

Term Sheet

FUND: Palos International Equity Income Fund plc

Firm: Palos Management, Inc. (Canada)

This Term Sheet sets forth the information, which a prospective investor ought to know before investing. For further details of the Fund, Key Personnel, Risk Factors, etc. investors should, before investment, refer to the website of Palos, www.palosmanagement.com. This Term Sheet is dated December 9, 2008.

Manager Experience / 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.Q. #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

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-enhanced returns

Management employs exclusive qualitative, quantitative and comparative research methods to manage portfolios of selected high-grade and undervalued dividend-paying securities. Moreover, management 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
Minimum Investment:	125,000 Euros or currency equivalent
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
Redemption Fee:	None
Management Fee:	1.5% to 2.0%* on NAV
Fiscal Year:	December 31
Loan Facility:	Not to exceed 25% of NAV
Currency:	CAD / USD / EUR Class of Shares

* 1.5% if return is less than 7.5%; 2.0% if the return is greater than 7.5%.

Summary of Terms

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

* Subject to Board of Directors.

Firm Information

Firm: Palos Management, Inc.
 Role: Investment Manager
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