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## **SKYLINE UMBRELLA FUND ICAV**

An Irish collective asset-management vehicle established as an umbrella fund with segregated liability between sub-funds under the laws of Ireland pursuant to the Regulations

## **PROSPECTUS**

**This Prospectus may not be distributed unless accompanied by, and must be read in conjunction with, the relevant Supplement for the Shares of the relevant Fund being offered.**

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Davy Defensive High Yield Fund  
PGS Energy Infrastructure UCITS Fund  
ARGA Global Equity Fund  
ARGA Emerging Market Equity Fund  
Farnam Street Focused Fund  
Coho US Large Cap Equity Fund

**Dated 16 February 2016**

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## IMPORTANT INFORMATION

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**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

### **Authorisation**

**This Prospectus describes the ICAV, an Irish collective asset-management vehicle. The ICAV is authorised in Ireland by the Central Bank as an undertaking for collective investment in Transferable Securities pursuant to the Regulations as amended, consolidated or substituted from time to time. This authorisation however, does not constitute a warranty by the Central Bank as to the performance of the ICAV and the Central Bank shall not be liable for the performance or default of the ICAV. Authorisation of the ICAV is not an endorsement or guarantee of the ICAV by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus.**

The ICAV is structured as an open-ended umbrella fund with segregated liability between Funds. Shares representing interests in different Funds may be issued from time to time by the Directors. Shares of more than one Class may be issued in relation to a Fund. All Shares of each Class will rank *pari passu* save as provided for in the relevant Supplement. On the introduction of any new Fund (for which prior Central Bank approval is required) or any new Class of Shares (which must be issued in accordance with the requirements of the Central Bank), the ICAV will prepare and the Directors will issue a Supplement setting out the relevant details of each such Fund or new Class of Shares. A separate portfolio of assets will be maintained for each Fund (and accordingly not for each Class of Shares) and will be invested in accordance with the investment objective and policy applicable to such Fund. Particulars relating to individual Funds and the Classes of Shares available therein are set out in the relevant Supplement.

The ICAV has segregated liability between its Funds and accordingly any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of that Fund.

Neither the admission of Shares of any Fund to the Official List and to trading on the Main Market of the Irish Stock Exchange nor the approval of the Prospectus and any Supplement shall constitute a warranty or representation by the Irish stock Exchange as to the competence of service providers or any other party connected with such Funds, the adequacy of information contained in the Prospectus or any Supplement or the suitability of the ICAV for investment purposes.

### **Responsibility**

The Directors (whose names appear under the heading “Management of the ICAV – Directors of the ICAV” below), accept responsibility for the information contained in this Prospectus and each relevant Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus (as complemented, modified or supplemented by the relevant Supplement), when read together with the relevant Supplement, is in accordance with the facts as at the date of the relevant Supplement and does not omit anything likely to affect the import of such information.

### **General**

This Prospectus describes the ICAV and provides general information about offers of Shares in the ICAV. You must also refer to the relevant Supplement which is separate to this document. Each Supplement sets out the terms of the Shares and the Fund to which the Supplement relates as well as risk factors and other information specific to the relevant Shares.

You should not take any action in respect of any Shares unless you have received a copy of the relevant Supplement. Save as disclosed in the relevant Supplement, the information in the Supplement complements, supplements and modifies the information contained in this Prospectus with specific details and terms of the

relevant Shares issued. However, should there be any inconsistency between the contents of this Prospectus and any Supplement, the contents of the relevant Supplement will, to the extent of any such inconsistency, prevail. This Prospectus and any relevant Supplement should both be carefully read in their entirety before any investment decision with respect to Shares of any Class is made.

Distribution of this Prospectus and the relevant Supplement is not authorised in any jurisdiction after publication of the annual report and audited accounts of the ICAV unless accompanied by the most recent annual accounts available at the time. A copy of such report and accounts and, if published after such annual report, a copy of the then latest published semi-annual report and unaudited accounts. Such reports and this Prospectus together form the prospectus for the issue of Shares in the ICAV.

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Instrument, copies of which are available as mentioned in this Prospectus.

This Prospectus and any relevant Supplement will be governed by and construed in accordance with Irish law.

### **Selling Restrictions**

Distribution of this Prospectus is not authorised unless accompanied by a copy of the Supplement for the relevant Shares (provided that you will only receive one copy of the Prospectus irrespective of the number of Supplements you may receive). This Prospectus may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorised. In particular the Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or the securities laws of any state or political subdivision of the United States and may not, except in a transaction which does not violate U.S. securities laws, be directly or indirectly offered or sold in the United States or to any U.S. Person. The ICAV will not be registered under the United States Investment Company Act of 1940 as amended.

The Instrument give powers to the Directors to impose restrictions on the holding of Shares by (and consequently to repurchase Shares held by), or the transfer of Shares to (i) a U.S. Person (unless permitted under certain exceptions under the laws of the United States) or; (ii) any person who does not clear such money laundering checks as the Directors may determine; or (iii) any person who appears to be in breach of any law or requirement of any country or government authority or by virtue of which such person is not qualified to hold such Shares; or (iv) any person or persons in circumstances (whether directly or indirectly affecting such person or persons, and whether taken alone or in conjunction with any other person or persons, connected or not, or any other circumstances appearing to the Directors to be relevant) which, in the opinion of the Directors, might result in the ICAV, the relevant Fund or its Shareholders incurring any liability to taxation or suffering any legal or material administrative disadvantages or being in breach of any law or regulation which the ICAV, the relevant Fund or its Shareholders might not otherwise have incurred, suffered or breached; or (v) an individual under the age of 18 (or such other age as the Directors may think fit) or of unsound mind; or (vi) any person unless the transferee of such Shares would, following such transfer, be the holder of Shares equal to or greater than the Minimum Initial Investment Amount (where relevant); or (vii) any person in circumstances where as a result of such transfer the transferor or transferee would hold less than the Minimum Shareholding; or (viii) any person where in respect of such transfer any payment of taxation remains outstanding. Where an Irish Resident person acquires and holds Shares, the ICAV shall, where necessary arrange for the collection of Irish tax, repurchase and cancel Shares held by a person who is or is deemed to be or is acting on behalf of an Irish Resident person in Ireland on the occurrence of a chargeable event for Irish taxation purposes and pay the proceeds thereof to the Irish Tax Authorities.

This Prospectus and any Supplement may be translated into other languages. Any such translation shall only contain the same information and have the same meanings as the English language document. To the extent that there is any inconsistency between the English language document and the document in another language, the English language document shall prevail except to the extent (but only to the extent) required by the laws of any jurisdiction where the Shares are sold so that in an action based upon disclosure in a document of a language other than English, the language of the document on which such action is based shall prevail.

### **Suitability of Investment**

**You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities to which you might be (or become) subject under the laws of the countries of your incorporation, citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of Shares.**

**The value of and income from Shares in the ICAV may go up or down and you may not get back the amount you have invested in the ICAV. Shares constituting each Fund are described in a Supplement to this Prospectus for each such Fund, each of which is an integral part of this Prospectus and is incorporated herein by reference with respect to the relevant Fund. See the section of this Prospectus headed “Risk Factors” and the section of the relevant Supplement headed “Other Information - Risk Factors” for a discussion of certain risks that should be considered by you.**

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this Prospectus are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Marketing Rules**

Any information given, or representations made, by any dealer, salesman or other person which are not contained in this Prospectus or the relevant Supplement or in any reports and accounts of the ICAV forming part of this Prospectus must be regarded as unauthorised and accordingly must not be relied upon. Neither the delivery of this Prospectus or the relevant Supplement nor the offer, issue or sale of Shares shall under any circumstances constitute a representation that the information contained in this Prospectus or the relevant Supplement is correct as of any time subsequent to the date of this Prospectus or the relevant Supplement. This Prospectus or the relevant Supplement may from time to time be updated and intending subscribers should enquire of the Administrator as to the issue of any later Prospectus or Supplement or as to the issue of any reports and accounts of the ICAV.

### **Sales Charges**

**The amount of Preliminary Charge or Repurchase Charge (if any) will be set out in the relevant Supplement.**

**A Repurchase Charge of up to 3% of the Repurchase Price of any Class of Shares of a Fund may be charged by the ICAV as described in “Share Dealings – Repurchase of Shares”.**

**A Preliminary Charge of up to 5% of the Subscription Price of any Class of Shares of a Fund may be charged by the ICAV as described in “Share Dealings – Subscription of Shares”.**

Certain Funds, may apply a Contingent Deferred Sales Charge (CDSC). In such circumstances a CDSC of up to 5% of the Subscription Price will be applied to the redemption proceed of any Class of Shares of a Fund may be charged by the ICAV as described in “Share Dealings – Repurchase of Shares”. The amount of CDSC (if any) will be set out in the relevant Supplement. Where a CDSC is charged, no Preliminary Charge will be payable on subscription for Shares in the relevant Fund.

**Due to the Preliminary Charge and/or Repurchase Charge which may be payable on the Shares, the difference at any one time between the sale and repurchase price of Shares means that an investment in Shares should be viewed as medium to long term.**

### **Definitions**

Defined terms used in this Prospectus shall have the meanings attributed to them in the Definitions section below.

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## DEFINITIONS

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<b>Accounting Period</b>	means a period ending on 30 April of each year or such other period as may be disclosed in the relevant Supplement;
<b>Act</b>	means the Irish Collective Asset-management Vehicles Act 2015 as may be amended or supplemented from time to time;
<b>Administration Agreement</b>	means the administration agreement dated 16 February 2016 between the ICAV and the Administrator as may be amended, supplemented or otherwise modified from time to time in accordance with the requirements of the Central Bank;
<b>Administrator</b>	means Northern Trust International Fund Administration Services (Ireland) Limited or any successor thereto duly appointed in accordance with the requirements of the Central Bank as the administrator to the ICAV;
<b>Affiliate</b>	means any person which in relation to the person concerned is (i) a holding company, (ii) a subsidiary of any such holding company; (iii) a subsidiary or (iv) controlled directly or indirectly by the person concerned and "control" of an entity for this purpose means the power, direct or indirect, to direct or cause the direction of the management and policies of such entity whether by contract or otherwise and, in any event and without limitation of the foregoing, any entity owning more than 50% of the voting securities of a second entity shall be deemed to control that second entity;
<b>Anti-Dilution Levy</b>	means a provision for market spreads (the difference between the prices at which assets are valued and/or bought or sold), duties and charges and other dealing costs relating to the acquisition or disposal of Fund Assets in the event of receipt for processing of large subscription or repurchase requests (as determined at the discretion of the Directors) including subscriptions and/or repurchases which would be effected as a result of requests for exchange from one Fund into another Fund;
<b>Application Form</b>	means the application form for Shares;
<b>Approved Counterparty</b>	means any entity selected by the relevant Investment Manager as may be described in the relevant Supplement, provided always that the relevant entity is, in relation to OTC derivatives, one falling within a category permitted by the Central Bank Regulations and has been notified in advance to the Directors;
<b>Banking Day</b>	means a day (other than a Saturday or Sunday) on which commercial banks are open and settle payments in Dublin;
<b>Base Currency</b>	means, in relation to any Fund, such currency as is specified as such in the relevant Supplement for the relevant Fund;
<b>Business Day</b>	means, in relation to any Fund, each day as is specified as such in the Supplement for the relevant Fund;
<b>Central Bank</b>	means Central Bank of Ireland or any successor regulatory authority with responsibility for authorising and supervising the ICAV;
<b>Central Bank Regulations</b>	means the Central Bank (Supervision and Enforcement) Act 2013

(Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 as may be amended or supplemented from time to time and the guidelines issued by the Central Bank from time to time affecting the ICAV;

<b>CIS</b>	means an open-ended collective investment scheme within the meaning of Regulation 3(2) of the Regulations and which is prohibited from investing more than 10% of its assets in another such collective investment scheme;
<b>Class(es)</b>	means the class or classes of Shares relating to a Fund where specific features with respect to preliminary, exchange, repurchase or contingent deferred sales charge, minimum subscription amount, dividend policy, investor eligibility criteria, voting rights or other specific features may be applicable. The details applicable to each Class will be described in the relevant Supplement;
<b>Collateral</b>	means assets delivered as defined under the relevant credit support annex for a Fund and which are acceptable collateral in accordance with the Central Bank Regulations;
<b>Companies Act</b>	means the Companies Act 2014;
<b>Connected Person</b>	means the persons defined as such in the section headed "Risk Factors – Potential Conflicts of Interest";
<b>Contingent Deferred Sales Charge ("CDSC")</b>	means the charge, if any, to be paid out of the Repurchase Price which Shares may be subject to, as described under "Share Dealings - Repurchase of Shares" and specified in the relevant Supplement;
<b>Contract Notes</b>	means the order confirmation issued by the Administrator to the Shareholder including details such as Shareholder's name and address, Fund name, account number, Class of Shares, amount of cash or Shares being invested, date and Net Asset Value per Share, amongst other things, as further described in the section headed "Share Dealings";
<b>Currency Swap</b>	means an agreement between two parties to exchange future payments in one currency for payments in another currency. These agreements are used to transform the currency denomination of assets and liabilities. Unlike Interest Rate Swaps, currency swaps must include an exchange of principal at maturity;
<b>Dealing Day</b>	Means in respect of each Fund, each Business Day on which subscriptions for, repurchases of and exchanges of relevant Shares can be made by the ICAV as specified in the Supplement for the relevant Fund and/or such other Dealing Days as the Directors shall determine and notify to Shareholders in advance, provided that there shall be at least two Dealing Days in each Month at regular intervals;
<b>Dealing Deadline</b>	means, in relation to any application for subscription, repurchase or exchange of Shares of a Fund, the day and time specified in the Supplement for the relevant Fund by which such application must be received by the Administrator on behalf of the ICAV in order for the subscription, repurchase or exchange of Shares of a Fund to be made by the ICAV on the relevant Dealing Day;
<b>Debt Securities</b>	means any debt securities issued by Approved Counterparties and purchased by the ICAV upon the advice of the relevant Investment Manager in respect of a Fund as further described in the relevant Supplement;
<b>Deemed Disposal</b>	means the deemed chargeable event that will occur at the expiration of

the eighth anniversary of an Irish Resident Shareholder acquiring their shareholding and on every subsequent eighth anniversary therefrom;

<b>Depository</b>	means Northern Trust Fiduciary Services (Ireland) Limited or any successor thereto duly appointed with the prior approval of the Central Bank as the depository of the ICAV;
<b>Depository Agreement</b>	means the depository agreement between the ICAV and the Depository as may be further amended, supplemented or otherwise modified from time to time in accordance with the requirements of the Central Bank;
<b>Derivative Contract</b>	means any FDI entered into by the ICAV in respect of a Fund as further described in the relevant Supplement;
<b>Directors</b>	means the directors of the ICAV, each a <b>Director</b> ;
<b>Director's Fees</b>	means the Directors fees defined as such in the section headed "Fees and Expenses";
<b>Distribution Agreement</b>	means the distribution agreement dated 16 February 2016 between the ICAV and the Distributor as amended, supplemented or otherwise modified from time to time;
<b>Distributor</b>	means J & E Davy or any successor thereto duly appointed in accordance with the requirements of the Central Bank Regulations as the distributor to the ICAV;
<b>EEA Member States</b>	means the member states of the European Economic Area, the current members being the EU Member States, Iceland, Liechtenstein and Norway;
<b>EMIR</b>	means the Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on over the counter (OTC) derivatives, central counterparties (CCPs) and trade repositories (TRs);
<b>ESMA</b>	means the European Securities and Markets Authority;
<b>EU Member States</b>	means the member states of the European Union, the current members being Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, The Netherlands and the United Kingdom;
<b>Euro or €</b>	means the lawful currency of the European Economic Monetary Union Member States, the current members being Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, The Netherlands, Portugal, Slovakia, Slovenia and Spain;
<b>Exchange Charge</b>	means the charge, if any, payable on the exchange of Shares as is specified in the Supplement for the relevant Fund;
<b>Exempt Irish Investor</b>	means: <ul style="list-style-type: none"><li>(a) the Administrator, for so long as the Administrator is a qualified management company as referred to in Section 739B of the TCA;</li><li>(b) a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the TCA or a retirement annuity contract or a trust scheme to which Section 784 or 785</li></ul>



of the TCA applies;

- (c) a company carrying on life business within the meaning of Section 706 of the TCA;
- (d) an investment undertaking within the meaning of Section 739B(1) of the TCA;
- (e) an investment limited partnership within the meaning of section 739J of the TCA;
- (f) a special investment scheme within the meaning of Section 737 of the TCA;
- (g) a charity being a person referred to in Section 739D(6)(f)(i) of the TCA;
- (h) a qualifying management company within the meaning of Section 739B(i) of the TCA;
- (i) a unit trust to which Section 731(5)(a) of the TCA applies;
- (j) a specified company within the meaning of Section 734(1) of the TCA;
- (k) a person who is entitled to exemption from income tax and capital gains tax under Section 784A(2) of the TCA where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- (l) a personal retirement savings account (“PRSA”) administrator acting on behalf of a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the TCA and the Shares are assets of a PRSA;
- (m) a credit union within the meaning of Section 2 of the Credit Union Act 1997;
- (n) an Irish Resident company which is within the charge to corporation tax under Section 739G(2) of the TCA, but only where the fund is a money market fund;
- (o) the National Treasury Management Agency or a Fund investment vehicle or the Irish State acting through the National Treasury Management Agency as referred to in Section 739D(kb) of the TCA;
- (p) the National Asset Management Agency;
- (q) the Courts Service;
- (r) a company which is within the charge to corporation tax in accordance with Section 110(2) of the TCA in respect of payments made to it by the ICAV; or
- (s) any other Irish Resident person who may be permitted to own Shares under taxation legislation or by written practice or concession of the Irish Tax Authorities without giving rise to a charge to tax in the ICAV or jeopardising tax exemptions associated with the ICAV giving rise to a charge to tax in the ICAV;

provided that, where necessary, the ICAV is in possession of a Relevant Declaration in respect of that Shareholder.

<b>Euroclear</b>	Euroclear Bank S.A./N.V.;
<b>Extraordinary Expenses</b>	means the extraordinary expenses defined as such in the section headed "Fees and Expenses";
<b>FATCA means:</b>	<ul style="list-style-type: none"><li>• sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 or any associated regulations or other official guidance;</li><li>• any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or</li><li>• any agreement pursuant to the implementation of paragraphs (a) or (b) above with the U.S. Internal Revenue Service, the U.S. government or any government authority or taxation authority in any other jurisdiction.</li></ul>
<b>FDI</b>	means a financial derivative instrument (including an OTC derivative);
<b>Forwards</b>	means contracts which lock-in the price at which an index or asset may be purchased or sold on a future date. In currency forward contracts, the contract holders are obligated to buy or sell the currency at a specified price, at a specified quantity and on a specified future date, whereas an interest rate forward determines an interest rate to be paid or received on an obligation beginning at a start date sometime in the future. Forward contracts may be cash settled between the parties;
<b>Fund</b>	means a separate portfolio of assets which is invested in accordance with the investment objective and policies set out in the relevant Supplement and to which all liabilities, income and expenditure attributable or allocated to such portfolio shall be applied and charged and <b>Funds</b> means all or some of the Funds as the context requires or any other portfolios as may be established by the ICAV from time to time with the prior approval of the Central Bank;
<b>Fund Assets</b>	means the Transferable Securities and/or the Derivative Contracts and/or the Other Financial Instruments invested in by a Fund and cash held by the Fund in accordance with the Regulations, as further described in the relevant Supplement;
<b>Funded Swap</b>	means a swap where the Fund pays to the Approved Counterparty the full swap notional in exchange for the performance or the payout of the Underlying;
<b>Futures</b>	means contracts to buy or sell a standard quantity of a specific asset (or, in some cases, receive or pay cash based on the performance of an underlying asset, instrument or index) at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange. Futures contracts allow the Fund to hedge against market risk or gain exposure to the underlying market;
<b>ICAV</b>	means Skyline Umbrella Fund ICAV;
<b>Index</b>	means such index as specified in the Supplement for the relevant Fund;
<b>Index Sponsor</b>	means any entity selected by the relevant Investment Manager as may be described in the relevant Supplement;
<b>Initial Issue Date</b>	means the initial issue date of the Shares of a Fund as may be

specified in the relevant Supplement;

<b>Initial Issue Price</b>	means the price (excluding any Preliminary Charge) per Share at which Shares are initially offered in a Fund during the Initial Offer Period as specified in the Supplement for the relevant Fund;
<b>Initial Offer Period</b>	means the period during which Shares in a Fund are initially offered at the Initial Issue Price as specified in the Supplement for the relevant Fund;
<b>Instrument</b>	means the instrument of incorporation of the ICAV as amended from time to time in accordance with the requirements of the Central Bank;
<b>Interest Rate Swaps</b>	means swaps that involve the exchange by a portfolio with another party of their respective commitments to make or receive interest payments (e.g. an exchange of fixed rate payments for floating rate payments). On each payment date under an interest rate swap, the net payments owed by each party, and only the net amount, is paid by one party to the other;
<b>Investment Account</b>	means (i) a separate temporary investment account or (ii) a separate disinvestment account as described in further detail under "Subscription for Shares";
<b>Investment Adviser</b>	means such investment adviser as may be appointed by the ICAV and/or the investment adviser and set out in the Supplement for the relevant Fund;
<b>Investment Management Agreement</b>	means the investment management agreement between the ICAV and the relevant Investment Manager in respect of a Fund as amended, supplemented or otherwise modified from time to time in accordance with the requirements of the Central Bank Regulations and as set out in the Supplement for the relevant Fund;
<b>Investment Management Fee</b>	means the investment management fee detailed as such in the section headed "Fees and Expenses";
<b>Investment Manager</b>	means such investment manager or any successor thereto as duly appointed in accordance with the requirements of the Central Bank Regulations as the investment manager to a Fund and set out in the Supplement for the relevant Fund;
<b>Investment Restrictions</b>	means the restrictions detailed under the heading "Investment Restrictions" under the section entitled "Funds" and as may be further set out in the relevant Supplement;
<b>Irish Resident</b>	means in the case of a:

#### **ICAV**

A company which has its central management and control in Ireland is resident in Ireland irrespective of where it is incorporated. A company which does not have its central management and control in Ireland but which is incorporated in Ireland is resident in Ireland except where:-

- (a) the company or a related company carries on a trade in Ireland, and either the company is ultimately controlled by persons resident in EU Member States or, in countries with which Ireland has a double taxation treaty (a "**taxation treaty country**") or the company or a related company are quoted companies on a recognised stock exchange in the EU or in a taxation treaty country; or

- (b) the company is regarded as not resident in Ireland under a double taxation treaty between Ireland and another country.

A company coming within (a) above which has its central management and control outside of Ireland will still be regarded as resident in Ireland if (i) it would by virtue of the law of a relevant territory be tax resident in that relevant territory if it were incorporated in that relevant territory but would not otherwise be tax resident in that relevant territory, (ii) it is managed and controlled in that relevant territory and (iii) it would not otherwise by virtue of the law of any territory be regarded as resident in that territory for tax purposes.

The exception from the incorporation rule of tax residence at (a) above in respect of a company incorporated before 1 January 2015 will however cease to apply or be available after 31 December 2020, or, if earlier, from the date, after 31 December 2014, of a change in ownership (direct or indirect) of the company where there is a major change in the nature or conduct of the business of the company within the period beginning on the later of 1 January 2015 or the date which occurs one year before the date of the change in ownership of the company, and ending 5 years after the date of the change in ownership. For these purposes a major change in the nature or conduct of the business of the company includes the commencement by the company of a new trade or a major change arising from the acquisition by the company of property or of an interest in or right over property. These rules are relatively complex and we would recommend that any Irish incorporated company that considers it is not Irish tax resident seeks professional advice before asserting this in any declaration given to the ICAV.

### **Individual**

An individual will be regarded as being resident in Ireland for a tax year if that individual:

- (a) Spends 183 or more days in Ireland in that tax year;
- or
- (b) has a combined presence of 280 days in Ireland, taking into account the number of days spent in Ireland in that tax year together with the number of days spent in Ireland in the preceding year.

Presence in a tax year by an individual of not more than 30 days in Ireland will not be reckoned for the purpose of applying the two year test. Presence in Ireland for a day means the personal presence of an individual if the individual is present in Ireland at any time during that day.

If an individual is not resident in Ireland in a particular year, the individual may, in certain circumstances, elect to be treated as resident in Ireland for tax purposes;

### **Trust**

A trust will generally be Irish resident where the trustee is resident in Ireland or a majority of the trustees (if more than one) are resident in Ireland

### **Intermediary**

means a person who:

- (a) carries on a business which consists of, or includes,

the receipt of payments from an investment undertaking resident in Ireland on behalf of other persons; or

(b) holds units in an investment undertaking on behalf of other persons;

<b>Irish Stock Exchange</b>	means The Irish Stock Exchanges Limited;
<b>Irish Tax Authorities</b>	means the Revenue Commissioners of Ireland;
<b>Markets</b>	means the stock exchanges and regulated markets set out in Appendix I;
<b>Minimum Investment Amount</b>	<b>Additional</b> means such minimum cash amount or minimum number of Shares as the case may be (if any) as the Directors may from time to time require to be invested in any Fund by each Shareholder (after investing the Minimum Initial Investment Amount) and as such is specified in the Supplement for the relevant Fund;
<b>Minimum Fund Size</b>	means such amount (if any) as the Directors may consider for each Fund and as set out in the Supplement for the relevant Fund;
<b>Minimum Initial Investment Amount</b>	means such minimum initial cash amount or minimum number of Shares as the case may be (if any) as the Directors may from time to time require to be invested by each Shareholder as its initial investment for Shares of each Class in a Fund either during the Initial Offer Period or on any subsequent Dealing Day and as such is specified in the Supplement for the relevant Fund;
<b>Minimum Amount</b>	<b>Repurchase</b> means such minimum number or minimum value of Shares of any Class as the case may be (if any) which may be repurchased at any time by the ICAV and as such is specified in the Supplement for the relevant Fund;
<b>Minimum Shareholding</b>	means such minimum number or minimum value of Shares of any Class as the case may be (if any) which must be held at any time by a Shareholder which shall be greater at all times than the Minimum Repurchase Amount and as such is specified in the Supplement for the relevant Class of Shares within a Fund;
<b>Moody's</b>	means Moody's Investors Service or any successor thereto;
<b>Money Market Instruments</b>	means instruments normally dealt in on the money markets which are liquid, and have a value which can be accurately determined at any time;
<b>Month</b>	means a calendar month;
<b>Net Asset Value</b>	means, in respect of the assets and liabilities of a Fund, a Class or the Shares representing interests in a Fund, the amount determined in accordance with the principles set out in the "Calculation of Net Asset Value/Valuation of Assets" section below as the Net Asset Value of the Fund, the Net Asset Value per Class or the Net Asset Value per Share;
<b>Non-Voting Shares</b>	means a particular Class of Shares that do not carry the right to notice of or to attend or vote at general meetings of the ICAV of the relevant Fund;
<b>OECD Member States</b>	means the member states of the Organisation for Economic Co-operation and Development, the current members being Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea

(Republic), Luxembourg, Mexico, The Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States;

<b>Option(s)</b>	means the right to buy or sell a specific quantity of a specific asset at a fixed price at or before a specified future date. There are two forms of options: put or call options. Put options are contracts sold for a premium that give to the buyer the right, but not the obligation, to sell to the seller a specified quantity of a particular asset (or financial instrument) at a specified price. Call options are similar contracts sold for a premium that give the buyer the right, but not the obligation, to buy from the seller a specified quantity of a particular asset (or financial instrument) at a specified price;
<b>Ordinarily Resident in Ireland:</b>	<p>in the term "ordinary residence" as distinct from "residence" denotes residence in a place with some degree of continuity.</p> <p>An individual who has been resident in Ireland for three consecutive tax years becomes ordinarily resident with effect from the commencement of the fourth tax year. An individual who has been ordinarily resident in Ireland ceases to be ordinarily resident at the end of the third consecutive year in which that individual is not resident in Ireland. Thus an individual who is resident and ordinarily resident in Ireland in 2015 and departs from Ireland in that tax year will remain ordinarily resident up to the end of the year in 2018.</p>
<b>Ordinary Resolution</b>	means a resolution passed by a simple majority of the votes cast by Shareholders entitled to attend and vote thereon in person or by proxy at general meetings of the ICAV or on matters affecting the relevant Fund or Class, as the case may be, or a resolution in writing signed by all the Shareholders entitled to vote thereon;
<b>OTC derivative</b>	means an FDI which is dealt in an "over-the-counter" market;
<b>Other Administrative Expenses</b>	means the other administrative expenses defined as such in the section headed "Fees and Expenses";
<b>Other Financial Instruments</b>	means any financial instruments or securities or deposits issued or provided by an Approved Counterparty, other than Debt Securities or Derivative Contracts that an Investment Manager may recommend and select as an investment for the ICAV from time to time in respect of a Fund;
<b>Preliminary Charge</b>	means the charge, if any, payable to the Distributor on subscription for Shares as described under "Share Dealings – Subscription for Shares – Subscription Price" and specified in the relevant Supplement;
<b>Recognised Clearing System</b>	means Clearstream Banking AG (formerly Deutsche Borse AG), Clearstream Banking SA (formerly Cedel Banking SA), CREST, Euroclear, National Securities Clearing Corporation, Sicovam SA, SIS Sega Intersettle AG, Netherlands Centraal Instituut voor Giraal Effectenverkeer B.V. (NECIGEF), Monte Titoli, Deutsche Bank AG, Depository and Clearing System, Central Moneymarkets Office, Depository Trust Company of New York, The Canadian Depository for Securities Ltd, VPC AB (Sweden), Japan Securities Depository Centre or any other system for clearing shares which is designated for the purposes of Section 739B of the TCA, by the Irish Tax Authorities as a recognised clearing system;
<b>Regulations</b>	mean the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No. 352 of 2011), as amended, consolidated or substituted from time to time;

<b>Relevant Declaration</b>	means the declaration relevant to the Shareholder as set out in Schedule 2B of the TCA for the purposes of Section 793D of the TCA;
<b>Relevant Institutions</b>	means credit institutions authorised in an EEA Member State or credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988, or credit institutions authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand;
<b>Repurchase Charge</b>	means the charge, if any, to be paid out of the Repurchase Price which Shares may be subject to, as described under “Share Dealings - Repurchase of Shares” and specified in the relevant Supplement;
<b>Repurchase Price</b>	means the price at which Shares are repurchased, as described under “Share Dealings - Repurchase of Shares” and as may be specified in the relevant Supplement;
<b>Repurchase Proceeds</b>	means the Repurchase Price less any Repurchase Charge and any charges, costs, expenses or taxes, as described under “Share Dealings – Repurchase of Shares”;
<b>Scheduled Maturity Date</b>	means, with respect to a Fund, the date indicated in the relevant Supplement on which the outstanding Shares will be repurchased, the Fund being thereafter closed, as more fully described under “Share Dealing - Repurchase of Shares”. Unless a Scheduled Maturity Date has been indicated in the relevant Supplement, a Fund will not have a Scheduled Maturity Date;
<b>Setting Up Costs</b>	means the costs defined as such in the section headed “Fees and Expenses”;
<b>Settlement Date</b>	means, in respect of receipt of monies for subscription for Shares or dispatch of monies for the repurchase of Shares, the date specified in the Supplement for the relevant Fund. In the case of repurchases this date will be no more than ten Banking Days after the relevant Dealing Deadline, or if later, the receipt of completed repurchase documentation;
<b>Shares</b>	means the participating shares in the ICAV representing interests in a Fund and where the context so permits or requires any Class of participating shares representing interests in a Fund, such Shares may be Voting Shares or Non-Voting Shares;
<b>Shareholders</b>	means holders of Shares, and each a <b>Shareholder</b> ;
<b>Special Resolution</b>	means a special resolution of the Shareholders passed by a majority of not less than 75% of the votes cast by Shareholders entitled to attend and vote thereon in person or by proxy at general meetings of the ICAV or on matters affecting the relevant Fund or Class, as the case may be or by a resolution in writing signed by all the Shareholders entitled to vote thereon, in accordance with the Instrument;
<b>Standard &amp; Poor’s or S&amp;P</b>	means Standard & Poor’s Corporation or any successor thereto;
<b>State</b>	means the Republic of Ireland;
<b>£, Sterling and Pound</b>	means the lawful currency of the United Kingdom;
<b>Sub-Distributor</b>	means any sub-distributor appointed by the Distributor in accordance with the requirements of the Central Bank Regulations as a sub-distributor to the ICAV;
<b>Supplement</b>	means any supplement to the Prospectus issued on behalf of the ICAV

in relation to a Fund from time to time;

**Swap** means an agreement between two counterparties in which the cash flows from two assets are exchanged as they are received for a fixed time period, with the terms initially set so that the present value of the swap is zero. The Fund may enter into swaps, including, but not limited to, equity swaps, Swaptions, Interest Rate Swaps or Currency Swaps and other derivative instruments both as independent profit opportunities and to hedge existing long positions. Swaps may extend over substantial periods of time, and typically call for the making of payments on a periodic basis;

**Swaption** means a contract whereby one party receives a fee in return for agreeing to enter into a forward swap at a predetermined fixed rate if some contingency event occurs (normally where future rates are set in relation to a fixed benchmark);

**TARGET** means the Trans-European Automated Real-time Gross settlement Express Transfer system;

**TCA** means the Taxes Consolidation Act 1997, of Ireland;

**Transaction Fees** means the fees defined as such under the section headed "Fees and Expenses";

**Transferable Securities** means:

- (i) shares in companies and other securities equivalent to shares in companies;
- (ii) bonds and other forms of securitised debt; and
- (iii) other negotiable securities which carry the right to acquire any such Transferable Securities by subscription or exchange, other than the techniques and instruments referred to in Regulation 48A of the Regulations;

which also fulfil the criteria as set out in the Central Bank Regulations, and as may be further defined in the relevant Supplement;

**UCITS** means an undertaking for collective investment in Transferable Securities which is authorised under the Regulations or authorised by a competent authority in another member state of the European Union in accordance with Council Directives 2009/65/EC and amended by Council Directive 2014/91/EU, as may be amended, supplemented, consolidated or otherwise modified from time to time:

- (i) the sole object of which is the collective investment in Transferable Securities and/or in other financial instruments of capital raised from the public and which operates on the principle of risk-spreading; and
- (ii) the shares of which are, at the request of holders, repurchased or repurchased, directly or indirectly, out of that undertaking's assets;

**Underlying** means the underlying as may be described in the relevant Supplement in respect of which the relevant investment objectives relate;

**Underlying Securities** means, in respect of each Underlying, those Transferable Securities and FDIs selected as constituting the Underlying. Where available and



published, details of those Underlying Securities for an Index may be found in the relevant Supplement;

<b>United Kingdom and UK</b>	means the United Kingdom of Great Britain and Northern Ireland;
<b>United States and U.S.</b>	means the United States of America (including the States, the District of Columbia and the Commonwealth of Puerto Rico), its territories, possessions and all other areas subject to its jurisdiction;
<b>U.S. Dollars, Dollars and \$</b>	means the lawful currency of the United States;
<b>U.S. Person</b>	means (i) a natural person who is a resident of the United States; (ii) a corporation, partnership or other entity, other than an entity organised principally for passive investment, organised under the laws of the United States and which has its principal place of business in the United States; (iii) an estate or trust, the income of which is subject to United States income tax regardless of the source; (iv) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business in the United States; (v) an entity organised principally for passive investment such as a pool, investment company or other similar entity; provided, that units of participation in the entity held by persons who qualify as U.S. persons or otherwise as qualified eligible persons represent in the aggregate 10% or more of the beneficial interests in the entity, and that such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the U.S. Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. Persons; or (vi) any other "U.S. Person" as such term may be defined in Regulation S under the U.S. Securities Act of 1933, as amended, or in regulations adopted under the U.S. Commodity Exchange Act of 1922, as amended;
<b>Valuation Point</b>	means the time on any Business Day by reference to which the Net Asset Value of a Fund and the Net Asset Value per Share are calculated as is specified in the Supplement for the relevant Fund provided that there shall be at least two Valuation Points in every Month (with at least one Valuation Point per fortnight of the relevant Month); and
<b>Voting Shares</b>	means the Shares of a particular Class that carry the right to vote at general meetings of the ICAV and the relevant Fund.

