



ace usa

**MUTUAL FUND, INVESTMENT ADVISER AND SERVICE PROVIDER
PROFESSIONAL LIABILITY COVERAGE PART**

DECLARATIONS

Policy No.		
Item 1.	Coverages Purchased: A. Mutual Fund Professional Liability B. Investment Advisor Professional Liability C. Service Provider Professional Liability	 YES / NO YES / NO YES / NO
Item 2.	Retention for Indemnified Loss: A. Each Claim under Insuring Clause A: B. Each Claim under Insuring Clause B: C. Each Claim under Insuring Clause C:	 \$ \$ \$
Item 3.	Prior Litigation Date:	
Item 4.	Endorsements to this Coverage Part Effective at Inception:	

MUTUAL FUND AND INVESTMENT ADVISER AND SERVICE PROVIDER PROFESSIONAL LIABILITY COVERAGE PART

I. INSURING CLAUSES

A. Mutual Fund Liability

If Insuring Clause A coverage is granted pursuant to Item 1 of the Declarations for this Coverage Part, the Insurer shall pay on behalf of the Insured Mutual Fund Loss which the Insured Mutual Fund becomes legally obligated to pay by reason of any Claim first made against the Insured Mutual Fund during the Policy Period or any applicable Discovery Period for any Wrongful Acts by the Insured Mutual Fund or by a person or entity for whom the Insured Mutual Fund is legally responsible in rendering or failing to render Professional Services, if such Wrongful Acts take place prior to the end of the Policy Period.

B. Investment Adviser Liability

If Insuring Clause B coverage is granted pursuant to Item 1 of the Declarations for this Coverage Part, the Insurer shall pay on behalf of the Insured Adviser Loss which the Insured Adviser becomes legally obligated to pay by reason of any Claim first made against the Insured Adviser during the Policy Period or any applicable Discovery Period for any Wrongful Acts by the Insured Adviser or by a person or entity for whom the Insured Adviser is legally responsible in rendering or failing to render Professional Services, if such Wrongful Acts take place prior to the end of the Policy Period.

C. Service Provider Liability

If Insuring Clause C coverage is granted pursuant to Item 1 of the Declarations for this Coverage Part, the Insurer shall pay on behalf of the Insured Service Provider Loss which the Insured Service Provider becomes legally obligated to pay by reason of any Claim first made against the Insured Service Provider during the Policy Period or any applicable Discovery Period for any Wrongful Acts by the Insured Service Provider or by a person or entity for whom the Insured Service Provider is legally responsible in rendering or failing to render Professional Services, if such Wrongful Acts take place prior to the end of the Policy Period.

II. DEFINITIONS

For purposes of coverage under this Coverage Part:

Claim means:

1. a written demand for monetary damages,
2. a civil proceeding commenced by the service of a complaint or similar pleading,
3. an arbitration proceeding,
4. a criminal proceeding commenced by a return of an indictment, or

5. a formal administrative or regulatory adjudicatory or investigative proceeding commenced by the filing of a notice of charge, formal investigative order or similar document,

against any Insured, including any appeal therefrom.

Company means, collectively:

1. any organization included in the definition of "Company" in Subsection 2(c) of the General Conditions and Limitations of this Policy, and
2. any other organization or mutual fund specifically added by endorsement to this Coverage Part as an Insured hereunder.

Insureds, either in the singular or plural, means:

1. with respect to Insuring Clause A, the Insured Mutual Funds,
2. with respect to Insuring Clause B, the Insured Advisers, and
3. with respect to Insuring Clause C, the Insured Service Providers.

Independent Security Holder means any security holder of any Company if such security holder is not an Insured and is acting totally independently of, and totally without the solicitation, assistance, participation, or intervention of, any of the Insureds.

Insured Adviser means:

1. any Company that (i) is an investment adviser as defined in Section 2(a)(20) of the Investment Company Act of 1940, as amended, (ii) is registered under the Investment Advisers Act of 1940, and (iii) is specifically named as an Insured Adviser in an endorsement to this Coverage Part; but solely with respect to such Company's activities as an investment adviser on behalf of an Insured Mutual Fund, and
2. any one or more persons who were, now are or shall become duly elected or appointed directors, trustees or officers of, or employees of, such Company or, with respect to a Company incorporated outside the United States, their functional equivalent.

