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# **ALBEMARLE FUNDS PLC**

## **PROSPECTUS**

**4 April 2022**

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An investment company with variable capital investment constituted as an umbrella fund with segregated liability between sub-funds in Ireland with registered number 435796 and authorised pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended. Shares are currently being offered in:

**ALBEMARLE TARGET ITALY FUND  
ALBEMARLE EURO FLEXIBLE FUND  
ALBEMARLE EURO BOND FUND  
ALBEMARLE LONGEVITY FUND  
ALBEMARLE TARGET EUROPE FUND  
ALBEMARLE LONG SHORT FUND**

Shares in the Company are currently available for subscription and purchase.

The Directors of the Company whose names appear on page 4 accept responsibility for the information contained in this prospectus (the "**Prospectus**"). 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 is in accordance with the facts and does not omit anything likely to affect the import of such information.

Distribution of this Prospectus is not authorised after the publication of the first half-yearly report of the Company unless it is accompanied by a copy of such report and is not authorised after the publication of the first annual report of the Company unless it is accompanied by a copy of the latest annual report and, if published thereafter, the latest half-yearly report.

**THIS PROSPECTUS CONTAINS IMPORTANT INFORMATION ABOUT THE COMPANY AND SHOULD BE READ CAREFULLY BEFORE INVESTING. IF YOU HAVE QUESTIONS ABOUT THE CONTENTS OF THIS PROSPECTUS OR THE SUITABILITY OF AN INVESTMENT IN THE COMPANY FOR YOU, YOU SHOULD CONSULT YOUR BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER FINANCIAL ADVISER.**

Certain terms used in this Prospectus are defined under “Definitions” below.

## **CENTRAL BANK AUTHORISATION**

**The Company has been authorised by the Central Bank as a UCITS within the meaning of the Regulations. The authorisation of the Company as a UCITS by the Central Bank is not an endorsement or guarantee of the Company by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus. The authorisation of the Company by the Central Bank shall not constitute a warranty by the Central Bank as to the performance of the Company and the Central Bank shall not be liable for the performance or default of the Company.**

## **Investment Risks**

There can be no assurance that a Fund will achieve its investment objective. An investment in a Fund involves investment risks, including possible loss of the amount invested. In view of the fact that a commission is payable on a subscription by an investor in a Fund and investment in a Fund should be regarded as a medium to long term investment. Details of certain investment risks and other information for an investor are set out more fully in this Prospectus.

## **Selling Restrictions**

The distribution of this Prospectus and the offering or purchase of Shares may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus or the Application Form in any such jurisdiction may treat this Prospectus or such Application Form as constituting an invitation to them to subscribe for Shares, nor should they in any event use such Application Form unless, in the relevant jurisdiction, such an invitation could lawfully be made to them and such Application Form could lawfully be used without compliance with any registration or other legal requirement. Accordingly, this Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for Shares, pursuant to this Prospectus or the Application Form, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to the legal requirements of so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

Distribution of this Prospectus is not authorised in any jurisdiction unless accompanied by a copy of the then latest published annual report and audited accounts of the Company and, if published after such report or annual report, a copy of the latest semi-annual report and unaudited accounts. Such reports and this Prospectus together form the prospectus for the issue of Shares in the Company.

The Shares have not been and will not be registered under the US Securities Act of 1933, as amended and may not, except in a transaction which does not violate US securities laws, be directly or indirectly offered or sold in the United States or to any US Person. The Company has not been and will not be registered under the US Investment Company Act of 1940, as amended.

The Constitution gives powers to the Directors to impose restrictions (but not the obligation) on the holding of Shares by (and consequently to effect the redemption of Shares held by) or the transfer of Shares to any US Person (unless permitted under certain exceptions under the laws of the United States) or by any person or persons in circumstances (whether directly or indirectly affecting such person or person, and whether taken alone or in conjunction with any other 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 Company incurring any liability to taxation or suffering pecuniary disadvantage which the Company might not otherwise have incurred or suffered.

Shares are offered only on the basis of the information contained in this Prospectus. Any further information or representation given or made by any dealer, salesman or other person not contained in this Prospectus or in any reports and accounts of the Company forming part hereof must be regarded as unauthorised and should be disregarded and accordingly should not be relied upon. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares shall, under any circumstances, constitute a representation that the information contained in this Prospectus is correct as of any time subsequent to the date of this Prospectus. To reflect changes, this Prospectus may from time to time be updated and intending subscribers should enquire of the Administrator as to the issue of any later Prospectus or as to the issue of any reports and accounts of the Company. Statements made in this Prospectus are based on the law and practice currently in force in Ireland and are subject to changes therein.

This Prospectus should be read in its entirety before making any application for Shares.

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Constitution, copies of which are available as mentioned herein.

Distribution of this Prospectus in certain jurisdictions will require that the Prospectus be translated into other languages. Where such translation is required, the translated version of the Prospectus will accord in all respects with the English version.

**Shareholders should note that the Constitution permits the Company to impose a subscription fee of up to a maximum of 5% of the Net Asset Value per Share to purchases. A switching fee of up to 5% and a repurchase fee of up to 3% may also be chargeable. In the event that such charges are imposed which shall be disclosed in the relevant Supplement, the difference at any time between the sale and repurchase price of Shares means that any investment in the Company should be viewed as being in the medium to long term. Prices of Shares in the Company may fall as well as rise.**

The Company and the Administrator have a responsibility to regulators for compliance with money laundering regulations around the world and for that reason, existing Shareholders, potential subscribers for and transferees of Shares may be asked for proof of identity. Until satisfactory proof of identity is provided by potential investors or transferees, either of the above reserve the right to withhold issuance of Shares or any transfer of Shares. In case of delay or failure to provide satisfactory proof of identity, any of the above may take such action as they see fit.

## **Marketing Rules**

Shares are offered only on the basis of the information contained in this Prospectus and, as appropriate after publication of the latest audited annual accounts and any subsequent half-yearly report.

## **DIRECTORY**

### **DIRECTORS**

Peter Blessing  
Dermot Butler  
Fabrizio De Tomasi  
Claudio De Raneiri

### **INVESTMENT MANAGER**

Albemarle Asset Management Limited  
3rd Floor  
21 Upper Brooks St  
London W1K 7PY  
United Kingdom

### **REGISTERED OFFICE**

5<sup>th</sup> Floor  
The Exchange  
George's Dock  
IFSC  
Dublin 1  
Ireland

### **ADMINISTRATOR**

Northern Trust International Fund Administration  
Services (Ireland) Limited  
Georges Court  
54-62 Townsend Street  
Dublin 2  
Ireland

### **MANAGER**

KBA Consulting Management Limited  
5 George's Dock  
IFSC  
Dublin 1  
Ireland

### **LEGAL ADVISORS**

Walkers Ireland LLP  
5<sup>th</sup> Floor  
The Exchange  
George's Dock  
IFSC  
Dublin 1  
Ireland

### **DEPOSITARY**

Northern Trust Fiduciary Services (Ireland)  
Limited  
Georges Court  
54-62 Townsend Street  
Dublin 2  
Ireland

### **SECRETARY**

Walkers Corporate Services (Ireland) Limited  
5<sup>th</sup> Floor  
The Exchange  
George's Dock  
IFSC  
Dublin 1  
Ireland

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## SUMMARY

### Structure

The Company is an investment company with variable capital incorporated in Ireland on 5 March 2007 under registration number 435796. The Company has been authorised by the Central Bank as an umbrella fund with segregated liability between sub-funds pursuant to the Regulations and has been authorised by the Central Bank as a UCITS. A separate portfolio of assets will be maintained in relation to each Fund.

The Funds of the Company, in which Shares are in issue, are the Albemarle Target Italy Fund, Albemarle Euro Flexible Fund, Albemarle Euro Bond Fund, Albemarle Longevity Fund, Albemarle Target Europe Fund, and Albemarle Long Short Fund. See the relevant Supplements for further details. It is the Directors' intention to add other Funds in the future, with the prior approval of the Central Bank. A Supplement relating to any new Fund or an amended and restated prospectus will be issued by the Directors at the time of the creation of the Fund.

The Shares of each Fund may be divided into different Classes to accommodate different currencies and/or charges and/or dividend and/or fee arrangements. A separate pool of assets will not be maintained for each Class. The creation of further Classes must be notified to, and cleared in advance with, the Central Bank.

### Distribution Policy

The Constitution empowers the Directors to declare semi-annual and/or annual dividends in respect of any Shares out of net income (including dividend and interest income) and the excess of realised and unrealised capital gains over realised and unrealised losses in respect of investments of the Company, subject to such adjustments as may be determined to be appropriate by the Directors from time to time, including to allow for the effect of sales or purchases, to reflect an estimated or actual repayment of tax or to reflect any income accrued but not received by the Company, provided that all such adjustments will be in accordance with the Constitution.

Any dividend unclaimed after a period of 6 years from the date of declaration of such dividend shall be forfeited and shall revert to the relevant Fund.

Any failure to supply the Company or the Administrator with any documentation requested by them for anti-money laundering or anti-fraud purposes may result in a delay in the settlement of dividend payments. In such circumstances, any sums payable by way of dividend to Shareholders shall remain an asset of the relevant Fund until such time as the Administrator is satisfied that its anti-money-laundering and anti-fraud procedures have been fully complied with, following which such dividend will be paid.

The distribution policy for each Fund will be determined by the Directors from time to time and shall be specified in the relevant Supplement.

### Share Dealing

Shares can normally be purchased, sold or switched on any Dealing Day.

## **Pricing**

Where applicable, there is a single price for buying, selling and switching Shares in a Fund. This is represented by the Net Asset Value per Share of the relevant Fund. Unless otherwise provided for in the relevant Supplement, a subscription fee of up to a maximum of 5% of the Net Asset Value per Share may be charged at the discretion of the Directors. Unless otherwise provided for in the relevant Supplement, a repurchase fee of up to 3% of the Net Asset Value per Share and a switching fee of 5% may also be charged at the discretion of the Directors. Investors should review the relevant Supplement for details of subscription, switching and redemption fees (if any).

## **Minimum Investment**

The minimum investment in any Fund will be determined by the Directors at the time of the creation of the Fund. See the relevant Supplement for further details.

## **Additional Investment**

The minimum additional investment in any Fund will be determined by the Directors at the time of the creation of the Fund. See the relevant Supplement for further details.

## **Valuation Point**

The Valuation Point for each Fund will be determined by the Directors at the time of creation of the Fund. See the relevant Supplements for further details.

## **Base Currency**

The currency in which each Fund will be denominated will be determined by the Directors at the time of creation of the Fund. See the relevant Supplement for further details.

## **Fees and Expenses**

Investors' attention is drawn to the details of the fees and expenses charged by the Company. See Part Two, for further details.

## **Taxation**

Non-Irish investors in the Company will be exempt from Irish income, capital gains and capital acquisitions taxes. No Irish stamp duty or other taxes are payable on subscriptions for shares.

## **Selling Restrictions**

The Shares may not be purchased or held by US Persons unless pursuant to an exemption under applicable US law and may not be offered or sold in any jurisdiction in which such offer or sale is not lawful or in which the person making such offer or sale is not qualified to do so or to anyone to whom it is unlawful to make such an offer or sale.

## **Reporting Currency**

For the purposes of the compilation of the semi-annual and annual report and accounts of the Company, the reporting currency for each Fund will be in the Base Currency of the Fund.

## DEFINITIONS

In this Prospectus:-

### **"Acceptable AIFs"**

means an alternative investment fund(s) ("AIFs") which satisfies one of the following criteria:

1.
  - (a) schemes established in Guernsey and authorised as "Class A Schemes"; or
  - (b) schemes established in Jersey as "Recognised Funds"; or
  - (c) schemes established in the Isle of Man as "Authorised Schemes"; or
  - (d) retail investor alternative investment funds authorised by the Central Bank provided such investment funds comply in all material respects with the provisions of the UCITS Regulations and the Central Bank UCITS Regulations; or
  - (e) alternative investment funds authorised in a Member State of the EEA, the US, Jersey, Guernsey or Isle of Man and which comply, in all "material respects", with the provisions of the UCITS Regulations and the Central Bank UCITS Regulations. In accordance with the Central Bank's requirements, reference to "all material respects" includes, amongst others, consideration of the following:
    - (i) the existence of an independent depositary with similar duties and responsibilities in relation to both safekeeping and supervision;
    - (ii) requirements for the spreading of investment risk including concentration limits, ownership restrictions, leverage and borrowing restrictions;
    - (iii) availability of pricing information and reporting requirements;
    - (iv) redemption facilities and frequency; and
    - (v) restrictions in relation to dealings by related parties;
2. Such other schemes as may be permitted by the Central Bank and set out in this Prospectus and/or the relevant Supplement.

### **"Administrator"**

means Northern Trust International Fund Administration Services (Ireland) Limited or such other person as may be appointed, in accordance with the requirements of the Central Bank, to provide administration services to the Trust;



<b>"Administration Agreement"</b>	means the amended and restated administration agreement between the Manager, the Company and the Administrator dated 4 April 2022, as may be amended from time to time;
<b>"Application Form"</b>	means the application form available from the Company;
<b>"Associated Person"</b>	with respect to an entity: <ul style="list-style-type: none"> <li>(i) any person who is a director, officer, servant, employee or agent of that entity or a person connected to any director of that entity within the meaning of Section 220 of the Companies Act 2014;</li> <li>(ii) any company which is related to that entity within the meaning of Section 2(10) of the Companies Act 2014 or which would be so related if it was incorporated in Ireland; or</li> <li>(iii) any person or body of persons or any company, partnership, consortium, joint venture, trust or collective investment scheme related or affiliated to or controlled or managed by that entity or by any person or group of persons connected to any director of that entity within the meaning of Section 220 of the Companies Act 2014 or by any company which is related to that entity within the meaning of Section 2(10) of the Companies Act 2014 or which would be so related if it was incorporated in Ireland;</li> </ul>
<b>"Base Currency"</b>	means the currency of account of a Fund as determined by the Directors at the time of the creation of the Fund and set out in the relevant Supplement;
<b>"Business Day"</b>	means a day on which banks are open for business in Dublin and London provided that the Directors following consultation with the Manager and the Administrator, may designate, as a Business Day, any other day which would not be a Business Day under this definition;
<b>"Benchmark Regulation"</b>	means Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, as may be amended from time to time;

<b>"Capitalisation Shares"</b>	the issued share capital of 300,000 Shares of no par value issued at one Euro each and initially designated as "Capitalisation Shares" but which do not entitle the holders to participate in the profits of the Company attributable to any Fund;
<b>"Capitalisation Shareholder"</b>	a person registered in the register of members of the Company as a holder of Capitalisation Shares;
<b>"Class"</b>	means a class of Shares in a Fund having the details more particularly set out in the Prospectus and any Supplement to this Prospectus;
<b>"Central Bank"</b>	means the Central Bank of Ireland or any successor regulatory authority with responsibility for authorising and supervising the Company;
<b>"Central Bank UCITS"</b>	means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 as may be amended or supplemented from time to time and the guidelines issued by the Central Bank from time to time affecting the Company;
<b>"Company"</b>	means Albemarle Funds plc;
<b>"Companies Act"</b>	means the Companies Act 2014 (as amended, consolidated or supplemented from time to time);
<b>"Connected Person"</b>	means the persons defined as such in the section entitled "Portfolio Transactions and Related Party Dealings" below;
<b>"Constitution"</b>	means the Memorandum & Articles of Association of the Company;
<b>"Data Protection Legislation"</b>	means the Data Protection Acts, 1988-2018 (as may be amended or re-enacted) from time to time the EU General Data Protection Regulation, Regulation (EU) 2016/679, the effective date which is 25 May 2018, the European Union Electronic Communications Data Protection Directives (2002/58/EC and 2009/136/EC), the European Union (Electronic Communications Networks Services) (Privacy and Electronic Communications) Regulations 2011 (SI 336/2011) and all other applicable laws and regulations of any country from time to time relating to processing of personal data and data privacy or analogous laws or regulations under other relevant jurisdiction including any jurisdiction in or from which the Company receives any services;

<b>"Dealing Day"</b>	means in respect of each Fund, such Business Day or Business Days as specified in the relevant Supplement provided that there shall be at least two dealing days at regular intervals in every month;
<b>"Dealing Deadline"</b>	means in relation to applications for subscription, redemption or switching of Shares in a Fund, the day specified in the relevant Supplement;
<b>"Depository"</b>	means Northern Trust Fiduciary Services (Ireland) Limited or such other person as may be appointed, in accordance with the requirements of the Central Bank;
<b>"Depository Agreement"</b>	means the amended and restated depository agreement dated 26 September 2016 between the Company and the Depository dated, as may be amended from time to time;
<b>"Directors"</b>	means the directors of the Company for the time being and any duly constituted committee thereof;
<b>"Disclosure Regulation"</b>	means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as may be amended or supplemented from time to time, otherwise known as SFDR;
<b>"Duties and Charges"</b>	means all stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees and other duties and charges, whether payable in respect of the constitution, increase or reduction of all of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation;
<b>"EEA"</b>	means the European Economic Area which comprises the Member States together with Iceland, Lichtenstein and Norway;
<b>"ESG"</b>	means environmental, social, and corporate governance characteristics of an investment;
<b>"ESMA"</b>	means the European Securities and Markets Authority;
<b>"EU"</b>	means the European Union;

<b>"EU Member State"</b>	means a member state of the EU;
<b>"Euro" or "EUR" or "€"</b>	means the lawful currency of the Eurozone and any successor currency thereto;
<b>"Exempt Investor"</b>	means any of the following Irish Residents: (i) a qualifying management company within the meaning of Section 739B(1) TCA; (ii) a company carrying on life business within the meaning of Section 706 TCA; (iii) a pension scheme which is an exempt approved scheme within the meaning of Section 774 TCA, or a retirement annuity contract or Trust scheme to which Section 784 or Section 785 TCA applies; (iv) any other investment undertaking as referred to in Section 739B TCA or an investment limited partnership within the meaning of Section 739J TCA; (v) a special investment scheme as referred to in Section 737 TCA; (vi) a unit trust of a type referred to in Section 731(5)(a) TCA; (vii) a charity being a person referred to in Section 739D (6)(f) TCA; (viii) a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 784A(2) TCA in circumstances where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund; (ix) a specified company as referred to in Section 739B TCA; (x) a person entitled to exemption from income tax and capital gains tax by virtue of Section 787I TCA in circumstances where the shares are assets of a PRSA; (xi) a credit union with the meaning of Section 739B TCA; (xii) the Courts Service within the meaning of Section 739B TCA ;(xiii) 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) TCA; (xiv) the National Asset Management Agency; (xv) a company within the charge to corporation tax in accordance with Section 110(2) TCA;(xvi) the Motor Insurers' Bureau of Ireland in respect of an investment made by it of moneys paid to the Motor Insurers Insolvency Compensation Fund under the Insurance Act 1964 (as amended by the Insurance (Amendment) Act 2018), or (xvii) any other person resident in Ireland who is permitted to own Shares under Irish taxation legislation or by practice or concession of the Irish Revenue Commissioners without requiring the Company to deduct appropriate tax in respect of any payment to a Shareholder or the transfer by a Shareholder of any Shares, and in each case in respect of whom the Company is in possession of a Declaration, as applicable;
<b>"FDI"</b>	means financial derivative instruments as described herein and used by the Company from time to time;

<b>"Fund"</b>	means a distinct portfolio of assets established by the Directors (with the prior approval of the Central Bank) constituting in each case a separate fund represented by a separate Class or Classes with segregated liability from the other Funds and invested in accordance with the investment objective and policies applicable to such Fund as specified in the relevant Supplement;
<b>"Index" or "Indices"</b>	means the index or indices to which the performance of a Fund is linked or which may be used as a benchmark for the performance of the Fund;
<b>"Intermediary"</b>	means a person who carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons or holds shares in an investment undertaking on behalf of other persons;
<b>"Investments"</b>	any investment authorised by the Constitution of the Company which is permitted by the articles of association and in accordance with the investment policy of the relevant Fund as set out in the relevant Supplement;
<b>"Investment Management Agreement"</b>	means the investment management and distribution agreement between the Manager, the Company and the Investment Manager dated 4 April 2022 as may be amended from time to time;
<b>"Investment Manager"</b>	means Albemarle Asset Management Limited or such other person or person from time to time duly appointed as the Investment Manager of the Company and in accordance with Central Bank requirements;
<b>"Irish AML Legislation"</b>	means the Irish Criminal Justice (Money Laundering and Terrorist Financing) Acts 2010 to 2021 (as may be amended, consolidated or replaced from time to time) and the Anti-Money Laundering and Countering the Financing of Terrorism Guidelines for the Financial Sector published by the Central Bank, as may be amended from time to time;
<b>"Irish Resident"</b>	means any company resident, or other person resident or ordinarily resident, in Ireland for the purposes of Irish tax. Please see the section entitled "Taxation" section below for the summary of the concepts of residence and ordinary residence issued by the Irish Revenue Commissioners;
<b>"Irish Revenue Commissioners"</b>	means the Office of the Revenue Commissioners of Ireland or any successor authority responsible for taxation;

<b>"Irish Stock Exchange"</b>	means the Irish Stock Exchange Limited and any successor thereto;
<b>"Manager"</b>	means KBA Consulting Management Limited, appointed pursuant to the Management Agreement to carry out the management, distribution and administration services in respect of the Company;
<b>"Management Agreement"</b>	means the management agreement between the Company and the Manager dated 4 April 2022, as may be amended from time to time;
<b>"Minimum Holding"</b>	means the minimum holding, if any, in a Fund as determined by the Directors at the time of creation of the Fund, details of which are contained in the relevant Supplement issued at the time of creation of a Fund;
<b>"Net Asset Value of a Fund" or "Net Asset Value per Share"</b>	means the amount determined on any Valuation Date at the Valuation Point in accordance with the principles set out below as being the Net Asset Value of a Fund or the Net Asset Value of Shares in a Fund, as the case may be;
<b>"Non-Participating Shares"</b>	means the Subscriber Shares and the Capitalisation Shares;
<b>"Non-Participating Shareholder"</b>	a person registered in the register of members of the Company as a holder of Non-Participating Shares;
<b>"OECD"</b>	means the Organisation for Economic Co-Operation and Development;
<b>"Offer Period"</b>	means the period during which Shares in a Fund will be made available at the Subscription Price, details of which are contained in the Supplement issued at the time of creation of the Fund;
<b>"Regulations" or "UCITS Regulations"</b>	means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended (as may be amended or supplemented from time to time);
<b>"Regulated Market"</b>	means any stock exchange or market which meets the regulatory criteria (regulated, operates regularly, recognised and open to the public) and which is listed in Appendix II;
<b>"Related Companies"</b>	has the meaning assigned thereto in the Companies Act. In general this states that companies are related where 50% of the paid up share capital of or 50% of the voting

	rights in one company are owned directly or indirectly by another company;
<b>“Relevant Institutions”</b>	means a credit institution authorised in the European Economic Area, a signatory state to the Basle Capital Convergence Agreement or authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand;
<b>"Securities Financing Transactions" or "SFTs"</b>	means repurchase/ reverse repurchase and securities lending;
<b>"Securities Financing Transaction Regulations"</b>	means Regulation (EU) 2015/2365 of the European Parliament and Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012, as may be amended from time to time;
<b>"Shares"</b>	means ordinary shares in a Fund, which may be divided into different classes;
<b>"Shareholder"</b>	means a holder of Shares;
<b>"Sponsor"</b>	means Albemarle Asset Management Limited;
<b>"Subscription Price"</b>	means the price at which Shares in a Fund will be offered during the Offer Period details of which are contained in the relevant Supplement;
<b>"Subscriptions/Redemptions Account"</b>	means the account in the name of the Company through which subscription monies and redemption proceeds and dividend income (if any) for each Fund are channelled, the details of which are specified in the Application Form;
<b>"Subscriber Shares"</b>	means the issued share capital of two subscriber shares of no par value issued at one Euro each and initially designated as “Subscriber Shares” but which do not enable the holders to participate in the profits of the Company attributable to a Fund;
<b>"Subscriber Shareholder"</b>	means a person/persons registered in the register of members of the Company as a holder or holders of Subscriber Shares;
<b>"Supplement"</b>	means any Supplement to this Prospectus;
<b>"TCA"</b>	means the Taxes Consolidation Act 1997, as may be amended, supplemented, modified, re-enacted or replaced from time to time;

<b>"Taxonomy Regulation"</b>	means Regulation (EU) 2020/852 on the Establishment of a Framework to Facilitate Sustainable Investment, as may be amended or supplemented from time to time;
<b>"Total Return Swaps"</b>	has the meaning defined in the Securities Financing Transaction Regulations;
<b>"UCITS"</b>	<p>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 Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 (as amended):</p> <ul style="list-style-type: none"> <li>- the sole object of which is the collective investment in transferable securities and/or in other liquid financial assets referred to in the Regulations of capital raised from the public and which operates on the principle of risk-spreading; and</li> <li>- the shares of which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of that undertaking's assets;</li> </ul>
<b>"United States" or "US"</b>	means the United States of America, its territories, possessions and all areas subject to its jurisdiction (including the States, the District of Columbia and the Commonwealth of Puerto Rico);
<b>"US Person"</b>	means, unless otherwise determined by the directors, a citizen of or a person resident in the US, a corporation, partnership or other entity created or organised in or under the laws of the US or any person falling within the definition of the terms <b>"US Person"</b> under Regulation S promulgated under the US Securities Act of 1933, as amended;
<b>"US Dollars" or "US\$" or "\$"</b>	means the lawful currency of the United States;
<b>"Valuation Date"</b>	In relation to the Funds has the meaning set out in the relevant Supplement for each Fund;
<b>"Valuation Point"</b>	the point in time by reference to which the Net Asset Value of a Fund and the Net Asset Value per Share of the relevant class is calculated. The Valuation Point in respect of the Shares of each Fund is set out in the relevant Supplement for each Fund; and



**"VAT"**

means: (a) value added tax as provided for in the Value-Added Tax Consolidation Act 2010, of Ireland (as amended); (b) any tax imposed in compliance with Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraphs (a) and (b) above, or imposed elsewhere

## INTRODUCTION

The Company is an investment company with variable capital organised under the laws of Ireland as a public limited company pursuant to the Companies Act and the Regulations. It was incorporated on 5 March 2007 under registration number 435796. Its sole object, as set out in the Constitution, is the collective investment in transferable securities and/or in other liquid financial assets referred to in the Regulations of capital raised from the public operating on the principle of risk spreading.

