

## **CFM UCITS ICAV**

An open-ended umbrella Irish collective asset-management vehicle  
and an open-ended fund with segregated liability between sub-funds formed in Ireland under  
the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank as a  
UCITS pursuant to the Regulations

## **PROSPECTUS**

**Dated 20 June 2018**

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## 1 IMPORTANT INFORMATION

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### 1.1 **Reliance on this Prospectus and KIID Access**

In deciding whether to invest in the ICAV, investors should rely on information in this Prospectus, and the relevant Fund's most recent annual and/or semi-annual reports.

Prospective investors may also wish to consider the KIID for the relevant Class prior to subscribing for Shares in that Class in order to assist them in making an informed investment decision. Each Class that is available for subscription will have a KIID issued in accordance with the Central Bank Rules. While some Classes are described in the Supplement for the relevant Fund as available, these Classes may not currently be offered for subscription and in that event a KIID may not be available. Prospective investors should contact the Distributor directly to determine whether the relevant Class is available for subscription.

Because the Prospectus and KIID may be updated from time to time, investors should make sure they have the most recent versions.

Statements made in this Prospectus are based on the law and practice in force in the Republic of Ireland at the date of this Prospectus, which may be subject to change. This Prospectus will be updated to take into account material changes from time to time and any such amendments will be notified in advance to and cleared by the Central Bank.

**If you are in any doubt about the contents of this Prospectus, the risks involved in investing in the ICAV or the suitability for you of investing in the ICAV, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser.**

**Neither the ICAV nor the Manager shall be liable to investors (or to any other persons) for any error of judgement in the selection of each Fund's investments.**

This Prospectus and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with Irish law. With respect to any suit, action or proceedings relating to any dispute arising out of or in connection with this Prospectus (including any non-contractual obligations arising out of or in connection with it), each party irrevocably submits to the jurisdiction of the Irish courts.

### 1.2 **Central Bank Authorisation**

**The ICAV is both authorised and supervised by the Central Bank. The authorisation of the ICAV by the Central Bank shall not constitute a warranty as to the performance of the ICAV and the Central Bank shall not be liable for the performance or default of any Fund of the ICAV. The authorisation of the ICAV is not an endorsement or guarantee of the ICAV by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus.**

### 1.3 **Segregated Liability**

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

### 1.4 **Responsibility**

To the best of the knowledge and belief of the Directors (whose names appear under the heading "Management of the ICAV – Directors" below and who have taken reasonable care to confirm that such is the case)

the information contained in this Prospectus is in accordance with the facts and does not in the Directors' judgment omit anything likely to materially affect the import of such information. The Directors accept responsibility for the information contained in this Prospectus accordingly.

#### 1.5 **Prospectus/Supplements**

This Prospectus describes the ICAV. The ICAV issues Supplements to this Prospectus relating to each Fund. A separate Supplement will be issued at the time of establishment of each Fund. Each Supplement forms part of and should be read in the context of and in conjunction with this Prospectus.

This Prospectus may only be issued with one or more Supplements, each containing information in relation to a particular Fund. Details relating to Classes may be dealt with in the relevant Supplement for the particular Fund or in a separate Class Supplement for each Class.

#### 1.6 **Restrictions on Offerings**

The distribution of this Prospectus and the offering of Shares may be restricted in certain jurisdictions. This Prospectus does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorised. It is the responsibility of any person wishing to apply for Shares to inform himself of and to observe all applicable laws and regulations of the countries of his nationality, residence or domicile.

The Directors may in their sole discretion reject any application in whole or in part without giving any reason for such rejection in which event, subject to applicable law, the subscription monies or any balance thereof will be returned without interest, expenses or compensation to the applicant by transfer to the applicant's designated account or by post at the applicant's risk. For further

details, please refer to the section of this Prospectus entitled "Share Dealings; Ownership Restrictions."

Shares are offered only on the basis of the information contained in this Prospectus and, as

appropriate, the latest audited annual accounts and any subsequent semi-annual report.

Any further information or representation given or made by any dealer, salesman or other person should be disregarded and accordingly should not be relied upon. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares shall, under any circumstances, constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date of this Prospectus. Statements made in this Prospectus are based on the law and practice currently in force in Ireland and are subject to changes therein.

This Prospectus may be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Prospectus. To the extent that there is any inconsistency between the English language Prospectus and the Prospectus in another language, the English language Prospectus will prevail, except to the extent (but only to the extent) required by the laws of any jurisdiction including the regulations or requirements of the financial regulator of such jurisdiction where the Shares are sold. All disputes as to the terms thereof, regardless of the language version, shall be governed by, and construed in accordance with, the law of Ireland.

#### *United States of America -*

The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and the ICAV has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended. Accordingly the Shares may not be

offered or sold, directly or indirectly, in the U.S. or to any U.S. Person except pursuant to an exemption from, or in a transaction not subject to the requirements of the U.S. Securities Act of 1933, as amended, and the U.S. Investment Company Act of 1940, as amended. The Shares have not been approved by the United States Securities and Exchange Commission, any state securities commission or other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of these offering materials. Any representation to the contrary is unlawful.

Notwithstanding the foregoing prohibition on offers and sales in the United States or to or for the benefit of U.S. Persons, the ICAV may make a private placement of its Shares to a limited number and/or certain categories of U.S. Persons.

#### 1.7 Suitability of Investment

**As the price of Shares in each Fund may fall as well as rise, the ICAV shall not be a suitable investment for an investor who cannot sustain a loss on his investment.**

The decision to invest in any Fund, and if so how much, should be based on a realistic analysis of the investor's own financial circumstances and tolerance for investment risk.

**As with any investment, future performance may differ from past performance, and Shareholders could lose money. There is no guarantee that any Fund will meet its objectives or achieve any particular level of future performance. These are investments, not bank deposits.**

No Fund in this Prospectus is intended as a complete investment plan, nor are all Funds appropriate for all investors. Before investing in a Fund, each

prospective investor should read the Prospectus and should understand the risks, costs and terms of investment in that Fund. In particular, investors should read and consider Appendix III to this Prospectus (entitled "Risk Factors") and additional risk factors in the relevant Supplement before investing in any Fund.

#### 1.8 Potential for Capital Reduction

**Where provided for in the relevant Supplement, (i) dividends may be declared out of the capital of the relevant Fund; and/or (ii) fees and expenses may be paid out of the capital of the relevant Fund, in each case in order to preserve cash flow to Shareholders. In any such cases, there is a greater risk that capital may be eroded and distribution will be achieved/fees will be paid in a manner that foregoes the potential for future capital growth of your investment. This cycle may continue until all capital is depleted.**

Distributions out of capital may have different tax consequences to distributions of income and it is recommended that you seek appropriate advice in this regard.

#### 1.9 Repurchase Charge

The Directors may levy a Repurchase Charge of up to 3 % of the Net Asset Value per Share. Details of any such charge with respect to one or more Funds will be set out in the relevant Supplement.

The difference at any one time between the Subscription Price (to which may be added a Preliminary Charge) and the Repurchase Price (from which may be deducted a Repurchase Charge) means that an investment should be viewed as medium to long-term.

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## 2 DEFINITIONS

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**Accounting Period** means a period ending on 31 December of each year or such other date as the Directors may from time to time decide with the prior approval of the Central Bank;

**Administration Agreement** means the agreement made between the ICAV, the Manager and the Administrator as may be amended or supplemented from time to time in accordance with the Central Bank Rules pursuant to which the latter was appointed as administrator of the ICAV;

**Administrator** means HSBC Securities Services (Ireland) DAC or any successor thereto duly appointed in accordance with the Central Bank Rules as the administrator to the ICAV;

**AIF** means an alternative investment fund as defined in regulation 5(1) of the European Union (Alternative Investment Fund Managers) Regulations 2013 (S.I. No. 257 of 2013) and/or any other collective investment undertaking meeting the criteria outlined in Regulation 68(e) of the Regulations;

**AMF** means the French *Autorité des marchés financiers* or any successor regulatory authority with responsibility for authorizing and supervising the Manager;

**Anti-Dilution Levy** means an adjustment made on a transaction basis in the case of net subscriptions and/or net repurchases as a percentage adjustment (to be communicated to the Administrator) on the value of the relevant subscription/ repurchase calculated for the purposes of determining a Subscription Price or Repurchase Price to cover dealing costs and to preserve the value of the underlying assets of the relevant Fund;

**Application Form** means any application form to be completed by subscribers for Shares as prescribed by the ICAV from time to time;

**Base Currency** means, in relation to any Fund, such currency as is specified as such in the Supplement for the relevant Fund;

**BHC Act** means the US Bank Holding Company Act of 1956, as amended from time to time

**BHC Shareholder** means a Shareholder that is, or is an affiliate of, (i) a bank holding company, as defined in the BHC Act, or a person treated in any respect as if it were a bank holding company, as defined in the BHC Act, or is a subsidiary of either such person, or (ii) a person otherwise subject to the BHC Act in any respect;

**Business Day** means, in relation to any Fund, each day as is specified as such in the Supplement for the relevant Fund;

**Central Bank** means the Central Bank of Ireland or any successor regulatory authority with responsibility for authorising and supervising the ICAV;

**Central Bank Regulations** means the Central Bank (Supervision and Enforcement) Act 2013 (section 48(1)) (Undertakings For Collective Investment in Transferable Securities) Regulations 2015 as may be amended, supplemented, consolidated, substituted in any form or otherwise modified from time to time;

**Central Bank Rules** means the Central Bank Regulations and any other statutory instrument, regulations, rules, conditions, notices, requirements or guidance of the Central Bank issued from time to time applicable to the ICAV pursuant to the Regulations;

**CIS** means a UCITS or other alternative investment fund within the meaning of Regulation 68(1)(e) of the Regulations and which is prohibited from investing more than 10% of its assets in other such collective investment schemes;

**Class(es)** means the class or classes of Shares (if any) relating to a Fund (each of which may have specific features with respect to preliminary, exchange, repurchase, minimum subscription amount, dividend policy, service provider fees or other specific

features). The details applicable to each Class will be described in the relevant Supplement;

**Clear Day** means in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

**Collection Account** means the investor money collection account(s) operated by the Administrator or fund service provider for the Fund under administration into which all subscription monies are to be paid by an investor and from which redemption and distribution proceeds will be paid;

**Compliance Support Agent** means Carne Global Financial Services Limited or any successor thereto duly appointed as a compliance support agent of the ICAV;

**Country Supplement** means a supplement to this Prospectus, issued from time to time, specifying certain information pertaining to the offer of Shares of the ICAV or a Fund or Class in a particular jurisdiction or jurisdictions;

**CRS** means the Standard for Automatic Exchange of Financial Account Information approved on 15 July 2014 by the Council of the Organisation for Economic Cooperation and Development, also known as the Common Reporting Standard, and any bilateral or multilateral competent authority agreements, intergovernmental agreements and treaties, laws, regulations, official guidance or other instrument facilitating the implementation thereof and any law implementing the Common Reporting Standard;

**Dealing Day** means, in respect of each Fund, each Business Day on which subscriptions for, and redemptions of and exchanges of relevant Shares can be made by the ICAV as specified in the Supplement for the relevant Fund and/or such other Dealing Days as the Directors shall determine and notify to Shareholders in advance, provided that there shall be at least two Dealing Days in each Month occurring at regular intervals;

**Dealing Deadline** means, in relation to any application for subscription, redemption or exchange of Shares of a Fund, the day and time specified in the Supplement for the relevant Fund by which such application must be received by the Administrator on behalf of

the ICAV in order for the subscription, redemption or exchange of Shares of the Fund to be made by the ICAV on the relevant Dealing Day;

**Depository** means HSBC Institutional Trust Services (Ireland) DAC or any successor thereto duly appointed with the prior approval of the Central Bank as the depository of the ICAV in accordance with the Central Bank Rules.

**Depository Agreement** means the agreement made between the ICAV, the Manager and the Depository as may be amended or supplemented from time to time in accordance with the Central Bank Rules, pursuant to which the latter was appointed depository of the ICAV;

**Directors** mean the directors of the ICAV or any duly authorised committee or delegate thereof, each a **Director**;

**Distributor** means the Manager and/or such other entity (if any) as may be appointed by the ICAV or the Manager, or any successor thereto duly appointed in accordance with the Central Bank Rules as a distributor to the ICAV;

**Eligible Counterparty** means a counterparty to OTC derivatives with which a Fund may trade and belonging to one of the categories approved by the Central Bank which at the date of this Prospectus comprise the following:

- (a) a Relevant Institution;
- (b) an investment firm, authorised in accordance with the Markets in Financial Instruments Directive in an EEA Member State; or
- (c) a group company of an entity issued with a bank holding company licence from the Federal Reserve of the United States of America where that group company is subject to bank holding company consolidated supervision by that Federal Reserve.

**EEA Member States** means the member states of the European Economic Area, the current members at the date of this Prospectus being the EU Member States, Iceland, Liechtenstein and Norway;

**EPM** means efficient portfolio management techniques referred to in Article 51(2) of

Directive 2009/65/EC (as amended) used to (i) reduce risk; (ii) reduce cost; or (iii) generate additional capital or income for a Fund with a level of risk which is consistent with the risk profile of the relevant Fund;

**EU Member States** means the member states of the European Union;

**Euro, EUR or €** means the lawful currency of the participating EU Member States which have adopted the single currency in accordance with the EC Treaty of Rome dated 25th March 1957 as amended;

**Exchange Charge** means the charge, if any, payable on the exchange of Shares as is specified in the Supplement for the relevant Fund;

**Exempt Irish Shareholder** means

- (a) a qualifying management company within the meaning of section 739B(1) TCA;
- (b) a specified company within the meaning of section 734(1) TCA;
- (c) an investment undertaking within the meaning of section 739B(1) TCA;
- (d) an investment limited partnership within the meaning of section 739J TCA;
- (e) a pension scheme which is an exempt approved scheme within the meaning of section 774 TCA, or a retirement annuity contract or a trust scheme to which section 784 or 785 TCA applies;
- (f) a company carrying on life business within the meaning of section 706 TCA;
- (g) a special investment scheme within the meaning of section 737 TCA;
- (h) a unit trust to which section 731(5)(a) TCA applies;
- (i) a charity being a person referred to in section 739D(6)(f)(i) TCA;
- (j) a person who is entitled to exemption from income tax and capital gains tax by virtue of section 784A(2) 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 TCA or a qualifying savings manager within the meaning of section 848B TCA, in respect of Shares which are assets of a special savings incentive account within the meaning of section 848C TCA;

(l) a person who is entitled to exemption from income tax and capital gains tax by virtue of section 787I TCA and the Shares held are assets of a personal retirement savings account as defined in section 787A 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) 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) TCA in respect of payments made to it by the ICAV;

(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 ICAV in respect of that Shareholder under Part 27, Chapter 1A TCA; and

(t) the National Treasury Management Agency of Ireland, or a fund investment vehicle within the meaning of section 739D(6)(kb) TCA;

and where necessary the ICAV is in possession of a Relevant Declaration in respect of that Shareholder;

**Extraordinary Expenses** means the extraordinary expenses defined as such in the section headed "Fees and Expenses";

**FATCA** means:



- (a) sections 1471 to 1474 of the U.S. Internal Revenue Code or any associated regulations or other official guidance;
- (b) any intergovernmental agreement, treaty, regulation, guidance or other agreement between the Government of Ireland (or any Irish government body) and the US, UK or any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement, implement or give effect to the legislation, regulations or guidance described in paragraph (a) above; and
- (c) any legislation, regulations or guidance in Ireland that give effect to the matters outlined in the preceding paragraphs;

**FDI** means a financial derivative instrument (including an OTC derivative);

**Fund** means a sub-fund of the ICAV the proceeds of issue of which are pooled separately in a segregated portfolio of assets and invested in accordance with the investment objective and policies applicable to such sub-fund and which is established by the ICAV from time to time with the prior approval of the Central Bank.

