declare that they are not U.S. Persons and are not applying for Shares on behalf of any U.S. Person.

Although Shares are freely transferable, the Articles give powers to the Board of Directors to impose such restrictions as it may think necessary for the purpose of ensuring that no Shares in the Company are acquired or held by any person in breach of the law or the requirements of any country or governmental authority or by any person in circumstances which in the opinion of the Board of Directors might result in the Company incurring any liability or taxation or suffering any other disadvantage which the Company may not otherwise have incurred or suffered and, in particular, by any U.S. Person as referred to above.

Under such powers, the Company may compulsorily redeem all Shares held by any such person on the terms provided in the Articles and may restrict the exercise of rights attached to such Shares.

The value of the Shares may fall as well as rise and a shareholder on transfer or, as the case may be and when applicable, redemption of Shares may not get back the amount he initially invested. Income from the Shares may fluctuate in money terms and changes in rates of exchange may cause the value of the Shares to go up or down. The levels and basis of, and reliefs from, taxation may change. There can be no assurance that the investment objectives of the Company will be achieved.

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences, foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to the subscription, purchase, holding, redemption, if applicable, or disposal of the Shares of the Company.

All references in the Prospectus to "USD" and "EUR" are to the legal currency respectively of the United States of America and of the European Monetary Union.

All references to "Business Day" refer to any day on which banks are open for business in Luxembourg City.

The Shares of the Company are currently not listed on a stock exchange. The Board of Directors reserves the right to list them in the future. In such event, the Prospectus will be amended accordingly

Typical investor - The typical investors of the Company would be experienced investors wishing to attain defined investment objective in the microfinance sector. It is also suitable for high net worth retail investors who consider a UCI as a convenient way of participating in capital markets developments and who are looking for a more diversified investment profile to include investments in the microfinance sector. The investors must have experience with volatile products and must be able to accept significant temporary losses. The Company is therefore intended for investors without immediate need for their funds and who should be able to afford a loss of all or a substantial part of their investment.

2. DURATION

The Company is created for an unlimited period of time and may be dissolved at any time by the general meeting of shareholders.

3. INVESTMENT OBJECTIVE AND POLICY

1. Investment Philosophy of the Company

The main objective of the Company is to contribute through its investments to the development of the microfinance industry mainly by promoting local and regional microfinance funding structures whilst offering investors capital preservation and returns comparable to or somewhat higher than money market rates. The microfinance sector, characterised by a high growth capacity, should represent over the next years an

important area of development for the capital markets of emerging economies. At the same time, this new sector should offer numerous investment opportunities.

Microfinance can be defined as the provision of financial services to micro-entrepreneurs

The vast majority of the populations of emerging economies still works in the informal sector of urban or rural areas. These micro-entrepreneurs, artisans and farmers are excluded from mainstream economic growth and must rely on themselves to survive. Their income often depends exclusively on the success of a small business in which they invest their frequently impressive skills, creativity and energy. Unfortunately, their ventures rarely extend far beyond the subsistence level, mostly because of lack of capital. They also usually remain at the mercy of adverse external shocks (for instance health problems) and in dire need of savings or insurance products that would enable them to cushion such shocks and stabilize their income and cash flows over time.

Over the past 20 years, specialized financial intermediaries, the microfinance institutions, have successfully targeted this market and developed products (loans, savings, insurance, payments) and methodologies perfectly adapted to its needs and characteristics. Microfinance institutions have also proved that microfinance is a risk-manageable and profitable business: micro-entrepreneurs borrow at market rates and boast a repayment track record that beats most commercial banks (97% on average).

Microfinance institutions have developed competencies that allow them to be efficient financial intermediaries. Years of experience and intimate knowledge of the socio-cultural environment of their target market have taught them to:

- Develop original credit distribution and savings collection channels, generating for their clients a constant feeling of proximity through intensive presence of loan officers in the field while incorporating sophisticated IT developments such as ATM networks or satellite communications for scattered bank branches.
- Adapt credit risk analysis techniques incorporating their knowledge of the micro-enterprises environment and particular risk factors linked to this sector. Once again, creative use of IT systems has been observed, such as development of palm pilot application for on site credit scoring of clients.
- Create and adapt products and services meeting the needs of their clients and design adapted collateral or guarantee mechanisms (village banking, solidarity groups, individual lending). Products and services offered are now very diversified: working capital, investment or home improvement loans, savings and deposits, micro-insurance policies, utilities and transfer payments, pension insurance, collection of international remittances, etc.

Microfinance combines the profit-seeking motive with the priorities of social development

Experience has also shown that, while microfinance is a business per se, it is also a powerful development tool: even very modest loans generate large business productivity gains and contribute both to turnover and job creation growth as well as to raise family

living standards (adequate nutrition, better health and housing, more education). Microfinance truly launches positive cycles of capital accumulation and investments whose effects are transmitted among family members and between generations.

The working poor do not ask for charity. Fast and flexible access to adequate financial products is what they need. By treating the working poor as clients, microfinance operators also contribute to the strengthening of their self-esteem which is a fundamental prerequisite for their successful empowerment. They are finally considered responsible of their own development. "Assistance" is terminology of the past. In addition, getting access to financial services has the indirect effect of reinserting the working poor within formal networks of the economy, thereby creating for them a sense of belonging to the society, a possible path towards greater democracy.

Microfinance is becoming an integral part of mainstream commercial finance

Microfinance is quickly gaining momentum. Thousands of microfinance institutions are active in the world today and an increasing number of them now strictly operate under commercial rules. Commercialization is not a goal in itself, but a means of making sure that financial intermediation and products or services delivery is done in an efficient way. Profitability of field operators is also a prerequisite both for the sustainability of their social impact in time and for reaching out to an ever increasing number of clients.

Microfinance is maturing into a transparent and regulated industry. There is a significant closer attention paid by regulators, well-known business auditors and rating agencies to leading microfinance institutions, given their growing importance in national capital markets. Their involvement provides a solid legal, financial and political framework to sustain the growth of this industry.

Local and international sources of funding

Given the huge needs and estimated market demand (an estimated minimum of \$50 billion per year in annual credit demand), it becomes obvious that development assistance from industrialized countries will not be able to provide the level of funding needed. Access to commercial capital markets is the only solution to meet the financial needs of this fast growing segment of the world population.

A current and natural trend of the microfinance market is the rapid development of local sources of funding for the operators. This usually takes the form of access to credit lines from local commercial banks. An increasing number of regulated microfinance institutions do also collect public deposits and savings. Some leading microfinance operators have also issued commercial paper on their own market. Finally, local or regional second-tier investment structures such as local investment funds or cooperatives' networks are also quickly emerging.

The role of international investments in microfinance nevertheless remains a key one in various aspects. First, international investments do act as catalysts and do have effective demonstration effects for local commercial financing. International funding also adequately complements local sources of funding and do offer diversification opportunities for microfinance institutions. Finally, international funding sources can

help support the development of local or regional specialized investment vehicles targeting smaller structures operating in microfinance.

2. Investment Objective of the "Saint-Honoré Microfinance – A"

The overall objective of the Sub-Fund is to make a strong positive impact on the lives of micro-entrepreneurs in developing countries, while ensuring capital preservation and some return to the investor.

An additional specific objective is to encourage and to strengthen the local or regional management of investments targeted at microfinance institutions of smaller size, hard to reach internationally.

The Sub-Fund thereby aims at promoting the development of micro-banks acting in niche segments where social impact is at its most, such as those focussing on rural areas or working with segments of particularly needy micro-entrepreneurs.

3. Investment Policy of the "Saint-Honoré Microfinance – A"

A.- Composition of the portfolio

The portfolio of the Sub-Fund consists of two different parts:

a) Part 1: Microfinance Investments

The “Microfinance Investments” represent the portion of the portfolio of the Sub-Fund which is invested in microfinance.

(i) The Sub-Fund will primarily invest in local or regional microfinance investment structures, i.e. vehicles or institutions which channel funds to the microfinance sector with a domestic or limited regional exposure (“Domestic Microfinance Investment Structures”), providing mostly debt funding to local microfinance institutions (“MFI”), most of which should be of rather small size or acting in specific niches of the microfinance market. Such investment structures include but will not be limited to local and regional UCI and networks of cooperatives.