The Company is organised in the form of an umbrella fund. The Constitution provides that the Company may offer separate classes of shares, each representing interests in a Fund comprising a distinct portfolio of investments. The Company has obtained the approval of the Central Bank for the establishment of the initial Funds. With the prior approval of the Central Bank, the Company may, in consultation with the Manager, from time to time create an additional Fund or Funds, the investment policies and objectives for which shall be outlined in a Supplement, together with details of the offer period, the initial Subscription Price for each share and such other relevant information in relation to the additional Fund or Funds as the Directors may deem appropriate, or the Central Bank require, to be included.

The Shares of the Funds may be divided into different Classes to accommodate different currencies and/or charges and/or dividend and/or fee arrangements. A separate pool of assets will not be maintained for each Class. The creation of Classes must be notified to, and cleared in advance with, the Central Bank.

The Company has been authorised by the Central Bank as a UCITS within the meaning of the Regulations.

## INVESTMENT OBJECTIVE AND POLICIES

The investment objective and policies for each Fund will be formulated by the Directors, in consultation with the Manager, at the time of the creation of the Fund, details of which will be contained in the Supplement issued at the time of creation of such Fund.

The investment objective and policies of the initial Funds are set out in the relevant Supplements. The investment restrictions applying to the Fund are set out below.

The return to Shareholders in a particular Fund will be determined by the performance of the portfolio of investments held by the relevant Fund and the techniques and instruments used in relation to that Fund for the purpose of efficient portfolio management.

There is no guarantee that the investment strategies will accomplish the Fund's objective. See the section entitled "Risk Warnings" below for further details.

The investment objective and policies for each Fund will, in the absence of unforeseen circumstances be adhered to for a period of at least three years following the listing of the Shares in such Fund on the Irish Stock Exchange (if applicable). Any change in the investment objective and material changes in the investment policies of any Fund will only be made by the Directors, following consultation with the Manager and Investment Manager, with the prior approval of an ordinary resolution of the Shareholders of the relevant Fund on the basis of a majority of votes cast at general meeting. In the event of a change, Shareholders of the Fund will be given an opportunity for redemption prior to such change taking effect. Such notice of a change in an investment policy will be given at least 30 days in advance of the date on which a Shareholder must give notice of his intention to redeem his shares, if he objects to the change in

the Fund's investment objective and investment policies. It should be noted that such a change in policy may cause a Shareholder to redeem his Shares at a time when he would not otherwise do so.

### **Securities Financing Transactions and Total Return Swaps**

Where provided for in the relevant Supplement, a Fund may use Securities Financing Transactions or Total Return Swaps. Details on the use of Securities Financing Transactions and Total Return Swaps and types of assets that can be subject to them, the maximum proportion of the Fund's assets and the expected proportion of the Fund's assets subject to Securities Financing Transactions and/or Total Return Swaps will be set out in the relevant Supplement.

Counterparties to such Securities Financing Transactions and Total Return Swaps will be approved and monitored by the Company and are typically banks or other financial institutions or intermediaries in the jurisdiction in which the relevant Fund invests that meet the Central Bank's criteria set out in the Central Bank UCITS Regulations and the criteria disclosed in the section entitled "Use of FDI" ("**Approved Counterparties**"). The Company will exercise due diligence in the selection, appointment and monitoring of Approved Counterparties and in particular will ensure that Approved Counterparties: (a) are subject to ongoing supervision by a public authority; (b) are financially sound; and (c) have the necessary organisational structure and resources to perform the services that are to be provided by them. All costs and fees of Approved Counterparties to the relevant Fund's Securities Financing Transactions and/or Total Return Swaps will be payable at normal commercial rates. Any gains, losses and/or revenue (as applicable) generated by Securities Financing Transactions and/or Total Return Swaps will be for the account of the relevant Fund. No Approved Counterparty is a related party to the Company. The risk of the Approved Counterparty defaulting on its obligations under the Securities Financing Transactions and/or Total Return Swaps and its effect on the relevant Fund are described in the sections of this Prospectus titled "Credit Risks" and "Derivative Securities Risk".

Approved Counterparties may provide collateral to the Fund in accordance with the Regulations, the Central Bank UCITS Regulations and the requirements of the Central Bank. Such collateral shall be held either in the physical custody of the Depository, or for the account of the Depository by an agent or sub-custodian of the Depository.

All collateral received under any Total Return Swap or Securities Financing Transactions entered into by the relevant Fund will comply with the provisions of "Techniques and Instruments, including the use of Repurchase/Reverse Repurchase and Securities Lending Agreements" set out under Appendix 1 of this Prospectus. Accordingly, all collateral that is received will be valued daily, will be marked to market and variation margin arrangements will be employed unless otherwise provided in the relevant Supplement. Assets that exhibit a high price volatility will not be accepted as collateral by a Fund.

### **Sustainable Finance**

The Manager in consultation with the Investment Manager, has determined that, while the analysis of ESG factors forms part of the Investment Manager's investment process, the Funds are not managed with the aim of making sustainability risk a fundamental part of the investment decisions taken on behalf of the Fund for the purposes of Article 6 of the Disclosure Regulation, save where otherwise provided for in a Fund Supplement.

Notwithstanding this, analysis of ESG factors forms part of the Investment Manager's investment decision-making process. For instance, the Investment Manager aims to discover sustainability risks, whether they are environmental, social or governance related while seeking to look for opportunities to benefit from positive ESG factors that can produce higher returns for the Funds. The Investment Manager also actively

engages with the companies in which the Funds invest by reaching out to the management of that company to express the ESG-related views of the Investment Manager and suggest improvements or solutions to sustainability risks to management and investor relations.

In addition, taking due account of the nature and scale of the Company's activities, the Manager in consultation with the Investment Manager, has elected to not consider (in the manner specifically contemplated by Article 4(1)(a) of the Disclosure Regulation) the principal adverse impacts of investment decisions on sustainability factors in relation to the Funds for now. The Manager and the Investment Manager do not currently do so because, among other reasons, as at the date of this Prospectus, the final regulatory technical standards which set forth the scope of "principal adverse impacts" and the corresponding mandatory reporting template have not yet been adopted by European legislators.

The Manager and the Investment Manager consider this an appropriate and proportionate approach to comply with the Company's obligations under the Disclosure Regulation and will keep this under review.

The provisions of the Disclosure Regulation as amended by the Taxonomy Regulation introduce a requirement to disclose whether and if so, to what extent the Funds' investments are aligned with the Taxonomy Regulation. Accordingly, as at the date of this Prospectus, the investments underlying the Funds do not take into account the EU criteria for environmentally sustainable economic activities.

The Funds may be exposed to certain potential sustainability risks. Please refer to section the risk factor entitled "Sustainable Finance Risk" for further details.

## **INVESTMENT RESTRICTIONS**

The assets of each Fund must be invested in accordance with the restrictions on investments set out in the Regulations and such additional investment restrictions, if any, as may be adopted from time to time by the Directors, in consultation with the Manager, in respect of any Fund, such as those described above in relation to the initial Funds. The principal investment restrictions applying to each Fund under the Regulations are described as follows:-

### **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 a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-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 other than those dealt on a regulated market.
- 1.4 Shares of UCITS.
- 1.5 Shares of AIFs
- 1.6 Deposits with credit institutions
- 1.7 Financial derivative instruments

### **2 Investment Restrictions**

- 2.1 The Company may invest no more than 10% of net assets of a Fund in transferable securities and money market instruments other than those referred to in paragraph 1.
- 2.2 Subject to this paragraph 2.2, the Company shall not invest any more than 10% of assets of a Fund in securities of the type to which Regulation 68(1)(d) of the Regulations apply. The restriction in paragraph 1 does not apply to an investment by the Fund in US securities known as "Rule 144A securities" provided that:
  1. the relevant securities have been issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and
  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 net assets 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 The limit of 10% (in paragraph 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If the Company invests more than 5% of net assets of a Fund 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. This type of investment is subject to the prior approval of the Central Bank.
- 2.5 The limit of 10% (in paragraph 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
- 2.6 The transferable securities and money market instruments referred to in paragraph 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 Deposits or cash booked in accounts and held as ancillary liquidity with any one credit institution, within the meaning of Regulation 7 of the Central Bank UCITS Regulations, shall not exceed 20% of the net assets of a Fund.
- 2.8 The risk exposure of a Fund to a counterparty to an OTC derivative may not exceed 5% of net assets.
- This limit is raised to 10% in the case of a credit institution authorised in the EEA; a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States); or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.
- 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 net assets:
1. investments in transferable securities or money market instruments;
  2. deposits, and/or
  3. counterparty risk exposures arising from OTC derivatives transactions.
- 2.10 The limits referred to in paragraphs 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 net assets.
- 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 net assets 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 net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.

The individual issuers must be listed in the prospectus and may be drawn from the following list: OECD Governments (provided the relevant issues are investment grade), Government of the People's Republic of China, Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of 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.

A Fund must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.

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

- 3.1 A Fund may not invest more than 20% of net assets in any one CIS.
- 3.2 Investment in AIFs may not, in aggregate, exceed 30% of net assets.
- 3.3 The CIS are prohibited from investing more than 10% of net assets in other open-ended CIS.
- 3.4 When a Fund invests in the shares of other CIS that are managed, directly or by delegation, by the Fund's management company or by any other company with which the Fund's management company 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 shares of such other CIS.
- 3.5 Where by virtue of investment in the shares of another investment fund, the Manager, the Investment Manager or an investment advisor receives a commission on behalf of the Company (including a rebated commission), the Company shall ensure that the relevant commission is paid into the property of the Company.

### 4 **Index Tracking Fund**

- 4.1 A Fund may invest up to 20% of net assets 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 UCITS Regulations and is recognised by the Central Bank.
- 4.2 The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.

## 5 General Provisions

5.1 An investment company, ICAV 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:

- (a) 10% of the non-voting shares of any single issuing body;
- (b) 10% of the debt securities of any single issuing body;
- (c) 25% of the shares of any single CIS;
- (d) 10% of the money market instruments of any single issuing body.

NOTE: The limits laid down in (ii), (iii) and (iv) 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 Paragraphs 5.1 and 5.2 shall not be applicable to:

- (a) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;
- (b) transferable securities and money market instruments issued or guaranteed by a non-Member State;
- (c) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;
- (d) Shares held by a Fund in the capital of a company incorporated in a non-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-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.
- (e) Shares held by an investment company or investment companies or ICAV or ICAVs 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 units at unit-holders' 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 recently authorised Funds 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 their authorisation, provided they observe 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 Neither an investment company, ICAV nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of::
1. transferable securities;
  2. money market instruments;
  3. shares of investment funds; or
  4. financial derivative instruments,

noting that any short selling of money market instruments by UCITS is prohibited.

- 5.8 A Fund may hold ancillary liquid assets.

## 6 **Financial Derivative Instruments ('FDIs')**

- 6.1 The Fund's global exposure (as prescribed in the Central Bank UCITS Regulations) relating to FDI must not exceed its total Net Asset Value.
- 6.2 Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank UCITS Regulations/Guidance. (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 Central Bank UCITS Regulations.)
- 6.3 Funds may invest in FDIs dealt in over-the-counter (OTC) provided that the counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
- 6.4 Investment in FDIs are subject to the conditions and limits laid down by the Central Bank.

Without limitation, the Directors, in consultation with the Manager, may adopt additional investment restrictions with respect to any Fund to facilitate the distribution of Shares in the relevant Fund to the public in a particular jurisdiction. Any such additional investment restrictions will be disclosed in the Prospectus. In addition, the investment restrictions set out above may be changed from time to time by the Directors, in consultation with the Manager, in accordance with a change in the applicable law and regulations in any jurisdiction in which Shares in the Funds are currently offered, provided that the assets of the Fund will at all times be invested in accordance with the restrictions on investments set out in the Regulations. In the

event of any such addition to, or change in, the investment restrictions applicable to any Fund, a reasonable notification period will be provided by the Company to enable Shareholders in the relevant Fund to redeem their Shares prior to implementation of these changes.

## **DISTRIBUTION POLICY**

The Company does not initially anticipate distributing dividends to Shareholders in respect of any of the Funds but the Company reserves the right to pay dividends or make other distributions in the future. In that event, the Prospectus or the relevant Supplement will be revised and Shareholders will be notified in advance. Initially all net investment income and net realised capital gains will be retained by the Company and will be reflected in the Net Asset Value of the Funds. In the event that the Company decides to pay any dividend on behalf of a Fund, such dividend will be paid in accordance with the rules of the Irish Stock Exchange (if applicable) and in accordance with the Constitution will be paid within four months of the Company's financial year end. Full details will be disclosed in the Prospectus or the relevant Supplement. The Constitution provides that the Directors may declare such dividends on the Shares or on any class of Shares as appear to the Directors to be justified by the profits being the net revenue, including interest and dividends and realised and unrealised profits on the disposal/valuation of investments and other funds, less realised and unrealised losses (including fees and expenses of the relevant Fund).

Any failure to supply the Company or the Administrator with any documentation requested by them for anti-money laundering or anti-fraud purposes (as further described in the section entitled "**Share Dealings**") may result in a delay in the settlement of dividend payments. In such circumstances, any sums payable by way of dividend to Shareholders shall remain an asset of the relevant Fund until such time as the Administrator is satisfied that its anti-money-laundering and anti-fraud procedures have been fully complied with, following which such dividend will be paid.

The Distribution policy for each Fund will be determined by the Directors from time to time and shall be specified in the relevant Supplement.

## **EFFICIENT PORTFOLIO MANAGEMENT**

The Company may employ investment techniques and instruments for efficient portfolio management of the assets of any Fund including hedging against market movements, currency exchange or interest rate risks under the conditions and within the limits stipulated by the Central Bank under the Regulations and Central Bank UCITS Regulations and described below. The Company may not leverage a Fund through the use of derivative instruments, i.e. the total exposure of a Fund, including but not limited to, its exposure from the use of any derivative instruments, must not exceed the total Net Asset Value of the Fund.

The Manager, Investment Manager and the sub-investment manager (if applicable) employ a risk management process in respect of the Company which enables it to accurately measure, monitor and manage the various risks associated with the FDI. A statement of this risk management process has been submitted to the Central Bank (the "**RMP**"). **A Fund will only utilise those FDIs as set out in the relevant Fund Supplement and as listed in the RMP and that have been cleared by the Central Bank.** The Company will, on request, provide supplementary information to Shareholders relating to the RMP employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investment.

## **BORROWING POWERS**

The Company may not borrow money except insofar as is permitted under the Regulations, that is to say:

- The Company may borrow, for the account of any Fund, up to 10% of the net assets of such Fund provided that such borrowing is on a temporary basis. The assets of such Fund may be charged as security for any such borrowings.
- The Company, for the account of a Fund, may acquire foreign currency by means of a "back-to-back loan". Foreign currency obtained in this manner is not classed as borrowings for the purposes of the borrowing restrictions under Regulation 103(1) of the Regulations provided that the offsetting deposit (i) is denominated in the Base Currency of that Fund and (ii) equals or exceeds the value of the foreign currency loan outstanding.

Without prejudice to the powers of the Company to invest in transferable securities, the Company may not lend, or act as guarantor on behalf of third parties.

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

The Directors shall ensure that a Fund with foreign currency borrowings which exceed the value of a back to back deposit treats that excess as borrowing for the purpose of Regulation 103 of the Regulations. Where the balance returned to a Fund is in a foreign currency other than the Base Currency, that Fund may be exposed to currency risk such that the amount returned may be less than it would have been if the offsetting balance had been held in the Base Currency.

## **RISK WARNINGS**

### **General**

The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities or other instruments and there can be no assurance that any appreciation in value of investments will occur. In particular the value of investments may be affected by uncertainties such as international, political and economic developments or changes in government policies.

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 a Fund. An investment should only be made by those persons who are able to sustain a loss on their investment.

There can be no guarantee that the investment objective of any Fund will actually be achieved.

Specific risk warnings in relation to particular Funds are contained in the relevant Supplement.

The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the yield and risk characteristics of the main categories of investments of the Funds.

### **Credit Risks**

Although the Company will invest in high credit quality instruments, there can be no assurance that the securities or other instruments in which the Company invests will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or other instruments. The Company will also be exposed to a credit risk in relation to the counterparties with whom it trades and it may also bear the risk of settlement default.

### **Subscriptions/Redemptions Account Risk**

Subscription monies will become the property of a Fund upon receipt and accordingly investors will be treated as a general creditor of a Fund during the period between receipt of subscription monies and the issue of Shares.

Any failure to supply the Company or the Administrator with any documentation requested by them for anti-money laundering purposes may result in a delay in the settlement of redemption proceeds or dividend payments. In such circumstances, the Administrator will process any redemption request received by a Shareholder and by doing so that investor will no longer be considered a Shareholder notwithstanding that they have not received the redemption proceeds. Accordingly, Shareholders should note that any redemption proceeds and any sums payable by way of dividend being paid out by a Fund and held for any time in the Subscriptions/Redemptions Account shall remain an asset of the relevant Fund. In the event of the insolvency of the Company or the relevant Fund, the Shareholder will rank as an unsecured creditor of the Company until such time as the Administrator is satisfied that its anti-money-laundering procedures have been fully complied with, following which redemption proceeds will be released or the dividend paid (as applicable) to the relevant Shareholder. Accordingly, Shareholders are advised to promptly provide the Company or Administrator (as appropriate) with all documentation requested to reduce the risk in this scenario.

As detailed under the heading "How to buy Shares" below, the Company also operates the Subscriptions/Redemptions Account with respect to receipt of subscription monies. In this scenario, the

investor is subject to the risk of becoming an unsecured creditor in the event of the insolvency of the Company or the relevant Funds during the period between receipt of subscription monies and the Dealing Day on which the Shares are issued.

The Company reserves the right to reverse any allotment of Shares in the event of a failure by the Shareholder to settle the subscription monies on a timely basis. In such circumstances, the Company shall compulsorily redeem any Shares issued and the Shareholder shall be liable for any loss suffered by the Company in the event that the redemption proceeds are less than the amount originally subscribed for. For the avoidance of doubt, the relevant Shareholder shall not be entitled to any profit arising from such redemption of shares in the event that the redemption proceeds are worth more than the amount originally subscribed for.

Shareholders in solvent Funds should not be impacted by the insolvency of a sister Fund as the Company is established with segregated liability. However, there can be no categorical assurance that, should an action be brought against the Company in the courts of another jurisdiction, that the segregated nature of the Funds will necessarily be upheld. Shareholders attention is drawn to the risk factor under the heading "Umbrella Structure of the Company".

### **Changes in Interest Rates**

The value of Shares may, notwithstanding the policy of the Company of investing in short-term instruments, be affected by substantial adverse movements in interest rates. This may result in the amount realised on the sale of Shares being less than the original amount invested.

### **Repurchase and Reverse Repurchase Agreements**

In the event of a bankruptcy or other default of a seller of a repurchase agreement, the company could experience both delays in liquidating the underlying securities and losses, including a possible decline in the value of the underlying securities during the period when the Company seeks to enforce its rights thereto, reduced levels of income and lack of access to income during this period and the expenses of enforcing its rights.

### **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, that Fund will be exposed to the risk associated with such investments, such failure or default of the issuer of the relevant security.

### **Suspension of Valuation**

The ability to subscribe for, redeem or convert Shares may be affected by a temporary suspension of the determination of Net Asset Value which may take place upon the occurrence of certain events as described in the section entitled "Temporary Suspensions".

### **Political Risks**

The performance of a Fund may be affected by changes in economic and market conditions, uncertainties such as political developments, military conflict and civil unrest, changes in government policies, the imposition of restrictions on the transfer of capital and in legal, regulatory and tax requirements.

## **Counterparty Risk**

The Manager (or its duly appointed delegate) on behalf of a Fund may enter into transactions in over-the-counter markets, which will expose the Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts. The Manager (or its duly appointed delegate) on behalf of the Fund may enter into future contracts which may 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 Manager (or its duly appointed delegate) seeks to enforce its rights with respect to the relevant Fund, 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 derivatives 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.

During an insolvency procedure (which may last many years) the use by a Fund of certain of its assets held by a counterparty may be restricted and accordingly (a) the ability of the Manager and the Investment Manager to fulfil the investment objective may be severely constrained, (b) the Fund may be required to suspend the calculation of the Net Asset Value and as a result subscriptions for and redemptions of Shares, and/or (c) the Net Asset Value may be otherwise affected. During such a procedure, a Fund is likely to be an unsecured creditor in relation to certain assets (including those in respect of which it had previously been a secured creditor) and accordingly a Fund may be unable to recover such assets from the insolvent estate of the counterparty in full, or at all.

## **Custodial / Depositary Risks**

All banks, depositaries, custodians, brokers and dealers with which a Fund will be doing business, may encounter financial difficulties that impair the operational capabilities or capital position of the Fund. Although the Investment Manager intends to limit each Fund's direct investment transactions in transferable securities to transferable securities listed on Recognised Markets, when permitted by the investment restrictions set out in the section entitled "INVESTMENT RESTRICTIONS" above, the Investment Manager will generally have sole discretion to select the financial institutions through which their investment transactions are executed for the underlying investments.

The Depositary and its delegates, if any, will have custody of a Fund's securities, cash, distributions and rights accruing to the Funds' securities accounts. If the Depositary or a delegate holds cash on behalf of a Fund, the Fund may be an unsecured creditor in the event of the insolvency of the Depositary or delegates. Although this is generally done to reduce or diversify risk, there can be no assurance that holding securities through the Depositary or its delegates will eliminate custodial risk.

The Funds will be subject to credit risk with respect to the Depositary and the delegates, if any. In addition, certain of a Fund's assets may be held by entities other than the Depositary and its delegates. For example, a Fund may provide certain of its assets as collateral to counterparties or brokers in connection with derivatives contracts.

In particular, investors should be aware that there is a heightened depositary risk for Funds which may invest in certain countries (including Emerging Marketing Countries) outside of the EU (each a "third country") where the laws of the third country require that the financial instruments are held in custody by a local entity and no local entities satisfy the delegation requirements in the Regulations. Accordingly such entities may not be subject to effective prudential regulation and supervision in the third country or subject to external audit to ensure that the financial instruments are in its possession. In such circumstances, the

Depository may delegate its custody duties under the Depository Agreement to such a local entity only to the extent required by the law of the third country and only for as long as there are no local entities that satisfy the delegation requirements in the Regulations, and only where: (i) Shareholders of the relevant Fund are duly informed, prior to their investment, of the fact that such a delegation is required due to legal constraints in the law of the third country, of the circumstances justifying the delegation and of the risks involved in such a delegation; and (ii) the Fund, has instructed the Depository to delegate the custody of such financial instruments to such a local entity.

### **Foreign Exchange Risk**

Where a Fund engages in foreign exchange transactions which alter the currency exposure characteristics of its investments the performance of such Fund may be strongly influenced by movements in exchange rates as currency positions held by the Fund may not correspond with the securities positions held.

The Net Asset Value per Share of a Fund will be computed in its Base Currency whereas the investments held for the account of a Fund may be acquired in other currencies. A Fund's Net Asset Value may change significantly when the currencies other than the Base Currency in which some of the Fund's investments are denominated strengthen or weaken against the Base Currency. Currency exchange rates generally are determined by supply and demand in the foreign exchange markets and the perceived relative merits of investments in different countries. Currency exchange rates can also be affected unpredictably by intervention by Government or central banks or by currency controls or political developments.

In addition, currency hedging transactions, while potentially reducing the currency risks to which the Fund would otherwise be exposed, involve certain other risks, including the risk of a default by a counterparty, as described above. In addition, where a Fund enters into "cross-hedging" transactions (e.g., utilising a currency different from the currency in which the security being hedged is denominated), the Fund will be exposed to the risk that changes in the value of the currency used to hedge will not correlate with changes in the value of the currency in which the securities are denominated, which could result in loss on both the hedging transaction and the Fund securities.

Forward currency contracts involve the possibility that the market for them may be limited with respect to certain currencies and, upon a contract's maturity, possible inability to negotiate with the dealer to enter into an offsetting transaction. There is no assurance that an active forward currency contract market will always exist. These factors restrict the ability to hedge against the risk of devaluation of currencies in which a substantial quantity of securities are being held for a Fund and are unrelated to the qualitative rating that may be assigned to any particular security.

Also, as subscription monies and redemption monies may be paid in a currency other than the Base Currency of the Fund, investors should be aware that there is an exchange rate risk if such other currencies depreciate against the base currency and consequently they may not realise the full amount of their investment in the Fund.

### **Share Currency Designation Risk**

A Class may be designated in a currency other than the Base Currency of that Fund. Changes in the exchange rate between the Base Currency and such designated currency may lead to a depreciation of the value of such Shares as expressed in the designated currency. Unless otherwise set out in the relevant Fund Supplement, the Investment Manager will try to mitigate this risk using forward currency contracts and within the conditions and limits imposed by the Central Bank. However, there can be no assurance that such hedging transactions will be effective. A description of forward currency contracts is set out in the relevant Fund Supplement.

Currency exposure will not exceed 105% of the Net Asset Value of the relevant Share class and all transactions will be clearly attributable to the relevant Share class. Currency exposure will not fall short of 95% of the portion of the Net Asset Value of the Share class which is to be hedged. The Investment Manager does not intend to have under-hedged or over-hedged positions; however, due to market movements and factors outside the control of the Investment Manager, under-hedged and over-hedged positions may arise from time to time. All such transactions will be clearly attributable to a specific Share class and currency exposures of different Share classes will not be combined or offset. The currency exposures of assets of the Funds will not be allocated to separate classes of Shares.

The Investment Manager will have procedures in place to monitor hedged positions to ensure that over-hedged positions do not exceed the limit of 105% of the Net Asset Value of the relevant Share class and that under-hedged positions do not fall short of 95% of the Net Asset Value of the portion of the Net Asset Value of the relevant Share class which is to be hedged. As part of this procedure, the Investment Manager will review hedged positions in excess of 100% of the Net Asset Value of the relevant Share class and positions materially in excess of 100% of the Net Asset Value of the Share class will not be carried forward from month to month. The Investment Manager will keep any under-hedged positions under review to ensure they are not carried forward from month to month.

Where currency hedging takes place at Share class level, the performance of the hedged Share class is likely to move in line with the performance of the underlying assets and currency hedging at Share class level may substantially limit holders of Shares of a class denominated in a currency other than the Base Currency of the Fund from benefiting if the currency of the denomination of that Share class falls against the Base Currency of the Fund and/or the currency in which the assets of the Fund are denominated.