**General Data Protection Regulation** means the Irish data protection legislation deriving from Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC.

**ICAV** means an Irish collective asset-management vehicle; namely CFM UCITS ICAV;

**ICAV Act** means the Irish Collective Asset-management Vehicles Act 2015 as may be amended, consolidated or substituted from time to time and including any regulations made thereunder by ministerial order and any conditions that may from time to time be imposed thereunder by the Central Bank whether by notice or otherwise affecting the ICAV;

**Initial Issue Price** means the price (excluding any Preliminary Charge) per Share at which

Shares are initially offered in a Fund during the Initial Offer Period, as specified in the Supplement for the relevant Fund;

**Initial Offer Period** means the period during which Shares in a Fund are initially offered at the Initial Issue Price, as specified in the Supplement for the relevant Fund;

**Instrument of Incorporation** means the instrument of incorporation of the ICAV as amended from time to time in accordance with the ICAV Act and the Central Bank Rules;

**Investment Grade** means rating awarded to high quality corporate and government securities that are judged likely to meet their payment obligations by Standard & Poor's (i.e. rated at least BBB-) or Moody's (i.e. rated at least Baa3); or if unrated determined by the Manager to be of comparable quality;

**Investor Money Regulations** means the Central Bank (Supervision and Enforcement) Act 2013 (section 48(1)) Investor Money Regulations 2015 for Fund Service Providers, as may be amended from time to time;

**Irish Resident** means any person resident in Ireland or ordinarily resident in Ireland other than an Exempt Irish Shareholder (as defined above);

**KIID** means the key investor information document;

**Management Agreement** means the agreement made between the ICAV and the Manager as may be amended or supplemented from time to time in accordance with the Central Bank Rules pursuant to which the latter was appointed manager of the ICAV;

**Management Fee** means the management fee detailed as such in the section headed "Fees and Expenses";

**Manager** means Capital Fund Management S.A. or any successor thereto duly appointed in accordance with the Central Bank Rules as the manager to the ICAV;

**Minimum Additional Investment Amount** means such minimum cash amount or minimum number of Shares as the case may be (if any) as the Directors may from time to time require to be invested in any Fund by each Shareholder (after investing the Minimum Initial Investment Amount) and as such is

specified in the Supplement for the relevant Fund;

**Minimum Fund Size** means such amount (if any) as the Directors may consider for each Fund and as set out in the Supplement for the relevant Fund;

**Minimum Initial Investment Amount** means such minimum initial cash amount or minimum number of Shares as the case may be (if any) as the Directors may from time to time require to be invested by each Shareholder as its initial investment for Shares of each Class in a Fund either during the Initial Offer Period or on any subsequent Dealing Day and as such is specified in the Supplement for the relevant Fund;

**Minimum Repurchase Amount** means such minimum number or minimum value of Shares of any Class as the case may be (if any) which may be repurchased at any time by the ICAV and as such is specified in the Supplement for the relevant Fund;

**Minimum Share Class Size** means such amount (if any) as the Directors may consider for each Share Class and as set out in the Supplement for the relevant Fund;

**Minimum Shareholding** means such minimum number or minimum value of Shares of any Class as the case may be (if any) which must be held at any time by a Shareholder which shall be equal to or greater than at all times the Minimum Repurchase Amount and as such is specified in the Supplement for the relevant Class of Shares within a Fund;

**Money Market Instruments** means instruments normally dealt in on the money markets which are liquid, and have a value which can be accurately determined at any time (for example, certificates of deposit, floating rate notes and fixed rate commercial paper listed or traded on permitted markets);

**Month** means a calendar month;

**Net Asset Value** means, in respect of the assets and liabilities of a Fund, a Class or the Shares representing interests in a Fund, the amount determined in accordance with the principles set out in the "Valuation of Assets/Calculation of Net Asset Value" section below as the Net Asset Value of the Fund, the Net Asset Value per Class or the Net Asset Value per Share (as appropriate);

**OECD** means the Organisation for Economic Co-operation and Development;

**Ordinarily Resident** in Ireland means an individual who has been resident in Ireland for three consecutive tax years (who thus 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;

**OTC** means over-the-counter and refers to derivatives negotiated between two counterparties;

**Paying Agent** means one or more paying agents including but not limited to representatives, distributors, correspondent banks, or centralising agents appointed by the ICAV and/or the Manager in certain jurisdictions;

**Preliminary Charge** means the charge, if any, payable to the Distributor (or any other appropriate party at the direction of the Directors) on subscription for Shares specified in the relevant Supplement;

**Prospectus** means this prospectus issued on behalf of the ICAV as amended, supplemented or consolidated from time to time;

**Regulations** means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, (S.I. No. 352 of 2011), as amended and as may be further amended, consolidated or substituted from time to time;

**Relevant BHC Threshold** means, in respect of BHC Shareholders, the applicable percentage required under the BHC Act;

**Relevant Declaration** means the declaration relevant to the Shareholder as set out in Schedule 2B TCA;

**Relevant Institutions** means credit institutions authorised in an EEA Member State or credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988, or credit institutions authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand;

**Repurchase Charge** means the charge, if any, to be paid out of the Repurchase Price

which Shares may be subject to, as described under "Important Information" and if applicable as specified in the relevant Supplement;

**Repurchase Price** 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;

**Repurchase Proceeds** means the Repurchase Price less any Repurchase Charge and any charges, costs, expenses or taxes, as described under "Share Dealings - Repurchase of Shares";

**Revenue Commissioners** means the Irish Revenue Commissioners;

**Securities Financing Transactions** means repurchase agreements, reverse repurchase agreements and/or securities lending agreements as envisaged under SFTR;

**SFT Regulations** or **SFTR** means Regulation 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 as may be amended, supplemented, consolidated, substituted in any form or otherwise modified from time to time;

**Settlement Date** means, in respect of receipt of monies for subscription for Shares or dispatch of monies for the repurchase of Shares, the date specified in the Supplement for the relevant Fund. In the case of repurchases this date will be no more than ten Business Days after the relevant Dealing Deadline, or if later, the date of receipt of completed repurchase documentation;

**Service Agreement** means the Letter of Engagement for Management Company and Fund Support Services made between the ICAV, the Manager and the Compliance Support Agent as may be amended or supplemented from time to time, pursuant to which the latter was appointed compliance support agent of the ICAV;

**Shares** means the participating shares in the ICAV representing interests in a Fund and where the context so permits or requires any Class of participating shares representing interests in a Fund;

**Shareholders** means persons registered as the holders of Shares in the register of shareholders for the time being kept by or on behalf of the ICAV, and each a Shareholder;

**State** means the Republic of Ireland;

**Sub-Distributor** means any sub-distributor appointed by a Distributor in accordance with the Central Bank Rules as a sub-distributor to the ICAV;

**Subscription Price** means the price at which Shares are subscribed, as described under "Share Dealings - Subscription for Shares" and as may be specified in the relevant Supplement;

**Supplement** means any supplement to the Prospectus issued on behalf of the ICAV specifying certain information in relation to a Fund and/or one or more Classes from time to time;

**TCA** means the Irish Taxes Consolidation Act 1997, as amended;

**Total Return Swap** means a derivative (and a transaction within the scope of SFTR) whereby the total economic performance of a reference obligation is transferred from one counterparty to another counterparty;

**Transferable Securities** shall have the meaning ascribed to that term in the Regulations, which at the date hereof means:

- (a) shares in companies and other securities equivalent to shares in companies which fulfil the applicable criteria specified in Part 1 of Schedule 2 of the Regulations;
- (b) bonds and other forms of securitised debt which fulfil the applicable criteria specified in Part 1 of Schedule 2 of the Regulations;
- (c) other negotiable securities which carry the right to acquire any securities within (i) or (ii) above by subscription or exchange which fulfil the criteria specified in Part 1 of Schedule 2 of the Regulations; and
- (d) securities specified for this purpose in Part 2 of Schedule 2 of the Regulations.

**UCITS** means an undertaking for collective investment in transferable securities which is

authorised under the Regulations or authorised by a competent authority in another member state of the European Union in accordance with Directive 2009/65/EC of the European Parliament and of the Council, as amended, supplemented, consolidated or otherwise modified from time to time;

**UCITS V** means Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities as regards depositary functions, remuneration and sanctions as amended from time to time and including any supplementing European Commission delegated regulations in force from time to time;

**United States** and **U.S.** means the United States of America (including the States, the

District of Columbia and the Commonwealth of Puerto Rico), its territories, possessions and all other areas subject to its jurisdiction;

**U.S. Dollars, Dollars** and **\$** means the lawful currency of the United States;

**U.S. Person** means a U.S. Person as defined in Regulation S under the United States Securities Act of 1933 and U.S. Commodity Futures Trading Commission Rule 4.7;

**Valuation Point** means the time on or with respect to the relevant Dealing Day by reference to which the Net Asset Value of a Fund and the Net Asset Value per Share are calculated as is specified in the Supplement for the relevant Fund; and

#### **Headings and Numbering**

The headings and numbering of sections of this Prospectus are for convenience of reference only and shall not affect the meaning or interpretation of this Prospectus in any way.

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### 3 DIRECTORY

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#### CFM UCITS ICAV

##### Directors

Des Fullam  
Jacques Saulière  
Adrian Waters

##### Registered office

32 Molesworth Street  
Dublin 2  
Ireland

##### Administrator

HSBC Securities Services (Ireland) DAC  
1 Grand Canal Square  
Grand Canal Harbour  
Dublin 2  
Ireland

##### Secretary

MFD Secretaries Limited  
32 Molesworth Street  
Dublin 2  
Ireland

##### Irish legal advisers

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

##### Manager

Capital Fund Management S.A.  
23, rue de l'Université  
75007 Paris  
France

##### Depository

HSBC Institutional Trust Services (Ireland) DAC  
1 Grand Canal Square  
Grand Canal Harbour  
Dublin 2  
Ireland

##### Auditors

KPMG  
1 Harbourmaster Place  
IFSC  
Dublin 1  
Ireland

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## 4 FUNDS

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### 4.1 Structure

The ICAV is an open-ended umbrella Irish collective asset-management vehicle with segregated liability between Funds formed in Ireland on 6 October 2016 under the ICAV Act with registration number C161756. The ICAV has been authorised by the Central Bank as a UCITS pursuant to the Regulations.

The ICAV is structured as an umbrella fund consisting of different Funds, each comprising one or more Classes. The assets of each Fund will be invested separately on behalf of each Fund in accordance with the investment objective and policies of each Fund. The investment objective and policies and other details in relation to each Fund are set out in the relevant Supplement.

Additional Funds (in respect of which a Supplement or Supplements will be issued) may be established by the Directors from time to time with the prior approval of the Central Bank.

Shares may be issued in Classes within each Fund. Classes of Shares in each Fund may differ as to certain matters including currency of denomination, hedging strategies if any applied to the particular Class, dividend policy, fees and expenses charged or the Minimum Initial Investment Amount, Minimum Additional Investment Amount, Minimum Shareholding, and Minimum Repurchase Amount. The Classes of Shares available for subscription shall be set out in the relevant Supplement. A separate pool of assets shall not be maintained in respect of each Class. Additional Classes 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 Central Bank Rules. Separate books and records will be maintained for each Fund but not for each Class.

### 4.2 Investment Objective and Policies

The assets of each Fund will be invested separately in accordance with the investment objectives and policies of the Fund. The specific investment objective and policies of each Fund will be set out in the relevant Supplement and will be formulated by the Directors at the time of creation of the relevant Fund.

The investment objective of a Fund may not be altered, and material changes to the investment policy of a Fund may not be made, without prior approval of Shareholders on the basis of (i) a majority of votes cast at a meeting of the Shareholders of the particular Fund duly convened and held or (ii) with the prior written approval of all Shareholders of the relevant Fund. In the event of a change of the investment objective and/or a material change in the investment policy of a Fund, by way of a majority of votes cast at a meeting of the relevant Shareholders, Shareholders in the relevant Fund will be given reasonable notice of such change to enable them to repurchase their Shares prior to implementation of such a change.

Pending investment of the proceeds of a placing or offer of Shares or where market or other factors so warrant, a Fund's assets may be invested in Money Market Instruments and in cash deposits.

### 4.3 Investment Restrictions

The investment and borrowing restrictions applying to the ICAV and each Fund are set out in Appendix I and additional investment and borrowing restrictions (if any) will be set out in the relevant Supplement. Each of the Funds' investments will be limited to investments permitted by the Regulations. If the limits referred to in Appendix I are exceeded for reasons beyond the

control of the ICAV, or as a result of the exercise of subscription rights, the ICAV shall ensure that the Fund will adopt as a priority objective for its sales transactions the remedying of that situation taking due account of the interests of the Shareholders. Each Fund may also hold ancillary liquid assets.

The permitted investments and investment restrictions applying to each Fund, in accordance with the Regulations and the Central Bank Regulations, are reflected in this Prospectus and the relevant Supplement.

With the exception of permitted investment in unlisted investments and over-the-counter FDI, investments by a Fund will be restricted to securities and FDI listed or traded on permitted markets as set out in Appendix II. Accordingly, each Fund may invest up to 10% of its Net Asset Value in unlisted securities/securities listed on markets other than those set out in Appendix II provided this is consistent with its investment objective.

It is intended that the ICAV shall have the power (subject to the prior approval of the Central Bank) to avail itself of any change in the investment and borrowing restrictions specified in the Regulations which would permit investment by a Fund in securities, derivative instruments or in any other forms of investment in which investment is at the date of this Prospectus restricted or prohibited under the Regulations. Any changes to the investment or borrowing restrictions will be disclosed in an updated Prospectus and/or Supplement and will be subject to Shareholder approval if deemed appropriate by the ICAV pursuant to section 4.2 above.

#### **4.4 Borrowing Powers**

The ICAV may only borrow on a temporary basis for the account of a Fund and the aggregate amount of such borrowings may not exceed 10% of the Net Asset Value of such Fund. In accordance with the provisions of the Regulations, the ICAV may charge the assets of a Fund as security for borrowings of that Fund.

The ICAV may acquire foreign currency by means of a back-to-back loan agreement. Foreign currency obtained in this manner is not classified as borrowing for the purposes of Regulation 103(1) provided that the offsetting deposit (a) is denominated in the Base Currency and (b) equals or exceeds the value of the foreign currency loan outstanding.

#### **4.5 Cross-Investment**

Investors should note that, subject to the Central Bank Rules and where more than one Fund is established within the ICAV, each of the Funds may invest in the other Funds of the ICAV where such investment is appropriate to the investment objectives and policies of the relevant Fund. Any commission received by the Manager (including a rebated commission) in respect of such investment will be paid into the assets of the relevant Fund. In addition, no Preliminary Charge, Repurchase Charge or Exchange Charge may be charged on the cross-investing Fund's investment.

In order to avoid double-charging of management and/or any performance fees, any Fund that is invested in another Fund may not be charged an investment management fee and/or performance fee in respect of that part of its assets invested in other Funds unless such investment in another Fund is made into a Class of Shares that does not attract any investment management fee and/or performance fee. Investment may not be made by a Fund in a Fund which itself cross-invests in another Fund within the ICAV.