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## FUNDS

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The ICAV has segregated liability between its Funds and accordingly any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of that Fund.

### **Funds**

The ICAV has adopted an “umbrella” structure to provide both institutional and individual investors with a choice of different Funds. Each Fund will be differentiated by its specific investment objective, policy, currency of denomination or other specific features as described in the relevant Supplement. A separate pool of assets is maintained for each Fund and is invested in accordance with each Fund’s respective investment objective.

### **Classes of Shares**

The Directors may decide to create within each Fund different Classes of Shares. All Classes of Shares relating to the same Fund will be commonly invested in accordance with such Fund’s investment objective but may differ with regard to their base currency, fee structure, Minimum Initial Investment Amount, Minimal Additional Investment Amount, Minimum Shareholding, Minimum Repurchase Amount, dividend policy (including the dates and payments of any dividends), investor eligibility criteria or other particular feature(s) as the Directors will decide. A separate Net Asset Value per Share will be calculated for each issued Class of Shares in relation to each Fund. The different features of each Class of Shares available relating to a Fund are described in detail in the relevant Supplement.

The ICAV reserves the right to offer only one or several Classes of Shares for purchase by investors in any particular jurisdiction in order to conform to local law, custom or business practice. The ICAV also reserves the right to adopt standards applicable to certain classes of investors or transactions in respect of the purchase of a particular Class of Shares.

### **Investment Objective and Policies**

The Instrument provides that the investment objective and policy for each Fund will be formulated by the Directors at the time of the creation of that Fund. Details of the investment objective and policy for each Fund of the ICAV appear in the Supplement for the relevant Fund.

Any change in the investment objective or any material change to the investment policy of a Fund may only be made with the approval of an Ordinary Resolution of the holders of the Voting Shares of the Fund. Subject and without prejudice to the preceding sentence of this paragraph, in the event of a change of investment objective and/or policy of a Fund, a reasonable notification period must be given to each Shareholder of the Fund to enable a Shareholder to have its Shares repurchased prior to the implementation of such change.

Under the rules of the Irish Stock Exchange, in the absence of unforeseen circumstances, the investment objective and policy for each listed Fund must be adhered to for at least three years following the admission of the Shares of the relevant Fund to the Official List of the Irish Stock Exchange. The rules also provide that any material change in the investment objective of each listed Fund or its policy during the said period may only be made with the approval of the Irish Stock Exchange and an Ordinary Resolution of the Shareholders of the relevant Fund.

### **Investment Restrictions**

This ICAV adheres to the restrictions and requirements set out under the Regulations.

The Investment Restrictions applying to each Fund of the ICAV under the Regulations are set out below. These are, however, subject to the qualifications and exemptions contained in the Regulations and in the Central Bank Regulations. Any additional Investment Restrictions for other Funds will be formulated by the Directors at the time of the creation of such Fund.

The Directors may from time to time impose such further Investment Restrictions as shall be compatible with or in the interest of the Shareholders, in order to comply with the laws and regulations of the countries where Shareholders are placed.

## **1. Permitted Investments**

Investments of a Fund are confined to:

- 1.1. Transferable Securities and Money Market Instruments which are either admitted to official listing on a stock exchange in an EU Member State or non-EU Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in an EU Member State or non-EU Member State.
- 1.2. Recently issued Transferable Securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
- 1.3. Money Market Instruments, as defined in the Central Bank Regulations, other than those dealt on a regulated market.
- 1.4. Units of UCITS.
- 1.5. Units of non-UCITS as set out in the Central Bank's Guidance Note 2/03.
- 1.6. Deposits with credit institutions as prescribed in the Central Bank Regulations.
- 1.7. FDIs as prescribed in the Central Bank Regulations.

## **2. Investment Limits**

- 2.1. A Fund may invest no more than 10% of its Net Asset Value in Transferable Securities and Money Market Instruments other than those referred to in paragraph 1.
- 2.2. A Fund may invest no more than 10% of its Net Asset Value in recently issued Transferable Securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. This restriction will not apply in relation to investment by the Fund in certain U.S. securities known as Rule 144A securities provided that:
  - 2.2.1. the securities are issued with an undertaking to register with the U.S. Securities and Exchanges Commission within one year of issue; and
  - 2.2.2. the securities are not illiquid securities i.e. they may be realised by the Fund within seven days at the price, or approximately at the price, at which they are valued by the Fund.
- 2.3. A Fund may invest no more than 10% of its Net Asset Value in Transferable Securities or Money Market Instruments issued by the same body provided that the total value of Transferable Securities and Money Market Instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
- 2.4. Subject to the prior approval of the Central Bank, the limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in an EU Member State and is subject by law to special public supervision designed to protect bondholders. If a Fund invests more than 5% of its Net Asset Value in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the Net Asset Value of the Fund.
- 2.5. The limit of 10% (in 2.3) is raised to 35% if the Transferable Securities or Money Market Instruments are issued or guaranteed by an EU Member State or its local authorities or by a non-EU Member State or public international body of which one or more EU Member States are members.
- 2.6. The Transferable Securities and Money Market Instruments referred to in 2.4. and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.
- 2.7. A Fund may not invest more than 20% of its Net Asset Value in deposits made with the same credit institution.

Deposits with any one credit institution, other than with Relevant Institutions, held as ancillary liquidity, must not exceed 10% of the Net Asset Value of a Fund.

This limit may be raised to 20% in the case of deposits made with the Depository.

- 2.8. The risk exposure of a Fund to a counterparty to an OTC derivative may not exceed 5% of its Net Asset Value.

This limit is raised to 10% in the case of Relevant Institutions.

- 2.9. Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of the Net Asset Value of a Fund:

2.9.1. investments in Transferable Securities or Money Market Instruments;

2.9.2. deposits, and/or

2.9.3. risk exposures arising from OTC derivative transactions.

- 2.10. The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of the Net Asset Value of a Fund.

- 2.11. Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of the Net Asset Value of a Fund may be applied to investment in Transferable Securities and Money Market Instruments within the same group.

- 2.12. A Fund may invest up to 100% of its Net Asset Value in different Transferable Securities and Money Market Instruments issued or guaranteed by any EU Member State, its local authorities Non-Member States or public international bodies of which one or more EU Member States are members or by Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland, United States or any of the following:

OECD Member States, excluding those listed above (provided the relevant issues are investment grade)

Government of Singapore

European Investment Bank

European Bank for Reconstruction and Development

International Finance Corporation

International Monetary Fund

Euratom

The Asian Development Bank

European Central Bank

Council of Europe

Eurofima

African Development Bank

International Bank for Reconstruction and Development (The World Bank)

The Inter American Development Bank

European Union

Federal National Mortgage Association (Fannie Mae)

Federal Home Loan Mortgage Corporation (Freddie Mac)

Government National Mortgage Association (Ginnie Mae)

Student Loan Marketing Association (Sallie Mae)

Federal Home Loan Bank

Federal Farm Credit Bank

Tennessee Valley Authority

Straight-A Funding LLC

Export-Import Bank

The Fund must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of its Net Asset Value.

### **3. Investment in Collective Investment Schemes (CIS)**

- 3.1. A Fund may not invest more than 20% of its Net Asset Value in any one CIS.
- 3.2. The CIS are prohibited from investing more than 10 per cent of net assets in other open-ended CIS.
- 3.3. Investment in non-UCITS may not, in aggregate, exceed 30% of the Net Asset Value of a Fund.
- 3.4. When a Fund invests in the units of other CIS that are managed, directly or by delegation, by the management company of the ICAV or by any other company with which the management company of the ICAV is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the Fund's investment in the units of such other CIS.
- 3.5. Where a commission (including a rebated commission) is received by the Fund, the investment manager or an investment adviser by virtue of an investment in the units of another CIS, this commission must be paid into the property of the Fund.
- 3.6. When a Fund (the "**Investing Fund**") invests in the units of other sub-fund of the ICAV (the "**Receiving Fund**"), that investment is subject to the following requirements, in addition to the provisions of paragraph 3.5:
  - 3.6.1. the Receiving Fund cannot hold units in any other sub-fund within the ICAV; and
  - 3.6.2. the rate of the annual management fee which investors in the Investing Fund are charged in respect of that portion of the Investing Fund's assets invested in Receiving Funds (whether such fee is paid directly at the Investing Fund level, indirectly at the level of the Receiving Funds or a combination of both) shall not exceed the rate of the maximum annual management fee which investors in the Investing Fund may be charged in respect of the balance of the Investing Fund's assets, such that there shall be no double charging of the annual management fee to the Investing Fund as a result of its investments in the Receiving Fund. This provision is also applicable to the annual fee charged by an investment manager where this fee is paid directly out of the assets of the Fund.

### **4. Index Replicating UCITS**

- 4.1. A Fund may invest up to 20% of its Net Asset Value in shares and/or Debt Securities issued by the same body where the investment policy of the Fund is to replicate an index which satisfies the criteria set out in the Central Bank Regulations and is recognised by the Central Bank.
- 4.2. The limit in 4.1 may be raised to 35% of the Net Asset Value of the Fund, and applied to a single issuer, where this is justified by exceptional market conditions.

### **5. General Provisions**

- 5.1. An investment company, or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- 5.2. A Fund may acquire no more than:
  - 5.2.1. 10% of the non-voting shares of any single issuing body;
  - 5.2.2. 10% of the debt securities of any single issuing body;
  - 5.2.3. 25% of the units of any single CIS;
  - 5.2.4. 10% of the Money Market Instruments of any single issuing body.

The limits laid down in 5.2.2, 5.2.3 and 5.2.4 above may be disregarded at the time of

acquisition if at that time the gross amount of the Debt Securities or of the Money Market Instruments, or the net amount of the securities in issue cannot be calculated.

- 5.3. 5.1 and 5.2 shall not be applicable to:
- 5.3.1. Transferable Securities and Money Market Instruments issued or guaranteed by an EU Member State or its local authorities;
  - 5.3.2. Transferable Securities and Money Market Instruments issued or guaranteed by a non-EU Member State;
  - 5.3.3. Transferable Securities and Money Market Instruments issued by public international bodies of which one or more EU Member States are members;
  - 5.3.4. shares held by a Fund in the capital of a company incorporated in a non-EU member state which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-EU Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6 and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed;
  - 5.3.5. Shares held by an investment company in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of shares at shareholders' request exclusively on their behalf.
- 5.4. A Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to Transferable Securities or Money Market Instruments which form part of their assets.
- 5.5. The Central Bank may allow a recently authorised Fund to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2 4.1 and 4.2 for six Months following the date of its authorisation, provided it observes the principle of risk spreading.
- 5.6. If the limits laid down herein are exceeded for reasons beyond the control of a Fund, or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders.
- 5.7. A Fund may not carry out uncovered sales of:
- 5.7.1. Transferable Securities;
  - 5.7.2. Money Market Instruments;
  - 5.7.3. units of CIS; or
  - 5.7.4. FDIs.
- 5.8. A Fund may hold ancillary liquid assets.

## **6. Permitted Financial Derivative Instruments (FDIs)**

- 6.1. Where specified in a Fund supplement:-
- 6.1.1. Each Fund may invest in FDI provided that the relevant reference items or indices, consist of one or more of the following (noting that FDIs on commodities are excluded):
    - (a) instruments referred to in paragraphs 1.1 to 1.5 of the Investment Restrictions section of this Prospectus, deposits, financial indices, interest rates, foreign exchange rates or currencies;

- (b) the FDI do not expose a Fund to risks which it could not otherwise assume (e.g. gain exposure to an instrument/issuer/currency to which a Fund cannot have a direct exposure);
  - (c) the FDI do not cause a Fund to diverge from its investment objectives; and
  - (d) the reference to financial indices above shall be understood as a reference to indices which fulfil the criteria set out in the Central Bank UCITS Regulations and the Central Bank's guidance on "UCITS Financial Indices" and "UCITS Financial Derivative Instruments and Efficient Portfolio Management".
- 6.1.2. Credit derivatives as permitted in the circumstances outlined in the Central Bank's guidance on "UCITS Financial Derivative Instruments and Efficient Portfolio Management" only.
- 6.1.3. FDI must be dealt in on a market which is regulated, operating regularly, recognised and open to the public in a Member State or non-Member State, and included at Appendix I hereto.
- 6.1.4. Notwithstanding paragraph 6.1.3, each Fund may invest in FDI dealt in over-the-counter "OTC derivatives" provided that:
- (a) the counterparty is a Relevant Institution or an investment firm, authorised in accordance with the Markets in Financial Instruments Directive, in an EEA Member State or is a group company of an entity issued with a bank holding company licence from the Federal Reserve of the United States of America where that group company is subject to bank holding company consolidated supervision by that Federal Reserve.
  - (b) where a counterparty which is not a Relevant Institution was subject to a credit rating by an agency registered and supervised by ESMA, that rating shall be taken into account by the Fund in the credit assessment process and where such a counterparty is is downgraded to A-2 or below (or comparable rating) by that credit rating agency, this shall result in a new credit assessment being conducted of the counterparty by Fund without delay.
  - (c) in the case of subsequent novation of the OTC derivative contract, the counterparty is one of:
    - a. the entities set out in paragraph (a); or
    - b. a central counterparty (CCP) authorised, or recognised by ESMA, under Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories (EMIR) or, pending recognition by ESMA under Article 25 of EMIR, an entity classified as a derivatives clearing organisation by the Commodity Futures Trading Commission or a clearing agency by the SEC (both CCP);
  - (d) risk exposure to the counterparty does not exceed the limits set out in paragraph 2.7 of the Investment Limits section of this Prospectus;
  - (e) a Fund is satisfied that the counterparty will value the transaction with reasonable accuracy and on a reliable basis and will close out the transaction at any time at the request of a Fund at fair value; and
  - (f) a Fund must subject its OTC derivatives to reliable and verifiable valuation on a daily basis and ensure that it has appropriate systems, controls and processes in place to achieve this. Reliable and verifiable valuation shall be understood as a reference to a valuation, by a Fund, corresponding to fair value which does not rely only on market quotations by the counterparty and which fulfils the following criteria:

- (g) the basis for the valuation is either a reliable up-to-date market value of the instrument, or, if such value is not available, a pricing model using an adequate recognised methodology;
- a. verification of the valuation is carried out by one of the following:
    - i. an appropriate third party which is independent from the counterparty of the OTC derivative, at an adequate frequency and in such a way that a Fund is able to check it;
    - ii. a unit within a Fund which is independent from the department in charge of managing the assets and which is adequately equipped for the purpose.
- (h) Risk exposure to an OTC derivative counterparty may be reduced where the counterparty will provide a Fund with collateral in accordance with the requirements of the Central Bank as set out in the Central Bank UCITS Regulations. The Fund will require receipt of the necessary level of collateral so as to ensure counterparty exposure limits set out in the Regulations are not breached. Collateral received must at all times meet the requirements set out in the Central Bank UCITS Regulations. Collateral passed to an OTC derivative counterparty by or on behalf of a Fund must be taken into account in calculating exposure of the Fund to counterparty risk as referred to in Regulation 70(1)(c). Collateral passed may be taken into account on a net basis only if the UCITS is able to legally enforce netting arrangements with this counterparty.
- (i) Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments or CIS, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank Regulations. This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in Regulation 71(1) of the Regulations.
- (j) A transferable security or money market instrument embedding a FDI shall be understood as a reference to financial instruments which fulfil the criteria for transferable securities or money market instruments set out in Regulations and which contain a component which fulfils the following criteria:
- b. by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or money market instrument which functions as a host contract can be modified according to a specific interest rate, financial instrument price, foreign exchange rate, index of prices or rate, credit rating or credit index, or other variable, and therefore vary in a way similar to a standalone derivative;
  - c. its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - d. it has significant impact on the risk profile and pricing of the transferable security or money market instrument.
- (k) A transferable security or a money market instrument shall not be regarded as embedding a FDI where it contains a component which is contractually transferable independently of the transferable security or the money market instrument. Such a component shall be deemed a separate financial instrument.
- (l) Unless otherwise disclosed in the relevant Fund Supplement, the ICAV employs the commitment approach to measure its global exposure. The global exposure of any Fund will not exceed its total Net Asset Value at any time. The method used to calculate global exposure for each Fund is set out in the relevant Fund Supplement.



## 6.2. Cover requirements

- 6.2.1. A Fund must, at any given time, be capable of meeting all its payment and delivery obligations incurred by transactions involving FDI. A transaction in FDI which gives rise, or may give rise, to a future commitment on behalf of a Fund must be covered as follows:
- (a) in the case of FDI which automatically, or at the discretion of a Fund, are cash settled a Fund must hold, at all times, liquid assets which are sufficient to cover the exposure.
  - (b) in the case of FDI which require physical delivery of the underlying asset, the asset must be held at all times by the relevant Fund. Alternatively a Fund may cover the exposure with sufficient liquid assets where:
    - e. the underlying assets consists of highly liquid fixed income securities; and/or
    - f. a Fund considers that the exposure can be adequately covered without the need to hold the underlying assets, the specific FDI are addressed in the risk management process, which is described below.

## 7. *Efficient Portfolio Management*

### *General*

The ICAV on behalf of a Fund may employ techniques and instruments relating to Transferable Securities, Money Market Instruments and/or other financial instruments (including FDI) in which it invests for efficient portfolio management purposes, a list of which (if any) shall be set out in the relevant Supplement.

The ICAV may also (but is not obliged to) enter into certain currency-related transactions in order to hedge the currency exposure of a Fund where the Fund invests in assets denominated in currencies other than the Base Currency.

Use of such techniques and instruments should be in line with the best interests of Shareholders and will generally be made for one or more of the following reasons:

- (a) the reduction of risk;
- (b) the reduction of cost; or
- (c) the generation of additional capital or income for the relevant Fund with an appropriate level of risk, taking into account the risk profile of the Fund and the risk diversification rules set out in the Central Bank Regulations.

In addition, the use of such techniques and instruments must be realised in a cost-effective way and must not result in a change to the investment objective of the Fund or add substantial supplementary risks not covered in this Prospectus. Please refer to the section of this Prospectus entitled "Risk Factors; Efficient Portfolio Management Risk" for more details. The risks arising from the use of such techniques and instruments shall be adequately captured in the ICAV's risk management process.

Such techniques and instruments may include foreign exchange transactions which alter the currency characteristics of assets held by the relevant Fund.

Assets of a Fund may be denominated in a currency other than the Base Currency of the Fund and changes in the exchange rate between the Base Currency and the currency of the asset may lead to a depreciation of the value of the Fund's assets as expressed in the Base Currency. The Investment Manager may seek to mitigate this exchange rate risk by using FDI.

### *Repurchase/Reverse Repurchase Agreements and Securities Lending*

Any Fund that seeks to engage in securities lending should ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.

Any Fund that enters into a reverse repurchase agreement should ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is callable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the Net Asset Value of the Fund.

A Fund that enters into a repurchase agreement should ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered. Fixed-term repurchase and reverse repurchase agreements that do not exceed seven days shall be considered as arrangements on terms that allow the assets to be recalled at any time by the Fund.

Each Fund shall ensure that the revenues arising from repurchase/reverse repurchase agreements and securities lending shall be returned to the relevant Fund following the deduction of any direct and indirect operational costs and fees arising. Such direct and indirect operational costs and fees (which are all fully transparent), which shall not include hidden revenue, shall include fees and expenses payable to repurchase/reverse repurchase agreements counterparties and/or securities lending agents engaged by the ICAV from time to time. Such fees and expenses of any repurchase/reverse repurchase agreements counterparties and/or securities lending agents engaged by the ICAV, which will be at normal commercial rates together with VAT, if any, thereon, will be borne by the ICAV or the Fund in respect of which the relevant party has been engaged. Details of Fund revenues arising and attendant direct and indirect operational costs and fees as well as the identity of any specific repurchase/reverse repurchase agreements counterparties and/or securities lending agents engaged by the ICAV from time to time shall be included in the ICAV's semi-annual and annual reports.

From time to time, a Fund may engage repurchase/reverse repurchase agreements counterparties and/or securities lending agents that are related parties to the Depositary or other service providers of the ICAV. Such engagement may on occasion cause a conflict of interest with the role of the Depositary or other service provider in respect of the ICAV. Please refer to "Conflicts of Interest" for further details on the conditions applicable to any such related party transactions. The identity of any such related parties will be specifically identified in the ICAV's semi-annual and annual reports.

Repurchase/reverse repurchase agreements or securities lending do not constitute borrowing or lending for the purposes of Regulation 103 and Regulation 111 respectively.

### **Collateral Policy**

In the context of efficient portfolio management techniques and/or the use of FDI for investment purposes, collateral may be received from a counterparty for the benefit of the Fund or posted to a counterparty by or on behalf of the Fund. Any receipt or posting of collateral by the Fund will be conducted in accordance with the requirements of the Central Bank and the terms of the ICAV's collateral policy outlined below.

### **Collateral – Received by a Fund**

Collateral posted by the counterparty for the benefit of a Fund may be taken into account as reducing the exposure to such counterparty. The ICAV will require receipt of the necessary level of collateral so as to ensure counterparty exposure limits are not breached. Counterparty risk may be reduced to the extent that the value of the collateral received corresponds with the value of the amount exposed to counterparty risk at any given time.

The Investment Manager will liaise with the Depositary in order to manage all aspects of the counterparty collateral process.

Risks linked to the management of collateral, such as operational and legal risks, shall be identified, managed and mitigated by the Investment Manager's risk management process. If a Fund receives collateral for at least 30% of its assets it will put in place an appropriate stress testing policy to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy will at least prescribe the following:

- (a) Design of stress test scenario analysis including calibration, certification and sensitivity analysis;
- (b) Empirical approach to impact assessment, including back-testing of liquidity risk estimates;
- (c) Reporting frequency and limit/loss tolerance threshold/s; and
- (d) Mitigation actions to reduce loss including haircut policy and gap risk protection.

### **Non-Cash Collateral**

Collateral received must, at all times, meet with the following criteria:

- (i) **Liquidity:** Collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of Regulation 74 of the Regulations.
- (ii) **Valuation:** Collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.
- (iii) **Issuer credit quality:** Collateral received should be of high quality. Where the issuer is subject to a credit rating by an agency registered and supervised by ESMA, that rating shall be taken into account by the ICAV in the credit assessment process. Where an issuer is downgraded below the two highest short-term credit ratings by the credit rating agency referred to in the preceding sentence, this shall result in a new credit assessment being conducted of the issuer by the ICAV without delay.
- (iv) **Correlation:** Collateral received should be issued by an entity that is independent from the counterparty and is not expected to display a high correlation with the performance of the counterparty.
- (v) **Diversification (asset concentration):** (i) Collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of the Fund's Net Asset Value. When the Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer and (ii) A Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. Such a Fund should receive securities from at least 6 different issues, but securities from any single issue should not account for more than 30 per cent of the Fund's net value. Where a Fund intends to be fully collateralised in securities issued or guaranteed by a Member State, this will be disclosed in the Supplement with respect to that Fund. The relevant Supplement with respect to a Fund should also identify the Member States, local authorities, or public international bodies or guaranteeing securities which the Fund is able to accept as collateral for more than 20 per cent of its net asset value.
- (vi) **Immediately available:** Collateral received should be capable of being fully enforced by the ICAV at any time without reference to or approval from the counterparty.
- (vii) **Safe-keeping:** Collateral received on a title transfer basis should be held by the Depositary or its agent. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.
- (viii) **Haircuts:** The Investment Manager, on behalf of the ICAV, shall apply suitably conservative haircuts to assets being received as collateral where appropriate on the basis of an assessment of the characteristics of the assets such as the credit standing or the price volatility, as well as the outcome of any stress tests performed as referred to above. The Investment Manager has determined that generally if issuer or issue credit quality of the collateral is not of the necessary quality or the collateral carries a significant level of price volatility with regard to residual maturity or other factors, a conservative haircut must be applied in accordance with more specific guidelines as will be maintained in writing by the Investment Manager on an ongoing basis. However, the application of such a haircut will be determined on a case by case basis, depending on the exact details of the assessment of the collateral. The Investment Manager, in its discretion, may consider it appropriate in certain circumstances to resolve to accept certain collateral with more conservative, less conservative or no haircuts applied if it so determines, on an objectively justifiable basis. Any extenuating circumstances that warrant the acceptance of relevant collateral with haircut provisions other than the guideline levels must be outlined in writing. Documentation of the rationale behind this is imperative.

Non-cash collateral cannot be sold, pledged or re-invested.

## **Cash Collateral**

Cash collateral may not be invested other than in the following:

- (i) deposits with relevant institutions;
- (ii) high-quality government bonds;
- (iii) reverse repurchase agreements provided the transactions are with credit institutions subject to prudential supervision and the ICAV is able to recall at any time the full amount of cash on an accrued basis;
- (iv) short-term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds (ref CESR/10-049).

Invested cash collateral should be diversified in accordance with the diversification requirement applicable to non-cash collateral outlined above in (v) above under the heading "Non-Cash Collateral". Invested cash collateral may not be placed on deposit with the counterparty or a related entity. Exposure created through the reinvestment of collateral must be taken into account in determining risk exposures to a counterparty. Reinvestment of cash collateral in accordance with the provisions above can still present additional risk for the ICAV. Please refer to the section of the Prospectus "Risk Factors; Reinvestment of Cash Collateral Risk" for more details.

## **Collateral – Posted by the ICAV**

Collateral posted to a counterparty by or on behalf of the ICAV must be taken into account when calculating counterparty risk exposure. Collateral posted to a counterparty and collateral received by such counterparty may be taken into account on a net basis provided the ICAV is able to legally enforce netting arrangements with the counterparty.

For the purpose of providing margin or collateral in respect of transactions in techniques and instruments, the ICAV may transfer, mortgage, pledge, charge or encumber any assets or cash forming part of a Fund in accordance with normal market practice and the requirements outlined in the Central Bank's notices.

## **Uncovered Sales**

A Fund may not engage in uncovered sales at any time. The ICAV will apply rules (as detailed below) with respect to transactions with both listed and 'over-the-counter' FDIs so as to ensure that each Fund retains appropriate cover for all transactions entered into on its behalf. These rules will be applied to each Fund respectively.

## **Physically Settled Trades**

When the relevant FDI provides for, either automatically or at the choice of the Fund's counterparty, physical delivery of the underlying financial instrument on maturity or exercise of the FDI, and provided that physical delivery of such underlying financial instrument is common practice, the Fund will hold such underlying financial instrument as cover in its investment portfolio.

In cases where the risks of the financial instrument underlying a FDI can be appropriately represented by another underlying financial instrument and such other underlying financial instrument is highly liquid (an "Alternative Financial Instrument"), the Fund may, in exceptional circumstances, hold such Alternative Financial Instruments as cover. In such circumstances, the ICAV shall ensure that such Alternative Financial Instruments can be used at any time to purchase the underlying financial instrument to be delivered and that the additional market risk which is associated with that type of transaction is adequately measured.

## **Cash-Settled Trades**

Where the relevant FDI is cash-settled automatically or at the ICAV's discretion, a Fund may elect not to hold the specific financial instrument underlying the FDI as cover. In such circumstances, such Fund will consider the following categories as acceptable cover:

- (a) cash;
- (b) liquid debt instruments (e.g. government bonds rated AAA by Standard and Poor's or Aaa by Moody's with

appropriate safeguards (in particular, haircuts);

- (c) other highly liquid assets as recognised by the relevant competent authorities, subject to appropriate safeguards (e.g. haircuts where relevant).

In the context of the application of cover rules, the ICAV will consider as 'liquid' those instruments which can be converted into cash in no more than seven business days at a price closely corresponding to the current valuation of the financial instrument on its own market. The ICAV will ensure that the respective cash amount be at the relevant Fund's disposal at the maturity/expiry or exercise date of the FDI.

The level of cover will be calculated in line with the commitment approach, under which the ICAV will, in relation to each Fund, convert the positions of each FDI into equivalent positions in the asset underlying such FDIs.

The ICAV will require that the underlying financial instrument of FDIs, whether they provide for cash-settlement or physical delivery, as well as the financial instruments held for cover have to be compliant with the Regulations and the individual investment policy of the Fund.

