

# Exhibit "B"

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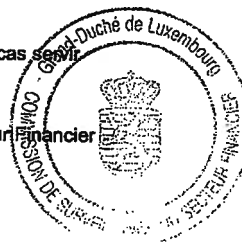
# HERALD (LUX)

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**Société d'investissement à capital variable  
Luxembourg**

**PROSPECTUS  
August 2008**

**VISA 2008/41720-5558-0-PC**  
L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité  
Luxembourg, le 03/09/2008  
Commission de Surveillance du Secteur Financier



HERALD (LUX) is registered under part I of the Luxembourg law of 20 December 2002 on collective investment undertakings (the "2002 Law"). The Fund qualifies as an Undertaking for Collective Investment in Transferable Securities ("UCITS") under the European Council Directive 85/611/EEC of 20 December 1985, as amended.

The shares have not been registered under the United States Securities Act of 1933 and may not be offered directly or indirectly in the United States of America (including its territories and possessions) to nationals or residents thereof or to persons normally resident therein, or to any partnership or persons connected thereto unless pursuant to any applicable statute, rule or interpretation available under United States law.

The distribution of this Prospectus and the offering or purchase of the Shares may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus or the accompanying application form in any such jurisdiction may treat this Prospectus or such application form as constituting an invitation to them to subscribe for Shares, nor should they in any event use such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. Accordingly, this Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for Shares pursuant to this Prospectus to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to the legal requirements of so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

The Shares are offered only on the basis of the information contained in this Prospectus and, as appropriate, the most recent report and accounts of the Fund. Any further information or representations given or made by any dealer, broker or other person should be disregarded and, accordingly, should not be relied upon. No person has been authorised to give any information or to make any representation in connection with the offering of Shares in the Fund other than those contained in this Prospectus and in any subsequent annual report for the Fund and, if given or made, such information or representations must not be relied on as having been authorised by the Fund, the Directors, the Investment Manager, the Service Agent or the Custodian. Certain statements in this Prospectus are based on the law and practice currently in force in the Grand Duchy of Luxembourg at the date hereof and are subject to change. Neither the delivery of this Prospectus nor the issue of Shares shall under any circumstances, create any implication or constitute any representation that the affairs of the Fund have not changed since the date hereof.

All references herein to times and hours are to Luxembourg local time.

Shareholders are informed that their personal data or information given in the subscription documents or otherwise in connection with an application to subscribe for shares, as well as details of their shareholding, will be stored by the Service Agent in digital form and processed in compliance with the provisions of the Luxembourg law of 2 August 2002 on data protection.

## **SUMMARY**

The following summary is qualified in its entirety by the more detailed information appearing in the body of this Prospectus. Information in this introduction is selective and should be read in conjunction with the full text of this Prospectus.

### **The Fund's Structure**

Herald (Lux) is a self-managed investment company with variable share capital ("SICAV") organised under the laws of Luxembourg in accordance with article 27 of the 2002 Law. It is registered under part I of the Luxembourg law of 20 December 2002 on undertakings for collective investment and qualifies as an Undertaking for Collective Investment in Transferable Securities (UCITS) under the amended European Council Directive 85/611/EEC of 20 December 1985.

The Fund currently comprises one sub-fund, namely Herald (Lux) – US Absolute Return Fund.

### **The Fund's Investment Objective**

The objective of the Fund is to achieve long-term capital appreciation through diversification of investments.

### **The Sub-Fund's Investment Policy**

The investment policy of each Sub-Fund is detailed in Appendix I of the Prospectus.

### **Classes of Shares**

Currently only I Class Shares are available in USD, EUR, CHF or GBP. Currency transactions are entered into in order to hedge the USD, CHF and GBP Classes against the EUR.

### **Subscription and Redemption of Shares**

Shares of both Classes may be subscribed and redeemed on each Valuation Day.

### **Investment Manager**

Bank Medici AG, a joint stock company incorporated under the laws of Austria, fully licensed as a bank by the FMA, acts as Investment Manager.

**Service Agent and Custodian**

HSBC Securities Services (Luxembourg) S.A. acts as Service Agent and Custodian of the Fund.

**Management Fees**

The Investment Manager is entitled to a Management Fee as more fully described for each Sub-Fund in Appendix I.

**Performance Fees**

A performance Fee may be charged as more fully described for each Sub-Fund in Appendix I.

**Other Fees**

The Fund bears other operating expenses (including fees of the Service Agent and Custodian) which are more fully described below in this Prospectus.

## **HERALD (LUX)**

*Société d'Investissement à Capital Variable*  
*Registered office: 40, avenue Monterey, L-2163 Luxembourg*  
*R.C.S. Luxembourg B 136 680*

### **Board of Directors**

#### **Chairman**

Helmuth E. Frey, Director, Bank Medici, Operngasse 6/4, A-1010 Wien

#### **Directors**

- Friedrich Pfeffer, Partner, WFE-Consulting, Fuhrenweg 27, D-31515 Wunstorf
- Franco Mugnai, Financial Consultant, Via Leone XIII° n.27, I-20145 Milano

#### **Delegates of the Board of Directors**

- Andreas Schindler, Director, Bank Medici, Operngasse 6/4, A-1010 Wien
- Richard Goddard, Director, The Director's Office, 5, allée Scheffer, L – 2565 Luxembourg

### **Investment Manager and Global Distributor**

Bank Medici AG  
Opergasse 6/4  
A-1010 Vienna, Austria

### **Custodian, Service Agent and Listing Agent**

HSBC Securities Services (Luxembourg) S.A.  
40, avenue Monterey  
L-2163 Luxembourg

### **Auditors**

Ernst & Young S.A.  
7, Parc d'Activité Syrdall  
L-5365 Munsbach

### **Legal Advisors**

Elvinger, Hoss & Prussen  
2, Place Winston Churchill  
L-1340 Luxembourg

**REMAINDER OF PROSPECTUS IS  
AVAILABLE UPON REQUEST MADE TO  
BSMOORE@PBNLAW.COM**