#### **4.6 Investment through Subsidiaries**

The ICAV may from time to time (with the prior approval of and in accordance with the Central Bank Rules) make investments on behalf of Funds through wholly owned subsidiaries incorporated in any relevant jurisdiction. The investment objective and policy of the relevant Fund will not only be applied to the Fund but also to the wholly-owned subsidiary and the investments of the wholly-owned subsidiary will be treated as being held by the Fund for such

purpose. The assets and shares of any wholly-owned subsidiary will be held by the Depository or an appointed sub-custodian on behalf of the ICAV.

#### 4.7 Efficient Portfolio Management (“EPM”)

##### (a) General

The ICAV on behalf of a Fund may employ techniques and instruments relating to Transferable Securities, Money Market Instruments and/or other financial instruments (including FDI) in which it invests for EPM purposes. Such techniques and instruments include futures, options, swaps, forwards and repurchase and reverse repurchase agreements (details of which are outlined below). Details of any additional techniques and instruments used for a Fund may 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:

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

In addition, the use of such techniques and instruments must be realised in a cost-effective way and must not result in a change to the investment objective of the Fund or add substantial supplementary risks not covered in this Prospectus. It is therefore the intention of the ICAV, in employing such EPM techniques and instruments for these reasons, that their impact on the performance of the relevant Fund will be positive.

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

Such techniques may include the application of “balance sheet hedging” of the currency exposure of a Fund, where a Fund seeks to align the currency exposure of its net assets with the aggregate currency exposures of its Classes in order to allow for a close to identical profit and loss allocation to each Class of Shares (independent of currency).

Assets of a Fund may be denominated in a currency other than the Base Currency of the Fund and changes in the exchange rate between the Base Currency and the currency of the asset may lead to a depreciation of the value of the Fund’s assets as expressed in the Base Currency. The ICAV may (but is not obliged) to seek to mitigate this exchange rate risk by using FDI.

Please refer to Appendix III to this Prospectus (section entitled "Risk Factors; Efficient Portfolio Management Risk") for more details. The risks arising from the use of such techniques and instruments shall be adequately captured in the ICAV’s risk management process.

##### (b) Use of FDI

- (i) Details of FDI used with a Summary of their Commercial Purpose

Each Fund may use any of the following FDI once provided for in the relevant Supplement. This list may be supplemented by additional FDI for a specific Fund as may be provided for in the relevant Supplement.



**Futures contracts.** Traded on a regulated exchange, a future is a standardised agreement between two parties to transact in an instrument at a specific price or rate at a future date. A purchased futures contract commits the buyer to purchase the underlying instrument at the specified price on the specified date. A sold futures contract commits the seller to sell the underlying instrument at the specified price on the specified date. Depending on the contract specification a futures contract may be either settled physically in the underlying or in cash. In practice, futures positions are often closed or rolled prior to contract maturity which cancels out the commitment to settle at maturity.

**Swaps.** A swap is an OTC agreement between two parties to exchange a series of cash flows or returns on an underlying financial instrument for a set period of time. Individual transactions between these parties under the overall terms of the OTC swap agreement are beneficial "legs" of the transaction.

Typical cash flow and return series exchanged in a swap include: fixed interest rate, inflation rate, total return of an instrument or index and floating interest rates. Swap legs can be denominated in the same or a different currency.

Other swaps reference instrument characteristics such price volatility, variance, correlation, covariance and asset swap levels.

Specifically the use of the Total Return Swaps by a Fund shall be subject to the requirements of the SFTR.

**Credit default swaps (CDS).** A CDS contract is an OTC risk-transfer instrument (in the form of a derivative security) through which one party transfers to another party the financial risk of a credit event, as it relates to a particular reference security or index of securities. A Fund which buys CDS protection pays a periodic premium to the CDS seller for the duration of the contract. In the event of credit event on the referenced entity the CDS protection activates. In a cash settled CDS an auction process sets a percentage recovery rate to the reference entity. The protection buyer receives cash equivalent to the contract nominal adjusted for the recovery rate percentage. In a physical settlement CDS the protection buyer delivers the contract nominal of a valid defaulted instrument to the CDS seller who pays the contract nominal for it. In practice funds can use CDS to gain or sell credit exposure to the referenced entity without having positions in the underlying reference entity.

**Options.** An option is an agreement between two parties where the option buyer has the right but not the obligation to buy (call option) or sell (put option) an instrument at a specified date and price. An option buyer pays a premium representing the value of the option and if, at the option expiry, it is economically advantageous may exercise a call option to buy the underlying instrument, or in the case of a put option, sell the underlying instrument. The option writer receives and keeps the option premium and at the choice of the option buyer has to buy or sell the underlying instrument at the time and price specified. The reference instrument for an option may be a security, another derivative such as a swap, future, CDS or may specify an interest or inflation rate, index, basket of instruments, currency or any instrument which the Fund is authorised to own. Standard options are exchange traded and other options are traded OTC.

**Contracts for Difference (CFD).** Contracts for difference are OTC derivatives (also known as synthetic swaps) which can be used to secure a profit or avoid a loss by reference to fluctuations in the value or price of equities or financial instruments or in an index of such equities or financial instruments. An equity CFD is a derivative instrument designed to replicate the economic

performance and the cash flows of a conventional share investment. Contracts for difference may be used either as a substitute for direct investment in the underlying security or as an alternative to and for the same purposes as futures and options, particularly in cases where there is no futures contract available in relation to a specific security, or where an index option or index future represents an inefficient method of gaining exposure because of pricing risk or the risk of mismatches in (i) the price or (ii) volatility of an index option or index future compared to that of the underlying index. In a long CFD contract, the counterparty agrees to pay the Fund the amount, if any, by which the notional amount of the CFD contract would have increased in value had it been invested in the underlying security or securities, plus any dividends that would have been received on those stocks. In a short CFD contract, the counterparty agrees to pay the Fund the amount, if any, by which the notional amount of the CFD contract would have decreased in value had it been invested in the underlying security or securities. The Fund must also pay the counterparty the value of any dividends that would have been received on those stocks.

**Forward Settled Transactions.** A forward settled transaction delays settlement of a transaction to a forward date. Delaying settlement allows the Fund to change the economic exposure without changing the physical asset exposure until the transaction settles. A forward foreign exchange transaction is an obligation to purchase or sell a specified currency pair at a future date, at a price set at the time the contract is made. Funds use forward foreign exchange transactions to change the currency profile of a Fund without changing the profile of the invested assets.

**Convertible securities.** The convertible securities in which a Fund may invest consist of bonds, notes, debentures and preferred stocks which may be converted or exchanged at a stated or determinable exchange ratio into underlying shares. Convertible securities may offer higher income than the shares into which they are convertible. A Fund may be required to permit the issuer of a convertible security to redeem the security, convert it into the underlying shares or sell it to a third party. To the extent that any convertible securities in which a Fund may invest are leveraged or contain embedded derivatives, they will be managed by the Fund as FDI.

**Hybrid securities.** A Fund may invest in hybrid securities. A hybrid security is a security which combines two or more financial instruments. Hybrid securities generally combine a traditional stock or bond with an option or forward contract. Generally, the principal amount payable upon maturity or redemption, or the interest rate of a hybrid security, is tied (positively or negatively) to the price of some currency, securities index, another interest rate or some other economic factor (each a "**benchmark**"). The interest rate or (unlike most fixed income securities) the principal amount payable at maturity of a hybrid security may be increased or decreased, depending on the changes in the value of the benchmark.

In the case of a hybrid security such as a convertible bond, for example, a Fund benefits from a steady income stream, the repayment of principal at maturity, and the potential to share in the upside of the common stock. The yield advantage and finite maturity give the convertible downside price support, or investment value. At the same time, the embedded option component provides participation in higher equity values.

To the extent that any hybrid securities in which a Fund may invest are leveraged or contain embedded derivatives, they will be managed by the Fund as FDI.

**Warrants.** The Fund may acquire warrants either as a result of corporate actions or by purchasing warrants, subject to the above conditions. A warrant is a similar instrument to an option in that the holder of the warrant has the option but not the obligation to either purchase or sell the underlying for a specified price or before a specified date. The underlying of the warrant can be an equity, bond or an index.

**Share Purchase Rights.** Share purchase rights, which give the Fund the ability but not the obligation to purchase more shares, may be issued to the Fund pursuant to its investment in a particular security and, in such cases, may be retained for the purposes of EPM and exercised when considered appropriate.

(c) Financing Transactions

A Fund may use Securities Financing Transactions in accordance with normal market practice and subject to the requirements of the SFTR and the Central Bank Rules. Such Securities Financing Transactions may be entered into for any purpose that is consistent with the investment objective of the relevant Fund, including to generate income or profits in order to increase portfolio returns or to reduce portfolio expenses or risks. Repurchase agreements are transactions in which one party sells a security to the other party with a simultaneous agreement to repurchase the security at a fixed future date at a stipulated price reflecting a market rate of interest unrelated to the coupon rate of the securities. A reverse repurchase agreement is a transaction whereby a Fund purchases securities from a counterparty and simultaneously commits to resell the securities to the counterparty at an agreed upon date and price. These agreements will only be utilised for efficient portfolio management purposes.

Securities lending means transactions by which one party transfers securities to the other party subject to a commitment that the other party will return equivalent securities on a future date or when requested to do so by the party transferring the securities, that transaction being considered as securities lending for the party transferring the securities.

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

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

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

All the revenues arising from Securities Financing Transactions and any other EPM techniques shall be returned to the relevant Fund following the deduction of any direct and indirect operational costs and fees arising. Such direct and indirect operational costs and fees (which are all fully transparent), which shall not include hidden revenue, shall include fees and expenses payable to repurchase/reverse repurchase agreements counterparties and/or securities lending agents engaged by the ICAV from time to time. Such fees and expenses of any repurchase/reverse repurchase agreements counterparties and/or securities lending agents engaged by the ICAV,

which will be at normal commercial rates together with VAT, if any, thereon, will be borne by the ICAV or the Fund in respect of which the relevant party has been engaged. Details of Fund revenues arising and attendant direct and indirect operational costs and fees as well as the identity of any specific repurchase/reverse repurchase agreements counterparties and/or securities lending agents engaged by the ICAV from time to time shall be included in the relevant Fund's semi-annual and annual reports.

While the ICAV will conduct appropriate due diligence in the selection of counterparties, it is noted that the Central Bank Rules do not prescribe any pre trade eligibility criteria for counterparties to a Fund's Securities Financing Transactions. The ICAV will adhere to the conditions of the Central Bank Regulations in relation to cases where rated counterparties are subject to a ratings downgrade.

From time to time, a Fund may engage repurchase/reverse repurchase agreements counterparties and/or securities lending agents that are related parties to the Depositary or other service providers of the ICAV. Such engagement may on occasion cause a conflict of interest with the role of the Depositary or other service provider in respect of the ICAV. Please refer to section 6.1 "Conflicts of Interest" for further details on the conditions applicable to any such related party transactions. The identity of any such related parties will be specifically identified in the relevant Fund's semi-annual and annual reports.

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

Please refer to Appendix III, Risk Factors in respect of the risks related to Securities Financing Transactions. The risks arising from the use of Securities Financing Transactions shall be adequately captured in the ICAV's risk management process.

The specific types of assets that may be subject to SFTR for a Fund will be set out in the relevant Supplement.

(d) Risk Management Process

The ICAV on behalf of each Fund has filed with the Central Bank its risk management process which enables it to accurately measure, monitor and manage the various risks associated with the use of FDI. Any FDI not included in the risk management process will not be utilised until such time as a revised risk management process has been provided to and cleared by the Central Bank. The ICAV will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

(e) Eligible Counterparties

A Fund may invest in OTC derivatives in accordance with the Central Bank Rules and provided that the counterparties to the OTC derivatives are Eligible Counterparties. The ICAV will conduct due diligence in the selection of counterparties in order to ensure they meet the Eligible Counterparties criteria.

#### 4.8 Collateral Policy

In the context of EPM techniques, Securities Financing Transactions and/or the use of FDI for hedging or investment purposes, collateral may be received from a counterparty for the benefit of a Fund or posted to a counterparty by or on behalf of a Fund. Any receipt or posting of collateral by a Fund will be conducted in accordance with the Central Bank Rules and the terms of the ICAV's collateral policy outlined below. In accordance with Regulation (EU) No

648/2012 on OTC derivatives, central counterparties and trade repositories ("**EMIR**"), the market practice for posting of variation margin for uncleared OTC derivatives is likely to change on 1 March 2017 as daily two way posting of variation margin is planned to become mandatory.

(a) Collateral – received by a Fund

Collateral posted by a counterparty for the benefit of a Fund may be taken into account as reducing the exposure to such counterparty. Each 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.

Risks linked to the management of collateral, such as operational and legal risks, shall be identified, managed and mitigated by the ICAV's risk management process. A 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 Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy will at least prescribe the components set out in Regulation 24 paragraph (8) of the Central Bank Regulations.

For the purpose of providing margin or collateral in respect of transactions in techniques and instruments, the Fund may transfer, mortgage, pledge, charge or encumber any assets or cash forming part of the Fund in accordance with normal market practice (including the transfer of daily variation margins) and the requirements outlined in the Central Bank's Rules.

All assets received by a 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 ICAV's collateral policy.

Any assets received by the Fund from a counterparty on a title transfer basis (whether in respect of a Securities Financing Transactions, an OTC derivatives transaction or otherwise) shall be held by the Depositary or a sub-depositary. Assets provided by the Fund on a title transfer basis shall no longer belong to the Fund and shall pass outside the custodial network. The counterparty may use those assets at its absolute discretion. Assets provided to a counterparty other than on a title transfer basis shall be held by the Depositary or a duly appointed sub-depositary. The posting of variation margin by for uncleared OTC derivatives counterparties is likely to be generalised as of 1 March 2017. The Fund is not excepting to receive variation margin from counterparties prior to this date.

(i) Collateral

Collateral received from a counterparty for the benefit of a Fund may be in the form of cash or non-cash assets (such as Canada, U.S., UK, Switzerland, Germany, France, Australia, Belgium, Netherlands government debt which may be up to 30 years in maturity) and must, at all times, meet with the specific criteria outlined in the Central Bank Regulations in relation to (i) liquidity; (ii) valuation; (iii) issuer credit quality; (iv) correlation; (v) diversification (asset concentration); and (vi) immediate availability.

Regarding (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 (as referred to below) are in place.

Where appropriate, non-cash collateral held for the benefit of a Fund shall be valued in accordance with the valuation policies and principles applicable to the ICAV and Securities Financing Transactions will be valued daily at mark-to-market value. In particular, the Manager, on behalf of each 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 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 Manager on an ongoing basis. To the extent that a Fund avails of the increased issuer exposure facility in section 5(ii) of Schedule 3 of the Central Bank Regulations, such increased issuer exposure may be to any of the issuers listed in section 2.12 of Appendix I to the Prospectus.

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

(ii) Cash collateral

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

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

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral. Cash collateral may not be placed on deposit with the relevant counterparty or a related entity. Exposure created through the reinvestment of collateral must be taken into account in determining risk exposures to a counterparty. Re-investment of cash collateral in accordance with the provisions above can still present additional risk for the Fund. Please refer to Appendix III to this Prospectus (section entitled "Risk Factors; Reinvestment of Cash Collateral Risk") for more details.

(b) Collateral – posted by the Fund

Collateral posted to a counterparty by or on behalf of the 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 Fund is able to legally enforce netting arrangements with the counterparty.

Collateral posted to a counterparty by or on behalf of a Fund will consist of such collateral as is agreed with the counterparty from time to time and may include any types of assets held by the Funds.

