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**If you are in doubt about the contents of this Prospectus, you should consult your independent financial adviser, stockbroker, accountant, solicitor or other relevant adviser.**

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# CROWN ALTERNATIVE UCITS PLC

An umbrella fund with segregated liability between sub-funds  
A company incorporated with limited liability as an investment company with variable capital under the laws of Ireland  
with registered number 477894

## Prospectus

### **Investment Manager**

LGT Capital Partners (Ireland) Limited.

Dated 16 December 2013

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

Maples and Calder  
Solicitors

# Preliminary

IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS AND THE RELEVANT SUPPLEMENT YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER FINANCIAL ADVISER.

## Crown Alternative UCITS plc

(the "Company")

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### Authorisation

The Company is an investment company with variable capital incorporated 23 November 2009 and authorised in Ireland as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011) as may be amended, supplemented or consolidated from time to time. This authorisation however, does 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. Authorisation of the Company is not an endorsement or guarantee of the Company by the Central Bank nor is the Central Bank responsible for the contents of the Prospectus.

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

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

### Responsibility

*The Directors of Crown Alternative UCITS plc (the "Company") whose names appear in the **Directors of the Company** section of the Prospectus accept responsibility for the information contained in this Prospectus and each relevant Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure such is the case), the information contained in this Prospectus (as complemented, modified or supplemented by the relevant Supplement), when read together with the relevant Supplement, is in accordance with the facts as at the date of the relevant Supplement and does not omit anything likely to affect the import of such information.*

### General

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

*You should not take any action in respect of any Shares unless you have received a copy of the relevant Supplement. Save as disclosed in the relevant Supplement, the information in the Supplement complements, supplements and modifies the information contained in this Prospectus with specific details and terms of the relevant Shares issued. However, should there be any inconsistency between the contents of this Prospectus and any Supplement, the contents of the relevant Supplement will, to the extent of any such inconsistency, prevail. This Prospectus and any relevant*

*Supplement should both be carefully read in their entirety before any investment decision with respect to Shares of any Class is made.*

*All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Memorandum and Articles of Association of the Company, copies of which are available as mentioned herein.*

*This Prospectus and the relevant Supplements shall be governed by and construed in accordance with Irish Law.*

### **Reliance on Prospectus**

*The Shares are offered solely on the basis of the information and representations contained in this Prospectus and any further information given or representations made by any person may not be relied on as having been authorised by the Directors. Neither the delivery of this Prospectus nor the allotment or issue of Shares shall under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof.*

### **Selling Restrictions**

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

*This Prospectus may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorised. In particular the Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or the securities laws of any state or political subdivision of the United States and may not, except in a transaction which does not violate U.S. securities laws, be directly or indirectly offered or sold in the United States or to any U.S. Person. The Company will not be registered under the United States Investment Company Act of 1940 as amended.*

*The Articles of Association of the Company give powers to the Directors to impose restrictions on the holding of Shares by (and consequently to repurchase Shares held by), or the transfer of Shares to, any U.S. Persons (unless permitted under certain exceptions under the laws of the United States) or by any person who does not clear such money laundering checks as the Directors may determine or by any person who appears to be in breach of any law or requirement of any country or government authority or by virtue of which such person is not qualified to hold such Shares or by any person or persons in circumstances (whether directly or indirectly affecting such person or persons, and whether taken alone or in conjunction with any other person or persons, connected or not, or any other circumstances appearing to the Directors to be relevant) which, in the opinion of the Directors, might result in the Company or relevant Sub-Fund incurring any liability to taxation or suffering any other pecuniary legal or material administrative disadvantages or being in breach of any law or regulation which the Company or relevant Sub-Fund might not otherwise have incurred, suffered or breached or any individual under the age of 18 (or such other age as the Directors may think fit) or of unsound mind. Where Irish Residents acquire and hold Shares, the Company shall, where necessary for the collection of Irish tax, repurchase and cancel Shares held by a person who is or is deemed to be or is acting on behalf of an Irish Resident on the occurrence of a chargeable event for Irish taxation purposes and pay the proceeds thereof to the Revenue Commissioners.*

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

### **Suitability of Investment**

**Potential subscribers and purchasers of Shares should inform themselves as to (a) the possible tax consequences, (b) the legal requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, purchase, holding or disposal of Shares.**

**The value of and income from Shares in the Company may go up or down and you may not get back the amount you have invested in the Company. Shares constituting each Sub-Fund are described in a Supplement to this Prospectus for each such Sub-Fund, each of which is an integral part of this Prospectus and is incorporated herein by reference with respect to the relevant Sub-Fund. Please see the risk factors described under the heading "Risk Factors" below.**

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

### **Marketing Rules**

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

### **Repurchase Charge**

**A Repurchase Charge of up to 3% of the Repurchase Price of any Class of Shares of a Sub-Fund may be charged by the Company as described in "Share Dealings – Repurchase of Shares". The amount of Repurchase Charge (if any) will be set out in the relevant Supplement. As at the date of this document, it is not currently envisaged that such Repurchase Charge will be charged.**

**The difference at any one time between the sale and repurchase price of shares in the Sub-Fund means that the Investment should be viewed as medium to long term.**

*As at the date of this Prospectus, save for as may be disclosed in section 2 entitled "Borrowing" of the relevant Sub-Fund Supplement, the Company has no outstanding mortgages, charges, debentures, or other borrowings, including bank overdrafts and liabilities made under acceptance credits, obligations made under finance leases, hire purchase commitments, guarantees or other contingent liabilities.*

### **Definitions**

*Defined terms used in this Prospectus shall have the meanings attributed to them in the Definitions section below or as set out in the Prospectus and the Supplements, as applicable.*

# Directory

## CROWN ALTERNATIVE UCITS PLC

### DIRECTORS

Dr. Konrad Bächinger  
Paul Garvey  
Tycho Sneyers  
Desmond Tobin  
Werner von Baum  
Dr. Thomas Weber  
Dr. Urs Gähwiler  
Dr. André Lagger

### ALTERNATE DIRECTORS

Frank Sheedy  
Brian Goonan

### PROMOTER

LGT Capital Partners Ltd.  
Schützenstrasse 6  
8808 Pfäffikon SZ  
Switzerland

### ADMINISTRATOR

Credit Suisse Administration Services  
(Ireland) Limited  
Kilmore House  
Park Lane  
Spencer Dock  
Dublin 1  
Ireland

### LEGAL ADVISERS

Maples & Calder  
75 St Stephen's Green  
Dublin 2  
Ireland

### REGISTERED OFFICE

Segrave House  
19/20 Earlsfort Terrace  
Dublin 2  
Ireland

### INVESTMENT MANAGER AND DISTRIBUTOR

LGT Capital Partners (Ireland) Limited  
Segrave House  
19/20 Earlsfort Terrace  
Dublin 2  
Ireland  
AUDITORS

### CUSTODIAN

Credit Suisse International,  
Dublin Branch  
Kilmore House  
Park Lane  
Spencer Dock  
Dublin 1  
Ireland

Headquarters:  
One Cabot Square  
London  
E14 4QJ  
UK

### COMPANY SECRETARY

LGT Fund Managers (Ireland)  
Limited  
Segrave House  
19/20 Earlsfort Terrace  
Dublin 2  
Ireland

PricewaterhouseCoopers  
Chartered Accountants  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

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# Definitions

The following words and phrases shall have the meanings set out below:

<b>“Accounting Period”</b>	means a period ending on 31 December of each year;
<b>“Administration Agreement”</b>	means the amended and restated agreement dated 16 July 2012 between the Company and the Administrator as amended, supplemented, novated or otherwise modified from time to time in accordance with the requirements of the Central Bank;
<b>“Administrator”</b>	means Credit Suisse Administration Services (Ireland) Limited or any successor administrator appointed by the Company in accordance with the requirements of the Central Bank;
<b>“Application Form”</b>	means the application form for Shares as prescribed by the Company from time to time;
<b>“Articles”</b>	means the Articles of Association of the Company as amended from time to time in accordance with the requirements of the Central Bank;
<b>“Associated Person”</b>	means a person who is connected with a Director if, and only if, he or she is:  (a) that Director’s spouse, parent, brother, sister or child;  (b) a person acting in his capacity as the trustee of any trust, the principal beneficiaries of which are the Director, his spouse or any of his children or any body corporate which he controls;  (c) a partner of that Director.  A company will be deemed to be connected with a Director if it is controlled by that Director;
<b>“Base Currency”</b>	means in relation to any Sub-Fund such currency as is specified in the relevant Supplement;
<b>“Business Day”</b>	means in relation to any Sub-Fund such day or days as is or are specified in the relevant Supplement;
<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 Notices”</b>	means the notices and guidelines issued by the Central Bank from time to time affecting the Company;
<b>“Class(-es)”</b>	means the class or classes of Shares relating to a Sub-Fund where specific features with respect to preliminary, conversion, repurchase or contingent deferred sales charge, minimum subscription amount, dividend policy, investor eligibility criteria, voting rights or other specific features may be applicable. The details applicable to each class will be described in the relevant Supplement;
<b>“Collective Investment Scheme(s)” or “CIS”</b>	means an open ended collective investment scheme within the meaning of Regulation 4(3) of the Regulations and which is prohibited from investing more than 10% of its assets in another such collective investment scheme;
<b>“Company”</b>	means Crown Alternative UCITS plc;

<b>“Companies Acts”</b>	means the Companies Acts, 1963 to 2009 (as amended) including any regulations issued pursuant thereto, insofar as they apply to open ended investment companies with variable capital;
<b>“Collateral”</b>	means assets delivered as defined under the relevant credit support annex for a Sub-Fund and which are acceptable collateral in accordance with Guidance Note 3/03 as issued by the Central Bank;
<b>“Connected Person”</b>	means the persons defined as such in the section headed “Portfolio Transactions and Conflicts of Interest”;
<b>“Contingent Deferred Sales Charge (“CDSC”)”</b>	means the charge, if any, to be paid out of the Repurchase Price which Shares may be subject to, as described under “Share Dealings - Repurchase of Shares” and specified in the relevant Supplement;
<b>“Contract for Difference”</b>	means an agreement to pay out cash on the difference between the starting asset price and the asset price at the time when the contract is closed. A contract for difference does not have a fixed maturity and may be closed out at any time at the discretion of the position taker. A contract for difference allows a direct exposure to the market, a sector or an individual security. Contracts for differences are used to gain exposure to asset price movements without buying the assets themselves;
<b>“Custodian”</b>	means Credit Suisse International, Dublin Branch or any successor custodian appointed by the Company in accordance with the requirements of the Central Bank;
<b>“Custody Services Agreement”</b>	means the amended and restated custody services agreement dated 16 July 2012 between the Company and the Custodian as amended, supplemented, novated or otherwise modified from time to time in accordance with the requirements of the Central Bank;
<b>“Dealing Day”</b>	means in relation to each Sub-Fund such day or days as is specified in the relevant Supplement or such other day(s) as the Directors may with the approval of the Custodian determine and notify in advance to Shareholders provided always that there shall be at least one Dealing Day per fortnight during each calendar month;
<b>“Dealing Deadline”</b>	means in relation to applications for subscription, repurchase or conversion of Shares in a Sub-Fund, the day and time specified in the relevant Supplement;
<b>“Directors”</b>	means the directors of the Company, each a <b>“Director”</b> ;
<b>“Distributor”</b>	means LGT Capital Partners (Ireland) Limited or any successor thereto duly appointed in accordance with the requirements of the Central Bank;
<b>“EEA”</b>	means European Economic Area (the current members being: the EU, Iceland, Liechtenstein and Norway);
<b>“EEA Member State”</b>	means a member state of the EEA;
<b>“Efficient Portfolio Management”</b>	means investment decisions involving transactions that are entered into for one or more of the following specific aims: the reduction of risk; the reduction of cost; or the generation of additional capital or income for the relevant Sub-Fund with an appropriate level of risk, taking into account the risk profile of the relevant Sub-Fund as described in the Prospectus and the relevant Supplement and the general provisions of the UCITS Directive;
<b>“EU”</b>	means the European Union, the current members being Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, The Netherlands and the United Kingdom;
<b>“EU Member State”</b>	means a member state of the EU;
<b>“Euro”, “EUR” or “€”</b>	means the lawful currency of the European Monetary Union Member States;
<b>“Conversion Charge”</b>	means the charge, if any, payable on the conversion of Shares as is specified



herein;

**"Exempt Irish Shareholder"**

means

- (a) a qualifying management company within the meaning of section 739B(1) of TCA;
- (b) a specified company within the meaning of section 734(1) of TCA;
- (c) an investment undertaking within the meaning of section 739B(1) of TCA;
- (d) an investment limited partnership within the meaning of Section 739B (i) of TCA;
- (e) a pension scheme which is an exempt approved scheme within the meaning of section 774 of TCA, or a retirement annuity contract or a trust scheme to which section 784 or 785 of TCA applies;
- (f) a company carrying on life business within the meaning of section 706 of TCA;
- (g) a special investment scheme within the meaning of section 737 of TCA;
- (h) a unit trust to which section 731(5)(a) of TCA applies;
- (i) a charity being a person referred to in section 739D(6)(f)(i) of TCA;
- (j) a person who is entitled to exemption from income tax and capital gains tax by virtue of section 784A(1) of TCA and the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- (k) a qualifying fund manager within the meaning of section 784A of TCA or a qualifying savings manager within the meaning of section 848B of TCA, in respect of Shares which are assets of a special savings incentive account within the meaning of section 848C of TCA;
- (l) a person who is entitled to exemption from income tax and capital gains tax by virtue of section 787I of TCA and the Shares held are assets of a personal retirement savings account as defined in section 787A of TCA;
- (m) the National Pensions Reserve Fund Commission;
- (n) the National Asset Management Agency;
- (o) the Courts Service;
- (p) a credit union within the meaning of section 2 of the Credit Union Act 1997;
- (q) an Irish resident company, within the charge to corporation tax under Section 739G(2) of TCA, but only where the fund is a money market fund;
- (r) a company which is within the charge to corporation tax in accordance with section 110(2) of TCA in respect of payments made to it by the Company; and
- (s) any other person as may be approved by the Directors from time to time provided the holding of Shares by such person does not result in a potential liability to tax arising to the Company in respect of that Shareholder under Part 27, Chapter 1A of TCA;

and the Company is in possession of a Relevant Declaration in respect of that

	Shareholder;
<b>"FATCA"</b>	means  (a) sections 1471 to 1474 of the US Internal Revenue Code of 1986 or any associated regulations or other official guidance;  (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or  (c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any Government Authority or taxation authority in any other jurisdiction.
<b>"FDI"</b>	means a financial derivative instrument permitted by the Regulations;
<b>"Initial Issue Price"</b>	means the price (excluding any Preliminary Charge) per Share at which Shares are initially offered in a Sub-Fund during the Initial Offer Period as specified in the relevant Supplement;
<b>"Initial Offer Period" or "Initial Subscription Day"</b>	means the period during which Shares in a Sub-Fund are initially offered at the Initial Issue Price as specified in the relevant Supplement;
<b>"Investment Advisor"</b>	means in relation to any Sub-Fund such investment advisor as is specified in the relevant Supplement;
<b>"Investment Manager"</b>	means LGT Capital Partners (Ireland) Limited or any successor thereto duly appointed in accordance with the requirements of the Central Bank;
<b>"Investment Management Agreement"</b>	means the agreement dated 30 March 2012 between the Company and the Investment Manager as amended, supplemented or otherwise modified from time to time in accordance with the requirements of the Central Bank Notices;
<b>"Irish Resident"</b>	means any person resident in Ireland or ordinarily resident in Ireland other than an Exempt Irish Shareholder;
<b>"Markets"</b>	means the stock exchanges and regulated markets set out in Appendix I;
<b>"Member State"</b>	means a member state of the EU;
<b>"Minimum Additional Investment Amount"</b>	means such amount (if any) as the Directors may from time to time prescribe as the minimum additional investment amount required by each Shareholder for Shares of each class in a Sub-Fund as is specified in the relevant Supplement;
<b>"Minimum Sub-Fund Size"</b>	means such amount (if any) as the Directors may consider for each Sub-Fund and as set out in the relevant Supplement;
<b>"Minimum Initial Investment Amount"</b>	means such amount or number of Shares (if any) as the Directors may from time to time prescribe as the minimum initial subscription required by each Shareholder for Shares of each class in a Sub-Fund as is specified in the relevant Supplement;
<b>"Minimum Shareholding"</b>	means such number or value of Shares of any class (if any) as specified in the Supplement for the relevant class of Shares within a Sub-Fund;
<b>"Minimum Repurchase Amount"</b>	means such number or value of shares of any class (if any) as specified in the relevant Supplement;
<b>"money market instruments"</b>	means instruments normally dealt in on the money markets which are liquid, and have a value which can be accurately determined at any time;
<b>"month"</b>	means calendar month;
<b>"Net Asset Value" or "Net</b>	means in respect of the assets of a Sub-Fund or the Shares in a Sub-Fund, the