(ii) The Sub-Fund may also invest in international microfinance investment structures (“International Microfinance Investment Structures”) providing mostly debt funding to large size MFI. Such investment structures include but will not be limited to international UCI whose policy is to invest in the microfinance sector with an international exposure. The scope and the timeframe of such investment will depend on the relevant market conditions at the time of investment.

The selection and monitoring of the Domestic and International Microfinance Investment Structures will be achieved by a global due diligence process including legal, accounting, investment and monitoring procedures normally applied in the microfinance industry and the UCI industry, as the case may be.

In order to carry out its microfinance investment activities under (i) and (ii) above, the Sub-Fund will mainly invest in the following instruments:

- units or shares of regulated or unregulated, open-ended or closed-ended UCI;
- debt securities and other financing instruments, notably promissory notes, direct loans, term deposits, issuance of guarantees, bonds, commercial paper and equity participations.

The characteristics of investments in the latter are as follows:

- guaranteed debts are favoured but not mandatory. Due to the cost of the guarantee mechanisms, it is not compulsory to systematically proceed to a guarantee;
- subordinated investment positions may be taken up to 20% of the total assets of the portfolio. However, no subordination of interest payments will be accepted;
- the maturity of loans made or of debt instruments acquired by the Sub-Fund in microfinance will never exceed 5 years;
- remunerated guarantees will be issued for the benefit of credit institutions to enable them to lend to local microfinance institutions or to Microfinance Investments Structures. Such guarantees may notably take the form of stand-by letters of credit or deposits with credit institutions, which deposits will be remunerated in favour of the Sub-Fund by the interest rate prevailing in the market for such type of deposits and will be pledged for the benefit of such credit institutions.

To the extent the investment by the Sub-Fund in debt securities would be impracticable due to the lack of securitisation of such instruments or would be prejudicial to shareholders due to the withholding taxes levied on investment in such securities. The Sub-Fund may contribute to the refinancing of MFIs by making direct loans to such MFIs, potentially carrying option rights to participate in the capital of the MFIs or by making loans to Domestic Microfinance Investment Structures/ International Microfinance Investment Structures specialized in the refinancing of MFIs.

b) Part 2: Liquid Assets

The “Liquid Assets” represent the portion of the portfolio of the Sub-Fund which is invested, on an ancillary basis, in cash, money market instruments or other liquid instruments, including money market or debt instruments UCI.

The portfolio of the Sub-Fund will be structured in such a way that it will present appropriate liquidity features to enable the Sub-Fund to meet its obligation to redeem Shares.

B.- Currency hedging

For each class of Shares of the Sub-Fund, all investments which are not denominated in the denomination currency of the relevant class of Shares, may be hedged back in such currency.

4. INVESTMENT RESTRICTIONS

(A) Restrictions applicable to investment in transferable securities and financing instruments

The Company may not:

- a) invest more than 80% of the total assets of each Sub-Fund in securities not listed on a stock exchange nor dealt in on another regulated market, which operates regularly and is recognised and open to the public (a "Regulated Market");
- b) acquire, for each Sub-Fund and for the Company as a whole, more than 20% of the securities and the financing instruments of the same kind issued by the same issuing body, provided that such restriction shall not apply in respect of debt instruments issued by a micro-bank;
- c) invest more than 20% of the total assets of each Sub-Fund in securities and financing instruments issued by the same issuing body.

The restrictions mentioned hereabove are applicable to units or shares issued by closed-ended UCI, the securities of which are considered as transferable securities.

The restrictions mentioned hereabove are not applicable to securities issued or guaranteed by a member state of the Organisation for Economic Cooperation and Development or their local authorities or public international bodies with European Union, regional or world-wide scope.

(B) Restrictions applicable to investment in open-ended UCI

The restrictions set forth under (A) (a), (b) and (c) above are applicable to the purchase of units or shares issued by open-ended UCI if such UCI are not subject to risk diversification requirements comparable to those provided for UCI subject to Part II of the 2002 Law .

These restrictions are not applicable to the acquisition of units of open-ended UCI if such target UCI are subject to risk diversification requirements comparable to those applicable to UCI which are subject to part II of the 2002 Law and if such target UCI are subject in their home country to a permanent supervision by a supervisory authority set up by law in order to ensure the protection of investors (i.e. target UCI which are formed or organised under the laws of Canada, Hong Kong, Japan, Switzerland, the United States of America or any member state of the European Economic Area).

This derogation may not result in an excessive concentration of the investments of the relevant Sub-Fund in one single target UCI provided that, for the purpose of this limitation, each compartment of a target UCI with multiple compartments is to be considered as a distinct target UCI if the principle of segregation of the commitments of the different compartments towards third parties is ensured.

During an initial period, not exceeding 18 months after its launch, the Sub-Fund will be allowed to invest up to 50% of its total assets in the Dexia Micro-Credit Fund.

(C) Borrowings

The Company, in each Sub-Fund, may borrow the equivalent of up to 15% of its net assets without restriction in respect of the intended use thereof.

(D) Techniques and Instruments

The Company shall generally not invest in derivative instruments, other than currency hedging instruments, debt swaps or similar agreements designed to manage risk associated with borrowings, and similar risk management derivatives, within the limits set forth in Appendix I hereinafter.

5. RISK CONSIDERATIONS

The investments within the Company are subject to market fluctuations and to the risks inherent in all investments; accordingly, no assurance can be given that the investment objectives will be achieved. The risk factors hereafter may result in substantial net asset value volatility and depreciation.

Investments of the Sub-Funds are, in particular, subject to the following risks:

General risks linked to investments in emerging countries

1. In general, emerging countries securities are substantially less liquid than securities of more developed countries. This may adversely affect the timing and pricing of the Sub-Funds' acquisitions and disposals of such securities. Furthermore, the Sub-Funds may hold investments in companies whose daily volumes of shares traded are low. This may also qualify the shares of such companies as less liquid.
2. The degree of regulation in emerging countries is generally less stringent than that in more developed countries.
3. Emerging countries companies are generally not subject to accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those used in developed countries.
4. The Sub-Funds' investments can be adversely affected by political, economic and diplomatic changes.
5. Furthermore, in certain countries and for certain types of securities forming part of the portfolio, the validity of title may be challenged by third parties or by the relevant issuers due to the possible deficiencies arising from applicable laws and regulations.
6. Settlement systems in emerging countries may be less well recognised than in developed countries. There may be a risk that settlement may be delayed and that securities of the Sub-Funds may be in jeopardy because of failures or of defects in the system. Market practice may even require that payment be made prior to receipt

of the security, or that delivery of the security be made before payment is received. In such cases, default by the counterparty through whom the transaction is effected might result in a loss being suffered by the Sub-Funds.

Specific risks linked to investments in debt instruments issued by Domestic Microfinance Investment Structures

1. The Sub-Funds will invest in local debt instruments most of which will be neither listed on a stock exchange nor dealt in on another Regulated Market. The issues of such debt instruments may not be submitted to any control from a regulatory authority.
2. In most cases, there does not exist a secondary market for the trading of debt instruments issued by Domestic Microfinance Investment Structures. Thus, there may exist no liquidity with regard to these instruments.
3. Due to the novelty of the debt instruments issued by Domestic Microfinance Investment Structures, the selection of the debt instruments of the portfolio may not be based on extensive historical records and past research.

Specific risks linked to investments in unlisted companies

1. The Sub-Funds' portfolio will be subject to the risks inherent in all development capital investment. Investment in unlisted companies is more speculative and involves a higher degree of risk than is normally associated with equity investment on established stock exchanges. No assurance can be given that the Sub-Funds' primary investment objective of capital appreciation will then be achieved.
2. Furthermore, investments in unquoted companies involve increased risk as minority investors have limited ability to protect their position in or influence the affairs of such companies.

Specific risks linked to microfinance activities

Risks associated to investments in microfinance may be broadly classified in three categories.

1. **Credit risk** linked to a specific institution.