#### 4.9 Reference to Ratings

The European Union (Alternative Investment Fund Managers) (Amendment) Regulations 2014 (S.I. No. 379 of 2014) (the "**Amending Regulations**") transpose the requirements of the Credit Ratings Agencies Directive (2013/14/EU) ("**CRAD**") into Irish Law. CRAD aims to restrict the reliance on ratings provided by credit rating agencies and to clarify the obligations for risk management. In accordance with the Amending Regulations and the CRAD (which amended the Regulations), notwithstanding anything else in this Prospectus, the Manager shall not solely or mechanistically rely on credit ratings in determining the credit quality of an issuer or counterparty.

#### 4.10 Hedged Classes

A Fund may issue Classes of Shares denominated in currencies other than the Base Currency of the Fund ("Foreign Currency Classes"). Such Foreign Currency Classes may be offered on a hedged or un-hedged basis in relation to the currency exposure of the Class.

A Fund may (but is not obliged to) enter into certain currency-related transactions in order to hedge the currency exposure of the assets of a Fund attributable to a particular Class into the currency of denomination of the relevant Class for the purposes of EPM. This involves a Foreign Currency Class being hedged against exchange rate fluctuation risks between the designated currency of the Class and the Base Currency of the Fund.

A Fund may elect to hedge the currency exposure of Foreign Currency Classes either by "forward hedging" which involves acquiring foreign exchange forward contracts at the level of each Foreign Currency Class, or by the use of "balance sheet hedging" where a Fund seeks to align the currency exposure of its net assets with the aggregate currency exposures of its Classes of Shares in order to allow for a close to identical profit & loss allocation to each Class of Shares (independent of currency). Such "balance sheet hedging" is passive in that it involves controlling the currency exposure of the Fund's balance through foreign exchange spot trades and it does not involve the acquisition of any active currency hedging instruments.

Any financial instruments used to implement the forward hedging with respect to one or more Classes shall be assets/liabilities of the Fund as a whole but will be attributable to the relevant Class(es) and the gains/losses on, and the costs of, the relevant currency hedging instruments will accrue solely to the relevant Class. However, investors should note that there is no segregation of liability between Share Classes. Although the costs, gains and losses of the forward hedging transactions will accrue solely to the relevant Class, Shareholders are nonetheless exposed to the risk that hedging transactions undertaken in one class may impact negatively on the Net Asset Value of another Class.

As appropriate, the currency hedging strategy and the Classes of each Fund will be identified as currency hedged Classes in the Supplement for the Fund in which such Class is issued.

Any currency exposure of a Class may not be combined with or offset against that of any other Class of a Fund. The currency exposure of the assets attributable to a Class must be allocated to the Class being hedged and may not be allocated to other Classes. Where a Fund seeks to hedge against currency fluctuations, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the ICAV. However, the hedging error will not exceed 5% of the Net Asset Value and hedged positions will be kept under review to ensure that over/under hedged positions do not exceed the permitted level, which review will also incorporate a procedure to ensure that positions in excess of 100% of Net Asset Value will not be carried forward from month to month. To the extent that hedging is successful for a particular Foreign Currency Class, the performance of the Class (before applying management and incentive fees) is likely to be in line with the performance of the Fund as measured in its Base Currency, with the result that investors in that Class will not gain/lose if, in the case of currency hedging, the Class currency falls / rises against the Base Currency.

Investors should be aware that the employment of a hedging strategy may substantially limit Shareholders of the relevant hedged Foreign Currency Classes from benefiting if the Class

Currency falls against the Base Currency of the relevant Fund. In such circumstances, Shareholders of the hedged Foreign Currency Class may only be exposed to fluctuations in the Net Asset Value per Share reflecting the gain/ loss of the Fund in its Base Currency (and not the fall of the Class Currency in relation to the Base Currency of the Fund).

#### **4.11 Dividend Policy**

The dividend policy and information on the declaration and payment of dividends for each Fund will be specified in the relevant Supplement. The Instrument of Incorporation empowers the Directors to declare dividends in respect of any Shares in the ICAV out of the net income of the ICAV (i.e. income less expenses) (whether in the form of dividends, interest or otherwise) and net realised and unrealised gains (i.e. realised and unrealised gains net of all realised and unrealised losses), subject to certain adjustments and, in accordance with the Central Bank Rules, partially or fully out of the capital of the relevant Fund.

Any dividends payable to Shareholders will be paid by electronic transfer to the relevant Shareholder's bank account of record on the initial Application Form at the expense of the payee. Any dividends paid which are not claimed or collected within six years of payment shall revert to and form part of the assets of the relevant Fund.

#### **4.12 Publication of Net Asset Value per Share and Publication of Holdings**

The Net Asset Value per Share for each Class shall be available upon the request from the Administrator or such other manner as may be notified to Shareholders in advance from time to time and updated following each calculation of the Net Asset Value. In addition, the Net Asset Value per Share for each Class may be obtained from the office of the Administrator during normal business hours in Ireland. These Net Asset Values will be those prices applicable to the previous Dealing Day's subscriptions, redemptions and exchanges and are therefore only indicative after the relevant Dealing Day.

In addition to the information disclosed in the periodic reports of the ICAV, the ICAV may, from time to time, make available to investors portfolio holdings and portfolio-related information in respect of one or more of the Funds. Any such information will be available to all investors in the relevant Fund on request. Any such information will only be provided on a historical basis and after the relevant Dealing Day to which the information relates. Notwithstanding the fact that this will be historical information, an investor that has received such information may be in a more informed position regarding the relevant Fund than investors that have not received the information.

#### **4.13 Investor Money Regulations**

Subscription monies received by the Administrator prior to investment in a Fund will be held in a Collection Account operated by the Administrator or fund service provider in accordance with the Investor Money Regulations. The Investor Money Regulations require that such monies are held on a segregated and designated basis. Monies held in the Collection Account will be held by the Relevant Institution on the Administrator's behalf for the benefit of and at the risk of the Shareholders on whose behalf such monies are being held. Monies held in the Collection Account are not an asset of the Fund until such time as the monies are transferred to the account of the Fund, that the Shareholder may be exposed to the creditworthiness of the Relevant Institution where the Collection Account is held. Neither the Administrator, the ICAV nor the Fund shall have any liability or responsibility from any losses arising in the event of the insolvency or other failure of the Relevant Institution.



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## 5 MANAGEMENT OF THE ICAV

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### 5.1 General

The Directors control the affairs of the ICAV and are responsible for the formulation of investment objectives and policies of each Fund. The Directors have delegated certain of their duties to the Manager and have appointed the Depositary. The Manager has delegated certain of its duties to the Administrator.

The Central Bank Regulations introduce the concept of the responsible person, being the party responsible for compliance with the relevant requirements of the Central Bank Regulations on behalf of a particular Irish authorised UCITS. The Manager assumes the role of the responsible person for the ICAV.

### 5.2 Directors

The address of the Directors is the registered office of the ICAV. The Directors, all of whom are non-executive directors of the ICAV, are:

(a) Jacques Saulière

Mr. Saulière joined the Manager in August 2001. Today he acts as a director of Capital Fund Management LLP, a subsidiary of the Manager, and as a Co-CEO of the Manager, where he oversees operations and information technology.

Prior to joining the Manager, Mr. Saulière worked from February 1993 as Head of Sales at Ubitrade where he acquired in-depth knowledge of the development of software solutions for risk management within the financial industry. From 1988 to 1992, he worked as a research consultant for major French aerospace groups active in the defence sector.

Mr. Saulière graduated from the École Centrale of Paris (France) in 1985. He also holds M.Sc. degrees in Electrical and Aerospace Engineering from the University of Southern California (United States) and an MBA from INSEAD at Fontainebleau (France).

(b) Des Fullam

Mr. Fullam (Irish resident) is a Director with Carne Global Financial Services Limited. He has over 15 years of experience in senior roles in the funds sector. Mr. Fullam acts as a Director on a number of Irish regulated funds and focuses mainly on product development and client solutions at Carne. Mr. Fullam joined Carne from J.P. Morgan Bank (Ireland) plc, where he was a Vice President in the Bank's Trust & Fiduciary services division in Dublin. Prior to that, Mr. Fullam held senior roles in the Irish Stock Exchange including as Listing Manager in the Funds Department, overseeing listing and compliance functions for funds and as an Executive in the corporate finance department. Mr. Fullam qualified as a barrister at the Kings Inns in Dublin and also has an M.B.A. in Financial Services from the UCD Smurfit Business School. He holds an M.Litt. in modern American History from the University of St Andrews. He is a Member of the Chartered Institute for Securities and Investment, the International Bar Association and the Institute of Banking. Mr. Fullam has also sat on a number of Irish Funds industry committees.

(c) Adrian Waters

Mr. Waters (Irish resident), is a Fellow of The Institute of Chartered Accountants in Ireland and of The Institute of Directors. He is a Chartered Director (UK Institute of Directors) and he specializes in risk management and governance. He has over 25 years' experience in the funds industry. He is a director of several other investment funds. From 1993 to 2001, he held various executive positions within The BISYS Group, Inc. (now part of the Citi Group), including Chief Executive Officer of BISYS Fund Services (Ireland) Limited and finally as Senior Vice President – Europe for BISYS Investment Services out of London. From 1989 to 1993, he was employed by the Investment Services Group of PricewaterhouseCoopers in New York and prior to that by Oliver Freaney and Company, Chartered Accountants, in Dublin. Mr. Waters holds a Bachelor of Commerce degree and a Post Graduate Diploma in Corporate Governance both received from University College Dublin in 1985 and 2005, respectively. Additionally, in 2013, he has received a Master of Science degree in Risk Management from the Stern Business School at New York University.

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

### 5.3 **Manager**

Under the terms of the Management Agreement, the Manager has responsibility for the management and administration of the ICAV's affairs.

The Manager is a systematic quantitative investment firm, initially created in January 1991, and subsequently incorporated under the laws of France as a *société anonyme* (limited liability company) in 1993. The Manager is focused on quantitative trading based on in-depth research, state-of-the-art IT infrastructure and experienced risk management. The Manager invests in applied scientific research and sophisticated information technology systems to extract value across global securities, futures, foreign exchange, commodities, options and derivatives markets.

The Manager is registered with the US Securities Exchange Commission (the “**SEC**”) as an investment adviser and registered with the US Commodity Futures Trading Commission (the “**CFTC**”) as a commodity trading advisor (“**CTA**”) and commodity pool operator (“**CPO**”). The Manager is also registered with the AMF as a portfolio management company (“*société de gestion de portefeuille*”) from 6 July 1993, under number GP01013. On 17 October 2017, the Manager was granted the permission by the AMF to manage UCITS. The Manager is also a member of the US National Futures Association (the registration and membership of the Manager with any above-mentioned regulatory body does not imply or mean that this regulatory body has approved or is otherwise responsible for the Manager or the information contained herein). As of 1 January 2018, the Manager was trading a notional amount of US\$11.4 billion on behalf of clients. The Manager is headquartered in Paris, with subsidiaries in London, New York and Tokyo.

The Manager may delegate part or any of its portfolio management functions in respect of the assets of each or any Fund to a sub-investment manager in accordance with the Central Bank Rules. Where a sub-investment manager is appointed but not paid directly out of the assets of the relevant Fund, disclosure of such entity will be provided to the Shareholders on request, and details thereof will be disclosed in the ICAV's periodic reports. Where a sub-investment manager is appointed and paid directly out of the assets of a Fund, this will be set out in the Supplement for the relevant Fund.

The Manager may also appoint non-discretionary investment advisers, in each case in accordance with the Central Bank Rules. Where an investment adviser is paid directly out of the assets of the relevant Fund, details of such investment adviser, including details of fees shall be set out in the relevant Supplement.

The Manager shall also act as distributor of Shares in each Fund with authority to delegate some or all of its duties as distributor to sub-distributors in accordance with the Central Bank Rules.

Capital Fund Management S.A. is the entity with responsibility for distribution and marketing of the ICAV.

The directors of the Manager are:

(a) ***Jean-Philippe Bouchaud, Chairman & Chief Scientist.***

Dr. Jean-Philippe Bouchaud was appointed Chairman and Chief Scientist of CFM in October 2001. At CFM, Dr. Bouchaud supervises, together with Dr. Potters, the research team of CFM, and contributes by maintaining strong links between CFM's research and the academic world.

After studying at the French Lycée in London, Dr. Bouchaud graduated from the École Normale Supérieure in Paris, France, where he obtained his Ph.D. in theoretical physics. He was then appointed as a researcher by the Centre National de la Recherche Scientifique ("CNRS") until 1992. After a year at the Cavendish Laboratory in Cambridge (UK), he joined the Service de Physique de l'État Condensé at the Commissariat à l'Energie Atomique at Saclay (France). Dr. Bouchaud became interested in theoretical and empirical finance in 1991. His research in quantitative finance led him to founding the research company S&F in 1994. S&F merged with CFM in July 2000.

Dr. Bouchaud is today a well-known authority within the field of Econophysics. His work, summarised in the book *Theory of Financial Risks and Derivative Pricing* (Cambridge University Press), includes new statistical models of returns and correlations, extreme risk control and option pricing beyond Black-Scholes. Dr. Bouchaud was awarded the IBM Young Scientist prize and the CNRS Silver Medal. He is also the Editor-in-Chief of *Quantitative Finance*.

(b) ***Marc Potters, Co-Chief Executive Officer.***

Dr. Marc Potters joined CFM in October 1995 as a researcher in quantitative finance. Today he acts as the Co-CEO of CFM.

Marc Potters holds a Ph.D. in physics from Princeton University (USA). Prior to joining CFM, he was a post-doctoral fellow at the University of Rome La Sapienza (Italy). Dr. Potters is the author, with Mr. Bouchaud, of the book *Theory of Financial Risk and Derivative Pricing* (Cambridge University Press).

(c) ***Jacques Saulière, Co-Chief Executive Officer.***

Please refer to the bio in paragraph 5.2(a) above.

(d) ***Philippe Jordan, President of CFM International Inc.***

Mr. Jordan joined CFM in 2005. Today he acts as President of CFM International Inc., a wholly owned subsidiary of the Investment Advisor, and a member of the board of directors of CFM. He is responsible for CFM's global investor relations and counterparty management.

Prior to joining CFM, Mr. Jordan was a founding member of Indeman Capital Management, LLC ("IDM") a start-up focused on hedge fund incubation. Mr. Jordan joined IDM from Credit Suisse First Boston ("CSFB") where he was a director and the Global Head of Capital Introduction in the Prime Banking Group. He also worked in CSFB's Hedge Fund Development Group where he was the Head of Hedge Fund Origination and Distribution for the Americas. Prior to this, Mr. Jordan was a Senior Vice President in Hedge Fund Coverage and later the Co-Head of Alternative Investments at Daiwa Securities, America and a Senior Vice President in International Sales at Oppenheimer & Co. Mr. Jordan began his career as an Account Executive at Refco Group Limited in London. He served on the board of directors of FINEX from 1993 to 1999.

(e) ***Laurent Laloux, Chief Product Officer.***

Mr. Laloux manages product development with a particular focus on evolving CFM's research and IT capabilities. Laurent obtained his Ph.D. in Theoretical Physics from Université Pierre et Marie Curie in the Laboratoire de Physique Théorique de l'Ecole Normale Supérieure. He joined CFM in February 1997 as a researcher to work on Discus, a managed futures program. In 1998, he started to focus on equities to develop the equity statistical arbitrage program, which was launched in 2001.