All costs and losses arising in relation to such currency hedging transactions will be borne by the relevant Share class and all gains arising in connection with such hedging transactions will be attributable to the relevant Share class. Details of the currency hedging strategies utilised will be disclosed in the annual and semi-annual reports of the Company.

### **Liquidity and Settlement Risks**

The Funds will be exposed to a credit risk on parties with whom they trade and may also bear the risk of settlement default. Some of the markets in which the Funds will invest may be less liquid, less developed and more volatile than the world's leading stock markets and this may result in fluctuations in the price of the Shares. In addition, market practices in relation to the settlement of securities transactions and the custody of assets could provide increased risks to a Fund and may involve delays in obtaining accurate information on the value of securities (which may as a result affect the calculation of the Net Asset Value).

Any proposed investment in these markets will be disclosed in the relevant Supplement. Shareholders should also note that settlement mechanisms in emerging and less developed markets are generally less developed and reliable than those in more developed countries and that this therefore increases the risk of settlement default, which could result in substantial losses for the Company and the relevant Fund in respect to investments in emerging markets.

### **Stock Market Risk**

A Fund's share price will move up and down in reaction to stock market movements. Stock prices change daily in response to company activity and general economic and market conditions. A Fund's investments in common stocks and other equity securities are subject to stock market risk, which is the risk that the value of equity securities may decline. Also, equity securities are subject to the risk that a particular issuer's securities may decline in value, even during periods when equity securities in general are rising. Additional



stock market risks may be introduced when a particular equity security is traded on a foreign market. For more detail on the related risks involved in foreign markets, see "**Foreign Exposure Risk**" below.

### **Foreign Exposure Risk**

Investing in foreign securities, including depository receipts, or securities of entities with significant foreign operations, involves additional risks which can affect a Fund's performance. Foreign markets, particularly emerging markets, may be less liquid, more volatile and subject to less government supervision than an investor's home market. There may be difficulties enforcing contractual obligations, and it may take more time for transactions to clear and settle. Less information may be available about foreign entities. The costs of buying and selling foreign securities, including tax, brokerage and custody costs, may be higher than those involving domestic transactions. The specific risks of investing in foreign securities include:

*Currency Risk:* The values of foreign investments may be affected by changes in currency rates or exchange control regulations. If the local currency gains strength against the domestic currency, the value of the foreign security increases in domestic currency terms. Conversely, if the local currency weakens against the domestic currency, the value of the foreign security declines in domestic security terms.

*Regulatory Risk:* Foreign companies often are not subject to uniform accounting, auditing and financial reporting standards or to other regulatory practices and requirements.

### **Country Risk**

Investments in securities of issuers of different nations and denominated in different currencies involve particular risks. Such risks include changes in relative currency exchange rates, political and economic developments, the imposition of exchange controls, confiscation and other governmental restrictions. Investment in securities of issuers located in different countries offers potential benefits not available from investments solely in the securities of issuers located in a single country, but also involves certain significant risks that are not typically associated with investing in the securities of issuers located in a single country.

The volume of trading, the volatility of prices and the liquidity of securities may vary in the markets of different countries. In addition, the level of government supervision and regulation of securities exchanges, securities dealers and listed and unlisted companies is different throughout the world. The laws of some countries may limit the Fund's ability to invest in securities of certain issuers located in such countries.

Different markets also have different clearance and settlement procedures. Delays in settlement could result in temporary periods when a portion of the assets of the Fund are uninvested meaning no return may be earned thereon. The inability of the Fund to make intended investment purchases as a result of settlement problems may cause the Fund to miss attractive investment opportunities. The inability of the Fund to dispose of an investment as a result of settlement problems could result in a loss to the Fund as a consequence of a subsequent decline in value of such investment or, if the Fund has entered into a contract to sell such investment, in a possible liability to the purchaser. There may also be a risk that, because of uncertainties in the operation of settlement systems in individual markets, competing claims may arise in respect of securities held by, or to be transferred to, the Fund. With respect to certain countries, there is a possibility of expropriation, confiscatory taxation, imposition of withholding and/or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of the Fund, political or social instability or diplomatic developments that may affect investments in those countries.

## **Concentration Risk**

A Fund's investments will be concentrated in a particular country or region, in a select group of issuers, or both. When a Fund's investments are concentrated in a particular country or region, the Fund's performance may be closely tied to economic and political conditions within that country or region. A Fund that concentrates its investments in a select group of issuers can be more volatile than the market as a whole because changes in the financial condition of an issuer or changes in economic or political conditions that affect a particular type of security or issuer can affect the value of an issuer's securities. For these reasons, a concentrated Fund's performance may be more volatile than the performance of more diversified Funds.

## **Interest Rate Risk**

Bond prices rise when interest rates decline and decline when interest rates rise. The longer the duration of a bond, the more a change in interest rates affects the bond's price. Short-term and long-term interest rates may not move the same amount and may not move in the same direction. This may result in the amount realised on the sale of Shares being less than the original amount invested.

## **Prepayment Risk**

Prices and yields of mortgage-backed securities assume the securities will be redeemed at a given time. When interest rates decline, mortgage-backed securities experience higher prepayments because the underlying mortgages are repaid earlier than expected. The Investment Manager may be forced to invest the proceeds from prepaid mortgage-backed securities at lower rates, which results in a lower return for the Fund. When interest rates increase, mortgage-backed securities experience lower prepayments because the underlying mortgages may be repaid later than expected. This typically reduces the value of the underlying securities.

## **High Yield Securities Risk**

Below investment-grade securities are considered speculative. These securities have greater risk of default than higher rated securities. The market value of below investment grade securities is more sensitive to individual corporate developments and economic changes than higher rated securities. The market for below investment-grade securities may be less active than for higher rated securities, which can adversely affect the price at which these securities may be sold. Less active markets may diminish the Fund's ability to obtain accurate market quotations when valuing the portfolio securities and calculating the Net Asset Value of the Fund. In addition, the Fund may incur additional expenses if a holding defaults and the Fund has to seek recovery of its principal investment. Below investment-grade securities may also present risks based on payment expectations. For example these securities may contain redemption or call provisions. If an issuer exercises these provisions in a declining interest rate market a Fund would have to replace the security with a lower yielding security resulting in a decreased return for investors.

## **Performance Fee Risk**

Where performance fees are payable by a Fund to the Investment Manager as disclosed in the relevant Supplement, these will be based on net realised and net unrealised gains and losses as at the end of each calculation period. As a result, performance fees may be paid on unrealised gains which may subsequently never be realised.

In addition, where performance fees are payable on the performance of a class of Shares relative to a performance fee benchmark, a performance fee may be payable in circumstances where the Net Asset Value of the class of Shares has declined in the calculation period.

Shareholders who acquire the class of Shares pursuant to which a performance fee is payable after a particular calculation period has commenced may be liable to a performance fee at the end of that calculation period which represents the performance of those class of Shares over the entire calculation period rather than the period during which they hold the class of Shares. In addition, where there is no equalisation methodology employed by the Fund as set out in the relevant Supplement, the methodology used in calculating the performance fee may result in inequalities between Shareholders in relation to the payment of the performance fee (with some Shareholders paying a disproportionately higher performance fee in certain circumstances, e.g., where they acquire class of Shares towards the end of the calculation period or midway during a calculation period and where the Net Asset Value per Share of the class of Shares subsequently declines, but remains above the performance fee benchmark).

### **Changes to Share Value**

It should be appreciated that the value of Shares and the income from them may fall as well as rise, and that investors may not get back the amount they have invested. Changes in exchange rates may cause the value of Shares to go up or down.

### **Derivative Securities Risk**

In relation to investment in financial derivative instruments, the use of these instruments involves special risks including:

- i. dependence on the ability to predict movements in the prices of securities and other underlyings of the financial derivative instruments including interest rates and currencies;*

The use of derivatives may result in greater returns but may entail greater risk for your investment. Derivatives may be used as a means of gaining indirect exposure to a specific asset, rate or index and/or as part of a strategy designed to reduce exposure to other risks, such as interest rate or currency risk. Use of derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other investments. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index.

- ii. imperfect correlation between the financial derivative instruments and the securities or market sectors to which they relate (e.g., "cross-hedging" transactions, which are described under the heading "Foreign Exchange Risk" above);*

Investing in a derivative instrument could cause the relevant Fund to lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances and accordingly there can be no assurance that the Fund will always be able to engage in these transactions to reduce exposure to other risks when that would be beneficial.

- iii. greater volatility than the securities and/or markets to which they relate;*

The prices of derivative instruments are highly volatile. Price movements of derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, national and international political and economic events, changes in local laws and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets 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.

- iv. *liquidity risk when, for example, a particular derivative instrument is difficult to purchase or sell;*

Reduced liquidity for securities in the market can also create difficulties with valuing securities. Where a Fund is unable to sell illiquid securities at a time and price which is of benefit to the Fund this could have a negative impact on the Net Asset Value of the Fund.

- v. *market risk, where the market value of the financial derivative instrument changes in a way that is detrimental to a Fund;*

This is a general risk that applies to all investments, including FDIs, meaning that the value of a particular FDI may go down as well as up in response to changes in market factors. A Fund may also use FDIs to short exposure to some investments. Should the value of such investments increase rather than fall, the use of FDIs for shorting purposes will have a negative effect on the Fund's value and in extreme market conditions may, theoretically, give rise to losses for the Fund. Should such extreme market conditions occur, investors could, in certain circumstances, therefore face minimal or no returns, or may even suffer a loss on their investment in that particular Fund.

- vi. *potential conflicts of interest;*

Investors should also be aware that from time to time, a Fund may engage with counterparties and/or agents that are related parties to the Depositary or other service providers of the Company. Such engagement may on occasion cause a conflict of interest with the role of the Depositary or other service provider in respect of the Company. Please refer to section the section entitled "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 Company's semi-annual and annual reports.

- vii. *counterparty risk, where the counterparty with which a Fund trades becomes insolvent, bankrupt or defaults;*

Please refer to section the risk factor entitled "Counterparty Risk" for further details.

- viii. *settlement risk, where a counterparty defaults in settling a trade;*

Please refer to the risk factor entitled "Liquidity and Settlement Risks" for further details.

- ix. *legal risk, where the enforceability of a financial derivative instrument contract may be an issue; and*

Please refer to the risk factor entitled "Country Risk" for further details.

- x. *reliance on the skill set of the Investment Manager where the skills needed to invest successfully may be different from those needed for other types of investments.*

### **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 U.S. Commodities Futures Trading Commission ("**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 is 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.

EU Regulation No 648/2012 on OTC derivatives, central counterparties and trade repositories (also known as the European Market Infrastructure Regulation, or "**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 Manager and the 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 Manager and the 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.

### **Umbrella Structure of the Company**

Pursuant to Irish law the Company should not be liable as a whole to third parties and there should not be the potential for cross contamination of liabilities between different funds. However, there can be no categorical assurance that, should an action be brought against the Company in the courts of another jurisdiction, the segregated nature of the Funds will necessarily be upheld.

### **Foreign Taxes**

The Company may be liable to taxes (including withholding taxes) in countries other than Ireland on income earned and capital gains arising on its investments. The Company may not be able to benefit from a reduction in the rate of such foreign tax by virtue of the double taxation treaties between Ireland and other countries. The Company may not, therefore, be able to reclaim any foreign withholding tax suffered by it in particular countries. If this position changes and the Company obtains a repayment of foreign tax, the Net Asset Value of the Company will not be restated and the benefit will be allocated to the then-existing Shareholders rateably at the time of repayment.

### **Cybersecurity Risk**

Cybersecurity breaches may occur allowing an unauthorized party to gain access to assets of the Funds, Shareholder data, or proprietary information, or may cause the Company, the Manager, Investment Manager, the Administrator or the Depositary to suffer data corruption or lose operational functionality.

The Funds may be affected by intentional cybersecurity breaches which include unauthorized access to systems, networks, or devices (such as through "hacking" activity); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws). A cybersecurity breach could result in the loss or theft of Shareholder data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs. Such incidents could cause the Company, the Manager, the Investment Manager, the Administrator, the Depositary, or other service providers to incur regulatory penalties, reputational damage, additional compliance costs, or financial loss. Consequently, Shareholders may lose some or all of their invested capital. In addition, such incidents could affect issuers in which a Fund invests, and thereby cause a Fund's investments to lose value,

as a result of which investors, including the relevant Fund and its Shareholders, could potentially lose all or a portion of their investment with that issuer.

### **Third Party Service Providers**

The Company does not have any employees and the Directors have been appointed on a non-executive basis. The Company is therefore reliant upon the performance of third party service providers for their executive functions. In particular, the Manager, the Investment Manager, any sub-investment manager, the Administrator and the Depositary will be performing services which are integral to the operation of the Company. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact upon the operations of the Company.

### **Data Protection**

Under the General Data Protection Regulation (Regulation 2016/679, the "**GDPR**"), data controllers are subject to additional obligations including, amongst others, accountability and transparency requirements whereby the data controller is responsible for, and must be able to demonstrate compliance with the rules set down in the GDPR relating to data processing and must provide data subjects with more detailed information regarding the processing of their personal data. Other obligations imposed on data controllers include more enhanced data consent requirements and the obligation to report any personal data breach to the relevant supervisory authority without undue delay. Under the GDPR, data subjects are afforded additional rights, including the right to rectify inaccurate personal information, the right to have personal data held by a data controller erased in certain circumstances and the right to restrict or object to processing in a number of circumstances.

The implementation of GDPR may result in increased operational and compliance costs being borne directly or indirectly by the Company. Further, there is a risk that the measures will not be implemented correctly by the Company or its service providers. If there are breaches of these measures by the Company or any of its service providers, the Company or its service providers could face significant administrative fines and/or be required to compensate any data subject who has suffered material or non-material damage as a result as well as the Company suffering reputational damage which may have a material adverse effect on its operations and financial conditions.

### **Brexit – Changes to the European Union and the Functioning and Applicability of the Treaty on European Union**

On June 23, 2016, the United Kingdom held a referendum and voted to withdraw as a member of the EU and a party to the Treaty on European Union and its successor treaties. The United Kingdom left the EU on 31 January, 2020 and the transitional period of 11 months post Brexit, during which the UK remained in both the EU customs union and the single market, ended on 31 December 2020. The EU, the European Atomic Energy Community and the UK entered into the EU-UK Trade and Cooperation Agreement on 30 December 2020 which has been applied provisionally since 1 January 2021. The full effects of Brexit are uncertain and depend on how closely the UK will be connected to the EU legislative framework post the expiry of the transitional provisions of the EU-UK Trade and Cooperation Agreement.

The United Kingdom's decision to leave the EU has caused significant volatility in global financial markets and uncertainty about the integrity and functioning of the EU, both of which may persist for an extended period of time. Areas where the uncertainty created by the United Kingdom's decision to leave the EU includes, but is not limited to, trade within Europe, foreign direct investment in Europe, the scope and functioning of European regulatory frameworks (including with respect to the regulation of UK-based investment managers and the distribution and marketing of UCITS by UK-based distributors), industrial

policy pursued within European countries, immigration policy pursued within European countries, the regulation of the provision of financial services within and to persons in Europe and trade policy within European countries and internationally. The volatility and uncertainty caused by Brexit may adversely affect the value of a Fund's investments and the ability of the Investment Manager to achieve the investment objective of a Fund.

### **Sustainable Finance Risk**

The Disclosure Regulation defines "sustainability risks" as environmental, social or governance events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of an investment. The Company, the Manager, the Investment Manager, a Fund's issuers or investee companies and other parties, such as service providers of the Manager or the Company or of counterparties of a Fund's issuers or investee companies, may be negatively affected by sustainability risks. The Funds may be exposed to certain potential sustainability risks. Such risks are principally linked to climate-related events resulting from climate change or to the society's response to climate change, which may result in unanticipated losses that could affect the Funds' investments and financial condition. Social events (e.g. inequality, inclusiveness, investment in human capital, prevention of accidents, etc.) or governance shortcomings (e.g. bribery and corruption issues, health and safety, selling practices, etc.) may also translate into sustainability risks.

Unless otherwise provided in the relevant Supplement, it is not possible to quantify the potential impact of sustainability risks on the Funds although it is not likely that such risks will have a material impact on returns. Notwithstanding the foregoing, sustainability risks are not considered relevant for certain non-core investment activities, for example, hedging against currency risk or cash management activities.

### **Fees and Expenses**

The Company will be responsible for paying its fees and expenses regardless of the level of its profitability. In view of the fact that an initial charge may be payable on a subscription by an investor any investment in a Fund should be regarded as a medium to long term investment.

### **Legal Requirements**

Persons interested in purchasing Shares should inform themselves as to (a) the legal requirements within their own countries for the purchase of Shares, (b) any foreign exchange restrictions which may be applicable, and (c) the income and other tax consequences of purchase, conversion and redemption of Shares.

The difference, at any one time, between the sale and repurchase price of the Shares means that any investment in the Company should be viewed in the medium to long term. Initial applications will be processed upon receipt by the Administrator of both the Application Form and cleared funds. Subsequent purchases will be processed upon receipt of trade instructions and cleared funds.

Under the European Union's Taxation of Savings Income in the form of Interest Payments directive, professional obligations have been outlined to ensure that interest payments made in one EU member state to individuals resident in another EU member state are subject to effective taxation in accordance with the laws of their EU member state. As a result of such provisions, it is necessary to ascertain the tax identification number of subscribers. Accordingly subscribers will be required to provide their tax identification number to the Company. Such information will be collected for compliance reasons only and shall not be disclosed to unauthorised persons.



## HOW TO BUY SHARES

Investors buying Shares for the first time should complete the Application Form obtainable from the Administrator. Subsequent applications may be made in writing or by facsimile. Prior to an application for Shares being made, an account must be opened with the Administrator. In order to open an account, an account opening form together with all required supporting documentation including in relation to anti-money laundering due diligence checks must be submitted to, reviewed and accepted by the Administrator. An original, signed account opening form together with all required supporting documentation must be returned by post or fax (with the originals to follow by post) to the Administrator's address to complete the account registration process. Once received, duly assessed and processed by the Administrator, the Administrator will provide confirmation of the account number to the authorised contact(s), following which dealing instructions may be placed. Subscription instructions and proceeds must not be forwarded until the account number is confirmed by the Administrator (which may take up to five Business Days). Any subscription deal received as part of the account opening form will be rejected. Incomplete account opening forms (including where compulsory information and/or anti-money laundering verification documents have not been provided in advance) will be rejected.

Applications received prior to the Dealing Deadline will be dealt with on that Dealing Day. Any applications received after the Dealing Deadline will be dealt with on the following Dealing Day. Payment may be made by electronic transfer. Following the expiration of the Offer Period, all applications for Shares must be made in monetary terms and not share units.

The initial issue price for Shares in a Fund will be determined by the Directors at the time of the creation of the Fund and may include a subscription fee of up to 5%. The subscription fee shall be payable to the Company.

On each Dealing Day following the Offer Period, the subscription price shall be the relevant Net Asset Value per Share, plus a subscription fee of up to 5%. The subscription price will be calculated using the following formula: -

$$SP = NAV \times (1 + FEF)$$

where:-

SP = the subscription price;

NAV = the Net Asset Value per Share; and

FEF = the subscription fee expressed (to two decimal places) as a percentage of 1.

Following the close of their Offer Period, the Classes in the initial Funds shall be available at their Net Asset Value per Share on each Dealing Day together with any applicable subscription charges. Details of the applicable Offer Period in relation to the initial Funds and additional Funds or Classes will be contained in the relevant Supplement issued at the time of creation of such Funds or Classes. Such periods may be extended by the Directors, in consultation with the Manager, and any such extension will be notified to the Central Bank.

The minimum initial investment and minimum additional investment in a Fund, if any, will be determined by the Directors at the time of the creation of a Fund. The Directors may increase or reduce these amounts

if, in their absolute discretion, they consider that the circumstances so warrant. See the relevant Supplement for further details.

Payment for Shares may be made in the Base Currency of the Fund or in other major freely convertible currencies. Any subscription proceeds paid in currencies other than the Base Currency of the relevant Fund or the designated currency of the relevant Share Class will be converted into that currency at prevailing exchange rates. This foreign exchange transaction will be arranged by the Administrator at the cost and risk of the relevant investor. Subscription monies will become the property of the Fund upon receipt and accordingly, investors will be treated as a general creditor of the Fund during the period between the receipt of the Subscription monies and the Dealing Day of which the Shares are issued.

The Directors may in their absolute discretion, provided that they and the Depositary are satisfied that no material prejudice would result to any existing Shareholders and subject to the provisions of the Companies Act, the Regulations, the investment objective and policies and investment restrictions of a Fund, allot Shares against the vesting in the Depositary of investments which would form part of the assets of the Company. The number of Shares to be issued in this way shall be the number which would on the day the investments are vested in the Depositary have been issued for cash against the payment of a sum equal to the value of the investments. The value of the investments to be vested shall be calculated on such basis as the Directors may decide, but such value cannot exceed the highest amount at which they would be valued by applying the valuation methods described under **“Valuation of Assets and Temporary Suspension of Determination of Net Asset Value”** below.

Applications for Shares must be made for specified amounts in value. Fractional Shares of not less than 0.001 of a Share may be issued. Subscription moneys representing smaller portions of Shares will not be returned to the applicant but will be retained as part of the assets of the Company.

The **“Terms and Conditions of Application”** set out below contains certain terms and conditions regarding the application procedure for Shares in the Company and certain indemnities in favour of the Company, the Manager, the Investment Manager, the Administrator, the Depositary and the other Shareholders for any loss suffered by them as a result of such applicant or applicants acquiring or holding Shares in the Company.

Shares may not be issued during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described below. Applicants for Shares will be notified of such suspension and, unless withdrawn, their applications will be considered as at the next Dealing Day following the ending of such suspension.

The number of Shares will be rounded to the nearest one thousandth of a Share.

Settlement will normally be by telegraphic transfer to be received no later than two business days after the relevant Dealing Day. The Company has the right to cancel any purchase contract which is not settled in full. The applicant remains liable for any loss incurred by the Company in the case of non-settlement.

All Shares will be issued in registered but uncertificated form. Shares will be evidenced by an entry in the register and are represented by a written confirmation of ownership issued to the Shareholder within 21 days after receipt of payment and documentation. Share certificates will not be issued.

#### **Anti-Money Laundering and Counter Terrorist Financing Measures – Identity Verification**

Verification of the investor’s identity is required to take place before the establishment of the business relationship. Applicants should refer to the Account Opening Form and the Application Form for a more

detailed list of requirements for anti-money laundering/counter-terrorist financing purposes. In the event of delay or failure by the investor to produce any information required for verification purposes, the Administrator or the Distributor or the Company may refuse to accept the application and subscription monies. In order to open an account, an account opening form together with all required supporting documentation including in relation to anti-money laundering due diligence checks must be submitted to, reviewed and accepted by the Administrator. Once the Administrator has provided confirmation of the account number, an application for Shares may be submitted by completing the Application Form

Measures provided for in the Irish AML Regulations which are aimed towards the prevention of money laundering, may require detailed verification of each applicant's identity, address, source of wealth and the supporting documentation for the source of wealth. For example an individual may be required to produce a copy of his/her passport or identification card that bears evidence of the individuals' identity, date of birth and signature duly certified by a notary public or other person specified in the Application Form together with one document bearing evidence of the individual's address such as a utility bill or bank statement which is not older than three months old. The documentation required in respect of corporate applicants may require certified constitutional documents, and verification documentation in respect of the directors, beneficial owners may be required where applicable.

Politically exposed persons ("**PEPs**"), an individual who is or has, at any time been entrusted with prominent public functions, and immediate family members, or persons known to be close associates of such persons, must also be identified, and verified, where applicable.

The Administrator will request such information and documentation as is necessary to identify and verify the source of wealth of an applicant, as applicable. In the event of delay or failure by the applicant to produce any information and documentation required for verification purposes, the Administrator may not process the application and return all subscription monies and/or payment of redemption proceeds may be delayed and none of the Company, the relevant Fund, the Directors, the Manager the Depository, or the Administrator shall be liable to the subscriber or Shareholder where an application for Shares is not processed in such circumstances. If an application is rejected by the applicant, the Administrator will return application monies or the balance thereof by telegraphic transfer in accordance with any applicable laws to the account from which it was paid at the cost and risk of the applicant. The Administrator will refuse to pay redemption proceeds where the requisite information and documentation for verification purposes has not been produced by a Shareholder.

Each applicant will be required to make such representations as may be required by the Company or the Manager in connection with applicable anti-money laundering programmes, including representations that such subscriber or Shareholder is not a prohibited country, territory, individual or entity listed on the United States Department of Treasury's Office of Foreign Assets Control ("**OFAC**") website and that it is not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programmes. Such applicant shall also represent that amounts contributed by it to the relevant Fund were not directly or indirectly derived from activities that may contravene U.S. Federal, State or international laws and regulations, including any applicable anti-money laundering laws and regulations. Each applicant will also be required to represent that it is not listed or directly or indirectly affiliated with any person, group or entity listed on the EU consolidated list of persons, groups and entities that are subject to Common Foreign and Security Policy ("**CFSP**") related financial sanctions, which can be found on the European Commission's website, and that it is not subject to any CFSP sanctions programmes. Each applicant will be required to represent that subscription monies are not directly or indirectly derived from activities that may contravene United States Federal or State, or international, or EU laws and regulations including, in each case, anti-money laundering laws and regulations.

The Application Form includes a representation concerning money laundering in pursuance of money laundering legislation which obliges financial institutions to establish the identity of prospective clients. In addition the Administrator reserves the right to request such documentation as is necessary to verify the identity of the applicant. This may result in Shares being issued on a Dealing Day subsequent to the Dealing Day on which an applicant initially wished to have Shares issued to him.

It is further acknowledged that the Company, the Manager and the Administrator shall be held harmless by the applicant against any loss arising as a result of a failure to process the subscription if such information as has been requested by the Administrator has not been provided by the applicant in a timely manner.

No redemption payment or transfer of Shares may be made to a Shareholder until the Application Form and all documentation required by the Administrator, including any identity verification documentation, have been completed, sent to and received by the Administrator (on behalf of the Company) and all of the necessary anti-money laundering checks have been completed.