<b>Asset Value per Share</b>	amount determined in accordance with the principles set out in the Calculation of Net Asset Value/Valuation of Assets section below as the Net Asset Value of a Sub-Fund or the Net Asset Value per Share;
<b>“OECD”</b>	means the Organisation for Economic Co-operation and Development, (the current members being: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea (Republic), Luxembourg, Mexico, The Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States);
<b>“OECD Member State”</b>	means a member state of the OECD;
<b>“OTC derivative”</b>	means a financial derivative instrument permitted by the Regulations which is dealt in over the counter;
<b>“Preliminary Charge”</b>	means in respect of a Sub-Fund, the charge payable (if any) on the subscription for Shares as is specified in the relevant Supplement;
<b>“Promoter”</b>	means LGT Capital Partners Limited;
<b>“Regulation 4(3)”</b>	means clause 4(3) of the Regulations;
<b>“Regulations”</b>	means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011) as amended, supplemented, consolidated or otherwise modified from time to time including any condition that may from time to time be imposed thereunder by the Central Bank;
<b>“Related Companies”</b>	has the meaning assigned thereto in Section 140(5) of the Companies Act, 1990. 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>“Revenue Commissioners”</b>	means the Irish Revenue Commissioners;
<b>“Relevant Declaration”</b>	means the declaration relevant to the Shareholder as set out in Schedule 2B of TCA;
<b>“Relevant Institutions”</b>	means credit institutions authorised in an EEA Member State or credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1998;
<b>“Repurchase Charge”</b>	means the charge, if any, to be paid out of the Repurchase Price (including any Contingent Deferred Sales Charge) which Shares may be subject to, as described under “Share Dealings Repurchase of Shares” and specified in the relevant Supplement;
<b>“Repurchase Price”</b>	means the price at which Shares are repurchased, as described under “Share Dealings Repurchase of Shares” and as may be specified in the relevant Supplement;
<b>“Repurchase Proceeds”</b>	means the Repurchase Price less any Repurchase Charge and any charges, costs, expenses or taxes, as described under “Share Dealings – Repurchase of Shares”;
<b>“Settlement Date”</b>	means in respect of receipt of monies for subscription for Shares or dispatch of monies for the repurchase of Shares, the date specified in the relevant Supplement. In the case of repurchases this date will be no more than ten Business Days after the relevant Dealing Deadline, or if later, the receipt of completed repurchase documentation;
<b>“Shares”</b>	means participating shares in the Company representing interests in a Sub-Fund and where the context so permits or requires any class of participating shares representing interests in a Sub-Fund;
<b>“Shareholders”</b>	means holders of Shares, and each a <b>“Shareholder”</b> ;

<b>"£", "Sterling" and "Pound"</b>	means the lawful currency of the United Kingdom;
<b>"Sub-Fund"</b>	means a portfolio of assets which is invested in accordance with the investment objective and policies set out in the relevant Supplement and to which all liabilities, income and expenditure attributable or allocated to such sub-fund shall be applied and charged and "Sub-Funds" means all or some of the Sub-Funds as the context requires or any other sub-funds as may be established by the Company from time to time with the prior approval of the Central Bank;
<b>"Supplement"</b>	means any supplement to the Prospectus issued on behalf of the Company from time to time and which shall include a supplement issued in respect of a particular Sub-Fund and a Supplement issued in respect of a particular Class of Shares in a Sub-Fund;
<b>"TCA"</b>	means the Taxes Consolidation Act, 1997, as amended;
<b>"Transfer Agreement"</b>	means the transfer agreement, as may be amended from time to time, to be submitted to the Administrator to apply for a transfer of Participating Shares, which is available from the Administrator upon request.
<b>"transferable securities"</b>	means <ul style="list-style-type: none"> <li>1. shares in companies and other securities equivalent to shares in companies and which fulfil the criteria specified in Part 1 of Schedule 2 of the Regulations applicable to them;</li> <li>2. bonds and other forms of securitised debt and which fulfil the criteria specified in Part 1 of Schedule 2 of the Regulations applicable to them;</li> <li>3. other negotiable securities which carry the right to acquire any securities which fall within paragraph (1) or (2) by subscription or exchange and which fulfil the criteria specified in Part 1 of Schedule 2 of the Regulations applicable to them;</li> <li>4. Securities specified for the purposes of this paragraph in Part 2 of Schedule 2 of the Regulations other than the techniques and instruments referred to in Regulation 69(2)(a) of the Regulations.</li> </ul>
<b>"UCITS"</b>	means an undertaking for collective investment in transferable securities which is authorised under the Regulations or corresponding national legislation implementing Directive 2009/65/EU in another EU Member State;
<b>"United Kingdom" and "UK"</b>	means the United Kingdom of Great Britain and Northern Ireland;
<b>"United States" and "U.S."</b>	means the United States of America, (including each of the States, the District of Columbia and the Commonwealth of Puerto Rico) its territories, possessions and all other areas subject to its jurisdiction;
<b>"US Dollars", "Dollars" and "\$"</b>	means the lawful currency of the United States or any successor currency;

**“U.S. Person”**

means (i) a natural person who is a resident of the United States; (ii) a corporation, partnership or other entity, other than an entity organised principally for passive investment, organised under the laws of the United States and which has its principal place of business in the United States; (iii) an estate or trust, the income of which is subject to United States income tax regardless of the source; (iv) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business in the United States; (v) an entity organised principally for passive investment such as a pool, investment company or other similar entity; provided, that units of participation in the entity held by persons who qualify as U.S. persons or otherwise as qualified eligible persons represent in the aggregate 10% or more of the beneficial interests in the entity, and that such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the U.S. Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. Persons; or (vi) any other “U.S. Person” as such term may be defined in Regulation S under the U.S. Securities Act of 1933, as amended, or in regulations adopted under the U.S. Commodity Exchange Act of 1922, as amended;

**“Valuation Point”**

the point in time by reference to which the Net Asset Value of a Sub-Fund and the Net Asset Value per Share are calculated as is specified in the relevant Supplement provided that there shall be at least one Valuation Point per fortnight.

# 1 Sub-Funds

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

The Company is an open-ended investment company with variable capital and segregated liability between Sub-Funds incorporated in Ireland on 23 November, 2009 under the Companies Acts with registration number 477894.

The Company has been authorised by the Central Bank as a UCITS pursuant to the Regulations.

## 1.1 SUB-FUNDS

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

## 1.2 CLASSES OF SHARES

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

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

Additional Classes of Shares in respect of which a Supplement or Supplements will be issued may be established by the Directors and notified to and cleared in advance with the Central Bank or otherwise must be created in accordance with the requirements of the Central Bank.

## 1.3 INVESTMENT OBJECTIVE AND POLICIES

The Articles provide that the investment objective and policies for each Sub-Fund will be formulated by the Directors at the time of the creation of that Sub-Fund. Details of the investment objective and policies for each Sub-Fund of the Company appear in the Supplement for the relevant Sub-Fund. Where reference to a specific index or indices is made in the investment policy of a Sub-Fund, the Directors may only change the index in accordance with the requirements of the Central Bank and with the prior approval of the Shareholders.

Any change in the investment objective or any material change to the investment policies of a Sub-Fund may only be made with the approval of the majority of votes cast at general meeting of the Shareholders of the Sub-Fund. Subject and without prejudice to the preceding sentence of this paragraph, in the event of a change of investment objective and/or policies of a Sub-Fund, a reasonable notification period must be given to each Shareholder of the Sub-Fund to enable a Shareholder to have its Shares repurchased prior to the implementation of such change.

## 1.4 INVESTMENT RESTRICTIONS

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

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

### 1.4.1 *Permitted Investments*

Investments of a Sub-Fund are confined to:

- 1.4.1.1 transferable securities and money market instruments which are either admitted to official listing on a stock exchange in an EU Member State or non-EU Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in an EU

Member State or non-EU Member State.

1.4.1.2 recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.

1.4.1.3 money market instruments, as defined in the Central Bank Notices, other than those dealt on a regulated market.

1.4.1.4 units of UCITS.

1.4.1.5 units of non-UCITS as set out in the Central Banks Guidance Note 2/03.

1.4.1.6 deposits with credit institutions as prescribed in the Central Bank Notices.

1.4.1.7 financial derivative instruments as prescribed in the Central Bank Notices.

1.4.2 *Investment Limits*

1.4.2.1 A Sub-Fund may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.4.1.

1.4.2.2 A Sub-Fund may invest no more than 10% of net assets in recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.4.1.1) within a year. This restriction will not apply in relation to investment by the Sub-Fund in certain US securities known as Rule 144A securities provided that:

1.4.2.2.1.1 the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and

1.4.2.2.1.2 the securities are not illiquid securities i.e. they may be realised by the Sub-Fund within seven days at the price, or approximately at the price, at which they are valued by the Sub-Fund.

1.4.2.3 A Sub-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%.

1.4.2.4 Subject to the prior approval of the Central Bank, the limit of 10% (in 1.4.2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in an EU Member State and is subject by law to special public supervision designed to protect bond- holders. If a Sub-Fund invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the Net Asset Value of the Sub- Fund.

1.4.2.5 The limit of 10% (in 1.4.2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by an EU Member State or its local authorities or by a non- EU Member State or public international body of which one or more EU Member States are members.

1.4.2.6 The transferable securities and money market instruments referred to in 1.4.2.4 and 1.4.2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 1.4.2.3.

1.4.2.7 A Sub-Fund may not invest more than 20% of net assets in deposits made with the same credit institution.

Deposits with any one credit institution, other than with Relevant Institutions held as ancillary liquidity, must not exceed 10% of net assets.

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

1.4.2.8 The risk exposure of a Sub-Fund to a counterparty to an over the counter (OTC) derivative may not exceed 5% of net assets.

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

1.4.2.9 Notwithstanding paragraphs 1.4.2.3, 1.4.2.7 and 1.4.2.8 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:

1.4.2.9.1 investments in transferable securities or money market instruments;

1.4.2.9.2 deposits, and/or

1.4.2.9.3 risk exposures arising from OTC derivatives transactions.

1.4.2.10 The limits referred to in paragraphs 1.4.2.3, 1.4.2.4, 1.4.2.5, 1.4.2.7, 1.4.2.8 and 1.4.2.9 above

may not be combined, so that exposure to a single body shall not exceed 35% of net assets.

1.4.2.11 Group companies are regarded as a single issuer for the purposes of 1.4.2.3, 1.4.2.4, 1.4.2.5, 1.4.2.7, 1.4.2.8 and 1.4.2.9. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.

1.4.2.12 A Sub-Fund may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any EU Member State, its local authorities, or public international bodies of which one or more EU Member States are members or by Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland, United States or any of the following:

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

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

The Sub-Fund must hold securities from at least 6 different issuers, with securities from any one issuer not exceeding 30% of net assets.

#### 1.4.3 *Investment in Collective Investment Schemes (CIS)*

1.4.3.1 A Sub-Fund may not invest more than 20% of net assets in any one CIS.

1.4.3.2 A Sub-Fund may not invest more than 10% of its Net Asset Value in other open-ended CIS.

1.4.3.3 Investment in non-UCITS may not, in aggregate, exceed 30% of net assets of a Sub-Fund.

1.4.3.4 When a Sub-Fund invests in the units of other CIS that are managed, directly or by delegation, by the management company of the Company or by any other company with which the management company of the 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 Sub-Fund's investment in the units of such other CIS.

1.4.3.5 Where a commission (including a rebated commission) is received by the Sub-Fund manager/investment manager/investment adviser by virtue of an investment in the units of another CIS, this commission must be paid into the property of the Sub-Fund.

#### 1.4.4 *Index Tracking UCITS*

1.4.4.1 A Sub-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 Sub-Fund is to replicate an index which satisfies the criteria set out in the Central Bank Notices and is recognised by the Central Bank.

1.4.4.2 The limit in 1.4.4.1 may be raised to 35% of net assets, and applied to a single issuer, where this is justified by exceptional market conditions.

#### 1.4.5 *General Provisions*

1.4.5.1 An investment company, or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise



significant influence over the management of an issuing body.

- 1.4.5.2 A Sub-Fund may acquire no more than:
- 1.4.5.2.1 10% of the non-voting shares of any single issuing body;
  - 1.4.5.2.2 10% of the debt securities of any single issuing body;
  - 1.4.5.2.3 25% of the units of any single CIS;
  - 1.4.5.2.4 10% of the money market instruments of any single issuing body.

The limits laid down in 1.4.5.2.2, 1.4.5.2.3 and 1.4.5.2.4 above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.

- 1.4.5.3 1.4.5.1 and 1.4.5.2 shall not be applicable to:
- 1.4.5.3.1.1 transferable securities and money market instruments issued or guaranteed by an EU Member State or its local authorities;
  - 1.4.5.3.1.2 transferable securities and money market instruments issued or guaranteed by a non-EU Member State;
  - 1.4.5.3.1.3 transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members;
  - 1.4.5.3.1.4 shares held by a Sub-Fund in the capital of a company incorporated in a non-EU member state which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Sub-Fund can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-EU Member State complies with the limits laid down in 1.4.2.3 to 1.4.2.11, 1.4.3.1, 1.4.3.2, 1.4.5.1, 1.4.5.2, 1.4.5.4, 1.4.5.5 and 1.4.5.6 and provided that where these limits are exceeded, paragraphs 1.4.5.5 and 1.4.5.6 below are observed;
  - 1.4.5.3.1.5 shares held by an investment company in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.
- 1.4.5.4 The Company 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.
- 1.4.5.5 The Central Bank may allow recently authorised Sub-Funds to derogate from the provisions of 1.4.2.3 to 1.4.2.12, 1.4.3.1, 1.4.3.2, 1.4.4.1 and 1.4.4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.
- 1.4.5.6 If the limits laid down herein are exceeded for reasons beyond the control of the Company, or as a result of the exercise of subscription rights, the Company must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders.
- 1.4.5.7 A Sub-Fund may not carry out uncovered sales of:
- 1.4.5.7.1 transferable securities;
  - 1.4.5.7.2 money market instruments;
  - 1.4.5.7.3 units of CIS; or
  - 1.4.5.7.4 financial derivative instruments.

A Sub-Fund may hold ancillary liquid assets.

#### 1.4.6 *Financial Derivative Instruments (FDIs)*

- 1.4.6.1 A Sub-Fund's global exposure (as prescribed in the Central Bank Notices) relating to FDI must not exceed its total Net Asset Value.
- 1.4.6.2 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 Notices. (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 the UCITS Notices.)

- 1.4.6.3 A Sub-Fund may invest in FDIs dealt in over-the-counter (OTC) provided that the counterparties to over-the-counter (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.

### **Investment in FDIs are subject to the conditions and limits laid down by the Central Bank.**

#### Efficient Portfolio Management

A Sub-Fund may employ techniques and instruments relating to transferable securities and/or other financial instruments in which it invests for Efficient Portfolio Management purposes, a list of which (if any) shall be set out in the relevant Supplement.

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

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

For example, such use may include using swaps to exchange the performance of the securities held by a Sub-Fund for the performance of a reference index or reference asset. Such techniques and instruments may also include foreign exchange transactions which alter the currency characteristics of assets held by the relevant Sub-Fund. Assets of a Sub-Fund may be denominated in a currency other than the Base Currency of the Sub-Fund and changes in the exchange rate between the Base Currency and the currency of the asset may lead to a depreciation of the value of the Sub-Fund's assets as expressed in the Base Currency. The Investment Manager may seek to mitigate this exchange rate risk by using FDI.

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

All the revenues arising from efficient portfolio management techniques shall be returned to the relevant Sub-Fund following the deduction of any direct and indirect operational costs and fees arising. Such direct and indirect operational costs and fees (which are all fully transparent) shall include fees and expenses payable to counterparties engaged by the Company from time to time and shall not include hidden revenue. Such fees and expenses of any counterparties engaged by the Company, which will be at normal commercial rates together with VAT, if any, thereon, will be borne by the relevant Sub-Fund in respect of which the relevant party has been engaged. Details of Sub-Fund revenues arising and attendant direct and indirect operational costs and fees as well as the identity of any counterparties engaged by the Company from time to time shall be included in the Company's semi-annual and annual reports.

#### Uncovered Sales

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

The following is a description of the types of financial derivative instruments which may be used by the Sub-Funds:

**Futures:** 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. Futures contracts 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. Futures may also be used to equitise cash balances, both pending investment of a cash flow and with respect to fixed cash targets. Frequently, using futures to achieve a particular strategy instead of using the underlying or related security or index results in lower transaction costs being incurred.

**Forwards:** A forward contract locks-in the price at which an index or asset may be purchased or sold on a future date. In currency forward contracts, the contract holders are obligated to buy or sell the currency at a specified price, at a specified quantity and on a specified future date, whereas an interest rate forward determines an interest rate to be paid or received on an obligation beginning at a start date sometime in the future. Forward contracts may be cash settled between the parties. These contracts cannot be transferred. The Sub-Funds' use of forward foreign exchange contracts may include, but is not be limited to, altering the currency exposure of securities held, hedging against

exchange risks, increasing exposure to a currency, shifting exposure to currency fluctuations from one currency to another and hedging Classes denominated in a currency (other than the Base Currency) to the Base Currency.

**Options:** There are two forms of options, put and call options. Put options are contracts sold for a premium that gives one party (the buyer) the right, but not the obligation, to sell to the other party (the seller) of the contract, a specific quantity of a particular product or financial instrument at a specified price. Call options are similar contracts sold for a premium that gives the buyer the right, but not the obligation, to buy from the seller of the option. Options may also be cash settled. A Sub-Fund may be a seller or buyer of put and call options.

**Swaps:** A standard swap is an agreement between two counterparties in which the cash flows from two assets are exchanged as they are received for a fixed time period, with the terms initially set so that the present value of the swap is zero. The Sub-Funds may enter into swaps, including, but not limited to, equity swaps, swaptions, interest rate swaps or currency swaps and other derivative instruments both as independent profit opportunities and to hedge existing long positions. Swaps may extend over substantial periods of time, and typically call for the making of payments on a periodic basis. Swaptions are contracts whereby one party receives a fee in return for agreeing to enter into a forward swap at a predetermined fixed rate if some contingency event occurs (normally where future rates are set in relation to a fixed benchmark). Interest rate swaps involve the exchange by a Sub-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, and only the net amount, is 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.

**Spot foreign exchange transactions:** The Sub-Funds may enter into spot foreign exchange transactions which involve the purchase of one currency with another, a fixed amount of the first currency being paid to receive a fixed amount of the second currency. "Spot" settlement means that delivery of the currency amounts normally takes place two business days in both relevant centres after the trade is executed.

**Caps and floors:** The Sub-Funds may enter into caps and floors. A cap is an agreement under which the seller agrees to compensate the buyer if interest rates rise above a pre-agreed strike rate on pre-agreed dates during the life of the agreement. In return the buyer pays the seller a premium up front. A floor is similar to a cap except that the seller compensates the buyer if interest rates fall below a pre-agreed strike rate on pre-agreed dates during the life of the agreement. As with a cap, the buyer pays the seller a premium up front.