MFI are still a varied lot. They include non-governmental organizations, cooperatives and credit unions, non bank financial institutions, commercial banks. While on average the good performers under any legal format typically exhibit very good financial ratios, a strict selection process and particular attention to specific issues for each legal format should be followed in order to minimize credit risk.

- Given the importance of loan portfolios in the total balance sheet of MFI, special emphasis should be put on the analysis of their quality notably through reviews of lending methodology used, level of arrears, geographic and sectoral diversification, provisioning and write off policies, concentration of amounts, product offer range. Indeed, bad loan portfolio management would be a major

source of risk for a MFI. Problems that one could identify in this area during a due diligence could include: tolerance for late repayment from credit managers, non immediate remedial actions taken if late payments occur, trend to systematically refinance bad loan portfolio and non inclusion of such refinancings in portfolio at risk, policy of non execution of guarantees (when available) in case of default, too high concentration of loan amounts on any particular segment of clients or regions, slow treatment of client requests, rigid product offer not necessarily adapted to clients needs, etc.

- Other issues to be checked include: liquidity management, profitability, leverage, asset liability management (matching of maturities and currencies), productivity, operating costs, funding sources, quality of staff, governance systems, internal audit work, client satisfaction and retention rates, etc. Some key risk issues that could come up during a due diligence include: bad governance system (lack of independence between board and management, absence of external independent board members, lack of strong second line managers, lack of real independent internal audit, etc.), too high financial leverage, too high currency mismatch in balance sheet, high operating costs or low productivity compared to market and competition, weak MIS systems and unreliable data gathering systems, low attention paid to client impact and needs, dependence on a limited number of external funders or maintained dependence on external subsidies, unwillingness to be externally rated and to be completely transparent, too fast and uncontrolled growth of asset base, clients and geographic branch network, etc.

Furthermore, lending to second tier structures will imply additional in depth due diligence of the vehicle manager and his track record.

2. Industry risks linked to ongoing developments in each microfinance domestic markets.

- A major source of concern when looking at the overall microfinance sector in a country would be fierce competition leading to overselling to same target group of clients, with final impact being overindebtedness of client base and eventual weakening of repayment performance, usually combined with lack of coordination and transmission of information between MFI on bad clients.
- Another main source of risk could take the form of entry of new players such as commercial banks or consumer credit companies without real understanding of the practices which make microfinance a sound business (especially the need for close relationships with borrowers and very frequent interactions and monitoring). Such entry could lead to client overindebtedness and negative impact on repayment standards; their entry could also put immense pressure on the financial margins of existing non bank MFI whose cost of funding is usually much higher because they are not authorized to capture savings. Some of those MFI could be driven out of business or at least experience major stress if large commercial banking players started entering strongly in the microfinance market with aggressive pricing strategies.

3. External shocks on the sector

- Although the microfinance industry has proved to be resilient to macroeconomic shocks or at least to be able to recuperate faster than other larger scale industries, such shocks could nevertheless affect general consumption patterns and thereby the micro businesses activity, especially if prolonged over long periods of time.
- Changes in the regulatory environment by central banks, legislators or other supervisory authorities could affect ability of the MFI to develop themselves to the fullest extent possible. Exemples of such adverse regulatory environment could take the form of caps imposed on levels of interest rates chargeable to clients, or taxes imposed on income or financial transactions.
- Political interference could be another potential problem. Many a politician could be tempted in election times to declare debt forgiveness for all microfinance clients in any particular region. While temporarily very popular with customers, such measures would be dramatic for credit discipline and eventually for the quality of loan portfolios of microfinance institutions.
- Finally, unpredictable adverse climatic occurences such as tornadoes or floodings could wipe out entire regions and destroy the businesses of many micro-entrepreneurs, thereby gravely damaging the loan portfolios of MFI during a limited period of time.

Specific risks linked to the portfolio valuation

The lack of an active public market for securities and debt instruments will make it more difficult and subjective to value investments of the Sub-Funds for the purposes of determining the net asset value (the "NAV").

Specific risks linked to investment in other UCI

The investment by a Sub-Fund in target UCI may result in a duplication of some costs and expenses which will be charged to the Sub-Fund, i.e. setting up, filing and domiciliation costs, subscription, redemption or conversion fees, management fees, custodian bank fees, auditing and other related costs. For shareholders of the said Sub-Fund, the accumulation of these costs may cause higher costs and expenses than the costs and expenses that would have been charged to the said Sub-Fund if the latter had invested directly. However, no management fee will be perceived on investment in other UCI managed by the Investment Managers (as defined hereinafter).

6. INVESTMENT MANAGERS

The Board of Directors shall have the broadest powers to act in any circumstances on behalf of the Company, subject to the powers assigned by law and the Articles to the general meeting of shareholders.

The Board of Directors has been given power to administer and manage the Company and to decide on its objectives and the investment policy to be pursued by each Sub-Fund.

In order to execute this policy, the Board of Directors has appointed BlueOrchard Finance S.A. and RFS Investment Managers as investment managers (the "Investment Managers"), to provide the Company with advice, reports and recommendations in connection with the management of the Company, and to advise the Company as to the selection of the securities and other assets constituting the actual Sub-Funds' portfolios. Furthermore, the Investment Managers shall, on a day-to-day basis and subject to the overall control and ultimate responsibility of the Board of Directors, purchase and sell securities and otherwise manage the actual Sub-Funds' portfolios.

Furthermore, the Board of Directors has appointed the Investment Managers to carry out together the necessary controls to ensure compliance with the investment restrictions and policies of the Company as well as the management of the risks encountered by the Company in compliance with the circular 02/81 of 6 December 2002 regarding the guidelines concerning the duty of auditors of UCI.

BlueOrchard Finance S.A. is in charge of the management and investments of the portion of the portfolio of the "Saint-Honoré Microfinance – A" Sub-Fund which is invested in Domestic Microfinance Investment Structures and in International Microfinance Investment Structures (as defined under Section 3, 3, A, a), (i) and (ii) "Part 1: Microfinance Investments" above).

The appointment of BlueOrchard Finance S.A. is made under an agreement dated 1st December 2005.

BlueOrchard Finance S.A. is a public limited company, incorporated under the laws of Switzerland on 15 March 2001, with the purpose of managing investments funds, providing advice and carrying out research and analysis in the financial sector, in particular in favour of entities involved in microfinance investments and credit allocations. Its registered office is at 32, rue Malatrex, CH-1201 Geneva, Switzerland. On 31 December 2004, its share capital amounted to CHF 645,000.-.

RFS Investment Managers is in charge of the management and investments of the portion of the portfolio of the "Saint-Honoré Microfinance – A" Sub-Fund which is invested in Liquid Assets (as defined under Section 3, 3, A, b), "Part 2: Liquid Assets" above). RFS Investment Managers will also be responsible for the hedging against the risk of exchange rate concerning all investments for each class of shares of the Sub-Fund which are not denominated in the denomination currency of the relevant class of shares and which may be hedged back in such currency. Furthermore, RFS Investment Managers will supervise the global allocation of the assets of the Sub-Fund.

The appointment of RFS Investment Managers is made under an agreement dated 6 March 2008 and replaces Edmond de Rothschild Asset Management (EDRAM) which has been appointed Investment Manager as from the launching of the Company pursuant to an agreement dated 1st December 2005.

RFS INVESTMENT MANAGERS is a *société anonyme* incorporated under the laws of France on 9 May 2001 with a share capital of EUR 1.000.000, having its registered office at 47, rue du Faubourg Saint-Honoré, 75008 Paris RFS Investment Managers has been authorised by the French Supervisory Authority, *l'Autorité des Marchés Financiers*, on 15 April 2004. RFS Investment Managers is a subsidiary of Edmond de Rothschild Group and sister company of EDRAM.

The portfolio fixed income team of RFS Investment Managers operates in all segments of the yield curve and covers a broad spectrum of bond asset classes. RFS Investment Managers benefits from a recognized and thorough experience in the process of fund selection and LCF Rothschild group has a 35 year track record in multimangement. RFS Investment Managers is a well established entity acting in the fixed income markets and the research of innovative financial investments,.