### **Borrowing and Lending Powers**

The ICAV may only borrow, for the account of a Fund, up to 10% of the Net Asset Value of a Fund provided that such borrowing is only on a temporary basis to cover a cash shortfall caused by mismatched settlement dates on purchase and sale transactions or to finance repurchases. The assets of such Fund may be charged as security for any such borrowings. The ICAV may acquire foreign currency by means of a back to back loan agreement(s). Foreign currency obtained in this manner is not classified as borrowing for the above mentioned 10% limit provided that the offsetting deposit (a) is denominated in the Base Currency of the Fund and (b) equals or exceeds the value of the foreign currency loan outstanding.

The ICAV may not borrow for investment purposes.

Without prejudice to the powers of the ICAV to invest in Transferable Securities, the ICAV may not lend cash, or act as guarantor on behalf of third parties.

Any special borrowing restrictions relating to a Fund will be formulated by the Directors at the time of the creation of a Fund. There are no special borrowing restrictions currently in operation.

### **Charges and Expenses**

When the ICAV on behalf of a Fund invests in the shares of other UCITS or non-UCITS CIS or both and those other UCITS or non-UCITS CIS are managed, directly or by delegation, by the relevant Investment Manager or by any other company with which the relevant Investment Manager is linked by common management or control, or by a substantial direct or indirect holding, the relevant Investment Manager or other company shall not charge subscription or repurchase fees on account of the investment by the ICAV on behalf of the Fund in the shares of such other UCITS or non-UCITS CIS or both, as the case may be.

If the ICAV on behalf of a Fund invests a substantial proportion of its net assets in other UCITS or non-UCITS CIS or both, the maximum level of the management fees that may be charged to the Fund by such UCITS or non-UCITS CIS or both, as the case may be, will be set out in the relevant Supplement. Details of such fees will also be contained in the ICAV's annual report.

### **Dividend Policy**

The Directors decide the dividend policy and arrangements relating to each Fund and details are set out where applicable in the relevant Supplement. The Directors are entitled to declare dividends out of the relevant Fund being: (i) the net income (being the accumulated revenue (consisting of all revenue accrued including interest and dividends)) less expenses and/or (ii) realised and unrealised capital gains on the disposal/valuation of investments and other funds less realised and unrealised capital losses of the relevant Fund and/or (iii) as disclosed in the relevant Supplement. The Directors may satisfy any dividend due to Shareholders in whole or in part by distributing to them *in specie* any of the assets of the relevant Fund, and in particular any investments to which the relevant Fund is entitled. A Shareholder may require the ICAV instead of transferring any assets *in specie* to him, to arrange for a sale of the assets and for payment to the Shareholder of the net proceeds of same. The ICAV will be obliged and entitled to deduct an amount in respect of Irish taxation from any dividend payable to a Shareholder in any Fund who is or is deemed to be an Irish Resident or person Ordinarily Resident in Ireland and pay such sum to the Irish Tax Authorities.

Dividends not claimed within six years from their due date will lapse and revert to the relevant Fund.

Dividends payable to Shareholders will be paid by electronic transfer to the bank account designated by the Shareholder in which case the dividend will be paid at the expense of the payee and will be paid within four Months of the date the Directors declared the dividend.

The dividend policy for each Fund is set out in the Supplement for the relevant Fund.

### **Hedged Classes**

The ICAV may (but is not obliged to) enter into certain currency-related transactions in order to hedge the currency exposure of the assets of a Fund attributable to a particular Class into the currency of denomination of the relevant Class for the purposes of efficient portfolio management and in order to hedge the currency exposure of a Fund where the Fund invests in assets denominated in currencies other than the Base Currency. In addition, a Class designated in a currency other than the Base Currency may be hedged against exchange rate fluctuation risks between the designated currency of the Class and the Base Currency. Any financial instruments used to implement such strategies with respect to one or more Classes shall be assets/liabilities of the Fund as a whole but will be attributable to the relevant Class(es) and the gains/losses on, and the costs of, the relevant financial instruments will accrue solely to the relevant Class. However, investors should note that there is no segregation of liability between Share Classes. Shareholders are therefore exposed to the risk that hedging transactions undertaken in one class may impact negatively on the Net Asset Value of another Class.

Where a Class of Shares is to be currency hedged, this will be disclosed in the Supplement for the Fund in which such Class is issued. Any currency exposure of a Class may not be combined with or offset against that of any other Class of a Fund. The currency exposure of the assets attributable to a Class must be allocated to the Class being hedged and may not be allocated to other Classes. Where the Investment Manager seeks to hedge against currency fluctuations, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the ICAV. However, over-hedged positions will not exceed 105% of the Net Asset Value and hedged positions will be kept under review to ensure that over-hedged positions do not exceed the permitted level which review will also incorporate a procedure to ensure that positions in excess of 100% of Net Asset Value will not be carried forward from month to month. To the extent that hedging is successful for a particular Class, the performance of the Class is likely to move in line with the performance of the underlying assets (before taking account of any relevant hedging fees or costs), with the result that investors in that Class will not gain/ lose if the Class currency falls/ rises against the Base Currency.

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## RISK FACTORS

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The discussion below is of general nature and is intended to describe various risk factors which may be associated with an investment in the Shares of a Fund to which the attention of investors is drawn. See also the section of the relevant Supplement headed "Other Information – Risk Factors" for a discussion of any additional risks particular to Shares of that Fund. However, these are not intended to be exhaustive and there may be other considerations that should be taken into account in relation to an investment. Investors should consult their own advisors before considering an investment in the Shares of a particular Fund.

No investment should be made in the Shares of a particular Fund until careful consideration of all those factors has been made.

### **Introduction**

The investments of the ICAV in securities are subject to normal market fluctuations and other risks inherent in investing in securities. **The value of investments and the income from them, and therefore the value of and income from Shares relating to each Fund can go down as well as up and an investor may not get back the amount he invests.** Changes in exchange rates between currencies or the conversion from one currency to another may also cause the value of the investments to diminish or increase. **Due to the Preliminary Charge and/or Repurchase Charge which may be payable on the Shares, the difference at any one time between the sale and repurchase price of Shares means that an investment in Shares should be viewed as medium to long term. An investment in a Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

An investment in the Shares involves risks. These risks may include or relate to, among others, equity market, bond market, foreign exchange, interest rate, credit, market volatility and political risks and any combination of these and other risks. Some of these risk factors are briefly discussed below. Prospective investors should be experienced with respect to transactions in instruments such as the Shares. Investors should understand the risks associated with an investment in the Shares and should only reach an investment decision after careful consideration with their legal, tax, accounting, financial and other advisors of (i) the suitability of an investment in the Shares in the light of their own particular financial, fiscal and other circumstances, (ii) the information set out in this Prospectus and the relevant Supplement, (iii) the nature of the Underlying (if applicable), (iv) the risks associated with the use by the Fund of derivative techniques (if applicable), (v) the nature of the Fund Assets (if applicable), and (vi) information set out in the relevant Supplement.

There is no assurance that the Investment Objective of any Fund shall actually be achieved. Investors in the Shares should recognise that the Shares may decline in value and should be prepared to sustain a total loss of their investment in the Shares. Even where the Shares contain some form of capital protection feature via the investment in the Fund Assets (such form of capital protection feature - if any - being described in the relevant Supplement), the protection feature may not be fully applicable to the initial investment made by an investor in the Shares, especially (i) when the purchase, sale or subscription of the Shares does not take place during the Initial Offer Period, (ii) when Shares are repurchased or sold before their Scheduled Maturity Date (if any) or (iii) when the Fund Assets or the techniques used to link the Fund Assets to the Underlying fail to deliver the expected returns. An investment in the Shares should only be made after assessing the direction, timing and magnitude of potential future changes in the value of the Underlying and the Fund Assets, as the return of any such investment will be dependent, *inter alia*, upon such changes.

Risk factors may occur simultaneously and/or may compound each other resulting in an unpredictable effect on the value of the Shares. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Shares.

While the provisions of the Act provide for segregated liability between Funds, these provisions have yet to be tested in foreign courts, in particular, in satisfying local creditors' claims.

### **General Risk Factors**

#### *Exchange Rates*

Investors in the Shares should be aware that an investment in the Shares may involve exchange rate risks. For

example (i) the Underlying may directly or indirectly provide exposure to a number of different currencies of emerging market or developed countries; (ii) the Underlying and/or the Fund Assets may be denominated in a currency other than the Base Currency; (iii) the Shares may be denominated in a currency other than the currency of the investor's home jurisdiction; and/or (iv) the Shares may be denominated in a currency other than the currency in which an investor wishes to receive his monies. Exchange rates between currencies are determined by factors of supply and demand in the international currency markets, which are influenced by macro economic factors (such as the economic development in the different currency areas, interest rates and international capital movements), speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the Shares.

As the Net Asset Value of each Fund is calculated in its Base Currency, the performance of investments denominated in a currency other than the Base Currency shall depend on the strength of such currency against the Base Currency and on the interest rate environment in the country issuing the currency.

#### *Interest Rate*

Investors in the Shares should be aware that an investment in the Shares may involve interest rate risk in that there may be fluctuations in the currency of denomination of the Underlying and/or the Fund Assets (if applicable) and/or the Shares.

Interest rates are determined by factors of supply and demand in the international money markets which are influenced by macro economic factors, speculation and central bank and government intervention. Fluctuations in short term and/or long term interest rates may affect the value of the Shares. Fluctuations in interest rates of the currency in which the Shares are denominated and/or fluctuations in interest rates of the currency or currencies in which the Underlying and/or the Fund Assets are denominated may affect the value of the Shares.

#### *No Guarantee*

Unless the Supplement of a particular Fund provides for a capital protection or guarantee, there is no guarantee in any form or manner whatsoever with respect to the development of the value of investments. The value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in the ICAV.

#### *Segregation of Liability*

While the provisions of the Act provide for segregated liability between Funds, these provisions have yet to be tested in foreign courts, in particular, in satisfying local creditors' claims. Accordingly, it is not free from doubt that the assets of any Fund of the ICAV may be exposed to the liabilities of others Funds of the ICAV. As at the date of this Prospectus, the Directors are not aware of any existing or contingent liability of any Fund of the ICAV.

#### *Market Volatility*

Market volatility reflects the degree of instability and expected instability of the performance of the Shares, the Underlying and/or the Fund Assets, and/or the techniques to link the Fund Assets to the Underlying, where applicable. The level of market volatility is not purely a measurement of the actual volatility, but is largely determined by the prices for instruments which offer investors protection against such market volatility. The prices of these instruments are determined by forces of supply and demand in the options and derivatives markets generally. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, macro economic factors and speculation.

#### *Credit Risk*

Investors in the Shares should be aware that such an investment may involve credit risk. Bonds or other Debt Securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities. In the event that any issuer of bonds or other Debt Securities experiences financial or economic difficulties, this may affect the value of the relevant securities (which may be zero) and any amounts paid on such securities (which may be zero). This may in turn affect the Net Asset Value per Share. Investors in any Fund whose performance is linked to an Underlying should be aware that the Fund Assets for any such Fund will generally include bonds or other debt instruments that involve credit risk. Moreover, where such Fund provides for a capital protection feature, the functioning of such feature



will often be dependent on the due payment of the interest and principal amounts on the bonds or other debt instruments in which the Fund is invested as the Fund Assets.

#### *Valuation of the Underlying and the Fund Assets*

Investors in the Shares should be aware that such an investment involves assessing the risk of an investment linked to the Underlying and, where applicable, the Fund Assets and the techniques used to link the Fund Assets to the Underlying. Investors should be experienced with respect to transactions involving the purchase of Shares the value of which derives from an Underlying possibly in combination with a Fund Assets. The value of the Underlying and the Fund Assets and the value of the techniques used to link them may vary over time and may increase or decrease by reference to a variety of factors which may include, amongst others, corporate actions, macro-economic factors and speculation. Where the Underlying is a basket of securities or one or more indices, the changes in the value of any one security or index may be offset or intensified by fluctuations in the value of other securities or indices which comprise such constituents of the Underlying or by changes in the value of the Fund Assets itself.

#### *Non-Voting Shares*

The Non-Voting Shares do not carry voting rights. Changes may not be made in respect to the Class of Shares of the relevant Fund which those Non-Voting Shares relate.

#### *Credit Derivatives*

Credit risk refers to the risk that a company (referred to as the “reference entity”) may fail to perform its payment obligations under a transaction when they are due to be performed as a result of a deterioration in its financial condition. This is a risk for the other companies or parties which enter into transactions with the reference entity or in some other way have exposure to the credit of the reference entity. The term transactions is used widely. It can include loan agreements entered into by the reference entity and also securities issued by the reference entity.

The parties which bear credit risk of a reference entity may seek to pass on this risk through a “credit derivative transaction” with other companies. A derivative is a financial instrument which derives its value from an Underlying or variable. In the case of a credit derivative transaction the credit risk of the reference entity defaulting is the relevant variable. Many financial institutions or banks will regularly quote prices for entering into or selling a credit derivative transaction. For a financial institution or bank credit derivatives transactions may be a large part of its business. Prices are quoted on the basis of an analysis of the credit risk of the relevant reference entity. If participants in the credit derivatives market think that a credit event (as described in the following paragraph) is likely to occur in relation to a particular reference entity, then the cost of buying credit protection through a credit derivative transaction will increase. This is regardless of whether or not there has been an actual default by the reference entity. The party to the credit derivative transaction which purchases credit protection is referred to as the “credit protection buyer” and the party which sells the credit protection is referred to as the “credit protection seller”.

The credit protection buyer and credit protection seller will agree between them the types of event which may constitute a “credit event” in relation to the relevant reference entity. Typical credit events include (i) the insolvency of the reference entity (ii) its failure to pay a specified amount (iii) a restructuring of the debt owed or guaranteed by the reference entity due to a deterioration in its financial condition (iv) a repudiation or moratorium where the reference entity announces that it will no longer make certain payments or agrees with its lenders a delay or deferral in making payments or (v) a requirement that the reference entity accelerate payment of its obligation. To a large extent the credit events are determined by reference to specified obligations of the reference entity or obligations guaranteed by the reference entity, as selected by the credit protection buyer. These are referred to as “reference obligations”.

If a specified credit event occurs in respect of the relevant reference entity, or in respect of a reference obligation, the credit protection seller may be obliged to purchase the reference obligation at par (typically 100 per cent. of its face amount) from the credit protection buyer. The credit protection seller can then sell the obligation in the market at the market price which is expected to be lower than par (because the reference entity has suffered a credit event, its obligations are less likely to be met and therefore are worth less in the market). The proceeds of sale are called “recoveries”. The loss that the credit protection seller incurs (par value minus recoveries) is assumed to be the same as the loss that a holder of such obligation would incur following the occurrence of a credit event. This type of credit derivative transaction is referred to as a “physically settled credit derivative transaction”.

Often credit derivative transactions are drafted such that there is no physical delivery of the relevant obligation against the payment of the par value. Instead, the recovery value is determined by obtaining quotations for the reference obligation from other credit derivatives market participants. Following market practice, a credit protection buyer is likely to select a reference obligation with the lowest market value. Consequently the recovery value will be less than would otherwise be the case. The credit protection seller must then make a payment (sometimes referred to as a loss amount) to the credit protection buyer equal to the difference between par value and recovery value. This is referred to as a “cash settled credit derivative transaction. If no specified credit event occurs, the credit protection seller receives periodic payments from the credit protection buyer for the credit protection it provides but does not have to make any payments to the credit protection buyer. These are referred to as credit premiums. Typically the credit protection buyer acts as calculation agent and makes all determinations in relation to the credit derivative transaction.

#### *Credit portfolio transactions*

A number of banks and financial institutions structure credit derivative transactions known as “credit portfolio transactions”. This refers to there being a portfolio of reference entities rather than a single reference entity. Each reference entity represents a certain proportion of the portfolio. Where a credit event occurs in relation to a reference entity, that reference entity will be removed from the portfolio and, in the case of a cash settled credit derivative transaction, the credit protection seller will pay the relevant cash amount to the credit protection buyer.

In relation to credit portfolio transactions, there are often a number of different credit protection sellers arranged in an order of priority. The part of the credit portfolio for which a credit protection seller is responsible is referred to as a tranche. Each credit protection seller will be responsible for paying the relevant amounts following a credit event, depending on the position of their particular tranche in the credit portfolio. For example, the credit protection seller in relation to the lowest tranche, often referred to as the “equity tranche”, will pay loss amounts to the credit protection buyer up to a certain limit. These loss amounts will become payable in relation to the first credit event to occur in the credit portfolio and also subsequent credit events. However when the credit protection seller in relation to the lowest tranche has paid loss amounts up to the relevant limit it has no further obligations. This limit is referred to as the threshold amount in relation to the next tranche. Where subsequent credit events occur the credit protection seller in relation to the next tranche will then be required to pay amounts up to its agreed limit and so on. It is more likely that the credit protection seller in relation to the lowest tranche of the credit portfolio will be required to pay amounts to the credit protection buyer. On the other hand it is less likely that the credit protection seller in relation to the highest tranche of the credit portfolio will be required to pay amounts to the credit protection buyer.

The credit premiums payable by the credit protection buyer reflect the different levels of risk assumed by a credit protection seller. A high credit premium will be payable to the credit protection seller in relation to the lowest tranche and a lower credit premium will be payable to the credit protection seller in relation to the highest tranche.

#### *Credit linked securities*

Credit linked securities are structured so that amounts payable under the securities are determined in whole or in part by reference to a credit derivative transaction. Credit linked securities may relate to a credit derivative transaction on a single reference entity or on a portfolio of reference entities. Many credit linked securities are issued by companies resident in an offshore jurisdiction (also known as special purpose vehicles). These issuers typically use the issue proceeds of the securities to purchase other securities issued by a third party issuer (referred to as “collateral”). At the same time the issuer enters into a credit derivative transaction with a swap counterparty, also sometimes known as a “hedging counterparty”. The issuer acts as the credit protection seller and the hedging counterparty is the credit protection buyer. In economic terms it might also be said the security holders act as credit protection sellers. In exchange for the credit protection, the hedging counterparty will pay certain credit premiums to the issuer which it may pass on to security holders in the form of interest payments. The issuer may also enter into other hedging arrangements such as an asset hedging agreement under which the issuer may swap all payment flows of the collateral for all amounts owing to the security holders. Where a credit event occurs under the credit derivative transaction requiring the issuer to make a payment under the credit derivative transaction, the issuer will realise an amount of the collateral to satisfy that obligation. In relation to a credit portfolio transaction this obligation will only arise where the credit protection provided by lower tranche(s) of the credit portfolio has already been used up. Where collateral is realised, the outstanding nominal amount or other relevant value of the securities will be reduced. To the extent that all the collateral is fully applied in this way, then the securities will be worthless and will be terminated early at zero. If the securities remain outstanding at maturity then the amount of collateral remaining, if any, will be applied to paying redemption amounts to security holders.

### *Credit Ratings*

Credit ratings are assigned by rating agencies such as Standard & Poor's (S&P). It is important to understand the nature of credit ratings in order to understand the nature of the Securities. The level of a credit rating is an indication of the probability that (in the opinion of the rating agency) payments will be made on the relevant bond(s) or other obligation(s) to which the credit rating relates. Bonds with a rating of AAA, AA, A or BBB by S&P are called "investment grade" bonds and this indicates that the risk of a failure to repay amounts is limited. While credit ratings can be a useful tool for financial analysis, they are not a guarantee of quality or a guarantee of future performance in relation to the relevant obligations. Ratings assigned to securities by rating agencies may not fully reflect the true risks of an investment. Ratings may also be withdrawn at any time.

### *Liquidity Risk*

Certain types of assets or securities may be difficult to buy or sell, particularly during adverse market conditions. This may affect the ability to obtain prices for the components of the Underlying and may therefore affect the value of the Underlying. This may in turn affect the Net Asset Value per Share.

### *Additional risks associated with an Underlying linked to specific types of securities or assets*

There are special risk considerations associated with an Underlying of which the performance is linked directly or indirectly to the following types of securities or assets. The degree of exposure to such factors will depend on the precise way in which the Underlying is linked to such assets.

### *Equity Securities*

The risks associated with investments in equity (and equity type) securities include significant fluctuations in market prices, adverse issuer or market information and the subordinate status of equity in relation to the debt paper issued by the same company.

The companies in which shares are purchased are generally subject to different accounting, auditing and financial reporting standards in the different countries of the world. The volume of trading, volatility of prices and liquidity of issuers may differ between the markets of different countries. In addition the level of government supervision and regulation of security exchanges, securities dealers and listed and unlisted companies is different throughout the world. The laws of some countries may limit the ability to invest in certain issuers located in those countries.

Different markets also have different clearance and settlement procedures. Delays in settlement could result in a portion of the assets of a Fund remaining temporarily uninvested and in attractive investment opportunities being missed. Inability to dispose of portfolio securities due to settlement problems could also result in losses.

### *Market Disruption Events & Settlement Disruption Events*

A determination of a market disruption event or a settlement disruption event in connection with any Fund Assets or Underlying (as may be further described in any Supplement) may have an effect on the value of the Shares and, may delay the occurrence of a Scheduled Maturity Date and/or may delay settlement in respect of the Fund Assets, Underlying and/or the Shares.

### *Potential Conflicts of Interest*

The Directors, the relevant Investment Manager, the Investment Adviser, the Depositary, and/or associated or group companies (for the purposes hereof, **Connected Persons** and each a **Connected Person**) may:

1. contract or enter into any financial, banking or other transactions or arrangements with one another or with the ICAV including, without limitation, investment by the ICAV in securities or investment by any Connected Persons in any company or body any of whose investments form part of the assets of the ICAV or be interested in any such contracts or transactions;
2. invest in and deal with Shares, securities, assets or any property of the kind included in the property of the ICAV for their respective individual accounts or for the account of a third party; and
3. deal as agent or principal in the sale or purchase of securities and other investments to or from the ICAV through or with any Connected Person.

Any assets of the ICAV in the form of cash or securities may be deposited with any Connected Person. Any assets of the ICAV in the form of cash may be invested in certificates of deposit or banking investments issued by any Connected Person. Banking or similar transactions may also be undertaken with or through a Connected Person.

#### *Change of Law*

The ICAV must comply with regulatory constraints, such as a change in the laws affecting the Investment Restrictions, which might require a change in the investment policy and objectives followed by a Fund.

#### *Financial Markets and Regulatory Change*

The laws and regulations affecting businesses continue to evolve in an unpredictable manner. Laws and regulations, particularly those involving taxation, investment and trade, applicable to the ICAV's activities can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner adverse to the interests of the ICAV. The ICAV and the Investment Manager may be or may become subject to unduly burdensome and restrictive regulation. In particular, in response to significant recent events in international financial markets, governmental intervention and certain regulatory measures which have been or may be adopted in certain jurisdictions. Two examples in particular are (1) The European Union (Short Selling) Regulations 2012 (SI No. 340/2012) implementing the Regulation (EU) No. 236/2012 of the European Parliament and of the Council of 14 March 2012, on short selling and certain aspects of credit default swaps (the "SSR") and (2) the recently enacted US piece of legislation, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act."). The SSR aims to address certain systemic risk concerns with naked or uncovered short selling by providing for, amongst other things, enhanced transparency relating to significant net short positions in specific financial instruments. Please refer to the section entitled "Short Selling Risk" in this Prospectus for further information. The Dodd-Frank Act contains a range of measures designed to address systemic risk in the financial services sector and will significantly increase US regulation of investment funds and managers of investment funds. These and other significant changes in global financial regulation may present the ICAV with significant challenges and could result in losses to the ICAV.

#### *Political Factors*

The performance of the Shares or the possibility to purchase, sell, or repurchase may be affected by changes in general economic conditions and uncertainties such as political developments, changes in government policies, the imposition of restrictions on the transfer of capital and changes in regulatory requirements.

#### *Liability for Fees and Expenses*

The fees and expenses relating to a Fund will be paid by the ICAV out of the assets of the relevant Fund as set out in the relevant Supplement. However, to the extent that:

- (a) the arrangements, including any Fixed Fee Arrangement, for funding the payment by the ICAV of the fees and expenses do not generate the necessary funds to discharge all of the ICAV's liabilities in respect of the Fund; or
- (b) the ICAV incurs any fees, expenses or other liabilities which are not budgeted for by the ICAV and accordingly fall outside the scope of the arrangements referred to in (a) above,

the ICAV will pay such fees, expenses or liabilities from the Funds' assets. The ICAV's liability in respect of such amounts will be borne by the relevant Fund as more fully described under "Cross Liability between Classes" below.

#### *Efficient Portfolio Management Risk*

The ICAV on behalf of a Fund may employ techniques and instruments relating to Transferable Securities, Money Market Instruments and/or other financial instruments (including FDI) in which it invests for efficient portfolio management purposes. Many of the risks attendant in utilising derivatives, as disclosed in the section entitled "Use of Derivatives" below, will be equally relevant when employing such efficient portfolio management techniques. In addition to the sub-section entitled "General", particular attention is drawn to the sub-sections entitled "Credit Risk and Counterparty Risk" and "Collateral Risk". Investors should also be aware that from time to time, a Fund may engage with repurchase/reverse repurchase agreements counterparties and/or securities lending agents that are related parties to the Depository or other service providers of the ICAV. Such

engagement may on occasion cause a conflict of interest with the role of the Depositary or other service provider in respect of the ICAV. Please refer to “Conflicts of Interest” for further details on the conditions applicable to any such related party transactions. The identity of any such related parties will be specifically identified in the ICAV’s semi-annual and annual reports

#### *Reinvestment of Cash Collateral Risk*

As a Fund may reinvest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank, a Fund reinvesting cash collateral will be exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security.

#### **Specific Restrictions in Connection with the Shares**

Investors should note that there may be restrictions in connection with the subscription, holding and repurchase of and trading in the Shares. Such restrictions may have the effect of preventing the investor from freely subscribing, holding, trading and/or repurchasing the Shares. In addition to the features described below, such restrictions may also be caused by specific requirements such as the Minimum Initial Investment Amount, the Minimum Additional Investment Amount and the Minimum Shareholding.

#### *Maximum Repurchase Amount*

The ICAV will have the option to limit the number of Shares of any Fund repurchased on any Dealing Day (other than at the Scheduled Maturity Date, where applicable) to 10% of the total Net Asset Value of that Fund on that Dealing Day and, in conjunction with such limitation, to pro rata limit the number of Shares repurchased by any Shareholder on such Dealing Day so that all Shareholders wishing to have Shares of that Fund repurchased on that Dealing Day realise the same proportion of such Shares. In the event the ICAV elects to limit the number of Shares repurchased on such date to 10% of the Net Asset Value of the Fund, a Shareholder may not be able to repurchase on such Dealing Day all the Shares that it desires to repurchase and Shares not repurchased, but which would otherwise have been repurchased, will be carried forward for redemption on each subsequent Dealing Day, on a pro rata basis, until all Shares relating to the original repurchase request have been repurchased. Investors should review this Prospectus and the relevant Supplement to ascertain whether and how such provisions apply.

#### *Repurchase Notice and Certifications*

If the Shares are subject to provisions concerning delivery of a repurchase notice, as mentioned under “Share Dealings - Repurchase of Shares” of this Prospectus and/or in the relevant Supplement, and such notice is received by the Administrator after the Dealing Deadline, it will not be deemed to be duly delivered until the next following Dealing Day. Such delay may increase or decrease the Repurchase Price from what it would have been but for such late delivery of the repurchase notice. The failure to deliver any repurchase documentation required could result in the loss or inability to receive amounts or deliveries otherwise due under the Shares. Investors should review this Prospectus and the relevant Supplement to ascertain whether and how such provisions apply to the Shares.

#### **Taxation**

Investors in the Shares should be aware that they may be required to pay income tax, withholding tax, capital gains tax, wealth tax, stamp taxes or any other kind of tax on distributions or deemed distributions of the Fund, capital gains within the Fund, whether or not realised, income received or accrued or deemed received within the Fund etc., and this will be according to the laws and practices of the country where the Shares are purchased, sold, held or redeemed and in the country of residence or nationality of the Shareholder.

Investors should be aware of the fact that they might have to pay taxes on income or deemed income received by or accrued within a Fund. Taxes might be calculated based on income received and/or deemed to be received and/or accrued in the Fund in relation to the Fund Assets, whereas the performance of the Fund, and subsequently the return investors receive after redemption of the Shares, might partially or fully depend on the performance of the Underlying. This can have the effect that the investor has to pay taxes for income or/and a performance which he does not, or does not fully, receive.

Investors who are in any doubt as to their tax position should consult their own independent tax advisors. In addition, investors should be aware that tax regulations and their application or interpretation by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment, which will apply at any given time.

## **FATCA**

The United States and Ireland have entered into an intergovernmental agreement to implement FATCA (the "IGA"). Under the IGA, an entity classified as a Foreign Financial Institution (an "FFI") will be under an obligation to provide the Irish Tax Authorities with certain information on Shareholders. The IGA provides for the automatic reporting and exchange of information in relation to accounts held in Irish FIs by certain US persons, and the reciprocal exchange of information regarding U.S. financial accounts held by Irish residents. The ICAV will be treated as an Irish Financial Institution ("FI"). Provided the ICAV complies with the requirements of the IGA and the Irish FATCA implementing legislation, it should not be subject to FATCA withholding on any payments it receives and may not be subject to withholding on payments which it makes.

Although the ICAV will attempt to satisfy any obligations imposed on it to avoid the imposition of withholding tax under FATCA, no assurance can be given that the ICAV will be able to satisfy these obligations. If the ICAV becomes subject to a withholding tax as a result of FATCA, the value of the Shares held by all Shareholders may be materially affected.

All prospective investors and Shareholders should consult with their own tax advisors regarding the possible implications of FATCA on an investment in the ICAV.

## **Over-the-Counter ("OTC") Transactions**

There has been an international effort to increase the stability of the financial system in general, and the OTC derivatives market in particular, in response to the recent financial crisis. The leaders of the G20 have agreed that all standardised OTC derivative contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties, that OTC derivative contracts should be reported to trade repositories and non-centrally cleared contracts should be subject to higher capital requirements.

In the United States, rules and regulations required under the Dodd-Frank Act, have recently begun to become effective and comprehensively regulate the OTC derivatives markets for the first time. The CFTC has recently required that certain interest rate and credit default index swaps be centrally cleared, and the first requirement to execute certain interest rate swap contracts through a swap execution facility. Additional standardised swap contracts are expected to be subject to new clearing and execution requirements in the future. OTC trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible margin requirements mandated by the SEC or the CFTC. The regulators also have proposed margin requirements on non-cleared OTC derivatives, but have not yet finalised. Although the Dodd-Frank Act includes limited exemptions from the clearing and margin requirements for so-called "end-users", the Investment Manager and the Sub-Investment Manager are not eligible to rely on such exemptions. In addition, the OTC derivative dealers with which a Fund may execute the majority of its OTC derivatives will not be able to rely on the end-user exemptions under the Dodd-Frank Act and therefore such dealers will be subject to clearing and margin requirements notwithstanding whether a Fund is subject to such requirements. OTC derivative dealers are required to post margin to the clearinghouses through which they clear their customers' trades instead of using such margin in their operations for cleared derivatives, as is currently permitted. This will increase the OTC derivative dealers' costs, and these increased costs are expected to be passed through to other market participants in the form of higher upfront and mark-to-market margin, less favourable trade pricing, and possible new or increased fees.

The SEC and CFTC are expected to increase the portion of derivatives transactions that will be required to be executed through a regulated securities, futures, or swap exchange or execution facilities. Such requirements may make it more difficult and costly for investment funds, including a Fund, to enter into highly tailored or customised transactions. They may also render certain strategies in which a Fund might otherwise engage impossible or so costly that they will no longer be economical to implement. OTC derivative dealers and major OTC derivatives market participants have now registered with the SEC and/or the CFTC, and the CFTC's broad interpretation of its jurisdiction has recently required additional dealers to register. A Fund may also be required to register as a major participant in the OTC derivatives markets if its swaps positions are too large or leveraged, but the CFTC's and SEC's definition of major swap participant make such registration unlikely. Dealers and major participants will be subject to minimum capital and margin requirements. These requirements may apply irrespective of whether the OTC derivatives in question are exchange-traded or cleared. OTC derivatives dealers are also subject to business conduct standards, disclosure requirements, additional reporting and recordkeeping requirements, transparency requirements, limitations on conflicts of interest, and other regulatory burdens. These requirements may increase the overall costs for OTC derivative dealers, which are likely to be passed along, at least partially, to market participants in the form of higher fees or less advantageous dealer marks. A Fund is also subject to recordkeeping and, depending on the identity of the

swaps counterparty, reporting requirements. While many of the requirements of the Dodd-Frank Act have been adopted, the final overall impact of the Dodd-Frank Act on a Fund is uncertain, and it is unclear how the OTC derivatives markets will adapt to the final regulatory regime.