**Contracts for differences:** The Sub-Funds may enter into contracts for differences which allow a direct exposure to the market, a sector or an individual security. Unlike a forward contract, there is no final maturity, the position being closed out at the discretion of the position taker. Contracts for differences ("CFD") are used to gain exposure to share price movements without buying the shares themselves. A CFD on a company's shares will specify the price of the shares when the contract was started. The contract is an agreement to pay out cash on the difference between the starting share price and when the contract is closed.

**Credit derivatives:** The Sub-Funds may enter into credit derivatives to isolate and transfer the credit risk associated with a particular reference asset. Credit default swaps provide a measure of protection against defaults of debt issuers. The Sub-Funds use of credit default swaps does not assure their use will be effective or will have the desired result. A Sub-Fund may either be the buyer or seller in a credit default swap transaction. Credit default swaps are transactions under which the parties obligations depend on whether a credit event has occurred in relation to the reference asset. The credit events are specified in the contract and are intended to identify the occurrence of a significant deterioration in the creditworthiness of the reference asset. On settlement, credit default products may be cash settled or involve the physical delivery of an obligation of the reference entity following a default. The buyer in a credit default swap 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 asset has occurred. If a credit event occurs, the seller must pay the buyer the full notional value of the reference asset that may have little or no value. If the Sub-Fund is a buyer and no credit event occurs the Sub-Fund's losses will be limited to the periodic stream of payments over the term of the contract. As a seller, the Sub-Funds will receive a fixed rate of income throughout the term of the contract, provided that there is no credit event. If a credit event occurs, the seller must pay the buyer the full notional value of the reference obligation.

As new derivative instruments become available on the market, the Investment Manager may add these to the techniques and instruments used by each Sub-Fund provided they correspond to the investment objectives and investment policies of such Sub-Fund and to the regulatory requirements applicable to the Company or such Sub-Fund.

#### Collateral Policy

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

Collateral – received by the Company

Collateral posted by the counterparty for the benefit of a Sub-Fund may be taken into account as reducing the exposure to such counterparty. Each Sub-Fund will require receipt of the necessary level of collateral so as to ensure counterparty

exposure limits are not breached. Counterparty risk may be reduced to the extent that the value of the collateral received corresponds with the value of the amount exposed to counterparty risk at any given time.

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

Risks linked to the management of collateral, such as operational and legal risks, shall be identified, managed and mitigated by the Company's risk management process. A Sub-Fund receiving collateral for at least 30% of its 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 enable the Sub-Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy will at least prescribe the following:

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

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

All assets received by a Sub-Fund in the context of repurchase/reverse repurchase agreements and securities lending shall be considered as collateral and must comply with the terms of the Company's collateral policy.

#### *Non-cash Collateral*

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

- (i) Liquidity: Collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of Regulation 74 of the Regulations.
- (ii) Valuation: Collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.
- (iii) Issuer credit quality: Collateral received should be of high quality.
- (iv) Correlation: Collateral received should be issued by an entity that is independent from the counterparty and is not expected to display a high correlation with the performance of the counterparty.
- (v) Diversification (asset concentration): Collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of the Sub-Fund's Net Asset Value. When the Sub-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.
- (vi) Immediately available: Collateral received should be capable of being fully enforced by the Sub-Fund at any time without reference to or approval from the counterparty.
- (vii) Safe-keeping: Collateral received on a title transfer basis should be held by the Custodian or its agent. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.
- (viii) Haircuts: The Investment Manager, on behalf of each Sub-Fund, shall apply suitably conservative haircuts to assets being received as collateral where appropriate on the basis of an assessment of the characteristics of the assets such as the credit standing or the price volatility, as well as the outcome of any stress tests performed as referred to above. The Investment Manager has determined that generally if issuer or issue credit quality of the collateral is not of the necessary quality or the collateral carries a significant level of price volatility with regard to residual maturity or other factors, a conservative haircut must be applied in accordance with more specific guidelines as will be maintained in writing by the Investment Manager on an ongoing basis. However, the application of such a haircut will be determined on a case by case basis, depending on the exact details of the assessment of the collateral. The Investment Manager, in its discretion, may consider it appropriate in certain circumstances to resolve to accept certain collateral with more conservative, less conservative or no haircuts applied if it so determines, on an objectively justifiable basis. Any extenuating circumstances that warrant the acceptance of relevant collateral with haircut provisions other than the guideline levels must be outlined in writing. Documentation of the rationale behind this is imperative.

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

#### *Cash Collateral*

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

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

Invested cash collateral should be diversified in accordance with the diversification requirement applicable to non-cash collateral outlined above in Section 5.10.1.1(v). 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 Sub-Fund. Please refer to the section of this Prospectus entitled "Risk Factors; Reinvestment of Cash Collateral Risk" for more details.

Collateral – posted by the Company

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

#### Borrowing and Lending Powers

The Company may not borrow money except insofar as is permitted under the Regulations.

The Company may borrow, for the account of a Sub-Fund, up to 10% of the net assets of a Sub-Fund and the assets of such Sub-Fund may be charged as security for any such borrowings provided that such borrowing is only for temporary purposes. The Company may acquire foreign currency by means of a back to back loan agreement(s). Foreign currency obtained in this manner is not classified as borrowing for the above mentioned 10% limit provided that the offsetting deposit (a) is denominated in the Base Currency of the Sub-Fund and (b) equals or exceeds the value of the foreign currency loan outstanding.

The Company may not borrow for investment purposes.

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.

### 1.5 CHARGES AND EXPENSES

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

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

### 1.6 DIVIDEND POLICY

The Directors decide the dividend policy and arrangements relating to each Sub-Fund and details are set out where applicable in the relevant Supplement. Under the Articles, the Directors are entitled to declare dividends out of the relevant Sub-Fund being: (i) the accumulated revenue (consisting of all revenue accrued including interest and dividends) less expenses and/or (ii) realised and unrealised capital gains on the disposal/ valuation of investments and other funds less realised and unrealised accumulated capital losses of the relevant Sub-Fund-and/or (iii) as disclosed in the relevant Supplement. The Directors may satisfy any dividend due to Shareholders in whole or in part by distributing to them in specie any of the assets of the relevant Sub-Fund, and in particular any investments to which the relevant Sub-Fund is entitled. In selecting these investments the Directors will consult with the Custodian to ensure that the remaining Shareholders are not disadvantaged. A Shareholder may require the Company instead of transferring any assets in specie to him, to arrange for a sale of the assets and for payment to the Shareholder of the net proceeds of same. The Company will be obliged and entitled to deduct an amount in respect of Irish taxation from any dividend payable to a Shareholder in any Sub-Fund who is or is deemed to be an Irish Resident and pay such sum to the Irish tax authorities.

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

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

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

## 2 Share Dealings

### 2.1 SUBSCRIPTION FOR SHARES

#### 2.1.1 *Subscription for Shares*

Under the Articles, the Directors are given authority to effect the issue of Shares and to create new Classes of Shares (in accordance with the requirements of the Central Bank) and have absolute discretion to accept or reject in whole or in part any application for Shares. Provided applications are received before the Valuation Point, the Directors may at their sole discretion accept a subscription application and / or subscription monies after the relevant Dealing Deadline.

Issues of Shares will normally be made with effect from a Dealing Day in respect of applications received on or prior to the Dealing Deadline. Dealing Days and Dealing Deadlines relating to each Sub-Fund are specified in the relevant Supplement.

An initial application for Shares may only be made by Application Form along with supporting documentation in relation to money laundering prevention checks which may be sent to the Administrator by facsimile or by email, the signed original of which, in addition to the original or certified supporting documentation in relation to money laundering prevention checks, shall be delivered to the Administrator promptly. Subsequent applications may be made to the Administrator by letter, by email or facsimile, or by using an established electronic dealing platform as described below. Failure to provide the original application form shall result in applicants being unable to repurchase Shares on request until the Administrator has received the original application form and all of the necessary anti-money laundering checks have been completed. Any change to a Shareholder's registration details or payment instructions must also be received in original form. Following the initial application, subsequent requests by facsimile or by email will be treated by the Administrator as definite orders even if not subsequently confirmed by letter after acceptance by the Administrator and will not be capable of withdrawal.

While an initial application for Shares may only be made using an original Application Form as set out above, and must be supported by the appropriate documentation in relation to money-laundering prevention checks, subsequent applications for Shares may also be made using an established electronic dealing platform. Subsequent applications for Shares will only be accepted electronically provided all anti- money laundering documentation has been received and where an applicant has accepted the terms and conditions of use of such service. Any change to a Shareholder's registration details or payment instructions as recorded on such electronic dealing platform must also be received in writing in original form.

The Minimum Initial Investment Amount for Shares of each Sub-Fund that may be subscribed for by each investor on initial application and the Minimum Shareholding of Shares of each Sub-Fund is set out in the relevant Supplement. The Directors reserve the right from time to time to waive any requirements if any relating to the Minimum Initial Investment Amount, the Minimum Additional Investment Amount and the Minimum Shareholding as and when they determine, at their reasonable discretion.

Fractions of Shares up to three decimal places may be issued. Subscription monies representing smaller fractions of Shares will not be returned to the applicant but will be retained as part of the assets of the relevant Sub-Fund and accordingly available to Shareholders of the Sub-Fund on a pro rata basis based on each Shareholder's holding of Shares.

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

If an application is rejected, the Administrator at the cost and risk of the applicant will, subject to any applicable laws, return application monies or the balance thereof, without interest, by telegraphic transfer to the account from which it was paid within five Business Days of the rejection.

#### 2.1.2 *Issue Price*

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

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

A Preliminary Charge of up to 2% of the Initial Issue Price or the Net Asset Value per Share, as appropriate may be charged by the Company for payment to the Distributor on the issue of Shares. Further details of this Preliminary Charge, if any, will be set out in the relevant Supplement.

### 2.1.3 *Payment for Shares*

Payment in respect of the issue of Shares must be made by the relevant Settlement Date by electronic transfer in cleared funds in the currency of denomination of the relevant Class of the Shares in accordance with the process as set out in the sub-section entitled '*Subscriptions*' in section 4 of the relevant Sub-Fund Supplement. The Administrator may, at its discretion, accept payment in other currencies, but such payments will be converted into the currency of denomination of the relevant Class of the Shares at the then prevailing exchange rate available to the Administrator and only the net proceeds (after deducting the conversion expenses) will be applied towards payment of the subscription moneys. This may result in a delay in processing the application.

### 2.1.4 *In Specie Issues*

The Directors may in their absolute discretion, provided that they are satisfied that no material prejudice would result to any existing Shareholder and subject to the provisions of the Companies Acts, allot Shares in any Sub-Fund against the vesting in the Custodian on behalf of the relevant Sub-Fund of investments, the nature of which would qualify as suitable investments of the relevant Sub-Fund in accordance with the investment objectives, policies and restrictions of the Sub-Fund. 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 Custodian on behalf of the relevant Sub-Fund, have been issued for cash (together with the relevant Preliminary Charge) against the payment of a sum equal to the value of the investments. The value of the investments to be vested shall be calculated by applying the valuation methods described below under the heading "Calculation of Net Asset Value/ Valuation of Assets." The Directors, in valuing any such investments, may provide that the whole of or any part of any duties and charges arising in connection with the vesting of the investments in the Custodian on behalf of the relevant Sub-Fund shall be paid out of the assets of the relevant Sub-Fund or by the investor to whom the Shares are to be issued or partly by the Sub-Fund and partly by such investor.

### 2.1.5 *Anti-Money Laundering Provisions*

Measures aimed at the prevention of money laundering and terrorist financing, require a detailed verification of the investor's identity, address and source of funds and where applicable the beneficial owner on a risk sensitive basis and the ongoing monitoring of the business relationship in order to comply with the Irish anti-money laundering obligations. Politically exposed persons ("PEPs"), defined as individuals who are or have, at any time in the preceding year, been entrusted with prominent public functions, and immediate family members, or persons known to be close associates of such persons, must also be identified.

By way of example, an individual may be required to produce an original certified copy of a passport or identification card together with two original copies of evidence of his/her address i.e. utility bills or bank statement, date of birth and tax residence. In the case of corporate investors, such measures may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), a certified copy of the corporate investor's authorised signatory list, the names, occupations, dates of birth and resident and business address of all directors. Depending on the circumstances of each application, a detailed verification might not be required where, for example, the application is made through a recognised intermediary located in a jurisdiction recognised by Ireland as having equivalent anti-money laundering protections.

The Administrator and the Company each reserves the right to request such information as is necessary to verify the identity, address and source of funds of an investor in order to comply with Irish law anti-money laundering obligations. In the event of delay or failure by an investor or applicant to produce any information required for verification purposes, the Administrator or the Company may refuse to accept the application and subscription monies and, subject to applicable law, return all subscription monies or compulsorily repurchase such Shareholder's Shares and/or payment of repurchase proceeds may be delayed (no repurchase proceeds will be paid if the Shareholder fails to produce such information). None of the Company, the Directors, the Investment Manager or the Administrator shall be liable to the subscriber or Shareholder where an application for Shares is not processed or Shares are compulsorily repurchased or



payment of repurchase proceeds is delayed in such circumstances. If an application is rejected, the Administrator will, subject to applicable law, return application monies or the balance thereof by telegraphic transfer in accordance with any applicable law to the account from which it was paid at the cost and risk of the applicant. The Administrator may refuse to pay or delay payment of repurchase proceeds where the requisite information for verification purposes has not been produced by a Shareholder.

#### *2.1.6 Limitations on Subscriptions*

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

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

## 2.2 REPURCHASE OF SHARES

#### *2.2.1 Repurchases of Shares*

Requests for the repurchase of Shares should be made to the Company care of the Administrator and may be made by fax, by email or in writing, or by using an established electronic dealing platform as described below. Requests by facsimile and by email will be treated as definite orders even if not subsequently confirmed in writing. Such redemption requests shall only be processed where payment is made to the account of record. Requests for the repurchase of Shares will not be capable of withdrawal after acceptance by the Administrator. Where requests for the repurchase of Shares is made by facsimile, the original Application Form must be received by the Company care of the Administrator before any repurchase proceeds will be paid out. Requests received on or prior to the relevant Dealing Deadline will, subject as mentioned in this section and in the relevant Supplement, normally be dealt with on the relevant Dealing Day. Repurchase requests received after the Dealing Deadline shall, be treated as having been received by the following Dealing Deadline unless the Administrator and the Directors on an exceptional basis only otherwise agree and provided only they are received before the relevant Valuation Point.

Repurchase requests may also be made using an established electronic dealing platform. Repurchase requests will only be accepted electronically where the Shareholder has accepted the terms and conditions of use of such service, and all necessary anti-money laundering documentation has been received and processed by the Administrator.

A repurchase request will not be capable of withdrawal after acceptance by the Administrator. If requested, the Directors may, in their absolute discretion and subject to the prior approval of the Custodian and advance notification to all of the Shareholders, agree to designate additional Dealing Days and Valuation Points for the repurchase of Shares relating to any Sub-Fund.

Provided applications are received before the Valuation Point, the Directors may at their sole discretion accept a repurchase request received after the relevant Dealing Deadline as set out in the relevant Supplement.

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

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

#### *2.2.2 Repurchase Price*

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

When a repurchase request has been submitted by an investor who is or is deemed to be an Irish Resident or is acting on behalf of an Irish Resident, the Company shall deduct from the repurchase proceeds an amount which is equal to the tax payable by the Company to the Revenue Commissioners in respect of the relevant transaction.

### *2.2.3 Payment of Repurchase Proceeds*

The amount due on repurchase of Shares will be paid by telegraphic transfer at the risk and expense of the relevant Shareholder to an account in the name of the Shareholder in the Base Currency of the relevant Sub-Fund (or in such other currency as the Directors shall determine and agree in advance with the relevant Shareholders) by the Settlement Date. Payment of repurchase proceeds will be made to the registered Shareholder or in favour of the joint registered Shareholders as appropriate. The proceeds of the repurchase of the Shares will only be paid provided the original Application Form has been received by the Company care of the Administrator, all necessary anti-money laundering checks have been carried out and on receipt by the Administrator of a repurchase request together with such other documentation (including all necessary anti-money laundering documentation, if any) that the Administrator may reasonably require.

### *2.2.4 Limitations on Repurchases*

The Company may not repurchase Shares of any Sub-Fund during any period when the calculation of the Net Asset Value of the relevant Sub-Fund is suspended in the manner described under "Suspension of Calculation of Net Asset Value/ Suspension of Repurchase" below. Applicants for repurchases of Shares will be notified of such postponement and, unless withdrawn, their applications will be considered as at the next Dealing Day following the ending of such suspension.

The Directors are entitled to limit the number of Shares in a Sub-Fund repurchased on any Dealing Day to Shares representing the percentage level as specified in section 4 of the relevant Sub-Fund Supplement.

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

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

### *2.2.5 Mandatory Repurchases*

The Company may compulsorily repurchase all of the Shares of any Sub-Fund if the Net Asset Value of the relevant Sub-Fund is less than the Minimum Sub-Fund Size (if any) specified herein.

The Company reserves the right to repurchase any Shares which are or become owned, directly or indirectly, by a U.S. Person (unless pursuant to an exemption under U.S. securities laws), by any individual under the age of 18 (or such other age as the Directors think fit) or if the holding of the Shares by any person is in breach of any law or requirement of any country or governmental authority or by virtue of which such person is not qualified to hold such Shares or might result in the Company or relevant Sub-Fund incurring any liability to taxation or suffering other pecuniary legal or material administrative disadvantages which the Company or relevant Sub-Fund might not otherwise have incurred, suffered or breached.