These two distinct investment management agreements are entered into for an unlimited period and may be terminated at any time by the Company or the relevant Investment Manager on giving 90 days' prior written notice.

Subject to the prior approval of the Board of Directors, the Investment Managers may sub-contract part or all of their duties, functions, powers or privileges to other persons or entities on terms and conditions as the Investment Managers determine. In such event, however, the Investment Managers shall be responsible for the performance of such duties and responsibilities and the Prospectus will be updated accordingly.

7. CUSTODIAN, PAYING AGENT, DOMICILIARY AGENT, REGISTRAR AND TRANSFER AGENT AND ADMINISTRATIVE AGENT

Banque Privée Edmond de Rothschild Europe, a Société Anonyme with its Registered Office at 20 Boulevard Emmanuel Servais, L-2535 Luxembourg (the "Custodian"), has been appointed as custodian of the Company assets in accordance with a custodian bank and services agreement (the "Custodian Bank and Services Agreement") for an undetermined duration effective as of 4 November 2005.

Each of the parties may terminate the Agreement subject to three months notice.

Banque Privée Edmond de Rothschild Europe was granted statutory recognition as a bank on 24 October 1988 in Luxembourg.

The safekeeping of the Company assets has been entrusted to the Custodian who shall fulfil the obligations and duties stipulated by law.

The Company assets shall be deposited with the Custodian and/or the Custodian's correspondents under the supervision of the Custodian. The Custodian shall exercise all reasonable care in the selection and supervision of its Correspondents and the Custodian shall be liable for proper instructions and transfer of the Company assets to such correspondents. Unless the Custodian has been negligent in the performance of its duties the Custodian shall not be liable to the Company for the correspondents' failure to perform their obligations and unless the Custodian has been negligent in the selection and supervision of any such correspondent the Custodian shall not be liable to the Company for losses resulting from the bankruptcy or insolvency of a correspondent. In such case the Custodian shall be liable to the Company only to the extent that the correspondents are liable to the Custodian and the Custodian shall be obliged to credit to the Company only such assets as will be returned by the correspondents where the assets have been placed.

Banque Privée Edmond de Rothschild Europe will further, in accordance with the 2002 Law:

- (i) ensure that the sale, issue, redemption and cancellation of shares effected by the Company or on its behalf are carried out in accordance with the 2002 Law and the Articles;
- (ii) ensure that in transactions involving the assets of the Company, any consideration is remitted to it within the customary settlement dates;
- (iii) ensure that the income of the Company is applied in accordance with the Articles.

Banque Privée Edmond de Rothschild Europe has been appointed domiciliary, registrar and transfer agent and administrative agent (the “Administrative Agent”) pursuant to the same Custodian Bank and Services Agreement. As such, Banque Privée Edmond de Rothschild Europe is also responsible for the general administrative functions of the Company required by law and for processing the issue, conversion, as the case may be and redemption of Shares, the calculation of the NAV of the Shares in the Company and the maintenance of accounting records for the Company.

As paying agent for the Company (the “Paying Agent”), Banque Privée Edmond de Rothschild Europe is ultimately responsible for the payment of the redemption price of the Shares to shareholders of the Company.

8. SHARES

The Company has been set up as a "multiple compartment investment company" which means that the Company may be composed of several Sub-Funds with each Sub-Fund constituting a separate portfolio of assets and liabilities. Each Sub-Fund is treated as a separate entity and operates independently and as between shareholders, each portfolio of assets shall be invested for the exclusive benefit of the relevant Sub-Fund. The net proceeds from the subscriptions to each Sub-Fund are invested in the specific portfolio of assets constituting such Sub-Fund and a purchase of Shares with respect to a Sub-Fund does not give the holder of such Shares any rights with respect to any other Sub-Fund.

Pursuant to the 2002 Law, a multiple compartment investment company constitutes a single legal entity. However, with regard to third parties, each Sub-Fund is exclusively responsible for all the liabilities attributable to it.

Within each Sub-Fund, several classes of Shares may be issued.

Shares are issued in registered form, with no par value and are recorded in the register of shareholders. Shareholders receive written confirmation of their registration but no certificate representing Shares will be issued.

The inscription of the shareholder's name in the register of shareholders evidences his or her right of ownership of Shares.

Shares are freely transferable except to U.S. Persons or nominees thereof as defined in Article 10 of the Articles.

All Shares must be fully paid-up; they carry no preferential or pre-emptive rights. Each Share of the Company, irrespective of its Sub-Fund, is entitled to one vote at any general meeting of shareholders, in compliance with Luxembourg law and the Articles.

However, the Company may decline to accept the vote of any U.S. Person, as referred to hereabove and provided in the Articles.

Fractional registered Shares will be issued to up to 4 decimal places of a Share, and such fractional Shares shall not be entitled to vote but shall be entitled to a participation in the dividends distribution and in the proceeds of liquidation attributable to the relevant Shares in the relevant Sub-Fund on a pro rata basis.

9. ISSUE OF SHARES

Subscriptions

Following the closing of the initial offer, subscriptions for Shares are accepted on each Valuation Day (as defined hereinafter).

The subscription price per Share (the "Subscription Price") will be equal to the NAV of the relevant class of Shares of the relevant Sub-Fund increased, as the case may be, by the entry fee as stated below. The Subscription Price is available for inspection at the registered office of the Company.

The Shares will be issued on a continuous basis, as capital is required by the Company.

The subscriptions are dealt with at an unknown NAV.

Investors whose applications are accepted will be allotted Shares issued on the basis of the NAV determined in respect of the Valuation Day (as defined hereafter) following receipt of the application form provided that such application has been received in Luxembourg by the Administrative Agent not later than 16.00 pm Luxembourg time, on the Business Day preceding the relevant Valuation Day. Applications received after that time will be processed in respect of the next Valuation Day.

Whenever the Company offers Shares for subscription, the price per Share at which such Shares are offered may be increased by an entry fee of up to a maximum of 2% of the NAV to the benefit of financial intermediaries. The price so determined shall be payable in the denomination currency of the relevant class of Shares of the relevant Sub-Fund or in any other currency specified by the investor (in which case any currency conversion cost shall be borne by the investor) on the third Business Day after the relevant Valuation Day.

Written confirmations of shareholding will be sent to shareholders within ten Business Days after the relevant Valuation Day.

The Company reserves the right to reject any application in whole or in part, in which case subscription monies paid, or the balance thereof, as appropriate, will be returned to the applicant as soon as practicable or to suspend at any time and without prior notice the issue of Shares in one, several or all of the Sub-Funds.

The Company may agree to issue Shares as a consideration for a contribution in kind of securities or other assets, provided that such securities or other assets comply with the investment objectives and policy of the relevant Sub-Fund and that the contribution is made in compliance with the conditions set forth by Luxembourg law, in particular the obligation to deliver a valuation report from the auditor of the Company ("*réviseur d'entreprises agréé*") which shall be available for inspection. Any costs incurred in connection with a contribution in kind of securities or other assets shall be borne by the relevant shareholders.

No Shares of any Sub-Fund will be issued during any period when the calculation of the NAV in such Sub-Fund is suspended by the Company, pursuant to the powers reserved to it under the Articles.

In the case of suspension of dealings in Shares, the application will be dealt with on the first Valuation Day following the end of such suspension period.

Market timing

Market Timing is to be understood as an arbitrage method through which an investor systematically subscribes and redeems or converts units or shares of the same UCI within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the NAV of the UCI.

The Board of Directors of the Company does not permit practices related to Market Timing. Both the Board of Directors and the Administrative Agent reserve the right to reject subscription and conversion orders from an investor who the Board of Directors or the Administrative Agent suspects of using such practices. The Board of Directors further reserves the right to take, if appropriate, the necessary measures to protect the other investors of the Company.

10. CONVERSION OF SHARES

Shareholders are entitled neither to convert the Shares they hold in one Sub-Fund into Shares of another Sub-Fund nor to convert the Shares they hold in one class of Shares into another class of Shares of the same Sub-Fund.

11. REDEMPTION OF SHARES

The Shares may be redeemed on the Valuation Day (as defined hereinafter) in January, April, July and October of each year at the request of the shareholders at a price based on the NAV of the relevant Shares.