#### 5.4 Administrator

The ICAV and the Manager have appointed HSBC Securities Services (Ireland) DAC as administrator of the ICAV pursuant to the Administration Agreement with responsibility for the day to day administration of the ICAV's affairs. The responsibilities of the Administrator include share registration and transfer agency services, valuation of the ICAV and each Fund's Net Asset Value and calculation of the Net Asset Value per Share and the preparation of the ICAV's semi-annual and annual reports. Under the terms of the Administration Agreement, the Administrator is able to outsource certain of its functions and duties to the Administrator's affiliates. Any such outsourcing shall be in accordance with the requirements of the Central Bank.

The Administrator is a company incorporated with limited liability in Ireland on 29 November, 1991. Its registered office is as specified in the directory. It is an indirect wholly-owned subsidiary of HSBC Holdings plc, a public limited company incorporated in England and Wales.

The Administrator's principal business is the provision of fund administration, accounting, registration, transfer agency and related shareholder services to collective investment schemes and investment funds.

The Administrator is not responsible for the preparation of this Prospectus other than the preparation of the above description and accepts no responsibility or liability for any information contained in this Prospectus except disclosures relating to it. The Administrator does not act as guarantor of the Fund or as an offeror of the Shares or any underlying investment. The Administrator is a service provider to the ICAV and has no responsibility or authority to make investment decisions, or render investment advice, with respect to the assets of any Fund. The Administrator is not responsible for, and accepts no responsibility or liability for any losses suffered by any Fund or any investors in any Fund as a result of any failure by the Fund or the Manager to adhere to the investment objective, policy, investment restrictions, borrowing restrictions or operating guidelines. The Administrator will not participate in transactions or activities or make any payments denominated in US dollars, which, if carried out by a US person, would be subject to sanctions by the US Treasury Office of Foreign Assets Control.

The Administrator is entitled to be indemnified by the ICAV against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from the fraud, negligence or wilful misconduct on the part of the Administrator) which may be imposed on, incurred by or asserted against the Administrator as a result of or in connection with performing its obligations or duties.

The Administrator shall be entitled to rely on pricing information in relation to specified investments held by the ICAV which is provided by price sources set out in the Administration Agreement, this Prospectus and/or the Instrument of Incorporation or, in the absence of any such price sources, any reputable price sources on which the Administrator may choose to reasonably rely. Where the Administrator chooses to rely on a price source not expressly provided for in the pricing methodology and procedures of the ICAV set out in the Administration Agreement, this Prospectus and/or the Instrument of Incorporation, it shall exercise reasonable care expected of a professional service provider in its choice of price source and ongoing monitoring of same, and will provide details regarding any such price source on request.

The Administrator will use reasonable endeavours to independently verify the price of any such assets or liabilities of the ICAV using its network of automated pricing services, brokers, market makers, intermediaries or using other pricing sources or pricing models provided by any person. In the absence of readily available independent pricing sources, the Administrator may rely solely upon any valuation or pricing information (including, without limitation, fair value pricing information) about any such assets or liabilities of the ICAV which is processed by it or provided to it by: (i) the Manager, the ICAV's board of directors; and/or (ii) third parties including, but not limited, to any valuer, third party valuation agent, intermediary or other third party which in each case is appointed or authorised by the Manager or the ICAV's board of directors to provide pricing or valuation information in respect of the ICAV's assets or liabilities to the Administrator. The Administrator shall not be liable for any loss suffered by any person as a result of the Administrator not valuing or pricing any such asset or liability, as referred to in (i) and (ii) above, of the ICAV without prejudice to the other provisions of the Administration Agreement.

Any such probable realisation value used will be subject to the Valuation of Assets section of this Prospectus.

The Administrator shall not be liable or otherwise responsible for any loss suffered by any person by reason of: (i) any act or omission of any person prior to the commencement date of the Administration Agreement; (ii) any defect, error, inaccuracy, breakdown or delay in any product or service provided to the Administrator by any third party service provider; (iii) any inaccuracy, error or delay in information provided to the Administrator by or on behalf of the ICAV or Manager (including any broker, market maker or intermediary). The Administrator shall not otherwise be liable for any loss to the ICAV or any other person unless direct loss is sustained as a result of its fraud, negligence or wilful misconduct.

## 5.5 **Depository**

The ICAV and the Manager have appointed HSBC Institutional Trust Services (Ireland) DAC as depository pursuant to the Depository Agreement with responsibility of acting as depository of the assets of each Fund. The Depository is a company incorporated with limited liability in Ireland on 29 November, 1991 and is regulated by the Central Bank of Ireland. Its registered office is as specified in the directory. It is an indirect wholly-owned subsidiary of HSBC Holdings plc, a public limited company incorporated in England. The principal activity of the Depository is to act as depository to collective investment schemes.

Under the terms of the Depository Agreement and in accordance with the provisions of UCITS V, the Depository shall carry out functions in respect of the ICAV including but not limited to the following:

- (i) safekeeping the assets of the ICAV, which includes (i) holding in custody all financial instruments that may be held in custody in accordance with Regulation 34(4)(a) of the Regulations; and (ii) verifying the ownership of other assets and maintaining records accordingly, in each case in accordance with Regulation 34(4)(b) of the Regulations;
- (ii) ensuring that the ICAV's cash flows are properly monitored and in particular that all payments made by or on behalf of applicants upon the subscription to Shares have been received and that all cash of the relevant Fund has been booked in cash accounts that are in accordance with Regulation 34(3) of the Regulations;
- (iii) ensuring that the sale, issue, redemption, repurchase and cancellation of each of the Shares is carried out in accordance with the Regulations and the Instrument of Incorporation;
- (iv) ensuring that the valuation of the Shares are calculated in accordance with the Regulations and Instrument of Incorporation;

- (v) carrying out the instructions of the ICAV, unless they conflict with the Regulations or the Instrument of Incorporation;
- (vi) ensuring that in transactions involving the ICAV's assets any consideration is remitted to the ICAV within the usual time limits;
- (vii) ensuring that the ICAV's income is applied in accordance with the Regulations and the Instrument of Incorporation;
- (viii) enquiring into the conduct of the ICAV in each accounting period and report thereon to the Shareholders. The Depository's report shall state whether in the Depository's opinion the ICAV has been managed in that period:
  - 1) in accordance with the limitations imposed on the investment and borrowing powers of the ICAV and Depository by the Instrument of Incorporation and the Regulations;
  - 2) otherwise in accordance with the provisions of the Instrument of Incorporation and the Regulations; and
  - 3) if the ICAV has not been managed in accordance with (1) or (2) above, the Depository must state why this is the case and outline the steps which the Depository has taken to rectify the situation.

The performance of the safekeeping function of the Depository in respect of certain of the Funds' assets has been delegated to the delegates and sub-delegates listed in Appendix IV. To the extent the Depository delegates the functions listed at (i), its liability will 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 for the Depository to discharge its responsibility under the Regulations, the Depository must exercise all due skill, care and diligence in the selection, periodic review and ongoing monitoring of sub-depositaries as safekeeping agents so as to ensure they have and maintain the expertise, competence and standing appropriate to discharge their responsibilities as sub-depositaries. The Depository must ensure that any sub-depositary complies with the general obligations and prohibitions prescribed in respect of sub-depositaries in the Regulations.

The Depository may delegate its safekeeping functions to one or more delegates in accordance with, and subject to the Regulations and on the terms set out in the Depository Agreement. The performance of the safekeeping function of the Depository in respect of certain of the ICAV's assets has been delegated to the delegates and sub-delegates listed in Appendix IV. An up to date list of any such delegate(s) or sub-delegates is available from the ICAV on request. The Depository will have certain tax information-gathering, reporting and withholding obligations relating to payments arising in respect of assets held by the Depository or a delegate on its behalf.

Subject to the paragraph below, and pursuant to the Depository Agreement, the Depository will be liable to the ICAV and its Shareholders for the loss of a financial instrument of the ICAV which is entrusted to the Depository for safekeeping. The Depository shall also be liable for all other losses suffered by the ICAV as a result of its negligence or intentional failure to properly fulfil its obligations under the Regulations.

The liability of the Depository will not be affected by the fact that it has delegated safekeeping to a third party.

The Depository shall not be liable for the loss of a financial instrument held in custody by the Depository where the loss of the financial instrument arises as a result of an external event beyond the reasonable control of the Depository, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. To the extent permitted by the Regulations, the Depository shall not be liable for any indirect, special or consequential loss.

#### **Summary of Oversight Obligations:**

The Depositary is obliged to ensure, among other things, that:

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

If the ICAV has not complied with (a) or (b) above, the Depositary will state why this is the case and will outline the steps that the Depositary has taken to rectify the situation.

The duties provided for above may not be delegated by the Depositary to a third party.

In discharging its role, the Depositary shall act honestly, fairly, professionally, independently and in the interests of the ICAV and the Shareholders.

The Depositary will have certain tax information-gathering, reporting and withholding obligations relating to payments arising in respect of assets held by the Depositary or a sub-depositary.

The Depositary does not act as guarantor of the performance of the ICAV or as an offeror of shares in the Funds. The Depositary is a service provider to the ICAV and has no responsibility or authority to make investment decisions, or render investment advice, with respect to the assets of the Funds. Save as required by the Regulations and the Depositary Agreement, the Depositary is not responsible for, and accepts no responsibility or liability for, any losses suffered by the ICAV or the Funds or any investors in the Funds.

As further described in this Prospectus (see "Access to Documents and Up-to-date Information"), up to date information regarding the name of the Depositary, any conflicts of interest and delegations of the Depositary's safekeeping functions will be made available to Shareholders on request.

The Depositary is a service provider to the ICAV and is not responsible for the preparation of this document or for the activities of the ICAV and the Funds, and therefore accepts no responsibility for any information contained, or incorporated by reference, in this document.

## 5.6 Auditor

KPMG has been appointed to act as the auditor for the ICAV. The responsibility of the Auditor is to audit and express an opinion on the financial statements of the ICAV/ its Funds in accordance with Irish law and International Financial Reporting Standards.

## 5.7 Paying Agents/Representatives/Distributors

Local laws or regulations in certain EEA jurisdictions may require that the Manager appoints a local Paying Agent and/or other local representatives, in relation to distribution of each Fund in certain EEA jurisdictions. The role of the Paying Agent may entail, for example maintaining accounts through which subscription and redemption proceeds and dividends are paid. Investors who choose or are obliged under local regulations to pay/receive subscription/redemption monies via the intermediary entity rather than directly to the Administrator or the ICAV bear a credit risk against that entity with respect to a) subscription monies prior to the transmission of such monies to the Depositary for the account of the ICAV and b) redemption monies payable by such intermediate entity to the relevant investor. The appointment of a Paying Agent (including a summary of the agreement appointing such Paying Agent) may be detailed in a Country Supplement. Local representatives are mostly in charge of maintaining Funds' documentation in compliance with local regulations.

Fees and expenses of Paying Agents and/or other local representatives, which will be at normal commercial rates, will be borne by the relevant Fund(s). Fees payable to the Paying Agents and/or other local representatives which are based on Net Asset Value will be payable only from the Net Asset Value of the relevant Fund(s) attributable to the relevant Class(es), all Shareholders of which Class(es) are entitled to avail of the services of the Paying Agents and/or other local representatives.

Investors who do not themselves wish to be registered as Shareholders may use the services of a nominee. Where Shares are held through a nominee, those underlying investors who avail of the services of such nominee may be obliged to pay a fee directly to it in relation to the subscription, repurchase or conversion of Shares, details of which will be provided by the nominee. Regard must be had to the anti-money laundering requirements set out in the section entitled "Share Dealings".

## 5.8 Compliance Support Agent

The Compliance Support Agent has been appointed to provide local compliance and fund support services to the ICAV and the Manager such as, without limitation, (i) assisting the ICAV and/or the Manager in the design and maintenance of fund policies, (ii) advising the ICAV and the Manager on regulatory updates relevant to the ICAV, (iii) assisting the ICAV and the Manager in undertaking annual and ongoing due diligence of the delegates of the ICAV, (iv) providing the ICAV and/or the Manager an access to an operation and risk reporting system and (v) assisting the ICAV and the Manager to perform any compliance and regulatory reporting as may be required in relation to the ICAV by applicable laws and regulations.

## 5.9 Secretary

The secretary of the ICAV is MFD Secretaries Limited.



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## 6 CONFLICTS OF INTEREST

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### 6.1 Conflicts of Interest

The Directors, the Manager, the Administrator and the Depositary and their respective affiliates, officers, directors and shareholders, employees and agents (each a "**Connected Party**" for these purposes, collectively the "**Connected Parties**") are or may be involved in other financial, investment and professional activities (for example provision of securities lending agent services) which may on occasion cause a conflict of interest with the management of the ICAV and/or their respective roles with respect to the ICAV. These other activities may include managing or advising other funds, purchases and sales of securities, banking and investment management services, brokerage services and serving as directors, officers, advisers or agents of other funds or companies, including funds or companies in which the ICAV may invest. Each of the Connected Parties will use reasonable endeavours to ensure that any conflicts which may arise will be resolved fairly. The appointment of the Administrator and Depositary in their primary capacity as service providers to the ICAV are excluded from the scope of these Connected Party requirements.

The Manager may advise or manage other collective investment schemes in which a Fund may invest or which have similar or overlapping investment objectives to or with the Funds. Also, a conflict of interest may arise where the competent person valuing unlisted securities and/or OTC derivatives held by a Fund is the Manager or a sub-investment manager or any other Connected Party. For example, because the Manager's fees are calculated on the basis of a percentage of a Fund's Net Asset Value, such fees increase as the Net Asset Value of the Fund increases. When valuing securities owned or purchased by a Fund, the Manager (or any other Connected Party) will, at all times, have regard to its obligations to the ICAV and the Fund and will ensure that such conflicts are resolved fairly.

There is no prohibition on transactions with the ICAV, the Manager, the Administrator, the Depositary or entities related to the Manager, the Administrator or the Depositary including, without limitation, holding, disposing or otherwise dealing - with Shares issued by or property of the ICAV and none of them shall have any obligation to account to the ICAV for any profits or benefits made by or derived from or in connection with any such transaction provided that such transactions are in the best interests of Shareholders and dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis and

- (a) a certified valuation by a person approved by the Depositary as independent and competent (or in the case of a transaction involving the Depositary, the Directors) has been obtained; or
- (b) the relevant transaction is executed on best terms on an organised investment exchange in accordance with its rules; or
- (c) where the conditions set out in (a) and (b) above are not practical, the relevant transaction is executed on terms which the Depositary is (or in the case of a transaction involving the Depositary, the Directors are) satisfied conform with the principle that such transactions be carried out as if negotiated at arm's length and in the best interests of the Shareholders in the relevant Fund(s).

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

Potential conflicts of interest may arise from time to time from the provision by the Depositary and/or its affiliates of other services to the ICAV and/or other parties. For example, the Depositary and/or its affiliates may act as the depositary, trustee, custodian and/or administrator of other funds. It is therefore possible that the Depositary (or any of its affiliates) may in the course of its business have conflicts or potential conflicts of interest with those of the ICAV and/or other funds for which the Depositary (or any of its affiliates) act.

Where a conflict or potential conflict of interest arises, the Depositary will have regard to its obligations to the ICAV and will treat the ICAV and the other funds for which it acts fairly and such that, so far as is practicable, any transactions are effected on terms which are not materially less favourable to the ICAV than if the conflict or potential conflict had not existed. Such potential conflicts of interest are identified, managed and monitored in various other ways including, without limitation, the hierarchical and functional separation of the Depositary's functions from its other potentially conflicting tasks.