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

## 2.3 CONVERSION OF SHARES

Shareholders will be able to apply to convert on any Dealing Day all or part of their holding of Shares of any Class in any Sub-Fund (the **Original Class**) for Shares of another Class which are being offered at that time (the **New Class**) (such Class being in the same Sub-Fund or in a separate Sub-Fund) provided that the prior consent of the Directors has been obtained and, that all the criteria for applying for Shares in the New Class have been met and by giving notice to the Administrator on or prior to the Dealing Deadline for the relevant Dealing Day. The Directors may on

an exceptional basis only at their discretion agree to accept requests for conversions received after the relevant Dealing Deadline provided they are received prior to the relevant Valuation Point. The general provisions and procedures relating to the issue and repurchase of Shares will apply equally to conversions, save in relation to charges payable, details of which are set out below and in the relevant Supplement.

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

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

$$S = \frac{[R \times (RP \times ER)] - F}{SP}$$

where:

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

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

A Conversion Charge of up to 3% of the Repurchase Price of the Shares being converted may be charged by the Company on the conversion of Shares.

### 2.3.1 *Limitations on Conversion*

Shares may not be converted for Shares of a different Class during any period when the calculation of the Net Asset Value of the relevant Sub-Fund or Sub-Funds is suspended in the manner described under "Suspension of Calculation of Net Asset Value" below. Applicants for conversion of Shares will be notified of such postponement and, unless withdrawn, their applications will be considered as at the next Dealing Day following the ending of such suspension.

## 2.4 TRANSFER OF SHARES

In order to transfer Shares, the transferee shall be required to execute the Transfer Agreement as provided by the Administrator upon request. A transfer of Shares shall not be registered if, in consequence of such transfer, the transferor or transferee would hold Shares in contravention of the Articles as set out in section "Mandatory Repurchases."

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

The Net Asset Value of a Sub-Fund shall be expressed in the currency in which the Shares are designated or in such other currency as the Directors may determine either generally or in relation to a particular Class or in a specific case,

and shall be calculated by ascertaining the value of the assets of the Sub-Fund and deducting from such value the liabilities of the Sub-Fund (excluding Shareholders equity) as at the Valuation Point for such Dealing Day.

The Net Asset Value per Share of a Sub-Fund will be calculated by dividing the Net Asset Value of the Sub-Fund by the number of Shares in the Sub-Fund then in issue or deemed to be in issue as at the Valuation Point for such Dealing Day and rounding the result mathematically to two decimal places.

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

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

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

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

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

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

Alternatively, the Directors or their delegate, in consultation with the Investment Manager, may use such probable realisation value estimated with care and in good faith and as may be recommended by a competent professional appointed by the Directors and approved for such purpose by the Custodian. Due to the nature of such unquoted securities and the difficulty in obtaining a valuation from other sources, such competent professional may be related to the Investment Manager.

- (d) Cash and other liquid assets will be valued at their face value with interest accrued, where applicable.
- (e) Units or shares in open-ended collective investment schemes will be valued at the latest available net asset value as at the Valuation Point for the relevant Dealing Day and published by the collective investment scheme; units or shares in closed-ended collective investment schemes will, if listed or traded on a stock exchange or regulated market, be valued at the last traded price for such investment as at the Valuation Point for the relevant Dealing Day or, if unrepresentative or unavailable at the probable realisation value, as estimated with care and in good faith by a competent person appointed by the Directors and approved for the purpose by the Custodian.
- (f) Any value expressed otherwise than in the Base Currency of the relevant Sub-Fund (whether of an investment or cash) and any non-Base Currency borrowing shall be converted into the Base Currency at the rate which a competent person (being independent from the counterparty), appointed by the Directors and approved for such purpose by the Custodian, deems appropriate in the circumstances.
- (g) Exchange traded derivative instruments will be valued at the settlement price for such instruments on such market as at the Valuation Point for the relevant Dealing Day; if such price is not available such value shall be the probable realisation value estimated with care and in good faith by a person appointed by the Directors (and approved for such purpose by the Custodian). Over-the-counter derivative instruments will be valued at the latest valuation for such instruments as at the Valuation Point for the relevant Dealing Day as provided by the counterparty on a daily basis and verified on a weekly basis by a competent person (being independent from the counterparty), appointed by the Directors and approved for such purpose by the Custodian. Alternatively, the value of any over-the-counter derivative contract may be the quotation from an independent pricing vendor or that calculated by the Company itself and shall also be valued daily. Where this alternative valuation is used the Company must follow international best practice and adhere to specific principles on such valuations established by bodies such as IOSCO and AIMA as specified by the Central Bank in Guidance Note 1/00. Any such alternative valuation must be provided by a competent person appointed by the Directors and approved for the purpose by the Custodian, or a valuation by any other means provided that the value is approved by the Custodian. Any such alternative valuation must be reconciled to the counterparty valuation on a monthly basis. Where significant differences arise these must be promptly investigated and explained.
- (h) Forward foreign exchange contracts shall be valued as at the Valuation Point for the relevant Dealing Day by reference to the freely available market quotations, namely, the price at which a new forward contract of the same size and maturity could be undertaken, or, if unavailable, they shall be valued at the settlement price as at the Valuation Point for the relevant Dealing Day as provided by the counterparty on a daily basis and verified on a weekly basis by a competent person (being independent from the counterparty), appointed by the Directors and approved for such purpose by the Custodian.
- (i) Notwithstanding the provisions of paragraphs (a) to (h) above:-
  - (i) The Directors or their delegate may, at its discretion in relation to any particular Sub- Fund which is a money market fund, value any investment using the amortized cost method of valuation where such collective investment schemes comply with the Central Bank's requirements for money market funds and where a review of the amortized cost valuation vis-à-vis market valuation will be carried out in accordance with the Central Bank's guidelines.
  - (ii) The Directors or their delegate may, at its discretion, in relation to any particular Sub- Fund which is not a money market fund but which invests in money market instruments, value any investment on the basis of the amortised cost method, provided that each such security being valued using the amortised cost basis of valuation shall be carried out in accordance with the Central Bank's requirements.
- (j) In the event of it being impossible or incorrect to carry out a valuation of a specific investment in accordance with the valuation rules set out in paragraphs (a) to (h) above, or if such valuation is not representative of the security's fair market value, the value shall be estimated with care and in good faith, by a competent person appointed by the Directors (being approved by the Custodian) or by a competent person approved for the purpose by the Custodian, using an alternative method approved by the Custodian.

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

## 2.6 SUSPENSION OF CALCULATION OF NET ASSET VALUE, SUSPENSION OF REPURCHASE

The Directors may at any time temporarily suspend the calculation of the Net Asset Value of any Sub-Fund and suspend the issue, repurchase and exchange of Shares or suspend the payment of repurchase proceeds during:

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

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

Shareholders who have requested issue or repurchases of Shares of any Class or exchanges of Shares of one Class to another will be notified of any such suspension in such manner as may be directed by the Directors and, unless withdrawn but subject to the limitation referred to above, their requests will be dealt with on the first relevant Dealing Day after the suspension is lifted. Any such suspension will be notified on the same Business Day to the Central Bank and will be communicated without delay to the competent authorities in the Member States in which it markets its Shares. Details of any such suspension will also be notified to all Shareholders and will be published in a newspaper circulating in the European Union, or such other publications as the Directors may determine if, in the opinion of the Directors, it is likely to exceed 14 days.

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

Shares will be issued in registered form. Purchase contract notes will normally be issued within 48 hours after the allotment of Shares. Written confirmations of ownership evidencing entry in the register will be issued regularly to investors (monthly for daily dealing Sub-Funds and also where specifically requested by a Shareholder) upon receipt of all original documentation required by the Administrator. Share certificates shall not be issued.

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

Shares may not be transferred to (i) a U.S. Person (unless permitted under certain exemptions under the laws of the United States); or (ii) any person who does not clear such money laundering checks as the Directors may determine; or (iii) any person who appears to be in breach of any law or requirement of any country or governmental authority or by virtue of which such person is not qualified to hold such Shares; or (iv) any person or persons in circumstances (whether directly or indirectly affecting such person or persons, and whether taken alone or in conjunction with any other person or persons, connected or not, or any other circumstances appearing to the Directors to be related) which, in the opinion of the Directors might result in the Company or relevant Sub-Fund incurring any liability to taxation or suffering any other pecuniary legal or material administrative disadvantages or being in breach of any law or regulation which the Company or relevant Sub-Fund might not otherwise have incurred, suffered or breached; or (v) any individual under the age of 18 (or such other age as the Directors may think fit) or of unsound mind; or (vi) any person unless the transferee of such Shares would, following such transfer, be the holder of Shares equal to or greater than the Minimum Initial Investment Amount; or (vii) any person in circumstances where as a result of such transfer the transferor or transferee would hold less than the Minimum Shareholding; or (viii) any person where in respect of such transfer any payment of taxation remains outstanding; or (ix) is any other circumstances prohibited by the Articles as described herein. Registration of any transfer may be refused by the Directors if, following the transfer, either transferor or transferee would hold Shares having a value less than the Minimum Shareholding for that Class of Shares specified in the relevant Supplement.

If the transferor is, or is deemed to be, or is acting on behalf of an Irish Resident, the Company is entitled to repurchase and cancel a sufficient portion of the transferor's Shares as will enable the Company to pay the tax payable in respect of the transfer to the Revenue Commissioners in Ireland.

## 2.8 NOTIFICATION OF PRICES

The issue price and Repurchase Price of each Class of Shares of each Sub-Fund will be available from the Administrator. Such prices will usually be the prices applicable to the previous Dealing Day's trades and are therefore only indicative.

The issue price and Repurchase Price of each Class of Shares of each Sub-Fund will be available on the website (which will be kept up to date) as specified in the section entitled 'Other Information' in the relevant Sub-Fund Supplement. Access may be restricted and it is not an invitation to subscribe for purchase, convert, sell or redeem Shares.

# 3 Management of the Company

## 3.1 DIRECTORS OF THE COMPANY

The Directors of the Company are described below:-

**Dr. Konrad Bächinger** (Swiss citizen) qualified as a Doctor of Law from Zurich University and was admitted to the Swiss Courts in 1977. He joined LGT Bank AG. in 1984. From 1998 to 2001 Dr. Bächinger was the Chief Executive Officer of LGT Capital Management Ltd.. From April 2001 to September 2006, Dr. Bächinger was member of the group executive committee of Liechtenstein Global Trust (known as LGT Group Foundation since April 2001). Since October 2006, Dr. Bächinger holds the position as Senior Adviser of LGT Group Foundation.

**Dr. Urs Gähwiler** (Swiss citizen) qualified as a Doctor of law from St. Gallen University , is admitted as a barrister to the Swiss Courts and holds a licence as a notary public in Switzerland . He joined LGT Bank AG in 1988 as a legal and tax counsel. Since 2012 Dr. Gähwiler is the Head of the Legal and Tax department and the General Counsel of LGT Group . Apart from his main function Dr. Gähwiler holds the position as Chairman of the Tax Committee of the Liechtenstein Banking Association, acts as lecturer at the University of Liechtenstein and is an Advisor to the Government of the Principality of Liechtenstein for international tax matters. Prior to this Dr. Gähwiler worked as a Judge's legal assistant at the District Court in St. Gallen. He also worked as a legal counsel in the legal department of the State Administration in St. Gallen and as an attorney at law at the law firm Dres. Kaufmann David & Partner in St Gallen.

**Paul Garvey** (Irish citizen) joined LGT Bank (Ireland) Limited in 1998 as Financial Controller and was appointed Finance Director in 2000. In 2001 he was appointed general manager of LGT Fund Managers (Ireland) Limited. He previously worked with Irish Life plc Corporate Life and Pensions division in systems development. Prior to this he worked with GAM Fund Management Limited and GT Asset Management Limited in fund accounting and systems development for shareholder services. In Dublin and Canada he worked for Deloitte and Touche in the areas of audit and corporate restructuring. Mr. Garvey received a B.Comm from University College Dublin and is a Fellow of the Institute of Chartered Accountants in Ireland.

**Tycho Sneyers** (Belgian citizen) received a Masters in Business Administration from Harvard Business School (1997–1999) and a Masters in Economics from the University of Antwerp (1990–1994). He joined LGT Capital Partners Ltd. in October 2001 and was appointed Head of Business Development and member of the Executive Board of LGT Capital Partners Ltd. in January 2002. In 2000, he co-founded Altgate Capital, a New York and London based research and distribution firm for alternative investments, where he was a member of the Board of Directors and Head of Business Development. Prior to this and during his MBA studies, he worked for Goldman Sachs in New York and London in the Investment Management (1999–2000) and Investment Banking Divisions (1998). He started his career as a management consultant with Andersen Consulting in Brussels, Luxembourg and Paris, where he worked from 1994–1997.

**Desmond Tobin** (Irish citizen) joined LGT Bank (Ireland) Limited in 1997 as an accountant and was appointed Director in 2004. He was appointed Managing Director of LGT Bank (Ireland) Limited in October 2006 with overall responsibility for Irish operations. He previously worked with Bankers Trust in Sydney and Bank of Ireland Securities Services in Dublin as a financial accountant. He has a Masters in Business Administration from University College Dublin and is an Associate Member of the Chartered Institute of Management Accountants in Ireland.

**Werner von Baum** (German citizen) received his Masters in Business Administration from the European Business School, Frankfurt, London and Paris (1985-1989). He is a registered SFA in the UK and also obtained Series 3,7 & 63 licenses in the US. He joined LGT Capital Partners Ltd. in July 2005 as Head of Hedge Fund Programs and was made Partner and Member of the Executive Management Team in April of 2007. From 1997 to 2005, he worked for HypoVereinsbank in Munich where he was the Head of High Yield and structured Capital Markets, focusing on the integration of Debt origin, High Yield execution and SME financing. Prior to this, he worked for Bankers Trust (1991-1997) in both London and Frankfurt, in positions that included Trading, Risk Management, Structuring Fixed-Income, FX and Equity-Derivatives and marketing of OTC warrants. He started his career with Salomon Brothers (1989-1991) in New York, London and Frankfurt in sales and trading of both Bonds and Index Derivatives.

**Dr. Thomas Weber** (German citizen) did his undergraduate studies in Business Administration at the University of Cologne. He holds an MBA in Finance from Georgia State University (1986), which he earned on a Fulbright Scholarship and a Ph.D. in Business Administration from the University of St. Gallen where he also lectured from 1990-1995 on a part time basis. After assignments with Coca-Cola and AT&T in the U.S., he worked as a Strategic Management Consultant in Switzerland. In 1989 Thomas Weber joined LGT Bank AG., as Assistant to the Chairman and Project Manager. In 1991 he moved to the Portfolio Management Division as Head of Methods and Marketing. In that function he was responsible for improving and developing the investment process as well as launching new



investment products. During that time he also managed money as an equity portfolio manager. In 1996 Thomas Weber co-founded LGT's third party hedge fund of fund activities and since July 1996 he has been the Managing Director of LGT Swiss Life Non Traditional Advisers Aktiengesellschaft, the investment manager for Castle Alternative Invest Ltd., an investment company for hedge funds quoted on the Swiss Stock Exchange. Currently Thomas Weber is a member of the Executive Management Team of LGT Capital Partners Ltd. responsible for Hedge Fund Investment Management.

**Dr. André Lagger** (Swiss citizen) received a Ph.D. in Business Administration from the University of Berne and completed studies at the Swiss Banking School. He began his career as Group Controller for Union Bank of Switzerland in Zurich. In 1994, he became Head of Corporate Development of UBS London. In 1996, he moved back to Head Office in Zurich as Vice President Management Information. In 1997, he joined LGT Services in Zurich as Head of Corporate Controlling. From 1998 to March 2001 he was Chief Financial Officer of LGT Capital Management, Vaduz. In April 2001 Dr. Lagger was appointed as Chief Executive Officer, LGT Financial Services, Vaduz.

### **Alternate Directors of the Company**

**Frank Sheedy** (Irish citizen) joined LGT Fund Managers (Ireland) Limited in 2012 and was appointed Fund Operations Manager in 2013. He previously worked in Dublin and Chicago for PricewaterhouseCoopers in the areas of audit with particular focus on Private Equity clients during his time spent in Chicago. Mr. Sheedy received a Honours Degree from National College of Ireland in Accounting and Human Resource Management and is a member of the Institute of Chartered Accountants in Ireland.

**Brian Goonan** (Irish citizen) joined LGT Fund Managers (Ireland) Limited in 2004 as a Funds Operational Manager. He was appointed General Manager of LGT Capital Partners (Ireland) Limited in 2005. He previously worked with Cogent Investment Operations Limited (formerly part of Henderson plc) as operational manager both in UK and Ireland. He has a Diploma in Business Studies (Accounting) and is a Fellow of the Association of Chartered Certified Accountants.

All of the Directors and alternate Directors other than Dr. Konrad Bächinger are employees and/or directors of members of the LGT Group.

The Directors have delegated the performance of their investment management functions in respect of the Company to the Investment Manager.

The Articles provide that, subject to the provisions of and insofar as may be permitted by the Companies Acts and the Regulations every Director, Secretary and other officer or servant of the Company shall be indemnified by the Company against all costs, losses and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into, or act or thing done by him as such officer or servant or in any way in discharge of his duties. Such indemnity shall not extend to any of the foregoing sustained or incurred as a result of any fraud, negligence or wilful default by him in relation to the Company and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the Shareholders over all other claims.

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

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

No Director has:

- (i) any unspent convictions in relation to indictable offences; or
- (ii) been bankrupt or the subject of an involuntary arrangement, or has had a receiver appointed to any asset of such Director; or
- (iii) been a director of any company which, while he was a director with an executive function or within 12 months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangements with its creditors generally or with any Class of its creditors; or
- (iv) been a partner of any partnership, which while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or

- (v) been disqualified by a court from acting as a director or from acting in the management or conduct of the affairs of any company.

Save for the information disclosed herein no further information is required to be given in respect of the Directors.

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

Whilst the Directors are responsible for the overall management and control of the Company, the Company has delegated the day to day investment management and administration of the Company to the Investment Manager and the Administrator respectively and the custody of the assets of each Sub-Fund to the Custodian. Consequently, all Directors of the Company in relation to the Company are non-executive. The Directors will review the operations of the Company at meetings held at least quarterly. For this purpose, the Directors will receive periodic reports from the Investment Manager detailing the performance of the Company and providing an analysis of its investment portfolio. The Investment Manager will provide such other information as may from time to time be reasonably required by the Directors for the purpose of such meetings.