EMIR came into force on 16 August 2012. EMIR introduces uniform requirements in respect of OTC derivative contracts by requiring certain "eligible" OTC derivatives contracts to be submitted for clearing to regulated central clearing counterparties and by mandating the reporting of certain details of OTC derivatives contracts to trade repositories. In addition, EMIR imposes risk mitigation requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational and counterparty credit risk in respect of OTC derivatives contracts which are not subject to mandatory clearing. These risk mitigation requirements are expected to include the exchange and segregation of collateral by the parties, including by a Fund.

While many of the obligations under EMIR have come into force, a number of other requirements have not yet come into force or are subject to phase-in periods and certain key issues have not been finalised by the date of this Prospectus. It is therefore not yet fully clear how the OTC derivatives market will adapt to the new European regulatory regime for OTC derivatives.

The Directors, the Investment Managers and any sub-investment manager expect that a Fund will be materially affected by some or all of the requirements of EMIR. However, as at the date of this Prospectus, it is difficult to predict the full impact of EMIR on a Fund, which may include an increase in the overall costs of entering into and maintaining OTC derivative contracts. The Directors, the Investment Manager and/or the Sub-Investment Manager will monitor the position. However, prospective investors and Shareholders should be aware that the regulatory changes arising from EMIR may in due course adversely affect a Fund's ability to adhere to its investment approach and achieve its investment objective.

### **Cross Liability between Classes**

#### *Allocation of shortfalls among Classes of a Fund*

The right of holders of any Class of Shares to participate in the assets of the ICAV is limited to the assets (if any) of the relevant Fund and all the assets comprising a Fund will be available to meet all of the liabilities of the Fund, regardless of the different amounts stated to be payable on the separate Classes (as set out in the relevant Supplement).

For example, if (i) on a winding-up of the ICAV or (ii) as at the Scheduled Maturity Date (if any), the amounts received by the ICAV under the relevant Fund Assets (after payment of all fees, expenses and other liabilities which are to be borne by the relevant Fund) are insufficient to pay the full Repurchase Proceeds payable in respect of all Classes of Shares of the relevant Fund, each Class of Shares of the Fund will rank *pari passu* with each other Class of Shares of the relevant Fund, and the proceeds of the relevant Fund will be distributed equally amongst each Shareholder of that Fund *pro rata* to the amount paid up on the Shares held by each Shareholder. The relevant Shareholders will have no further right of payment in respect of their Shares or any claim against any other Fund or any other assets of the ICAV.

This may mean that the overall return (taking account of any dividends already paid) to Shareholders who hold Shares paying dividends quarterly or more frequently may be higher than the overall return to Shareholders who hold Shares paying dividends annually and that the overall return to Shareholders who hold Shares paying dividends may be higher than the overall return to Shareholders who hold Shares paying no dividends.

In practice, cross liability between Classes is only likely to arise where the aggregate amounts payable in respect of any Class exceed the assets of the Fund notionally allocated to that Class, that is, those amounts (if any) received by the ICAV under the relevant Fund Assets (after payment of all fees, expenses and other liabilities which are to be borne by such Fund) that are intended to fund payments in respect of such Class or are otherwise attributable to that Class. Such a situation could arise if, for example, there is a default by an Approved Counterparty in respect of the relevant Fund Assets or in the circumstances described under "Liability for Fees and Expenses" above. In these circumstances, the remaining assets of the Fund notionally allocated to any other Class of the same Fund may be available to meet such payments and may accordingly not be available to meet any amounts that otherwise would have been payable on such other Class.

#### *Consequences of winding-up proceedings*

If the ICAV fails for any reason to meet its obligations or liabilities, or is unable to pay its debts, a creditor may be entitled to make an application for the winding-up of the ICAV. The commencement of such proceedings may entitle creditors (including Approved Counterparties) to terminate contracts with the ICAV (including Fund

Assets) and claim damages for any loss arising from such early termination. The commencement of such proceedings may result in the ICAV being dissolved at a time and its assets (including the assets of all Funds) being realised and applied to pay the fees and expenses of the appointed liquidator or other insolvency officer, then in satisfaction of debts preferred by law and then in payment of the ICAV's liabilities, before any surplus is distributed to the shareholders of the ICAV. In the event of proceedings being commenced, the ICAV may not be able to pay, in full or at all, the amounts anticipated by the Supplement in respect of any Class or Funds.

### **Hedge Funds and other Alternative Investment Funds**

The following is a non-exhaustive list of the risks associated with investing in hedge funds and other alternative investment funds (together **Alternative Investment Fund**).

#### *Trading Advisor*

The performance of an Alternative Investment Fund will depend on the performance of the investments selected by the relevant trading advisor (the "**Trading Advisor**" in respect of an Alternative Investment Fund is the entity which provides investment management services to the Alternative Investment Fund) and, to a great extent, upon the expertise of key individuals associated with the day-to-day operations of the Trading Advisor. Any withdrawal or other cessation of investment activities on behalf of the Trading Advisor by any of these individuals could result in losses and/or the termination or the dissolution of the relevant Alternative Investment Fund. The investment strategy, investment restrictions and investment objectives of an Alternative Investment Fund give its Trading Advisor considerable discretion to invest the assets thereof and there can be no guarantee that the Trading Advisor's investment decisions will be profitable or will effectively hedge against the risk of market or other conditions causing the value of the relevant Alternative Investment Fund to decline. A Trading Advisor will receive performance related fees, which may be substantial. The manner of calculating such fees may create an incentive for the Trading Advisor to make investments that are riskier or more speculative than would be the case if such fees were not paid to the Trading Advisor. In addition, since the performance fees may be calculated on a basis that includes both unrealised and realised gains on the relevant Alternative Investment Fund's assets, such fees may be greater than if they were based solely on realised gains.

#### *Unregulated Alternative Investment Funds*

Alternative Investment Funds may be domiciled in jurisdictions which do not have a regulatory regime which provides an equivalent level of shareholder protection as that provided under Irish law. An unregulated Alternative Investment Fund is one in which the management, trustee and custodial arrangements, constitution and investment objectives do not provide an equivalent level of investor protection as that provided by schemes authorised under Irish laws and regulations and conditions governing collective investment schemes.

#### *Lack of segregation of assets*

A prime broker will be, or will have been, appointed in relation to an Alternative Investment Fund and will accordingly be responsible for custody, clearing, financing and reporting services with respect to the securities transactions entered into by the relevant Trading Advisor. Where investments by an Alternative Investment Fund are classified by the relevant prime broker as Collateral, they may not be segregated by such prime broker from its own investments. As a result, such investments may be available to the creditors of such prime broker in the event of its insolvency and the relevant Alternative Investment Fund may lose some or all of its interest in such investments.

#### *Hedging risks*

A Trading Advisor may utilise warrants, futures, forward contracts, swaps, options and other derivative instruments involving securities, currencies, interest rates, commodities and other asset categories (and combinations of the foregoing) for the purposes of establishing "market neutral" arbitrage positions as part of its trading strategies and to hedge against movements in the capital markets. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions may also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not always be possible for the Trading Advisor to execute hedging transactions, or to do so at prices, rates or levels advantageous to the Alternative Investment Fund. The success of any hedging transactions will be subject to the movements in the direction of securities prices and currency and interest rates, and stability or predictability of pricing relationships. Therefore, while an Alternative Investment Fund might enter into such transactions to



reduce currency exchange rate and interest rate risks, unanticipated changes in currency or interest rates may result in poorer overall performance for the Alternative Investment Fund than if it had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, the relevant Trading Advisor may not be able to, or may not seek to, establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. An imperfect correlation may prevent an Alternative Investment Fund from achieving the intended hedge or expose an Alternative Investment Fund to risk of loss.

### *Leverage*

Alternative Investment Funds may be able to borrow (or employ leverage) without limitation and may utilise various lines of credit and other forms of leverage, including swaps and repurchase agreements. While leverage presents opportunities for increasing an Alternative Investment Fund's total return, it has the effect of potentially increasing losses as well. If income and appreciation on investments made with borrowed funds are less than the required interest payments on the borrowings, the value of the Alternative Investment Fund will decrease. Additionally, any event which adversely affects the value of an investment by an Alternative Investment Fund would be magnified to the extent such Alternative Investment Fund is leveraged. The cumulative effect of the use of leverage by an Alternative Investment Fund in a market that moves adversely to such Alternative Investment Fund's investments could result in a substantial loss to the Alternative Investment Fund that would be greater than if the Alternative Investment Fund were not leveraged. Furthermore, any use by the Alternative Investment Fund of swaps and other derivatives to gain exposure to certain Alternative Investment Funds will leverage the Alternative Investment Fund's assets, and subject it to the risks described above. Two further specific risks are:

- (a) interest rates: interest rates and changes in interest rates may affect the net asset value of the Alternative Investment Fund if the relevant Trading Advisor employs leverage. The level of interest rates generally, and the rates at which the relevant Alternative Investment Fund can borrow, will affect its returns and therefore the Alternative Investment Fund; and
- (b) operational and market risks: small hedging errors may be amplified by leverage into major duration imbalances that render an investment exposed to directional shifts in the yield curve and may lead to a total loss of the leveraged investment. Hedges may fail to replicate target investments due to uncorrelated changes in spreads between various instruments, resulting in large unexpected losses. In addition, it is operationally difficult to manage a leveraged portfolio of complex instruments, not only because positions must be monitored for asset performance, but also because prices must be determined and valuation disputes with counterparties resolved to ensure adequate maintenance of Collateral for hedging or funding contracts. Failure to do so can lead to defaults on margin maintenance requirements and can expose an Alternative Investment Fund to the withdrawal of credit lines necessary to Fund Assets positions.

### *Risks associated with the use of margin borrowings*

A Trading Advisor's anticipated use of short-term margin borrowings will result in certain additional risks to the Alternative Investment Fund. For example, if securities pledged to brokers to secure an Alternative Investment Fund's margin accounts decline in value, such Alternative Investment Fund could be subject to a "margin call", pursuant to which it must either deposit additional funds with the managed account for subsequent deposit with the broker or be the subject of mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the relevant Alternative Investment Fund's assets, the Trading Advisor might not be able to liquidate assets quickly enough to pay off the margin debt. In such a case, the relevant prime broker may liquidate additional assets of the Alternative Investment Fund, in its sole discretion, in order to satisfy such margin debt. The premiums for certain options traded on non-U.S. exchanges may be paid for on margin. If the Trading Advisor sells an option on a futures contract from the relevant managed account, it may be required to deposit margin in an amount equal to the margin requirement established for the futures contract underlying the option and, in addition, an amount substantially equal to the premium for the option. The margin requirements imposed on the writing of options, although adjusted to reflect the probability that out-of-the-money options will not be exercised, can in fact be higher than those imposed in dealing in the futures markets directly. Whether any margin deposit will be required for over-the-counter options will depend on the agreement of the parties to the transaction.

### *Low credit quality securities*

The Alternative Investment Fund may make particularly risky investments that may offer the potential for

correspondingly high returns. As a result, an Alternative Investment Fund may lose all or substantially all of its investment in any particular instance. In addition, there is no minimum credit standard which is a prerequisite to an Alternative Investment Fund's investment in any security. The Debt Securities in which an Alternative Investment Fund is permitted to invest may be rated lower than "investment grade" and hence may be considered to be "junk bonds" or distressed securities.

#### *Distressed securities*

Alternative Investment Funds may invest in securities of U.S. and non-U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganisation proceedings. Investments of this type may involve substantial financial and business risks that can result in substantial or even total losses. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and a court's power to disallow, reduce, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such securities may be greater than those prevailing in other securities markets. It may take a number of years for the market price of such securities to reflect their intrinsic value. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganisation, there exists the risk that the reorganisation will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution to the Alternative Investment Fund of cash or a new security the value of which will be less than the purchase price of the security in respect to which such distribution was made.

#### *Derivatives*

Certain Alternative Investment Funds may invest in complex derivative instruments which seek to modify or replace the investment performance of particular securities, commodities, currencies, interest rates, indices or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in the manner expected by the counterparties, thereby resulting in greater loss or gain to the investor. These investments are all subject to additional risks that can result in a loss of all or part of an investment, in particular, interest rate and credit risk, volatility, world and local market price and demand, and general economic factors and activity. Delays in settlement may also result from disputes over the terms of the contract (whether or not *bona fide*) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. Derivatives may have very high leverage embedded in them that can substantially magnify market movements and result in losses greater than the amount of the investment. The Alternative Investment Fund's may also buy or sell options on a variety of Underlyings. Risk of writing (selling) options is unlimited in that the writer of the option must purchase (in the case of a put) or sell (in the case of a call) the underlying security at a certain price upon exercise. There is no limit on the price an Alternative Investment Fund may have to pay to meet its obligations as an option writer. As assets that can have no value at their expiration, options can introduce a significant additional element of leverage and risk to an Alternative Investment Fund's market exposure. The use of certain options strategies can subject an Alternative Investment Fund to investment losses that are significant even in the context of positions for which the relevant Trading Advisor has correctly anticipated the direction of market prices or price relationships.

#### *Special risks associated with trading in over-the-counter derivatives*

Some of the markets in which an Alternative Investment Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the Alternative Investment Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not *bona fide*) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause an Alternative Investment Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise. Such "counterparty risk" is present in all swaps, and is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Alternative Investment Fund has concentrated its transactions with a single or small group of counterparties. An Alternative Investment Fund generally is not

restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. In addition, if a Trading Advisor engages in such over-the-counter transactions, the relevant Alternative Investment Fund will be exposed to the risk that the counterparty (usually the relevant prime broker) will fail to perform its obligations under the transaction. The valuation of over-the-counter derivative transactions is also subject to greater uncertainty and variation than that of exchange-traded derivatives. The “replacement” value of a derivative transaction may differ from the “liquidation” value of such transaction, and the valuations provided by an Alternative Investment Fund's counterparty to such transactions may differ from the valuations provided by a third party or the value upon liquidation of the transaction. Under certain circumstances it may not be possible for an Alternative Investment Fund to obtain market quotations for the value of an over-the-counter derivatives transaction. An Alternative Investment Fund may also be unable to close out or enter into an offsetting over-the-counter derivative transaction at a time it desires to do so, resulting in significant losses. In particular, the closing-out of an over-the-counter derivative transaction may only be effected with the consent of the counterparty to the transaction. If such consent is not obtained, an Alternative Investment Fund will not be able to close out its obligations and may suffer losses.

#### *Illiquid investments*

Certain Alternative Investment Funds may make investments which are subject to legal or other restrictions on transfer or for which no liquid market exists, such as private placements. The market prices, if any, of such investments tend to be more volatile and it may be impossible to sell such investments when desired or to realise their fair value in the event of a sale. Moreover, securities in which an Alternative Investment Fund may invest include those that are not listed on a stock exchange or traded in an over-the-counter market. As a result of the absence of a public trading market for these securities, they are likely to be less liquid than publicly traded securities. There may be substantial delays in attempting to sell non-publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realised from these sales could be less than those originally paid. Furthermore, companies whose securities are not registered or publicly traded are not subject to the disclosure and other investor protection requirements which would be applicable if their securities were registered or publicly traded. In addition, futures positions may become illiquid because, for example, most U.S. commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits”. Under such daily limits, no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices in various commodities occasionally have exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent a Trading Advisor from promptly liquidating unfavourable positions and subject the relevant Alternative Investment Fund to substantial losses. In addition, an exchange or regulatory authority may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The illiquidity of positions may result in significant unanticipated losses.

#### *Legal and regulatory risks*

Legal and regulatory changes could adversely affect an Alternative Investment Fund. Regulation of investment vehicles such as the Alternative Investment Fund, and of many of the investments a Trading Advisor is permitted to make on behalf of an Alternative Investment Fund, is still evolving and therefore subject to change. In addition, many governmental agencies, self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The effect of any future legal or regulatory change on an Alternative Investment Fund is impossible to predict, but could be substantial and adverse.

#### *Short-selling*

A short sale involves the sale of a security that an Alternative Investment Fund does not own in the hope of purchasing the same security (or a security exchangeable for such security) at a later date at a lower price. To make delivery to the buyer, the Alternative Investment Fund must borrow the security and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. The Alternative Investment Fund realises a profit or a loss as a result of a short sale if the price of the security decreases or increases respectively between the date of the short sale and the date on which the Alternative Investment Fund covers its short position, i.e., purchases the security to replace the borrowed security. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

#### *Commodity Futures*

Commodity futures markets are highly volatile. Alternative Investment Funds investing in these commodity

markets must be able to analyse correctly such markets, which are influenced by, among other things, changing supply and demand relationships, weather, governmental, agricultural, commercial and trade programmes and policies designed to influence commodity prices, world political and economic events, and changes in interest rates. Moreover, investments in futures and options contracts involve additional risks including, without limitation, leverage (margin is usually only 5-15% of the face value of the contract and exposure can be nearly unlimited). An Alternative Investment Fund's futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent an Alternative Investment Fund from promptly liquidating unfavourable positions and subject it to substantial losses.

#### *Alternative Investment Fund compensation*

An Alternative Investment Fund typically provides for a performance fee or allocation, over and above a basic advisory fee, to its general partner, Trading Advisor or person serving in an equivalent capacity. Performance fees or allocations could create an incentive for a Trading Advisor to choose riskier or more speculative underlying investments than would otherwise be the case.

#### *Soft commissions*

In selecting brokers, banks and dealers to effect transactions on behalf of an Alternative Investment Fund, the relevant Trading Advisor may consider such factors as price, the ability of the brokers, banks and dealers to effect transactions promptly and reliably, their facilities, the operational efficiency with which transactions are effected, their financial strength, integrity and stability and the competitiveness of commission rates in comparison with other brokers, banks and dealers, as well as the quality, comprehensiveness and frequency of any products or services provided, or expenses paid, by such brokers, banks and dealers. Products and services may include research items used by the Trading Advisor in making investment decisions, and expenses may include general overhead expenses of the Trading Advisor. Such soft commissions may cause an Alternative Investment Fund manager to execute a transaction with a specific broker, bank, or dealer even though it may not offer the lowest transaction fees. A Trading Advisor is not required to (i) obtain the lowest brokerage commission rates or (ii) combine or arrange orders to obtain the lowest brokerage commission rates on its brokerage business. If a Trading Advisor determines that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and research products or services provided by such broker, it may execute transactions for which such broker's commissions are greater than the commissions another broker might charge. Such brokerage commissions may be paid to brokers who execute transactions for the relevant managed account and which supply, pay for or rebate a portion of the Alternative Investment Fund's brokerage commissions to Alternative Investment Funds for payment of the cost of property or services (such as research services, telephone lines, news and quotation equipment, computer facilities and publications) utilised by the relevant Trading Advisor or its affiliates. A Trading Advisor will have the option to use soft commissions generated by its investment activities to pay for the property and services described above. The term soft commissions refers to the receipt by a Trading Advisor of property and services provided by brokers (or futures commission merchants in connection with futures transactions) without any cash payment by such Trading Advisor based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the Trading Advisor. A Trading Advisor will consider the amount and nature of research services provided by brokers, as well as the extent to which such services are relied upon, and will attempt to allocate a portion of the brokerage business of the relevant managed account on the basis of those considerations.

#### *Highly volatile markets*

The prices of commodities contracts and all derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts, and other derivative contracts in which Alternative Investment Funds may invest are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and U.S. and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. Alternative Investment Funds also are subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearing houses.

### *Investments in non-OECD Member States markets*

A Trading Advisor may invest in securities of issuers that are not located, or subject to regulation, in an OECD Member State, that are not denominated in the currency of an OECD Member State and that are not traded in an OECD Member State. Such investments involve certain special risks, including risks associated with political and economic uncertainty, adverse governmental policies, restrictions on foreign investment and currency convertibility, currency exchange rate fluctuations, possible lower levels of disclosure and regulation, and uncertainties as to the status, interpretation and application of laws, including, but not limited to, those relating to expropriation, nationalisation and confiscation. Companies not located in an OECD Member State are also not generally subject to uniform accounting, auditing and financial reporting standards, and auditing practices and requirements may not be comparable to those applicable to OECD Member State companies. Further, prices of securities not traded in an OECD Member State, especially those securities traded in emerging or developing countries, tend to be less liquid and more volatile. In addition, settlement of trades in some such markets may be much slower and more subject to failure than in an OECD Member State markets. An investment outside the OECD Member State could impose additional costs on the relevant managed account. Brokerage commissions generally are higher outside the OECD Member State and currency conversion costs could be incurred when a Trading Advisor changes investments from one country to another. Increased custodian costs as well as administrative difficulties (such as the applicability of laws of non-OECD Member State jurisdictions to non-OECD Member State custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalisation and record access) may also arise from the maintenance of assets in jurisdictions outside the OECD Member States.

### *Special risks associated with trading in forward contracts*

Alternative Investment Funds may engage in forward trading. Forward contracts, unlike futures contracts, are not traded on exchanges and are not standardised, rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have been unable to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Alternative Investment Funds due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses to an Alternative Investment Fund.

### *Concentration of investments*

Although the Alternative Investment Fund's investments will be diversified in accordance with the Regulations, the Trading Advisor in respect of an Alternative Investment Fund may invest such Alternative Investment Fund's assets in a limited number of investments that may be concentrated in a few countries, industries, sectors of an economy or issuers. As a result, although investments by Alternative Investment Funds will be diversified in accordance with the Regulations, the negative impact on the value of the relevant Alternative Investment Fund from adverse movements in a particular country, economy or industry or in the value of the securities of a particular issuer could be considerably greater than if such Alternative Investment Fund were not permitted to concentrate its investments to such an extent.

### *Turnover*

Alternative Investment Funds may invest on the basis of certain short-term market considerations. As a result, the turnover rate within Alternative Investment Funds is expected to be significant, potentially involving substantial brokerage commissions, fees and other transaction costs.

### *Operational and human error*

The success of an Alternative Investment Fund depends in part upon the relevant Trading Advisor's accurate calculation of price relationships, the communication of precise trading instructions and ongoing position evaluations. In addition, a Trading Advisor's strategies may require active and ongoing management of durations and other variables, and dynamic adjustments to an Alternative Investment Fund's positions. There is the possibility that, through human error, oversight or operational weaknesses, mistakes could occur in this process and lead to significant trading losses and an adverse effect on the relevant net asset value.

### *Reliability of valuations*

Alternative Investment Funds are valued pursuant to the Alternative Investment Fund's instrument governing such valuations. As a general matter, the governing instruments of Alternative Investment Funds provide that any securities or investments which are illiquid, not traded on an exchange or in an established market or for which no value can be readily determined, will be assigned such fair value as the respective investment managers may determine in their judgement based on various factors. Such factors include, but are not limited to, aggregate dealer quotes or independent appraisals. Such valuations may not be indicative of what actual fair market value would be in an active, liquid or established market.

### *Investment strategies*

Alternative Investment Funds are a relatively heterogeneous asset class in which the managers may determine their strategies in their sole discretion. As a consequence there is no commonly accepted definition for the strategies employed by Alternative Investment Funds. It can even be impossible to associate certain Alternative Investment Funds with only one specific definition of a strategy. Furthermore there are various levels on which classifications can be made: any general strategy consists of various substrategies which may be very different from each other.

### *Futures and Options*

There are special risk considerations associated with an Underlying of which the performance is linked to futures, options or other derivative contracts. Depending on the nature of the Underlyings, reference rates or other derivatives to which they relate and on the liquidity in the relevant contract, the prices of such instruments may be highly volatile and hence risky in nature.

### *CTA Deposits*

A CTA Deposit is a margin investment account held with a bank and managed by a Commodity Trading Advisor registered with the U.S. Commodity Futures Trading Commission or any other relevant regulatory authority, under terms that the Commodity Trading Advisor may engage in trading on a margin (leveraged or geared) basis in a variety of liquid financial instruments including listed and unlisted futures, forwards and options relating to a variety of asset classes including but not limited to interest rates, fixed income securities, commodities, currencies and equities (and may also engage in trading directly in a number of such asset classes). Accordingly the risks relating to an exposure directly or indirectly to CTA Deposits will be a complicated function of the risks associated with the Underlying class, the risks associated with the derivative or other instrument by which such exposure is assumed and the level of gearing.

### *Structured Finance Securities*

Structured finance securities include, without limitation, asset-backed securities and portfolio credit-linked notes.

Asset-backed securities are securities primarily serviced, or secured, by the cash flows of a pool of receivables (whether present or future) or other Underlyings, either fixed or revolving. Such Underlyings may include, without limitation, residential and commercial mortgages, leases, credit card receivables as well as consumer and corporate debt. Asset-backed securities can be structured in different ways, including "true sale" structures, where the Underlyings are transferred to a special purpose entity, which in turn issues the asset-backed securities, and "synthetic" structures, in which not the assets, but only the credit risks associated with them are transferred through the use of derivatives, to a special purpose entity, which issues the asset backed securities.

Portfolio credit-linked notes are securities in respect of which the payment of principal and interest is linked directly or indirectly to one or more managed or unmanaged portfolios of reference entities and/or assets (**reference credits**). Upon the occurrence of a credit-related trigger event (**credit event**) with respect to a reference credit (such as a bankruptcy or a payment default), a loss amount will be calculated (equal to, for example, the difference between the par value of an asset and its recovery value).

Asset-backed securities and portfolio credit-linked notes are usually issued in different tranches. Any losses realised in relation to the Underlyings or, as the case may be, calculated in relation to the reference credits are allocated first to the securities of the most junior tranche, until the principal of such securities is reduced to zero, then to the principal of the next lowest tranche, and so forth.

Accordingly, in the event that (a) in relation to asset-backed securities, the Underlyings do not perform and/or (b) in relation to portfolio credit-linked notes, any one of the specified credit events occurs with respect to one or

more of the Underlyings or reference credits, this may affect the value of the relevant securities (which may be zero) and any amounts paid on such securities (which may be zero). This may in turn affect the Net Asset Value per Share. In addition the value of structured finance securities from time to time, and consequently the Net Asset Value per Share, may be adversely affected by macro economic factors such as adverse changes affecting the sector to which the Underlyings or reference credits belong (including industry sectors, services and real estate), economic downturns in the respective countries or globally, as well as circumstances related to the nature of the individual assets (for example, project finance loans are subject to risks connected to the respective project). The implications of such negative effects thus depend heavily on the geographic, sector-specific and type-related concentration of the Underlyings or reference credits. The degree to which any particular asset-backed security or portfolio credit linked note is affected by such events will depend on the tranche to which such security relates; junior tranches, even having received investment grade rating, can therefore be subject to substantial risks.

Exposure to structured finance securities may entail a higher liquidity risk than exposure to sovereign or corporate bonds. In the absence of a liquid market for the respective structured finance securities, they may only be traded at a discount from face value and not at the fair value, which may in turn affect the Net Asset Value per Share.

### *Real Estate*

There are special risk considerations associated with an Underlying of which the performance is linked to securities of companies principally engaged in the real estate industry. These include: the cyclical nature of real estate values, risks related to general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, demographic trends and variations in rental income, changes in zoning laws, casualty or condemnation losses, environmental risks, regulatory limitations on rents, changes in neighbourhood values, related party risks, changes in the appeal of properties to tenants, increases in interest rates and other real estate capital market influences. Generally, increases in interest rates will increase the costs of obtaining financing, which could directly and indirectly decrease the value of the Underlying and thus the Fund's investments.

### *Commodities*

Prices of commodities are influenced by, among other things, various macro economic factors such as changing supply and demand relationships, weather conditions and other natural phenomena, agricultural, trade, fiscal, monetary, and exchange control programmes and policies of governments (including government intervention in certain markets) and other unforeseeable events.

## **Investing in Russia**

### *Political and Social Risks*

Since 1985, Russia has been undergoing a substantial political transformation from a centrally controlled command economy under communist rule to a pluralist market-oriented democracy. A significant number of changes were undertaken during these years but there is still no assurance that the political and economic reforms necessary to complete such a transformation will continue or will be successful.

Russia is a federation composed of republics, regions, areas, cities of federal importance, autonomous districts and one autonomous region. The delineation of authority among the constituent entities of the Russian Federation and federal governmental authorities is subject to change from time to time. This process exists alongside the structure of Presidential representatives in the regions. The lack of consensus between local and regional authorities and the federal governmental authorities often result in the enactment of conflicting legislation at various levels, and may result in political instability and legal uncertainty. It may lead to negative economic effects on a Fund, which could have a material adverse effect on its business, financial conditions or ability to fulfil its investment objective.

In addition, ethnic, religious, and other social divisions periodically give rise to tensions and, in certain cases armed conflicts. In Chechnya, Russian armed forces have conducted anti-terrorist operations for a number of years, and some of them still remain there to keep law and order. Any escalation of violence may entail grave political consequences, which may adversely impact the investment climate in the Russian Federation.

### *Economic Risks*

Simultaneously with the enactment of political reforms, the Russian Government has been attempting to

implement policies of economic reform and stabilisation. These policies have involved liberalising prices, reducing defence expenditures and subsidies, privatising state-owned enterprises, reforming the tax and bankruptcy systems and introducing legal structures designed to facilitate private, market-based activities, foreign trade and investment.

The Russian economy has been subject to abrupt downturns. The events and aftermath of 17 August 1998 (the date of the Russian government's default on its short-term Rouble denominated treasury bills and other Rouble-denominated securities, the abandonment by the Central Bank of Russia of its efforts to maintain the Rouble/US dollar rate within the Rouble currency band and the temporary moratorium on certain hard-currency payments to foreign counterparties) led to a severe devaluation of the Rouble, a sharp increase in the rate of inflation, a significant decrease in the credibility of the country's banking system with Western financial institutions, significant defaults on hard currency obligations, a significant decline in the prices of Russian debt and equity securities and an inability to raise funds on international capital markets. While the condition of the Russian economy has improved in a number of respects since 1998, there can be no assurance that this improvement will continue or that it will not be reversed.

The Rouble is not convertible outside Russia. A market exists within Russia for the conversion of Roubles into other currencies, but it is limited in size and is subject to rules limiting the purposes for which conversion may be effected. There can be no assurance that such a market will continue indefinitely.

### *Legal Risks*

Risks associated with the Russian legal system include (i) the untested nature of the independence of the judiciary and its immunity from economic, political or nationalistic influences; (ii) inconsistencies among laws, Presidential decrees and Government and ministerial orders and resolutions; (iii) the lack of judicial and administrative guidance on interpreting applicable laws; (iv) a high degree of discretion on the part of government authorities; (v) conflicting local, regional and federal laws and regulations; (vi) the relative inexperience of judges and courts in interpreting new legal norms and (vii) the unpredictability of enforcement of foreign judgements and foreign arbitration awards.

There is no guarantee that further judicial reform aimed at balancing the rights of private and governmental authorities in courts and reducing grounds for re-litigation of decided cases will be implemented and succeed in building a reliable and independent judicial system.

Whilst fundamental reforms relating to securities investments and regulations have been initiated in recent years there may still be certain ambiguities in interpretation and inconsistencies in their application. Monitoring and enforcement of applicable regulations remains uncertain.

Equity securities in Russia are dematerialised and the only evidence of ownership is entry of the shareholder's name on the Share register of the issues. The concept of fiduciary duty is not well established and shareholders may, therefore, suffer dilution or loss of investment due to the actions of management without satisfactory legal remedy.

Rules regulating corporate governance are undeveloped and therefore may offer little protection to shareholders.

### **Emerging Market Assets**

#### *Value*

Following a purchase of investments by any Fund, such investments may decline in value so that the value of such investments is less than the price originally paid for them. The market for such emerging market investments may be highly volatile which could also result in a decline in the value of such investments. Accordingly investment in such emerging markets carries a high degree of risk.