Each Connected Party will provide the ICAV with relevant details of each transaction (including the name of the party involved and where relevant, fees paid to that party in connection with the transaction) in order to facilitate the ICAV discharging its obligation to provide the Central Bank with a statement within the relevant Fund's annual and semi-annual reports in respect of all Connected Party transactions.

The preceding list of potential conflicts of interest does not purport to be a complete enumeration or explanation of all of the conflicts of interest that may be involved in an investment in the ICAV.

## **6.2 Directors' Interests**

None of the Directors has or has had any direct interest in the promotion of the ICAV or in any transaction effected by the ICAV which is unusual in its nature or conditions or is significant to the business of the ICAV as at the date of this Prospectus or in any contracts or arrangements of the ICAV subsisting at the date hereof, other than:

- (a) Jacques Saulière, who is a Director and Co-CEO of the Manager.
- (b) Des Fullam, who is a director of the Compliance Support Agent (Carne Global Financial Services Limited, which has previously acted as the management company of the ICAV).

## **6.3 Manager Investment in Shares**

The Manager or an associated company or key employee of the Manager may invest in Shares of a Fund for general investment purposes or for other reasons including so that a Fund or Class may have a viable minimum size or is able to operate more efficiently. In such circumstances the Manager or an associated company may hold a high proportion of the Shares of a Fund or Class in issue.

## **6.4 Soft Commissions**

The Manager may effect transactions with or through the agency of another person with whom the Manager or an entity affiliated to the Manager has arrangements under which that person will, from time to time, provide to or procure for the Manager and/or an affiliated party goods, services or other benefits such as research and advisory services, specialised computer hardware or software. No direct payment may be made for such goods or services but the Manager may undertake to place business with that person provided that person has agreed to provide best execution with respect to such business and the services provided must be of a type which assists in the provision of investment services to the ICAV. A report will be included in the relevant Fund's annual and semi-annual reports describing the Manager's soft commission practices.

**6.5 Cash Commission/ Rebates and Fee Sharing**

Where the Manager, or any of its delegates, successfully negotiates the recapture of a portion of the commissions charged by brokers or dealers in connection with the purchase and/or sale of securities or FDI for a Fund, the rebated commission shall be paid to the relevant Fund. The Manager or their delegates may be paid/reimbursed out of the assets of the relevant Fund for reasonable properly vouched costs and expenses directly incurred by the Manager or their delegates in this regard.

**6.6 Common Counsel and Auditor**

Maples and Calder is Irish counsel to the ICAV. Maples and Calder may also act as counsel to the Manager in matters not involving the ICAV. Consequently, certain conflicts of interest may arise. Prospective investors and Shareholders are advised to consult their own independent counsel (and not Maples and Calder) with respect to the legal and tax implications of an investment in the Shares.

KPMG Ireland has been appointed as the auditor for the ICAV. KPMG Ireland may also act as the auditor to the Manager in matters not involving the ICAV. Consequently, certain conflicts of interest may arise.

**6.7 Other Conflicts**

Any other conflicts shall be disclosed in the relevant Supplement.

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## 7 SHARE DEALINGS

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### 7.1 Subscription for Shares

(a) General

During the Initial Offer Period specified in the relevant Supplement, Shares shall be issued at the Initial Issue Price as specified in the relevant Supplement. Thereafter Shares shall be issued at the Net Asset Value per Share (plus any Preliminary Charge and duties and charges)) on any Dealing Day.

(b) Applications for Shares

Applications for Shares may be made through the Administrator or through a duly appointed distributor for onward transmission to the Administrator. Applications received by the Administrator for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion, in exceptional circumstances, otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day (specifically before the close of business in the relevant market that closes first on the relevant Dealing Day).

Initial applications should be made using an Application Form obtained from the Administrator which may be submitted in original form, by electronic means or by fax with the original form to follow promptly and signed. All initial applications shall be subject to prompt transmission to the Administrator of such other papers (such as documentation relating to money laundering prevention checks) as may be required by the Directors or their delegate. In the case of subsequent applications submitted by electronic means or by fax, it is not necessary for the Administrator to subsequently receive the original Application Form provided that the Directors are satisfied that the appropriate controls and procedures are in place to comply with applicable anti-money laundering legislation and to ensure that any risk of fraud associated with the processing of transactions based on such means are adequately mitigated.

Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of written or electronic instructions and, if required, appropriate original documentation from the relevant Shareholder.

Any applications submitted by electronic means must be in a form and method agreed by and in accordance with the requirements of the Administrator.

Applications will be irrevocable unless the Directors, or a delegate, otherwise agree.

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

(c) Fractions

Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the Subscription Price for one Share, provided however, that fractions shall not be less than 0.0001 of a Share. Subscription monies representing less than 0.0001 of a Share will be retained by the ICAV in order to defray administration costs.

(d) Method of Payment

Subscription payments net of all bank charges should be paid by SWIFT or electronic transfer. Other methods of payment are subject to the prior approval of the Directors or their delegate. No interest will be paid in respect of payments received in circumstances where the application is received in advance of a Dealing Day or held over until a subsequent Dealing Day.

(e) Currency of Payment

Subscription monies are payable in the denominated currency of the Share Class. However, the ICAV may accept payment in such other currencies as the Directors may agree at the prevailing exchange rate available to the Administrator. The cost and risk of converting currency will be borne by the investor.

In the case of Classes that are denominated in a currency other than the Base Currency and are not identified as hedged, a currency conversion will take place on subscription at prevailing exchange rates. Please refer to Appendix III to this Prospectus (section entitled "Risk Factors; Currency Risk ") for more details.

(f) Timing of Payment

Payment in respect of subscription must be received in cleared funds on or before the Settlement Date as outlined in the Supplement for the relevant Fund.

If payment in full in respect of the issue of Shares has not been received by the relevant time on the relevant Settlement Date, or in the event of non-clearance of funds, the allotment of Shares made in respect of such application may, at the sole discretion of the Directors, be cancelled, or, alternatively, the applicant may be charged interest together with an administration fee. In addition the Directors will have the right to sell all or part of the applicant's holdings of Shares in the Fund or any other Fund of the ICAV in order to meet those charges.

(g) Form of Shares and Confirmation of Ownership

Confirmation of each purchase of Shares will normally be sent to Shareholders within two (2) Business Days of the purchase being made. Shares shall be issued in registered form only and title to Shares will be evidenced by written confirmation of entry of the investor's name on the ICAV's register of Shareholders and no share certificates will be issued.

(h) In Specie Subscriptions

The Directors may, at their sole discretion, accept payment for Shares in a Fund by a transfer in specie of assets, the nature of which must comply with the investment objective, policy and restrictions of the relevant Fund and the value of which shall be determined by the Directors or their delegate, in accordance with the Instrument of Incorporation and the valuation principles governing the ICAV. Any prospective investor wishing to subscribe for Shares by a transfer in specie of assets will be required to comply with any administrative and other arrangements for the transfer specified by the ICAV, the Depositary or the Administrator. Any in specie transfer will be at the specific investor's risk and the costs of such a transfer will be borne by the specific investor. Shares will not be issued until the investments have been vested or arrangements are made to vest the investments with the Depositary or its sub-custodian to the Depositary's satisfaction and the number of Shares to be issued will not exceed the amount that would be issued if the cash equivalent of the investments had been invested and the Directors are satisfied that the terms of such exchange shall not be such as are likely to result in any material prejudice to the existing Shareholders.

(i) Minimum Initial and Additional Investment Amount and Minimum Shareholding Requirements

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

(j) Restrictions on Subscriptions

The Directors may, in their sole discretion, reject any application in whole or in part without giving any reason for such rejection in which event the subscription monies or any balance thereof will, subject to applicable law, be returned without interest, expenses or compensation to the applicant by transfer to the applicant's designated account or by post at the applicant's cost and risk.

The Directors may, in their sole and absolute discretion, determine that in certain circumstances, it is detrimental for existing Shareholders to accept an application for Shares in cash or in specie, representing more than ten per cent (10%) of the Net Asset Value of a Fund. In such case, the Directors may postpone the application and, in consultation with the relevant investor, require such investor to stagger the proposed application over an agreed period of time.

Shares may not be issued or sold by the ICAV during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described under "Suspension of Calculation of Net Asset Value" below.

(k) Anti-Dilution Levy ("ADL")

The Directors reserve the right to impose an ADL on a transaction basis and adjust the Subscription Price in the case of net subscriptions. A Supplement for any Fund may also provide that the amount of net subscriptions must exceed a certain threshold and ratio to the Net Asset Value of the relevant Fund. In calculating the Subscription Price for the Fund the directors may, on any dealing day on which there are net subscriptions, adjust (as relevant), the Subscription Price by adding an ADL payable to the Fund, to cover dealing costs and to preserve the value of the underlying assets of the relevant Fund where they consider such a provision to be in the best interests of a Fund. The ADL shall not exceed 3% of the Subscription Price.

(l) Ownership Restrictions

Any person who holds Shares in contravention of restrictions imposed by the Directors or, by virtue of his holding, is in breach of the laws and regulations of any applicable jurisdiction (for example, by reason of the ICAV becoming liable in the relevant jurisdiction of the Shareholder) or whose holding could, in the opinion of the Directors, cause the ICAV to incur any liability to taxation or to suffer any pecuniary disadvantage which it or the Shareholders or any or all of them might not otherwise have incurred or sustained or otherwise in circumstances which the Directors believe might be prejudicial to the interests of the Shareholders, shall indemnify the ICAV, the Manager, the Depositary, the Administrator and Shareholders for any loss suffered by it or them as a result of such person or persons acquiring or holding Shares in any Fund.

The Directors have power under the Instrument of Incorporation to compulsorily repurchase and/or cancel any Shares held or beneficially owned in contravention of any restrictions imposed by them or in breach of any law or regulation.

While Shares will generally not be issued or transferred to any U.S. Person, the Directors may authorise the purchase by or transfer to a U.S. Person in their discretion. The Directors will seek reasonable assurances that such purchase or transfer does not violate United States securities laws, e.g., will not require the Shares to be registered under the United States Securities Act of 1933 or the ICAV or any Fund to be registered under the United States Investment Company Act of 1940 or result in adverse tax consequences to the ICAV or to the non-U.S. Shareholders. Each investor who is a U.S. Person will be required to provide such representations, warranties or documentation as may be required to ensure that these requirements are met prior to the issue of Shares.

(m) Anti-Money Laundering and Counter Terrorist Financing Measures

The Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (as amended by the Criminal Justice Act 2013) (the "**Act**") sets out measures aimed at the prevention of money laundering and terrorist financing. These measures require the 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 investor and relevant business relationship.

By way of example an individual may be required to produce an original certified copy of a passport or identification card together with evidence of his/her address such as an original copy of evidence of his/her address, i.e. utility bills or bank statements (not more than six months old), 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 and details of the beneficial ownership including but not limited to identification of the ultimate beneficial owner of the corporate investor.

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 or the applicant comes under the definition of a 'specified customer' as set out in the Act.

The ICAV is regulated by the Central Bank, and must comply with the measures provided for in the Act which are aimed towards the prevention of money laundering and terrorist financing. In order to comply with these anti-money laundering and counter terrorism financing regulations, the Administrator, on the ICAV's behalf, will require from any subscriber or Shareholder a detailed verification of the identity of such subscriber or Shareholder, the identity of the beneficial owners of such subscriber or Shareholder, the source of funds used to subscribe for Shares, and other additional information which may be requested from any subscriber or Shareholder for such purposes from time to time. The ICAV and the Administrator each reserve the right to request such information as is necessary to verify the identity of an applicant and where applicable, the beneficial owner.

Politically exposed persons ("**PEPs**") must be identified and their identity verified in line with the requirements of the Act. A PEP is an individual who is or has, at any time in the preceding year, been entrusted with a prominent public function, or is an immediate family member, or persons known to be a close associate a PEP.

None of the ICAV, the Directors, the 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.

The Administrator may also refuse to process redemption requests or pay redemption proceeds in such circumstances. Applicants should note that redemption proceeds will only be made to the account of record.

Each applicant for Shares acknowledges that the Administrator and the ICAV shall be indemnified and held harmless against any loss arising as result of a failure to process his/her application for Shares or redemption request, if such information and documentation has been requested by the Administrator and has not been provided by the applicant. Furthermore the ICAV or the Administrator also reserve the right to refuse to make any redemption payment or distribution to a Shareholder if any of the Directors of the ICAV or the Administrator suspects or is advised that the payment of any redemption or distribution moneys to such Shareholder might result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure the compliance by the ICAV, its Directors or the Administrator with any such laws or regulations in any relevant jurisdiction.

(n) Data Protection

Prospective investors should note that by completing the Application Form, they are providing personal information to the ICAV, which may constitute personal data within the meaning of the General Data Protection Regulation. Data may be disclosed to third parties including regulatory bodies, tax authorities (including in accordance with CRS), delegates, advisers and service providers of the ICAV and their or the ICAV's duly authorised delegates and any of their respective related, associated or affiliated companies wherever located (including to countries located outside the EEA which may not provide an adequate level of protection of personal data) for the purposes specified. By signing the Application Form, investors consent to the obtaining, holding, use, disclosure and processing of data for any one or more of the purposes set out in the Application Form.

Investors have a right of access to their personal data kept by the ICAV and the right to amend and rectify any inaccuracies in their personal data held by the ICAV or to restrict the use of and/or object, where certain circumstances apply in accordance with the General Data Protection Regulation, to the processing of their personal data by making a request to the ICAV in writing.

## 7.2 Repurchase of Shares

(a) General

Shareholders may redeem their Shares on a Dealing Day at the Repurchase Price which shall be the Net Asset Value per Share, less Repurchase Charge, if any and any applicable duties and charges (save during any period when the calculation of the Net Asset Value is suspended). Please see the section entitled "Suspension of Calculation of NAV" herein for further information in this regard.

(b) Repurchase Requests



Requests for the repurchase of Shares should be made to the Administrator on behalf of the ICAV and may be submitted in original form, by electronic means or by fax with the original to follow promptly and must be signed and should include such information as may be specified from time to time by the Directors or their delegate. Requests for repurchase received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for repurchase received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Directors in their absolute discretion in exceptional circumstances, otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such request(s) have been received prior to the Valuation Point for the particular Dealing Day.

The Minimum Repurchase Amount (if any) may vary according to the Fund or the Class of Share.

In the event of a Shareholder requesting a repurchase which would, if carried out, leave the Shareholder holding Shares having a Net Asset Value less than the Minimum Shareholding, the ICAV may, if it thinks fit, repurchase the whole of the Shareholder's holding.

(c) Method of Payment

The amount due on repurchase of Shares will be paid by electronic transfer to the relevant Shareholder's account of record on the initial Application Form by the Settlement Date.

In no event shall Repurchase Proceeds be paid until such documents as may be required by the Directors and the Administrator have been received from the investor and all of the necessary anti-money laundering checks have been carried out, verified and received in original form.

Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of written instructions and appropriate original documentation from the relevant Shareholder.

(d) Currency of Payment

Shareholders will normally be repaid in the denominated currency of the relevant Class.

In the case of Classes that are denominated in a currency other than the Base Currency and are not identified as hedged, a currency conversion will take place on repurchase at prevailing exchange rates. In the case of Classes of Shares denominated in a non-freely-convertible currency, Repurchase Proceeds may be paid in a freely-convertible currency if the currency of the Share Class is not available. The rate of exchange used to convert the currency from the Base Currency of the Fund shall be that prevailing at the time of conversion and available to the ICAV and the expenses of such conversion shall be borne by the Shareholder. Please refer to Appendix III to this Prospectus (section entitled "Risk Factors; Currency Risk") for more details.