### 3.2 PROMOTER

LGT Capital Partners Ltd. is the Promoter of the Company. LGT Capital Partners Ltd. is a company limited by shares incorporated under the laws of Switzerland. LGT Capital Partners Ltd. is indirectly wholly owned by LGT Group Foundation, whose sole beneficiary is the Prince of Liechtenstein Foundation. LGT Capital Partners Ltd. acts as promoter, investment advisor and/or investment manager to LGT Group companies and selected third parties.

### 3.3 INVESTMENT MANAGER AND DISTRIBUTOR

The Company has appointed LGT Capital Partners (Ireland) Limited, as Investment Manager to the Company, to provide investment management expertise and advice on the day to day investment decisions of the Company. The principal activity of the Investment Manager is the provision of investment management services to a range of institutional and individual clients. The Investment Manager was incorporated in Ireland on January 28th 2005 as a limited liability company with an authorised share capital of EUR 1,000,000 divided into 1,000,000 shares of EUR 1.00 each and is a wholly owned subsidiary of LGT Holding Denmark ApS and, ultimately, a wholly owned subsidiary of LGT Group Foundation. The issued share capital of the Investment Manager is EUR 200,000.

The Investment Manager and its affiliates (including its and their partners, directors, officers, members and employees) may subscribe directly or indirectly for Shares.

The Investment Manager may appoint one or more sub-investment managers or investment advisers to provide certain investment services to the Investment Manager in respect of a Sub-Fund. Details of any sub-investment managers or investment advisers appointed by the Investment Manager in respect of a Sub-Fund are set out in the Supplement for the relevant Sub-Fund.

The Investment Manager also acts as Distributor for the Shares of the Sub-Funds. The Distributor has authority to delegate some or all of its duties as distributor to sub-distributors in accordance with the requirements of the Central Bank. Fees and expenses of such sub-distributors will be at normal commercial rates and will be payable out of the Distributor's own assets.

### 3.4 INVESTMENT ADVISOR

The Investment Manager may appoint an Investment Advisor in respect of a specific Sub-Fund and in such instance details of the Investment Advisor shall be set out in the Supplement for the relevant Sub-Fund. The fees for the Investment Advisor in respect of a specific Sub-Fund are paid by the Investment Manager.

### 3.5 CUSTODIAN

The Custodian, Credit Suisse International, Dublin Branch, has been appointed by the Company to act as Custodian of the Company's assets pursuant to a Custody Services Agreement. The Custodian is a branch of Credit Suisse International, which is a private unlimited liability company incorporated in the UK on 09 May 1990 under registration number 02500199, and has its registered office at One Cabot Square, London E14 4QJ, UK.

The Custodian is not involved, directly or indirectly with the business affairs, organisation, sponsorship or management of the Company and is responsible only for the trustee and custodial services that it provides to the Company pursuant to the Custody Services Agreement. Further details in relation to the custodial fees charged by the Custodian are provided for in the section "Fees and Expenses".

The Custodian is not responsible for the preparation of this document and accepts no responsibility or liability for any information contained in this document other than the above description.

The Custodian is responsible for the safe-keeping of all of the assets of the Company and each Sub-Fund. As per the Custody Services Agreement, the Custodian must exercise due care and diligence in the discharge of its duties and will be liable to the Company and the Shareholders for any loss suffered by them arising from its unjustifiable failure to perform its obligations or its improper performance of them. The Custodian may, however, appoint any person or persons to be the sub-custodian of the assets of the Company and each Sub-Fund. The liability of the Custodian shall not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. In order to discharge its responsibilities under the Regulations, the Custodian must exercise care and diligence in choosing and appointing a third party as a safekeeping agent so as to ensure that the third party has and maintains the expertise, competence and standing appropriate to discharge the responsibilities concerned. The Custodian must maintain an appropriate level of supervision over the third party and make appropriate enquiries from time to time to confirm that the obligations of the third party continue to be competently discharged.

The Custodian shall be responsible for the segregation of the assets and liabilities of each Sub-Fund of the Company. The Custodian shall exercise due care and diligence in the discharge of its duties and shall be liable to the Company and the Shareholders for any loss suffered by them arising from its unjustifiable failure to perform its obligations or its improper performance of them.

The Custodian is obliged to ensure inter alia that:

- a) the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with the Regulations and the conditions imposed by the Central Bank and the Articles;
- b) the value of Shares is calculated in accordance with the Regulations and the Articles;
- c) in transactions involving the Company's assets any consideration is remitted to it within time limits which are acceptable market practice in the context of a particular transaction;
- d) the Company's income is applied in accordance with the Regulations and the Articles;
- e) the instructions of the Company are carried out unless they conflict with the Regulations or the Articles; and
- f) it has enquired into the conduct of the Company in each Accounting Period and report thereon to the Shareholders. The Custodian's report shall be delivered to the Company in good time to enable the Company to include a copy of the report in the annual report of the Company. The Custodian's report shall state whether in the Custodian's opinion the Company has been managed in all material respects in that period:-
  - (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company and the Custodian by the Central Bank, the Regulations and the Articles; and
  - (ii) otherwise in accordance with the provisions of the Regulations and the Articles.

If the Company has not complied with (i) or (ii) above, the Custodian must state why this is the case and outline the steps which the Custodian has taken to rectify the situation. The duties provided for in paragraphs (a) to (f) above may not be delegated by the Custodian to a third party.

### 3.6 ADMINISTRATOR

Pursuant to the Administration Agreement, the Company has appointed Credit Suisse Administration Services (Ireland) Limited as the Administrator. The Administrator is a private limited liability company incorporated in Ireland on 6 August 2010 under registration number 487406, and has its registered office at Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

The Administrator is responsible for the day to day administration of the Shares of the Company and its Sub-Funds, including:

- (a) processing of all issues, redemptions, conversions and transfers of Shares;
- (b) sending of subscription, redemption, conversion, transfer and any other confirmations to investors;
- (c) the calculation of the Net Asset Value, Net Asset Value per Class and Net Asset Value per Share on each Valuation Day, as described in "Calculation of Net Asset Value";
- (d) daily trade and position reconciliation and portfolio reporting to the Company in respect of certain Sub-Funds;
- (e) the maintenance of accounting records;
- (f) liaising with auditors; and
- (g) assisting the auditors in the preparation of financial statements for audit purposes.

Also under the Administration Agreement, the Administrator has been appointed to act as the registrar and transfer agent and to provide registration and transfer agent services for the Company. The Administrator will maintain the register of members holding Shares.

The appointment of the Administrator under the Administration Agreement shall be for an indefinite period of time and the Administration Agreement may be terminated upon the provision by either party of not less than 90 calendar days written notice. In certain circumstances the Administration Agreement may be terminated by either party forthwith. The Administrator will be entitled to receive the fees described below under the section headed "Fees and Expenses".

The Administration Agreement provides that the Administrator and its directors, officers, employees or agents shall not be liable for any loss or damage sustained or suffered by the Company or relevant Sub-Fund as a result or in the course of the discharge by the Administrator of its duties pursuant to the Administration Agreement provided that the Administrator shall be liable for any such loss or damage which has arisen from an act or omission of the Administrator which demonstrates negligence, recklessness, fraud, bad faith or wilful default in the part of the Administrator. Please see "Material Contracts" section below of this Prospectus for a further description of the Administration Agreement.

The Administrator is not involved directly or indirectly with the business affairs, organisation, sponsorship or management of the Company. The Administrator is not responsible for the production of this Prospectus and accepts no responsibility or liability for any information contained in this document other than for those duties that it provides to the Company in accordance with the Administration Agreement.

The Administration Agreement may be terminated at any time by either party upon not less than 90 days' written notice. In addition, any party may terminate the Administration Agreement at any time if the other party commits a breach of its obligations thereunder and fails to cure such breach within 30 days of notice of the breach from the other party.

The Administration Agreement also contains certain indemnities in favour of the Administrator which are restricted to exclude matters arising by reason of negligence, recklessness, wilful default, fraud and bad faith on the part of the Administrator (its directors, officers, employees or agents) in the performance of its duties.

The Administrator is responsible and liable only for the services that it provides to the Sub-Fund pursuant to the Administration Agreement.

### 3.7 PORTFOLIO TRANSACTIONS AND CONFLICTS OF INTEREST

Subject to the provisions of this section the Company, the Directors, the Investment Manager, the Investment Advisor (or any other sub-investment manager or Investment Advisor), the Administrator, the Custodian, any Shareholder and any of their respective subsidiaries, affiliates, associates, agents, employees or delegates (each a **Connected Person**) may contract or enter into any financial, banking or other transaction with one another or with the Company. This includes, without limitation, investment by the Company in securities of any Connected Person or investment by any Connected Persons in any company or bodies any of whose investments form part of the assets comprised in any Sub-Fund or be interested in any such contract or transactions. In addition, any Connected Person may invest in and deal in Shares relating to any Sub-Fund or any property of the kind included in the property of any Sub-Fund for their respective individual accounts or for the account of someone else.

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

Any Connected Person may also deal as agent or principal in the sale or purchase of securities and other investments (including foreign exchange and stocklending transactions) to or from the relevant Sub-Fund. There will be no obligation on the part of any Connected Person to account to the relevant Sub-Fund or to Shareholders of that Sub-Fund for any benefits so arising, and any such benefits may be retained by the relevant party, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length, are consistent with the best interests of the Shareholders of that Sub-Fund and:

- a) a certified valuation of such transaction by a person approved by the Custodian (or in the case of any such transaction entered into by the Custodian, the Directors) as independent and competent has been obtained; or
- b) such transaction has been executed on best terms reasonably obtainable on an organised investment exchange under its rules; or
- c) where (a) and (b) are not practical, such transaction has been executed on terms which the Custodian is (or in the case of any such transaction entered into by the Custodian, the Directors are) satisfied conform with the principle that such transactions be carried out as if effected on normal commercial terms negotiated at arm's length and are consistent with the best interest of the Shareholders.

The Investment Manager may also, in the course of its business, have potential conflicts of interest with the Company in circumstances other than those referred to above. The Investment Manager will, however, have regard in such event to its obligations under the Investment Management Agreement and, in particular, to its obligations to act in the best

interests of the Company so far as practicable, having regard to its obligations to other clients when undertaking any investments where conflicts of interest may arise and will ensure that such conflicts are resolved fairly as between the Company, the relevant Sub-Funds and other clients. The Investment Manager will ensure that investment opportunities are allocated on a fair and equitable basis between the Company and their other clients. In the event that a conflict of interest does arise the directors of the Investment Manager will endeavour to ensure that such conflicts are resolved fairly.

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

### 3.8 MULTIPLE ROLES OF DIRECTORS

Certain of the Directors act as directors to a number of investment vehicles unrelated to the Company. The Directors allocate to the business of the Company only such time as they deem appropriate.

### 3.9 COMMON COUNSEL

Maples and Calder is Irish counsel to the Company. Maples and Calder may also act as counsel to the Investment Manager in matters not involving the Company, and may also represent the LGT Group and its affiliates. Consequently, certain conflicts of interest may arise.

## 4 Fees and Expenses

### 4.1 GENERAL

Particulars of the specific fees and expenses (including performance fees, if any) payable to the Investment Manager, the Administrator and the Custodian are set out in the relevant Supplement.

The Company may pay out of the assets of each Sub-Fund the fees and expenses payable to the Investment Manager, the Investment Advisor, the Distributor, the Auditors, the Custodian and the Administrator, the fees and expenses of sub-custodians which will be at normal commercial rates, the fees and expenses of the Directors (if any, as referred to below), any fees and expenses of any financial reporting agent which will be at normal commercial rates, any fees in respect of circulating details of the Net Asset Value, stamp duties, all taxes and VAT, company secretarial fees, any costs incurred in respect of meetings of Shareholders, marketing and distribution costs, investment transaction charges, costs incurred in respect of the distribution of income to Shareholders, the fees and expenses of any paying agent or representative appointed in compliance with the requirements of another jurisdiction, any amount payable under indemnity provisions contained in the Articles or any agreement with any appointee of the Company, all sums payable in respect of directors and officers liability insurance cover, brokerage or other expenses of acquiring and disposing of investments, the fees and expenses of the auditors, tax and legal advisers and fees connected with listing the Shares on the Irish Stock Exchange and registering the Company for sale in other jurisdictions. The costs of printing and distributing this Prospectus, reports, accounts and any explanatory memoranda, any necessary translation fees, the costs of publishing prices and any costs (to include legal and other professional advisory fees) incurred as a result of periodic updates of the Prospectus, or of a change in law or the introduction of any new law (including any costs incurred as a result of compliance with any applicable code, whether or not having the force of law) may also be paid out of the assets of the Company. Such fee arrangements shall be disclosed in the relevant Supplement. All fees and expenses payable out of the assets of each Sub-Fund shall be approved by any one of the Directors of the Company.

Such fees, duties and charges will be charged to the Sub-Fund in respect of which they were incurred or, where an expense is not considered by the Directors to be attributable to any one Sub-Fund, the expense will be allocated by the Directors with the approval of the Custodian, in such manner and on such basis as the Directors in their discretion deem fair and equitable. In the case of any fees or expenses of a regular or recurring nature, such as audit fees, the Directors may calculate such fees and expenses on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any period.

### 4.2 DIRECTORS FEES

All current Directors are employees and/or directors of members of the LGT Group. No fees will be payable to any Director who is an employee or director of any member of the LGT Group. The Company may pay fees not to exceed EUR20,000 per annum in aggregate to other Directors in their capacity as Directors of the Company. No other remuneration will be payable by the Company to the Directors except for the out-of-pocket expenses reasonably incurred by them, in the performance of their duties. Shareholders shall be notified in advance of any change to the fees payable to Directors.

### 4.3 ESTABLISHMENT COSTS

The cost of establishing the Company have been fully amortised. The cost of establishing subsequent sub-funds will be charged to the relevant Sub-Fund.

## 5 Risk Factors

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

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

### **General**

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

Due to adverse market movements the Sub-Fund may become valueless.

Subject to the investment restrictions applicable to the relevant Sub-Fund, the Sub-Fund may invest a portion of its assets in unquoted investments. Such investments will be valued at the probable realisation value as determined in accordance with the provisions set out in the Calculation of Net Asset Value/Valuation of Assets section below. Estimates of the probable realisation value of such investments are inherently difficult to establish and are the subject of substantial uncertainty. The Company may consult the Investment Manager with respect to the valuation of unquoted investments. There is an inherent conflict of interest between the involvement of the Investment Manager in determining the valuation price of a Sub-Fund's investments and the Investment Manager's other responsibilities.

The income and gains of a Sub-Fund from its assets may suffer withholding tax which may not be reclaimable in the countries where such income and gains arise. If this position changes in the future and the application of a lower rate results in a repayment to the relevant Sub-Fund, the Net Asset Value will not be re-stated and the benefit will be allocated to the existing Shareholders of the relevant Sub-Fund rateably at the time of repayment.

Where a Sub-Fund enters into stocklending arrangements for Efficient Portfolio Management purposes there are risks in the exposure to market movements if recourse has to be had to collateral, or if there is fraud or negligence on the part of the Custodian or lending agent. In addition there is an operational risk associated with marking to market daily valuations and there are the potential stability risks of providers of collateral. The principal risk in such stocklending arrangements is the insolvency of the borrower. In this event the Company could experience delays in recovering its securities and such event could possibly result in capital losses.

While the provisions of the Companies Acts 1963-2009 provide for segregated liability between Sub-Funds, these provisions have yet to be tested in foreign courts, in particular, in satisfying local creditors claims. Accordingly, it is not free from doubt that the assets of any Sub-Fund of the Company may not be exposed to the liabilities of other Sub-Funds of the Company. As at the date of this Prospectus, the Directors are not aware of any existing or contingent liability of any Sub-Fund of the Company.

### **Currency Risk**

The Net Asset Value per Share will be computed in the Base Currency of the relevant Sub-Fund, whereas each Sub-Fund's investments may be acquired in a wide range of currencies, some of which may be affected by currency movements of a more volatile nature than those of developed countries and some of which may not be freely convertible. It may not be possible or practical to hedge against the consequent currency risk exposure and in certain instances the Investment Manager may consider it desirable not to hedge against such risk. In certain Sub-Funds the Investment Manager may enter into cross currency transactions for the purpose of enhancing the returns from the portfolio. In such cases this will be clearly highlighted in the relevant Supplement. Fluctuations in interest rates of the currency or currencies in which the Shares and/or the Sub-Fund's investments are denominated may affect financing costs and the real value of the Shares.

### **Market and Liquidity Risk**

Some of the recognised exchanges on which each Sub-Fund may invest may prove to be illiquid or highly volatile from time to time and this may affect the price at which each Sub-Fund may liquidate positions to meet repurchase requests or other funding requirements. Potential investors should also note that the securities of small capitalisation companies

are less liquid and this may result in fluctuations in the price of the Shares of the relevant Sub-Fund. It may not always be possible for a Sub-Fund to execute a buy or sell order on exchanges at the desired price or to liquidate an open position due to market conditions including the operation of daily price fluctuation limits. If trading on an exchange is suspended or restricted, a Sub-Fund may not be able to execute trades or close out positions on terms which the Investment Manager believes are desirable. As a Sub-Fund may invest in unlisted securities, a lack of liquidity in such securities may impact upon the valuation of those securities.

### **Valuation Risk**

A Sub-Fund may invest a limited proportion of its assets in unquoted securities. Such investment will be valued at the probable realisation value as determined in accordance with the valuation provisions set out in the Calculation of Net Asset Value/Valuation of Assets section below. Estimates of the fair value of such investments are inherently difficult to establish and are the subject of substantial uncertainty. Each Sub-Fund may, for the purpose of Efficient Portfolio Management, engage in derivative instruments in which case there can be no assurance that the valuation as determined in accordance with the valuation provisions set out in the Calculation of Net Asset Value/Valuation of Assets section below reflects the exact amount at which the instrument may be "closed out".