Shareholders desiring to have all or any of their Shares redeemed should apply in writing to the Administrative Agent.

Redemption requests should contain the following information: the identity and address of the shareholder requesting the redemption, the number of Shares to be redeemed, the relevant Sub-Fund, the relevant class of Shares and details as to whom payment should be made.

The redemptions are dealt with at an unknown NAV.

Shareholders whose requests for redemption are accepted will have their Shares redeemed in respect of any relevant Valuation Day provided that the requests have been received in Luxembourg not later than 16.00 p.m., Luxembourg time, on the thirtieth day preceding that Valuation Day. Requests received after that time will be processed in respect of the next Valuation Day.

Shares will be redeemed at a price equal to the NAV in the relevant class of Shares of the relevant Sub-Fund in respect of the relevant Valuation Day. There is presently no redemption charge. The Board of Directors reserves the right to introduce a redemption charge if and when appropriate. In such event, the Prospectus will be amended accordingly.

The redemption price shall be paid on the third Business Day after the relevant Valuation Day, or from the date on which the redemption request details have been received by the Company.

Payment will be made by wire to the shareholder or by bank order to an account indicated by the shareholder, at such shareholder's expense and risk.

The redemption price will be paid in the denomination currency of the relevant class of Shares of the relevant Sub-Fund or in any other freely convertible currency specified by the shareholder. In the last case, any currency conversion cost shall be borne by the shareholder. The redemption price may be higher or lower than the price paid at the time of subscription or purchase.

Shares in any Sub-Fund will not be redeemed if the calculation of the NAV in such Sub-Fund is suspended by the Company in accordance with Article 12 of the Articles.

Furthermore, if on any Valuation Day redemption requests relate to more than 10% of the Shares in issue in a specific Sub-Fund, the Board of Directors may decide that part or all of such requests for redemption will be deferred for such period as the Board of Directors considers to be in the best interest of the Sub-Fund. On the next Valuation Day following such period, these redemption requests will be met in priority to later requests.

The Articles provide that the Board of Directors, on behalf of the Company, may compulsorily redeem the Shares held by any person, firm or corporate body, if in the opinion of the Company such holding may be detrimental to the Company, if it may result in a breach of any law or regulation whether Luxembourg or foreign, or if as a result thereof the Company may become subject to laws other than those of the Grand Duchy of Luxembourg (including but without limitation tax laws); specifically but without limitation the Company may compulsorily redeem Shares held by any U.S. Person.

12. DETERMINATION OF THE NET ASSET VALUE

1) Calculation and Publication

The NAV in respect of each class of Shares of each Sub-Fund shall be expressed in the currency in which the Shares of such class are denominated and shall be calculated as of any Valuation Day (as defined hereinafter) by dividing the net assets of each class of Shares and/or Sub-Fund (being the value of the portion of assets less the portion of liabilities attributable to such class of Shares and/or Sub-Fund on any such Valuation Day) by the total number of Shares in the relevant class of Shares and/or Sub-Fund then outstanding. The NAV per Share may be rounded up or down to the nearest unit.

If, since the time of determination of the NAV on the relevant Valuation Day, there has been a material change in the valuations of the investments attributable to the relevant Sub-Fund, the Company may, in order to safeguard the interests of the shareholders and of the Company, cancel the first valuation and carry out a second valuation. All subscription and redemption requests shall be treated on the basis of this second valuation.

The NAV is determined on the first Thursday of each month (or, if such day is not a Business Day as defined hereabove, on the following Business Day) (the "Valuation Day").

The value of the assets in each Sub-Fund shall be determined by the Administrative Agent, acting independently and based on the information received by it and under the supervision of the Board of Directors, as follows:

- (a) Debt instruments not listed or dealt in on any stock exchange or any other Regulated Market will be valued at fair market value, deemed to be the net present value calculated on the basis of the relevant interest rate market conditions applicable to the currency in which the relevant debt instrument is denominated; such value will be adjusted, if appropriate, to reflect the appraisal of the Investment Managers on the creditworthiness of the relevant debt instrument. The Board of

Directors will use its best endeavours to continually assess this method of valuation and recommend changes, where necessary, to ensure that debt instruments will be valued at their fair value as determined in good faith by the Board of Directors. If the Board of Directors believes that a deviation from this method of valuation may result in material dilution or other unfair results to shareholders, the Board of Directors will take such corrective action, if any, as it deems appropriate to eliminate or reduce, to the extent reasonably practicable, the dilution or unfair results.

- (b) Units or shares of open-ended UCI will be valued at their last official net asset values, as reported or provided by such UCI or their agents.
- (c) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Board of Directors may consider appropriate in such case to reflect the true value thereof.
- (d) The value of assets which are listed or dealt in on any stock exchange is based on the last available price on the stock exchange which is normally the principal market for such assets.
- (e) The value of assets dealt in on any other Regulated Market is based on the last available price.
- (f) All other securities and assets will be valued at fair market value as determined in good faith pursuant to procedures established by the Board of Directors.
- (g) In the event that, for any assets, the price as determined pursuant to sub-paragraph (a), (d) or (e) is not representative of the fair market value of the relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith.

For the purpose of determining the value of the Company's assets, the Administrative Agent, having due regards to the standard of care and due diligence in this respect, may, when calculating the NAV, completely and exclusively rely, unless there is manifest error or negligence on its part, upon the valuations provided (i) by various pricing sources available on the market such as pricing agencies (ie, Bloomberg, Reuters etc) or fund administrators etc, (ii) by brokers, or (iii) by (a) specialist(s) duly authorised to that effect by the Board of Directors. Finally, (iv) in the case no prices are found or when the valuation may not correctly be assessed, the Administrative Agent may rely upon the valuation provided by the Board of Directors.

In circumstances where (i) one or more pricing sources fails to provide valuations to the Administrative Agent, which could have a significant impact on the NAV, or where (ii) the value of any asset(s) may not be determined as rapidly and accurately as required, the Administrative Agent is authorised to postpone the NAV calculation and as a result may be unable to determine subscription and redemption prices. The Board of Directors shall be informed immediately by the Administrative Agent should this situation arise. The

Board of Directors may then decide to suspend the calculation of the Net Asset Value in accordance with the procedures described under the heading “Temporary Suspension of the Calculation” below .

Adequate provisions will be made, Sub-Fund by Sub-Fund, for expenses to be borne by each of the Company’s Sub-Funds and off-balance-sheet commitments may possibly be taken into account on the basis of fair and prudent criteria.

The value of all assets and liabilities not expressed in the reference currency of a Sub-Fund will be converted into the reference currency of such Sub-Fund at the rate of exchange ruling in Luxembourg on the relevant Valuation Day. If such quotations are not available, the rate of exchange will be determined in good faith by or under procedures established by the Board of Directors.

The Board of Directors, in its discretion, may permit some other method of valuation to be used, if it considers that such valuation better reflects the fair value of any asset of the Company.

The NAV and the issue and redemption prices for the Shares of each class of Shares of each Sub-Fund may be obtained during business hours at the registered office of the Company.

2) Temporary Suspension of the Calculation

In each Sub-Fund, the calculation of the NAV and the issue and redemption of Shares may be temporarily suspended:

- (a) during any period when any one of the stock exchanges or other principal markets on which a substantial portion of the assets of the Company attributable to such Sub-Fund, from time to time, is quoted or dealt in is closed (otherwise than for ordinary holidays) or during which dealings therein are restricted or suspended provided that such restriction or suspension affects the valuation of the investments of the Company attributable to such Sub-Fund quoted thereon; or
- (b) during any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Board of Directors, or the existence of any state of affairs which constitutes an emergency in the opinion of the Board of Directors, disposal or valuation of the assets held by the Company attributable to such Sub-Fund is not reasonably practicable without this being seriously detrimental to the interests of shareholders, or if in the opinion of the Board of Directors the issue and, if applicable, redemption prices cannot fairly be calculated; or
- (c) during any breakdown in the means of communication or computation normally employed in determining the price or value of any of the investments of the Company attributable to such Sub-Fund or the current prices or values on any stock exchanges or other markets in respect of the assets attributable to such Sub-Fund; or
- (d) during any period when the Company is unable to repatriate funds for the purpose of making payments on the redemption of Shares of such Sub-Fund or during which

any transfer of funds involved in the realization or acquisition of investments or payments due on redemption of Shares of the Company cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange; or

- (e) from the time of publication of a notice convening an extraordinary general meeting of shareholders for the purpose of winding up the Company or any Sub-Fund(s), or merging the Company or any Sub-Fund(s), or informing the shareholders of the decision of the Board of Directors to terminate or merge any Sub-Fund(s); or
- (f) when for any other reason, the prices of any investments owned by the Company attributable to such Sub-Fund cannot be promptly or accurately ascertained.