The Administrator or the Manager may disclose information regarding investors to such parties (e.g., affiliates, attorneys, auditors, administrators or regulators) as it deems necessary or advisable to facilitate the transfer of the Shares, including but not limited to being in connection with anti-money laundering and similar laws. The Administrator or other service providers may also release information if directed to do so by the investors in the Shares, if compelled to do so by law or in connection with any government or self-regulatory organisation request or investigation. In connection with the establishment of anti-money laundering procedures, the Directors may implement additional restrictions on the transfer of Shares.

The Directors, the Manager and the Administrator (on behalf of the Company) may impose additional requirements from time to time to comply with all applicable anti-money laundering laws and regulations.

### **Pricing**

There is a single price for buying and selling Shares. This is represented by the Net Asset Value per Share of the relevant Class or Fund. Unless otherwise provided for in the relevant Supplement, a subscription fee of up to 5% may be charged on the purchase price of the Shares at the discretion of the Directors. Unless otherwise provided for in the relevant Supplement, a switching fee of up to 5% and a repurchase fee of up to 3% may also be charged at the discretion of the Directors.

Investors should review the relevant Supplement for details of subscription, switching and redemption fees (if any).

### **Cash Accounts**

The Company operates Subscriptions/Redemptions Accounts for all of the Funds, in accordance with the Central Bank's requirements. Accordingly, monies in each Subscription/Redemptions Account will become the property of the relevant Fund upon receipt and during the period between receipt of subscription monies and the Dealing Day on which Shares are issued, investors will be treated as unsecured creditors of the relevant Fund. Investors' attention is drawn to the risk factor under the heading "Subscriptions/Redemptions Account Risk".

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 Company may

cancel the allotment and/or the applicant may be charged interest. In addition, the 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 Company in order to meet those charges. In addition, in circumstances where subscription monies are received with insufficient documentation to identify the owner, the Company will ensure that in the event that such monies cannot be applied to the individual Fund(s), they will be returned to the payer within five (5) Business Days.

The Company has procedures in place with the Depositary to ensure that the amounts within each Subscriptions/Redemption Account are at all times capable of being attributed to the individual Funds in accordance with the Constitution. Furthermore, the operation of these Subscriptions/Redemptions Accounts will not compromise the ability of the Depositary to carry out its safe-keeping and oversight duties in accordance with the Regulations.

## HOW TO SELL SHARES

Instructions to sell Shares should be addressed to the Company and may be made in writing or by facsimile.

The minimum value of a holding remaining in any one Fund, if any, will be determined by the directors at the time of the creation of a Fund. The Directors may increase or reduce this minimum amount if, in their absolute discretion, they consider that the circumstances so warrant. See the relevant Supplement for further details in relation to the initial Funds.

Settlement will normally be made by electronic transfer within 5 Business Days of the relevant Dealing Day on which the repurchase request is effective. Payment will be made in the Base Currency unless otherwise agreed with the Administrator to be in another major freely convertible currency. Payment of redemption proceeds will be made to the registered Shareholder to the account of record. Amendments to the registration details and payment instructions will only be effected on receipt of original documentation. The proceeds of the redemption of Shares will only be paid on receipt by the Administrator of the original subscription application form and all anti-money laundering documents and only where all anti-money laundering procedures have been completed. A repurchase request will not be capable of withdrawal after submission to the Company, unless such withdrawal is approved by the Company acting in its absolute discretion. If requested, the Company may, in consultation with the Manager and subject to the prior approval of the Depositary, and on prior written notification to the Shareholders, agree to designate additional Dealing Days and Valuation Points for the repurchase of Shares.

The redemption 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 will require. Any failure to supply the Company or the Administrator with any documentation requested by them may result in a delay in the settlement of redemption proceeds. In such circumstances, the Administrator will process any redemption request received by a Shareholder and by doing so that investor will no longer be considered a Shareholder notwithstanding that they have not received the redemption proceeds.

Any redemption proceeds held for any time in a Subscriptions/Redemptions Account shall remain an asset of the relevant Fund. In the event of the insolvency of the Company or a Fund, the Shareholder will rank as an unsecured creditor of the Company until such time as the Administrator is satisfied that its anti-money-laundering procedures have been fully complied with, following which redemption proceeds will be released to the relevant Shareholder. Accordingly, Shareholders are advised to promptly provide the Company or the Administrator (as appropriate) with all documentation requested to reduce the risk in this scenario.

Shares may not be repurchased during any period when the calculation of the Net Asset Value of any particular Fund is suspended in the manner described below. Shareholders requesting repurchase will be notified of such suspension and, unless withdrawn, repurchase requests will be considered as at the next Dealing Day following the end of such suspension.

Further conditions relating to the repurchase of Shares, including compulsory repurchase and limits on the amount of Shares which the Company is obliged to repurchase on any Dealing Day, are set out below.

## TRANSFER OF SHARES

All transfers of shares shall be effected by transfer in writing in any usual or common form and every form of transfer shall state the full name and address of the transferor and the transferee. The instrument of transfer of a share shall be signed by or on behalf of the transferor. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the share register in respect thereof. The Directors may decline to register any transfer of shares, if they determine that such transfer is not in the best interests of the Company or if in consequence of such transfer, the transferor or transferee would hold less than the Minimum Holding or would otherwise infringe the restrictions on holding shares outlined above. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year. The Directors may decline to register any transfer of shares unless the instrument of transfer is deposited at the registered office of the Company or at such other place as the Directors may reasonably require together with such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferee will be required to complete an Application Form which includes a declaration that the proposed transferee is not a US Person.

Shares are freely transferable and may not be subject to any transfer restrictions or compulsory redemption save where the holding of such shares may result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Company or its Shareholders as a whole, or where such transfer would result in a shareholder falling below the specified minimum holding.

## HOW TO SWITCH BETWEEN FUNDS

It is intended that investors will be able to switch between Classes or Funds.

Shareholders may switch some or all of their Shares in one Class or Fund to Shares in another Class or Fund. Instructions to switch Shares must be sent to the Company in writing or by facsimile or by electronic means provided such means are in accordance with the requirements of the Central Bank, and must be given by all joint shareholders. Instructions should include full registration details together with the number of Shares to be switched between named Classes or Funds. A switching fee of up to 5% may be charged.

Switching instructions received prior to the Dealing Deadline will be dealt with on that Dealing Day. Instructions received after the Dealing Deadline will be dealt with on the following Dealing Day.

Any Shareholder switching all or part of their holding of shares between Classes or Funds must meet the particular requirements of each Class or Fund in respect of minimum initial subscriptions and minimum holdings details of which are contained in the relevant Supplement in relation to Funds.

Switching will take place in accordance with the following formula:-

$$NS = \frac{(AxBxC) - D}{E}$$

where:-

NS = the number of shares which will be issued in the new Class or Fund;  
A = the number of the Shares to be converted;  
B = the repurchase price of the Shares to be converted;

- C = the currency conversion factor, if any, as determined by the Directors;  
D = a switching fee of up to 5% of the Net Asset Value per Share; and  
E = the issue price of shares in the new Class or Fund on the relevant Dealing Day.

If NS is not an integral number of shares the Directors reserve the right to issue fractional shares in the new Class or Fund or to return the surplus arising to the Shareholder seeking to convert the Shares. The number of Shares will be rounded up or down to the nearest one thousandth of a Share.

### **Settlement Procedures**

Payment in respect of subscriptions for Shares must be received by the Administrator no later than two Business Days after the relevant Dealing Day provided that the Directors reserve the right to defer the issue of Shares until receipt of subscription monies by the Fund.

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or 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.

If payment in respect of a subscription has not been received by the relevant time, the Directors or their delegate may cancel the allotment and/or charge the investor interest at the euro short-term rate or €STR + 1% to be reimbursed to the Administrator. In addition, the Directors have the right to sell all or part of the investor's holding of Shares in the Fund or any other Fund of the Company in order to meet such charges.

Applications received prior to the Dealing Deadline will be dealt with on that Dealing Day. Any applications received after the Dealing Deadline will be dealt with on the following Dealing Day. Payment is usually made in the Base Currency of the Fund or in other major freely convertible currencies by CHAPS, SWIFT, telegraphic or electronic transfer (quoting the subscription reference number, applicant's name and shareholder number, if available) to the bank account as set out in the relevant Application Form.

Investors are requested to instruct their bankers to advise the Administrator of the remittance of funds, such advice to include the subscription reference number, applicant's name, Shareholder number (if available) and the Class and Fund for identification purposes. Failure to do so will cause delay in the processing of the transaction onto the register.

Redemption payments will be made to the bank account detailed on the original account opening form or subsequently notified to the Administrator in writing. Redemption proceeds will normally be paid on the fifth Business Day after the relevant Dealing Day provided that all documentation has been received by the Administrator and all anti-money laundering procedures have been completed. The cost of such settlement by telegraphic transfer will be passed on to the Shareholder. The Administrator will not remit any redemption proceeds to a Shareholder if the anti-money laundering procedures have not been completed, nor will the Administrator remit payment to a third party bank account. In such circumstances, the Administrator will process the redemption request received by the Shareholder, however the redemption proceeds shall remain an asset of the Fund and the Shareholder will rank as a general creditor of the Company until such time as the Administrator is satisfied that its anti-money laundering procedures have been complied with, following which redemption proceeds will be released.



## **FEES AND EXPENSES**

The fees in respect of the Fund are as follows:-

### **Investment Management and Performance Fees**

The Company will pay to the Investment Manager monthly in arrears an investment management fee and may also pay the Investment Manager performance fees, distribution and/or subscription fees as set out in the relevant Supplement of the Funds. The fee for future Funds shall be determined by the Directors, in consultation with the Manager, at the time of creation of the Fund and details will be set out in the relevant Supplement. The investment management fee shall accrue and be paid monthly in arrears. Although there is no current intention to appoint sub-investment managers, the Investment Manager will be responsible for the fees and expenses of any sub-investment managers, advisors, or agents appointed by it.

The Company will pay the out-of-pocket expenses of the Investment Manager incurred on the proper performance of its duties which shall be paid out of the assets of the relevant Fund.

Details of the specific performance fees and any performance benchmark, where applicable are set out in the relevant Supplement and past performance against the performance benchmark is included in the relevant key investor information document. All performance fees (if any) are payable in respect of a calculation period in any calendar year (as described in the relevant Supplement) and will be paid to the Investment Manager within 30 days after the end of the calculation period.

### **Management Fees**

As a result of the appointment of the Manager, the Company will be required to pay an annual management fee of up to a maximum 0.02% of the Net Asset Value of the relevant Fund of the Company (the "**Management Fee**"), subject to an annual minimum fee of €35,000 for the first Fund and an annual minimum fee of €7,500 for each additional Fund, the total minimum fee being applied pro-rata to each Fund based on the assets under management of each Fund.

The Management Fee will be calculated and accrued daily and is payable monthly in arrears. The Management Fee shall be subject to the imposition of VAT, if required.

The Manager shall be entitled to be reimbursed by the Company out of the assets of the relevant Fund for reasonable out of pocket expenses properly incurred and any VAT on all fees and expenses payable to or by it.

### **Changes to the Maximum Annual Fee of the Manager and the Investment Manager**

Any increase in the maximum annual fee (including any performance related fee) charged by the Manager or the Investment Manager, where such annual fee is payable out of the assets of that Fund, may not be effected without prior approval on the basis of at least 50% of votes cast at a meeting of the Shareholders of such Fund.

### **Administration Fees**

The Administrator shall be entitled to receive out of the assets of each Fund, a monthly fee, accrued daily and payable monthly in arrears, of up to a maximum of 0.10% of the Net Asset Value of the Fund subject to a minimum annual fee of €54,000 per Fund. This minimum fee may be waived by the Administrator for

such period or periods of time as may be agreed between the Company and the Administrator from time to time. An account opening fee per shareholder, a maintenance fee per shareholder account, per annum, a fee per transaction noted on the register and a fee for financial statements preparation are also payable by the Funds. These fees will be at normal commercial rates. The Administrator is also entitled to be reimbursed by the Funds for all of its reasonable disbursements and out of pocket expenses.

### **Depository fees**

The Depository shall be entitled to receive out of the assets of each Fund, a monthly fee, accrued daily and payable monthly in arrears, based on the number of transactions and the Net Asset Value of the Fund, up to a maximum fee of 0.05% of the Net Asset Value of the Fund (plus VAT, if any) per annum. In addition to such remuneration, the Depository shall be entitled to be repaid all of its reasonable disbursements, including the fees and expenses of any sub-custodian (which shall be at normal commercial rates) and transaction charges (which shall also be at normal commercial rates) levied by the sub-custodian and which shall be payable by the Fund.

### **Directors' fees**

The Directors who are not partners, officers or employees of the Sponsor, the Investment Manager, the Depository or the Administrator, will be entitled to remuneration by the Company for their services as Directors provided however that the aggregate emoluments of each Director in respect of any twelve month accounting period shall not exceed €25,000 or such higher amount as may be approved by the Company in general meeting. In addition, the Directors will also be entitled to be reimbursed for their reasonable and vouched out of pocket expenses incurred in discharging their duties as Directors.

### **General Expenses**

The Company will pay out of the assets of the Funds the fees and expenses (including VAT, if applicable) payable to the Manager, the Investment Manager, the Depository, any sub-custodians (which shall be charged at normal commercial rates), the Administrator, any sub-investment manager, any investment advisor, any distributor appointed to distribute Shares, the legal advisers to the Company and the Directors (as referred to above) which will be set out in the relevant Supplement.

In addition, the Company may also bear the following expenses:

- (a) all taxes and expenses which may be incurred in connection with the acquisition and disposal of investments and all other assets of the Company;
- (b) all taxes which may be payable on the assets, income and expenses chargeable to the Company;
- (c) all brokerage, bank and other charges incurred by the Company in relation to its business transactions;
- (d) all remuneration, fees and expenses (including VAT, if applicable) due to the Directors, the Manager, the Administrator, the Investment Manager, the Depository, the Auditors, any sub-investment manager, any investment advisor, any distributor appointed to distribute Shares and the legal advisers to the Company and any other person, firm or corporation providing services to the Company;

- (e) all expenses incurred in connection with publication and supply of information to Shareholders and in particular, but without limitation, the cost of printing and distributing confirmation notes, the half yearly financial statements (if applicable) and the annual audited financial statements as well as any other reports to the Central Bank or to any other regulatory authority or the Shareholders and the cost of preparing, publishing and distributing the Prospectus and any other offering documents for Shares and the cost of all stationery, printing and postage costs in connection with the preparation and distribution of information to Shareholders;
- (f) all expenses incurred in registering the Company with any governmental agencies or regulatory authorities and maintaining the registration of the Company with such governmental agencies or regulatory authorities and the cost of listing and maintaining a listing of Shares on any stock exchange;
- (g) any and all expenses arising in respect of legal or administrative proceedings concerning the Company;
- (h) all expense arising in respect of issuing, purchasing, repurchasing and redeeming Shares;
- (i) any and all expenses in relation the liquidation/ winding-up of the Company or termination of a Fund;
- (j) expenses incurred in acquiring and disposing of investments;
- (k) expenses incurred in distributing income to Shareholders;
- (l) fees in respect of the publication and circulation of details of the Net Asset Value of each Fund and each Class of each Fund;
- (m) the fees and expenses of the auditors, compliance facilitator, legal, money laundering reporting officer, tax and other professional advisers of the Company and of the Directors, consultants or designated persons;
- (n) the costs of convening and holding meetings of Shareholders (including meetings of Shareholders in any particular Fund or in any particular Class within a Fund and obtaining proxies in relation to such meetings) and meetings of Directors;
- (o) the costs of printing, translating and distributing reports, accounts and any Prospectus;
- (p) the costs of publishing prices and other information which the Company is required by law to publish and any other administrative expenses;
- (q) taxes and duties payable by the Company;
- (r) interest on and charges incurred in relation to borrowings;
- (s) fees and expenses in connection with the listing of Shares on any stock exchange;
- (t) the cost of obtaining and maintaining the listing of the Shares on the Irish Stock Exchange and/or any other exchange, including the fees of any sponsoring broker;
- (u) any costs incurred in modifying the Constitution or the Prospectus;

- (v) insurance which the Company may purchase and/or maintain for the benefit of and against any liability incurred by any Director of the Company in the performance his or her duties;
- (w) liabilities on amalgamation or reconstruction arising where the property of a body corporate or another collective investment scheme is transferred to the Depositary in consideration for the issue of Shares to the shareholders in that body or to participants in that other scheme, provided that any liability arising after the transfer could have been paid out of that other property had it arisen before the transfer and, in the absence of any express provision in the Constitution forbidding such payment, the Directors are of the opinion that proper provision was made for meeting such liabilities as were known or could reasonably have been anticipated at the time of transfer;
- (x) any costs incurred in forming a Fund or a Class (details of which will be set out in the Relevant Supplement);
- (y) any other costs or expenses that may be taken out of the Company's property in accordance with the Constitution;
- (z) any fees payable to the Central Bank and any other costs associated with any reporting or other regulatory requirements;
- (aa) any regulatory or other administrative fees, costs and expenses, including the fees, costs and expenses involved in complying with any regulatory, taxation or other requirements;
- (bb) any costs incurred in relation to the verification of securities prices;
- (cc) any administrative costs associated with compliance with local companies legislation and tax residency where required by the Company or any Fund;
- (dd) all expenses incurred in connection with the operation and management of the Company and all non-recurring and extraordinary items of expenditure as may arise from time to time; and
- (ee) any other fees deemed appropriate by the Directors.

Such charges will be at normal commercial rates and will be collected at the time of settlement. All recurring expenses will be charged against current income or against realised capital gains, and, if need be, against assets of the Company as the Directors may from time to time decide. In each of the foregoing matters plus any applicable VAT.

## **MANAGEMENT AND ADMINISTRATION**

### **Introduction**

The Board of Directors have overall responsibility for the business affairs of the Company and for determining the investment objectives, policy and restrictions applicable to each Fund in accordance with the Constitution. The Directors have delegated day-to-day management of the Company to the Manager. The Manager has appointed the Administrator to provide the day-to-day administration of the Company's affairs (including the calculation of the Net Asset Value and the Net Asset Value per Share, Shareholder

registration and transfer agency services and related services). The Manager has appointed the Investment Manager to manage the assets and investments of each Fund.

The Constitution provides that the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking or property or any part thereof. The powers of the Company are subject to the limits and conditions set forth in the Regulations and as may from time to time be laid down by the Central Bank. The Regulations currently provide that the Company may borrow up to 10% of its Net Asset Value provided that such borrowing is on a temporary basis and is not for the purpose of making investment and the Company may acquire foreign currencies by means of a back-to-back loan.

## **The Board of Directors**

The Directors and their principal occupations are set forth below.

### ***Directors and Secretary***

***Peter Blessing*** Mr. Blessing is a Chartered Accountant and has been executive director of Corporate Finance Ireland Limited, an independent corporate finance house, since 1996. He is also a director of and consultant to a number of International Financial Services Centre (“**IFSC**”) companies. He was Managing Director of Credit Lyonnais Financial Services, the IFSC subsidiary of Credit Lyonnais, from 1991 to 1995. He previously held senior positions with Allied Irish Banks, plc, where he was a director of its IFSC subsidiary from 1988 to 1991 and was a senior executive in its corporate finance division from 1982 to 1988.

***Dermot Butler*** Mr. Butler, who was born in 1941, has more than forty-five experience in the financial markets, for over ten years of which he acted as an independent agent for Rudolf Wolff & Co. Limited, a commodity and futures broker. He also served on both the London Metal Exchanges Board and London Metal Exchange Company, the options sub-committees, liaising between the Bank of England, the Department of Trade and Industry and the CFTC. Prior to moving to Dublin to set up the Custom House group of companies in 1989, he was both chairman and a director of McDonnell & Co. (London) Limited, a fund management and wholly owned subsidiary of McDonnell & Co. (Bermuda) Limited, where he was responsible for the marketing and promotion of the “McD” range of funds.

***Claudio De Ranieri (Italian)*** Mr De Ranieri graduated from the Università Cattolica del Sacro Cuore - Milan, Italy with a Laurea in Economics of Financial Markets and Institutions. He has 12 years experience as a portfolio manager, working previously at KPMG Advisory S.p.A. as a consultant, Tamburi Investment Partners S.p.A as a Senior Analyst, CL&AR Value Advisors S.r.l. and Absolute Societa Semplice, as a Director, and joined Albemarle Asset Management Ltd in London in 2014. He has particular portfolio management experience in European and Italian equities and fixed-income. He has experience in implementing well-defined investment strategies, focused on risk/reward profile based on clear principles, rational approach, common sense and fundamental analysis. Mr De Ranieri has extensive skills in business and financial analysis, valuation (comps, DCF) and financial modelling, solid knowledge of accounting principles.

***Fabrizio De Tomasi (Italian):*** Mr De Tomasi graduated with a Bachelor's and Masters of Science degree from Università Cattaneo, Liuc, in Business and Economics in 1995. Further, Mr De Tomasi acquired a Masters of Business Administration from SDA Bocconi School of Management in 2008. His career includes working as an Associate in Risk Management on Government Bonds for JP Morgan, as a Trader for Allianz, fulfilling the role as Vice President for Dresdner Bank where he was responsible for Sales and Trading on European Markets and was a Managing Director of GMSA Investment. Mr De Tomasi has been a Managing

Director for AC Global Markets since 2010 where he is responsible for all government activities and was appointed Director of Albemarle Asset Management in 2017.

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, save for Dermot S.L. Butler who was a director of Outerannual Limited, a U.K. company which was subject to a creditors voluntary liquidation in January, 1995;
- (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;
- (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 affairs of the Company.

As the day to day management, investment management and administration of the Company has been delegated to the Manager, Investment Manager and the Administrator respectively, all the Directors are non-executive.

For the purposes of this document, the address of the Directors is the registered office of the Company.

The Company's secretary is Walkers Corporate Services (Ireland) Limited.

### **The Manager**

The Company has appointed KBA Consulting Management Limited as its management company (the "**Manager**") pursuant to the agreement signed on 4 April 2022 between the Company and the Manager (the "**Management Agreement**").

The Manager is a limited company incorporated under Irish law on 4 December 2006, having its registered office at 5 George's Dock, IFSC, Dublin 1, Ireland. The company secretary of the Manager is KB Associates of 5 George's Dock, IFSC, Dublin 1, Ireland. The Manager is authorised by the Central Bank to act as a UCITS management company. The Manager has an issued and paid up share capital of €6,750,000. The parent company of the Manager is King TopCo Ltd.

Under the terms of the Management Agreement, the Manager is appointed to carry out the management, distribution and administration services in respect of the Company.

The Manager must perform its duties under the Management Agreement in good faith and in a commercially reasonable manner using a degree of skill, care and attention reasonably expected of a professional manager of a Central Bank authorised collective investment scheme such as the Company and in the best interests of the Shareholders. The Manager has the discretion to delegate all the powers, duties and discretions exercisable in respect of its obligations under the Management Agreement as the Manager and any delegate may from time to time agree. Any such appointment will be in accordance with the requirements of the Central Bank.

The Manager has delegated the administration of the Company's affairs, including responsibility for the preparation and maintenance of the Company's records and accounts and related fund accounting matters, the calculation of the Net Asset Value per Share and the provision of registration services in respect of the Funds to the Administrator.

The Manager has further delegated the investment management and distribution responsibilities in respect of the Funds to the Investment Manager.

The Management Agreement may be terminated at any time by either party by giving the other party not less than ninety (90) days' prior written notice of such termination, or such shorter period as may be agreed by the Company but not less than thirty (30) days. The Management Agreement may be terminated at any time by the Company on giving not less than thirty (30) days' prior written notice to the Manager where it is in the best interests of the Shareholders to do so. The Management Agreement may be terminated at any time by the Manager on giving not less than thirty (30) days' prior written notice to the Company where it determines and has notified to the Company in writing that the Manager cannot ensure compliance with the requirements of the Regulations and the Company has failed to rectify such matter within thirty (30) days' of receipt of such notification.

Neither the Manager nor any of its directors, officers, employees or agents shall be liable for any loss or damage arising directly or indirectly out of or in connection with the performance by the Manager of its obligations and duties hereunder unless such loss or damage arose out of or in connection with the negligence, fraud or wilful default of or by the Manager or any appointee in the performance of its duties hereunder. For the avoidance of doubt, the parties hereby agree that the Manager shall not be liable or responsible in respect of any loss or damage incurred by the Company or any other person arising prior to the date of the Management Agreement including from any breach of the investment policies or investment restrictions of a Fund.

The Company shall be liable and shall indemnify and keep indemnified and hold harmless the Manager and each of its directors, officers, employees, delegates and agents (each a "**Manager Indemnitee**") from and against any and all actions, proceedings, claims, demands, losses, damages, costs and expenses (including legal and professional fees and expenses arising therefrom or incidental thereto) which may be made or brought against or suffered or incurred by the Manager or any such Manager Indemnitee arising out of or in connection with the performance of its obligations and duties hereunder in the absence of any negligence, fraud or wilful default of or by the Manager or any such Manager Indemnitee in the performance of its duties hereunder or as otherwise may be required by law

The Manager's main business is the provision of fund management services to collective investment schemes such as the Company. The Manager is legally and operationally independent of the Administrator, the Depositary and the Investment Manager.

The Directors of the Manager are:

### **Mike Kirby (Irish resident)**

Mr. Kirby is the Managing Principal at KB Associates, a firm which provides a range of advisory and project management services to the promoters of offshore mutual funds. He has previously held senior positions at Bank of New York (previously RBS Trust Bank) (1995 to 2000) where he was responsible for the establishment and ongoing management of its Dublin operations. He has also held senior positions in the custody and fund administration businesses of JP Morgan in London and Daiwa Securities in Dublin. Mr. Kirby holds a Bachelor of Commerce (Honours) Degree from University College Dublin and is a Fellow of the Institute of Chartered Accountants in Ireland.

### **Peadar De Barra (Irish resident)**

Mr. De Barra is an executive director of KBA Consulting Management Limited with responsibility for operations and compliance. Prior to his appointment to KBA Consulting Management Limited he was a senior consultant within KB Associates' consulting business where he was responsible for advising investment funds on a range of risk and compliance matters. In this role he was responsible for developing risk management programmes for funds operating across a range of investment strategies. Mr. De Barra joined KB Associates in 2008. Prior to this Mr. De Barra was Vice-President at Citi Fund Services (Ireland) Ltd (formerly BISYS), where he was responsible for the Financial Administration team (2003 to 2007). Prior to this Mr. De Barra was an accountant and auditor with PricewaterhouseCoopers Dublin (1998 to 2002) and was an assistant manager at AIB/BNY Fund Management (Ireland) Ltd (2002 to 2003) with responsibilities for statutory reporting. In addition, Mr. De Barra also acts as a director to a number of investment funds, investment managers and management companies.