### **Investment in Financial Derivative Instruments (FDIs)**

The prices of FDIs, including futures and options, are volatile. In addition, the Company is subject to the risk of the failure of any of the exchanges on which it trades or of their clearing houses and in certain cases the counterparties with whom the trades are carried out.

The Company may purchase and sell (**write**) options on securities and currencies on a variety of securities exchanges and over-the-counter markets. The seller (**writer**) of a put option which is uncovered (i.e., the writer has a short position in the underlying security or currency) assumes the risk of an increase in the market price of the underlying security or currency above the sales price (in establishing the short position) of the underlying security or currency plus the premium received, and gives up the opportunity for gain on the underlying security or currency below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is **fully hedged** if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security or currency below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option. If the buyer of the put holds the underlying security or currency, the loss on the put will be offset in whole or in part by any gain on the underlying security or currency.

The writer of a call option which is covered (e.g., the writer holds the underlying security or currency) assumes the risk of decline in the market price of the underlying security or currency below the value of the underlying security or currency less the premium received, and gives up the opportunity for gain on the underlying security or currency above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security or currency above the exercise price of the option. The buyer of the call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying security or currency, the loss on the call will be offset, in whole or in part, by any gain on the short sale of the underlying security or currency. In entering into a closing purchase transaction, the company may be subject to the risk of loss to the extent that the premium paid for entering into a closing purchase transaction exceeds the premium received when the option was written.

Due to the nature of futures, cash to meet margin monies will be held by a broker with whom the Sub-Fund has an open position. In the event of the insolvency or bankruptcy of the broker, there can be no guarantee that such monies will be returned to the Sub-Fund.

Where the Sub-Funds enter into swap arrangements and derivative techniques, they will be exposed 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 Sub-Funds could experience delays in liquidating the position and may incur significant losses. There is also a possibility that ongoing derivative transactions will be terminated unexpectedly as a result of events outside the control of the Investment Manager, for instance, bankruptcy, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated.

Since many FDIs have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain FDIs have the potential for unlimited loss regardless of the size of the initial investment. If there is a default by the other party to any such transaction, there will be contractual remedies; however, exercising such contractual rights may involve delays or costs which could result in the value of the total assets of the related portfolio being less than if the transaction had not been entered. The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilising standardised swap documentation. As a result, the swap market has become liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap. Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, the Investment Manager's use of derivative techniques may not always be an effective means of, and sometimes could be counter-productive to achieving the Sub-Funds investment objective. An adverse price movement in a derivative position may require cash payments of variation



margin by the Investment Manager that might in turn require, if there is insufficient cash available in the portfolio, the sale of the relevant Sub-Funds investments under disadvantageous conditions.

### **Leverage**

Investments in a Sub-Fund may comprise elements of leverage through the use of FDIs which may potentially magnify losses and may result in losses greater than the amount invested in the derivative itself.

### **Over-the-Counter Markets Risk**

Where any Sub-Fund acquires securities on over-the-counter markets, there is no guarantee that the Sub-Fund will be able to realise the fair value of such securities due to their tendency to have limited liquidity and comparatively high price volatility.

### **Efficient Portfolio Management Risk**

The Company on behalf of a Sub-Fund may employ techniques and instruments relating to transferable securities, money market instruments and/or other financial instruments in which it invests for efficient portfolio management purposes. Many of the risks attendant in utilising derivatives, as disclosed in the section entitled "Investment in Financial Derivative Instruments (FDIs) Derivatives" above, will be equally relevant when employing such efficient portfolio management techniques. Investors should also be aware that from time to time, a Sub-Fund may engage in derivative contracts with parties that are related parties to the Custodian or other service providers of the Company. Such engagement may on occasion cause a conflict of interest with the role of the Custodian or other service providers in respect of the Company. Please refer to section entitled "Conflicts of Interest" in the Prospectus 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. Investors should also note "Credit Risk and Counterparty Risk" as set out below.

### **Credit Risk and Counterparty Risk**

A Sub-Fund will be exposed to a credit risk in relation to the counterparties with whom they transact or place margin or collateral in respect of transactions in derivative instruments. To the extent that a counterparty defaults on its obligation and the Sub-Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Regardless of the measures the Sub-Fund may implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Sub-Fund will not sustain losses on the transactions as a result.

### **Taxation**

Potential investors attention is drawn to the taxation risk associated with investing in any Sub-Fund of the Company. See section headed "Taxation" below.

### **Emerging Market Risks**

In the case of certain Sub-Funds there may be limited exposure to emerging markets and investors should be aware of risks attached to investing in such markets which could have a limited impact on the performance of such relevant Sub-Funds. In particular, the following risks should be noted.

#### **a) Settlement, Credit and Liquidity Risks**

The trading and settlement practices of some of the stock exchanges or markets on which a relevant Sub-Fund may invest may not be the same as those in more developed markets, which may increase settlement risk and/or result in delays in realising investments made by a Sub-Fund. Those exchanges and markets may also have substantially less volume and generally be less liquid than those in more developed markets. In addition, a Sub-Fund will be exposed to credit risk on parties with whom it trades and will bear the risk of settlement default. The Custodian may be instructed by the Investment Manager to settle transactions on a delivery free of payment basis where the Investment Manager believes and the Custodian agrees that this form of settlement is common market practice. Shareholders should be aware, however, that this may result in a loss to a relevant Sub-Fund if a transaction fails to settle and the Custodian will not be liable to the relevant Sub-Fund or to the Shareholders for such a loss. By comparison with more developed markets, most emerging countries markets are smaller, less liquid and more volatile. Whilst a relevant Sub-Fund will endeavour to invest in positions that are readily realisable, market conditions can change such that in disposing of certain investments to meet liquidity needs or in light of adverse developments affecting a particular investment or its issuer a Sub-Fund may find it necessary to dispose of securities at unfavourable prices or to retain securities that it would otherwise sell.

#### **b) Regulatory Risks and Accounting Standards**

Disclosure and regulatory standards may be less stringent in certain securities markets than they are in developed countries and there may be less publicly available information on the issuers than is published by or about issuers in such developed countries. Consequently some of the publicly available information may be incomplete and/or inaccurate. In some countries the legal infrastructure and accounting and reporting

standards do not provide the same degree of shareholder protection or information to investors as would generally apply in many developed countries. In particular, greater reliance may be placed by the auditors on representations from the management of a company and there may be less independent verification of information than would apply in many developed countries. The valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may also be treated differently from international accounting standards.

c) **Political Risks**

The performance of a Sub-Fund may be affected by changes in economic and market conditions, uncertainties such as political developments, changes in government policies, the imposition of restrictions on the transfer of capital and in legal, regulatory and tax requirements. A Sub-Fund may also be exposed to risks of expropriation, nationalisation and confiscation of assets and changes in legislation relating to the level of foreign ownership.

d) **Custody Risks**

Local custody services remain underdeveloped in the emerging market countries included in Appendix I attached, specifically Hong Kong, Poland, South Africa, China Mainland, Taiwan, Singapore, Malaysia, India, Brazil, Russia, Mexico and there is a transaction and custody risk involved in dealing in such markets. In certain circumstances a Sub-Fund may not be able to recover or may encounter delays in the recovery of some of its assets. Such circumstances may include uncertainty relating to, or the retroactive application of legislation, the imposition of exchange controls or improper registration of title. In some emerging market countries evidence of title to shares is maintained in "book-entry" form by an independent registrar who may not be subject to effective government supervision, which increases the risk of the registration of a Sub-Fund's holdings of shares in such markets being lost through fraud, negligence or mere oversight on the part of such independent registrars. The costs borne by a Sub-Fund in investing and holding investments in such markets will generally be higher than in organised securities markets.

e) **Currency**

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

### **Investments in Undervalued Securities**

A Sub-Fund may seek to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognised or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from a Sub-Fund's investments may not adequately compensate for the business and financial risks assumed. In addition, a Sub-Fund may be required to hold such securities for a substantial period of time before realising their anticipated value. During this period, a portion of the Sub-Fund's capital would be committed to the securities purchased, thus possibly preventing the Sub-Fund from investing in other opportunities. In addition the Sub-Fund may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

### **Fixed Income Securities**

A Sub-Fund may invest in bonds or other fixed income securities, including, without limitation, commercial paper and "higher yielding" (including non-investment grade) (and, therefore, higher risk) debt securities. A Sub-Fund will therefore be subject to credit, liquidity and interest rate risks. Higher-yielding debt securities are generally unsecured and may be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured on substantially all of the issuer's assets. The lower rating of debt obligations in the higher-yielding sector reflects a greater probability that adverse changes in the financial condition of the issuer or in general economic conditions or both may impair the ability of the issuer to make payments of principal and interest. Non-investment grade debt securities may not be protected by financial covenants or limitations on additional indebtedness. In addition evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments. It is likely that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

### **Risks associated with investment in other collective investment schemes**

A Sub-Fund may invest in one or more collective investment schemes including schemes managed by the Investment Manager or its affiliates. As a shareholder of another collective investment scheme, a Sub-Fund would bear, along with other shareholders, its *pro rata* portion of the expenses of the other collective investment scheme, including

management and/or other fees. These fees would be in addition to the management fees and other expenses which a Sub-Fund bears directly in connection with its own operations.

### **Legal and Regulatory Risks**

Legal and regulatory (including taxation) changes could adversely affect the Company. Regulation (including taxation) of investment vehicles such as the Company is still evolving and therefore subject to change. In addition, many governmental agencies, self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The effect of any future legal or regulatory (including taxation) change on the Company is impossible to predict, but could be substantial and have adverse consequences on the rights and returns of Shareholders.

### **Lack of Operating History**

Each Sub-Fund is a sub-sub-fund of the Company which was incorporated on 23 November 2009 and has therefore, a limited operating history. The past investment performance of the Investment Manager may not be construed as an indicator of the future results of an investment in any Sub-Fund.

### **Handling of Mail**

Mail addressed to the Company and received at its registered office will be forwarded unopened to the Administrator to be dealt with. None of the Company, its directors, officers or service providers will bear any responsibility for any delay howsoever caused in mail reaching the Administrator. In particular the Directors will not receive, open or deal directly with mail addressed to the Company.

### **Reliance on the Investment Manager**

The Company and the Sub-Funds will rely on the Investment Manager in formulating their investment strategies. The bankruptcy or liquidation of the Investment Manager or the discontinuance of the Investment Manager's association with any of the parties or disruption to the operations of the Company or the Sub-Funds may have an adverse impact on the Net Asset Value. Investors must rely on the judgment of the Investment Manager. The Investment Manager or its principals and affiliates are not required to devote substantially all their business time to the Company's business.

### **Dependence on Key Personnel**

The Company's and the Sub-Fund's investment activities depend upon the experience and expertise of the Investment Manager's management team. The loss of the services of any or all of these individuals, or the termination of the Investment Management Agreement, could have a material adverse effect on the Company's operations.

### **Performance Fees**

Where performance fees are payable by a Sub-Fund, these will be charged as set out in the relevant Supplement. As a result, performance fees may be paid on unrealised gains which may subsequently never be realised by a Shareholder as positions may be closed out at a loss in a later period with a consequent reduction in the Net Asset Value per Share on a later Dealing Day. Further, payment of performance fees may create an incentive to the Investment Manager to select riskier or more speculative trades than would be the case in the absence of such a fee arrangement.

### **Share Subscriptions and Repurchases**

Provisions relating to the subscription and repurchase of Shares grant the Company discretion to limit the amount of Shares available for subscription or repurchase on any Dealing Day and, in conjunction with such limitations, to defer or pro rate such subscription or repurchase. In addition, where requests for subscription or repurchase are received late (i.e. after the relevant Dealing Deadline), there will be a delay between the time of submission of the request and the actual date of subscription or repurchase. Such deferrals or delays may operate to decrease the number of Shares or the repurchase amount to be received.

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

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

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

This may mean that the overall return (taking account of any dividends already paid) to Shareholders who hold Shares paying dividends quarterly or more frequently may be higher than the overall return to Shareholders who hold Shares

paying dividends annually and that the overall return to Shareholders who hold Shares paying dividends may be higher than the overall return to Shareholders who hold Shares paying no dividends.

In practice, cross liability between Classes is only likely to arise where the aggregate amounts payable in respect of any Class exceed the assets of the Sub-Fund notionally allocated to that Class, that is, those amounts (if any) received by the Company (after payment of all fees, expenses and other liabilities which are to be borne by such Sub-Fund) that are intended to fund payments in respect of such Class or are otherwise attributable to that Class. In these circumstances, the remaining assets of the Sub-Fund notionally allocated to any other Class of the same Sub-Fund may be available to meet such payments and may accordingly not be available to meet any amounts that otherwise would have been payable on such other Class.

#### **Limited recourse arrangements**

The Company will seek to contract with parties on a "limited recourse" basis such that claims against the Company would be restricted to the assets of one or more particular Sub-Funds. Each of the contracts described under "General Information - Material Contracts" contain limited recourse restrictions. Without limitation to the generality of the foregoing, under the terms of the relevant Investment Management Agreement, the Investment Manager has agreed only to arrange investments on behalf of the Company on terms that limit the recourse of the relevant parties in relation to any claim by it against the Company, to the assets comprised or required to be comprised within the relevant Sub-Fund. However there is no guarantee that the Company will be able to contract on a limited recourse basis with respect to any other agreements that the Company may enter into from time to time in relation to any particular Class or Sub-Fund.

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

If the Company fails for any reason to meet its obligations or liabilities, or is unable to pay its debts, a creditor may be entitled to make an application for the winding-up of the Company. The commencement of such proceedings may entitle creditors to terminate contracts with the Company and claim damages for any loss arising from such early termination. The commencement of such proceedings may result in the Company being dissolved at a time and its assets (including the assets of all Sub-Funds) being realised and applied to pay the fees and expenses of the appointed liquidator or other insolvency officer, then in satisfaction of debts preferred by law and then in payment of the Company's liabilities, before any surplus is distributed to the shareholders of the Company. In the event of proceedings being commenced, the Company may not be able to pay the full amounts anticipated by the relevant Supplement in respect of any Class or Sub-Funds.

#### **Force Majeure Events**

The Company may be exposed to losses as a result of one or more force majeure events including, fire, disaster, riot, civil commotion, accident, outbreak of disease, epidemic, fire, flood, storm, rebellion, war, act of terrorism, government, monetary authority or military action or industrial dispute, strike or lock-out, computer error or failure, delay or breakdown in communications or electronic transmission systems, unavailability of market prices or suspension of dealing on relevant stock exchanges or any other cause or circumstance beyond the reasonable control of the Company, Investment Manager, Investment Advisor or the Administrator.

**Additional risk factors (if any) in respect of each Sub-Fund are set out in the Supplement for the relevant Sub-Fund.**

## **6 Soft Commissions**

It is not currently intended that any soft commission arrangements will be made in respect of the Company. In the event that the Investment Manager or any of its subsidiaries, any affiliates, associates, agents or delegates do enter into soft commission arrangement(s) they shall ensure that (i) the broker or counterparty to the arrangement will agree to provide best execution to the Company; (ii) the benefits under the arrangement(s) shall be those which assist in the provision of investment services to the relevant Sub-Fund and (iii) brokerage rates will not be in excess of customary institutional full service brokerage rates. Details of any such arrangements will be contained in the next following report of the Company. In the event that this is the unaudited semi-annual report, details shall also be included in the following annual report.

# 7 Taxation

## 7.1 GENERAL

**The following statements on taxation are with regard to the law and practice in force in Ireland at the date of this document and do not constitute legal or tax advice to Shareholders or prospective Shareholders. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely, as the basis for and rates of taxation can fluctuate.**

**Prospective Shareholders should familiarise themselves with and, where appropriate, take advice on the laws and regulations (such as those relating to taxation and exchange controls) applicable to the subscription for, and the holding and repurchase of, Shares in the places of their citizenship, residence and domicile.**

**The Directors 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.**

## 7.2 IRELAND

### (a) Taxation of the Company

The Directors have been advised that the Company is an investment undertaking within the meaning of section 739B of TCA and therefore is not chargeable to Irish tax on its relevant income or relevant gains so long as the Company is resident for tax purposes in Ireland. The Company will be resident for tax purposes in Ireland if it is centrally managed and controlled in Ireland. It is intended that the Directors of the Company will conduct the affairs of the Company in a manner that will allow for this.

The income and capital gains received by the Company from securities issued in countries other than Ireland or assets located in countries other than Ireland may be subject to taxes including withholding tax in the countries where such income and gains arise. The Company may not be able to benefit from reduced rates of withholding tax by virtue of the double taxation treaties in operation between Ireland and other countries. The Directors will have sole discretion as to whether the Company will apply for such benefits and may decide not to apply for such benefits if they determine that it may be administratively burdensome, cost prohibitive or otherwise impractical.

In the event that the Company receives any repayment of withholding tax suffered, the Net Asset Value of the Company will not be restated and the benefit of any repayment will be allocated to the then existing Shareholders rateably at the time of repayment.

Tax may arise for the Company on the happening of a "Chargeable Event" in the Company.

A Chargeable Event includes:

- (i) any payment to a Shareholder by the Company in respect of their Shares;
- (ii) any transfer, cancellation, redemption or repurchase of Shares; and
- (iii) any deemed disposal by a Shareholder of their Shares at the end of a "relevant period" (a "Deemed Disposal").

A "relevant period" is a period of 8 years beginning with the acquisition of Shares by a Shareholder and each subsequent period of 8 years beginning immediately after the preceding relevant period.

A Chargeable Event does not include:

- (i) any transaction in relation to Shares held in a recognised clearing system;

- (ii) any exchange by a Shareholder effected by way of a bargain made at arms length by the Company, of Shares in the Company for other Shares in the Company; ~~(iii)~~
- (iii) certain transfers of Shares between spouses and former spouses; or
- (iv) an exchange of Shares arising on a qualifying amalgamation or reconstruction of the Company with another Irish investment undertaking.