#### *Counterparty Risk and Liquidity*

There can be no assurance that there will be any market for any investments acquired by any Fund or, if there is such a local market, that there will exist a secure method of delivery against payment which would, in the event of a sale by or on behalf of the Fund, avoid exposure to counterparty risk on the buyer. It is possible that even if a market exists for such investment, that market may be highly illiquid. Such lack of liquidity may adversely affect the value or ease of disposal of such investments.



There is a risk that counterparties may not perform their obligations and that settlement of transactions may not occur.

Trading volume on the stock exchanges of most emerging market countries can be substantially less than the stock exchanges of the major markets, so that accumulation and disposal of holdings may be time consuming and may need to be conducted at unfavourable prices. Volatility of prices may be greater than in the major markets and this may result in considerable volatility in the value of a Fund's underlying investments. In addition, brokerage commissions, custody fees and other costs relating to investments in emerging market countries are generally greater than in the major markets.

#### *Political and Economic Factors*

There is in some emerging market countries a higher than usual risk of nationalisation, expropriation or confiscatory taxation, any of which might have an adverse effect on the value of investments in those countries. Emerging market countries may also be subject to higher than usual risks of political changes, government regulation, social instability or diplomatic developments (including war) which could adversely affect the economies of the relevant countries and thus the value of investments in those countries.

The economies of many emerging market countries can be heavily dependent on international trade and, accordingly have been and may continue to be adversely affected by trade barriers, managed adjustments in relative currency values, other protectionist measures imposed or negotiated by the countries with which they trade and international economic developments generally.

#### *Currency*

The assets of a Fund may be invested in securities of companies in various countries and income would be received by the Fund in a variety of currencies. The value of assets of the Fund, as measured in the base currency of the Fund, may be affected unfavourably by fluctuations in currency rates. The Fund could also be adversely affected by exchange control regulations.

#### *Taxation*

A Fund may become liable to taxes in jurisdictions in which it may make investments. Many emerging markets typically have less well defined tax laws and procedures than those of major markets and such laws may permit retroactive taxation so that the Fund could in future become subject to a tax liability that had not reasonably been anticipated in the conduct of investment activities or in the valuation of the assets of the Fund. Furthermore, taxation laws of any emerging market country may change to reflect economic conditions and accordingly there is no guarantee that these will evolve in a manner considered to be favourable to the Fund. It is possible that treaties, laws, orders, rules, regulations or any other legislation currently regulating taxation in these countries may be altered, in whole or in part, or added to. Changes in any taxation regime would have the potential to adversely affect the Fund's income from its various investments as well as adversely affecting the value of equity in which the Fund has invested and also have the potential to negatively alter the value and timing of the Fund's distributions to investors.

#### *Legal Matters*

The legislative framework in emerging market countries for the purchase and sale of investments and in relation to beneficial interests in those investments may be relatively new and untested and there can be no assurance regarding how the courts or agencies of emerging market countries will react to questions arising from the Fund's investment in such countries and arrangements contemplated in relation thereto.

Laws, orders, rules, regulations and other legislation currently regulating the investment arrangements contemplated may be altered, in whole or in part, and a court or other authority of an emerging market country may interpret any relevant existing legislation in such a way that the investment arrangements contemplated are rendered illegal, null or void, whether retroactively or otherwise, or in such a way that the investment of the Fund is adversely affected. There may be unpublished legislation in force now or at any future time in any emerging market country which conflicts with or supersedes published legislation and which may substantially affect the investment arrangements contemplated.

There is no guarantee that any arrangements made, or agreement entered into, between the Depositary and any correspondent will be upheld by a court of any emerging market country, or that any judgement obtained by the Depositary or the ICAV against any such correspondent in a court of any jurisdiction will be enforced by a court of any emerging market country.

Legislation regarding companies in emerging market countries, specifically those laws in respect of fiduciary responsibility of directors and/or administrators and disclosure may be in a state of evolution and may be of a considerable less stringent nature than corresponding laws in more developed countries.

#### *Inflation*

Although many companies in which a Fund may hold shares may have operated profitably in the past in an inflationary environment, past performance is no assurance of future performance. Inflation may adversely affect any economy and the value of companies' shares.

#### *Reporting and Valuation*

There can be no guarantee of the accuracy of information available in emerging market countries in relation to investments which may adversely affect the accuracy of the value of Shares in any Fund. Accounting practices are in many respects less rigorous than those applicable in more developed markets. Similarly, the amount and quality of information required for reporting by companies in emerging market countries is generally of a relatively lower degree than in more developed markets.

A Fund may invest some or all of its assets in unquoted securities (provided that any such investment is effected in accordance with the limits set out herein, in the Instrument for the ICAV and the requirements of the Central Bank. Such investments may be valued at the probable realisation value determined by a competent person (appointed by the Directors as a competent person and being approved by the Depositary for such purposes in accordance of the terms herein) with care and good faith in consultation with the relevant Investment Manager. Such probable realisation value may be determined by using the original purchase price, the last traded price or bid quotation from a broker or by any other means set out herein or in the Instrument and in accordance with the requirements of the Central Bank. Estimates of the fair value of such investments are inherently difficult to value and are the subject of substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales prices of the securities, even when such sales occur very shortly after the valuation date. Such investments may be valued at original purchase price for considerable periods of time before further information or quotes become available which may have a substantial effect on the valuation of that date. No adjustment will be made to prior valuations. In addition a Fund may engage in derivative instruments and there can be no assurance that the valuation thereof reflects the exact amount at which the instrument may be "closed out".

#### *Privatisation*

In certain cases, decisions taken by a new majority shareholder following the privatisation of an emerging market country company may have unfavourable effects on the value and marketability of that company's shares traded on any stock exchange. There is also the risk that privatisations of majority share interests could be cancelled by the relevant authorities and these companies could revert to state ownership. In such cases, there is no guarantee as to the timing of a new privatisation tender or the decision of authorities to organise a new tender. Such outcomes may also have adverse effects on the value and marketability of a company's shares traded on any stock exchange.

#### *Exchange Control and Repatriation*

It may not be possible for a Fund to repatriate capital, dividends, interest and other income from emerging market countries, or it may require government consents to do so. The Fund could be adversely affected by the introduction of, or delays in, or refusal to grant any such consent for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Economic or political conditions could lead to the revocation or variation of consent granted prior to investment being made in any particular country or to the imposition of new restrictions.

#### *Settlement*

There can be no guarantee of the operation or performance of settlement, clearing and registration of transactions in emerging market countries nor can there be any guarantee of the solvency of any Securities System or that such Securities System properly maintain the registration of the Depositary or the ICAV as the holder of Securities. Where organised securities markets and banking and telecommunications systems are underdeveloped, concerns inevitably arise in relation to settlement, clearing and registration of transactions in securities where these are acquired other than as direct investments. Furthermore, due to the local postal and banking systems in many emerging market countries, no guarantee can be given that all entitlements attaching

to quoted and over-the-counter traded securities acquired by the Fund, including those related to dividends, can be realised.

Some emerging markets currently dictate that monies for settlement be received by a local broker a number of days in advance of settlement, and that assets are not transferred until a number of days after settlement. This exposes the assets in question to risks arising from acts, omissions and solvency of the broker and counterparty risk for that period of time.

### *Custody*

Local custody services remain underdeveloped in many emerging market countries and there is a transaction and custody risk involved in dealing in such markets. In certain circumstances a Fund may not be able to recover some of its assets. Such circumstances may include any acts or omissions or the liquidation, bankruptcy or insolvency of a sub-custodian, retroactive application of legislation and fraud or improper registration of title. The costs borne by the Fund in investing and holding investments in such markets will generally be higher than in organised securities markets.

### *Registration*

In some emerging market countries evidence of legal title to shares is maintained in "book-entry" form. In order to be recognised as the registered owner of the shares of a company, a purchaser or purchasers' representative must physically travel to a Registrar and open an account with the registrar (which, in certain cases, requires the payment of an account opening fee). Thereafter, each time that the purchaser purchases additional shares of the company, the purchasers' representative must present to the registrar powers of attorney from the purchaser and the seller of such shares, along with evidence of such purchase, at which time the registrar will debit such purchased shares from the seller's account maintained on the register and credit such purchased shares to the purchaser's account to be maintained on the Register.

The role of the registrar in such custodial and registration processes is crucial. Registrars may not be subject to effective government supervision and it is possible for a Fund to lose its registration through fraud, negligence or mere oversight on the part of the registrar. Furthermore, while companies in certain emerging market countries may be required to maintain independent registrars that meet certain statutory criteria, in practice, there can be no guarantee that this regulation has been strictly enforced. Because of this possible lack of independence, management of companies in such emerging market countries can potentially exert significant influence over the shareholding in such companies. If the company register were to be destroyed or mutilated, the Fund's holding of the relevant shares of the company could be substantially impaired, or in certain cases, deleted. Registrar's often do not maintain insurance against such occurrences, nor are they likely to have assets sufficient to compensate the Fund as a result thereof. While the registrar and the company may be legally obliged to remedy such loss, there is no guarantee that either of them would do so, nor is there any guarantee that the Fund would be able to successfully bring a claim against them as a result of such loss. Furthermore, the registrar or the relevant company could wilfully refuse to recognise the Fund as the registered holder of shares previously purchased by the Fund due to the destruction of a company's register.

### *Credit Risk*

The ability of a Fund to make distributions, in the form of dividends or otherwise, and maintain Net Asset Value will be dependent upon the ability and willingness of those whose obligations the Fund acquires to make payment on such obligations as they become due. In the event that any such obligor were to default on the obligations of the Fund's portfolio, not only could distributions from the Fund be diminished or suspended but its ability to sell, and potentially realise "distressed" obligation or to "salvage" value on, such obligations could be impaired.

Due to certain restrictions on the ability of foreign entities to acquire, with freely transferable funds, certain securities, the ICAV may, on behalf of a Fund, enter into certain arrangements with one or more financial institutions, pursuant to which the ICAV would acquire such financial institution(s) synthetic instruments which bear interest by reference to such securities. Under these circumstances, the Fund will bear not only the risk by default by the relevant government but also will be exposed to counterparty risk.

### *Corruption and Organised Crime*

The economic systems and governments in certain countries suffer from pervasive corruption. The social and economic difficulties resulting from the problems of corruption and organised crime may adversely affect the value of the Fund's investments or the ability of the Fund to protect its assets against theft or fraud.

### **Risks associated with the Underlying**

There is no assurance that the Underlying will continue to be calculated and published on the basis described in the relevant Supplement or that it will not be amended significantly. Any change to the Underlying may adversely affect the value of the Shares. The past performance of an Underlying is not necessarily a guide to its future performance.

Where the Underlying consists of an Index it will not be actively managed and the selection of the component indices, assets or securities will be made in accordance with the relevant Index composition rules and eligibility criteria and not by reference to any performance criteria or performance outlook. Accordingly, the composition of the relevant index is not designed to follow recommendations or research reports issued by the relevant index sponsor, its affiliates or any other person. No index sponsor has any obligation to take the needs of the ICAV or the investors into consideration in determining, composing or calculating any Underlying.

#### *Specific Risks Relating to Funds Replicating the Performance of an Underlying*

A Fund replicating the performance of the Underlying is not expected to replicate its relevant Underlying with the same degree of accuracy as would an investment vehicle that is entirely invested in every Underlying Security. However, it is intended that the difference between the performance of the Shares of the Fund (before the Fund's fees, administration, trading, dealing and bid/offer expenses) and the performance of the Underlying will not be substantial. Investors should note that exceptional circumstances, such as, but not limited to, disruptive market conditions or extremely volatile markets, may arise which cause a Fund's replicating accuracy to be substantially different from the performance of the Underlying. Also, there can be a delay between the recomposition occurring within the Underlying and the investments made by the Fund. Due to various constraints, the Fund may require more time to recompose its portfolio which can substantially affect the Fund's degree of replicating accuracy which can be different from the Underlying. Additionally, for certain Funds, due to the composition of each of their Underlyings, it may not be practicably possible, for example because of the Investment Restrictions, to achieve such a level of replicating accuracy.

The following factors may adversely affect the replicating by a Fund of its Underlying:

- the Fund must pay various fees and expenses, while the Underlying does not reflect any expenses;
- in certain of the Funds the securities held by those Funds may not be identical to the Underlying Securities but will be chosen to give similar performance; their investment performance is likely to differ from that of the Underlying Securities;
- a Fund must comply with regulatory constraints, such as the Investment Restrictions, that do not affect the calculation of a Fund's corresponding Underlying;
- the existence of uninvested assets in the Funds (including cash and deferred fees and expenses); and
- that a Fund may be subject to a different foreign withholding tax rate than that assumed by its Index.

Although the relevant Investment Manager will regularly monitor the replicating accuracy of the relevant Fund, there can be no assurance as to the accuracy with which any Fund will replicate the performance of its Underlying.

### **Certain Hedging Considerations**

Investors intending to purchase the Shares for the purpose of hedging their exposure to the Underlying should be aware of the risks of utilising the Shares in such manner. No assurance is or can be given that the value of the Shares will correlate with movements in the value of the Underlying. This risk is especially prevalent if the Fund's performance is linked to an Underlying, as the Fund will generally be investing in the Fund Assets and not in the Underlying. Furthermore, it may not be possible to liquidate the Shares at a price which directly reflects the value of the Underlying. Therefore, it is possible that investors could suffer substantial losses in the Shares notwithstanding losses suffered with respect to direct investments in or direct exposure to the Underlying. Investors in the Shares should be aware that hedging transactions, in order to limit the risks associated with the Shares, might not be successful.

### **Use of Derivatives**

As a Fund whose performance is linked to an Underlying will often be invested in Funded Swaps or securities which will differ from the Underlying, derivative techniques will be used to link the value of the Shares to the performance of the Underlying. While the prudent use of such derivatives can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The following is a general discussion of important risk factors and issues concerning the use of derivatives that investors should understand before investing in Shares of a Fund.

#### *Legal Risk*

The ICAV must comply with regulatory constraints or changes in the laws affecting it, the Shares, or the Investment Restrictions, which might require a change in the investment policy and objectives followed by a Fund. The Fund Assets, the Underlying and the derivative techniques used to link the two may also be subject to changes in law or regulations and/or regulatory action which may affect their value.

#### *Market Risk*

This is a general risk that applies to all investments meaning that the value of a particular derivative may change in a way which may be detrimental to a Fund's interests.

#### *Control and Monitoring*

Derivative products are highly specialised instruments that require investment techniques and risk analysis different from those associated with equity and fixed income securities. The use of derivative techniques requires an understanding not only of the Underlying but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to a Fund and the ability to forecast the relative price, interest rate or currency rate movements correctly.

#### *Liquidity Risk*

Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous price, or at all.

#### *Credit Risk and Counterparty Risk*

The ICAV on behalf of a Fund may enter into transactions in over-the-counter markets or place margin or collateral in respect of transactions in derivative instruments, which will expose the Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, the ICAV on behalf of the Fund may enter into repurchase agreements, forward contracts, options and swap arrangements or other derivative techniques, each of which expose the Fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the ICAV seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to cover any losses incurred. Derivative Contracts such as swap contracts entered into by the ICAV on behalf of a Fund on the advice of the relevant Investment Manager involve credit risk that could result in a loss of the Fund's entire investment as the Fund may be fully exposed to the credit worthiness of a single Approved Counterparty where such an exposure will be collateralised.

#### *Other Risks*

Other risks in using derivatives include the risk of differing valuations of derivatives arising out of different permitted valuation methods and the inability of derivatives to correlate perfectly with underlying securities, rates and indices. Many derivatives, in particular over-the-counter derivatives, are complex and often valued subjectively and the valuation can only be provided by a limited number of market professionals which often are acting as counterparties to the transaction to be valued. Inaccurate valuations can result in increased cash payment requirements to counterparties or a loss of value to a Fund. Derivatives do not always perfectly or even highly correlate or replicate the value of the securities, rates or indices they are designed to replicate.

Consequently, a Fund's use of derivative techniques may not always be an effective means of, and sometimes could be counterproductive to, following such Fund's investment objective.

Investors should note that derivatives may be terminated in accordance with their specific terms upon the occurrence of certain events, including but not limited to, disruption in any hedging (which for example may occur, including but not limited to circumstances where the Approved Counterparty or any other counterparty is unable, after using commercially reasonable efforts, to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transactions or assets it deems necessary to hedge the price risk of entering into and performing its obligations with respect to the relevant transaction, or to realize, recover or remit the proceeds of any such transactions or assets), in relation to either the Approved Counterparty, any other counterparty or the relevant Fund, or failure to pay, insolvency and the imposition of withholding tax on the payments due by either party. Upon such termination, the relevant Fund (except in the case of fully funded swaps) or the Approved Counterparty, or other counterparty (as appropriate) may be liable to make a termination payment (regardless of which party may have caused such termination) based on the mark to market value of the derivative at such time.

### **Additional Risk Factors when investing in Shares listed on a Stock Exchange**

#### *Listing Procedure*

The ICAV may apply for the listing of certain Classes of the Shares on the Irish Stock Exchange and/or any other stock exchange as determined by the Directors. There can be no certainty, however, that a listing on such stock exchanges will be achieved.

#### *Liquidity and Secondary Trading*

Even though the Shares are listed on one or more stock exchanges, there can be no certainty that there will be liquidity in the Shares on one or more of the stock exchanges or that the market price at which the Shares may be traded on a stock exchange will be the same as the Net Asset Value per Share. There can be no guarantee that once the Shares are listed on a stock exchange they will remain listed or that the conditions of listing will not change.

Trading in Shares on a stock exchange may be halted due to market conditions or, because in the stock exchange's view, trading the Shares is inadvisable. In addition, trading in the Shares may be subject to a halt in trading caused by extraordinary market volatility pursuant to the stock exchange's rules. If trading on a stock exchange is halted, investors in Shares may not be able to sell their Shares until trading resumes. Although, where applicable, the Shares are listed on a stock exchange, it may be that the principal market for some Shares may be in the over-the-counter market. The existence of a liquid trading market for the Shares may in such case depend on whether broker-dealers will make a market in such Shares.

Although as a condition precedent to listing on certain stock exchanges one or more market makers, being financial institutions, might be appointed to offer prices for the Shares, there can be no assurance that a market will continually be made for any of the Shares or that such market will be or remain liquid. The price at which Shares may be sold will be adversely affected if trading markets for the Shares are limited or absent.

#### *Variation of Net Asset Value per Share and Trading Prices on the Secondary Market*

The Net Asset Value per Share will fluctuate with changes in the market value of the Underlying, the derivative techniques used and where applicable the Fund Assets and changes in the exchange rate between the Base Currency or, if different, the listing currency of a Share and any relevant foreign currency of such Underlying and/or Fund Assets. The market price of the Shares will fluctuate in accordance with the changes in the Net Asset Value per Share and the supply and demand on the stock exchange on which the Shares are listed. The ICAV cannot predict whether the Shares will trade below, at or above their Net Asset Value per Share. Price differences may be due, in large part, to the fact that supply and demand forces in the secondary market for the Shares will be closely related, but not identical to the same forces influencing the trading prices of the Underlying and where applicable the Fund Assets, individually or in the aggregate, at any point in time. Furthermore, the listing on multiple exchanges of the Shares may result in price differences between such exchanges because of fiscal, regulatory or other market factors.

A broker-dealer, in considering the price at which it would be able to sell the Shares (known as the offer price) on the secondary market, or to buy Shares (known as the bid price) may seek arbitrage opportunities through anomalies or variations in the pricing of the Shares on the secondary market compared to the relative Net Asset Value per Share. The broker-dealer seeking to arbitrage such anomalies or variations, will take account of the

notional price at which it could (i) purchase (when Shares in the secondary market are being priced above the Net Asset Value per Share) the building blocks providing the (combined) return of the Underlying (and as the case may be the Fund Assets); or (ii) sell (when Shares in the secondary market are being priced below the Net Asset Value per Share) such building blocks generating the (combined) return of the Underlying (and as the case may be the Fund Assets) including in each case the associated transaction costs and any taxation.

### **Nominee Arrangements**

Where the Distributor, Sub-Distributor and/or a nominee service provider is used by an investor to invest in the Shares of any Class, such investor will only receive payments in respect of Repurchase Proceeds and/or any dividends attributable to the Shares on the basis of the arrangements entered into by the investor with the Distributor, Sub-Distributor or nominee service provider, as the case may be. Furthermore, any such investor will not appear on the Register of the ICAV, will have no direct right of recourse against the ICAV and must look exclusively to the Distributor, Sub-Distributor or nominee service provider for all payments attributable to the relevant Shares. The ICAV and the Directors will recognise as Shareholders only those persons who are at any time shown on the Register for the purposes of: (i) the payment of dividends and other payments due to be made to Shareholders (as applicable); (ii) the circulation of documents to Shareholders; (iii) the attendance and voting by Shareholders at any meetings of Shareholders; and (iv) all other rights of Shareholders attributable to the Shares. None of the ICAV, the Directors, the Investment Managers, the Administrator, the Depositary or any other person will be responsible for the acts or omissions of the Distributor, Sub-Distributor or nominee service provider, nor make any representation or warranty, express or implied, as to the services provided by the Distributor, Sub-Distributor or nominee service provider.

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## MANAGEMENT OF THE ICAV

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### **Directors of the ICAV**

The Directors of the ICAV are described below:-

#### **Mr. Paul O'Shea (Irish Resident)**

Paul O' Shea joined Davy from Bank of Ireland Asset Management Limited (BIAM) in 2006 where he worked for eleven years. He was Head of the Global Support team and joined BIAM from Bank of Ireland Group's Treasury Division, where he spent seven years specializing in derivative and bond analysis and reporting. He is a Commerce graduate and holds a Master's degree in Business Studies from University College Dublin

#### **Mr. Tom Berrigan (Irish Resident)**

Tom Berrigan has over 25 years experience in the Financial Services industry and has extensive knowledge in the area of pensions and tax planning. Prior to joining Davy, Tom was a Principal in CCM McGrath Berrigan from 1990 to 1996 and with Alexander and Alexander from 1996 to 1997 which acquired CCM McGrath Berrigan. Tom was responsible for growing and developing the wealth management activities of these firms and Alexander and Alexander was subsequently acquired by AON Insurance Group in 1997.

Tom joined Davy in 1999 and was appointed to the board in 2006. He is responsible for business development and marketing. He is a director of Davy Investment Fund Services, Non UCITS management company and is a director of a number of regulated Qualifying Investor Funds. He has specialist knowledge in structuring Funds particularly in the area of alternative asset classes.

He is a Qualified Financial Adviser and a member of the Irish Stock Exchange.

#### **Mr. Robbie Kelleher (Irish Resident)**

Robbie Kelleher is a senior Investment Strategist in Davy Private Clients and a Board Director of Davy since 1994. In 1978 he joined Irish Life Assurance Company as an economist in the Investment Department and later became Portfolio Manager of the company's Government Securities holdings. In 1981 Robbie left Irish Life and became a founding partner of DKM Economic Consultants and during the 1980's, he worked as Chief Bond Economist with Davy and in 1988 became Head of Institutional Research in Davy. In April 2008 he joined Davy Private Clients as Head of Global Investment Strategy, a position he held until 2013.

#### **Mr. John (Bob) Craddock (Irish Resident)**

John ( Bob) Craddock has close to 40 years experience in the investment business. He was the first to provide fund administration and trustee/custody services to Irish domiciled funds in 1989 leading to the establishing of Bank of Ireland Securities Services in 1993 which included the provision of middle office services ( outsourcing) to asset managers. Prior to 1993 Bob was COO and a member of the management team for Bank of Ireland Asset Management business from 1983 to 1993. Bob also worked in stock broking in both London and Dublin

The Directors, may with the prior approval of the Shareholders, fix the emoluments of Directors with respect to services to be rendered in any capacity to the ICAV.

Except as otherwise disclosed in this Prospectus, none of the Directors, nor any connected person, the existence of which is known to or could with reasonable diligence be ascertained by that Director, whether or not through another party, has any interest, direct or indirect, in the Shares of the ICAV, nor have they been granted any options in respect of the Shares of the ICAV. Each of the Directors may, directly or indirectly, subscribe for Shares during the Initial Offer and subsequently.

No Director has:

- (i) any unspent convictions in relation to indictable offences; or



- (ii) been bankrupt or the subject of an involuntary arrangement, or has had a receiver appointed to any asset of such Director; or
- (iii) been a director of any company which, while he was a director with an executive function or within 12 Months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangements with its creditors generally or with any class of its creditors; or
- (iv) been a partner of any partnership, which while he was a partner or within 12 Months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
- (v) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
- (vi) been disqualified by a court from acting as a director or from acting in the management or conduct of the affairs of any company.

Save for the information disclosed herein, if any Shares are listed, no further information is required to be given in respect of the Directors pursuant to the listing requirements of the Irish Stock Exchange.

For the purposes of this Prospectus, the address of all the Directors is the registered office of the ICAV.

### **Investment Manager**

The ICAV shall appoint an investment manager in respect of each Fund and details of the relevant investment manager will be set out in the Supplement for the relevant Fund. Each Investment Manager, as a delegate of the ICAV, has remuneration policies and practices in place consistent with the requirements of the Regulations.

Details of any sub-investment manager appointed by an Investment Manager will be provided to Shareholders on request and will be disclosed in the periodic reports issued by the ICAV. Such sub-investment managers shall generally be paid by the relevant Investment Manager out of its fee and not out of the assets of the relevant Fund. In the event that a sub-investment manager is paid directly by the relevant Fund, details relating to that sub-investment manager shall be set out in the Supplement for the relevant Fund.

### **Depositary**

The Depositary is Northern Trust Fiduciary Services (Ireland) Limited. The Depositary has been appointed to act as depositary of the assets of the ICAV and each Fund under the terms of the Depositary Agreement.

The Depositary is a private limited liability company incorporated in Ireland on 5 July 1990. Its main activity is the provision of custodial services to collective investment schemes. The Depositary is an indirect wholly-owned subsidiary of Northern Trust Corporation. Northern Trust Corporation and its subsidiaries comprise the Northern Trust Group, one of the world's leading providers of global custody and administration services to institutional and personal investors. As at 30 September 2015, the Northern Trust Group's assets under custody totalled in excess of US\$5.8 trillion.

The Depositary is regulated by the Central Bank and in performing its tasks as Depositary to the ICAV, it will act honestly, fairly, professionally, independently and in the interest of the ICAV and of the Shareholders of the ICAV. Sub-custodians may be appointed by the Depositary provided that the Depositary has exercised all due skill, care and diligence in the selection and the appointment of any sub-custodian to whom it wants to delegate parts of its tasks and continues to exercise all due skill, care and diligence in the periodic review and ongoing monitoring of any sub-custodian to whom it has delegated parts of its tasks and of the arrangements of the sub-custodian in respect of the matters delegated to it. The liability of the Depositary will not be affected by this fact provided that in order to discharge this responsibility the Depositary shall exercise care and diligence in the selection of suitable sub-custodians and shall be responsible to the ICAV for the duration of the sub-custody agreement for satisfying itself as to the ongoing suitability of the sub-custodians to provide custodial services to the ICAV. The Depositary will also maintain an appropriate level of supervision over the sub-custodians and will make appropriate inquiries periodically to confirm that the obligations of the sub-custodians continue to be competently discharged.

Shareholders of the ICAV may, directly or indirectly through the ICAV, invoke claims relating to the liability of its Depositary regardless of the legal nature between the Depositary, the ICAV and Shareholders provided that the right of Shareholders to invoke the liability of the Depositary should not lead to a duplication of redress or to unequal treatment of Shareholders.

The Depositary Agreement contains provisions governing the responsibilities of the Depositary details the circumstances in which the Depositary shall be indemnified out of the assets of the relevant Fund.

### **Administrator**

The Administrator is Northern Trust International Fund Administration Services (Ireland) Limited. The Administrator has been appointed under the terms of the Administration Agreement.

The Administrator is a private limited liability company incorporated in Ireland on 15 June 1990 and is an indirect wholly-owned subsidiary of Northern Trust Corporation. Northern Trust Corporation and its subsidiaries comprise the Northern Trust Group, one of the world's leading providers of global custody and administration services to institutional and personal investors. As at 30 June 2012 the Northern Trust Group's assets under custody totalled in excess of US\$4.6 trillion. The principal business activity of the Administrator is the administration of collective investment schemes. The registered office of Northern Trust International Fund Administration Services (Ireland) Limited is Georges Court, 54-62 Townsend Street, Dublin 2, Ireland

The Administrator will have the responsibility for the administration of the ICAV's affairs including the calculation of the Net Asset Value and preparation of the accounts of the ICAV, subject to the overall supervision of the Directors.

The Administrator is not involved directly or indirectly with the business affairs, organisation, sponsorship or management of the ICAV and is not responsible for the preparation of this document other than the preparation of the above description and accepts no responsibility or liability for any information contained in this document except disclosures relating to it.

### **Distributor**

The ICAV has appointed J & E Davy as non-exclusive distributor of the Shares of the ICAV.

The ICAV may appoint additional non-exclusive distributors in respect of the Shares of the ICAV or a specific Fund in accordance with the requirements of the Central Bank and all relevant details will be set out in the Supplement for the relevant Fund.

### **Investment Adviser**

The ICAV and/or the relevant Investment Manager (as appropriate) may appoint an investment adviser in respect of a specific Fund. Details in respect of any Investment Adviser will be set out in the Supplement for the relevant Fund.

### **Conflicts of Interest**

Subject to the provisions of this section, each Connected Person may contract or enter into any financial, banking or other transaction with one another or with the ICAV. This includes, without limitation, investment by the ICAV in securities of any Connected Person or investment by any Connected Persons in any company or bodies any of whose investments form part of the assets comprised in any Fund or be interested in any such contract or transactions. In addition, any Connected Person may invest in and deal in Shares relating to any Fund or any property of the kind included in the property of any Fund for their respective individual accounts or for the account of someone else.

Any cash of the ICAV may be deposited, subject to the provisions of the Central Bank Acts 1942 to 1998, of Ireland as amended by the Central Bank and Financial Services Regulatory Authority of Ireland Acts 2003 to 2004 with any Connected Person or invested in certificates of deposit or banking instruments issued by any Connected Person. Banking and similar transactions may also be undertaken with or through a Connected Person.

Any Connected Person may also deal as agent or principal in the sale or purchase of securities and other investments (including foreign exchange and stocklending transactions) to or from the relevant Fund. Subject to the below provisions, there will be no obligation on the part of any Connected Person to account to the relevant Fund or to Shareholders of that Fund for any benefits so arising, and any such benefits may be retained by the

relevant party.

All transactions between the ICAV and a Connected Person must be conducted at arm's length and in the best interests of the Shareholders.

The ICAV will not enter into a transaction with a Connected Person unless at least one of the following conditions is complied with:

- (i) the value of the transaction is certified by a person approved by the Depositary (or in the case of any such transaction entered into by the Depositary, the Directors) as independent and competent; or
- (ii) the transaction has been executed on best terms on an organised investment exchange under its rules; or
- (iii) the transaction has been executed on terms which the Depositary is (or in the case of any such transaction entered into by the Depositary, the Directors are) satisfied conform with the requirement to be conducted at arm's length and in the best interests of the Shareholders.

An Investment Manager may in the course of its business, have potential conflicts of interest with the ICAV in circumstances other than those referred to above. The relevant Investment Manager will, however, have regard in such event to its obligations under the relevant Investment Management Agreement and, in particular, to its obligations to act in the best interests of the ICAV so far as practicable, having regard to its obligations to other clients when undertaking any investments where conflicts of interest may arise and will ensure that such conflicts are resolved fairly as between the ICAV, the relevant Funds and other clients. The relevant Investment Manager will ensure that investment opportunities are allocated on a fair and equitable basis between the ICAV and its other clients. In the event that a conflict of interest does arise the directors of the relevant Investment Manager will endeavour to ensure that such conflicts are resolved fairly.

As the fees of an Investment Manager are based on the Net Asset Value of a Fund, if the Net Asset Value of the Fund increases so do the fees payable to the relevant Investment Manager and accordingly there is a conflict of interest for the relevant Investment Manager in cases where the relevant Investment Manager is responsible for determining the valuation price of a Fund's investments.