Mr. De Barra holds a Bachelor of Commerce (Honours) Degree from National University of Ireland Galway and is a Fellow of the Institute of Chartered Accountants in Ireland.

### **Andrew Kehoe (Irish resident)**

Mr. Kehoe has been a practicing lawyer since 2002. He has a broad range of experience in the legal and financial services industry in Ireland and internationally. He is the Chief Executive Officer of KB Associates' AIFMD and UCITS authorised management company. Previously Andrew was responsible for both the legal and business development teams at KB Associates and was the Chief Executive Officer of the KB Associates' MiFID distribution firm in Malta.

Prior to joining KB Associates, Mr. Kehoe was a managing partner at a New York City law firm and worked as an investment funds solicitor at a Dublin law firm.

Mr. Kehoe holds a Bachelor of Science in Business from Fairfield University, a Juris Doctor law degree from New York Law School and a Diploma in International Investment Funds from the Law Society of Ireland. He is admitted to the Roll of Solicitors in Ireland, England and Wales, and is a member of the New York, New Jersey and Connecticut Bars.

### **Samantha McConnell (Irish resident)**

Ms. McConnell has over 20 years' experience in the financial and pensions industry covering administration, investment services, change and integration management as well as expert in devising solutions to complex issues. Ms. McConnell is an independent, non-executive director (INED) of KBA Consulting Management Limited and is the Chair of its Independent Investment Committee. The function of the Investment Committee is the formulation, approval and oversight of the implementation of each fund's investment objectives and policies by the relevant investment manager. The Investment Committee



also evaluates the market overview, each Fund's performance and any changes of investment objective of a Fund. Ms. McConnell is also an INED and interim Chair for another significant fund management company as well as INED on a number of fund boards. Ms. McConnell is a director for Willis HC&B as well as non-executive director for CFA Ireland.

Ms. McConnell holds a first class honours degree in commerce from University College Dublin and graduated first in Ireland in the ACCA exams. She is a CFA Charterholder, a holder of the Institute of Directors Diploma in Company Direction and was awarded the Graduate of Merit award from the Institute of Directors.

### **John Oppermann (Irish resident)**

Mr Oppermann is resident in Ireland and has been involved in the Investment Funds, Asset Management and Fund Services industry for over 30 years in London and Dublin. He has extensive experience with investment funds domiciled in various locations and across a variety of asset classes and investment strategies. Mr. Oppermann is an independent, non-executive director (INED) of KBA Consulting Management Limited and is the Chair of its Independent Risk Committee. Mr. Oppermann co-founded The Fund Governance Boardroom Panel, a firm which specialises in Collective Investment Governance. He established JPO Corporate Services in 2009 to provide corporate services to entities establishing operations in Ireland and has acted as a consultant within the hedge fund industry since 2008. From 2004 to 2008 Mr. Oppermann held the position of General Manager of Olympia Capital Ireland, and senior positions at RMB International (part of the First Rand Group) and International Fund Services (IFS) from 2001 to 2004. Mr. Oppermann established Capita's Registrar operation in Ireland after they purchased the share registration business of PwC and was Country Manager from 1998 to 2001. From 1995 to 1998 Mr. Oppermann was a member of the senior management team at Mellon Fund Administration (Ireland). Prior to that Mr. Oppermann held a number of senior financial and operational positions in the investment management, pensions and financial services divisions with The Prudential Corporation in London from 1987 to 1995. Mr. Oppermann is a non-executive director for a number of Companies and Funds. He is one of the founding members of the Irish Fund Directors Association and has served on council from 2015 – 2018.

Mr. Oppermann is a Fellow of the Chartered Association of Certified Accountants, holds an MBA from the Michael Smurfit Graduate School of Business and has received the accreditation of Certified Investment Fund Director from the Institute of Banking School of Professional Finance.

### **The Investment Manager**

The Company has appointed Albemarle Asset Management Limited, the promoter, as investment manager to the Company responsible for providing discretionary investment management and advisory services to the Company.

The Investment Manager is an investment company formed under the laws of England. As at 31 December 2021, the Investment Manager had funds under management of €313 million providing investment management services to investment vehicles and institutional clients through managed accounts.

Under the terms of the Investment Management Agreement, the Investment Manager is responsible, subject to the overall supervision and control of the Manager, for the day to day investment management of the portfolio attributable to each Fund for which it is investment manager and for the performance of certain promotional and marketing activities for each Fund for which it is the distributor.

The Investment Management Agreement between, the Company, the Manager and the Investment Manager provides that the Company agrees to indemnify the Investment Manager out of the assets of the relevant

Fund from and against any and all liabilities, losses, damages, penalties, actions, judgments, suits, costs, taxes assessed upon, or payable by, the Manager or Company (or one or more of its Funds), reasonable expenses or disbursements of any kind or nature whatsoever (other than those resulting from any negligence, fraud or wilful default on the part of the Investment Manager in the performance or non-performance of its duties and obligations, or on the part of any Associated Person, delegate, servant or agent) which may be imposed on, incurred by the Investment Manager in performing its obligations or duties hereunder including, without prejudice to the generality of the foregoing (and other than as aforesaid), any such matters imposed on, incurred by, or asserted against, the Investment Manager, by, or in respect of, any person, firm or corporation duly appointed. The Investment Manager agrees to take all reasonable steps to mitigate any liability or loss it, or any delegate, incurs that arises under, or in connection with, the Administration Agreement including any liability or loss covered by this indemnity.

Under the Investment Management Agreement, the Investment Manager is entitled to delegate or sub-contract all or any of its functions, powers, discretions, duties and obligations to any person approved by the Manager in accordance with the requirements of the Central Bank, provided that: (i) such delegation or sub-contract shall terminate automatically on the termination of the Investment Management Agreement; (ii) that the Investment Manager shall remain responsible and liable for any acts or omissions of any such delegate as if such acts or omissions were those of the Investment Manager; (iii) such delegates are not paid directly out of the assets of the Company; and (iv) details of such delegates will be disclosed in the periodic reports and will be available to Shareholders on request.

The appointment of the Investment Manager under the Investment Management Agreement is not exclusive and the Manager is entitled to appoint other persons to manage the assets of the Company and to provide investment advice to the Company.

The Investment Management Agreement shall continue in force unless and until termination by any party if, for regulatory reasons, any party in good faith makes a fiduciary determination that termination of the Investment Management Agreement is appropriate by giving to the other not less than ninety (90) days' written notice (or such shorter notice as the parties may agree to accept, being not less than thirty (30) days), provided that the Investment Management Agreement may be terminated forthwith by notice in writing by any party, if any other party: (i) commits a material breach of its obligations under the Investment Management Agreement and shall fail to make good such breach, or commits negligence on its part, or on the part of any of its Associated Persons, delegates, servants or agents, in the discharge of its obligations under the Investment Management Agreement ("**Disabling Conduct**"), and shall fail to cure such Disabling Conduct within thirty (30) days of receipt of written notice from the injured party requesting it so to do; or, (ii) commits bad faith, fraud or wilful default in the performance or non-performance of its duties and obligations on its part or any of its delegates, servants or agents; or (iii) goes into liquidation (except a voluntary liquidation for the purpose of a reconstruction, amalgamation or merger upon the terms previously approved in writing by the other parties) or if a receiver is appointed over all or any of its assets or any equivalent step is taken in any other jurisdiction.

The Investment Manager, as a delegate of the Manager, has remuneration policies and practices in place consistent with the requirements of the Regulations.

### **The Administrator**

Northern Trust International Fund Administration Services (Ireland) Limited has been appointed by the Company to act as administrator, registrar and transfer agent under the terms of the Administration Agreement as described in Material Contracts.

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 31 December 2021, the Northern Trust Group's assets under custody totalled in excess of US\$12.6 trillion. The principal business activity of the Administrator is the administration of collective investment schemes.

The duties and functions of the Administrator include, inter alia, the calculation of the Net Asset Value and the Net Asset Value per Share, the keeping of all relevant records in relation to the Company as may be required with respect to the obligations assumed by it pursuant to the Administration Agreement, the preparation and maintenance of the Company's books and accounts, liaising with the Auditor in relation to the audit of the financial statements of the Company and the provision of certain Shareholder registration and transfer agency services in respect of shares in the Company.

The Administrator is not involved directly or indirectly with the business affairs, organisation, sponsorship or management of the Company 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.

As at the date of this Prospectus, the Administrator is not aware of any conflicts of interest in respect of its appointment as administrator to the Company. If a conflict of interest arises, the Administrator will ensure it is addressed in accordance with the Administration Agreement, applicable laws and in the best interests of the Shareholders.

Under the Administration Agreement between the Company, the Manager and the Administrator, pursuant to which the latter was appointed as Administrator to administer the affairs of the Company, subject to the terms and conditions of the Administration Agreement and subject to the overall supervision of the Manager, the Administration Agreement may be terminated by either party on 90 days written notice or forthwith by notice in writing in certain circumstances such as the insolvency of either party or unremedied breach after notice. The Administrator has the power to delegate its duties with the prior approval of the Central Bank.

The Administrator shall exercise the level of care and diligence in the performance of the services expected of a professional administrator of collective investment schemes available for hire. The Administrator shall only be liable in damages to the Manager or the Company, as applicable, for losses suffered or incurred by the Manager or the Company in connection with the Administration Agreement to the extent that such losses result directly from the fraud, wilful default or negligence of the Administrator in its performance of the relevant service to the Manager or the Company, as applicable.

## **The Depositary**

The Company has appointed Northern Trust Fiduciary Services (Ireland) Limited to act as the depositary to the Company. 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 31 March 2021, the Northern Trust Group's assets under custody totalled in excess of US\$11.5 trillion.

The duties of the Depositary are to provide safekeeping, oversight and asset verification services in respect of the assets of the Company and each of its Funds in accordance with the provisions of the Regulations.

The Depositary will also provide cash monitoring services in respect of each Funds' cash flows and subscriptions.

Under the terms of the Depositary Agreement, the Depositary may delegate its safekeeping obligations provided that (i) the services are not delegated with the intention of avoiding the requirements of the UCITS Regulations, (ii) the Depositary can demonstrate that there is an objective reason for the delegation and (iii) Northern Trust has exercised all due, skill, care and diligence in the selection and appointment of any third party to whom it wants to delegate parts of the Services, and keeps exercising all due skill, care and diligence in the periodic review and ongoing monitoring of any third party to whom it has delegated parts of its safekeeping services and of the arrangements of the third party in respect of the matters delegated to it. The liability of the Depositary will not be affected by virtue of any such delegation. The Depositary has delegated to its global sub-custodian, The Northern Trust Company, London branch, responsibility for the safekeeping of the Company's financial instruments and cash. The global sub-custodian proposes to further delegate these responsibilities to sub-delegates, the identities of which are set forth in Appendix III attached.

The Depositary Agreement provides that the Depositary shall be liable, (i) in respect of a loss of a financial instrument held in its custody (or that of its duly appointed delegate) unless it can prove that the loss has arisen as a result of an external event beyond the Depositary's reasonable control, the consequences of which would have been unavoidable despite all reasonable measures to the contrary, and (ii) in respect of all other losses as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Regulations.

The Depositary Agreement also provides that the appointment of the Depositary will continue unless and until terminated by the Company, the Manager or the Depositary giving to the other parties not less than 90 days' written notice although in certain circumstances the Depositary Agreement may be terminated immediately by the Manager or the Depositary provided that the appointment of the Depositary shall continue in force until a replacement Depositary approved in advance by the Central Bank has been appointed and provided further that if within a period of 90 days' from the date on which the Depositary notifies the Manager of its desire to retire or from the date on which the Manager notifies the Depositary of its intention to remove the Depositary, no replacement Depositary shall have been appointed in accordance with Regulation 32 of the Central Bank UCITS Regulations, the Manager and/or the Company shall apply to the High Court for an order to wind up the Company or convene in an extraordinary general meeting of the Shareholders of the Company at which there shall be proposed an ordinary resolution to wind up the Company. The Depositary Agreement contains certain indemnities in favour of the Depositary (and each of its officers, employees and delegates) which are restricted to exclude matters arising by reason of the negligent or intentional failure of the Depositary in the performance of its duties.

Shareholders of the Company may, directly or indirectly through the Company, invoke claims relating to the liability of its Depositary depending on the legal nature between the Depositary, the Company 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 may act as the depositary of other open-ended investment companies and as trustee or depositary of other collective investment schemes. The Depositary has delegated custody services and asset verification services to The Northern Trust Company, London Branch. The Northern Trust Company has sub-delegated custody services and asset verification services to sub-custodians in certain eligible markets in which a Fund may invest.

It is therefore possible that the Depositary and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may on occasion have potential conflicts of interest with the Company or a Fund and/or other funds managed by the relevant

Investment Manager or other funds for which the Depositary acts as the depositary, trustee or depositary. The Depositary will, however, have regard in such event to its obligations under the Depositary Agreement and the Regulations and, in particular, will use reasonable endeavours to ensure that the performance of its duties will not be impaired by any such involvement it may have and that any conflicts which may arise will be resolved fairly and in the best interests of Shareholders collectively so far as practicable, having regard to its obligations to other clients.

Up-to-date information in relation to the identity of the Depositary, the Depositary's duties, conflicts of interest, safekeeping functions delegated by the Depositary, list of delegates and sub-delegates and any conflicts of interest that may arise from such delegation will be made available to Shareholders on request.

### **Local Paying Agents and Distributors**

The Manager may appoint paying agents and distributors. Local regulations in certain countries may require the appointment of paying agents and the maintenance of accounts by such agents through which subscription and redemption monies may be paid. Investors who choose, or are obliged under local regulations to pay subscription monies or receive redemption monies via an intermediary entity rather than the directly to the Company's Subscriptions/Redemptions Account bear a credit risk against that intermediate entity with respect to (a) subscription monies, prior to the transmission of such monies to the Depositary for the relevant Fund and (b) redemption monies payable by such intermediate entity to the relevant investor. Fees payable to any such paying agent or distributor shall be payable out of the assets of the Company at normal commercial rates.

### **CONFLICTS OF INTEREST**

The Depositary, the Manager, the Administrator, the Investment Manager or the delegates or sub-delegates may from time to time act as manager, registrar, administrator, depositary, investment manager, sub-investment manager or adviser or distributor in relation to, or be otherwise involved in, other funds or collective investment schemes which have similar investment objectives to those of any Fund. It is, therefore, possible that any of them may, in the due course of their business, have potential conflicts of interests with the Company or any Fund. Each will at all times have regard in such event to its obligations under the Articles and/or any agreements to which it is party or by which it is bound in relation to the Company and, in particular, but without limitation to their obligations to act in the best interests of the Shareholders when undertaking any investments where conflicts of interest may arise and they will each respectively endeavour to ensure that such conflicts are resolved fairly and, in particular, the Investment Manager has agreed to act in a manner which the Investment Manager in good faith considers fair and equitable in allocating investment opportunities to the Funds.

Where deemed appropriate by the Manager and approved for such purpose by the Depositary, a valuation committee of the Investment Manager may be established to value unlisted securities. In the regard, the Manager may accept the valuation of the valuation committee and investors should be aware that in these circumstances, a possible conflict of interest may arise, as the higher estimated value of the unlisted securities the higher the fees payable to the Investment Manager.

There is no prohibition on dealing in the assets of a Fund by the Directors, Depositary, the delegates or sub-delegates of the Company (including the Manager, the Investment Manager and the Administrator) or Depositary (excluding any non-group company sub-custodians appointed by the Depositary) and any associated or group company of the Depositary, the Manager, the Investment Manager, Administrator or other delegate or sub-delegate ("**Connected Person**"). In particular, but without limitation, the Depositary may hold funds for the Company subject to the provisions of the Central Bank Acts 1942 to 2018, as may

be amended from time to time. However, the Company shall ensure that any transaction between the Company and a Connected Person is conducted at arm's length and in the best interests of the Shareholders.

The Company may enter into a transaction, on behalf of a Fund, with a Connected Person only if at least one of the conditions in paragraphs (a), (b) or (c) is complied with:

- (a) The value of the transaction is certified by either:
  - (i) a person who has been approved by the Depositary as independent and competent; or
  - (ii) a person who has been approved by the Manager as being independent and competent in the case of transactions involving the Depositary;
- (b) the transaction is executed on best terms on an organised investment exchange in accordance with the rules of such exchange;
- (c) execution on terms which the Depositary (or, in the case of a transaction with the Depositary, the Manager) is satisfied conform with the requirement to be conducted at arm's length and in the best interests of the Shareholders.

The Depositary or the Manager, in case of transactions involving the Depositary must document how it complied with (a), (b) or (c) above. Where transactions are conducted in accordance with paragraph (c), the Depositary or the Directors in the case of transactions involving the Depositary, must document the rationale for being satisfied that the transaction conformed with the principles outlined at (c).

Subject to applicable law and the Central Bank's requirements, employees or officers of, or their affiliates may directly or indirectly acquire Shares. Any acquisition or divestment of Shares by such individuals shall be on the terms applicable to all Shareholders and in satisfaction of professional requirements.

In selecting brokers to make purchases and sales for a Fund the Investment Manager will choose those brokers who provide best execution to that Fund. Best execution will be the best price available in the market, exclusive of any charges but taking account of any other exceptional circumstances such as counterparty risk, order size or client instructions. In determining what constitutes best execution, the Investment Manager may take into consideration the overall economic result to the Fund (price and commission plus other costs), the efficiency of the transaction, the brokers' ability to effect the transaction if a large block is involved, availability of the broker for transactions in the future, other services provided by the broker and the financial strength and stability of the broker. In managing the assets of the Fund, the Investment Manager may only receive research and statistical and other information and assistance from brokers in accordance with the relevant rules and obligations on inducements contained in national legislation transposing Directive 2014/65/EU ("**MiFID II**") and any relevant ancillary or implementing legislation, including Commission Delegated Directive (EU) 2017/593. The Investment Manager will also have regard to the rules and guidance of the Investment Manager's regulator.

Where the Investment Manager successfully negotiates the recapture of a portion of the commissions charged by brokers or dealers in connection with the purchase and/or sale of securities for the Company, the rebated commissions shall be paid to the Company.

The Investment Manager or any other member or any person connected with them may invest in, directly or indirectly, or manage or advise other investment funds, vehicles or accounts which invest in assets which may also be purchased or sold by the Company. None of the Investment Manager or any other member or any person connected with them is under any obligation to offer investment opportunities of which any of

them becomes aware to the Company or to account to the Company in respect of (or share with the Company or inform the Company of) any such transaction or any benefit received by any of them from any such transaction, but will allocate such opportunities at its discretion on an equitable basis between the Company and other clients.

Members of the Investment Manager will allocate resources as they in their sole discretion consider appropriate in managing the Funds and any other funds in accordance with their respective investment objectives and approaches.

A Director may be a party to, or otherwise interested in, any transaction or arrangement with a Fund or in which a Fund is interested, provided that he has disclosed to the Directors prior to the conclusion of any such transaction or arrangement the nature and extent of any material interest of his therein in addition to complying with the requirements of the Central Bank. Unless the Directors determine otherwise, a Director may not vote in respect of any contract or arrangement or any proposal whatsoever in which he has a material interest, having first disclosed such interest.

At the date of this Prospectus, other than as disclosed below, no Director, nor any connected person has any interest, beneficial or non-beneficial, in the share capital of the Company or any material interest in the Company or in any agreement or arrangement with the Company. The Directors shall endeavour to ensure that any conflict of interest is resolved fairly.

As at the date of this prospectus, the Directors have the following potential conflicts of interest in the Company:

Mr Fabrizio De Tomasi is the Managing Director of the Investment Manager and Mr Claudio De Raneiri is an employee and portfolio manager at the Investment Manager.

By acquiring or continuing to hold Shares, each investor will be deemed to have acknowledged the existence of the actual or potential conflicts of interests described above and to have waived, to the fullest extent permitted by applicable law, any claim with respect to the existence of any such conflicts. Details of any additional conflicts of interest with the Company may be set out in the relevant Supplement.

## **SOFT COMMISSIONS**

The Investment Manager may effect transactions by or through the agency of another person with whom the Investment Manager has an arrangement under which that party will from time to time provide to or procure for the Investment Manager's goods, services or other benefits, such as research and advisory services, computer hardware associated with specialised software or research services and performance measures, etc., the nature of which is such that their provision benefits the Company as a whole and contributes to an improvement in the Company's performance and that of the Investment Manager in providing investment services to the Company and for which no direct payment is made but instead the Investment Manager undertakes to place business with the party. All transactions effected by the Investment Manager on behalf of the Company under such soft commission arrangements will be effected on best execution terms and, in deciding what this rule requires, no account will be taken of the benefits derived from the soft commission arrangements. The benefits provided under the arrangement must be those which assist in the provision of investment services of the Company. 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, employee salaries or direct money payments. Details of any such arrangements shall be included in the Company's annual and half-yearly reports.

## **Remuneration Policy**

The Manager has established, implemented and maintains a remuneration policy which meets the requirements of, and complies with the principles set out in the UCITS Regulations and the ESMA Remuneration Guidelines relating to same (the "**Remuneration Guidelines**") and ensures that the Investment Manager has an appropriate remuneration policy in place which is in compliance with the Remuneration Guidelines.

The Manager's remuneration policy applies to staff whose professional activities might have a material impact on the Company's risk profile and so covers senior management, risk takers, control functions and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers and whose professional activities have a material impact on the risk profile of the Company.

The remuneration policy promotes sound and effective risk management, does not impair compliance with the Manager's duty to act in the best interest of the Company, and does not encourage risk-taking which is inconsistent with the risk profile of the Funds or the Constitution. It is also aligned with the investment objectives of each Fund and includes measures to avoid conflicts of interest. The remuneration policy is reviewed on an annual basis (or more frequently, if required) by the board of directors of the Manager, led by the independent non-executive chairman of the Manager, to ensure that the overall remuneration system operates as intended and that the remuneration pay-outs are appropriate for each Fund. This review will also ensure that the policy reflects best practice guidelines and regulatory requirements, as may be amended from time to time.

The Remuneration Policy of the Manager can be found at [www.kbassociates.ie](http://www.kbassociates.ie). A copy can be requested free of charge from the Manager.

## **MEETING AND REPORTS TO SHAREHOLDERS**

The financial year of the Company ends on 30 April each year.

The annual report of the Company incorporating audited financial statements will be published within four months after the end of the financial year. The financial statements of the Company will be maintained in the Base Currency of the Fund or such other currency as the Directors may determine. The first annual report was in respect of the year ended 30 April 2008.

The Directors will publish a semi-annual unaudited financial report made up to 31 October in each year, containing a list of the Funds' holdings and their market values, within two months of the date to which it is made up. The first semi-annual report was in respect of the half-year ended 31 October 2007.

The annual and semi-annual reports will be supplied to Shareholders free of charge on request and will be available to the public at the registered office of the Company on any Business Day.



## **TAXATION**

### **Irish Taxation**

The following is a summary of relevant Irish tax law. It does not purport to be a complete analysis of all tax considerations relating to the holding of Shares. Applicants are advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling, exchanging or otherwise disposing of Shares under the laws of their country of incorporation, establishment, citizenship, residence, ordinary residence or domicile.

The following summary is based on advice received by the Directors regarding the law and practice in force in Ireland at the date of this Prospectus. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position at the time of an investment in the Company will not change.

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 Company strongly recommend that Shareholders obtain tax advice from an appropriate source in relation to the tax liability arising from the holding of Shares in the Company and any investment returns from those Shares.

Finance Act 2016 introduced a new regime for the tax treatment of investments in Irish real estate funds ("**IREFs**"). An IREF is as an investment undertaking, or sub-fund of an investment undertaking (other than a UCITS), in which 25% or more of the value of the assets at the end of the immediately preceding accounting period is derived directly or indirectly from Irish real estate and related assets, or where it would be reasonable to consider that the main purpose or one of the main purposes of the investment undertaking, or sub-fund, was to acquire such assets or carry on an Irish real estate business. On the basis that the Company has been authorised by the Central Bank as a UCITS neither the Company nor any of its sub-funds is an IREF and that accordingly Chapter 1B of Part 27 of the TCA will not apply to the Company nor to any of its sub-funds.

### **Ireland**

#### *The Company*

The Company is an investment undertaking within the meaning of Section 739B TCA and therefore is not chargeable to Irish tax on its relevant income or relevant gains. The Company shall be regarded as resident for tax purposes in Ireland if it is centrally managed and controlled in Ireland and the Company is not by virtue of a double tax treaty between Ireland and another jurisdiction otherwise regarded as resident in another jurisdiction and not in Ireland. It is intended that the Directors will conduct the affairs of the Company in a manner that will ensure that it is resident in Ireland for tax purposes.

Tax may arise for the Company on the happening of a "chargeable event" in the Company ("appropriate tax"). A chargeable event includes:

1. any payments to a Shareholder by the Company in respect of their Shares;
2. any appropriation or cancellation of Shares for the purposes of meeting the amount of appropriate tax payable on any gain arising by virtue of a transfer of any Shares;
3. any repurchase, redemption, cancellation or transfer of Shares; and

4. any deemed disposal by a Shareholder of their Shares at the end of a "relevant period" (a "deemed disposal").

A "relevant period" means a period of eight years beginning with the acquisition of the Shares and each subsequent period of eight years beginning immediately after the preceding relevant period.

There are also certain express exclusions from the meaning of chargeable event. A chargeable event does not include:

1. any exchange by a Shareholder, effected by way of a bargain made at arm's length by the Company, of the Shares in the Company for other Shares in the Company;
2. any transaction in relation to, or in respect of, Shares which are held in a clearing system recognised by the Irish Revenue Commissioners;
3. certain transfers of Shares between spouses/civil partners and former spouses/civil partners; and
4. any exchange of Shares arising on a scheme of reconstruction or amalgamation (within the meaning of Section 739H TCA) of the Company, with another investment undertaking subject to certain conditions.

On the happening of a chargeable event the Company will deduct the appropriate tax on any payment made to the Shareholder in respect of the chargeable event. On the occurrence of a chargeable event where no payment is made, the Company may appropriate or cancel the required number of Shares to meet the tax liability.