On the happening of a Chargeable Event, the Company shall be entitled to deduct the appropriate amount of tax on any payment made to a Shareholder in respect of the Chargeable Event. On the occurrence of a Chargeable Event where no payment is made by the Company to the Shareholder, 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 Resident Shareholders in the Company is less than 10% of the total value of Shares in the Company (or a sub-fund) and the Company has made an election to the Revenue Commissioners to report annually certain details for each Irish Resident Shareholder, the Company will not be required to deduct the appropriate tax and the Irish Resident Shareholder (and not the Company) must pay the tax on the Deemed Disposal on a self-assessment basis. Credit is available against appropriate tax relating to the Chargeable Event for appropriate tax paid by the Company or the Shareholder on any previous Deemed Disposal. On the eventual disposal by the Shareholder of the Shares, a refund of any unutilised credit will be payable.

## **(b) Taxation of Shareholders**

### *Non-Irish Resident Shareholders*

Non-Irish Resident Shareholders will not be chargeable to Irish tax on the happening of a Chargeable Event provided that either:

- (i) the Company is in possession of a completed Relevant Declaration to the effect that the Shareholder is not an Irish Resident, or
- (ii) the Company is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to provide a Relevant Declaration is deemed to have been complied with in respect of that Shareholder and the written notice of approval has not been withdrawn by the Revenue Commissioners.

If the Company is not in possession of a Relevant Declaration or the Company is in possession of information which would reasonably suggest that the Relevant 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 Shareholder. The tax deducted will generally not be refunded.

Intermediaries acting on behalf of non-Irish Resident Shareholders can claim the same exemption on behalf of the Shareholders for whom they are acting. The intermediary must complete a Relevant Declaration that it is acting on behalf of a non-Irish Resident Shareholder.

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 for Irish corporation tax on income from the Shares or gains made on the disposal of the Shares.

### *Exempt Irish Shareholders*

The Company is not required to deduct tax in respect of an Exempt Irish Shareholder so long as the Company is in possession of a completed Relevant Declaration from those persons and the Company has no reason to believe that the Relevant Declaration is materially incorrect. The Exempt Irish Shareholder must notify the Company if it ceases to be an Exempt Irish Shareholder. Exempt Irish Shareholders in respect of whom the Company is not in possession of a Relevant Declaration will be treated by the Company as if they are not Exempt Irish Shareholders.

Exempt Irish Shareholders 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. It is the obligation of the Exempt Irish Shareholder to account for tax to the Revenue Commissioners.

Where the Exempt Irish Shareholder is not a company and tax has not been deducted by the Company, the payment shall be treated as if it were a payment from an offshore fund and taxed in accordance with sections 747D and section 747E of TCA. Provided the Exempt Irish Shareholder has correctly included the income or disposal in its tax return, tax at the rate of 33% must be paid in respect of annual or more frequent distributions by the Company and at the rate of 36% in respect of any other payment by the Company to the Exempt Irish Shareholder in respect of its Shares or in relation to any sale, transfer, cancellation, redemption or repurchase of Shares. No further Irish tax will be payable by the Exempt Irish Shareholder in respect of that payment or disposal.

Where the Exempt Irish Shareholder is a company, the amount of the payment to the Exempt Irish Shareholder will be treated as income arising which is chargeable to Irish tax. Where the payment is in respect of the sale, transfer, cancellation, redemption or repurchase of Shares, such income shall be reduced by the amount of the consideration in money or money's worth given by the Exempt Irish 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.

The rate of corporation tax applicable to Schedule D Case IV income is currently 25%. The rate of corporation tax applicable to Schedule D Case I income is 12.5%.

#### *Irish-Resident Shareholders*

Irish Resident Shareholders (who are not Exempt Irish Shareholders) will be liable to tax on the happening of a Chargeable Event. Tax at the rate of 27% will be deducted by the Company on payments made to the Shareholder which are annual or more frequent (e.g. dividends).

Tax at the rate of 36% will be deducted by the Company on the sale, transfer, Deemed Disposal (subject to the 10% threshold outlined above), cancellation, redemption or repurchase of Shares or the making of any other payment in respect of the Shares.

Where the Irish Resident Shareholder is a company which is not an Exempt Irish Shareholder, and the payment is not taxable as trading income under Schedule D Case I, the amount received will be treated as the net amount of an annual payment chargeable to tax under Schedule D Case IV from the gross amount of which income tax has been deducted at 25%.

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

Where the Irish Resident Shareholder is a company which is not an Exempt Irish Shareholder, and the payment is not taxable as trading income under Schedule D Case I, the following provisions apply:

- (i) where the payment is an annual or more frequent payment, the amount received will be treated as the net amount of an annual payment chargeable to tax under Schedule D Case IV from the gross amount of which income tax has been deducted at the standard rate; and
- (ii) the making of any other payment in respect of such Shares or any sale, transfer, Deemed Disposal, cancellation, redemption or repurchase of such Shares will not otherwise be taken into account for the purposes of Irish tax.

Where the Irish Resident Shareholder is a company which is not an Exempt Irish Shareholder, and the payment is taxable as trading income under Schedule D Case I, the following provisions apply:

- (iii) the amount received by the Shareholder is increased by any amount of tax deducted by the Company and will be treated as income of the Shareholder for the chargeable period in which the payment is made;
- (iv) where the payment is made on the sale, transfer, Deemed Disposal, cancellation, redemption or repurchase 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

- (v) the amount of tax deducted by the Company 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.

#### *Personal Portfolio Investment Undertaking*

An investment undertaking will be considered to be a personal portfolio investment undertaking (PPIU) in relation to a specific Irish Resident Shareholder where that Irish Resident Shareholder can influence the selection of some or all of the property of the undertaking. The undertaking will only be a PPIU in respect of those Irish Resident Shareholders who can influence the selection. A gain arising on a chargeable event in relation to a PPIU will be taxed at the rate of 50%. An undertaking will not be considered to be a PPIU where certain conditions are complied with as set out in section 739BA of TCA.

#### *Currency Gains*

Where a currency gain is made by an Irish Resident Shareholder on the disposal of Shares, that Shareholder may be liable to capital gains tax in respect of any chargeable gain made on the disposal.

#### *Stamp Duty*

On the basis that the Company qualifies as an investment undertaking within the meaning of section 739B of TCA, no Irish stamp duty will be payable on the subscription, transfer or repurchase of Shares. The stamp duty implications for subscriptions for Shares or transfer or repurchase of Shares in specie should be considered on a case by case basis.

#### *Capital Acquisitions Tax*

No Irish gift tax or inheritance tax (capital acquisitions tax) liability will arise on a gift or inheritance of Shares provided that:

- i. at the date of the disposition the transferor of the Shares is neither domiciled nor ordinarily resident in Ireland, and, at the date of the gift or inheritance the transferee of the Shares is neither domiciled nor ordinarily resident in Ireland;
- ii. the Shares are comprised in the gift or inheritance at the date of the gift or inheritance and at the valuation date; and
- iii. at the date of the gift or inheritance, the donee or successor is neither domiciled nor ordinarily resident in Ireland.

#### *EU Savings Directive*

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

The paying agent shall be entitled to require Shareholders to provide information regarding tax status, identity or residency in order to satisfy the disclosure requirements in this Directive. Shareholders will be deemed by their subscription for Shares in respect of the Company to have authorised the automatic disclosure of such information by the paying agent to the relevant tax authorities.

On 15 September 2008, the European Commission issued a report for the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. The European Commission adopted an amending proposal to the Directive which amongst other things proposed to extend the scope of the Directive to Non-UCITS funds (currently Non-UCITS are regarded as falling outside the scope of the Directive). The rationale behind



the extension of the Directive is to ensure a level playing field between all investment funds irrespective of their legal structure. Consequently, in the future, dividends and other distributions made by the Company together with payment of the proceeds of sale and/or redemption of shares in the Company may fall in-scope of the Directive and consequently within the information exchange/withholding tax regime of the Directive (depending on the investment portfolio of the relevant fund, the location of the paying agent, etc).

#### *Certain Irish Tax Definitions*

##### *Residence – Company*

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

- (i) the company or a related company carries on a trade in Ireland, and either the company is ultimately controlled by persons resident in Member States or, in countries with which Ireland has a double taxation treaty (a "taxation treaty country"), or the company or a related company are quoted companies on a recognised stock exchange in the European Union or in a taxation treaty country; or
- (ii) the company is regarded as not resident in Ireland under a double taxation treaty between Ireland and another country.

##### *Residence – Individual*

The Irish tax year operates on a calendar year basis.

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

- (i) spends 183 days or more in Ireland in that tax year; or
- (ii) 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 tax 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 point in time during the particular day in question.

##### *Ordinary Residence – Individual*

The term "ordinary residence" as distinct from "residence", relates to a person's normal pattern of life and 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 that individual is not resident in Ireland. Thus, an individual who is resident and ordinarily resident in Ireland in 2009 will remain ordinarily resident in Ireland until the end of the tax year 2012.

##### *Intermediary*

means a person who:-

- (i) carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons; or
- (ii) holds shares in an investment undertaking on behalf of other persons.

## 7.3 Other Jurisdictions

The tax consequences of any investment can vary considerably from one jurisdiction to another, and ultimately will depend on the tax regime of the jurisdictions within which a person is tax resident. **Therefore the Directors strongly recommend that Shareholders obtain tax advice from an appropriate source in relation to the tax liability arising from the holding of Shares in the Company and any investment returns from those Shares.** It is the Director's intention to manage the affairs of the Company so that it does not become resident outside of Ireland for tax purposes.

### Foreign Account Tax Compliance Act (FATCA)

#### Compliance with U.S. Reporting and Withholding Requirements

The United States and Ireland have entered into an intergovernmental agreement to implement FATCA (the "IGA"). Under the IGA, an entity classified as a Foreign Financial Institution (an "FFI") that is treated as resident in Ireland is expected to provide the Irish tax authorities with certain information on Shareholders. The IGA provides for the automatic reporting and exchange of information in relation to accounts held in Irish "financial institutions" by U.S. persons, and the reciprocal exchange of information regarding U.S. financial accounts held by Irish residents. Although the final implementing Irish legislation has yet to be finalised, the Company expects to be treated as an FFI and provided it complies with the requirements of the IGA and the Irish legislation, it should not be subject to FATCA withholding on any payments it receives and may not be subject to withholding on payments which it makes. Although the Company will attempt to satisfy any obligations imposed on it to avoid the imposition of the FATCA withholding tax, no assurance can be given that the Company will be able to satisfy these obligations. If the Company becomes subject to a withholding tax as a result of the FATCA regime, the value of the Shares held by all Shareholders may be materially affected. All Shareholders should consult with their own tax advisors regarding the possible implications of FATCA on an investment in the Company.

#### FATCA Implementation in Ireland

On 21 December 2012, the governments of Ireland and the United States signed an Agreement to Improve International Tax Compliance and to Implement FATCA (the Inter-Governmental Agreement). This agreement will significantly increase the amount of tax information automatically exchanged between Ireland and the United States. It provides for the automatic reporting and exchange of information in relation to accounts held in Irish "financial institutions" by U.S. persons and the reciprocal exchange of information regarding U.S. financial accounts held by Irish residents. It is likely that the Company will be subject to these rules. The Inter-Governmental Agreement provides that Irish financial institutions will report to the Irish Revenue Commissioners in respect of US account-holders and, in exchange, U.S. financial institutions will be required to report the U.S. Internal Revenue Service in respect of any Irish-resident account-holders. The two tax authorities will then automatically exchange this information on an annual basis. The Irish legislation implementing the agreement has not been finalised and a number of matters remain uncertain. The Company shall be entitled to require investors to provide any information regarding their tax status, identity or residency in order to satisfy any reporting requirements which the Company may have as a result of the Inter-Governmental Agreement or any legislation promulgated in connection with the agreement and investors will be deemed, by their subscription for or holding of Shares to have authorised the automatic disclosure of such information by the Issuer or any other person to the relevant tax authorities. There can be no assurance that payments to the Company in respect of its assets, including on an investment, will not be subject to withholding under FATCA. Accordingly a shareholder should consult its own tax advisors as to the potential implication of the US withholding taxes on the Shares before investing.

## 8 General Information

### 8.1 REPORTS AND ACCOUNTS

The Company's year end is 31 December in each year. The annual report and audited accounts of the Company will be made available to Shareholders within four months after the conclusion of each accounting year and at least 21 days before the general meeting of the Company at which they are to be submitted for approval. The Company will also prepare unaudited semi-annual reports which will be made available to Shareholders within two months after 30 June in each year.

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

Audited financial statements and a semi-annual report, with unaudited financial information will be available for Shareholders within four months and two months respectively of the period to which they relate and a copy of the most recent financial statements will be sent to Shareholders and prospective investors on request and free of charge.

### 8.2 DIRECTORS CONFIRMATION – COMMENCEMENT OF BUSINESS

The Directors confirm that the Company was incorporated on 23 November 2009. The Company does not have any subsidiaries at the date hereof.

### 8.3 INCORPORATION AND SHARE CAPITAL

The Company was incorporated and registered in Ireland under the Companies Acts, as an open-ended umbrella investment company with variable capital and segregated liability between sub-funds on 23 November 2009 with registration number 477894.

At the date hereof the authorised share capital of the Company is 1,000,000,000,000 Shares of no par value initially designated as unclassified shares.

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

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

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

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

### 8.4 MEMORANDUM AND ARTICLES OF ASSOCIATION

Clause 2 of the Memorandum of Association provides that the sole object of the Company is the collective investment in transferable securities and/or other liquid financial assets of capital raised from the public operating on the principle of risk-spreading in accordance with the Regulations.

The Articles contain provisions to the following effect:

*Directors Authority to Allot Shares.* The Directors are generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities, including fractions thereof, up to an amount equal to the authorised but as yet unissued share capital of the Company;

*Variation of rights.* The rights attached to any Class may, be varied or abrogated with the consent in writing of the holders of three-fourths in number of the issued Shares of that Class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of the Class, and may be so varied or abrogated either whilst

the Company is a going concern or during or in contemplation of a winding-up but such consent or sanction will not be required in the case of a variation, amendment or abrogation of the rights attached to any Shares of any Class if, in the view of the Directors, such variation, amendment or abrogation does not materially prejudice the interests of the relevant Shareholders or any of them. Any such variation, amendment or abrogation will be set out in a supplement to (or restatement of) the relevant Supplement originally issued in connection with the relevant Shares, a copy of which will be sent to the relevant Shareholders entered on the Register on the date of issue of such document and will be binding on the relevant Shareholders. The quorum at any such separate general meeting, other than an adjourned meeting, shall be two persons holding or representing by proxy at least one third of the issued Shares of the Class in question and the quorum at an adjourned meeting shall be one person holding Shares of the Class in question or his proxy;

*Voting Rights.* On a show of hands every holder who is present in person or by proxy shall have one vote and the holder(s) of Subscriber Shares present in person or by proxy shall have one vote in respect of all the Subscriber Shares in issue and on a poll every holder present in person or by proxy shall have one vote for every Share of which he is the holder and every holder of a Subscriber Share present in person or by proxy shall have one vote in respect of his holding of Subscriber Shares. 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 fraction of a Share;

*Alteration of Share Capital.* The Company may from time to time by ordinary resolution increase the share capital by such amount and/or number as the resolution may prescribe;

The Company may also by ordinary resolution:

- (i) consolidate and divide all or any of its share capital into Shares of larger amount;
- (ii) subdivide its Shares, or any of them, into Shares of smaller amount or value;
- (iii) cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and reduce the amount of its authorised share capital by the amount of the Shares so cancelled; or
- (iv) redenominate the currency of any Class of Shares.

*Directors Interests.* Provided that the nature and extent of his interest shall be disclosed as set out below, no Director or intending Director shall be disqualified by his office from contracting with the Company nor shall any such contract or any contract or arrangement entered into by or on behalf of any other company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

The nature of a Directors interests must be declared by him at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not at the date of that meeting interested in the proposed contract or arrangement at the next meeting of the Directors held after he became so interested, and in a case where the Director becomes interested in a contract or arrangement after it is made, at the first meeting of the Directors held after he becomes so interested.

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

*Borrowing Powers.* The Directors may exercise all of the powers of the Company to borrow or raise money and to mortgage, or charge its undertaking, property and assets (both present and future) and uncalled capital or any part thereof and to issue securities, whether outright or as collateral security for any debt, liability or obligation of the Company provided that all such borrowings shall be within the limits and conditions laid down by the Central Bank;

*Delegation to Committee.* The Directors may delegate any of their powers to any committee comprising at least one Director. Any such delegation may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the provisions of the Articles of Association regulating the proceedings of Directors so far as they are capable of applying;

*Retirement of Directors.* The Directors shall not be required to retire by rotation or by virtue of their attaining a certain age;

*Directors Remuneration.* Unless and until otherwise determined from time to time by the Company in general meeting, the ordinary remuneration of each Director shall be determined from time to time by resolution of the Directors. Any Director who is appointed as an executive director (including for this purpose the office of chairman or deputy chairman) or who serves on any committee, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of fees, commission or otherwise as the Directors may determine. The Directors may be paid all travelling, hotel and other out-of-pocket

expenses properly incurred by them in connection with their attendance at meetings of the Directors or committees established by the Directors or general meetings or separate meetings of the holders of any Class of Shares of the Company or otherwise in connection with the discharge of their duties;

*Transfer of Shares.* Subject to the restrictions set out below, the Shares of any holder may be transferred by instrument in writing in any usual or common form or any other form, which the Directors may approve.