Notice of the beginning and of the end of any period of suspension shall be given by the Company to all the shareholders affected, i.e. having made an application for subscription or redemption of Shares for which the calculation of the NAV has been suspended.

Any application for subscription or redemption of Shares is irrevocable except in case of suspension of the calculation of the NAV in the relevant Sub-Fund, in which case shareholders may give notice that they wish to withdraw their application. If no such notice is received by the Company, such application will be dealt with on the first Valuation Day following the end of the period of suspension.

13. DISTRIBUTION POLICY

The primary investment objective of the Company is to achieve long-term growth. The Company's operating plan does not contemplate payment of dividends to shareholders for the foreseeable future as long as opportunities exist to deploy capital consistent with its business strategy. Consequently, while such opportunities exist, no dividends shall be declared nor any other distributions or reimbursements shall be made to the shareholders.

14. CHARGES AND EXPENSES

As more fully described hereinafter, the Company will pay out of the assets of the relevant Sub-Fund all expenses payable by the Company which shall include but not be limited to the fees payable to the Investment Managers including performance fees, if any, fees and expenses payable to the Custodian and its correspondents, the Paying Agent, the Administrative Agent, the listing agent, the distributor(s), any permanent representatives in places of registration as well as any other agent employed by the Company, the remuneration of the directors and their reasonable out-of-pocket expenses, insurance coverage, and reasonable travelling costs in connection with board meetings, any fees and expenses involved in registering and maintaining the registration of the Company with any governmental agencies or stock exchanges in the Grand Duchy of Luxembourg and in any other country, fees and expenses for legal, accounting and auditing services, reporting and publishing expenses, including the costs of preparing, printing, advertising and distributing prospectuses, explanatory memoranda, periodic reports or registration statements, and the costs of any reports to the shareholders of the Company, expenses incurred in determining the Company's NAV, the cost of convening and holding shareholders' and board of directors' meetings, all taxes, duties,

governmental and similar charges, and all other operating expenses, including all costs of buying or selling assets, reasonable travelling costs in connection with the selection of local or regional investment structures and of investments in such investment structures, the cost of publishing the issue and redemption prices, if applicable, interest, bank charges, currency conversion costs and brokerage, postage, telephone and telex. The Company may calculate administrative and other expenses of a regular or recurring nature on an estimated figure rateably for yearly or other periods in advance, and may accrue the same in equal proportions over any such period.

a) Formation and Launching Expenses of the Company

The formation and preliminary expenses of the Company, amounting to approximately EUR 80.000, shall be written off over a period not exceeding five years.

b) Formation and Launching Expenses of Additional Sub-Funds

The costs and expenses incurred in connection with the creation of a new Sub-Fund shall be written off over a period not exceeding five years against the assets of such Sub-Fund only and in such amounts each year as determined by the Board of Directors on an equitable basis. The newly created Sub-Fund shall not bear a pro-rata of the costs and expenses incurred in connection with the formation of the Company and the initial issue of Shares, which have not already been written off at the time of the creation of the new Sub-Fund.

c) Fees of the Investment Managers

1. Remuneration of BlueOrchard Finance S.A.

In consideration of the management services rendered to the "Saint-Honoré Microfinance – A" Sub-Fund, BlueOrchard Finance S.A. will receive a fee of maximum 2.5% per annum of the portion of the portfolio which is invested in Domestic and International Microfinance Investment Structures (as defined under Section 3, 3, A, a), (i) and (ii) "Part 1: Microfinance Investments" above). Such fee is calculated monthly and payable monthly in arrears. No fees will be perceived on the fraction of the assets of the Company invested in UCI and other investment structures managed by BlueOrchard Finance S.A.

2. Remuneration of RFS Investment Managers

In consideration of the management services rendered to the "Saint-Honoré Microfinance – A" Sub-Fund, RFS Investment Managers will receive a fee of maximum 0.6% per annum of the Company's total net assets. Such fee is calculated monthly and payable monthly in arrears.

No fees will be perceived on the fraction of the assets of the Company invested in UCI and other investment structures managed by RFS Investment Managers. In such case, RFS Investment Managers may obtain rebates at the level of the target UCI or other investment structure so as to offset or reduce the loss of income. When entering into such arrangements, RFS Investment Managers will act at all times in the best interest of the investors and of the Company.

d) Fees of the Custodian and Administrative Agent

The Custodian and Administrative Agent is entitled to receive out of the assets of each Sub-Fund fees calculated in accordance with customary banking practice in Luxembourg as a percentage per annum of the average monthly NAV thereof during the relevant quarter and payable quarterly in arrears. In addition, the Custodian and Administrative Agent is entitled to be reimbursed by the Company for its reasonable out-of-pocket expenses and disbursements and for the charges of any correspondents.

15. MEETINGS OF, AND REPORTS TO, SHAREHOLDERS

Notice of any general meeting of shareholders (including those considering amendments to the Articles or the dissolution and liquidation of the Company or of any Sub-Fund) shall be mailed to each registered shareholder at least eight days prior to the meeting and shall be published to the extent required by Luxembourg law in the Mémorial and in any Luxembourg and other newspaper(s) that the Board of Directors may determine.

If the Articles are amended, such amendments shall be filed with the Chancery of the District Court of Luxembourg and published in the Mémorial.

The Company publishes annually a detailed audited report on its activities and on the management of its assets; such report shall include, inter alia, the audited annual accounts relating to all the Sub-Funds, a detailed description of the assets of each Sub-Fund and a report from the Auditor. The first annual report was published as at April 30, 2007.

The Company shall further publish semi-annual unaudited reports, including, inter alia, a description of the assets of each Sub-Fund and the number of Shares issued and redeemed since the last publication.

The aforementioned documents will be sent to registered shareholders within four months for the annual reports and two months for the semi-annual reports of the date thereof and copies may be obtained free of charge by any person at the registered office of the Company.

The accounting year of the Company shall commence on the first of May of each year and shall terminate on the thirtieth of April of the next year.

The annual general meeting of shareholders takes place in Luxembourg City at a place specified in the notice of meeting on the third Tuesday in the month of August at 11.00 am.

The shareholders of any Sub-Fund or any class of Shares within a given Sub-Fund may be convened to hold, at any time, general meetings to decide on any matters which relate exclusively to such Sub-Fund or class of Shares.

The accounts of the Company shall be maintained in EUR being the reference currency of the share capital. The financial statements relating to the "Saint-Honoré Microfinance – A" Sub-Fund shall also be expressed in EUR, being the reference currency of the Sub-Fund.

16. DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company may at any time be dissolved by a resolution of the general meeting of shareholders subject to the quorum and majority requirements applicable for amendments to the Articles.

Whenever the share capital falls below two-thirds of the minimum capital of EUR 1,250,000.-, the question of the dissolution of the Company shall be referred to a general meeting of shareholders by the Board of Directors. The general meeting, for which no quorum shall be required, shall decide by simple majority of the Shares represented at the meeting.

The question of the dissolution of the Company shall also be referred to a general meeting of shareholders whenever the share capital falls below one-fourth of EUR 1,250,000.-; in such event, the general meeting shall be held without any quorum requirement and the dissolution may be decided by shareholders holding one-fourth of the Shares represented at the meeting.

The meeting must be convened so that it is held within a period of forty days as from ascertainment that the share capital has fallen below two-thirds or one-fourth of the legal minimum, as the case may be.