Where the chargeable event is a deemed disposal and the value of Shares held by Irish Residents who are not Exempt Investors (as defined below) is less than 10% of the value of the total Shares in the Company (or sub-fund, as applicable), and the Company has made an election to report annually to the Irish Revenue Commissioners certain details for such Shareholder and has advised the Shareholder concerned in writing, the Company will not be obliged to deduct appropriate tax. The Shareholder must instead pay tax on the deemed disposal on a self-assessment basis. Irish resident Shareholders should contact the Company to ascertain whether the Company has made such an election in order to establish their responsibilities to account for Irish tax. To the extent that any tax arises on a deemed disposal, such tax will be allowed as a credit against any tax payable on a subsequent chargeable event in respect of the relevant Shares. On the eventual disposal by the Shareholder of their Shares, a refund of any unutilised credit will be payable. 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.

No gain will be treated as arising to the Company on the happening of a chargeable event 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 provided in each case that the requisite tax declaration in the form prescribed by the Irish Revenue Commissioners for the purposes of Section 739D TCA, where applicable, (the "Declaration") has been provided to the Company by the Shareholder.

Income and capital gains in respect of assets of the Company situated in countries other than Ireland may be subject to taxes including withholding taxes, imposed by such countries. The Company may not be able to avail of an exemption from, or reduced rate of, withholding tax by virtue of the double taxation treaties in operation between Ireland and other countries. The Company 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 an exemption or lower rate results in a repayment to the Company, the Net Asset Value of

the Company or a Fund will not be restated and the benefit will be allocated to the then-existing Shareholders rateably at the time of repayment.

## **Taxation of Shareholders**

### *1. Non-Irish Residents*

Non-Irish Resident Shareholders will not generally be chargeable to Irish income tax or capital gains tax in respect of their Shares.

No appropriate tax will be deducted by the Company provided that either:

- a) the Company is in possession of a signed and completed Declaration from such Shareholder to the effect that the Shareholder is not an Irish Resident; or
- b) the Company is in possession of written notice of approval from the Irish Revenue Commissioners to the effect that the requirement to provide a Declaration is deemed to have been complied with in respect of that Shareholder and the written notice of approval has not been withdrawn.

If the Company is not in possession of a Declaration or a written notice of approval, or the Company is in possession of information which would reasonably suggest that the information contained in the Declaration is not or is no longer materially correct, the Company 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 Declaration or a written notice of approval, the Company must presume that the Shareholder is Irish Resident and the Company will deduct the appropriate 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 make a Declaration on behalf of the Shareholders for whom they are acting provided that the Company is not in possession of any information which would reasonably suggest that the information contained in the Declaration is not or is no longer materially correct. The Intermediary must state in the Declaration that to the best of its knowledge and belief 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 under the self-assessment system.

### *2. Taxable Irish Residents*

The following section describes the Irish tax treatment of Shareholders who are Irish Residents.

#### *(a) Deductions by the Company*

An Irish Resident Shareholder who is not an Exempt Investor will have appropriate tax deducted at the rate of 41% in respect of any distributions made by the Company and on any gain arising on a sale, transfer, deemed disposal (subject on election by the Company 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 Company at the date of the chargeable event and the original cost of the investment as calculated under special rules. The Company will be entitled to deduct such appropriate tax from payments or, where no payment is

made on the occurrence of a chargeable event, appropriate and cancel such number of Shares as are required to meet the appropriate tax in respect of the relevant Shareholder and will pay the appropriate tax to the Irish Revenue Commissioners.

Where the Shareholder is an Irish resident company which is not an Exempt Investor and the Company is in possession of a declaration from the Shareholder that it is a company and which includes the company's tax reference number, tax will be deducted by the Company from any distributions made by the Company to the Shareholder and from any gains arising on a sale, transfer, deemed disposal redemption, repurchase, cancellation or other disposal of shares by the Shareholder at the rate of 25%.

Refunds of tax where a 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.

(b) Residual tax Liability

An Irish Resident Shareholder who is not a company and who is not an Exempt Investor (and has therefore had appropriate tax deducted), will not be liable to any further Irish 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 appropriate 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 Irish 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 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 appropriate 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 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.

Where an Irish Resident Shareholder is a company which is not an Exempt Investor (and has therefore had appropriate tax deducted), and the payment is taxable as trading income under Schedule D Case I, the following provisions apply:

- (i) the amount received by the Shareholder is increased by any amount of appropriate tax deducted and will be treated as income of the Shareholder for the chargeable period in which the payment is made;
- (ii) where the payment is made on the 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

- (iii) the amount of appropriate 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 appropriate tax has not been deducted, the amount of the payment will be treated as income arising to the Shareholder which is chargeable to Irish tax. Where the payment is in respect of the 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 appropriate tax arise on the occurrence of a chargeable event as a result of tax paid on an earlier deemed disposal in respect of the Shareholder, the Company, on notification in writing to the Shareholder, is not obliged to process the refund arising on behalf of the Shareholder provided if immediately before the chargeable event the value of Shares held by Irish Residents who are not Exempt Investors does not exceed 15% of the value of the total Shares in the Company. Instead the Shareholder should seek such a repayment directly from the Irish Revenue Commissioners. Irish legislation also provides in the case of a deemed disposal for the making of an irrevocable election by the Company to value the Shares in respect of all Shareholders 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 Company will have no liability to Irish taxation on income or chargeable gains.

### (c) Reporting

Pursuant to Section 891C TCA and the Return of Values (Investment Undertakings) Regulations 2013, the Company is obliged to report certain details in relation to Shares held by Shareholders to the Irish Revenue Commissioners on an annual basis. The details to be reported include the name, address and, in the case of individual Shareholders, date of birth if on record of, and the value of the Shares held by, a Shareholder, as well as 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:

- (i) Exempt Investors;
- (ii) Non-Irish Resident Shareholders (provided a Declaration has been made); or
- (iii) Shareholders whose Shares are held in a recognised clearing system.

However, investors should note the section entitled "Common Reporting Standard" for information on additional investor information gathering and reporting requirements to which the Company is subject.

### 3. *Exempt Investors*

#### (a) Deductions by the Company

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

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

(b) Residual tax Liability

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 – All Shareholders**

### *Personal Portfolio Investment Undertaking*

An investment undertaking such as the Company will be considered to be a personal portfolio investment undertaking ("PPIU") in relation to a specific Irish Resident Shareholder where that Shareholder is an individual and the Shareholder or certain persons connected with the Shareholder can select or influence the selection of some or all of the property of the undertaking. The appropriate 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 only property which may be 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 Irish capital gains tax or corporation 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 Company qualifies as an investment undertaking within the meaning of Section 739B TCA that is not an IREF. 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 Company 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 (i) 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; (ii) at the date of the disposition, the Shareholder making

the disposition is neither domiciled nor ordinarily resident in Ireland; and (iii) at the date of the gift, or at the date of the inheritance, the donee or successor is neither domiciled nor ordinarily resident in Ireland.

## **Residence and Ordinary Residence**

The following summary of the concepts of residence and ordinary residence under Irish tax law has been issued by the Irish Revenue Commissioners for the purposes of the Declaration set out in the Application Form. Applicants and Shareholders are advised to contact their professional advisers if they have any concerns in relation to the Declaration.

### **Residence – Company**

Prior to Finance Act 2014, company residence was determined with regard to the long-established common law rules based on central management and control. These rules were significantly revised in Finance Act 2014 to provide that a company incorporated in Ireland will be regarded as resident for tax purposes in Ireland, unless it is treated as resident in a territory with which Ireland has a double taxation agreement. While the common law rule based on central management and control remains in place, it is subject to the statutory rule for determining company residence based on incorporation in Ireland. A company which has its central management and control in Ireland is resident in Ireland irrespective of where it is incorporated.

The incorporation rule for determining the tax residence of a company incorporated in Ireland applies to companies incorporated on or after 1 January 2015. For companies incorporated in the State before this date, a transition period will applied until 31 December 2020.

### **Residence – Individual**

The normal rule is an individual will be regarded as being resident in Ireland for a tax year if that individual:

- 1) spends 183 days or more in Ireland in that tax year; or
- 2) 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 at any time during that day.

### **Ordinary Residence – Individual**

The Irish tax year operates on the calendar year basis. The term "ordinary residence" (as distinct from 'residence') denotes residence in a place with some degree of continuity.

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 tax year in which the individual is not resident in Ireland. For example, an individual who is resident and ordinarily resident in Ireland in 2022 and departs Ireland in that year will remain ordinarily resident in Ireland up to the end of the year in 2025.

## Common Reporting Standard

The common reporting standard framework was first released by the OECD in February 2014 and on 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters was published by the OECD which includes the text of the Common Reporting Standard ("**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 reporting financial institutions (as defined) ("**FIs**") relating to account holders who are tax resident in other participating jurisdictions.

Ireland is a signatory to the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information. Over 100 jurisdictions have committed to exchanging information under the Standard and a group of 50 countries, including Ireland, committed to the early adoption of the CRS from 1 January 2016 (known as the "**Early Adopter Group**"). The first data exchanges took place in September 2017. All EU Member States (with the exception of Austria) are members of the Early Adopter Group.

CRS was legislated for in Ireland under the Returns of Certain Information by Reporting Financial Institutions Regulations 2015 which came into effect on 31 December 2015 (the "**Irish CRS Regulations**"). The Irish CRS Regulations provide for the collection and reporting of certain financial account information by Irish FIs, being FIs that are resident in Ireland (excluding any non-Irish branch of such FIs), Irish branches of Irish resident FIs and branches of non-Irish resident FIs that are located in Ireland. Ireland elected to adopt the 'wider approach' to the Standard. This means that Irish FIs will collect and report information to the Irish Revenue Commissioners on all non-Irish and non-U.S. resident account holders rather than just account holders who are resident in a jurisdiction with which Ireland has an exchange of information agreement. The Irish Revenue Commissioners will exchange this information with the tax authorities of other participating jurisdictions, as applicable.

Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation ("**DAC II**") implements CRS in a European context and creates a mandatory obligation for all EU Member States to exchange certain financial account information on residents in other EU Member States on an annual basis. The Irish Revenue Commissioners issued regulations to implement the requirements of DAC II into Irish law on 31 December 2015 an Irish FI (such as the Company) is obliged to make a single return in respect of CRS and DAC II using the Revenue Online Service (ROS). Failure by an Irish FI to comply with its CRS or DAC II obligations may result in an Irish FI being deemed to be non-compliant in respect of its CRS or DAC II obligations and monetary penalties may be imposed on a non-compliant Irish FI under Irish legislation.

It is expected that the Company will be classified as an Irish FI for CRS purposes and will be obliged to report certain information in respect of certain of its equity holders and debt holders to the Irish Revenue Commissioners using the Revenue Online Service (ROS). The relevant information must be reported to the Irish Revenue Commissioners by 30 June in each calendar year.

For the purposes of complying with its obligations under CRS and DAC II, an Irish FI (such as the Company) shall be entitled to require Shareholders to provide any information regarding their (and, in certain circumstances, their controlling persons') tax status, identity, jurisdiction of residence, taxpayer identification number and, in the case of individual shareholders, their date and place of birth in order to satisfy any reporting requirements which the Company may have as a result of CRS and DAC II and Shareholders will be deemed by their holding, to have authorised the automatic disclosure of such information, together with certain financial account information in respect of the Shareholder's investment in the Company (including, but not limited to, account number, account balance or value and details of any payments made in respect of the Shares) by the Company (or any nominated service provider) or any other person on the Company's behalf to the Irish Revenue Commissioners and any other relevant tax authorities.



The Company (or any nominated service provider) agrees that information (including the identity of any Shareholder (and its controlling persons (if applicable)) supplied for the purposes of CRS or DAC II is intended for the Company's (or any nominated service provider's) use for the purposes of satisfying its CRS and DAC II obligations and the Company (or any nominated service provider) agrees, to the extent permitted by applicable law, that it will take reasonable steps to treat such information in a confidential manner, except that the Company may disclose such information (i) to its officers, directors, agents and advisors, (ii) to the extent reasonably necessary or advisable in connection with tax matters, including achieving CRS and DAC II compliance, (iii) to any person with the consent of the applicable Shareholder, or (iv) as otherwise required by law or court order or on the advice of its advisors.

Applicants should consult their advisors about the potential application of CRS.

### **U.S. Foreign Account Tax Compliance Act**

The foreign account tax compliance provisions contained in Sections 1471 to 1474 of the United States Internal Revenue Code and the regulations promulgated thereunder (“**FATCA**”) impose a reporting regime which may impose a 30% withholding tax on certain U.S. source payments, including interest (and original issue discounts), dividends, other fixed or determinable annual or periodical gains, profits and income, made on or after 1 July 2014 and the gross proceeds from a disposition of property of a type which can produce U.S. source interest or dividends made on or after 1 January 2019 (collectively, “**Withholdable Payments**”), if paid to certain non-U.S. financial institutions (any such non-U.S. financial institution, an “**FFI**”) that fail to enter into, or fail to comply with once entered into, an agreement with the U.S. Internal Revenue Service to provide certain information about their U.S. accountholders, including certain account holders that are non-U.S. entities with U.S. owners. The Company expects that it will constitute an FFI. The United States and the Government of Ireland have entered into an intergovernmental agreement to facilitate the implementation of FATCA (the “**IGA**”). An FFI that complies with the terms of the IGA, as well as applicable local law requirements will not be subject to withholding under FATCA with respect to Withholdable Payments that it receives. Further, an FFI that complies with the terms of the IGA (including applicable local law requirements) will not be required to withhold under FATCA on Withholdable Payments it makes to accountholders of such FFI (unless it has agreed to do so under the U.S. “qualified intermediary,” “withholding foreign partnership,” or “withholding foreign trust” regimes). Pursuant to the IGA, an FFI is required to report certain information in respect of certain of its accountholders to its home tax authority, whereupon such information will be provided to the U.S. Internal Revenue Service. The Company will undertake to comply with the IGA and any local implementing legislation, but there is no assurance that it will be able to do so.

The Company (or any nominated service provider) shall be entitled to require Shareholders to provide any information regarding their (and, in certain circumstances, their controlling persons') tax status, identity or residency in order to satisfy any reporting requirements which the Company may have as a result of the IGA or any legislation promulgated in connection with the agreement and Shareholders will be deemed by their shareholding to have authorized the automatic disclosure of such information by the Company (or any nominated service provider) or any other person on the Company's behalf to the relevant tax authorities.

The Irish IGA is intended to reduce the burden for Irish FFIs of complying with FATCA by simplifying the compliance process and minimising the risk of withholding tax. Under the Irish IGA, information about relevant U.S. investors will be provided on an annual basis by each Irish FFI (unless the FFI is exempted from the FATCA requirements) directly to the Irish Revenue Commissioners by 30 June following the end of the relevant calendar year. The Irish Revenue Commissioners will then provide such information to the U.S. Internal Revenue Service (by 30 September) without the need for the FFI to enter into a FFI agreement with the U.S. Internal Revenue Service. Nevertheless, the FFI will generally be required to register with the

U.S. Internal Revenue Service to obtain a Global Intermediary Identification Number (commonly referred to as a GIIN).

Under the Irish IGA, FFIs should generally not be required to apply 30 per cent. withholding tax. To the extent the Company does suffer U.S. withholding tax on its investments as a result of FATCA, the Directors may take any action in relation to an investor's investment in the company to ensure that such withholding is economically borne by the relevant investor whose failure to provide the necessary information or to become a participating FFI gave rise to the withholding.

The Company (or any nominated service provider) agrees that information (including the identity of any Shareholder) (and its controlling persons (if applicable)) supplied for purposes of FATCA compliance is intended for the Company's (or any nominated service provider) use for purposes of satisfying FATCA requirements and the Company (or any nominated service provider) agrees, to the extent permitted by applicable law, that it will take reasonable steps to treat such information in a confidential manner, except that the Company may disclose such information (i) to its officers, directors, agents and advisors, (ii) to the extent reasonably necessary or advisable in connection with tax matters, including achieving FATCA compliance, (iii) to any person with the consent of the applicable Shareholder, or (iv) as otherwise required by law or court order or on the advice of its advisors.

Prospective investors should consult their advisors about the potential application of FATCA.

### **OECD Action Plan on Base Erosion and Profit Shifting**

Fiscal and taxation policy and practice is constantly evolving and a number of changes of law and practice are occurring as a result of the Organisation for Economic Co-operation and Development ("**OECD**") Base Erosion and Profit Shifting ("**BEPS**") project.

One of the action points from this project ("**Action 6**") is the prevention of treaty abuse by developing model treaty provisions to prevent the granting of treaty benefits in inappropriate circumstances. The OECD recommendations on Action 6 are primarily being implemented into double tax treaties through a multilateral instrument ("**MLI**"). The MLI has effect for tax treaties that are listed by both participating jurisdictions, after ratification of the MLI under their respective domestic rules and procedures and the deposit of the ratification instrument to the OECD. As a result, the date on which the MLI applies to a specific treaty depends on the two jurisdictions involved and when they adopt the MLI.

The MLI covers the treaty-related minimum standards, and other recommendations, of BEPS Action 6 on treaty abuse and BEPS Action 14 on Dispute Resolution and Arbitration. It also covers some of the best practices of BEPS Action 2 on hybrid mismatches and BEPS Action 7 on permanent establishments. The participating jurisdictions can choose to implement further provisions of the MLI. Ireland signed up to the MLI on 7 June 2017 to the following provisions in relation to:

- (i) Principal purpose test ("**PPT**") from an anti-abuse rule perspective; and
- (ii) Permanent establishment, including specific activity exemptions, anti-fragmentation and splitting of contracts.

The MLI has been signed by over 90 jurisdictions. It entered into force on 1 July 2018 for signatories who deposited their ratification, acceptance or approval on or before 22 March 2018. For signatories who deposited or deposit their ratification, acceptance or approval after 22 March 2018, the MLI comes into force at the start of the month which is three entire calendar months after such deposit takes place. Ireland ratified the MLI on 29 January 2019 and it entered into force in Ireland on 1 May 2019. A number of

Covered Tax Agreements (“CTA”) are impacted by MLI changes as set out in the ratification document. However, changes only take effect where the CTA is with a country that has also deposited its MLI ratification document with the OECD and such time has elapsed that the MLI is effective in that state. Additionally, only where two states make “matching elections” will the MLI provisions take effect. Upon ratifying the MLI, Ireland deposited a non-provisional list of reservations and notifications to be made pursuant to it. Based on the information contained in these documents and the MLI, Action 6 would be implemented into the double tax treaties Ireland has entered into with other jurisdictions by the inclusion of a PPT.

The introduction of a PPT by way of the MLI will require entities to demonstrate that any transactions entered into are not solely for the purpose of benefitting under applicable double tax treaties. Once in effect, a PPT would deny a treaty benefit where if it is reasonable to conclude, having regard to all relevant facts and circumstances for this purpose, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in those circumstances would be in accordance with the object and purpose of the relevant provisions of the treaty.

## **VALUATION OF ASSETS AND TEMPORARY SUSPENSION OF DETERMINATION OF NET ASSET VALUE**

The Net Asset Value of each Fund is calculated as the value of the assets of such Fund, less its liabilities at the Valuation Point.

The Net Asset Value per Share of each Fund calculated as of the Valuation Point in respect of each Dealing Day is determined by dividing the Net Asset Value of the assets of the Fund attributable to the Shares of the relevant Fund on that day by the number of Shares of the relevant Fund outstanding. Where more than one class of Shares is in issue in respect of a Fund, the Net Asset Value of the relevant Fund calculated as provided for above, shall be allocated between each class in accordance with the respective values in the Base Currency of the Fund represented by subscriptions and redemptions of Shares of each class of the Fund received or made from time to time. Where different entitlements, fees, charges, costs or liabilities apply in respect of different classes, these are excluded from the initial calculation of the Net Asset Value of the Fund and applied separately to the Net Asset Value allocated to the relevant class. The portion of the Net Asset Value of each Fund attributable to each class shall then be converted into the relevant currency of denomination of the class at prevailing exchange rates applied by the Administrator and shall be divided by the number of Shares of the relevant class outstanding in order to calculate the Net Asset Value per Share of the relevant class.

The Constitution provides for the method of valuation of the assets and liabilities of each Fund in particular, the Constitution provides that:

- (i) each Investment which is quoted, listed or traded under the rules of a Recognised Market, for which market quotations are readily available, shall be valued as at the last traded price on the relevant Recognised Market at the Valuation Point, or (if bid and offer quotations are made) the latest available mid-market price.
- (ii) Securities acquired or traded at a premium or at a discount outside or off the Recognised Market shall be valued taking into account the level of premium or discount as of the date of valuation of the investment and the Depositary must ensure that the adoption of such procedure is justifiable in the context of establishing the probable realisation value of the security.
- (iii) If the Investment is normally listed, traded or dealt in on or under the rules of more than one Recognised Market, the relevant Recognised Market shall be that which constitutes the main market for the investment. If prices for an investment listed, traded or dealt in on the relevant Recognised Market are not available at the relevant time or are unrepresentative, or in the event that any Investments are not listed or traded on any Recognised Market, such investment shall be valued at such value as shall be certified with care and good faith as the probable realisation value of the investment by the Directors or a competent professional person, firm or corporation appointed by the Directors which may be the Investment Manager (and approved for such purpose by the Depositary), or the Investment may be valued by any other means provided that the value is approved by the Depositary. None of the Directors, the Manager, the Investment Manager or the Administrator shall be under any liability if a price reasonably believed by them to be the latest available price for the time being may be found not to be such.
- (iv) Fixed income securities may be valued using the matrix pricing (i.e. valuing securities by reference to the valuation of other securities which are considered comparable in rating, yield, due date and other characteristics) where reliable market quotations are not available. The matrix methodology will be compiled by the persons listed in 2(a)-(c) of Schedule 5 of the Central Bank UCITS Regulations.

- (v) Units or shares in open-ended collective investment schemes which are not valued in accordance with the provisions above shall be valued on the basis of the latest available Net Asset Value per unit/share as published by the collective investment scheme.
- (vi) Cash deposits and similar investments shall be valued at their face value together with accrued interest from the date on which the same were acquired.
- (vii) Exchange-traded derivative instruments shall be valued at the relevant settlement price on the applicable exchange, provided that if the settlement price of an exchange-traded derivative instrument on the applicable exchange is not available, the value of such instrument shall be the probable realisation value estimated with care and in good faith by the Investment Manager or by a competent person appointed by the Directors and/or Manager and approved for the purpose by the Depositary, which may be the Investment Manager which may include the Investment Manager (and approved for the purpose by the Depositary) or a valuation by any other means provided that the value is approved by the Depositary.
- (viii) The value of any OTC derivative contracts shall be:
  - A. the quotation from the counterparty provided that such quotation is provided on at least a daily basis and verified at least weekly by a person independent of the counterparty and who is approved for the purpose by the Depositary; or
  - B. an alternative valuation as the Directors may determine. This may be a valuation that is provided on at least a daily basis by a competent person (which may be the Manager or an independent pricing vendor provided that the appointed party has adequate means to perform the valuation) appointed by the Directors and/or Manager and approved for that purpose by the Depositary (or a valuation by any other means provided that the value is approved by the Depositary). The valuation principles employed must follow best international practice established by bodies such as IOSCO (International Organisation of Securities Commission) and AIMA (the Alternative Investment Management Association) and any such alternative valuation must be reconciled to that of the counterparty on a monthly basis. Where significant differences arise on the monthly reconciliation, these must be promptly investigated and explained.
- (ix) Forward foreign exchange contracts are calculated based on the probable realisation value taking into account the spot rate of exchange and interest rates based on the respective currencies. Interest rate swap contracts will be valued in accordance with the preceding paragraph.
- (x) Notwithstanding the provisions of the above paragraphs:
  - (a) The Directors, the Manager or their delegates shall have in place an escalation procedure to ensure that any material discrepancy between the market value and the amortised cost value of a money market instrument is brought to the attention of the personnel who are responsible for the investment management of the Fund.
  - (b) Where it is not the intention or objective of the Manager or its delegates to apply amortised cost valuation to the portfolio of a Fund as a whole, a money market instrument within such a portfolio shall only be valued on an amortised basis if the money market instrument has a residual maturity of less than 3 months and does not have any specific sensitivity to market parameters, including credit risk.
- (xi) Notwithstanding the generality of the foregoing, the Manager 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.

- (xii) Any value expressed otherwise than in the Base Currency of the relevant Fund shall be converted into the Base Currency of the relevant Fund at the prevailing exchange rate which the Investment Manager shall determine to be appropriate.
- (xiii) In determining the value of assets, interest or dividends which have accrued but have not yet been received shall be included as assets, and any amounts available for distribution but in respect of which no distribution has been made shall be deducted from the assets as liabilities accrued.
- (xiv) A particular or specific asset valuation may be carried out using an alternative method of valuation if the Investment Manager deems it necessary and the alternative method must be approved by the Depositary and the rationale and/or methodologies used shall be clearly documented.
- (xv) In this regard, the Directors shall agree written procedures to enable the Depositary to carry out a detailed initial review and subsequent periodic reviews of the overall valuation methodologies of the Investment Manager including the provision by the Investment Manager of details of the rationale for any alternative method of valuation.

### **Temporary Suspensions**

The Directors, in consultation with the Manager, may at any time temporarily suspend the calculation of the Net Asset Value and the issue, redemption or conversion of any particular Fund during:

- (i) any period when any Recognised Market on which a substantial portion of the Investments for the time being comprised in the relevant Fund are quoted, listed or dealt in is closed otherwise than for ordinary holidays, or during which dealings in any such Recognised Market are restricted or suspended;
- (ii) any period when, as a result of political, military, economic or monetary events or other circumstances beyond the control, responsibility and power of the Directors, the disposal or valuation of Investments for the time being comprised in the relevant Fund cannot, in the opinion of the Directors, be effected or completed normally without prejudicing the interest of Shareholders;
- (iii) any breakdown in the means of communication normally employed in determining the value of any Investments for the time being comprised in the relevant Fund or during any period when, for any other reason, the value of the Investments comprised in the relevant Fund cannot, in the opinion of the Directors, be promptly or accurately ascertained;
- (iv) any period when the Company is unable to repatriate funds for the purposes of making redemption payments or during which the realisation of Investments for the time being comprised in the relevant Fund, or the transfer or payment of funds in connection therewith cannot in the opinion of the Directors, be effected at normal prices or normal rates of exchange;
  - (i) any period when, as a result of adverse market conditions, the payment of redemption proceeds may, in the opinion of the Directors, have an adverse impact on the relevant Fund or the remaining Shareholders in such Fund; or
  - (ii) any period when the Directors determine that it is in the best interests of the Shareholders to do so.