### **Commissions and other arrangements**

An Investment Manager may effect transactions through the agency of another person with whom the relevant Investment Manager has an arrangement under which that party will, from time to time, provide or procure for the relevant Investment Manager goods, services or other benefits such as research and advisory services, computer hardware associated with specialised software or research services and performance measures etc. Under such arrangements, no direct payment is made for such services or benefits, but instead pursuant to an agreement, the relevant Investment Manager undertakes to place business with that party. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employees' salaries or direct money payments. In such case, the relevant Investment Manager shall ensure that such arrangements shall assist in the provision of investment services to the relevant Fund and the broker/counterparty to the arrangement has agreed to provide best execution to the relevant Fund. Details of any such soft commission arrangements will be disclosed in the periodic reports of the relevant Funds.

### **Remuneration**

The ICAV has remuneration policies and practices in place consistent with the requirements of the Central Bank Regulations and will procure that any delegate to whom such requirements also apply will have equivalent remuneration policies and practices in place.

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## SHARE DEALINGS

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### SUBSCRIPTION FOR SHARES

#### **Subscription of Shares**

Under the Instrument, the Directors are given authority to effect the issue of Shares and to create new Classes of Shares (in accordance with the requirements of the Central Bank) and have absolute discretion to accept or reject in whole or in part any application for Shares. If an application is rejected, the Administrator at the risk of the applicant, subject to applicable laws, will return application monies or the balance thereof by electronic transfer to the account from which it was paid at the cost and risk of the applicant provided the applicant's identity is verified as described below. For the avoidance of doubt, no interest will be payable on such amount before its return to the applicant.

Failure to provide an original of the initial Application Form shall result in the applicant's redemption proceeds being withheld by the Administrator until the original initial Application Form, the required anti-money laundering documentation (and all supporting documentation) and all of the necessary anti-money laundering checks have been completed.

The Directors may in their discretion decide, prior to the Initial Issue Date, to cancel the initial offering of Shares of any Class of a Fund. The Directors may also decide to cancel the offering of a new Class of Shares of a Fund. In such case, applicants having made an application for subscription will be duly informed and any subscription monies already paid will be returned in the manner set out in the preceding paragraph.

Fractions of Shares up to four decimal places may be issued.

The Application Form contains certain conditions regarding the application procedure for Shares in the ICAV and certain indemnities in favour of the ICAV in respect of the relevant Fund, the Administrator, the Depositary and the other Shareholders for any loss suffered by them as a result of certain applicants acquiring or holding Shares.

All applications for Shares must be received by the ICAV care of the Administrator no later than the relevant Dealing Deadline (Dealing Days, Dealing Deadlines and Valuation Points are specified in the relevant Supplement for each Fund). Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day. No interest will be paid on subscription monies.

#### **Direct Subscriptions into the ICAV**

Applications for the initial subscription of Shares should be submitted in writing or by facsimile to the ICAV care of the Administrator provided that an original Application Form (and original supporting documentation in relation to identity verification checks) shall be submitted and received promptly in the case of an initial application for Shares.

Subsequent subscriptions for Shares in a Fund may be made by contacting the Administrator by facsimile, in writing or by such other means as the Directors (with the consent of the Administrator) may prescribe from time to time (where such means are in accordance with the requirements of the Central Bank).

#### **Identity Verification Provisions**

Measures provided for in the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 which are aimed towards the prevention of money laundering, require detailed verification of each applicant's identity (the "**Identification Requirements**") in advance of the issuance of any Shares in the ICAV. For example, the Identification Requirements for an individual require such individual to produce a copy of his passport or identification card that bears evidence of such individuals' identity and date of birth, duly certified by a notary public or other person specified in the Application Form together with two original/certified documents bearing evidence of the individual's address such as a utility bill or bank statement which are not more than three Months old. In the case of corporate applicants, the Identification Requirements may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent) and the names, occupations, dates of birth and residential and business address of the directors of the company.

The Administrator reserves the right to request such information as is necessary to verify the identity of an applicant to its satisfaction. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator may refuse to process the application. The Administrator will not return subscription monies until the identity is verified in accordance with the Identification Requirements]. If an application is rejected, after the Identification Requirements are satisfied, the Administrator will return application monies or the balance thereof by electronic transfer to the account from which it was paid at the cost and risk of the applicant.

Depending on the circumstances of each application, a detailed verification may not be required where (a) the applicant makes payment from an account held in the applicant's name at a recognised financial institution, or (b) the application is made through a recognised intermediary, or (c) investment is made by a recognised intermediary or financial institution. These exceptions will only apply at the discretion of the ICAV and/or the Administrator.

### **Subscriptions via the Distributor or a Sub-Distributor**

Initial or subsequent subscriptions for Shares can also be made indirectly (by way of a signed original Application Form in the case of initial subscriptions), that is through the Distributor or a Sub-Distributor, for onward transmission to the ICAV care of the Administrator (the Distributor or Sub-Distributor must ensure that subscriptions are received by the Administrator by the relevant Dealing Deadline).

The Central Bank authorities of those countries, which have ratified the recommendations of the Financial Action Task Force (FATF), are generally deemed to impose on the professionals of the financial sector subject to their supervision a client identification obligation equivalent to that required under Irish law.

The Distributor or a Sub-Distributor may provide a nominee service for investors purchasing Shares through them. Such investors may, at their discretion, elect to make use of such service pursuant to which the nominee will hold Shares in its name for and on behalf of the investors and who, in order to empower the nominee to vote at any general meeting of Shareholders, shall provide the nominee with specific or general voting instructions to that effect. Notwithstanding the above, the investors retain the ability to invest directly in the ICAV, without using such nominee services.

### **Deferral of Subscriptions**

The Directors may, in their sole and absolute discretion, determine that in certain circumstances, it is detrimental for existing Shareholders to accept an application for Shares in cash or in specie, representing more than 5% of the Net Asset Value of a Fund. In such case, the Directors may postpone the application and, in consultation with the relevant investor, either require such investor to stagger the proposed application over an agreed period of time, or establish an Investment Account outside the structure of the ICAV in which to invest the investor's subscription monies. Such Investment Account will be used to acquire the Shares over a pre-agreed time schedule. The investor shall be liable for any transaction costs or reasonable expenses incurred in connection with the acquisition of such Shares. Any applicable Preliminary Charge will be deducted from the subscription monies before the investment of the subscription monies commences.

### **Processing of Direct Subscriptions to the ICAV**

Issuances of Shares will normally be made with effect from a Dealing Day in respect of applications received on or prior to the Dealing Deadline. Dealing Days and Dealing Deadlines relating to each Fund are specified in the relevant Supplement. Applications received after the Dealing Deadline for the relevant Dealing Day shall be deemed to have been received by the next Dealing Deadline, save in exceptional circumstances where the Directors may otherwise agree and provided the Applications are received before the Valuation Point for the

relevant Dealing Day. Applications will be irrevocable unless the Directors, or a delegate, otherwise agree. If requested, the Directors may, in their absolute discretion, agree to designate additional Dealing Days and Valuation Points for the purchase of Shares relating to any Fund which will be open to all Shareholders, provided that all Shareholders will be notified in advance.

### **Processing of Subscriptions via the Distributor or a Sub-Distributor**

Different subscription procedures and dealing deadlines may apply if applications for Shares are made via the Distributor or a Sub-Distributor as the case may be (provided that such Distributor or Sub-Distributor places such deals by the relevant Fund's deadline) although the ultimate deadlines with the Administrator referred to in the preceding paragraph remain unaffected. Full payment instructions for subscribing via the Distributor or a Sub-Distributor may be obtained through the Distributor or the relevant Sub-Distributor as the case may be.

Neither the Distributor nor a Sub-Distributor is permitted to withhold subscription orders to benefit itself by a price change.

Investors should note that they may be unable to purchase Shares via the Distributor or a Sub-Distributor on days that any such Distributor or Sub-Distributor is not open for business.

In circumstances in which the subscription proceeds are not received by the Settlement Date, the relevant allotment of Shares may be cancelled and the applicant may be required to compensate the ICAV for any costs and expenses thereby created.

Any investor who invests through the Distributor or a Sub-Distributor should also read the section headed "Nominee Arrangements" above.

### **Minimum Initial and Additional Investment Amount and Minimum Shareholding Requirements**

The Minimum Initial Investment Amount, the Minimum Additional Investment Amount and the Minimum Shareholding of Shares of each Class of a Fund may vary and is set out in the Supplement for the relevant Fund. The Directors reserve the right from time to time to waive any requirements relating to the Minimum Initial Investment Amount, the Minimum Additional Investment Amount and the Minimum Shareholding as and when they determine at their reasonable discretion.

The ICAV may, at any time, repurchase all Shares from Shareholders whose holding is less than the Minimum Shareholding. In such case the Shareholder concerned will receive prior notice so as to be able to increase his holding above such amounts during such period to be determined by the Directors (and set out in the notice) following the receipt of such notice.

### **Subscription Price**

During the Initial Offer Period for each Fund, the Initial Issue Price for Shares in the relevant Fund shall be the amount set out in the Supplement for the relevant Fund.

The issue price at which Shares of any Fund will be issued on a Dealing Day after the Initial Offer Period is calculated by ascertaining the Net Asset Value per Share of the relevant Class on the relevant Dealing Day.

A Preliminary Charge of up to 5% of the Initial Issue Price or the Net Asset Value per Share, as appropriate may be charged by the ICAV for payment to the Distributor on the issue of Shares, out of which the Distributor may, for example, pay commission to Sub-Distributors. The amount of the Preliminary Charge, if any, will be set out in the relevant Supplement.

### **Payment for Shares**

Subscription payments net of all bank charges should be paid by telegraphic or electronic transfer to the bank account specified in the Application Form. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day. Subscription monies are payable in the relevant Base Currency or any other currency attributable to a particular Class of Share as specified in the relevant Supplement. Payment in respect of subscriptions must be received on or before the relevant Settlement Day. If payment in full in cleared funds in respect of a subscription has not been received by the relevant time, the ICAV may cancel the allotment and/or the applicant may be charged interest. In addition, the relevant Investment Manager will have the right to sell all or part of the applicant's holding of Shares in the Fund or any other Fund of the ICAV in order to meet those charges.

### **In Specie Issues**

The Directors may in their absolute discretion, provided that they are satisfied that no material prejudice would result to any existing Shareholder and allot Shares of any Fund against the vesting in the Depositary on behalf of the relevant Fund of investments, the nature of which would qualify as suitable investments of the relevant Fund in accordance with the investment objective, policy and restrictions of the Fund. The number of Shares to be issued in this way shall be the number which would, at the relevant Valuation Point, have been issued for cash (together with the relevant Preliminary Charge) against the payment of a sum equal to the value of the investments. The value of the investments to be vested shall be calculated by applying the valuation methods described below under the heading "Calculation of Net Asset Value/ Valuation of Assets."

### **Limitations on Subscriptions**

Shares may not be issued or sold by the ICAV during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described under "Suspension of Calculation of Net Asset Value" below. Applicants subscribing for Shares directly to the ICAV or the Administrator will be notified of such postponement and, unless withdrawn, their applications will be considered as at the next Dealing Day following the ending of such suspension. Applicants subscribing for Shares via the Distributor or a Sub-Distributor as the case may be have to contact directly the Distributor or the Sub-Distributor for arrangements regarding application to be made or pending during such suspension period. Applications made or pending during such suspension period via the Distributor or a Sub-Distributor as the case may be, unless withdrawn, will be considered as at the next Dealing Day following the end of such suspension.

Shares may not be directly or indirectly offered or sold in the United States or purchased or held by or for U.S. Persons (unless permitted under certain exceptions under the laws of the United States).

### **Anti-Dilution Levy**

In calculating the Net Asset Value per Share, the Directors may, where there are net subscriptions, adjust the Net Asset Value per Share by adding an Anti-Dilution Levy as will be set out in the relevant Supplement) for retention as part of the assets of the relevant Fund, to cover dealing costs and to preserve the value of the underlying assets of the Fund, further details of which will be set out in the relevant Supplement.

## **REPURCHASE OF SHARES**

### **Procedure for Direct Repurchase**

Requests for the repurchase of Shares should be made to the ICAV care of the Administrator in writing, by facsimile or by such other means as the Directors may (with the consent of the Administrator) prescribe from time to time (where such means are in accordance with the requirements of the Central Bank) and must in the case of requests in writing or by facsimile quote the relevant account number, the relevant Fund(s), Class of Share and any other information which the Administrator reasonably requires, and be signed by or on behalf of the Shareholder before payment of Repurchase Proceeds can be made.

Repurchase requests received by facsimile or such other means approved by the Directors in accordance with the requirements of the Central Bank (with the consent of the Administrator) will only be processed provided that the Shareholder's name and account number, and the name, address and/or facsimile number or applicable details to which the contract note is to be sent corresponds to that listed as the Shareholder of record registered with the Administrator. Should the Shareholder designate that the contract note be sent to the name and/or address which differs from that registered with the Administrator, written confirmation of this change must be submitted by the Shareholder and received by the Administrator (and the Administrator must have made the amendments to the Shareholder's registration details) before the order will be processed.

### **Processing of Direct Repurchases to the ICAV**

Requests received on or prior to the relevant Dealing Deadline will, subject as mentioned in this section and in the relevant Supplement, normally be dealt with on the relevant Dealing Day. Repurchase requests received after the Dealing Deadline shall be treated as having been received by the following Dealing Deadline, save in exceptional circumstances where the Directors shall otherwise agree and provided they are received before the Valuation Point for the relevant Dealing Day.

In no event shall Redemption Proceeds be paid until the original Application Form has been received from the investor and all of the necessary identity verification checks have been carried out, verified and received in original form.

A repurchase request will not be capable of withdrawal after the Dealing Deadline, unless the Directors in their absolute discretion otherwise determine to accept the cancellation after the Dealing Deadline provided that such cancellation(s) have been received prior to the Valuation Point for the particular Dealing Day. If requested, the Directors may, in their absolute discretion, agree to designate additional Dealing Days and Valuation Points for the repurchase of Shares relating to any Fund which will be open to all Shareholders.

### **Repurchase Procedure with the Distributor or a Sub-Distributor**

The repurchase procedures, dealing deadlines and settlement periods may be different if applications for repurchase are made to the Distributor or a Sub-Distributor (provided that such Distributor or Sub-Distributor places such deals by the relevant Fund's deadline), although the ultimate Dealing Deadlines, Settlement Dates and procedures referred to above and in the relevant Supplement will remain unaffected. Applicants for repurchases may obtain information on the repurchase procedure directly from the Distributor or the relevant Sub-Distributor as the case may be and should also refer to the relevant Supplement. All repurchase applications made via a Distributor or Sub-Distributor shall be for onward transmission to the ICAV care of the Administrator.

Any investor who invests through the Distributor or a Sub-Distributor should also read the section headed "Nominee Arrangements" above.

### **Repurchase Size**

An applicant may request the repurchase of all or part of its Shares of any Class of a Fund.

The Minimum Repurchase Amount may vary according to the Fund or the Class of Share, and if applicable, shall be set out in the relevant Supplement.

For Funds having a Scheduled Maturity Date, all Shares for which no repurchase request has been made in respect of this Scheduled Maturity Date, will be compulsorily repurchased on such Scheduled Maturity Date at the Net Asset Value per Share calculated on the Scheduled Maturity Date. A Fund will have no Scheduled Maturity Date unless otherwise determined in the relevant Supplement. Funds for which no Scheduled Maturity Date has been designated may be closed in accordance with the procedures laid down in the Instrument and Shares will be repurchased at the Net Asset Value per Share (taking into account actual realisation prices of investments and realisation expenses) calculated on the Dealing Day at which such decision shall take effect.

The Administrator may decline to effect a repurchase request which would have the effect of reducing the value of any holding of Shares relating to any Fund below the Minimum Shareholding for that Class of Shares of that Fund. Any repurchase request having such an effect may be treated by the ICAV or the Administrator as a request to repurchase the Shareholder's entire holding of that Class of Shares.

The Administrator will not accept repurchase requests, which are incomplete, until all the necessary information is obtained.

### **Repurchase Price and Repurchase Proceeds**

The Repurchase Price at which Shares will be repurchased on a Dealing Day is the Net Asset Value per Share of the relevant Class on the relevant Dealing Day. The Repurchase Proceeds are the Repurchase Price less any applicable Repurchase Charge and any applicable taxes. The method of establishing the Net Asset Value of any Fund and the Net Asset Value per Share of any Class of Shares in a Fund is set out in the Instrument as described in this Prospectus under the heading "Calculation of Net Asset Value/Valuation of Assets" below.

When a repurchase request has been submitted by an investor who is or is deemed to be an Irish Resident or a person Ordinarily Resident in Ireland or is acting on behalf of an Irish Resident or person Ordinarily Resident in Ireland, the ICAV shall deduct from the Repurchase Proceeds an amount which is equal to the tax payable by the ICAV to the Irish Tax Authorities in respect of the relevant transaction.

### **Payment of Repurchase Proceeds**

The amount due on repurchase of Shares will be paid by electronic transfer to the relevant Shareholder's



account of record on the original Application Form in the currency of denomination of the relevant Class of Shares of the relevant Fund (or in such other currency as the Directors shall determine) by the Settlement Date. Payment of Repurchase Proceeds will be made to the registered Shareholder or in favour of the joint registered Shareholders as appropriate. The Repurchase Proceeds of the Shares will only be paid on receipt by the Administrator of a repurchase request together with such other documentation that the Administrator may reasonably require.

### **Limitations on Repurchases**

The ICAV may not repurchase Shares of any Fund during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described under "Suspension of Calculation of Net Asset Value" below. Applicants for repurchases of Shares will be notified of such postponement and, unless withdrawn, their applications will be considered as at the next Dealing Day following the ending of such suspension. Applicants repurchasing Shares via the Distributor or a Sub-Distributor as the case may be have to contact directly the Distributor or the Sub-Distributor for arrangements regarding repurchases to be made or pending during such suspension period. Applications made or pending during such suspension period via the Distributor or a Sub-Distributor as the case may be, unless withdrawn, will be considered as at the next Dealing Day following the end of such suspension.

The Directors are entitled to limit the number of Shares in a Fund repurchased on any Dealing Day to Shares representing 10% of the total Net Asset Value of that Fund on that Dealing Day. In this event, the limitation will apply *pro rata* so that all Shareholders wishing to have Shares of that Fund repurchased on that Dealing Day realise the same proportion of their repurchase request. Shares not repurchased, but which would otherwise have been repurchased, will be carried forward for repurchase on the next Dealing Day and will be dealt on a *pro rata* basis to repurchase requests received subsequently, until all Shares relating to the original repurchase request have been repurchased. If requests for repurchase are so carried forward, the Administrator will inform the Shareholders affected.

The Instrument contain special provisions where a repurchase request received from a Shareholder would result in Shares representing more than 5% of the Net Asset Value of any Fund being repurchased by the ICAV on any Dealing Day. In such a case, the ICAV may satisfy the repurchase request by a distribution of investments of the relevant Fund in specie provided that such a distribution would not be prejudicial to the interests of the remaining Shareholders of that Fund. Where the Shareholder requesting such repurchase receives notice of the ICAV's intention to elect to satisfy the repurchase request by such a distribution of assets that Shareholder may require the ICAV, instead of transferring those assets, to arrange for their sale and the payment of the proceeds of sale to that Shareholder less any costs incurred in connection with such sale. Such allocation of assets is subject to the approval of the Depository.

The Instrument provides that the ICAV cannot effect a repurchase of Shares, if after payment of any amount in connection with such repurchase, the Net Asset Value of the issued share capital of the ICAV would be equal to or less than Euro 300,000 or its foreign currency equivalent. This will not apply to a repurchase request accepted by the Directors in contemplation of the dissolution of the ICAV.

### **Mandatory Repurchases**

The ICAV may compulsorily repurchase all of the Shares of any Fund if the Net Asset Value of the relevant Fund is less than the Minimum Fund Size (if any) specified in the relevant Supplement.

The Directors in their absolute discretion and without assigning any reason therefore may decline to register any transfer of a Share to (i) a U.S. Person (unless permitted under certain exceptions under the laws of the United States) or; (ii) any person who does not clear such money laundering checks as the Directors may determine; or (iii) any person who appears to be in breach of any law or requirement of any country or government authority or by virtue of which such person is not qualified to hold such Shares; or (iv) any person or persons in circumstances (whether directly or indirectly affecting such person or persons, and whether taken alone or in conjunction with any other person or persons, connected or not, or any other circumstances appearing to the Directors to be relevant) which, in the opinion of the Directors, might result in the ICAV, the relevant Fund or its Shareholders incurring any liability to taxation or suffering any other pecuniary legal or material administrative disadvantages or being in breach of any law or regulation which the ICAV, the relevant Fund or its Shareholders might not otherwise have incurred, suffered or breached; or (v) an individual under the age of 18 (or such other age as the Directors may think fit) or of unsound mind; or (vi) any person unless the transferee of such Shares would, following such transfer, be the holder of Shares equal to or greater than the Minimum Initial Investment Amount (where relevant); or (vii) any person in circumstances where as a result of such transfer the transferor or transferee would hold less than the Minimum Shareholding; or (viii) any person where in respect of such

transfer any payment of taxation remains outstanding.

Where Irish Residents or persons Ordinarily Residents in Ireland acquire and hold Shares, the ICAV shall, where necessary for the collection of Irish tax, repurchase and cancel Shares held by a person who is or is deemed to be an Irish Resident or a person Ordinarily Resident in Ireland or is acting on behalf of an Irish Resident or a person Ordinarily Resident in Ireland on the occurrence of a chargeable event for taxation purposes and to pay the proceeds thereof to the Irish Tax Authorities.

### **Anti-Dilution Levy**

In calculating the Repurchase Price of Shares, the Directors may, where there are net repurchases, adjust the Repurchase Price by deducting an Anti-Dilution Levy as will be set out in the relevant Supplement) for retention as part of the assets of the relevant Fund, to cover dealing costs and to preserve the value of the underlying assets of the Fund, further details of which will be set out in the relevant Supplement.

### **Confirmation of Ownership**

Confirmation of each purchase of Shares will be sent to Shareholders within 48 hours of the Settlement Date. Title to Shares will be evidenced by the entering of the investor's name of the ICAV's register of Shareholders and no certificates will be issued.

The ICAV may reject any application in whole or in part without giving any reason for such rejection in which event the subscription monies or any balance thereof will be returned without interest, expenses or compensation to the applicant by electronic transfer to the applicant's designated account at the applicant's risk.

### **Data Protection Information**

Prospective investors should note that by completing the Application Form they are providing personal information to the ICAV, which may constitute personal data within the meaning of data protection legislation in Ireland (the Data Protection Acts 1988 to 2003). This data will be used for the purposes of client identification, administration, statistical analysis, market research, to comply with any applicable legal or regulatory requirements and, if an applicant's consent is given, for direct marketing purposes. Data may be disclosed to third parties including regulatory bodies, tax authorities in accordance with the European Savings Directive, delegates, advisers and service providers of the ICAV and their or the ICAV's duly authorised agents and any of their respective related, associated or affiliated companies wherever located (including outside the EEA in jurisdictions which may not have data protection legislation equivalent to that in EEA member states) for the purposes specified. By signing the Application Form, investors consent to the obtaining, holding, use, disclosure and processing of data for any one or more of the purposes set out in the Application Form. Shareholders have a right to obtain a copy of their personal data kept by the ICAV on payment of a fee and the right to rectify any inaccuracies in personal data held by the ICAV.

## **EXCHANGE OF SHARES**

Shareholders will be able to apply to exchange on any Dealing Day all or part of their holding of Shares of any Class of any Fund (the **Original Class**) for Shares of another Class which are being offered at that time (the **New Class**) (such Class being of the same Fund) provided that all the criteria for applying for Shares in the New Class have been met and by giving notice to the Administrator on or prior to the Dealing Deadline for the relevant Dealing Day. The Directors may however at its discretion agree to accept requests for exchange received after the relevant Dealing Deadline provided they are received prior to the relevant Valuation Point. The general provisions and procedures relating to the issue and repurchase of Shares will apply equally to exchanges, save in relation to charges payable, details of which are set out below and in the relevant Supplement.

When requesting the exchange of Shares as an initial investment in a Fund, Shareholders should ensure that the value of the Shares exchanged is equal to, or exceeds, the Minimum Initial Investment Amount for the relevant New Class specified in the Supplement for the relevant Fund. In the case of an exchange of a partial holding only, the value of the remaining holding must also be at least equal to the Minimum Shareholding for the Original Class.

The number of Shares of the New Class to be issued will be calculated in accordance with the following formula:

$$S = \frac{R \times (RP \times ER)}{F}$$

## SP

where:

- R** = the number of Shares of the Original Class to be exchanged;
- S** = the number of Shares of the New Class to be issued;
- RP** = the Repurchase Price per Share of the Original Class as at the Valuation Point for the relevant Dealing Day;
- ER** = in the case of an exchange of Shares designated in the same Base Currency, the value of ER is 1. In any other case, the value of ER is the currency conversion factor determined by the Directors at the Valuation Point for the relevant Dealing Day as representing the effective rate of exchange applicable to the transfer of assets relating to the Original and New Classes of Shares after adjusting such rate as may be necessary to reflect the effective costs of making such transfer;
- SP** = the subscription price per Share of the New Class as at the Valuation Point for the applicable Dealing Day; and
- F** = the Exchange Charge (if any) payable on the exchange of Shares.

Where there is an exchange of Shares, Shares of the New Class will be allotted and issued in respect of and in proportion to the Shares of the Original Class in the proportion S to R.

An Exchange Charge of up to 3% of the Repurchase Price of the Shares being exchanged may be charged by the ICAV on the exchange of Shares.

The exchange procedures and the dealing deadlines may be different if applications for exchange are made to the Distributor or a Sub-Distributor (provided that such Distributor or Sub-Distributor places such deals by the relevant Fund's deadline), although the ultimate Dealing Deadlines and procedures referred to above and in the relevant Supplement will remain unaffected. Applicants for exchange may obtain information on the exchange procedure directly from the Distributor or the relevant Sub-Distributor as the case may be and should also refer to the relevant Supplement.

Any investor who invests through the Distributor or a Sub-Distributor should read this section in conjunction with the section headed "Nominee Arrangements" on page 44.

### **Limitations on Exchange**

Shares may not be exchanged for Shares of a different Class during any period when the calculation of the Net Asset Value of the relevant Fund or Funds is suspended in the manner described under "Suspension of Calculation of Net Asset Value" below. Applicants for exchange of Shares will be notified of such postponement and, unless withdrawn, their applications will be considered as at the next Dealing Day following the ending of such suspension. Applicants exchanging Shares via the Distributor or a Sub-Distributor as the case may be have to contact directly the Distributor or the Sub-Distributor for arrangements regarding exchanges to be made or pending during such suspension period. Applications made or pending during such suspension period via the Distributor or a Sub-Distributor as the case may be, unless withdrawn, will be considered as at the next Dealing Day following the end of such suspension.

### **CALCULATION OF NET ASSET VALUE/VALUATION OF ASSETS**

The Net Asset Value of a Fund shall be expressed in the currency in which the Shares are designated or in such other currency as the Directors may determine either generally or in relation to a particular Class or in a specific case, and shall be calculated by ascertaining the value of the assets of the Fund and deducting from such value the liabilities of the Fund (excluding Shareholders equity) as at the Valuation Point for such Dealing Day.

The Net Asset Value per Share of a Fund will be calculated by dividing the Net Asset Value of the Fund by the number of Shares in the Fund then in issue or deemed to be in issue as at the Valuation Point for such Dealing Day and rounding the result mathematically to four decimal places or such other number of decimal places as may be determined by the Directors from time to time.

In the event the Shares of any Fund are further divided into Classes, the Net Asset Value per Class shall be

determined by notionally allocating the Net Asset Value of the Fund amongst the Classes making such adjustments for subscriptions, repurchases, fees, dividends accumulation or distribution of income and the expenses, liabilities or assets attributable to each such Class (including the gains/losses on and costs of financial instruments employed for currency hedging between the currencies in which the assets of the Fund are designated and the designated currency of the Class, which gains/losses and costs shall accrue solely to that Class) and any other factor differentiating the Classes as appropriate. The Net Asset Value of the Fund, as allocated between each Class, shall be divided by the number of Shares of the relevant Class which are in issue or deemed to be in issue and rounding the result mathematically to four decimal places as determined by the Directors or such other number of decimal places as may be determined by the Directors from time to time.

The Instrument provide for the method of valuation of the assets and liabilities of each Fund and of the Net Asset Value of each Fund.

The assets and liabilities of a Fund will be valued as follows:-

- (a) Assets listed or traded on a stock exchange (other than those referred to at (e) and (g) below) for which market quotations are readily available shall be valued at the last traded price on the principal exchange or market for such investment as at the Valuation Point for the relevant Dealing Day provided that the value of any investment listed on a stock exchange but acquired or traded at a premium or at a discount outside or off the relevant market may be valued taking into account the level of premium or discount at the date of valuation and the Depositary must ensure the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security. Such premiums or discounts thereon above shall be provided by an independent broker or market maker or if such premiums/discounts are unavailable, by the relevant Investment Manager. However, the Directors in agreement with the relevant Investment Manager may adjust the value of investments traded on an over-the-counter market if it considers such adjustment is required to reflect the fair value thereof in the context of currency, marketability, dealing costs and/or such other considerations as are deemed relevant.

If for specific assets the last traded prices do not, in the opinion of the Directors or their delegate, reflect their fair value or are not available, the value shall be calculated with care and in good faith by a competent person, (appointed by the Directors and being approved by the Depositary as a competent person for such purpose) in consultation with the relevant Investment Manager with a view to establishing the probable realisation value for such assets as at the Valuation Point for the relevant Dealing Day.

- (b) If the assets are listed or traded on several stock exchanges or over-the-counter markets, the last traded price on the stock exchange or over-the-counter market which, in the opinion of the Directors or their delegate, constitutes the main market for such assets, will be used.
- (c) In the event that any of the investments as at the Valuation Point for the relevant Dealing Day are not listed or traded on any stock exchange or over-the-counter market, such securities shall be valued at their probable realisation value determined by a competent person (appointed by the Directors as and being approved by the Depositary as a competent person for such purpose) with care and in good faith in consultation with the relevant Investment Manager and approved for the purpose by the depositary. Such probable realisation value will be determined:
- (i) by using the original purchase price;
  - (ii) where there have been subsequent trades with substantial volumes, by using the last traded price provided the Directors or their delegate in consultation with the relevant Investment Manager considers such trades to be at arm's length;
  - (iii) where the Directors or their delegate in consultation with the relevant Investment Manager believes the investment has suffered a diminution in value, by using the original purchase price which shall be discounted to reflect such a diminution;
  - (iv) if the Directors or their delegate in consultation with the relevant Investment Manager believes a mid-quotation from a broker is reliable, by using such a mid-quotation or, if unavailable, a bid quotation.

Alternatively, the Directors or their delegate, in consultation with the relevant Investment Manager, may use such probable realisation value estimated with care and in good faith and as may be recommended

by a competent professional appointed by the Directors and approved for such purpose by the Depositary. Due to the nature of such unquoted securities and the difficulty in obtaining a valuation from other sources, such competent professional may be related to the relevant Investment Manager.

- (d) Cash and other liquid assets will be valued at their face value with interest accrued, where applicable.
- (e) Units or shares in open-ended collective investment schemes will be valued at the latest available net asset value as at the Valuation Point for the relevant Dealing Day and published by the collective investment scheme; units or shares in closed-ended collective investment schemes will, if listed or traded on a stock exchange or regulated market, be valued at the last traded price for such investment as at the Valuation Point for the relevant Dealing Day or, if unrepresentative or unavailable at the probable realisation value, as estimated with care and in good faith by a competent person appointed by the Directors and approved for the purpose by the Depositary.
- (f) Any value expressed otherwise than in the Base Currency of the relevant Fund (whether of an investment or cash) and any non-Base Currency borrowing shall be converted into the Base Currency at the rate which a competent person (being independent from the counterparty), appointed by the Directors and approved for such purpose by the Depositary, deems appropriate in the circumstances.
- (g) Exchange traded derivative instruments will be valued at the last traded price for such instruments on such market as at the Valuation Point for the relevant Dealing Day; if such price is not available such value shall be the probable realisation value estimated with care and in good faith by a competent person appointed by the Directors (and approved for such purpose by the Depositary). Over-the-counter derivative instruments will be valued at the latest valuation for such instruments as at the Valuation Point for the relevant Dealing Day as provided by the counterparty on a daily basis and verified on a weekly basis by a competent person (being independent from the counterparty) appointed by the Directors and approved for such purpose by the Depositary. Alternatively, the value of any over-the-counter derivative contract may be the quotation from an independent pricing vendor or that calculated by the ICAV itself and shall also be valued daily. Where this alternative valuation is used the ICAV must follow international best practice and adhere to specific principles on such valuations established by bodies such as IOSCO and AIMA as specified by the Central Bank in Guidance Note 1/00. Any such alternative valuation must be provided by a competent person appointed by the Directors and approved for the purpose by the Depositary. Any such alternative valuation must be reconciled to the counterparty valuation on a monthly basis. Where significant differences arise these must be promptly investigated and explained.
- (h) Forward foreign exchange contracts shall be valued as at the Valuation Point for the relevant Dealing Day by reference to the freely available market quotations, namely, the price at which a new forward contract of the same size and maturity could be undertaken, or, if unavailable, they shall be valued at the settlement price as at the Valuation Point for the relevant Dealing Day as provided by the counterparty on a daily basis and verified on a weekly basis by a competent person (being independent from the counterparty), appointed by the Directors and approved for such purpose by the Depositary.