Liquidation shall be carried out by one or several liquidators, who may be physical persons or legal entities and do not need to be shareholders; the general meeting of shareholders shall appoint them and determine their powers and their compensation.

The net proceeds of liquidation corresponding to each class of Shares in each Sub-Fund shall be distributed by the liquidators to the holders of Shares of the relevant class of Shares in the relevant Sub-Fund in proportion to their holding of such Shares in such class of Shares.

Should the Company be voluntarily or compulsorily liquidated, its liquidation will be carried out in accordance with the provisions of the 2002 Law, which specify the steps to be taken to enable shareholders to participate in the distribution(s) of the liquidation proceeds and provide for a deposit in escrow at the Caisse de Consignations at the time of the close of liquidation. Amounts not claimed from escrow within the statute of limitation period shall be liable to be forfeited in accordance with the provisions of Luxembourg law.

17. DISSOLUTION AND MERGER OF SUB-FUNDS OR CLASSES OF SHARES

In the event that for any reason the value of the net assets in any Sub-Fund or class of Shares has decreased to or has not reached an amount of the equivalent of EUR 1,250,000.00.- which is the minimum level for such Sub-Fund or class of Shares to be operated in an economically efficient manner, or if a change in the economic, monetary or political situation relating to the Sub-Fund or class of Shares concerned would have material adverse consequences on the investments of that Sub-Fund or class of Shares or in order to proceed to an economic rationalization, the Board of Directors may decide to

compulsorily redeem all the Shares issued in such Sub-Fund or class of Shares at their NAV (taking into account actual realization prices of investments and realization expenses), calculated on the Valuation Day at which such decision shall take effect. The Company shall publish a notice to the holders of shares concerned by the compulsory redemption prior to the effective date for such redemption in the *Luxemburger Wort* and any other newspaper(s) that the Board of Directors may determine, which will indicate the reasons for, and the procedure of, the redemption operations; registered holders shall be notified in writing. Unless it is otherwise decided in the interests of, or to keep equal treatment between, the shareholders, the shareholders of the Sub-Fund or class of Shares concerned may continue to request redemption (if appropriate) of their Shares free of charge (but taking into account actual realization prices of investments and realization expenses) prior to the date effective for the compulsory redemption.

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, the general meeting of shareholders of any Sub-Fund or class of Shares may, upon proposal from the Board of Directors, redeem all the Shares of such Sub-Fund or class of Shares and refund to the shareholders the NAV of their Shares (taking into account actual realization prices of investments and realization expenses) calculated on the Valuation Day at which such decision shall take effect. There shall be no quorum requirements for such general meeting of shareholders which shall decide by resolution taken by simple majority of those present or represented and voting at such meeting.

Assets which may not be distributed to their beneficiaries upon the implementation of the redemption will be deposited with the Custodian for a period of six months thereafter; after such period, the assets will be deposited with the "Caisse de Consignations" on behalf of the persons entitled thereto.

Under the same circumstances as provided in the first paragraph of this section, the Board of Directors may decide to allocate the assets of any Sub-Fund to those of another existing Sub-Fund within the Company or to another undertaking for collective investment or to another sub-fund within such other undertaking for collective investment (the "new Sub-Fund") and to redesignate the Shares of the Sub-Fund concerned as Shares of the new Sub-Fund (following a split or consolidation, if necessary, and the payment of the amount corresponding to any fractional entitlement to shareholders). Such decision will be published in the same manner as described in the first paragraph of this section (and, in addition, the publication will contain information in relation to the new Sub-Fund), one month before the date on which the amalgamation becomes effective in order to enable shareholders to request redemption of their shares, free of charge, during such period.

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, a contribution of the assets and of the liabilities attributable to any Sub-Fund to another Sub-Fund of the Company may be decided upon by a general meeting of the shareholders of the Sub-Fund concerned which will decide upon such an amalgamation by resolution taken with no quorum and by simple majority of those present or represented and voting at such meeting.

A contribution of the assets and of the liabilities attributable to any Sub-Fund to another undertaking for collective investment referred to in the fifth paragraph of this section or to another sub-fund within such other undertaking for collective investment shall require

a resolution of the shareholders of the Sub-Fund concerned taken with no quorum and by simple majority of those present or represented and voting at such meeting, except when such an amalgamation is to be implemented with a Luxembourg undertaking for collective investment of the contractual type ("fonds commun de placement") or a foreign based undertaking for collective investment, in which case resolutions shall be binding only on such shareholders who have voted in favour of such amalgamation.

18. DATA PROTECTION

The Company collects, stores and processes by electronic or other means the data supplied by Shareholders at the time of their subscription for the purpose of fulfilling the services required by the Shareholders and complying with its legal obligations.

The data processed includes the name, address and invested amount of each Shareholder (the "Personal Data").

The investor may, at his/her/its discretion, refuse to communicate the Personal Data to the Company. In this case however the Company may reject his/her/its request for subscription of Shares in the Company.

In particular, the data supplied by Shareholders is processed for the purpose of (i) maintaining the register of Shareholders, (ii) processing subscriptions and redemptions of Shares and payments of dividends to Shareholders, (iii) performing controls on late trading and market timing practices, (iv) complying with applicable anti-money laundering rules.

The Company can delegate to another entity the processing of the Personal Data in compliance and within the limits of the applicable laws and regulations.

Each Shareholder has a right to access his/her/its Personal Data and may ask for a rectification thereof in cases where such data is inaccurate and incomplete. In relation thereto, the Shareholder can contact the Company.

The Shareholder has a right of opposition regarding the use of its Personal Data for marketing purposes. This opposition can be made by letter addressed to the Company.

Personal Data shall not be retained for longer than the time required for the purpose of its processing subject, to the legal limitation periods.

19. TAXATION

The following summary is based on the law and practice currently applicable in the Grand Duchy of Luxembourg and is subject to changes therein.

A. Taxation of the Company

The Company is not liable to any Luxembourg tax on profits or income, nor are distributions paid by the Company liable to any Luxembourg withholding tax. The

Company is, however, liable in Luxembourg to a tax of 0.05% per annum of its NAV, such tax being payable quarterly on the basis of the value of the aggregate net assets of the Company at the end of the relevant calendar quarter. No stamp duty or other tax is payable in Luxembourg on the issue of Shares. No Luxembourg tax is payable on the realized capital appreciation of the assets of the Company.

The Company is liable to an initial capital tax of EUR 1,250 which was paid upon incorporation.

General

Dividends and interest received by the Company on its investments may be subject to non-recoverable withholding or other taxes in the countries of origin.

Furthermore, the Company may be liable to certain taxes in countries where the Company carries out its investment activities. Those taxes are not recoverable by the Company in Luxembourg.

B. Luxembourg Taxation of Shareholders

Under current legislation, shareholders are not subject to any capital gains, income or withholding tax in Luxembourg (except for (i) those domiciled, resident or having a permanent establishment in Luxembourg or (ii) non-residents of Luxembourg who hold (personally or by attribution) more than 10% of the Shares of the Company and who dispose of all or part of their holdings within 6 months from the date of acquisition or (iii) in some limited cases, some former residents of Luxembourg who hold (personally or by attribution) more than 10% of the Shares of the Company).

General

It is expected that shareholders in the Company will be resident for tax purposes in many different countries. Consequently, no attempt is made in this Prospectus to summarize the taxation consequences for each investor of subscribing, converting (if any), holding or redeeming, if applicable, or otherwise acquiring or disposing of Shares in the Company. These consequences will vary in accordance with the law and practice currently in force in a shareholder's country of citizenship, residence, domicile or incorporation and with his personal circumstances.

Investors should inform themselves of, and when appropriate consult their professional advisers on, the possible tax consequences of subscribing for, buying, holding, redeeming or otherwise disposing of Shares under the laws of their country of citizenship, residence, domicile or incorporation.