Insured Mutual Fund means:

1. any Company registered as an investment company under the Investment Company Act of 1940, as amended, including any portfolio of any such Company, if such Company or portfolio is an Insured on inception of this Coverage Part or thereafter becomes an Insured pursuant to Section III of this Coverage Part; and
2. any one or more persons who were, now are or shall become duly elected or appointed directors, trustees or officers of, or employees of, such Company or, with respect to a Company incorporated outside the United States, their functional equivalent,

Insured Service Provider means:

1. any Company specifically named as an Insured Service Provider in an endorsement to this Coverage Part, and
2. any one or more persons who were, now are or shall become duly elected or appointed directors, trustees or officers of, or employees of, such Company or, with respect to a Company incorporated outside the United States, their functional equivalent,

but solely with respect to the Company's activities in the insured capacity specifically identified in such endorsement to this Coverage Part.

Loss means the amount which the Insureds become legally obligated to pay on account of each Claim and for all Claims in the Policy Period and the Discovery Period, if exercised, made against them for Wrongful Acts for which coverage applies, including, but not limited to, damages, judgments, any award of pre-judgment and post-judgment interest, settlements and Defense Costs. Loss does not include (1) any amount for which the Insureds are absolved from payment, (2) taxes, fines or penalties imposed by law other than the 5% or less, or the 20% or less, civil penalties imposed upon an Insured under § 502(i) or (l) of ERISA respectively, (3) matters uninsurable under the law pursuant to which this Policy is construed. This definition does not exclude punitive, exemplary or multiple damages to the extent such damages are insurable under the internal laws of any jurisdiction which has a substantial relationship to the Insureds, the Insurer, this Policy or such Claim.

Professional Services means:

1. with respect to Insuring Clause A, services performed by or on behalf of the Company solely in the course of managing and/or operating an Insured Mutual Fund;
2. with respect to Insuring Clause B, giving financial, economic or investment advice, including performing investment management services, regarding investments in securities, if such advice or services are provided by or on behalf of the Company pursuant to a written contract defining the consideration for and the scope of such advice or services; and
3. with respect to Insuring Clause C, services performed by or on behalf of the Company for a third party client of the Company pursuant to a written contract with such client for consideration inuring to the benefit of the Company.

Wrongful Act means any actual or alleged error, misstatement, misleading statement, act, omission, neglect or breach of duty by the Insureds in their capacity as such.

III. COVERAGE FOR NEWLY CREATED, ACQUIRED OR SPONSORED FUNDS

If, after the inception of this Coverage Part, any Company creates, acquires or begins sponsoring a registered investment company or portfolio which would otherwise be covered under this Coverage Part, then such registered investment company or portfolio shall automatically be an Insured Mutual Fund for ninety (90) days after such creation, acquisition or sponsorship, but only with respect to covered Wrongful Acts taking place after such creation, acquisition or sponsorship.

The coverage afforded by reason of this Section III with respect to any newly created, acquired or sponsored registered investment company or portfolio shall automatically expire with respect to such registered investment company or portfolio at the end of such 90 day period unless the Insurer, at its sole option and upon submission of such information as it may require, specifically agrees by endorsement to this Coverage Part to extend coverage with respect to such registered investment company or portfolio.

IV. EXCLUSIONS

A. The Insurer shall not be liable for Loss on account of any Claim made against any Insured:

1. based upon, arising out of, or attributable to any fact, circumstance or situation which has been the subject of any written notice given under any policy of which this Policy is a renewal or replacement;
2. based upon, arising out of, or attributable to any prior or pending litigation against any Insured filed on or before the applicable Prior Litigation Date set forth in Item 3 of the Declarations for this Coverage Part, or the same or substantially the same fact, circumstance or situation underlying or alleged therein;
3. for bodily injury, emotional distress, mental anguish, sickness, disease or death of any person, or for damage to or destruction of any tangible property including loss of use thereof;
4. based upon, arising out of, or attributable to (a) the actual, alleged or threatened discharge, release, escape, seepage, migration or disposal of Pollutants into or on real or personal property, water or the atmosphere; or (b) any direction or request that the Insureds test for, monitor, clean up, remove, contain, treat, detoxify or neutralize Pollutants, or any voluntary decision to do so; including without limitation any actual or alleged property damage or financial loss incurred by, or bodily injury, sickness, disease or death of, any Insured or any client or other person or organization resulting from the matters described in (a) or (b) of this exclusion;
5. for an actual or alleged violation of the responsibilities, obligations or duties imposed by ERISA upon fiduciaries of any pension, profit sharing, health and welfare or other employee benefit plan or trust established or maintained for the purpose of providing benefits to employees of the Company;
6. for Wrongful Acts actually or allegedly committed or attempted by a Company or its Insureds before the date such Company became an Insured;
7. based upon, arising out of, or attributable to any Wrongful Act committed by such Insured with actual knowledge of its wrongful nature or with intent to cause damage if a final and non-appealable judgment or adjudication adverse to such Insured establishes that such Insured committed such a Wrongful Act;
8. based upon, arising out of, or attributable to such Insured gaining in fact any profit, remuneration or financial advantage to which such Insured was not legally entitled;
9. brought or maintained by or on behalf of any Insured in any capacity, except a Claim brought or maintained by any natural person Insured for contribution or indemnity if the Claim directly results from another Claim covered under this Coverage Part;