The Central Bank may also require the suspension of redemption of Shares in the interest of the shareholders or the public.

Shareholders who have requested repurchases of any Shares will be notified of any such suspension and, unless withdrawn but subject to the limitation referred to above, their requests will be dealt with on the Dealing Day next following that on which the suspension is lifted.

Any such temporary suspension will be published by the Company at the next available opportunity on [www.albemarleasset.com](http://www.albemarleasset.com) and will be immediately notified to the Central Bank, the Irish Stock Exchange (if applicable) and any other competent authority in a Member State or other country in which the Shares are marketed, without delay and in any event within the same Business Day on which such suspension occurs. The Manager shall notify the Central Bank immediately, upon the lifting of the temporary suspension by the Company and without prejudice to the foregoing, and in circumstances where the temporary suspension has not been lifted within 21 working days of application, provide the Central Bank with an update on the temporary suspension at the expiration of the 21 working day period and each subsequent period of 21 working days where the temporary suspension continues to apply.

In addition, where possible, all reasonable steps will be taken to bring any period of such suspension to an end at the earliest opportunity.

#### **PUBLICATION OF PRICES**

Details of the most recent price of Shares in the Fund may be obtained from the Administrator and also from the website: <http://www.morningstar.it/>, and will be notified without delay to the Irish Stock Exchange (if applicable) following calculation.

#### **CONDITIONS RELATING TO REPURCHASE OF SHARES**

If total requests for redemption and/or switching on any Dealing Day for any Fund exceed 10% of the Net Asset Value of that Fund, each redemption or switching request in respect of Shares in such Fund may, at the discretion of the Directors, be reduced pro rata so that the total number of Shares of such Fund for redemption or switching on that Dealing Day shall not exceed 10% of the Net Asset Value of that Fund. Any redemption or switching request so reduced shall be carried forward to the next Dealing Day and effected on a pro rata basis, until all Shares relating to the original redemption or switching request have been redeemed or switched.

If redemption or switching requests are so carried forward, the Directors and/or Manager shall procure that the Shareholders whose dealings are affected thereby are promptly informed.

Requests for the redemption of Shares, should be made to the Company in writing (requests by facsimile will be treated as definite orders) and must be received prior to the Dealing Deadline for the relevant Dealing Day. Redemption requests received after a Dealing Deadline shall be treated as having been received by the next following Dealing Deadline. A redemption request will not be capable of withdrawal after submission to the Company, unless such withdrawal is approved by the Company, in consultation with the Manager. The redemption price will be the Net Asset Value of the Shares less any redemption fee. If requested, the Company may, in consultation with the Manager and subject to the prior approval of the Depositary, and on prior written notification to the Shareholders, agree to designate additional Dealing Days and Valuation Points for the redemption of Shares.

The amount due on redemption of Shares will normally be paid by electronic transfer at the Shareholder's expense, on the fifth Business Day of the relevant Dealing Day. The proceeds of the redemption of the

Shares will only be paid on receipt by the Company of the original Signed Application Form and upon receipt of all relevant documents required by the Administrator including any documentation in connection with anti-money laundering procedures and that the anti-money laundering procedures have been completed. In the case of a redemption request sent by facsimile, payment of redemption proceeds will only be made to the account of record as provided for in the Application form.

The Constitution contains special provisions where repurchase requests received from any one Shareholder would result in more than 5% of the Net Asset Value of Shares of the relevant class being repurchased by the Company on any Dealing Day. In such a case, the Company may, with the consent of the redeeming shareholder and subject to the approval of the Depositary, satisfy the repurchase request by a distribution of investments in specie and transfer to him such assets in satisfaction or part satisfaction of the repurchase price or any part of the said repurchase price, provided that no such distribution will cause material prejudice to the interests of remaining Shareholders. Where a notice of election is served on a Shareholder the Shareholder may, by a further notice served on the Company, require the Company instead of transferring the assets in question to arrange for a sale of the assets and for payment to the Shareholder of the net proceeds of sale. The cost of such sale may be charged to the Shareholder.

If the Directors exercise their discretion as above, the Company and/or the Manager shall notify the Depositary and shall supply to the Depositary particulars of the Investments to be transferred and the amount of cash to be paid to the Shareholder. The allocation of Investments in satisfaction of an in specie redemption request shall be subject to the approval of the Depositary. All stamp duties, transfer and registration fees in respect of such transfers shall be payable by the Shareholder, in accordance with the Articles.

Shares may not be repurchased during any period when the calculation of the Net Asset Value of any particular Fund is suspended in the manner described above. Shareholders requesting repurchase will be notified of such suspension and, unless withdrawn, repurchase requests will be considered as at the next Dealing Day following the end of such suspension.

The Directors, in consultation with the Manager, have the right to compulsorily redeem all or some of the Shares held by a Shareholder at the Net Asset Value per Share less Duties and Charges as at the Valuation Point immediately prior to the date such redemption is to take effect if the Directors shall in consultation with the Manager determine to do so.

Where the Directors become aware that a Shareholder; (i) is a US Person or is holding Shares for the account of a US Person; or (ii) is holding Shares in breach of any laws or requirements of any country or government authority (which may include non-compliance with applicable anti-money laundering requirements) or otherwise in circumstances (whether directly or indirectly) affecting such person or persons, and whether taken alone or in conjunction with any other 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 Company or any Shareholder incurring liability to taxation or suffering any other legal, regulatory, pecuniary, fiscal or material administrative disadvantage which the Company or Shareholders might not otherwise have incurred or suffered; or (iii) the Directors in their sole discretion consider it to be in the best interests of the Company and the Shareholders to do so; the Directors may; (a) direct the Shareholder to dispose of those Shares to a person who is qualified or entitled to own or hold the Shares within such time period as the Directors stipulate; or (b) redeem the Shares at their Net Asset Value per Share as at the Valuation Point immediately following the date of notification of such mandatory redemptions to the Shareholder.

The Directors, in consultation with the Manager, may also compulsorily redeem Shares where required to give effect to the terms upon which such Shares were issued as described in the Prospectus (including for



the avoidance of doubt, any performance fee equalisation or other equalisation policy provided for in the Prospectus).

In the event of any liability or charge to Taxation arising in respect of Shares or any Shareholder, the Company is entitled to redeem, repurchase, appropriate or cancel such number of Shares as is required to meet the appropriate liability or charge of such Shareholder and to account for such appropriate tax to the relevant tax authorities.

Where a repurchase of shares would result in the number of Shareholders falling below seven or such other minimum number stipulated by statute or where a repurchase of shares would result in the issued share capital of the Company falling below such minimum amount as the Directors may be obliged to maintain pursuant to applicable law, the Directors may defer the repurchase of the minimum number of shares sufficient to ensure compliance with applicable law. The repurchase of such shares will be deferred until the Company is wound up or until the Company procures the issue of sufficient shares to ensure that the repurchase can be effected. The Company shall be entitled to select the shares for deferred repurchase in such manner as it may deem to be fair and reasonable and as may be approved by the Depositary.

## GENERAL INFORMATION

### *INCORPORATION AND SHARE CAPITAL*

The Company was incorporated under the laws of the Republic of Ireland on 5 March 2007 as a variable capital company, with registered number 435796, and is authorised under the Regulations.

At the date hereof:

- (a) the authorised share capital of the Company is 500,000,300,002 Shares of no par value initially divided into 2 Subscriber Shares of no par value, 300,000 Capitalisation Shares of no par value and 500,000,000,000 Shares of no par value
- (b) the Non-Participating Shares entitle holders to attend and vote at general meetings of the Company but do not entitle the holders to participate in the profits or assets of the Company except for a return of capital on a winding-up. Following the expiration of the initial offer of Shares in the Funds, the Non-Participating Shares may at the option of the Directors either be redesignated as Shares at the Offer Price or repurchased. The Non-Participating Shares shall have one vote for each Non-Participating Share held.

### *DESCRIPTION OF SHARES*

Subject to the exceptions set out above regarding "**Transfer of Shares**", the Shares issued by the Company are freely transferable and entitled to participate equally in the profits and dividends of the relevant Fund and in its assets upon liquidation. The Shares, which are of no par value and which must be fully paid upon issue, carry no preferential or pre-emptive rights and are entitled to one vote each at all meetings of the relevant class of Shareholders. All Shares of each Fund will rank pari passu.

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued.

Shares in the Company will be issued in non-certificated form and will be evidenced by entries in the register and confirmed by the issue of written confirmations of ownership.

### *CONSTITUTION*

The Constitution of the Company provides that the Company's sole object is the collective investment in transferable securities and/or other liquid financial assets referred to in the Regulations of capital raised from the public operating on the principle of risk spreading.

The following section is a summary of the principal provisions of the Constitution of the Company. Defined terms in this section bear the same meanings as defined in the Constitution.

#### **1. Variation of Rights**

The rights attached to any class may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths 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. The provisions of the Constitution relating to general meetings shall apply to every such separate general meeting except that the necessary quorum at any such 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 or, at an adjourned meeting, one person holding Shares of the class in question or his proxy. Any holder of Shares of the class in question present in person or by proxy may demand a poll.

## 2. **Voting Rights**

The Constitution provides that on a show of hands every member holding Shares, who is present in person or by proxy, shall have one vote. On a poll every member present in person or by proxy shall have one vote for every share of which he is the holder. Holders who hold a fraction of a share may not exercise any voting rights, whether on a show of hands or on a poll, in respect of such share. Holder and subscriber shares shall be entitled to one vote in respect of all the subscriber shares in issue. On a poll of all the members holding Shares of more than one class for the time being, the voting rights of Shareholders shall 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 purchased by the Company.

## 3. **Changes in Share Capital**

The Company may from time to time by Ordinary Resolution increase its capital by such amount as the resolution shall prescribe.

The Company may, by Ordinary Resolution, alter its capital by consolidating and dividing its share capital into shares of larger amount than its existing shares, by sub-dividing its shares into shares of smaller amount than that fixed by the Constitution, or by cancelling any shares which, at the date of the passing of the Ordinary Resolution in that behalf have not been taken, or agreed to be taken, by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

The Company may by Special Resolution from time to time reduce its share capital in any way. In particular, the Company may:-

- (a) extinguish or reduce the liability on any of its shares in respect of share capital not paid up; or
- (b) with or without extinguishing or reducing liability on any of its shares:-
  - cancel any paid-up share capital which is lost, or which is not represented by available assets;
  - pay off any paid-up share capital which is in excess of the requirements of the Company.

## 4. **Directors' Interests**

Provided the nature of his interest is or has been declared, a Director or intending Director may enter into any contract with the Company and such contract or arrangement shall not be liable to be avoided and the Director concerned shall not be liable to account to the Company for any profit realised by any such contract or arrangement by reason of his holding of that office or the fiduciary relationship so established and may hold any other office or place of profit with the Company in conjunction with the office of Director on such terms as to tenure of office and otherwise as the Directors may determine.

A Director shall not vote or be counted in the quorum present on any resolution in respect of his appointment (or the arrangement of the terms of appointment) to hold any office or place of profit with the Company or in respect of any contract or arrangement in which he is materially interested. This prohibition does not apply (in the absence of some other material interest than is indicated below), inter alia, to:

- (a) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him for the benefit of the Company;
- (b) any contract or arrangement by a Director to guarantee or underwrite shares or debentures of the Company;
- (c) any proposals concerning any other company in which he is directly interested whether as a director, shareholder, creditor or otherwise howsoever provided that he is not the holder of or beneficially interested in one per cent or more of any class of the issued equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company, any such interest being deemed for the purpose of the Constitution to be a material interest in all circumstances.

The Company may by Ordinary Resolution suspend or relax the provisions described above to any extent or ratify any transaction not duly authorised by reason of a contravention thereof.

#### 5. **Borrowing Powers**

The Directors may exercise all the powers of the Company to borrow money (including the power to borrow for the purpose of repurchasing Shares) and mortgage or charge its undertaking, property and assets (including its uncalled capital) or any part thereof, provided that all such borrowings for the account of any Fund do not exceed 10% of the net assets of any such Fund or such other limit as may be provided for in the Regulations, and subject to such other limits and conditions as may be laid down by the Central Bank.

#### 6. **Retirement of Directors**

There is no provision for the retirement of Directors on their attaining a certain age.

#### 7. **Transfer of Shares**

Subject to certain exceptions in the case of U.S. Persons or certain other categories of persons specified in the Constitution, the Shares in each Fund of the Company are freely transferable and entitled to participate equally in the profits and dividends of a Fund to which they relate and in its assets upon liquidation.

#### 8. **Unclaimed Dividend**

The Constitution provides that any dividend unclaimed after a period of 6 years from the date of declaration of such dividend shall be forfeited and shall revert to the Company for the account of the relevant Fund.

## 9. Fund

The Directors are required to establish a separate Fund for each Fund of the Company in the following manner:

- (a) the proceeds from the issue of each Fund of the Company shall be applied to the Fund established for that Fund of the Company, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund in the manner outlined below;
- (b) any asset derived from another asset comprised in a Fund shall be applied to the same Fund as the asset from which it was derived and any increase or diminution in value of such an asset shall be applied to the relevant Fund;
- (c) in the case of any asset which the Directors do not consider as attributable to a particular Fund or Funds, the Directors shall have discretion, subject to the approval of the Depositary, to determine the basis upon which any such asset shall be allocated between the Funds and the Directors shall, subject to the approval of the Depositary, have power at any time and from time to time to vary such basis;
- (d) any liability shall be allocated to a Fund or Funds to which in the opinion of the Directors it relates or if such liability is not attributable to any particular Fund, the Directors shall have discretion, subject to the approval of the Depositary, to determine the basis on which any asset shall be allocated between Funds and the Directors shall, subject to the approval of the Depositary, have power at any time and from time to time to vary such basis;
- (e) where the assets of the Company (if any) attributable to the Non-Participating Shares give rise to any net profit, the Directors may allocate assets representing such net profits to such Fund or Funds as they may deem appropriate.

Different classes of Shares may be issued within a single Fund.

## 10. EU Benchmark Regulation

In accordance with the relevant Supplement, certain Funds may be users of benchmarks as defined by the Benchmark Regulation. The Company may only use a benchmark if such benchmark is provided by a benchmark administrator that is or will be included in the register referred to in Article 36 of the Benchmark Regulation.

The Manager, acting in accordance with the Benchmark Regulation, has adopted a robust written benchmark contingency plan, which shall apply in the case that any benchmark used by any Fund, materially changes or ceases to be available.

## WINDING UP

The Constitution contains provisions to the following effect:

- (i) if the Company shall be wound up the liquidator shall, subject to the provisions of the Companies Act (as may be amended from time to time) apply the assets of the Company attributable to each Fund in such manner and order as he thinks fit in satisfaction of creditors' claims relating to that Fund.

- (ii) the assets available for distribution among the Shareholders shall then be applied in the following priority:
  - (a) First, in the payment to the holders of the Shares of each Fund of a sum in the currency in which that Fund 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 aggregate Net Asset Value of the Shares of such Fund 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.
  - (b) Secondly, in the payment to the holders of the Non-Participating Shares of sums up to the nominal amount paid thereon out of the assets of the Company.
  - (c) Thirdly, in the payment to the holders of the Shares of any balance then remaining, such payment being made in proportion to the number of Shares held.
- (iii) If the Company 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 Companies Act, divide among the members in specie the whole or any part of the assets of the Company, 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 members or different classes of members. The liquidator shall, if any Shareholder so requests, liquidate or otherwise dispose of sufficient assets in order to enable the liquidator to distribute the cash proceeds thereof, net of all Duties and Charges incurred in connection with the sale of such underlying investments, to the Shareholder in question. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any assets in respect of which there is liability.

### ***MATERIAL CONTRACTS***

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into since the incorporation of the Company and are, or may be, material:-

#### **Management Agreement**

Under the Management Agreement, the Manager has been appointed as responsible for the general management of the Company's affairs and the distribution of the Company, and subject to the overall supervision and control of the Directors. Pursuant to the provisions of the Management Agreement, the Manager may delegate one or more of its functions subject to the overall supervision and control of the Company.

Details of the fees payable to the Manager are set out in each Supplement.

The Management Agreement may be terminated at any time by either party by giving the other party not less than ninety (90) days' prior written notice of such termination, or such shorter period as may be agreed by the Company with such shorter period being not less than thirty (30) days. The Management Agreement may be terminated at any time by the Manager on giving not less than thirty (30) days' prior written notice to the Company where it determines and has notified the Company in writing that the Manager cannot

ensure compliance with the requirements of the Regulations and the Company has failed to rectify such matter within thirty (30) days' of receipt of such notification. The Management Agreement may be terminated by the Company where it is in the interests of the Shareholders. Either party to the Management Agreement may terminate the Management Agreement at any time forthwith by notice in writing to the other party if such other party ("**Defaulting Party**") shall at any time during the continuance of the Management Agreement:

- (i) be unable to perform its duties under the Management Agreement due to any change in law or regulatory practice;
- (ii) is unable to pay its debts as they fall due or otherwise becomes insolvent or enters into any composition or arrangement with or for the benefit of its creditors or any class thereof;
- (iii) be the subject of any petition for the appointment of a receiver, liquidator or an examiner or similar officer to it or in respect of its affairs or assets;
- (iv) has a receiver appointed over all or any substantial part of its undertaking, assets or revenues;
- (v) have committed a material breach of the provisions of the Management Agreement and, in the case of a breach capable of remedy, such breach has not been remedied by the Defaulting Party within thirty (30) days after the service of notice requiring it to be remedied;
- (vi) is the subject of an effective resolution for its winding up (except a voluntary winding up for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the non-defaulting party);
- (vii) is the subject of a court order for its winding up.

The Management Agreement shall automatically terminate if the Manager's or the Company's authorisation by the Central Bank is revoked.

The Company shall be liable and shall indemnify and keep indemnified and hold harmless the Manager and each of its directors, officers, employees, delegates and agents (each a "**Manager Indemnitee**") from and against any and all actions, proceedings, claims, demands, losses, damages, costs and expenses (including legal and professional fees and expenses arising therefrom or incidental thereto) which may be made or brought against or suffered or incurred by the Manager or any such Manager Indemnitee arising out of or in connection with the performance of its obligations and duties hereunder in the absence of any negligence, bad faith, fraud or wilful default of or by the Manager in the performance of its duties hereunder or as otherwise may be required by law.

Further details in relation to the Management Agreement are set out above in the section entitled "The Manager".

### **Investment Management Agreement**

Under the Investment Management Agreement, the Investment Manager has agreed to provide the Manager with investment management and advisory services in relation to the assets of the initial Funds and to act with day to day authority, power and responsibility for the investment and reinvestment of such assets.

Details of the fees payable to the Investment Manager are set out in each Supplement.

The Investment Management Agreement may be terminated by the relevant parties on not less than 90 days written notice although in certain circumstances the agreement may be terminated forthwith by notice in writing by either party to the other.

The Investment Management Agreement also contain certain indemnities in favour of the Investment Manager which are restricted to exclude matters arising by reason of the negligence, fraud, bad faith, wilful default or recklessness of the Investment Manager in the performance of its duties.

Further details in relation to the Investment Management Agreement are set out above in the section entitled "The Investment Manager".

### **Depository Agreement**

Under the Depository Agreement, the Depository has agreed to act as Depository of the Company's monies and assets. The Depository is entitled to appoint sub-custodians for the safe custody of the Company's assets

Further details in relation to the Depository Agreement are set out above in the section entitled "The Depository" including liability and termination provisions.

### **Administration Agreement**

Under the Administration Agreement referred to above, the Administrator has agreed to carry on the general administration of the Company.

The Administration Agreement may be terminated by either party on not less than 90 days' written notice to the other although in certain circumstances the Agreement may be terminated forthwith by notice in writing by either party to the other.

The Administration Agreement contains certain indemnities in favour of the Administration which are restricted to exclude matters arising by reasons of the fraud, wilful misfeasance, negligence, bad faith or reckless disregard in the performance of its duties.

### **Litigation and Arbitration**

The Company is not engaged in any legal or arbitration proceedings and no legal or arbitration proceedings are known to the Directors to be pending or threatened by or against the Company.

### **Miscellaneous**

At the date of this document, the Company 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 (other than normal trade bills) or acceptance credits, obligations under finance leases, hire purchase commitments, guarantees or other material contingent liabilities. There are no service contracts in existence between the Company and any of its Directors nor are any such contracts proposed.

No Director is materially interested in any contract or arrangement subsisting at the date hereof which is unusual in its nature and conditions or significant in relation to the business of the Company.

At the date of this document (other than as disclosed above under "Incorporation and Share Capital"), neither the Directors nor their spouses nor their infant children nor any connected persons have any interest in the share capital of the Company or any options in respect of such capital.



No share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.

No commission, discounts, brokerage or other special terms have been granted by the Company in relation to Shares issued or to be issued by the Company; on any issue or sale of Shares, the Investment Manager may, out of its own funds or out of the sales charges, pay commissions on applications received through brokers and other professional agents or grant discounts.

The Company does not have a place of business in the United Kingdom.

### **Documents for Inspection**

Copies of the following documents are available for inspection, free of charge, during normal business hours on weekdays (Saturdays and public holidays excepted) at the registered office of the Company, 5<sup>th</sup> Floor, The Exchange, George's Dock, IFSC, Dublin 1, Ireland.

- Constitution of the Company;
- the material contracts referred to above;
- the latest available annual and semi-annual reports;
- the Regulations and Central Bank UCITS Regulations;

Copies of the Constitution (as amended from time to time) and the latest financial reports of the Company may be obtained, free of charge, upon request at the registered office of the Company.

### **Data Protection**

Prospective investors should note that by completing the Application Form they are providing personal information, which may constitute personal data within the meaning of the Data Protection Legislation. This data will be used for the purposes of client identification and the subscription process, administration, transfer agency, statistical analysis, research, compliance with any applicable legal, tax or regulatory requirements and disclosure to, and in relation to, the Company, the Manager, its delegates, and agents. All or part of this data will be retained as per regulatory requirements once the relationship ends.

Investors' data may be disclosed and / or transferred to third parties including financial advisors, regulatory bodies, tax authorities, auditors, technology providers or to the Company and its delegates and its or their duly appointed agents and any of their respective related, associated or affiliated companies wherever located (including to countries outside of the EEA including without limitation such as the USA, which may not have the same data protection laws as Ireland) for the purposes specified.

The Company is a data controller within the meaning of Data Protection Legislation and undertakes to hold any personal information provided by investors in confidence and in accordance with Data Protection Legislation.

Pursuant to Data Protection Legislation, investors have a right of access to their personal data kept by or on behalf of the Company and the right to amend and rectify any inaccuracies in their personal data held by or on behalf of the Company by making a request to the Company in writing. Investors also have a right to be forgotten and a right to restrict or object to processing in a number of circumstances. In certain limited circumstances, a right to data portability may apply. Where investors give consent to the processing of personal data, this consent may be withdrawn at any time.

By signing the Application Form, prospective investors consent to the recording of telephone calls made to and received from investors by the Company, their delegates, its duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes.

A copy of the data privacy statement of the Company is available upon request from the Investment Manager.

## APPENDIX I

### USE OF FDI AND PORTFOLIO MANAGEMENT TECHNIQUES

The Manager will employ an investment risk management process in respect of the Company, which enables it to accurately monitor, measure and manage the risks attached to financial derivative instrument ("FDI") positions. Each Fund may only employ the FDI techniques provided in the relevant Fund Supplement where full details are shown and described. The Funds may also use instruments for efficient portfolio management. Efficient portfolio management involve transactions that fulfil the following criteria:

1. they are economically appropriate in that they are realised in a cost-effective way;
2. they are entered into for one or more of the following specific aims:
  - (i) reduction of risk;
  - (ii) reduction of cost;
  - (iii) generation of additional capital or income for the UCITS with a level of risk which is consistent with the risk profile of the UCITS and the risk diversification rules set out in the Central Bank UCITS Regulations;
3. their risks are adequately captured by the risk management process of the UCITS, and
4. they cannot result in a change to the UCITS declared investment objective or add substantial supplementary risks in comparison to the general risk policy as described in its sales documents.

Direct and indirect operational costs/fees arising from efficient portfolio management techniques may be deducted from the revenue delivered to the Fund. Only direct operational fees charged by third parties unrelated to the Manager, the Investment Manager or the Sub-Investment Manager will be deducted from any such revenues. Any such direct and indirect operational costs do not include hidden revenue for the Manager, the Investment Manager, the Sub-Investment Manager or parties related to such parties, although fees may be payable to counterparties and/or the Investment Manager or Sub-Investment Manager and/or the Depositary and/or entities related to them in relation to such techniques. The Fund will disclose in the financial statements the identity of the entity(ies) to which the direct and indirect costs and fees are paid and indicate if these are related parties to the Company, the Manager, the Investment Manager or Sub-Investment Manager, or the Depositary. The Directors shall ensure that all revenues from efficient portfolio management techniques, net of direct or indirect operational costs, will be returned to the Fund, if any such techniques are used.

Only where and to the extent specified in the relevant Supplement, each Fund may invest in FDI and/or utilise techniques and instruments for hedging and/or investment purposes and/or efficient portfolio management and/or to manage foreign exchange risks, subject to the conditions and within the limits laid down by the Central Bank. Any proposed investment in FDI is subject to a RMP document being submitted to, and approved by the Central Bank in advance.

The performance of swaps and contracts for difference which may be used for hedging and/or investment purposes and/or efficient portfolio management and/or to manage foreign exchange risks may be strongly

influenced by movements in currency rates because a Fund may have exposure to a particular currency that is different to the currency in which the securities held by that Fund are denominated.

A description of some of the FDI which may be used is set out below. This list is not exhaustive. Those FDI techniques which are being utilised by the Fund are set out in the relevant Fund Supplement and the RMP document being submitted to, and approved by the Central Bank in advance.

### **Forwards**

A forward contract locks in the price at which an asset may be purchased or sold on a future date. In forward foreign exchange contracts, the contract holders are obligated to buy or sell from another a specified amount of one currency at a specified price (exchange rate) with another currency on a specified future date. Forward contracts cannot be transferred but they can be ‘closed out’ by entering into a reverse contract. The commercial purpose of a forward foreign exchange contract may include, but is not limited to, altering the currency exposure of securities held, hedging against exchange risks, increasing exposure to a currency, and shifting exposure to currency fluctuations from one currency to another. Forward foreign exchange contracts are specifically useful and may be used for the hedging in connection with hedged currency classes of shares. Forward contracts are similar to futures contract but are generally entered into as an over-the-counter contract rather than on exchange.