**APPENDIX I:
SPECIAL INVESTMENT AND HEDGING TECHNIQUES AND INSTRUMENTS**

1. Techniques and Instruments related to Transferable Securities

For the purpose of hedging, efficient portfolio management, duration management or other risk management of the portfolio, the Company may, in each Sub-Fund, use the following techniques and instruments relating to transferable securities:

(A) Transactions relating to Options on Transferable Securities

An option is the right to buy or sell a particular asset at a stated price at some date in the future within a particular period. The Company may buy and sell call or put options on transferable securities provided that these options are traded on options exchanges or over-the-counter with broker-dealers who make markets in these options and who are first class financial institutions that specialize in these types of transactions and are participants in the over-the-counter markets.

The Company shall further comply with the following rules:

- (i) The total amount of premiums paid for the purchase of call and put options which are considered here, together with the total amount of premiums paid for the purchase of call and put options described under (B) b) below, may not, in respect of each Sub-Fund, exceed 15 % of the NAV of such Sub-Fund.
- (ii) The total commitment arising from (a) the sale of call and put options (excluding the sale of call options for which there is adequate cover) and (b) transactions for purposes other than hedging as referred to under (B) below, may not exceed, in respect of each Sub-Fund, at any time the NAV of such Sub-Fund. In this context, the commitment on call and put options sold is equal to the aggregate amount of the exercise prices of those options.
- (iii) When selling call options, the Company must hold either the underlying transferable securities, or matching call options or any other instruments (such as warrants) providing sufficient cover. The cover for call options sold may not be disposed of as long as the options exist unless they are covered in turn by matching options or other instruments used for the same purpose.

Notwithstanding the foregoing, the Company may sell uncovered call options if the Company is, at all times, able to cover the positions taken on such sale and if the exercise prices of such options do not exceed 25% of the NAV of the relevant Sub-Fund.

- (iv) When selling put options, the Company must be covered during the full duration of the options by sufficient cash to pay for the transferable securities deliverable to the Company by the counterparty on the exercise of the options.

(B) Transactions relating to Futures and Option Contracts relating to Financial Instruments

Dealing in financial futures is the trading in contracts related to the future value of transferable securities or other financial instruments. Except as regards interest rate swaps on a mutual agreement basis and options which may be traded as provided for under (A) hereabove, all transactions in financial futures may be made on a Regulated Market only. Subject to the following conditions, such transactions may be made for hedging purposes and for other purposes.

a) Hedging

Hedging is designated to protect a known future commitment.

- (i) As a global hedge against the risk of unfavourable stock market movements, the Company may sell futures on stock market indices or other financial instruments on indices. For the same purpose, the Company may sell call options or buy put options on stock market indices. The objective of these hedging operations assumes that a sufficient correlation exists between the composition of the index used and the Company's corresponding portfolios.
- (ii) As a global hedge against interest rate fluctuations, the Company may sell interest rate futures contracts. For the same purpose, it can also sell call options or buy put options on interest rates or make interest rate swaps on a mutual agreement basis with first class financial institutions specializing in this type of transaction.

The total commitment relating to futures and option contracts on stock market indices may not exceed the total valuation of securities held by the relevant Sub-Fund in the market corresponding to each index. In the same way, the total commitment on interest rate futures contracts, option contracts on interest rates and interest rate swaps may not exceed the total valuation of the assets and liabilities to be hedged held by the relevant Sub-Fund in the currency corresponding to these contracts.

b) Trading

Trading is based on the forecasting of future movements in financial markets. In this context and apart from option contracts on transferable securities (See (A) above) and contracts relating to currencies (See 2. below), the Company may, for a purpose other than hedging, buy and sell futures contracts and options contracts on any type of financial instrument provided that the total commitment arising on these purchase and sale transactions together with the total commitment arising on the sale of call and put options on transferable securities, in respect of each Sub-Fund, at no time exceeds the NAV of such Sub-Fund.

Sales of call options on transferable securities for which the Company has sufficient cover are not included in the calculation of the total commitment referred to above.

In this context, the commitment arising on transactions which do not relate to options on transferable securities is defined as follows:

- the commitment arising on futures contracts is equal to the liquidation value of the net position of contracts relating to identical financial instruments (after netting between purchase and sale positions), without taking into account the respective maturities and
- the commitment relating to options bought and sold is equal to the sum of the exercise prices of those options representing the net sold position in respect of the same underlying asset, without taking into account the respective maturities.

The total of the premiums paid to acquire call and put options as described above, together with the total of the premiums paid to acquire call and put options on transferable securities as described under (A) above may not, in respect of each Sub-Fund, exceed 15 % of the NAV of such Sub-Fund.

(C) Securities Lending

The Company may enter into securities lending transactions provided that they comply with the following rules:

- (i) The Company may only lend securities through a standardised system organised by a recognised clearing institution or through a first class financial institution specializing in this type of transaction.
- (ii) As part of lending transactions, the Company must in principle receive a guarantee, the value of which at the conclusion of the contract must be at least equal to the global valuation of the securities lent.

This guarantee must be given in the form of liquid assets and/or in the form of securities issued or guaranteed by a Member State of the OECD or by their local authorities or by supranational institutions and undertakings of a community, regional or world-wide nature and blocked in favour of the Company until the expiry of the loan contract.

Such a guarantee shall not be required if the securities lending is made through Clearstream Banking or EUROCLEAR or through any other organisation assuring to the lender a reimbursement of the value of the securities lent, by way of a guarantee or otherwise.

- (iii) Securities lending transactions may not exceed 50% of the global valuation of the securities portfolio of each Sub-Fund. This limitation does not apply where the Company is entitled at all times to the cancellation of the contract and the restitution of the securities lent.
- (iv) Securities lending transactions may not extend beyond a period of 30 days.

(D) Repurchase Agreement Transactions

The Company may on an ancillary basis enter into repurchase agreement transactions which consist of the purchase and sale of securities with a clause reserving the seller the

right or the obligation to repurchase from the acquirer the securities sold at a price and term specified by the two parties in their contractual arrangement.

The Company can act either as purchaser or seller in repurchase agreement transactions or a series of continuing repurchase transactions. Its involvement in such transactions is, however, subject to the following rules:

- (i) The Company may not buy or sell securities using a repurchase agreement transaction unless the counterpart in such transactions is a first class financial institution specializing in this type of transaction.
- (ii) During the life of a repurchase agreement contract, the Company cannot sell the securities which are the object of the contract, either before the right to repurchase these securities has been exercised by the counterparty, or the repurchase term has expired.
- (iii) Where the Company is exposed to redemption of its own Shares, it must take care to ensure that the level of its exposure to repurchase agreement transactions is such that it is able, at all times, to meet its redemption obligations.

Repurchase agreement transactions are expected to take place on an occasional basis only.

2. Currency Hedging

In order to protect its present and future assets and liabilities against the fluctuation of currencies, the Company may enter into transactions the object of which is the purchase or the sale of forward foreign exchange contracts, the purchase or the sale of call options or put options in respect of currencies, the purchase or the sale of currencies forward or the exchange of currencies on a mutual agreement basis provided that these transactions be made either on exchanges or over-the-counter with first class financial institutions specializing in these types of transactions and being participants of the over-the-counter markets.

The objective of the transactions referred to above presupposes the existence of a direct relationship between the contemplated transaction and the assets or liabilities to be hedged and implies that, in principle, transactions in a given currency (including a currency bearing a substantial relation to the value of the reference currency (i.e. currency of denomination) of the relevant Sub-Fund - known as "Cross Hedging") may not exceed the total valuation of such assets and liabilities nor may they, as regards their duration, exceed the period where such assets are held or anticipated to be acquired or for which such liabilities are incurred or anticipated to be incurred.

APPENDIX II: DOCUMENTS AVAILABLE

Copies of the following documents may be obtained during usual business hours on any Business Day in Luxembourg at the registered office of the Company:

- (i) the Articles of the Company;
- (ii) the Custodian Bank and Services Agreement;
- (iii) the agreements with the Investment Managers referred to under the heading "Investment Managers";
- (iv) the latest reports and accounts referred to under the heading "Meetings of, and Reports to, Shareholders";
- (v) the 2002 Law and the law of 10th August 1915 on commercial companies, as amended.

Historic Performance

The historic performance of each Sub-Fund of the Company will be published each year in the annual report of the Company.