(e) Timing of Payment

Repurchase Proceeds will be paid within ten Business Days of the relevant Dealing Day and generally by the Settlement Date and in accordance with the provisions specified in the relevant Supplement (without prejudice to section 7.2(g), "Deferred Repurchases").

Investors should note that any redemption proceeds being paid out by a Fund shall remain an asset of the relevant Fund until such time as the proceeds are released to the investor. This would include, for example, cases where redemption proceeds are

temporarily withheld pending the receipt of any outstanding identity verification documents as may be required by the ICAV or the Administrator – enhancing the need to address these issues promptly so that the proceeds may be released. It should also be noted that the investor shall have ceased being considered a Shareholder and instead will rank as a general unsecured creditor of the ICAV.

(f) Withdrawal of Repurchase Requests

Requests for repurchase may not be withdrawn save with the written consent of the Directors or their delegate.

(g) Deferred Repurchases

If the number of Shares to be repurchased on any Dealing Day equals 10% or more of the total number of Shares of any Fund in issue on that Dealing Day or one tenth or more of the Net Asset Value of a Fund the Directors or their delegate may at their discretion refuse to repurchase any Shares in excess of one tenth of the total number of Shares in issue or one tenth of the Net Asset Value as aforesaid and, if they so refuse, the requests for repurchase on such Dealing Day shall be reduced pro rata and Shares which are not repurchased by reason of such refusal shall be treated as if a request for repurchase had been made in respect of each subsequent Dealing Day until all Shares to which the original request related have been repurchased. Repurchase requests which have been carried forward from an earlier Dealing Day shall (subject always to the foregoing limits) be complied with pro rata to later requests.

(h) In Specie Repurchases

The Directors may, with the consent of the individual Shareholders, satisfy any request for repurchase of Shares by the transfer to those Shareholders of assets of the relevant Fund having a value equal to the Repurchase Price for the Shares repurchased as if the Repurchase Proceeds were paid in cash.

A determination to provide repurchase in specie may be solely at the sole discretion of the Directors where the redeeming Shareholder requests repurchase of a number of Shares that represents ten per cent (10%) or more of the Net Asset Value of the relevant Fund. In the event any Shareholder elects not to receive the repurchase proceeds in specie, the ICAV will, sell the asset or assets proposed to be distributed in specie and distribute to such Shareholder the cash proceeds less the costs of such sale, which shall be borne by the relevant Shareholder.

The nature and type of assets to be transferred in specie to each Shareholder shall be determined by the Directors (subject to the approval of the Depositary as to the allocation of assets) on such basis as the Directors in their discretion shall deem equitable and not prejudicial to the interests of the remaining Shareholders in the relevant Fund or Class.

(i) Anti-Dilution Levy (“ADL”)

The Directors reserve the right to impose an ADL on a transaction basis and adjust the Repurchase Price in the case of net redemptions. A Supplement for any Fund may also provide that the amount of net redemptions must exceed a certain threshold and ratio to the Net Asset Value of the relevant Fund. In calculating the Repurchase Price for the Fund, the directors may, on any dealing day on which there are net repurchases, adjust (as relevant) the Repurchase Price by adding an ADL payable to the Fund, to cover dealing costs and to preserve the value of the underlying assets of the relevant Fund where they consider such a provision to be in the best interests of a Fund. The ADL shall not exceed 3% of the redemption price.

(j) Compulsory Repurchase of Shares/Deduction of Tax

Shareholders are required to notify the ICAV and the Administrator immediately if they become U.S. Persons or persons who are otherwise subject to restrictions on ownership as set out in this Prospectus and such Shareholders may be required to sell or transfer their Shares. The ICAV may repurchase any Shares which are or become owned, directly or indirectly, by or for the benefit of any person in breach of any restrictions on ownership from time to time as set out in this Prospectus or if the holding of Shares by any person is unlawful or is likely to result or results in any tax, fiscal, legal, regulatory, pecuniary liability or disadvantage or material administrative disadvantage to the ICAV, the Shareholders as a whole or any Fund or Class. The ICAV may also repurchase any Shares held by any person who holds less than the Minimum Shareholding or who does not, within seven days of a request by or on behalf of the Directors, supply any information or declaration required under the terms hereof to be furnished (including, without limitation, the failure to provide such documentation as may be required by the ICAV to satisfy the ICAV as to the identity and verification of beneficial ownership of any proposed transferee in accordance with the anti-money laundering and prevention of terrorism law applicable in Ireland and the failure to provide any declarations including declarations as to appropriate tax status of the transferee). The ICAV may apply the proceeds of such compulsory repurchase in the discharge of any taxation or withholding tax arising as a result of the holding or beneficial ownership of Shares by a Shareholder including any interest or penalties payable thereon.

When a repurchase request has been submitted by an investor who is or is deemed to be an Irish Resident or a person Ordinarily Resident in Ireland or is acting on behalf of an Irish Resident or person Ordinarily Resident in Ireland, the ICAV shall deduct from the Repurchase Proceeds an amount which is equal to the tax payable by the ICAV to the Revenue Commissioners in respect of the relevant transaction. The attention of investors is drawn to the section of this Prospectus entitled "Taxation" and in particular the section headed "Irish Taxation" which details circumstances in which the ICAV shall be entitled to deduct from payments to Shareholders who are Irish Resident or Irish Ordinarily Resident amounts in respect of liability to Irish taxation including any penalties and interest thereon and/or compulsorily repurchase Shares to discharge such liability. Relevant Shareholders will be required to indemnify and keep the ICAV indemnified against loss arising to the ICAV by reason of the ICAV becoming liable to account for tax on the happening of an event giving rise to a charge to taxation.

(k) BHC Shareholders

There are certain mitigating factors which may impact a BHC Shareholder (or a BHC Shareholder may take steps) which would allow them to hold shares in excess of the Relevant BHC Threshold. In such circumstances the Directors may, in their sole discretion, compulsorily repurchase Shares held by a BHC Shareholder in excess of the Relevant BHC Threshold ("Affected Shares"), unless

- (i) the relevant BHC Shareholder has requested redemption or (if applicable) exchange of the Affected Shares;
- (ii) the relevant BHC Shareholder has notified the Directors in writing on or about the time of being entered on the Register as a Shareholder (and has not rescinded such notice in writing), that it wishes to hold Shares in excess of the Relevant BHC Threshold and the Directors agree to such holding above the Relevant BHC Threshold; or
- (iii) the Affected Shares are subject to suitable rights or restrictions which brings the BHC Shareholder under the Relevant BHC Threshold.

(l) Total Repurchase of Shares

All of the Shares of any Class or any Fund may be repurchased:

- (i) if at any time the Net Asset Value of the relevant Fund shall be less than the Minimum Fund Size or the Minimum Share Class Size (if any) determined by the Directors in respect of that Fund or Class and set out in the relevant Supplement; or
- (ii) on the giving by the ICAV of not less than twenty-one Clear Days' notice expiring on a Dealing Day to Shareholders of the relevant Fund or Class of its intention to repurchase such Shares; or
- (iii) if the holders of 75% in value of the relevant Class or Fund resolve at a meeting of the Shareholders duly convened and held that such Shares should be repurchased.

The Directors may resolve in their absolute discretion to retain sufficient monies prior to effecting a total repurchase of Shares to cover the costs associated with the subsequent termination of a Fund or Class or the liquidation of the ICAV.

Please refer also to section 11 for a summary of provisions in the Instrument of Incorporation in relation to the circumstances where a Fund may be terminated in relation to procedures for the winding up of the ICAV.

### 7.3 Exchange of Shares

(a) Exchanges

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

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

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

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

where:

R = the number of Shares of the Original Class to be exchanged;

<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 an exchange of Shares designated in the same Base Currency, the value of ER is 1. In any other case, the value of ER is the currency conversion factor determined by the Directors at the Valuation Point for the relevant Dealing Day as representing the available rate of exchange applicable to the transfer of assets relating to the Original and New Classes of Shares after adjusting such rate as may be necessary to reflect the effective costs of making such transfer;
<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 Exchange Charge (if any) payable on the exchange of Shares.

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

An Exchange Charge of up to 3% of the Repurchase Price of the Shares being exchanged may be charged by the ICAV on the exchange of Shares. Details of any Exchange Charge will be set out in the relevant Supplement.

Exchange requests may not be withdrawn save with the written consent of the ICAV or its authorised agent.

(b) **Restrictions on Exchange**

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

The Directors may, at their discretion, refuse to effect an exchange request without giving any reason for such refusal. In addition, restrictions may apply on making exchanges between certain Classes as may be set out in the relevant Supplement(s).

#### 7.4 **Transfers of Shares**

Subject to the consent of the Directors, Shares are freely transferable and may be transferred in writing in a 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 transferee and the transferor. Prior to the registration of any transfer, transferees, who are not existing Shareholders, must complete an Application Form and provide any other documentation (e.g. as to identity, compliance with anti-money laundering requirements) reasonably required by the Directors and the Administrator. Notwithstanding the foregoing, the Directors in their absolute discretion may decline to register transfers, as more particularly described in the Instrument of Incorporation. In the case of the death of one of joint Shareholders, the survivor or survivors will be the only person or persons recognised by the ICAV as having any title to or interest in the Shares registered in the names of such joint Shareholders.

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## 8 VALUATION OF ASSETS

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### 8.1 Calculation of Net Asset Value

The Net Asset Value of a Fund shall be expressed in the Base Currency or in such other currency as the Manager may determine either generally or in relation to a particular Class or in a specific case, and shall be calculated by ascertaining the value of the assets of the Fund and deducting from such value the liabilities of the Fund as at the Valuation Point for such Dealing Day.

In the event that the Shares of any Fund are further divided into Classes, the Net Asset Value per Class shall be determined by notionally allocating the Net Asset Value of the Fund amongst the Classes making such adjustments for subscriptions, redemptions, fees, dividend 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 Share Class hedging purposes, which gains/losses and costs shall accrue solely to that Class) and any other factor differentiating the Classes determined by the Manager. The Net Asset Value of the Fund, as allocated between each Class, shall be divided by the number of Shares of the relevant Class which are in issue or deemed to be in issue and rounding the result mathematically to four decimal places as determined by the Manager or such other number of decimal places as may be determined by the Manager from time to time.

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

The Instrument of Incorporation provides for the correct allocation of assets and liabilities amongst each Fund. The Instrument of Incorporation provides for the method of valuation of the assets and liabilities of each Fund and of the Net Asset Value of each Fund. The assets and liabilities of a Fund will be valued at the Valuation Point as follows:

- (a) Securities listed or traded on a recognised exchange (or swaps or contracts for differences referencing such securities) for which market quotations are readily available shall be valued at the closing or last known market price which for the purposes of the ICAV shall be understood to mean the last traded price. Where a security is listed or dealt in on more than one recognised exchange, the relevant exchange or market shall be the principal or main stock exchange or market on which the security is listed or dealt on or the exchange or market which the Directors determines provides the fairest criteria in determining a value for the relevant investment. Assets listed or traded on a recognised exchange, but acquired or traded at a premium or at a discount outside or off the relevant exchange or market may be valued taking into account the level of premium or discount at the Valuation Point provided that the Depositary shall be satisfied that the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security.
- (b) The value of any investment which is not quoted, listed or dealt in on a recognised exchange, or which is so quoted, listed or dealt but for which no such quotation or value is available, or the available quotation or value is not representative of the fair market value, shall be the probable realisation value as estimated with care and good faith by (i) the Directors or (ii) a competent person, firm or corporation selected by the Directors and approved for the purpose by the Depositary or (iii) any other means provided that the value is approved by the Depositary. Where reliable market

quotations are not available for fixed income securities, the value of such securities may be determined using matrix methodology compiled by the Directors or competent person (as approved by the Depositary) whereby such securities are valued by reference to the valuation of other securities which are comparable in rating, yield, due date and other characteristics.

- (c) Cash (in hand or on deposit) will be valued at its nominal/face value plus accrued interest or less debit interest, where applicable, to the end of the relevant day on which the Valuation Point occurs.
- (d) Notwithstanding paragraph (a) above, units in collective investment schemes shall be valued at the latest available net asset value per unit or latest bid price as published by the relevant collective investment scheme or, if listed or traded on a recognised exchange, in accordance with (a) above.
- (e) Exchange-traded derivative instruments will be valued based on the settlement price as determined by the market where the instrument is traded. If such settlement price is not available, such value shall be calculated in accordance with (b) above, i.e. being the probable realisation value estimated with care and in good faith by a competent person appointed by the Directors (and approved for such purpose by the Depositary).
- (f) OTC derivative contracts shall be valued in accordance with Article 11 of EMIR. The ICAV shall verify that a Fund's exposures to OTC derivatives are assigned fair values that do not rely only on market quotations by the counterparties of the OTC transactions and which fulfil the criteria set out in Regulation 68(1)(g)(iii) of the Regulations;
- (g) Notwithstanding the provisions of paragraphs (a) to (e) above:-
  - (i) The Directors or its delegate shall, at their discretion in relation to any particular Fund which is a short-term money market fund, have in place an escalation procedure to ensure that any material discrepancy between the market value and the amortised cost value of a money market instrument is brought to the attention of the Manager or a review of the amortised cost valuation vis-à-vis market valuation will be carried out in accordance with the requirements of the Central Bank.
  - (ii) Where it is not the intention or objective of the Directors to apply amortised cost valuation to the portfolio of the Fund as a whole, a money market instrument within such a portfolio shall only be valued on an amortised basis if the money market instrument has a residual maturity of less than 3 months and does not have any specific sensitivity to market parameters, including credit risk.
- (h) Notwithstanding the generality of the foregoing, the Directors may with the approval of the Depositary adjust the value of any investment if they consider that such adjustment is required to reflect the fair value in the context of currency, marketability, dealing costs and/or such other considerations which are deemed relevant. The rationale for adjusting the value must be clearly documented.
- (i) If the Directors deems it necessary, a specific investment may be valued under an alternative method of valuation approved by the Depositary and the rationale/methodologies used must be clearly documented.

Any value expressed otherwise than in the Base Currency of the relevant Fund shall be converted into the Base Currency of the relevant Fund at the prevailing exchange rate which the Directors or its delegate shall determine to be appropriate.

## 8.2 **Suspension of Calculation of Net Asset Value**

The ICAV at any time may, but shall not be obliged to, temporarily suspend the determination of the Net Asset Value and the sale, repurchase and/or exchange of such Shares in a Fund, in the following instances:

- (a) during any period when any of the markets or stock exchanges on which a substantial portion of the assets of the relevant Fund are quoted, listed or dealt in is closed, otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended; or
- (b) during any period when, as a result of political, economic, military, environmental or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of a substantial portion of the assets of the relevant Fund is not reasonably practicable without this being seriously detrimental to the interests of Shareholders of the relevant Fund or if, in the opinion of the Directors, the Net Asset Value of the Fund cannot be fairly calculated; or
- (c) during any breakdown in the means of communication normally employed in determining the price of a substantial portion of the assets of the relevant Fund, or when, for any other reason the current prices on any market or stock exchanges of any of the assets of the relevant Fund cannot be promptly and accurately ascertained; or
- (d) during any period when, as a result of adverse market conditions, the payment of repurchase proceeds may, in the opinion of the Directors, have an adverse impact on the relevant Fund or the remaining Shareholders in the relevant Fund; or
- (e) during any period (other than ordinary holiday or customary weekend closings) when any counterparty, market or exchange which is the counterparty, main market or exchange for a significant part of the instruments or positions held is closed, or in which trading thereon is restricted or suspended; or
- (f) during any period when proceeds of any sale or repurchase of the Shares cannot be transmitted to or from the account of the relevant Fund; or
- (g) during any period in which the repurchase of the Shares would, in the opinion of the Directors, result in a violation of applicable laws; or
- (h) during any period during which any transfer of funds involved in the realisation or acquisition of assets or payments due on the repurchase of Shares of the relevant Fund cannot, in the opinion of the Directors, be effected at normal prices or rates of exchange; or
- (i) during any period when the Directors are unable to repatriate funds required for the purpose of making payments due on the repurchase of Shares in the relevant Fund; or
- (j) during any period when in the opinion of the Directors such suspension is justified having regards to the best interests of the ICAV and/or the relevant Fund; or



- (k) following the circulation to Shareholders of a notice of a general meeting at which a resolution proposing to wind up the ICAV or terminate the relevant Fund is to be considered.