### **Swaps**

A Fund may use swap agreements (swaps) of any kind, including such swaps where the swap counterparties agree to exchange the proceeds (including or excluding capital gains/losses) of a reference asset such as a deposit, financial security, money market instrument, units/shares of collective investment schemes, FDI, financial index or security or index basket against the proceeds of any other such reference asset. Generally, a swap is a contractual agreement between two counterparties in which the cash flows from two reference assets are exchanged as they are received for a predetermined time period, with the terms initially set so that the present value of the swap is zero. Swaps may extend over substantial periods of time, and typically call for the making of payments on a periodic basis. In most swap contracts, the notional principal of the swap is not exchanged but is used to calculate the periodic payments. Swaps are usually traded over the counter.

Interest rate swaps involve the exchange by a Fund 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 are paid by one party to the other. Currency swaps are agreements 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. Moreover, there exist “quanto” or “differential” swap.

Other types of swaps exist, which a Fund may, from time to time, utilise subject to the above conditions.

### **Futures and Options Contracts**

A Fund may purchase futures and options contracts for both investment and efficient portfolio management purposes. Futures are 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. The commercial purpose of futures contracts can be to allow investors to hedge against market risk or gain exposure to the underlying market. Since these contracts are marked-to-market daily, investors can, by closing out their position, exit from their obligation to buy or sell the underlying assets prior to the contract’s delivery date. Using futures to achieve a particular strategy instead of using the underlying or related security or index frequently results in lower transaction costs being incurred.

An option is a contract which gives the contract buyer the right, but not the obligation, to exercise a feature of the option, such as buying a specified quantity of a particular product, asset or financial instrument, on, or up to and including, a future date (the exercise date). The 'writer' (seller) has the obligation to honour the specified feature of the contract. Since the option gives the buyer a right and the seller an obligation, the buyer pays the seller a premium. Put options are contracts that give the option buyer the right to sell to the seller of the option the underlying product or financial instrument at a specified price on, or before, the exercise date. Call options are contracts that give the option buyer the right to buy from the seller of the option the underlying product or financial instrument at a specified price on, or before, the exercise date. Options may also be cash settled. The commercial purpose of options can be to hedge against the movements of a particular market or financial instrument, including futures, or to gain exposure to a particular market or financial instrument instead of using a physical security. Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of over-the-counter (OTC) options (options not traded on exchanges) generally are established through negotiation with the other party to the option contract. This type of arrangement allows a Fund greater flexibility to tailor an option to its needs.

### **Total Return Swaps (TRS)**

A total return swap (TRS) is an agreement for a specified notional amount, in a specified currency, for a specified period, in which one party makes payments with reference to a specified rate, either fixed or variable, while the other party makes payments with reference to the total return (income and capital) of a specified underlying asset (reference asset). The reference asset, owned by the party making the total return payments, might be a bond, equity, index or basket of securities. TRS allow the party receiving the total returns to gain exposure to the reference asset, with all the benefits, without actually owning it.

TRS can be fully funded or partially funded. When fully funded, the receiver of the total returns pays a consideration that represents the full market value of the reference asset. When partially funded, the receiver of the total returns pays a smaller amount than the full consideration, effectively borrowing the remainder from the other party.

### **Credit Default Swaps**

A Fund may enter into credit default swap agreements. The “buyer” in a credit default contract is obligated to pay the “seller” a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. If an event of default occurs, the seller must pay the buyer the full notional value, or “par value”, of the reference obligation in exchange for the reference obligation. A Fund may be either the buyer or seller in a credit default swap transaction. If a Fund is a buyer and no event of default occurs, a Fund will lose its investment and recover nothing. However, if an event of default occurs, a Fund (if the buyer) will receive the full notional value of the reference obligation. As a seller, a Fund receives a fixed rate of income throughout the term of the contract, which typically is between six months and three years, provided that there is no default event. If an event of default occurs, the seller must pay the buyer the full notional value of the reference obligation. Credit default swaps may also be used to reduce credit exposure to issuers when liquidity in the cash bond market and large position size make it difficult to sell the securities. A Fund may also buy protection on names the Fund does not own (uncovered credit default swaps).

### **“Delayed Delivery” and “When Issued” Securities**

Subject to the investment restrictions, a Fund may purchase debt obligations on a “delayed delivery” or “when-issued” basis, that is, for delivery to the Fund later than the normal settlement date for such securities, at a stated price and yield. Such securities are termed “delayed delivery” when traded in the secondary market, or “when-issued” in the case of an initial issue of securities. The Fund generally would not pay for such securities or start earning interest on them until they are received. However, when the Fund undertakes a delayed delivery or when-issued purchase obligation, it immediately assumes the risk of

ownership, including the risk of price fluctuation. Failure by the issuer to deliver the securities may result in a loss or missed opportunity for the Fund to make an alternative investment.

### **Currency Transactions**

A Fund is permitted to invest in securities denominated in a currency other than the base currency of the Fund and may purchase currencies to meet settlement requirements. In addition, subject to the restrictions imposed by the Regulations, a Fund may enter into various currency transactions, i.e. forward foreign currency contracts, currency swaps, foreign currency or currency index futures contracts and put and call options on such contracts or on currencies, to protect against uncertainty in future exchange rates. Forward foreign currency contracts are agreements to exchange one currency for another - for example, to exchange a certain amount of Euro for a certain amount of US Dollars - at a future date. The date (which may be any agreed-upon fixed number of days in the future), the amount of currency to be exchanged and the price at which the exchange will take place are negotiated and fixed for the term of the contract at the time that the contract is entered into. Under the Regulations, uncovered positions in currency derivatives are not permitted.

Currency transactions undertaken by a Fund to alter the currency exposure characteristics of transferable securities held by that Fund through the purchase or sale of currencies other than the currency of denomination of that Fund or the relevant transferable securities must not be speculative in nature i.e. they must not constitute an investment in their own right. To the extent that such currency transactions alter the currency characteristics of transferable securities of a Fund, they must be fully covered by the cash flows of the transferable securities held by that Fund, including any income there from. A Fund may not be leveraged or geared in any way through the use of currency transactions.

Currency transactions which alter currency exposure characteristics of transferable securities held by a Fund may only be undertaken for the purposes of a reduction in risk, a reduction in costs and/or an increase in capital or income returns to that Fund. Any such currency transactions must be used in accordance with the investment objective of a Fund (i.e. the currencies to which the Fund is exposed must be currencies in which it can invest directly) and must be deemed by the Investment Manager to be economically appropriate. The performance of a Fund may be strongly influenced by movements in currency rates because currency positions held by the Fund may not correspond with the securities positions held. Details of transactions entered into during the reporting period and the resulting amounts of commitments must be disclosed in the periodic reports of the Fund.

A Fund may "cross-hedge" one foreign currency exposure by selling a related foreign currency into the base currency of the Fund. Also, in emerging or developing markets, local currencies are often expressed as a basket of major market currencies such as the U.S. Dollar, Euro or Japanese Yen; a Fund may hedge the exposure to currencies other than its base currency in the basket by selling a weighted average of those currencies forward into the base currency."

### **Permitted FDIs**

Where specified in a Fund Supplement:

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):
  - (i) instruments referred to in paragraphs 1.1 to 1.5 of the Investment Restrictions section of this Prospectus (Regulation 68(1)(a)-(f) and (h) of the Regulations, including financial

instruments having one or several characteristics of those assets, financial indices, interest rates, foreign exchange rates or currencies;

- (ii) the FDI do not expose the 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);
  - (iii) the FDI do not cause the Fund to diverge from its investment objectives; and
  - (iv) 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".
2. Credit derivatives as permitted in the circumstances outlined in the Central Bank's guidance on "UCITS Financial Derivative Instruments and Efficient Portfolio Management".
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 1 hereto.
4. Notwithstanding paragraph 3, each Fund may invest in FDI dealt in over-the-counter, "OTC derivatives" provided that:
- (i) the counterparty is a Relevant Institution listed in paragraph 2.8 of the Investment Restrictions section of this Prospectus or an investment firm, authorised in accordance with the Markets in Financial Instruments Directive, in an EEA Member State or is an entity subject to regulation as a Consolidated Supervised Entity ("CSE") by the US Securities and Exchange Commission;
  - (ii) in the case of a counterparty which is not a credit institution, the counterparty has a minimum credit rating of A-2 or equivalent, or is deemed by a Manager to have an implied rating of A-2 or equivalent. Alternatively, an unrated counterparty will be acceptable where a Fund is indemnified or guaranteed against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating of A2 or equivalent;
  - (iii) in the case of subsequent novation of the OTC derivative contract, the counterparty is one of:
    - (1) the entities set out in paragraph (i) or;
    - (2) 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);
    - (3) risk exposure to the counterparty does not exceed the limits set out in paragraph 2.7 of the Investment Restrictions section of this Prospectus;

- (4) the Manager 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
  - (5) the Manager must subject the Funds' 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:
    - (i) 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;
    - (ii) verification of the valuation is carried out by one of the following:
      - (B) 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;
      - (C) 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.
5. 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 UCITS 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.
6. 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 UCITS 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 UCITS Regulations.
7. 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 UCITS Regulations and which contain a component which fulfils the following criteria:
- (i) 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;

- (ii) its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - (iii) it has significant impact on the risk profile and pricing of the transferable security or money market instrument.
8. 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.
9. The Company may employ the Value at Risk ("VaR") or commitment approach to measure its global exposure. Where a Fund uses the commitment approach the global exposure of the Fund will not exceed its total Net Asset Value at any time. Where a Fund uses VaR the global exposure of the Fund may exceed its Net Total Asset Value. The method used to calculate global exposure for each Fund is set out in the relevant Fund Supplement.

### **Cover requirements**

The Manager must, at any given time, ensure that, at all times: (i) Fund is capable of meeting all its payment and delivery obligations incurred by transactions involving FDI.

The Manager shall ensure that, at all times, the RMP of a Fund includes the monitoring of FDI transactions to ensure that every such transaction is covered adequately.

The Manager shall ensure that, at all times, a transaction in FDI which gives rise to, or could potentially give rise to, a future commitment on behalf of a Fund is covered as follows:

- 1. in the case of FDI which automatically, or at the discretion of a Fund, are cash settled a Fund must, at all times, hold liquid assets that are sufficient to cover the exposure; and
- 2. in the case of FDI which require physical delivery of the underlying asset, the asset must be held at all times by a Fund. Alternatively a Fund may cover the exposure with sufficient liquid assets where:
  - (i) the underlying assets consists of highly liquid fixed income securities; and/or
  - (ii) the exposure can be covered without the need to hold the underlying assets, the specific FDI are addressed in the RMP and details are provided in the Prospectus.

### **Risk Management**

- 1. Each Fund must employ a risk management process to monitor, measure and manage the risks attached to FDI positions.
- 2. Each Fund must provide the Central Bank with details of its proposed RMP with details of its FDI activity pursuant to Chapter 3 of the Central Bank UCITS Regulations. The initial filing is required to include information in relation to:

- (a) permitted types of FDI, including embedded derivatives in transferable securities and money market instruments;
  - (b) details of the underlying risks;
  - (c) relevant quantitative limits and how these will be monitored and enforced; and
  - (d) methods for estimating risks.
3. Material amendments to the initial filing must be notified to the Central Bank in advance. The Central Bank may object to the amendments notified to it and amendments and/or associated activities objected to by the Central Bank may not be made.
4. Each Fund must submit a report to the Central Bank on its FDI positions on an annual basis. The report, which must include information under the different categories identified in paragraph 2 above, must be submitted with the annual report of the Company. A Fund must, at the request of the Central Bank, provide this report at any time.
5. The Company will, on request, provide supplementary information to shareholders relating to the risk management methods employed including the qualitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

**Use of Repurchase/Reverse Repurchase and Securities Lending ("efficient portfolio management techniques") and Collateral Policy**

1. Where set out in the relevant Supplement only, the Fund may enter into repurchase/reverse repurchase agreements, ("repo contracts") and securities lending subject to and in accordance with the conditions and limits set out in the Central Bank UCITS Regulations for the purposes of efficient portfolio management. Repo contracts are transactions in which a Fund sells a security to the other party with a simultaneous agreement to repurchase the security at a fixed future date at a stipulated price. The repurchase price is usually greater than the original sale price, the difference effectively representing interest, sometimes called the repo rate. A reverse repurchase agreement is a transaction whereby a Fund purchases securities from a counterparty and simultaneously commits to resell the securities to the counterparty at an agreed upon date and price.
2. All cash and non-cash assets (including, but not limited to equities and bonds) received in the context of efficient portfolio management techniques and OTC derivatives should be considered as collateral and should comply with the following criteria:
  - (a) Liquidity: Collateral received other than cash should be highly liquid and traded on a Recognised 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 UCITS Regulation 74.
  - (b) 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.
  - (c) Issuer credit quality: Collateral received should be high quality. Where the issuer is subject to a credit rating by an agency registered and supervised by the European Securities and Markets Authority, that rating shall be taken into account by the Company 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 Company without delay.

- (d) 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.
  - (e) Diversification (asset concentration): Diversification (asset concentration):
    - (i) Subject to paragraph (ii) below, collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of the Net Asset Value. When a 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.
    - (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% 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 Member States, local authorities, third countries, or public international bodies or issuing or guaranteeing securities which a Fund is able to accept as collateral for more than 20% of its Net Asset Value shall be drawn from the following list:

OECD Governments (provided the relevant issues are investment grade), Government of the People's Republic of China, Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, IMF, Euratom, The Asian Development Bank, ECB, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, the EU, Federal Home Loan Bank, Federal Farm Credit Bank and Tennessee Valley Authority.
  - (f) Immediately available: Collateral received should be capable of being fully enforced at any time without reference to or approval from the counterparty.
3. Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.
  4. Collateral received on a title transfer basis should be held by the Depositary. For other types of collateral arrangement, the collateral can be held by a third party depositary or custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.
  5. Non-cash collateral cannot be sold, pledged or re-invested.

6. Cash collateral may not be invested other than in the following:
  - (a) deposits with Relevant Institutions;
  - (b) high-quality government bonds;
  - (c) reverse repurchase agreements provided the transactions are with credit institutions subject to prudential supervision and the fund is able to recall at any time the full amount of cash on an accrued basis;
  - (d) 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. 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. Re-investment of cash collateral in accordance with the provisions above can still present additional risk for the Fund. Please refer to the section of the Prospectus entitled "Reinvestment of Cash Collateral Risk" for more details.

7. The Manager or its duly appointed delegate shall ensure that, where a Fund receiving collateral for at least 30% of assets should have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to assess the liquidity risk attached to the collateral. The liquidity stress testing policy should at least prescribe the following:
  - (e) design of stress test scenario analysis including calibration, certification and sensitivity analysis;
  - (f) empirical approach to impact assessment, including back testing of liquidity risk estimates;
  - (g) reporting frequency and limit/loss tolerance threshold/s; and
  - (h) mitigation actions to reduce loss including haircut policy and gap risk protection.
8. A clear haircut policy will be adopted for each class of assets received as collateral. When devising the haircut policy, the Fund will take into account the characteristics of the assets such as the credit standing or the price volatility, as well as the outcome of the stress tests performed in accordance with paragraph 7. This policy will be documented and should justify each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets.
9. Where a counterparty to a repurchase or securities lending agreement which has been entered into by the Manager on behalf of a Fund:
  - (i) 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;
  - (ii) where a counterparty is downgraded to A-2 or below (or comparable rating) by the credit rating agency referred to in subparagraph (i) of this paragraph 9 this

shall result in a new credit assessment being conducted of the counterparty by the Manager without delay.

10. A Fund that enters into a reverse repurchase agreement will be 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 recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement will be used for the calculation of the Net Asset Value.
11. A Fund that enters into a repurchase agreement will 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 should be considered as arrangements on terms that allow the assets to be recalled at any time by the Fund.
12. A Fund that enters into a securities lending agreement will ensure that it is at all times able to recall any security that has been lend out or to terminate any securities lending agreement to which it is a party.
13. Repurchase/reverse repurchase agreements or securities lending do not constitute borrowing or lending for the purposes of UCITS Regulation 103 and UCITS Regulation 111 respectively.
14. All the revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the Fund.

## APPENDIX II

### MARKETS

The markets and exchanges are set out in the Constitution in accordance with the requirements of the Central Bank which does not issue a list of approved markets and exchanges. With the exception of permitted investments in unlisted securities, the Company will only invest in securities traded on a stock exchange or market which meets with the regulatory criteria (regulated, operate regularly, be recognised and open to the public) and which is listed in the Prospectus. The stock exchange and/or markets will be drawn from the following list: -

- (i) any stock exchange which is:
  - (i) located in any Member State of the European Economic Area;
  - (b) located in any member state of the OECD; or
  - (c) located in any of the following countries:-
    - Australia
    - Canada
    - Japan
    - New Zealand
    - Norway
    - Switzerland
    - United Kingdom
    - United States of America; or
- (ii) any stock exchange included in the following list:-

Argentina	Buenos Aires Stock Exchange
Argentina	Mercado Abierto Electronico S.A.
Argentina	Mercado De Valores De Buenos Aires S.A.
Argentina	Mercado A Termino De Buenos Aires S.A.
Argentina	Bolsa De Comercio De Mendoza S.A.
Argentina	Bolsa De Comercio Rosario
Brazil	BM&FBOVESPA S.A.
Brazil	Bolsa De Valores
Brazil	Mercadorias e Futuros
Chile	La Bolsa Electronica De Chile
Chile	Santiago Stock Exchange
China	Shanghai Stock Exchange
China	Shenzhen Stock Exchange
Egypt	Egyptian Stock Exchange
Hong Kong	Stock Exchange Of Hong Kong Ltd, The
India	Bangalore Stock Exchange Ltd
India	Calcutta Stock Exchange
India	Delhi Stock Exchange
India	Madras Stock Exchange
India	Mumbai Stock Exchange
India	National Stock Exchange of India

Indonesia	Indonesian Stock Exchange
Korea, Republic of	Korea Exchange
Malaysia	Bursa Malaysia
Mexico	Bolsa Mexicana De Valores (Mexican Stock Exchange)
Peru	Bolsa De Valores De Lima
Philippines	Philippines Stock Exchange, Inc.
Singapore	Singapore Exchange
South Africa	Jse Securities Exchange
Taiwan	Gretai Securities Market
Taiwan	Taiwan Stock Exchange
Thailand	Stock Exchange of Thailand
Turkey	Istanbul Stock Exchange

(iii) any of the following:

the market organised by the International Capital Market Association;

the “listed money market institutions”, as described in the Bank of England publication "The Regulation of the Wholesale Markets in Sterling, Foreign Exchange and Bullion" dated April 1988 (as amended from time to time);

a market comprising dealers which are regulated by the Federal Reserve Bank of New York and the United States Securities and Exchange Commission;

a market comprising dealers which are regulated by the United States National Association of Securities Dealers with the Financial Industry Regulatory Authority and the United States Securities and Exchange Commission;

NASDAQ; and

The over-the-counter market in the United States regulated by the Financial Industry Regulatory Authority. (also described as the over-the-counter market in the United States conducted by primary and secondary dealers regulated by the Securities and Exchanges Commission and by the National Association of Securities Dealers with Financial Industry Regulatory Authority (and by banking institutions regulated by the US Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation);

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

the over-the-counter market in Canadian Government Bonds, regulated by the Investment Industry Regulatory Organisation of Canada.

## **FDI**

In the case of an investment in FDI, in any derivative market approved in the United Kingdom, a member state of the European Economic Area and the following exchanges or markets:

American Stock Exchange, Chicago Mercantile Exchange, Chicago Board of Options Exchange, Chicago Board of Trade, Coffee, Sugar and Cocoa Exchange, Iowa Electronic Markets, Kansas City Board of Trade, Mid-American Commodity Exchange, Minneapolis Grain Exchange, New York Cotton Exchange, New York Mercantile Exchange, Twin Cities Board of Trade.

For the purposes only of determining the value of the assets of a Fund, the term “Recognised Market” shall be deemed to include, in relation to any derivatives contract used, any market or exchange on which such contract may be acquired or sold which is referred to in (i)(a) or (iii) hereof or which is in the European Economic Area, is regulated, recognised, operates regularly and is open to the public.



## APPENDIX III

### LIST OF SUB-CUSTODIAL AGENTS APPOINTED BY THE NORTHERN TRUST COMPANY

The Northern Trust Company, London branch has appointed the following entities as sub-delegates in each of the markets set forth below. This list may be updated from time to time and is available upon request in writing from the Administrator or the Depository. The Depository does not anticipate that there would be any specific conflicts of interest arising as a result of any delegation to The Northern Trust Company or any of the sub-delegates listed below. The Depository will notify the board of the Company of any such conflict should it so arise. \*The Royal Bank of Canada serves as Northern Trust's Sub-Custodian for securities not eligible for settlement in Canada's local central securities depository.

<b>Depository – Sub-custodian Delegate Information</b>		
<b>1. Jurisdiction</b>	<b>2. Sub-custodian</b>	<b>3. Sub-custodian Delegate</b>
<b>Argentina</b>	Citibank N.A., Buenos Aires Branch	
<b>Australia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Australia Limited
<b>Austria</b>	UniCredit Bank Austria AG	
<b>Bangladesh</b>	Standard Chartered Bank	
<b>Belgium</b>	The Northern Trust Company	
<b>Bosnia and Herzegovina (Federation of Bosnia- Herzegovina)</b>	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
<b>Bosnia and Herzegovina (Republic of Srpska)</b>	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
<b>Botswana</b>	Standard Chartered Bank Botswana Limited	

<b>Brazil</b>	Citibank N.A., Brazilian Branch	Citibank Distribuidora de Titulos e Valores Mobiliarios S.A ("DTVM")
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch	
<b>Canada</b>	The Northern Trust Company, Canada	
<b>Canada*</b>	Royal Bank of Canada	
<b>Chile</b>	Citibank N.A.	Banco de Chile
<b>China B Share</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (China) Company Limited
<b>Clearstream</b>	Clearstream Banking S.A.,	
<b>Colombia</b>	Cititrust Columbia S.A. Sociedad Fiduciaria	
<b>Costa Rica</b>	Banco Nacional de Costa Rica	
<b>Côte d'Ivoire</b>	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Cote d'Ivoire SA
<b>Croatia</b>	UniCredit Bank Austria AG	Zagrebacka Banka d.d.
<b>Cyprus</b>	Citibank Europe PLC	
<b>Czech Republic</b>	UniCredit Bank Czech Republic and Slovenia, a.s.	
<b>Denmark</b>	Skandinaviska Enskilda Banken AB (publ)	

<b>Egypt</b>	Citibank N.A., Cairo Branch	
<b>Estonia</b>	Swedbank AS	
<b>Eswatini</b> (formerly Swaziland)	Standard Bank Eswatini Limited	
<b>Finland</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>France</b>	The Northern Trust Company	
<b>Germany</b>	The Northern Trust Company	
<b>Ghana</b>	Standard Chartered Bank Ghana Limited	
<b>Greece</b>	Citibank Europe PLC	
<b>Hong Kong</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Hong Kong (Stock and Bond Connect)</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Hungary</b>	UniCredit Bank Hungary Zrt.	
<b>Iceland</b>	Landsbankinn hf	
<b>India</b>	Citibank N.A.	
<b>Indonesia</b>	Standard Chartered Bank	

<b>Ireland</b>	Euroclear Bank S.A./N.V.	
<b>Israel</b>	Bank Leumi Le-Israel B.M.	
<b>Italy</b>	Citibank Europe plc	
<b>Japan</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Jordan</b>	Standard Chartered Bank	
<b>Kazakhstan</b>	Citibank Kazakhstan JSC	
<b>Kenya</b>	Standard Chartered Bank Kenya Limited	
<b>Kuwait</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Latvia</b>	Swedbank AS	
<b>Lithuania</b>	AB SEB bankas	
<b>Luxembourg</b>	Euroclear Bank S.A./N.V.	
<b>Malaysia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Malaysia Berhad
<b>Mauritius</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Mexico</b>	Banco Nacional de Mexico S.A. integrante del Grupo Financiero Banamex	

<b>Morocco</b>	Société Générale Marocaine de Banques	
<b>Namibia</b>	Standard Bank Namibia Ltd	
<b>Netherlands</b>	The Northern Trust Company	
<b>New Zealand</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Nigeria</b>	Stanbic IBTC Bank Plc	
<b>Norway</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>Oman</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Oman S.A.O.G
<b>Pakistan</b>	Citibank N.A., Karachi Branch	
<b>Panama</b>	Citibank N.A., Panama Branch	
<b>Peru</b>	Citibank del Peru S.A.	
<b>Philippines</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Poland</b>	Bank Polska Kasa Opieki Spółka Akcyjna,	
<b>Portugal</b>	BNP Paribas Securities Services	
<b>Qatar</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited

<b>Romania</b>	Citibank Europe PLC	
<b>Saudi Arabia</b>	The Northern Trust Company of Saudi Arabia	
<b>Senegal</b>	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Cote d'Ivoire SA
<b>Serbia</b>	UniCredit Bank Austria A.G.	UniCredit Bank Serbia JSC
<b>Singapore</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Slovakia</b>	Citibank Europe PLC	
<b>Slovenia</b>	UniCredit Banka Slovenija d.d.	
<b>South Africa</b>	The Standard Bank of South Africa Limited	
<b>South Korea</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Spain</b>	Citibank Europe plc	
<b>Sri Lanka</b>	Standard Chartered Bank	
<b>Sweden</b>	Nordea Bank Abp	
<b>Switzerland</b>	Credit Suisse (Switzerland) Ltd	
<b>Taiwan</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (Taiwan) Limited

<b>Tanzania</b>	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Tanzania Limited
<b>Thailand</b>	Citibank N.A., Bangkok Branch	
<b>Tunisia</b>	Union Internationale De Banques	
<b>Turkey</b>	Citibank A.S.	
<b>Uganda</b>	Standard Chartered Bank Uganda Limited	
<b>United Arab Emirates (ADX)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Arab Emirates (DFM)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Arab Emirates (NASDAQ)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Kingdom</b>	Euroclear UK & International Limited (Northern Trust self-custody)	
<b>United States</b>	The Northern Trust Company	
<b>Uruguay</b>	Banco Itau Uruguay S.A.	
<b>Vietnam</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (Vietnam) Ltd
<b>Zambia</b>	Standard Chartered Bank Zambia PLC	