Notwithstanding the provisions of paragraphs (a) to (h) above:-

- (i) The Directors or their delegate may, at its discretion in relation to any particular Fund which is a money market Fund, value any investment using the amortized cost method of valuation where such collective investment schemes comply with the Central Bank's requirements for money market funds and where a review of the amortized cost valuation vis-à-vis market valuation will be carried out in accordance with the Central Bank's guidelines.
  - (ii) The Directors or their delegate may, at its discretion, in relation to any particular Fund which is not a money market fund but which invests in money market instruments, value any such money market investment on the basis of the amortised cost method, if the money market instrument has provided that each such on any market instrument being valued using the amortised cost basis of valuation shall be carried out in accordance with the Central Bank's requirements.
- (i) In the event of it being impossible or incorrect to carry out a valuation of a specific investment in accordance with the valuation rules set out in paragraphs (a) to (h) above, or if such valuation is not representative of the security's fair market value, the value shall be estimated with care and in good faith, by a competent person appointed by the Directors (being approved by the Depositary) or by a

competent person, appointed by the Directors and approved for the purpose by the Depositary, using an alternative method approved by the Depositary.

If in any case a particular value is not ascertainable as provided above or if the Directors shall consider that some other method of valuation better reflects the fair value of the relevant investment, then in such case the method of valuation of the relevant investment shall be such as the Directors in their absolute discretion shall determine, provided that such method of valuation is approved by the Depositary. The Board of Directors has delegated to the Administrator, and has authorised the Administrator to consult with the relevant Investment Manager in connection with, the determination of Net Asset Value and the Net Asset Value per Share of each Class of each Fund.

Notwithstanding the generality of the foregoing, the Directors may with the approval of the Depositary adjust the value of any investment if taking into account currency, marketability and/or such other considerations as they may deem relevant, such as, applicable rate of interest, anticipated rate of dividend, maturity or liquidity, they consider that such adjustment is required to reflect the fair value thereof.

### **SUSPENSION OF CALCULATION OF NET ASSET VALUE**

The Directors may at any time temporarily suspend the calculation of the Net Asset Value of any Fund and the subscription, repurchase and exchange of Shares and the payment of Repurchase Proceeds during:

- (i) any period when any of the Markets on which a substantial portion of the investments of the relevant Fund are quoted, listed or dealt in is closed, otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended; or
- (ii) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of a substantial portion of the investments of the relevant Fund is not reasonably practicable without this being seriously detrimental to the interests of Shareholders of the relevant Fund or if, in the opinion of the Directors, the Net Asset Value of the Fund cannot be fairly calculated; or
- (iii) any breakdown in the means of communication normally employed in determining the price of a substantial portion of the investments of the relevant Fund, or when, for any other reason the current prices on any Market of any of the investments of the relevant Fund cannot be promptly and accurately ascertained; or
- (iv) any period during which any transfer of funds involved in the realisation or acquisition of investments of the relevant Fund cannot, in the opinion of the Directors, be effected at normal prices or rates of exchange; or
- (v) any period when the Directors are unable to repatriate funds required for the purpose of making payments due on the repurchase of Shares in the relevant Fund; or
- (vi) any period the Directors consider it to be in the best interest of the ICAV and/or the relevant Fund; or
- (vii) following the circulation to Shareholders of a notice of a general meeting at which a resolution proposing to wind up the ICAV or terminate the relevant Fund is to be considered.

Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

Shareholders who have requested subscriptions or repurchases of Shares of any Class or exchanges of Shares of one Class to another will be notified of any such suspension in such manner as may be directed by the Directors and, unless withdrawn but subject to the limitation referred to above, their requests will be dealt with on the first relevant Dealing Day after the suspension is lifted. Any such suspension will be notified on the same Business Day to the Central Bank and, in relation to applicable Shares, as requested by the Irish Stock Exchange and the competent authorities in the jurisdictions in which the Shares are marketed. Details of any such suspension will also be notified to all Shareholders and will be published in a newspaper circulating in an appropriate jurisdiction, or such others as the Directors may determine if, in the opinion of the Directors, it is likely to exceed 14 days.

## NOTIFICATION OF PRICES

The issue price and Repurchase Price of each Class of Shares of each Fund will be available from the Administrator, will be notified without delay, if the relevant Shares are listed on the Irish Stock Exchange, to the Irish Stock Exchange and may be published on each Business Day in one or more financial newspapers in such countries where the Funds are distributed to the public. Such prices will usually be the prices applicable to the previous Dealing Day's trades and are therefore only indicative.

The issue price and Repurchase Price of each Class of Shares of each Fund may be available on the following website [www.davy.ie](http://www.davy.ie) (which will be kept up to date) and by any other means as may be set out in the Supplement for the relevant Fund. Access may be restricted and it is not an invitation to subscribe for purchase, convert, sell or redeem Shares.

## FORM OF SHARES, SHARE CERTIFICATES AND TRANSFER OF SHARES

Shares entered on the register of the ICAV will be in non-certificated form and share certificates will not be issued. Contract notes providing details of the trade will normally be issued within four Banking Days of the relevant Dealing Day. Written confirmation of ownership evidencing entry in the register will normally be issued on a monthly basis upon receipt of all original documentation required by the Administrator.

The transfer of Shares by a Shareholder shall be effected by an instrument in writing in common form or in any other form approved by the Directors and signed by (or, in the case of a transfer by a body corporate, signed on behalf of or sealed by) the transferor. Transferees will be required to complete an Application Form and provide any other identity verification documentation required by the Administrator. In the case of the death of one of joint Shareholders, the survivor or survivors will be the only person or persons recognised by the ICAV as having any title to or interest in the Shares registered in the names of such joint Shareholders.

The Directors in their absolute discretion and without assigning any reason therefore may decline to register any transfer of a Share to (i) a U.S. Person (unless permitted under certain exceptions under the laws of the United States) or; (ii) any person who does not clear such money laundering checks as the Directors may determine; or (iii) any person who appears to be in breach of any law or requirement of any country or government authority or by virtue of which such person is not qualified to hold such Shares; or (iv) any person or persons in circumstances (whether directly or indirectly affecting such person or persons, and whether taken alone or in conjunction with any other person or persons, connected or not, or any other circumstances appearing to the Directors to be relevant) which, in the opinion of the Directors, might result in the ICAV, the relevant Fund or its Shareholders incurring any liability to taxation or suffering any other pecuniary legal or material administrative disadvantages or being in breach of any law or regulation which the ICAV, the relevant Fund or its Shareholder might not otherwise have incurred, suffered or breached; or (v) an individual under the age of 18 (or such other age as the Directors may think fit) or of unsound mind; or (vi) any person unless the transferee of such Shares would, following such transfer, be the holder of Shares equal to or greater than the Minimum Initial Investment Amount (where relevant); or (vii) any person in circumstances where as a result of such transfer the transferor or transferee would hold less than the Minimum Shareholding; or (viii) any person where in respect of such transfer any payment of taxation remains outstanding.

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## FEES AND EXPENSES

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### **Fees and Expenses Payable by the ICAV**

The ICAV may pay out of the assets of each Fund the Management Fee and all other fees as described below.

#### ***Management Fee***

Management Fee means the fees payable by the ICAV for each Fund in respect of the ordinary fees, expenses and costs incurred by that Fund that include Investment Management Fees and any performance fees as set out in the Supplement for each relevant Fund and as further described below:

#### ***Investment Management Fees***

In accordance with and subject to the terms of the Investment Management Agreement, the annual Investment Management Fee will be a percentage of the net assets of each Fund or Class of Shares or the Initial Issue Price (as will be indicated in the Supplement as appropriate). Investment Management Fees are payable periodically at a rate which is within a range specified in the relevant Supplement of each Fund. The Investment Management Fee will be calculated upon each Dealing Day. An Investment Manager shall also be entitled to all of its reasonably incurred out of pocket expenses. An Investment Manager may also be entitled to receive a performance or incentive fee and details of such fee shall be set out in the Supplement for the relevant Fund. Fees payable to the Distributor, any sub-investment manager or investment adviser may be paid out of the Investment Management Fees.

Other fees and expenses which may be paid out of the assets of each Fund include:

#### ***Distributor's Fees***

The fees payable to a distributor (which will be at normal commercial rates) which are normally due under a distribution agreement (including any reasonably incurred expenses) may be paid out of the assets of the ICAV on behalf of a Fund where this is disclosed in the relevant Supplement. Fees payable to any Sub-Distributor may be paid out of the distributor's fees.

#### ***Administrator's Fees***

According to the Administration Agreement, the ICAV shall pay to the Administrator a fee for its services as administrator, registrar and transfer agent. Details of the Administrator's fees will be set out in the Supplement(s).

#### ***Depositary's Fees***

According to the Depositary Agreement, the ICAV shall pay to the Depositary a fee for its services as Depositary of the assets of each Fund of the ICAV. Details of the Depositary's fees will be set out in the Supplement(s). The fee will be calculated on the basis of a percentage of the net assets of each Fund under the custody of the Depositary, and are subject to a minimum fee as disclosed in the Supplement for the relevant Fund. The fees and reasonable and properly vouched disbursements and expenses of sub-custodians will be charged at normal commercial rates.

#### ***Directors Fees***

Directors will receive an annual fee as agreed between the ICAV and the Directors. Directors fees , will be accrued on each Dealing Day, provided however that the aggregate emoluments of all Directors in respect of any twelve Month accounting period shall not exceed a maximum of €60,000 such other amount as may be approved by a resolution of the Directors. Directors that are associated with the Distributor will waive their right to receive such fees.

#### ***Other Administrative Expenses***

Other Administrative Expenses include but are not limited to; organisation and registration costs; licence fees payable to licence holders of an index or of any software; expenses for legal and auditing services; stamp duties; all taxes and VAT; company secretarial fees; any costs incurred in respect of meetings of Shareholders; marketing and distribution costs; investment transaction charges; costs incurred in respect of the distribution of income to Shareholders; the fees and expenses of any paying agent which shall be at normal commercial rates together with VAT, if any, thereon, and borne by the ICAV or Fund in respect of which a paying agent is appointed or representative appointed in compliance with the requirements of another jurisdiction; any amount payable under indemnity provisions contained in the Instrument or any agreement with any appointee of the



ICAV; cost of any proposed listings and maintaining such listings; all reasonable out-of-pocket expenses of the Board of Directors; foreign registration fees and fees relating to the maintenance of such registrations including translation costs and local legal costs and other expenses due to supervisory authorities in various jurisdictions and local representatives' remunerations in foreign jurisdictions; insurance; interest; the costs of printing and distributing this Prospectus and any costs incurred as a result of periodic updates of this Prospectus or the relevant Supplement, reports, accounts and any explanatory memoranda, any necessary translation fees, any fees in respect of circulating details of the Net Asset Value and such other information which is required to be published in the different jurisdictions, or of a change in law or the introduction of any new law (including any costs incurred as a result of compliance with any applicable code, whether or not having the force of law) may also be paid out of the assets of the ICAV.

### ***Setting Up Costs***

The set up costs for the ICAV have been borne by the Distributor.

Costs for setting up each Fund may be borne by the ICAV or the relevant Investment Manager and will be charged to the relevant Fund. Such costs will be disclosed in the relevant Supplement and they may be amortised over the first five years of that Fund's operation (or such other period as may be determined by the Directors at their discretion).

These costs and expenses may, subject to approval, be amortised on a straight line basis over five years from the date on which the relevant Fund commenced business. The Directors may in their absolute discretion, but following consultation with the Depositary, shorten the period over which such expenses are amortised.

### ***Transaction Fees***

Transaction Fees are any fees and expenses incurred in buying and selling securities or other investments held by a Fund, e.g., brokerage costs and commissions and correspondence fees for transferring securities or investments or other interests, unless otherwise specified in the relevant Supplement.

### ***Extraordinary Expenses***

The ICAV shall be liable for Extraordinary Expenses including, without limitation, expenses relating to litigation costs and any tax, levy, duty or similar charge imposed on the ICAV or its assets that would otherwise not qualify as ordinary expenses. Extraordinary Expenses are accounted for on a cash basis and are paid when incurred or invoiced on the basis of the Net Asset Value of each Fund to which they are attributable. Extraordinary Expenses are allocated across each Class of Shares on a pro-rata basis.

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## TAXATION

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### Taxation

**The following statements are by way of a general guide to potential investors and Shareholders only and do not constitute legal or taxation advice. Shareholders and potential investors are therefore advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.**

Shareholders and potential investors should note that the following statements on taxation are based on advice received by the Directors regarding the law and practice in force in the relevant jurisdiction at the date of this Document and proposed regulations and legislation in draft form and are not exhaustive. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the ICAV will endure indefinitely, as the basis for and rates of taxation can fluctuate.

### Irish Taxation

The Directors have been advised that on the basis that the ICAV is resident in Ireland for taxation purposes the taxation position of the ICAV and the Shareholders is as set out below.

### The ICAV

The ICAV will be regarded as resident in Ireland for tax purposes if the central management and control of its business is exercised in Ireland and the ICAV is not regarded as resident elsewhere. It is the intention of the Directors that the business of the ICAV will be conducted in such a manner as to ensure that it is Irish resident for tax purposes.

The Directors have been advised that the ICAV qualifies as an investment undertaking as defined in Section 739B of the TCA. Under current Irish law and practice, the ICAV is not chargeable to Irish tax on its relevant income and relevant gains.

However, a charge to tax can arise on the happening of a "chargeable event" in the ICAV. A chargeable event includes any payments to Shareholders or any distribution, encashment, redemption, cancellation, transfer and also includes a Deemed Disposal of Shares.

A chargeable event does not include:

- (a) An exchange by a Shareholder, effected by way of an arm's length bargain where no payment is made to the Shareholder, of Shares in the ICAV for other Shares in the ICAV;
- (a) Any transactions (which might otherwise be a chargeable event) in relation to shares held in a Recognised Clearing System as designated by order of the Irish Tax Authorities;
- (b) A transfer by a Shareholder of the entitlement to a Share where the transfer is between spouses or civil partners and former spouses or former civil partners, subject to certain conditions;
- (c) An exchange of Shares arising on a qualifying amalgamation or reconstruction (within the meaning of Section 739H of the TCA) of the ICAV with another investment undertaking; or
- (d) An exchange of Shares arising on a scheme of amalgamation (within the meaning of Section 739D(8C) TCA), subject to certain conditions.

If the ICAV becomes liable to account for tax on the happening of a chargeable event, the ICAV shall be entitled to deduct from the payment arising on such chargeable event an amount equal to the tax and/or where applicable, to appropriate or cancel such number of Shares held by the Shareholder or the beneficial owner of the Shares as are required to meet the amount of tax. The relevant Shareholder shall indemnify and keep the ICAV indemnified against loss arising to the ICAV by reason of the ICAV becoming liable to account for tax on

the happening of a chargeable event if no such deduction, appropriation or cancellation has been made.

Where the chargeable event is a Deemed Disposal and the percentage value of Shares held by Irish Residents is less than 10% of the total value of the Shares in the ICAV, and the ICAV has made an election to report annually to the Irish Tax Authorities certain details for each Irish Resident Shareholder, the ICAV will not be obliged to deduct tax. The Shareholder must instead pay tax on the Deemed Disposal on a self-assessment basis. Irish Resident Shareholders should contact the ICAV to ascertain whether the ICAV has made such an election in order to establish their responsibilities to account for Irish tax. Credit is available against tax relating to a chargeable event for tax paid by the ICAV or the Shareholder on any previous Deemed Disposal. On the eventual disposal by the Shareholder of their Shares, a refund of any unutilised credit will be payable. To the extent that any tax arises on such a chargeable event, such tax will be allowed as a credit against any tax payable on the subsequent redemption, cancellation or transfer of the relevant Shares. In the case of Shares held in a recognised clearing system, the Shareholders may have to account for the tax arising at the end of a relevant period on a self-assessment basis.

## Taxation of Shareholders

### *Non-Irish Residents*

Non-Irish Resident Shareholders will not generally be chargeable to Irish tax in respect of their Shares. No tax will be deducted by the ICAV provided that either:

- (a) the ICAV is in possession of a signed and completed Relevant Declaration from such Shareholder to the effect that the Shareholder is not an Irish Resident; or
- (b) the ICAV is in possession of written notice of approval from the Irish Tax Authorities to the effect that the requirement to provide a Relevant Declaration is deemed to have been complied with in respect of that Shareholder and the written notice of approval has not been withdrawn (the “**Equivalent Measures Regime**”).

If the ICAV is not in possession of a Relevant Declaration or a written notice of approval, or the ICAV is in possession of information which would reasonably suggest that the information contained in the Relevant Declaration or written notice of approval is not or is no longer materially correct, the ICAV must deduct tax on the happening of a chargeable event in relation to such Shareholders. The tax deducted will generally not be refunded.

In the absence of such a Relevant Declaration or a written notice of approval, the ICAV must presume that the Shareholder is Irish Resident and the ICAV will deduct tax (at the rates set out below) on the happening of a chargeable event in relation to such Shareholder.

Intermediaries acting on behalf of non-Irish Resident Shareholders can claim the same exemption (as above) on behalf of the Shareholders for whom they are acting provided that the ICAV is not in possession of any information which would reasonably suggest that the information provided by an Intermediary is incorrect. The Intermediary must state in the Relevant Declaration that to the best of its knowledge the Shareholders on whose behalf it acts are not Irish Resident.

A non-Irish Resident corporate Shareholder which holds Shares directly or indirectly by or for a trading branch or agency of the Shareholder in Ireland, will be liable to Irish corporation tax on income from the Shares or gains made on the disposal of the Shares.

No chargeable event will arise in relation to a Shareholder who is not Irish Resident at the time of the chargeable event or in relation to an Irish Resident Shareholder which is an Exempt Investor (as defined below) provided in each case that a Relevant Declaration has been provided to the ICAV by the Shareholder.

Distributions of income and capital gains in respect of assets situated in countries other than Ireland may be subject to taxes including withholding taxes imposed by such countries. The ICAV may not be able to benefit from a reduction in the rate of withholding tax by virtue of the double taxation treaties in operation between Ireland and other countries. The ICAV may not therefore be able to reclaim withholding tax suffered by it in particular countries. If this position changes in the future and the application of a lower rate results in a repayment to the ICAV, the Net Asset Value of the ICAV will not be restated and the benefit will be allocated to the then-existing Shareholders rateably at the time of repayment.

### *Taxable Irish Residents*

An Irish Resident Shareholder who is not an Exempt Investor will have tax deducted at the rate of 41% in respect of any distributions made by the ICAV and on any gain arising on a sale, transfer, Deemed Disposal (subject to the 10% threshold outlined above), redemption, repurchase or cancellation of Shares. Any gain will be computed on the difference between the value of the Shareholder's investment in the ICAV at the date of the chargeable event and the original cost of the investment as calculated under special rules. The ICAV will be entitled to deduct such tax from payments or redeem and cancel such number of Shares as are required to meet the tax in respect of the relevant Shareholder and will pay the tax to the Irish Tax Authorities.

Where the Shareholder is an Irish Resident company and the ICAV is in possession of a Relevant Declaration from the Shareholder that it is a company and which includes the company's tax reference number, tax will be deducted by the ICAV from any distributions made by the ICAV to the Shareholder and from any gains arising on a redemption, repurchase, cancellation or other disposal of shares by the Shareholder at the rate of 25%.

Refunds of tax where a Relevant Declaration could be made but was not in place at the time of a chargeable event are generally not available except in the case of certain corporate Shareholders within the charge to Irish corporation tax.

An Irish Resident Shareholder who is not a company and who is not an Exempt Investor (and has therefore had tax deducted), will not be liable to any further income or capital gains tax in respect of any sale, transfer, Deemed Disposal, redemption, repurchase, cancellation of Shares or the making of any other payment in respect of their Shares.

Where an Irish Resident Shareholder is not a company and tax has not been deducted, the payment shall be treated as if it were a payment from an offshore fund and the Shareholder will be liable to account for income tax at the rate of 41% on the payment or on the amount of the gain under the self-assessment system and in particular, Part 41A of the TCA. No further Irish tax will be payable by the Shareholder in respect of that payment or gain.

Where an Irish Resident Shareholder is a company which is not an Exempt Investor (and has therefore had tax deducted), and the payment is not taxable as trading income under Schedule D Case I, the Shareholder will be treated as having received an annual payment chargeable to tax under Case IV of Schedule D from which tax at the rate of 25% (or 41% if no Relevant Declaration has been made) has been deducted. In practice, where tax at a rate higher than 25% has been deducted from payments to a corporate Shareholder resident in Ireland, a credit of the excess tax deducted over the higher corporation tax rate of 25% should be available:

- (a) Where an Irish Resident Shareholder is a company which is not an Exempt Investor (and has therefore had tax deducted), and the payment is taxable as trading income under Schedule D Case I, therefore the amount received by the Shareholder is increased by any amount of tax deducted and will be treated as income of the Shareholder for the chargeable period in which the payment is made;
- (b) where the payment is made on the sale, transfer, Deemed Disposal, redemption, repurchase or cancellation of Shares, such income will be reduced by the amount of consideration in money or money's worth given by the Shareholder for the acquisition of those Shares; and
- (c) the amount of tax deducted will be set off against the Irish corporation tax assessable on the Shareholder in respect of the chargeable period in which the payment is made.

Where an Irish Resident Shareholder is a company and tax has not been deducted, the amount of the payment will be treated as income arising which is chargeable to Irish tax. Where the payment is in respect of the sale, transfer, cancellation, redemption, repurchase or transfer of Shares, such income shall be reduced by the amount of the consideration in money or money's worth given by the Shareholder on the acquisition of the Shares. Where the payment is not taxable as trading income for the company, it will be chargeable to tax under Schedule D Case IV. Where the payment is taxable as trading income for the company, it will be chargeable to tax under Schedule D Case I.

Should an excess payment of tax arise on the redemption of Shares as a result of tax paid on an earlier Deemed Disposal in respect of the Shareholder, the ICAV, on election in writing to the Revenue Commissioners and notification in writing to the Shareholder, is not obliged to process the refund arising on behalf of the Shareholder provided the value of the Shares held by the Shareholder does not exceed 15% of the total value of the Shares in the ICAV. Instead the Shareholder should seek such a repayment directly from the Revenue Commissioners. Irish legislation also provides in the case of a Deemed Disposal for the making of an

irrevocable election by the ICAV to value the Shares at the later of 30 June or 31 December immediately prior to the date of the Deemed Disposal, rather than on the date of the Deemed Disposal.

Other than in the instances described above the ICAV will have no liability to Irish taxation on income or chargeable gains.

### *Reporting*

Pursuant to Section 891C of the TCA and the Return of Values (Investment Undertakings) Regulations 2013, the ICAV is obliged to report certain details in relation to Shares held by investors to the Irish Tax Authorities on an annual basis. The details to be reported include the name, address and date of birth if on record of, and the value of the Shares held by, a Shareholder. In respect of Shares acquired on or after 1 January 2014, the details to be reported also include the tax reference number of the Shareholder (being an Irish tax reference number or VAT registration number, or in the case of an individual, the individual's PPS number) or, in the absence of a tax reference number, a marker indicating that this was not provided. No details are to be reported in respect of Shareholders who are:

- (a) Exempt Investors;
- (b) Shareholders who are neither Irish Resident nor ordinarily resident in Ireland (provided a Relevant Declaration has been made); or
- (c) Shareholders whose Shares are held in a recognised clearing system.

### *Exempt Investors*

Tax will not be deducted on the happening of a chargeable event in respect of Shares held by Exempt Investors where the ICAV is in possession of a Relevant Declaration in relation to such Shares. It is the Exempt Investor's obligation to account for any tax to the Irish Tax Authorities and return such details as are required to the Irish Tax Authorities. It is also the Exempt Investor's obligation to notify the ICAV if it ceases to be an Exempt Investor.

Exempt Investors in respect of whom the ICAV is not in possession of a Relevant Declaration will be treated by the ICAV in all respects as if they are not Exempt Investors (see above).

Exempt Investors may be liable to Irish tax on their income, profits and gains in relation to any sale, transfer, repurchase, redemption or cancellation of Shares or dividends or distributions or other payments in respect of their Shares.

## **Other Taxes**

### *Personal Portfolio Investment Undertaking*

An investment undertaking such as the ICAV will be considered to be a personal portfolio investment undertaking ("**PPIU**") in relation to a specific Irish Resident Shareholder where that Shareholder can influence the selection of some or all of the property of the undertaking. The undertaking will only be a PPIU in respect of those individuals who can influence the selection. The tax deducted on the happening of a chargeable event in relation to a PPIU will be at the rate of 60% (or 80% where details of the payment/disposal are not correctly included in the individual's tax returns). An investment undertaking is not a PPIU if the property which may or has been selected was acquired on arm's length terms as part of a general offering to the public.

### *Currency Gains*

Where a currency gain is made by an Irish Resident Shareholder on the disposal of Shares, such Shareholder may be liable to capital gains tax in respect of such gain in the year of assessment in which the Shares are disposed of.

### *Stamp Duty*

Generally no stamp, documentary, transfer or registration tax is payable in Ireland on the issue, sale, transfer, redemption, repurchase, cancellation of or subscription for Shares on the basis that the ICAV qualifies as an

investment undertaking within the meaning of Section 739B TCA. If any redemption is satisfied by the transfer in specie to any Shareholder of any Irish assets, a charge to Irish stamp duty may arise.

### *Capital Acquisitions Tax*

Provided the ICAV continues to qualify as an investment undertaking as defined by Section 739B TCA any Shares which are comprised in a gift or an inheritance will be exempt from capital acquisitions tax ("**CAT**") and will not be taken into account in computing CAT on any gift or inheritance taken by the donee or successor if:

- (a) the Shares are comprised in the gift or inheritance at the date of the gift or at the date of the inheritance, and at the relevant valuation date;
- (b) at the date of the disposition, the Shareholder making the disposition is neither domiciled nor ordinarily resident in Ireland; and
- (c) at the date of the gift, or at the date of the inheritance, the donee or successor is not domiciled or ordinarily resident in Ireland.

### **EU Savings Tax Directive**

In accordance with EC Council Directive 2003/48/EC regarding the taxation of interest income, a paying agent (within the meaning of the Directive) who makes a payment of interest (which may include an income or capital distribution payment) on behalf of a Fund to an individual who is resident in another EU Member State or a residual entity established in another EU Member State, is required to provide details of those payments (which includes certain payments made by collective investment undertakings) and certain details relating to the Shareholders of the Fund to the Irish Tax Authorities. The Irish Tax Authorities are obliged to provide such information to the competent authorities of the EU Member State of residence of the individual or residual entity concerned.

The European Commission has proposed to repeal the repeal of the EU Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and DAC II.

### **FATCA Implementation in Ireland**

On 21 December 2012, the governments of Ireland and the United States signed the *Agreement Between the Government of Ireland and the Government of the United States of America to Improve International Tax Compliance and to Implement FATCA* (the "**IGA**"). This agreement will significantly increase the amount of tax information automatically exchanged between Ireland and the United States. It provides for the automatic reporting and exchange of information in relation to accounts held in Irish FIs by U.S. persons and the reciprocal exchange of information regarding U.S. financial accounts held by Irish residents. It is likely that the ICAV will be classified as an Irish FI and will be subject to these rules.

The IGA provides that Irish FIs will report to the Irish Tax Authorities in respect of U.S. account-holders and, in exchange, U.S. financial institutions will be required to report to the U.S. Internal Revenue Service in respect of any Irish-resident account-holders. The two tax authorities will then automatically exchange this information on an annual basis. Irish legislation implementing the IGA was signed into law on 20 June 2014.

The ICAV (and / or the Administrator or the Investment Manager) shall be entitled to require investors to provide any information regarding their tax status, identity or residency in order to satisfy any reporting requirements which the ICAV may have as a result of the IGA or the Irish implementing legislation promulgated in connection with the agreement and investors will be deemed, by their subscription for or holding of Shares to have authorised the automatic disclosure of such information by the issuer or any other person to the relevant tax authorities.

There can be no assurance that payments to the ICAV in respect of its assets, including on an investment will not be subject to withholding under FATCA. Accordingly a shareholder should consult its own tax advisors as to the potential implication of the U.S. withholding taxes on the Shares before investing.

### **CRS Implementation in Ireland**

The common reporting standard framework was first released by the OECD in February 2014 as a result of the G20 members endorsing a global model of automatic exchange of information in order to increase international tax transparency. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters was published by the OECD and this includes the Common Reporting Standard (the "CRS" or the "Standard"). The goal of the Standard is to provide for the annual automatic exchange between governments of financial account information reported to them by local Financial Institutions (FIs) relating to account holders who are tax resident in other participating countries.

Over 95 jurisdictions have committed to exchanging information under the Standard and a group of 50 countries, including Ireland, have committed to the early adoption of the CRS from 1 January 2016 (known as the 'Early Adopter Group') with the first data exchanges taking place in September 2017. All EU Member States (with the exception of Austria) are members of the Early Adopter Group.

Ireland became a signatory to the Multilateral Competent Authority on Automatic Exchange of Financial Account Information which adopts and implements CRS on 29 October 2014. Enabling legislation for CRS was included in Ireland's Finance Act 2014. Irish Regulations providing the legal basis for the operation of the CRS will be effective from 1 January 2016 and will involve the collection and reporting of financial account information by Irish FIs. Ireland has elected to adopt the "wider approach" to the Standard. This means that Irish FIs will collect and report information to the Irish Tax Authorities on all account holders rather than just account holders who are resident in a jurisdiction that has adopted the Standard. The Irish Tax Authorities will then disseminate this information to the jurisdictions with whom they need to exchange information.

It is expected that the ICAV will be classified as an Irish FI and will be obliged to report to the Irish Tax Authorities in respect of CRS. The relevant information must be reported to the Irish Tax Authorities by 30 June in each year, with the first CRS return due on 30 June 2017 in respect of the 2016 calendar year.

Directive 2014/107/EU (DAC II) implements CRS in a European context and creates a mandatory obligation for all EU member states (excluding Austria) to exchange financial account information in respect of the 2016 calendar year in 2016 by 2017. The Irish Tax Authorities will issue regulations to implement the requirements of DAC II into Irish law and have indicated that Irish FIs (such as the ICAV) will be obliged to make a single return in respect of the Standard and DAC II.

## **UNITED STATES TAXATION**

The tax status of the ICAV and its Shareholders under the tax laws of the United States is summarised below. The summary is based on the assumption that the ICAV and each Fund is owned, managed and operated as contemplated. The summary is considered to be a correct interpretation of existing laws as applied at the date of this Prospectus, but no representation is made or intended by the ICAV (i) that changes in such laws or their application or interpretation will not be made in the future or (ii) that the IRS will agree with the above-described interpretation as applied to the method of operation of the ICAV. Persons interested in subscribing for the ICAV's Shares should consult their own tax advisers with respect to the tax consequences, including the income tax consequences, if any, to them of the purchase, holding, redemption, sale or transfer of Shares.

