

Organization Overview

The Palos International Equity Income Fund plc (the "Fund") commenced operations as a non-UCITs structure in June 2005. Palos Capital Corporation (the "Firm") owns Palos Management, Inc. (the "Managing Member") which is responsible for the investment management decisions of the Fund.

Palos Management, Inc., a Canadian investment management company, is licensed with the A.M.F.O. #91806 and has received authorization from the Irish Financial Services Authority (Financial Regulator) to act as Investment Manager and Promoter. Palos Management, Inc. specializes in the equity income market in Canada, the U.S. and other major countries, i.e., publicly traded business income trust units, limited partnerships, royalty trusts, dividend-paying stocks, MLPs, REITs and convertible bonds.

Investment Objective & Strategy

The Fund's primary objectives are 1) to preserve capital, 2) to provide an attractive and steady stream of income, and 3) to deliver trading-enhancing returns. Management employs exclusive qualitative, quantitative and comparative research methods to manage portfolios of selected high-grade and undervalued dividend-paying securities. Management uniquely uses proprietary and algorithmic technologies like market making techniques, dividend capturing, syndication trading, strategic calls and long-short pair trading in dividend-paying securities that management intensively covers.

Summary of Terms

Subscription:	Weekly	Management Fee:	1.5% to 2.0% ⁽¹⁾ on NAV
Minimum Investment:	125,000 Euros or currency equivalent	Redemption Fee:	None
Min. Subsequent Investment:	50,000 Euros or currency equivalent		
Investor Suitability:	Accredited / Professional Investor		
Eligibility:	Not available to residents of Ireland		
Legal Domicile:	Ireland		
Distributions Frequency:	Quarterly		
Withdrawals:	Weekly		
Notice:	5 business days		
Loan Facility:	Not to exceed 25% on NAV		
Listing on I.S.E.:	April 7, 2006		
Currency:	CAD / USD / EUR Class of Shares		
Fiscal Year:	December 31		

Portfolio Characteristics

Strategy:	Long Bias	Sector Bias:	No Bias
Region:	Global	Underlying Bias:	-
Approach:	Top-Down / Bottom-Up	Underlying Currency:	Canadian Dollars and Major Currencies
Process:	Fundamental Analysis	Currency Hedging:	At times
Investment Style Bias:	Value	Distribution Rate:	Variable, Paid Quarterly ⁽²⁾
Market Cap. Bias:	No Bias	Net Dist. Target Rate:	Paid Quarterly (7.5% per annum)

Firm Information

Firm:	Palos Management, Inc.	Prime Broker:	RBC Dexia (Canada)
Role:	Investment Manager	Legal Counsel:	Dillon Eustace (Ireland)
Web Site:	www.palosmanagement.com	Auditor:	BDO Simpson Xavier (Ireland)
		Custodian:	RBC Dexia (Ireland)
		Administrator:	RBC Dexia (Ireland)
Address:	1 Place Ville Marie, Suite 1812		
City:	Montreal		
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Contacts

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Notes:

- (1) 1.5% if return is less than 7.5%; 2.0% if the return is greater than 7.5%.
(2) Subject to Board of Directors.