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

The Directors may decline to recognise any instrument of transfer unless it is accompanied by the certificate for the Shares to which it relates (if issued), is in respect of one Class of Share only, is in favour of not more than four transferees and is lodged at the registered office or at such other place as the Directors may appoint. The Directors may decline to register any transfer of Shares unless the transferor and the transferee have provided the Administrator with such evidence of their identities as the Administrator may reasonably require;

*Right of Repurchase.* Shareholders have the right to request the Company to repurchase their Shares in accordance with the provisions of the Articles of Association;

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

*Sub-Funds.* The Directors are required to establish a separate portfolio of assets for each Sub-Fund created by the Company from time to time, to which the following shall apply:-

- (i) for each Sub-Fund the Company shall keep separate books and records in which all transactions relating to the relevant Sub-Fund shall be recorded and, in particular, the proceeds from the allotment and issue of Shares of each Class in the Sub-Fund, and the investments and the liabilities and income and expenditure attributable thereto shall be applied to such Sub-Fund subject to the provisions of the Articles;
- (ii) any asset derived from any other asset(s) (whether cash or otherwise) comprised in any Sub-Fund, shall be applied in the books and records of the Company to the same Sub-Fund as the asset from which it was derived and any increase or diminution in the value of such an asset shall be applied to the relevant Sub-Fund;
- (iii) no Shares will be issued on terms that entitle the Shareholders of any Sub-Fund to participate in the assets of the Company other than the assets (if any) of the Sub-Fund relating to such Shares. If the proceeds of the assets of the relevant Sub-Fund are not sufficient to fund the full repurchase proceeds payable to each Shareholder for the relevant Sub-Fund, the proceeds of the relevant Sub-Fund will, subject to the terms for the relevant Sub-Fund, be distributed equally among each Shareholder of the relevant Sub-Fund pro rata to the amount paid up on the Shares held by each Shareholder. If the realised net assets of any Sub-Fund are insufficient to pay any amounts due on the relevant Shares in full in accordance with the terms of the relevant Sub-Fund, the relevant Shareholders of that Sub-Fund will have no further right of payment in respect of such Shares or any claim against the Company, any other Sub-Fund or any assets of the Company in respect of any shortfall;
- (iv) each Sub-Fund shall be charged with the liabilities, expenses, costs, charges or reserves of the Company in respect of or attributable to that Sub-Fund;

- (v) in the event that any asset attributable to a Sub-Fund is taken in execution of a liability not attributable to that Sub-Fund, the provisions of section 256E of the Companies Act, 1990 shall apply;

*Sub-Fund Exchanges.* Subject to the provisions of the Articles of Association, a Shareholder holding Shares in any Class in a Sub-Fund on any Dealing Day shall have the right from time to time to exchange all or any of such Shares for Shares of another Class (such Class being either an existing Class or a Class agreed by the Directors to be brought into existence with effect from that Dealing Day);

*Termination of Sub-Funds.* Any Sub-Fund may be terminated by the Directors, in their sole and absolute discretion, by notice in writing to the Custodian in any of the following events:-

- (i) if at any time the Net Asset Value of the relevant Sub-Fund shall be less than such amount as may be determined by the Directors in respect of that Sub-Fund;
- (ii) if any Sub-Fund shall cease to be authorised or otherwise officially approved;
- (iii) if any law shall be passed which renders it illegal or in the opinion of the Directors impracticable or inadvisable to continue the relevant Sub-Fund;
- (iv) if there is a change in material aspects of the business, in the economic or political situation relating to a Sub-Fund which the Directors consider would have material adverse consequences on the investments of the Sub-Fund; or
- (v) if the Directors shall have resolved that it is impracticable or inadvisable for a Sub-Fund to continue to operate having regard to prevailing market conditions and the best interests of the Shareholders.

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

*Winding up.* The Articles contain provisions to the following effect:

- (i) If the Company shall be wound up the liquidator shall, subject to the provisions of the Companies Acts, apply the assets of each Sub-Fund in such manner and order as he thinks fit in satisfaction of creditors claims relating to that Sub-Fund;
- (ii) The assets available for distribution amongst the holders shall be applied as follows: first the proportion of the assets in a Sub-Fund attributable to each Class of Share shall be distributed to the holders of Shares in the relevant Class in the proportion that the number of Shares held by each holder bears to the total number of Shares relating to each such Class of Shares in issue as at the date of commencement to wind up; secondly, in the payment to the holder(s) of the Subscriber Shares of sums up to the notional amount paid thereon out of the assets of the Company not attributable to any Class of Share. In the event that there are insufficient assets to enable such payment in full to be made, no recourse shall be had to the assets of the Company attributable to each Class of Share; and thirdly, any balance then remaining and not attributable to any of the Classes of Shares shall be apportioned pro-rata as between the Classes of Shares based on the Net Asset Value attributable to each Class of Shares as at the date of commencement to wind up and the amount so apportioned to a Class shall be distributed to holders pro-rata to the number of Shares in that Class of Shares held by them;
- (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 of the relevant holders and any other sanction required by the Companies Acts of Ireland, divide among the holders of Shares of any Class or Classes 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 all the holders of Shares or different Classes of Shares. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of holders 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 holder shall be compelled to accept any assets in respect of which there is a liability. A holder may require the liquidator instead of transferring any asset in specie to him/her, to arrange for a sale of the assets and for payment to the holder of the net proceeds of same;
- (iv) A Sub-Fund may be wound up pursuant to section 256E of the Companies Act, 1990 and in such event the provisions reflected in this paragraph 15 shall apply mutatis mutandis in respect of that Sub-Fund;

*Share Qualification.* The Articles do not contain a share qualification for Directors.

## 8.5 SEGREGATION OF LIABILITY

- a) Notwithstanding any statutory provision or rule of law to the contrary any liability incurred on behalf of or attributable to any Sub-Fund shall be discharged solely out of the assets of that Sub-Fund, and no Director, receiver, examiner, liquidator, provisional liquidator or other person shall apply nor be obliged to apply the assets of any such Sub-Fund in satisfaction of any liability incurred on behalf of or attributable to any other Sub-Fund.
- b) The assets allocated to a Sub-Fund shall be applied solely in respect of the Shares of such Sub-Fund and no Shareholder relating to such Sub-Fund shall have any claim or right to any asset allocated to any other Sub-Fund.
- c) Any asset or sum recovered by the Company by any means whatsoever or wheresoever shall, after the deduction or payment of any costs of recovery, be applied to the Sub-Fund affected. In the event that assets attributable to a Sub-Fund are taken in execution of a liability not attributable to that Sub-Fund, and in so far as such assets or compensation in respect hereof cannot otherwise be restored to that Sub-Fund, the Directors with the consent of the Custodian, shall certify or cause to be certified, the value of the assets lost to the Sub-Fund affected and transfer or pay from the assets of the Sub-Fund or Sub-Funds to which the liability was attributable, in priority to all other claims against such Sub-Fund or Sub-Funds, assets or sums sufficient to restore to the Sub-Fund affected, the value of the assets or sums lost to it.
- d) The Company may sue and be sued in respect of a particular Sub-Fund and may exercise the same rights of set-off, if any, as between its Sub-Funds as apply at law in respect of companies and the property of a Sub-Fund is subject to orders of the Irish courts as it would have been if the Sub-Fund were a separate legal person.
- e) In any proceedings brought by any Shareholder of a particular Sub-Fund, any liability of the Company to such Shareholder in respect of such proceeding can only be settled out of the assets of the Sub-Fund corresponding to such Shares without recourse in respect of such liability or any allocation of such liability to any other Sub-Fund of the Company.
- f) A Sub-Fund may be wound up pursuant to section 256E of the Companies Act, 1990 and in such event the provisions reflected in this paragraph 15 shall apply mutatis mutandis in respect of that Sub-Fund.
- g) Nothing in this section shall prevent the application of any enactment or rule of law which would require the application of the assets of any Sub-Fund in discharge of some or all of the liabilities of any other Sub-Fund on the grounds of fraud or misrepresentation and, in particular, by reason of the application of sections 139 and 286 of the Companies Act, 1963.

## 8.6 LITIGATION AND ARBITRATION

Since incorporation the Company has not been involved in any litigation or arbitration nor are the Directors aware of any pending or threatened litigation or arbitration.

## 8.7 DIRECTORS INTERESTS

None of the Directors or their immediate family members or any other connected persons have any direct interests, either beneficial or non-beneficial, in the share capital of the Company, other than as nominee holders of Subscriber Shares. Through their participations in a co-investment agreement with LGT Capital Invest Limited, certain Directors may have an indirect interest in the Shares in the Company.

### **All of the Directors of the Company are employees of Companies in the LGT Group.**

Certain of the Directors are also directors and/or officers of the Investment Manager or the Investment Advisor and the fiduciary duties of the Directors may compete with or be different from the interests of the Investment Manager or the Investment Advisor.

## 8.8 MATERIAL CONTRACTS

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

The Amended and Restated Custodian Agreement dated 16 July 2012 between the Company and the Custodian (the "**Custodian Agreement**"), this Agreement provides that the Custodian will act as custodian of all of the Company's and Sub-Funds' assets save for cash deposited with it as principal, which shall constitute a debt due by the Custodian, with the result that it shall be held as a banker on and subject to the terms and conditions set out in the Custody Services Agreement. The Custody Services Agreement may be terminated by either party on giving not less than 90 days' prior written notice to the other party. The Custody Services Agreement may also be terminated by either party forthwith by giving notice in writing to the other party in certain circumstances set out in the agreement including upon the insolvency of a party (or upon the happening of a like event) provided however that the Custodian shall continue to act as custodian until a successor custodian approved by the Central Bank is appointed to the Company or until the Company's regulatory authorisation in Ireland is revoked. The Custody Services Agreement provides that the Company

and any Sub-Fund shall indemnify and keep indemnified and hold harmless the Custodian (and each of its directors, officers, servants, employees and agents) from and against all direct liabilities, costs, losses, claims, demands, damages and expenses (including legal and professional expenses), actions or proceedings of any nature which may be brought against, suffered, incurred or sustained by the Custodian arising from the performance by the Custodian of its obligations under the Agreement, otherwise than as a result of the Custodian's unjustifiable failure to perform its obligations or its improper performance of them.

The Amended and Restated Administration Agreement dated 16 July 2012 between the Company and the Administrator (the "**Administration Agreement**"); this Agreement provides that the appointment of the Administrator will continue until terminated by either party giving to the other not less than ninety (90) days written notice to the other party although in certain circumstances the Agreement may be terminated forthwith by notice in writing by either party to the other; this Agreement contains certain indemnities in favour of the Administrator which are restricted to exclude matters arising by reason of the bad faith, negligence, fraud or wilful default or recklessness of its obligations under this Agreement;

The Investment Management Agreement dated 30 March 2012 between the Company and the Investment Manager (the "**Investment Management Agreement**"); Pursuant to the Investment Management Agreement the Investment Manager will provide investment management services to the Company. The appointment of the Investment Manager in respect of a particular Sub-Fund may be terminated by either party giving to the other not less than ninety (90) calendar days notice in writing. The Investment Management Agreement may be terminated immediately in certain circumstances set out in the Investment Management Agreement including the insolvency of a party (or upon the happening of a like event). The Investment Management Agreement provides for the Company to indemnify the Investment Manager, its officers, employees, delegates, servants and agents in the absence of the recklessness, wilful default, bad faith, fraud or negligence on the part of the Investment Manager, its officers, agents or employees.

The Distribution Agreement dated 17 May 2012 between the Company and the Distributor (the "**Distribution Agreement**"). Pursuant to the Distribution Agreement the Distributor will provide distribution services to the Company. The fees payable to the Distributor shall be included in the overall management fee as described in the relevant Class Supplements and shall be paid by the Company out of the assets of each Sub-Fund. The appointment of the Distributor in respect of a particular Sub-Fund may be terminated by either party giving to the other not less than ninety (90) calendar days notice in writing. The Distribution Agreement may be terminated immediately in certain circumstances set out in the Distribution Agreement including the insolvency of a party (or upon the happening of a like event). The Distribution Agreement provides for the Company to indemnify the Distributor or its officers, employees, delegates, servants or agents in the absence of the recklessness, wilful default, bad faith, fraud or negligence of the Distributor, its officers, agents or employees.

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

## 8.9 MISCELLANEOUS

Save as disclosed under the Incorporation and Share Capital section above, no share or loan capital of the Company has been issued or agreed to be issued, is under option or otherwise. As of the date of this Prospectus, 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 or acceptance credits, hire purchase or finance lease commitments, guarantee or other contingent liabilities which are material in nature.

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

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

## 8.10 DOCUMENTS FOR INSPECTION

Copies of the following documents may be obtained from the Company and inspected free of charge at the registered office of the Company during usual business hours during a Business Day at the address shown in the Directory section below and at the offices of LGT Capital Partners (Ireland) Limited:

1. the Memorandum and Articles of Association of the Company;
2. the Prospectus (as amended and supplemental to) and the Supplements;
3. the annual and semi-annual reports relating to the Company most recently prepared by the Administrator;
4. details of notices sent to Shareholders;
5. the material contracts referred to above;
6. the Regulations;



7. the UCITS series of notices issued by the Central Bank; and
8. a list of any directorships or partnerships, past or present, held by the Directors in the last five years.

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

# Appendix I Markets

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

- 1 (a) any stock exchange which is:
- located in an EEA Member State; or
  - located in Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland, United States of America; or
- (b) any stock exchange included in the following list:-
- |  |   |  |
|--|---|--|
| Argentina  | - | Bolsa de Comercio de Buenos Aires, Cordoba, Mendoza, Rosario and La Plata Stock Exchange;  |
| Bahrain  | - | Bahrain Stock Exchange;  |
| Bangladesh   | - | Chittangong Stock Exchange and Dhaka Stock Exchange;   |
| Botswana   | - | Botswana Stock Exchange;   |
| Brazil   | - | Bolsa de Valores de Sao Paulo, Bolsa de Valores de Brasilia, Bolsa de Valores de Bahia-Sergipe - Alagoas, Bolsa de Valores de Extremo Sul, Bolsa de Valores de Parana, Bolsa de Valores de Regional, Bolsa de Valores de Santos, Bolsa de Valores de Pernambuco e Paraiba and Bolsa de Valores de Rio de Janeiro;  |
| Channel Islands<br>(Guernsey, Jersey &<br>Isle of Man) | - | Channel Islands Stock Exchange;  |
| Chile  | - | Santiago Stock Exchange and Valparaiso Stock Exchange;   |
| China  | - | Shanghai Stock Exchange, Fujian Stock Exchange, Hainan Stock Exchange and Shenzhen Stock Exchange;   |
| Colombia   | - | Bolsa de Bogota and Bolsa de Medellin;   |
| Egypt  | - | Cairo Stock Exchange and Alexandria Stock Exchange;  |
| Ghana  | - | Ghana Stock Exchange;  |
| India  | - | Mumbai Stock Exchange, Madras Stock Exchange, Delhi Stock Exchange, Ahmedabad Stock Exchange, Bangalore Stock Exchange, Cochin Stock Exchange, Guwahati Stock Exchange, Magadh Stock Exchange, Pune Stock Exchange, Hyderabad Stock Exchange, Ludhiana Stock Exchange, Uttar Pradesh Stock Exchange, Calcutta Stock Exchange and the National Stock Exchange of India; |
| Indonesia  | - | Jakarta Stock Exchange and Surabaya Stock Exchange;  |
| Jordan   | - | Amman Stock Exchange;  |
| Kazakstan  | - | Kazakhstan Stock Exchange;   |
| Kenya  | - | Nairobi Stock Exchange;  |
| Korea  | - | Korean Stock Exchange;   |
| Kuwait   | - | Kuwait Stock Exchange;   |
| Lebanon  | - | Beirut Stock Exchange;   |
| Malaysia   | - | Kuala Lumpur Stock Exchange;   |
| Mauritius  | - | Stock Exchange of Mauritius;   |
| Mexico   | - | Bolsa Mexicana de Valores;   |
| Morocco  | - | Casablanca Stock Exchange;   |
| Namibia  | - | Namibian Stock Exchange;   |
| Oman   | - | Muscat Securities Market;  |
| Pakistan   | - | Lahore Stock Exchange and Karachi Stock Exchange;  |
| Peru   | - | Bolsa de Valores de Lima;  |
| Philippines  | - | Philippines Stock Exchange;  |
| Qatar  | - | Doha Stock Exchange;   |
| Russia   | - | RTS Stock Exchange, MICEX (solely in relation to equity securities that are traded on level 1 or level 2 of the relevant exchange);  |
| Saudi Arabia   | - | Riyadh Stock Exchange;   |
| Singapore  | - | The Stock Exchange of Singapore;   |
| South Africa   | - | Johannesburg Stock Exchange;   |
| Sri Lanka  | - | Colombo Stock Exchange;  |
| Taiwan   | - | Taipei Stock Exchange Corporation;   |
| Thailand   | - | The Stock Exchange of Thailand;  |

Turkey	-	Istanbul Stock Exchange;
Ukraine	-	Ukrainian Stock Exchange;
Uruguay	-	Montevideo Stock Exchange;
Venezuela	-	Caracas Stock Exchange and Maracaibo Stock Exchange;
Zambia	-	Lusaka Stock Exchange;

(c) any of the following:

The market organised by the International Capital Market Association;

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

The market in US government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York and the US Securities and Exchange Commission;

The over-the-counter market in the United States conducted by primary and second dealers regulated by the Securities and Exchanges Commission and by the National Association of Securities Dealers (and by banking institutions regulated by the US Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation);

KOSDAQ;

NASDAQ;

SESDAQ;

TAISDAQ/Gretai Market;

The Chicago Board of Trade;

The Chicago Mercantile Exchange;

The over-the-counter market in Japan regulated by the Securities Dealers Association of Japan;

The Over-the-Counter market in Canadian Government Bonds as regulated by the Investment Dealers Association of Canada;

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

- 2 In relation to any exchange traded financial derivative contract, any stock exchange on which such contract may be acquired or sold and which is regulated, operates regularly, is recognised and open to the public and which is (i) located in an EEA Member State, (ii) located in Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland, Singapore, Malaysia, Russia, Brazil, Mexico or the United States, (iii) the Channel Islands Stock Exchange, or (iv) listed at (c) above.
- 3 The stock exchanges and regulated markets described above are set out herein in accordance with the requirements of the Central Bank which does not issue a list of approved markets.