10. brought or maintained by or on behalf of any security holder of the Company, whether directly or derivatively, except a Claim brought and maintained by an Independent Security Holder;
11. for the actual or alleged breach of any oral, written or implied contract or agreement; but this exclusion shall not apply if and to the extent that liability would have attached to the Insureds in the absence of such contract or agreement;
12. for Wrongful Acts in connection with the Insureds:
 - (i) giving advice or performing services with respect to any aspect of mergers, acquisitions, leveraged buy-outs, tender offers, proxy contests, recapitalizations, financial restructurings, divestitures or investment banking activities; provided, however, this exclusion shall not apply with respect to (a) shares issued by an Insured Mutual Fund, (b) a restructuring of an Insured Mutual Fund, or (c) voting of shares held by or in portfolios of an Insured Mutual Fund or under management by the Insured Adviser;
 - (ii) forming, syndicating, operating, administering, advising, or rolling up a limited partnership or real estate investment trust; provided, however, this exclusion shall not apply to the advising of a limited partnership, other than a real estate limited partnership, where the Insureds do not act as a general partner to the limited partnership and such limited partnership is not otherwise owned, managed, operated or in any way affiliated with the Insureds; or
 - (iii) acting as a "broker" or "dealer" in securities, as those terms are defined in Sections 3(a)(4) and 3(a)(5), respectively, of the Securities Exchange Act of 1934, as amended; provided, however, this exclusion shall not apply to the distribution, underwriting or resale of securities purchased directly from the Insured Mutual Fund by a distributor for resale to any broker or dealer.
13. based upon, arising out of, or attributable to any actual or alleged investment in securities issued by the Company or any affiliate thereof; provided, however, this exclusion shall not apply to an investment in securities issued by a Company that is a registered investment company, as that term is defined in the Investment Company Act of 1940, as amended;
14. asserting liability under any federal or state securities laws arising from the selling of the securities of any Insured Mutual Fund in a particular jurisdiction without registering or in excess of the number registered for sale in such jurisdiction; provided, however, this exclusion shall not be applicable to the difference between the net asset value at which the securities of any such Insured Mutual Fund were sold and the net asset value of such securities at the time of their repurchase; or
15. if such Loss constitutes:
 - a. the cost of any remedial, preventive or other non-monetary relief including without limitation any costs associated with compliance with any such relief

of any kind or nature imposed by any judgment, settlement, or governmental authority; or

- b. compensation paid to or claimed by the Company for Professional Services, unless such compensation is used as a measure of damages incurred by the claimant;

but this exclusion shall not apply to Defense Costs.

B. Severability of Exclusions

For the purpose of determining the applicability of any Exclusions set forth in this Section IV:

- 1. the Wrongful Act of any Insured Person shall not be imputed to the other natural person Insureds; and
- 2. only the Wrongful Act of any Executive Officer shall be imputed to the Company.

V. COORDINATION AMONG COVERAGE PARTS

That portion of any Loss covered by both this Coverage Part and the Mutual Fund Directors and Officers Liability Coverage Part, if purchased, shall be first covered as provided in, and subject to the Limit of Liability and Retention (if any) applicable to this Coverage Part. If the Limit of Liability applicable to this Coverage Part is exhausted, any remaining portion of such Loss shall be then covered as provided in, and subject to the Limit of Liability and Retention (if any) applicable to, such other Coverage Part, if purchased.