The treatment of entities with segregated sub-funds such as the ICAV is not entirely clear for U.S. federal income tax purposes. Such entities may be treated as a single entity for such purposes or each segregated sub-fund could be treated as a separate entity for such purposes. The ICAV intends to treat each Fund as a separate entity for U.S. federal income tax purposes, although there is no assurance that the IRS will agree with this treatment. The remainder of this discussion assumes that each Fund of the ICAV will be treated as a separate entity for U.S. federal income tax purposes. Each Fund intends to be treated as a corporation for U.S. federal income tax purposes.

**PFIC Status.** As noted above, Shares may be sold to a limited number of United States investors which are qualified pension, profit sharing and other retirement trusts or other tax-exempt organizations ("**U.S. Exempt Shareholders**"). Each Fund will be a "passive foreign investment company" ("**PFIC**") as defined in Code section 1297. The ICAV does not furnish information necessary for a United States person to treat a Fund as a "qualified electing fund" in the event that a United States person that is not a U.S. Exempt Shareholder is considered to own Shares under the constructive ownership rules of Code section 1298.

**Unrelated Business Taxable Income.** While a Fund may purchase securities on margin, borrow money and otherwise utilize leverage in connection with their investments, under current law such leverage should not be attributed to, or otherwise flow through to, U.S. Exempt Shareholders in the ICAV. Accordingly, assuming a U.S. Exempt Shareholder does not borrow money or otherwise utilize leverage to purchase its Shares, the U.S. Exempt Shareholder generally should not realize "unrelated debt-financed income" as defined in Code

section 514 or “unrelated business taxable income” as defined in Code section 512 with respect to its investment in the ICAV and generally should not be subject to United States federal income tax under the PFIC provisions of the Code with respect to its investment in the ICAV.

Information Reporting. U.S. Exempt Shareholders may be subject to certain IRS filing requirements. For example, pursuant to Code section 6038B, a United States person which transfers property (including cash) to a foreign corporation in exchange for stock in the corporation is in some cases required to file an information return with the IRS with respect to such transfer. An U.S. Exempt Shareholders should take advice from an appropriately qualified US tax advisor.

### **Other Jurisdictions**

As Shareholders are no doubt aware, the tax consequences of any investment can vary considerably from one jurisdiction to another, and ultimately will depend on the tax regime of the jurisdictions within which a person is tax resident. Therefore, the Directors strongly recommend that Shareholders obtain tax advice from an appropriate source in relation to the tax liability arising from the holding of Shares relating to a Fund and any investment returns from those Shares.

**THE TAX AND OTHER MATTERS DESCRIBED IN THIS PROSPECTUS DO NOT CONSTITUTE, AND SHOULD NOT BE CONSIDERED AS, LEGAL OR TAX ADVICE TO PROSPECTIVE SHAREHOLDERS.**



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## GENERAL INFORMATION

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### **Reports and Accounts**

The ICAV's year end is 30 April in each year. The annual report and audited accounts of the ICAV or a Fund, as appropriate will, if Shares of a Fund are listed on the Irish Stock Exchange, be sent to the Irish Stock Exchange and made available to Shareholders within four Months after the conclusion of each accounting year. The ICAV will also prepare unaudited semi-annual reports which will be made available to Shareholders within two months after 31 October in each year and will be sent to the Irish Stock Exchange if a Fund is listed.

Such reports and accounts will contain a statement of the Net Asset Value of each Fund and of the investments comprised therein as at the end of such period.

The Directors may send such reports and accounts electronically to Shareholders in accordance with the requirements of the Central Bank.

### **Incorporation and Share Capital**

The ICAV was originally incorporated and registered in Ireland under the Companies Act as an open-ended umbrella investment company with variable capital and with segregated liability between sub funds on 13 April 2010 registered number 483111. The ICAV subsequently converted to an Irish collective asset-management vehicle in accordance with the requirements of the Act on 16 February 2016.

At the date hereof

- the authorised share capital of the ICAV is 2 subscriber shares ("**subscriber shares**") of €1 each and 1,000,000,000,000 shares of no par value initially designated as unclassified shares and available for issue as Shares.
- the issued share capital of the ICAV is €2 represented by 2 subscriber shares issued for the purpose of incorporation of the ICAV at an issue price of €1.

The unclassified shares are available for issue as Shares. The issue price is payable in full on acceptance. There are no rights of pre-emption attaching to the Shares in the ICAV.

Subject to the exceptions set out under "Transfer of Shares" below and any further restrictions as set out in the Supplement of the relevant Fund, the Shares issued by the ICAV are freely transferable.

The right of holders of any Shares to participate in the assets of the ICAV is limited to the assets (if any) of the Fund relating to such Shares. If the realised net assets of any Fund are insufficient to pay any amounts due on the relevant Shares in full in accordance with the Supplement and the Instrument, the relevant Shareholders will have no further right of payment in respect of such Shares or any claim against any other Fund or any other assets of the ICAV. Each Shareholder's right to any return of capital or income on the Shares is subject to this Prospectus, the relevant Supplement and the Instrument generally.

If a Fund has two or more Classes of Shares, the claims of the holders of such Classes to the assets of the relevant Fund will, subject to the terms of the relevant Fund, rank *pari passu* with each other, and, on a winding-up of the ICAV, the holders of each such Class will participate in the assets (if any) comprised in such Fund *pro rata* to the amount paid up on the Shares of each such Class. Each separate Class relating to one Fund will have recourse only to the assets comprised within the relevant Fund. Consequently, if on any Scheduled Maturity Date or on the winding-up of the ICAV, the assets of a Fund (after payment of all fees, expenses and other liabilities (other than amounts owing to Shareholders) which are to be borne by such Fund) are insufficient to pay the full Repurchase Proceeds payable in respect of all Classes of Shares relating to the relevant Fund, the proceeds of the relevant Fund will be distributed equally amongst each Shareholder of the relevant Fund *pro rata* to the amount paid up on the Shares held by each Shareholder. See "Risk Factors – Cross Liability between Classes".

## **Instrument of Incorporation**

The sole object of the ICAV, as set out in the Instrument, is the collective investment of funds in instruments and giving members of the ICAV the benefit of the results of the management of its funds. The ICAV may take any measure and carry out any operations which it may deem useful or necessary to the accomplishment and development of its purpose to the fullest extent permitted by the Regulations.

The Instrument contains provisions to the following effect:

1. **Directors' Authority to Allot Shares.** The Directors are generally and unconditionally authorised to exercise all powers of the ICAV to allot relevant securities, including fractions thereof, up to an amount equal to the authorised but as yet unissued share capital of the ICAV;
2. **Variation of rights.** The rights attached to any Class may be varied or abrogated with the consent in writing of the holders of three-fourths in number of the issued Shares of that Class, or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the Shares of the Class, and may be so varied or abrogated either whilst the ICAV is a going concern or during or in contemplation of a winding-up but such consent or sanction will not be required in the case of a variation, amendment or abrogation of the rights attached to any Shares of any Class if, in the view of the Directors, such variation, amendment or abrogation does not materially prejudice the interests of the relevant Shareholders or any of them. Any such variation, amendment or abrogation will be set out in a supplement to (or restatement of) the relevant Supplement originally issued in connection with the relevant Shares, a copy of which will be sent to the relevant Shareholders entered on the register on the date of issue of such document and will be binding on the relevant Shareholders. The quorum at any such separate general meeting, other than an adjourned meeting, shall be two persons holding or representing by proxy at least one third of the issued Shares of the Class in question and the quorum at an adjourned meeting shall be one person holding Shares of the Class in question or his proxy;
3. **Modification of the Instrument.** The Directors and the Depositary shall, subject to the prior approval of the Central Bank, be entitled to modify, alter or add to the provisions of the Instrument in such manner and to such extent as they may consider necessary or expedient for any purpose other than one which would result in the ICAV ceasing to comply with the terms of the Regulations; provided that (i) the Depositary has certified in writing that in its opinion such modification, alteration or addition does not prejudice the interests of the Shareholders and does not relate to any such matter as may be specified by the Central Bank as one in the case of which an alteration may be made only if approved by the Shareholders; or (ii) such modification, alteration or addition has been approved by Ordinary Resolution.
4. **Voting Rights.** The ICAV may issue Voting Shares and Non-Voting Shares. The Non-Voting Shares carrying no right to notice of, attend or vote at general meetings of the ICAV or any Fund. In respect of the Voting Shares, subject to any rights or restrictions for the time being attached to any Class or Classes of Voting Shares, on a show of hands every holder who is present in person or by proxy shall have one vote and the holder(s) of subscriber shares present in person or by proxy shall have one vote in respect of all the subscriber shares in issue and on a poll every holder present in person or by proxy shall have one vote for every Voting Share of which he is the holder and every holder of a subscriber share present in person or by proxy shall have one vote in respect of his holding of subscriber shares. On a poll of all the holders of Shares in a Fund, where there is more than one Class of Shares in existence in that Fund, the voting rights of such holders may at the discretion of the Directors be adjusted in such manner, determined by the Directors, so as to reflect the most recently calculated price at which the Shares of each of the Classes in question may be repurchased by the ICAV. Holders who hold a fraction of a Voting Share may not exercise any voting rights, whether on a show of hands or on a poll, in respect of such fraction of a Voting Share. In accordance with the requirements of the Central Bank, the decision to subscribe for any Class of Shares in respect of which the voting rights are restricted shall be made solely by the investor and any Shareholder of Non-Voting Shares shall have the right to switch their holding to Voting Shares without incurring any fee or charge on such exchange.
5. **Directors' Interests.** Provided that the nature and extent of a Director's interest shall be disclosed as set out below, no Director or intending Director shall be disqualified by his office from contracting with the ICAV either as vendor, purchaser, professional adviser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the ICAV in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the ICAV for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

The nature of a Director's interest must be declared by him at the Board meeting at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not at the date of that meeting interested in the proposed contract or arrangement, then at the next Board meeting held after he becomes so interested, and in a case where the Director becomes interested in a contract or arrangement after it is made, then at the first Board meeting held after he becomes so interested. A general notice in writing given to the Directors by any Director to the effect that he is a shareholder, officer or employee of any specified company or a partner or employee in any specified firm, and is to be regarded as interested in any contract or arrangement which may thereafter be made with that company or firm, shall be deemed a sufficient declaration of interest in relation to any contract or arrangement made.

A Director shall not vote at a meeting of the Directors or of any committee established by the Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest which is material (other than an interest arising by virtue of his interest in Shares or debentures or other securities or otherwise in or through the ICAV) or a duty which conflicts or may conflict with the interests of the ICAV. A Director shall not be counted in the quorum present at a meeting in relation to any such resolution on which he is not entitled to vote;

6. **Borrowing Powers.** The Directors may exercise all the powers of the ICAV to borrow money (including the power to borrow for the purpose of repurchasing Shares) and to mortgage, charge or pledge its undertaking, property and assets or any part thereof and to issue debentures, debenture stock bonds and other securities whether outright or as security for any debt liability or obligation of the ICAV, provided that all borrowing powers are within the limits and conditions laid down by the Central Bank. Nothing herein contained shall permit the Directors or the ICAV to borrow other than on a temporary basis or to facilitate the acquisition of real property required for the purpose of the business of the ICAV and in accordance with the provisions of the Regulations and the Central Bank's requirements.
7. **Delegation to Committee.** The Directors may delegate any of their powers to committees consisting of such members of their body as they think fit. The meetings and proceedings of any such committee shall conform to the requirements as to quorum imposed under the Instrument and shall be governed by the provisions of Instrument of Incorporation regulating the meetings and proceedings of the Directors so far as the same are applicable and are not superseded by any Regulations imposed on them by the Directors.
8. **Directors' Remuneration.** Unless and until otherwise determined from time to time by the ICAV in general meeting, the ordinary remuneration of each Director shall be determined from time to time by resolution of the Directors. Any Director who is appointed as an executive director (including for this purpose the office of chairman or deputy chairman) or who serves on any committee, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of fees, commission or otherwise as the Directors may determine. The Directors may be paid all travelling, hotel and other out-of-pocket expenses properly incurred by them in connection with their attendance at meetings of the Directors or committees established by the Directors or general meetings or separate meetings of the holders of any Class of Shares of the ICAV or otherwise in connection with the discharge of their duties;
9. **Transfer of Shares.** A Shareholder shall be entitled to transfer or dispose of his Shares to any person at such price and upon such terms as he sees fit provided always that a Shareholder shall not be entitled to transfer his Shares, except with the consent of the Directors, to a US Person other than a Permitted US Person or to a person otherwise disqualified from holding Shares under the terms of this Instrument of Incorporation or otherwise disqualified as a result of any law or regulation of any country or governmental authority.

The Directors may decline to register any transfer of Shares unless the instrument of transfer is deposited at the Office or such other place as the Directors may reasonably require accompanied by the certificate (if any) for the Shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and to show the identity of the transferee and the Directors may decline to register a transfer of Shares:

- (a) in the absence of satisfactory evidence that the proposed transferee is not a Permitted US Person;

- (b) if in the opinion of the Directors the transfer would be unlawful or result or be likely to result in any adverse regulatory, tax or fiscal consequences or administrative burden to the ICAV or the Shareholders;
- (c) the ICAV would be required to comply with any registration or filing requirements in any jurisdiction with which it would not otherwise be obliged to comply;
- (d) the proposed transfer would result in a contravention of any provision of the Instrument of Incorporation or would produce a result inconsistent with any provision of the Prospectus;
- (e) if the transferee, if not an existing Shareholder, has not completed an application form as specified in the Prospectus to the satisfaction of the Directors;
- (f) if the transfer would cause the assets of the ICAV to become "plan assets" for the purposes of ERISA;
- (g) in the absence of satisfactory evidence of the transferee's identity;
- (h) where the ICAV is required to redeem appropriate or cancel such number of Shares as is required to meet the appropriate tax on such transfer; or
- (i) where the Directors believe, in their discretion, that it is in the best interests of the ICAV or the Shareholders to do so.

A proposed transferee may be required to provide such representations, warranties or documentation as the Directors may require in relation to the above matters.

- 10. Right of Repurchase.** Shareholders have the right to request the ICAV to repurchase their Shares in accordance with the provisions of the Instrument;

The ICAV has the right to repurchase any or all of the Subscriber Shares at a price of EUR1.00 per Subscriber Share.

- 11. Dividends.** The Instrument permit the Directors to declare such dividends on any Class of Shares as appear to the Directors to be justified by the profits of the relevant Fund. The Directors may satisfy any dividend due to holders of Shares in whole or in part by distributing to them in specie any of the assets of the relevant Fund and, in particular, any investments to which the relevant Fund is entitled. A Shareholder may require the Directors instead of transferring any assets in specie to him, to arrange for a sale of the assets and for payment to the Shareholder of the net proceeds of same. Any dividend unclaimed for six years from the date of declaration of such dividend shall be forfeited and shall revert to the relevant Fund;

- 12. Funds.** The Directors are required to establish a separate portfolio of assets for each Fund created by the ICAV from time to time.

All consideration other than the initial charge (if any) received by the ICAV for the allotment or issue of Shares of each Fund, together with all Investments in which such consideration is invested or reinvested, all income, earnings, profits and proceeds thereof shall be segregated and kept separate in the accounts of the Depositary from all other moneys of the ICAV and the following provisions shall apply:

- (ii) the proceeds from the issue of shares representing a Fund shall be applied in the books and records of the ICAV to that Fund, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund, subject to the provisions of this Section;
- (iii) where any asset is derived from another asset, such derivative asset shall be applied in the books of the ICAV to the same Fund as the assets from which it was derived and in each valuation of an asset, the increase or diminution in value shall be applied to the relevant Fund;
- (iv) where the ICAV incurs a liability which relates to any asset of a particular Fund or to any action taken in conjunction with an asset of a particular Fund, such a liability shall be allocated to the relevant Fund;

- (v) where an asset or a liability of the ICAV cannot be considered as being attributable to a particular Fund, such asset or liability, subject to the approval of the Depositary, shall be allocated to all the Funds pro rata to the Net Asset Value of each Fund or on such other basis approved by the Depositary having taken into account the nature of the assets and liabilities; and
- (vi) subject as otherwise in this Instrument of Incorporation provided, any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of that Fund. For the avoidance of doubt, the assets of the ICAV shall belong exclusively to the ICAV and no Shareholder has any interest in the assets of the ICAV

**13. Fund Exchanges.** Subject to the provisions the Instrument, a Shareholder holding Shares in any Class of a Fund on any Dealing Day shall have the right from time to time to exchange all or any of such Shares for Shares of another Class which are being offered at that time (such Class being either in the same Fund or in a separate Fund).

**14. Termination of Funds**

An open-ended Fund may be terminated by Special Resolution of the Shareholders of that Fund.

Any Fund may be terminated by the Directors in their sole and absolute discretion, by notice in writing to the Depositary in any of the following events and as specified by the terms of the Prospectus:

- (i) if at any time the Net Asset Value of the relevant Fund shall be less than the Minimum Fund Size, or where the Minimum Fund Size is not provided for in the Relevant Supplement, such amount as may be determined by the Directors in respect of that Fund;
- (ii) if the ICAV shall cease to be authorised by the Central Bank under the Regulations or if the Directors reasonably believe that the ICAV is likely to cease to be authorised by the Central Bank having taken legal advice in that regard;
- (iii) if any law shall be passed which renders it illegal or in the reasonable opinion of the Directors, in consultation with the Investment Manager, impracticable or inadvisable to continue the ICAV;
- (iv) if there is a change in material aspects of the business, in the economic or political situation relating to a Fund which the Directors consider would have material adverse consequences on the investments of the Fund; or
- (v) if the Directors shall have resolved that it is impracticable or inadvisable for a Fund to continue to operate having regard to prevailing market conditions and the best interests of the Shareholders.
- (vi) all of the Shares of each Fund have been repurchased; or
- (vii) if the Directors in their discretion consider termination of a Fund appropriate.

The decision of the Directors in any of the events specified herein shall be final and binding on all the parties concerned but the Directors shall be under no liability on account of any failure to terminate the relevant Fund pursuant to the Instrument or otherwise.

**15. Winding up.** The Instrument contains provisions to the following effect:

- (i) If the ICAV shall be wound up the liquidator shall subject to the provisions of the Act apply the assets of the ICAV attributable to each Fund in such manner and order as he thinks fit in satisfaction of creditors' claims.
- (ii) The assets available for distribution among the Shareholders shall then be applied in the following priority:
  - (1) Firstly, in the payment to the holders of the Shares of each Fund or Class of a sum in the currency in which that Fund or Class is designated (or in any other currency selected by the liquidator) as nearly as possible equal (at a rate of exchange determined

by the liquidator) to the Net Asset Value of the Shares of such Fund or Class held by such holders respectively as at the date of commencement to wind up provided that there are sufficient assets available to enable such payment to be made.

- (2) Secondly, in the payment to the holders of the Subscriber Shares of sums up to the nominal amount paid thereon out of the assets of the ICAV not comprised within any Funds remaining after any recourse thereto under sub-paragraph (1) above.
  - (3) Thirdly, in the payment to the holders of each Fund or Class of any balance then remaining in the relevant Fund, such payment being made in proportion to the number of shares of that Fund or Class held.
- (iii) If the ICAV shall be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of a Special Resolution and any other sanction required by the Act, divide among the Shareholders in specie the whole or any part of the assets of the ICAV, and whether or not the assets shall consist of property of a single kind, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders. The liquidator will only make such distributions if he considers that they will not materially prejudice the interests of the Shareholders as a whole and the Depositary is satisfied that the assets distributed are equivalent to the amount of the distribution to which the liquidator has deemed the Shareholder to be entitled. If a Shareholder so requests, the liquidator shall procure the sale of the assets to be distributed and the liquidator shall distribute the sale proceeds to the Shareholder.
- (iv) The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator, with the like authority, shall think fit, and the liquidation of the ICAV may be closed and the ICAV dissolved, but so that no Shareholder shall be compelled to accept any assets in respect of which there is liability. Where distributions in specie are effected on winding up, an individual Shareholder may request that the assets be sold at the Shareholder's expense and receive the cash proceeds.

## **16. Segregation of Liability**

- (i) Notwithstanding any statutory provision or rule of law to the contrary any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of that Fund, and no Director, receiver, examiner, liquidator, provisional liquidator or other person shall apply nor be obliged to apply the assets of any such Fund in satisfaction of any liability incurred on behalf of or attributable to any other Fund.
- (ii) The assets allocated to a Fund shall be applied solely in respect of the Shares of such Fund and no Shareholder relating to such Fund shall have any claim or right to any asset allocated to any other Fund.
- (iii) Any asset or sum recovered by the ICAV by any means whatsoever or wheresoever shall, after the deduction or payment of any costs of recovery, be applied to the Fund affected. In the event that assets attributable to a Fund are taken in execution of a liability not attributable to that Fund, and in so far as such assets or compensation in respect hereof cannot otherwise be restored to that Fund, the Directors, with the consent of the Depositary shall certify or cause to be certified, the value of the assets lost to the Fund affected and transfer or pay from the assets of the Fund or Funds to which the liability was attributable, in priority to all other claims against such Fund or Funds, assets or sums sufficient to restore to the Fund affected, the value of the assets or sums lost to it.
- (iv) The ICAV may sue and be sued in respect of a particular Fund and may exercise the same rights of set-off, if any, as between its Funds as apply at law in respect of companies and the property of a Fund is subject to orders of the Irish courts as it would have been if the Fund were a separate legal person.
- (v) In any proceedings brought by any Shareholder of a particular Fund, any liability of the ICAV to such Shareholder in respect of such proceeding can only be settled out of the assets of the Fund corresponding to such Shares without recourse in respect of such liability or any allocation of such liability to any other Fund of the ICAV.

- (vi) Nothing in this section shall prevent the application of any enactment or rule of law which would require the application of the assets of any Fund in discharge of some or all of the liabilities of any other Fund on the grounds of fraud or misrepresentation.

### **Material Contracts**

The following contracts have been entered into otherwise than in the ordinary course of the business intended to be carried on by the ICAV and are or may be material.

1. **The Depositary Agreement** The Depositary Agreement provides that the appointment of the Depositary will continue unless terminated by either party giving to the other party 90 days' written notice, although in certain circumstances the Depositary Agreement may be terminated forthwith by notice in writing by either party to the other. Any successor depositary must be acceptable to the ICAV and must be an entity approved by the Central Bank. If no successor is appointed at the end of the 90 day notice period, the ICAV shall convene an extraordinary general meeting at which there shall be proposed an Ordinary Resolution to Repurchase the Shares of the ICAV or appoint a liquidator who shall wind up the ICAV. In such case, the Directors shall apply in writing to the Central Bank for revocation of the ICAV's authorisation and the Depositary shall remain as the Depositary, notwithstanding the expiration of the notice period, until such time as the Central Bank has revoked the ICAV's authorisation.

Upon implementation of UCITS V, the Depositary shall be liable to the ICAV and Shareholders for the loss of financial instruments by the Depositary or a third party to whom the custody services have been delegated unless it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary Agreement contains certain indemnities payable out of the assets of the relevant Fund in favour of the Depositary which are restricted to exclude the loss of financial instruments as described above and matters arising as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations.

The Depositary Agreement contains limited recourse provisions under which the Depositary's recourse against the ICAV in respect of any claims which may be brought against, suffered or incurred by the Depositary shall be limited to the available assets of the relevant Fund for the time being.

2. **The Administration Agreement** dated 16 February 2016 between the ICAV and the Administrator. The Administration Agreement provides that the appointment of the Administrator will continue unless and until terminated by either party giving to the other not less than 90 days' written notice although in certain circumstances the Administration Agreement may be terminated forthwith by notice in writing by either party to the other. The Administration Agreement contains certain indemnities payable out of the assets of the relevant Fund in favour of the Administrator (its employees, servants or agents) which are restricted to exclude matters arising by reason of the negligence, wilful default, fraud, bad faith or recklessness of the Administrator, its directors, officers, employees, servants or agents in the performance of its or their obligations and duties.

The Administration Agreement contains limited recourse provisions under which the recourse against the ICAV of the Administrator in respect of any claims arising under or in relation to the Administration Agreement is expressed to be limited to the Fund established in respect of the Shares to which such claims relate, and the Administrator will have no recourse to any other assets of the ICAV. If following the realisation of all of the assets of the relevant Fund and subject to the application of such realisation proceeds in payment of all claims of the Administrator relating to the relevant Fund and all other liabilities (if any) of the ICAV ranking *pari passu* with or senior to such claims which have recourse to the relevant Fund (for these purposes the "**Relevant Date**"), such claims are not paid in full, (a) the amount outstanding in respect of such claims will be automatically extinguished, (b) the Administrator shall have no further right of payment in respect thereof and (c) the Administrator will not be able to petition for the winding-up of the ICAV as a consequence of any such shortfall; provided that (a) and (b) above shall not apply to any assets of the relevant Fund.

3. **Distribution Agreement** dated 16 February 2016 between the ICAV and the Distributor. The Distribution Agreement provides that the appointment of the Distributor will continue unless and until terminated by any party giving to the other parties not less than 90 days' written notice although in certain circumstances the Distribution Agreement may be terminated forthwith by notice in writing by any party to the other parties; the Distribution Agreement contains certain indemnities payable out of the

assets of the relevant Fund in favour of the Distributor which are restricted to exclude matters resulting from the bad faith, fraud, wilful default or negligence of the Distributor in the performance or non-performance of its obligations and duties.

The Distribution Agreement contains limited recourse provisions under which the recourse against the ICAV of the Distributor in respect of any claims arising under or in relation to the Distribution Agreement is expressed to be limited to the Fund established in respect of the Shares to which such claims relate, and the Distributor will have no recourse to any other assets of the ICAV. If following the realisation of the relevant Fund and the application of such realisation proceeds in payment of all claims of the Distributor relating to the relevant Fund and all other liabilities (if any) of the ICAV ranking pari passu with or senior to such claims which have recourse to the relevant Fund(s) (for these purposes the "Relevant Date"), such claims are not paid in full, (a) the amount outstanding in respect of such claims will be automatically extinguished, (b) the Distributor will have no further right of payment in respect thereof and (c) the Distributor will not be able to petition for the winding-up of the ICAV as a consequence of any such shortfall; provided that (a) and (b) above shall not apply to any assets of the relevant Fund that may be subsequently held or recouped by the relevant Fund between the Relevant Date and date of termination of the relevant Fund in accordance with the requirements of the Central Bank.

Please refer to each Supplement for details of other relevant material contracts (if any) in respect of a Fund.

### **Miscellaneous**

Save as disclosed under the "Incorporation and Share Capital" section above, no share or loan capital of the ICAV has been issued or agreed to be issued, is under option or otherwise. As of the date of this Prospectus, the ICAV does not have any loan capital (including term loans) outstanding or created but unissued or any outstanding mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptance or acceptance credits, hire purchase or finance lease commitments, guarantee or other liabilities which are material in nature.

Save as may result from the entry by the ICAV into the agreements listed under "Material Contracts" above or any other fees, commissions or expenses discharged, no amount or benefit has been paid or given or is intended to be paid or given to any promoter of the ICAV.

Save as disclosed under the "Conflicts of Interest" section above, no commissions, discounts, brokerages or other special terms have been paid or granted or are payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares or loan capital of the ICAV.

### **Documents for Inspection**

Copies of the following documents may be obtained from the ICAV and inspected at the registered office of the ICAV during usual business hours during a Business Day at the address shown in the Directory section below:

- the Instrument;
- the Prospectus (as amended and supplemented) and the Supplements;
- the annual and semi-annual reports relating to the ICAV most recently prepared by the Administrator;
- details of notices sent to Shareholders;
- the material contracts referred to above;
- the Regulations;
- the Central Bank Regulations; and
- a list of any directorships or partnerships, past or present, held by the Directors in the last five years.

Copies of the Instrument (and, after publication thereof, the periodic reports and accounts) may be obtained from the Administrator free of charge.



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## APPENDIX I

### MARKETS

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Subject to the provisions of the Central Bank Regulations and with the exception of permitted investments in unlisted securities, the ICAV will only invest in securities listed or traded on the following stock exchanges and regulated markets which meets with the regulatory criteria (regulated, operate regularly, be recognised and open to the public):

- 1 (a) any stock exchange which is:
- located in an EEA Member State; or
  - located in Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland, United States of America; or
- (b) any stock exchange included in the following list:-
- |                      |   |   |
|----------------------|---|---|
| Argentina            | - | Bolsa de Comercio de Santa Fe, Bolsa de Comercio de Corboda, Buenos Aires Stock Exchange, Bolsa de Comercio Rosario;                  |
| Bahrain              | - | Bahrain Stock Exchange;   |
| Brazil               | - | Bolsa de Valores de Sao Paulo;  |
| Chile                | - | Santiago Stock Exchange;  |
| China                | - | Shanghai Stock Exchange and Shenzhen Stock Exchange;  |
| Egypt                | - | Egyptian Stock Exchange;  |
| India                | - | Mumbai Stock Exchange, Calcutta Stock Exchange, Madras Stock Exchange, Delhi Stock Exchange and the National Stock Exchange of India; |
| Indonesia            | - | Indonesia Stock Exchange;   |
| Jordan               | - | Amman Exchange (Stock Market);  |
| Kuwait               | - | Kuwait Stock Exchange;  |
| Malaysia             | - | Bursa Malaysia;   |
| Mexico               | - | Bolsa Mexicana de Valores;  |
| Oman                 | - | Muscat Securities Market;   |
| Peru                 | - | Bolsa de Valores de Lima;   |
| Philippines          | - | Philippines Stock Exchange;   |
| Qatar                | - | Qatar Exchange;   |
| Russia               | - | RTS Stock Exchange, MICEX;  |
| Singapore            | - | Singapore Exchange;   |
| South Africa         | - | JSE Stock Exchange;   |
| South Korea          | - | Korea Exchange – Stock Market Division;   |
| Taiwan               | - | Taiwan Stock Exchange;  |
| Thailand             | - | Stock Exchange of Thailand;   |
| Turkey               | - | Istanbul Stock Exchange;  |
| United Arab Emirates | - | Abu Dhabi Securities Market, Dubai Financial Market and NASDAQ Dubai;   |

- (c) any of the following:

The market organised by the International Capital Market Association;

The (i) market conducted by banks and other institutions regulated by the FCA and subject to the Inter-Professional Conduct provisions of the FCA's Market Conduct Sourcebook and (ii) market in non-investment products which is subject to the guidance contained in the Non Investment Products Code drawn up by the participants in the London market, including the FCA and the Bank of England;

The market in U.S. government securities conducted by primary dealers regulated by the

Federal Reserve Bank of New York and the U.S. Securities and Exchange Commission;

The over-the-counter market in the United States conducted by primary and second dealers regulated by the Securities and Exchanges Commission and by the Financial Industry Regulatory Authority (and by banking institutions regulated by the U.S. Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation);

KOSDAQ;

NASDAQ;

TAISDAQ/Gretai Market;

The Chicago Board of Trade;

The Chicago Mercantile Exchange;

OneChicago;

The Over-the-Counter market in Canadian Government Bonds as regulated by the Investment Industry Regulatory Organisation of Canada;

The French market for Titres de Creance Negotiable (over-the-counter market in negotiable debt instruments);

- 2 In relation to any exchange traded financial derivative contract, any stock exchange on which such contract may be acquired or sold and which is regulated, operates regularly, is recognised and open to the public and which is (i) located in an EEA Member State, (ii) located in Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland or the United States, (iii) the Channel Islands Stock Exchange, or (iv) listed at (c) above.

The stock exchanges and regulated markets described above are set out herein in accordance with the requirements of the Central Bank which does not issue a list of approved markets.

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## **DIRECTORY**

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SKYLINE UMBRELLA FUND ICAV  
49 DAWSON STREET  
DUBLIN 2  
IRELAND

### **DIRECTORS**

PAUL O'SHEA  
TOM BERRIGAN  
JOHN CRADDOCK  
ROBBIE KELLEHER

### **INVESTMENT MANAGER**

SEE RELEVANT SUPPLEMENT

### **DISTRIBUTOR**

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DAVY HOUSE  
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DUBLIN 2  
IRELAND

### **DEPOSITARY**

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DUBLIN 2  
IRELAND

### **ADMINISTRATOR**

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### **AUDITORS**

DELOITTE  
DELOITTE HOUSE  
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### **LEGAL ADVISORS TO THE ICAV AS TO IRISH LAW**

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**SECRETARY**

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17-19 SIR JOHN ROGERSON'S QUAY  
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