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

Shareholders who have requested subscriptions or redemptions of Shares of any Class in any Fund or exchanges of Shares of one Class in any Fund 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 immediately (without delay) on the same Business Day to the Central Bank. Details of any such suspension will also be notified to all Shareholders if, in the opinion of the Directors, it is likely to exceed 14 days.

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## 9 FEES AND EXPENSES

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The ICAV may pay out of the assets of each Fund the fees and expenses as described below.

### 9.1 Management Fees

The Manager shall be entitled to receive from the ICAV a fee in relation to each Fund or Class as specified in the relevant Supplement (the "**Management Fee**"). The Manager may be paid different fees for investment management in respect of individual Classes as disclosed in the relevant Supplement which may be higher or lower than the fees applicable to other Classes. Unless otherwise specified in the relevant Supplement, the Management Fee is payable by the ICAV monthly in arrears. The Management Fee will be calculated and accrued at each Valuation Point.

The Manager may also be entitled to receive a performance fee, the details of which shall be specified in the relevant Supplement. Performance fees payable to the Manager shall be calculated and accrued at each Valuation Point and shall be payable in arrears following the end of each Calculation Period. The calculation of any performance fee must be verified by the Depositary.

The Manager may from time to time, at its sole discretion and out of its own resources, decide to rebate to Shareholders part or all of its Management Fee and/or performance fee. Any such rebates may be applied by issuing additional Shares to Shareholders or in cash.

The Manager shall also be entitled to be repaid out of the assets of the relevant Fund for all of its reasonable out-of-pocket expenses incurred on behalf of the relevant Fund.

Details of any fees payable out of the assets of any Fund to a duly appointed sub-investment manager will be disclosed in the relevant Supplement.

### 9.2 Distributor's Fees

It is not the current intention of the Directors to pay any additional fee to the Manager for also acting as Distributor. If this policy changes, any proposal to pay a fee for distribution services will be notified in advance to Shareholders, who will also be given the opportunity to repurchase their holding prior to implementation of any such fee.

### 9.3 Directors' Fees

Unless and until otherwise determined from time to time by the ICAV in a general meeting, the ordinary remuneration of each Director shall be determined from time to time by resolution of the Directors. At the date of this Prospectus, the maximum fee per Director shall be €25,000 plus VAT, if any, per annum (adjusted on an ongoing basis for inflation by reference to the Irish Consumer Price Index). The maximum fee per Director may be increased by up to €3,000 plus VAT, if any, per annum for any new Fund launched. Directors who are employees of the Manager shall not be entitled to a fee. Any additional fees necessitated by the addition of new Funds shall be apportioned equally among the new Funds and, to the extent they do not impact on Shareholders in existing Funds (on the basis that such additional fees are attributed to new Funds only), will not be subject to existing Shareholder approval. To the extent that any such additional fees do materially impact existing Shareholders, such existing Shareholders will be notified in advance of any such additional fees. Also, any such additional fees, such as costs resulting from the establishment of another sub-fund of the ICAV, shall be disclosed in the relevant Supplement. All Directors will be entitled to reimbursement by the ICAV of expenses properly incurred in connection with the business of the ICAV or the discharge of their duties. Directors' fees shall be payable semi-annually in arrears and shall be apportioned equally among the Funds.

#### 9.4 **Paying Agent Fees**

Fees and expenses of any Paying Agents appointed by the ICAV, which will be at normal commercial rates together with VAT, if any, thereon, will be borne by the ICAV or the Fund in respect of which a Paying Agent has been appointed.

#### 9.5 **Establishment Expenses**

All fees and expenses relating to the establishment, organisation and authorisation of the ICAV, the initial Funds and each new Fund including the fees of the ICAV's professional advisers (including legal, accounting, tax, regulatory, compliance, fiduciary and other professional advisers), were borne by the Manager

#### 9.6 **Operating Expenses and Fees**

The ICAV and/or each Fund and, where expenses or liabilities are attributable specifically to a Class, such Class shall bear the following expenses and liabilities or, where appropriate, its pro rata share thereof subject to adjustment to take account of expenses and/or liabilities attributable to one or more Classes:

- (a) all fees and expenses payable to or incurred by the Manager, the Administrator, the Depositary, the Secretary, any sub-investment manager, adviser, sub-distributor(s), dealer or local representatives (which will be at normal commercial rates), sub-custodian (which will be at normal commercial rates), money laundering reporting officer, correspondent bank, fiscal representative or other supplier of services to the ICAV appointed by or on behalf of the ICAV or with respect to any Fund or Class and their respective delegates;
- (b) annual fees incurred by the Compliance Support Agent, which are calculated and accrued daily and payable monthly in arrears at a rate of up to 0.03% per annum subject to a minimum fee of €50,000 per annum, for the ICAV and one Fund, payable in respect of the service provided to the ICAV (plus VAT, if any), without the approval of the Shareholders;
- (c) all duties, taxes or government charges which may be payable on the assets, income or expenses of the ICAV;
- (d) all brokerage, clearing, bank fees, charges and commissions incurred by or on behalf of the ICAV in the course of its business;
- (e) all regulatory and compliance consultancy fees, fiduciary services fees and other professional advisory fees incurred by the ICAV or by or on behalf of its delegates;
- (f) all transfer fees, registration fees and other charges whether in respect of the constitution or increase of the assets or the creation, exchange, sale, purchase or transfer of Shares or the purchase or sale or proposed purchase or sale of assets or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation, but not including commission payable on the issue and/or repurchase of Shares;
- (g) all expenses incurred in connection with the operation and management of the ICAV, including, without limitation to the generality of the foregoing, all Directors' fees and expenses, all costs incurred in organising Directors' meetings and in obtaining proxies in relation to such meetings, all insurance premiums including any policy in respect of directors' and officers' liability insurance cover and association membership dues and all non-recurring and extraordinary items of expenditure as may arise;

- (h) the remuneration, commissions and expenses incurred or payable in the marketing, promotion and distribution of Shares including without limitation commissions payable to any person in consideration of his subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any Shares in the ICAV and the costs and expenses of preparation and distribution of all marketing material and advertisements;
- (i) all fees and expenses connected with the preparation, publication and supply of information to Shareholders and the public including, without limitation, the cost of preparing, translating, printing, distributing the Prospectus and any addenda or supplements, KIID and any periodic updates thereof, marketing literature, any report to the Central Bank or any other regulatory authority, the annual audited report and any other periodic reports and the calculation, publication and circulation of the Net Asset Value per Share, certificates, confirmations of ownership and of any notices given to Shareholders in whatever manner;
- (j) Shareholders' meetings;
- (k) all fees and expenses incurred or payable in registering and maintaining a Fund or all fees and expenses incurred in connection with the convening and holding of
- (l) Class registered with any and all government agencies and/or regulatory authority and/or rating agencies, clearance and/or settlement systems and/or any exchanges in any various countries and jurisdictions including, but not limited to, filing and translation expenses;
- (m) If applicable for any Fund or Class thereof all fees and expenses incurred or payable in listing and in maintaining or complying with the requirements for the listing of the Shares on the Irish Stock Exchange (or other exchange to which Shares may be admitted);
- (n) all legal and other professional fees and expenses incurred by the ICAV or by or on behalf of its delegates in any actions taken or proceedings instituted or defended to enforce, protect, safeguard, defend or recover the rights or property of the ICAV;
- (o) all other liabilities and contingent liabilities of the ICAV of whatsoever kind and all fees and expenses incurred in connection with the ICAV's operation and management including, without limitation, interest on borrowings, all secretarial expenses and all regulatory fees;
- (p) all fees and expenses of the Auditors, tax, legal and other professional advisers and any valuer or other supplier of services to the ICAV;
- (q) the costs of any amalgamation or restructuring of the ICAV or any Fund;
- (r) the costs of liquidation or winding up the ICAV or terminating any Fund; and
- (s) all other fees and all expenses incurred in connection with the ICAV's operation and management;

in each case together with any applicable value added tax.

Any such expenses may be deferred and amortised by the ICAV in accordance with standard accounting practice, at the discretion of the Directors and any such deferral of fees shall not be carried forward to subsequent accounting periods. An estimated accrual for operating expenses of the ICAV will be provided for in the calculation of the Net Asset Value of each Fund. Operating expenses and the fees and expenses of service providers which are payable by the ICAV shall be borne by all Funds in proportion to the Net Asset Value of the relevant

Fund or attributable to the relevant Class provided that fees and expenses directly or indirectly attributable to a particular Fund or Class shall be borne solely by the relevant Fund or Class.

Where an expense is not considered by the Directors to be attributable to any one Fund, the expense will normally be allocated to all Funds in proportion to the Net Asset Value of the Funds or otherwise on such basis as the Directors deem fair and equitable.

If set out in the Supplement for a Fund, the Manager may, in its sole discretion, decide to guarantee a maximum level of certain expenses (including by way of example only, administration and depositary fees) that will be borne by a Fund on such terms as are set out in that Fund's Supplement, above which level the Manager shall bear the expense, and in which case the cost of such expense guarantee shall be paid by the Manager to the relevant Fund separately and not netted against any management fees without the prior written consent of the Manager.

#### **9.7 Fees and Expenses out of Capital**

Where disclosed in the relevant Supplement, a Fund may charge all or part of its fees and expenses to the capital at Fund or Share Class level. This will have the effect of lowering the capital value of your investment.

#### **9.8 Expense Cap**

Where disclosed in the relevant Supplement, the Manager may agree to an expense cap for a Fund.

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## 10 TAXATION

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**An Irish authorised UCITS is not subject to any Irish taxation on its income or gains. No Irish withholding tax is applied on dividend or redemption payments to non-Irish investors (unless required pursuant to FATCA or CRS).**

**No stamp duty is payable in Ireland on the issue, transfer, repurchase or redemption of shares in a UCITS and no subscription taxes are levied by the Revenue Commissioners on the assets of a UCITS.**

### 10.1 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 ICAV 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 ICAV and any investment returns from those Shares.

### 10.2 Ireland

#### (a) Taxation of the ICAV

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

The income and capital gains received by the ICAV 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 ICAV 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 ICAV will have sole discretion as to whether the ICAV 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 ICAV receives any repayment of withholding tax suffered, the Net Asset Value of the ICAV will not be restated and the benefit of any repayment will be allocated to the then existing Shareholders rateably at the time of repayment.

Notwithstanding the above, a charge to tax may arise for the ICAV in respect of Shareholders on the happening of a "Chargeable Event" in the ICAV.

A Chargeable Event includes:

- (i) any payment to a Shareholder by the ICAV 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 arm's length by the ICAV, of Shares in the ICAV for other Shares in the ICAV;
- (iii) certain transfers of Shares between spouses or civil partners and former spouses or former civil partners;
- (iv) an exchange of Shares arising on a qualifying amalgamation or reconstruction of the ICAV with another Irish investment undertaking; or
- (v) the cancellation of Shares in the ICAV arising from an exchange in relation to a scheme of amalgamation (as defined in section 739HA TCA).

On the happening of a Chargeable Event, the ICAV 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 ICAV to the Shareholder, the ICAV 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 ICAV is less than 10% of the total value of Shares in the ICAV (or a Fund) and the ICAV has made an election to the Revenue Commissioners to report annually certain details for each Irish Resident Shareholder, the ICAV will not be required to deduct the appropriate tax and the Irish Resident Shareholder (and not the ICAV) 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 ICAV 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**

(i) **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:

- (A) the ICAV is in possession of a completed Relevant Declaration to the effect that the Shareholder is not an Irish Resident, or
- (B) the ICAV is in possession of written notice of approval from the 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 ICAV is not in possession of a Relevant Declaration or the ICAV is in possession of information which would reasonably suggest that the Relevant Declaration is not or is no longer materially correct, the ICAV 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.

(ii) Exempt Irish Shareholders

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

While the ICAV is not required to deduct tax in respect of Exempt Irish Shareholders, those Shareholders may themselves 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 depending on their circumstances. It is the obligation of the Exempt Irish Shareholder to account for tax to the Revenue Commissioners.

(iii) 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 41% will be deducted by the ICAV on payments made to the Shareholder in relation to the Shares or 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.

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 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%.

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:



- (A) the amount received by the Shareholder is increased by any amount of tax deducted by the ICAV and will be treated as income of the Shareholder for the chargeable period in which the payment is made;
- (B) where the payment is made on the sale, transfer, Deemed Disposal, 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
- (C) the amount of tax deducted by the ICAV 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.

(iv) 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 60%. An undertaking will not be considered to be a PPIU where certain conditions are complied with as set out in section 739BA TCA.

(v) 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.

(vi) Stamp Duty

On the basis that the ICAV qualifies as an investment undertaking within the meaning of section 739B 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.

(vii) 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:

- (A) 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; and
- (B) the Shares are comprised in the gift or inheritance at the date of the gift or inheritance and at the valuation date.

(c) FATCA Implementation in Ireland

On 21 December 2012, the governments of Ireland and the U.S. signed the IGA.

The IGA significantly increases the amount of tax information automatically exchanged between Ireland and the U.S. 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. The ICAV will be subject to these rules. Complying with such requirements will require the ICAV to request and obtain certain information and documentation from its Shareholders, other account holders and (where applicable) the beneficial owners of its Shareholders and to provide any information and documentation indicating direct or indirect ownership by U.S. Persons to the competent authorities in Ireland. Shareholders and other account holders will be required to comply with these requirements, and non-complying Shareholders may be subject to compulsory redemption and/ or U.S withholding tax of 30% on withholdable payments and/or other monetary penalties.

The IGA provides that Irish financial institutions will report to the Revenue Commissioners in respect of U.S. account-holders and, in exchange, U.S. financial institutions will be required to report to the IRS in respect of any Irish-resident account-holders. The two tax authorities will then automatically exchange this information on an annual basis.

The Directors on behalf of the ICAV (and/or any of its duly appointed agents) shall be entitled to require Shareholders to provide any information regarding their tax status, identity or residency in order to satisfy any reporting requirements which the ICAV may have as a result of the IGA or any legislation promulgated in connection with the IGA and Shareholders will be deemed, by their subscription for or holding of Shares to have authorised the automatic disclosure of such information by the ICAV or any other person to the relevant tax authorities.

### 10.3 **OECD Common Reporting Standard**

Ireland has provided for the implementation of CRS through section 891F of the TCA and the enactment of the CRS Regulations.

The CRS, which applies in Ireland from 1 January 2016, is a global OECD tax information exchange initiative which is aimed at encouraging a coordinated approach to disclosure of income earned by individuals and organisations.

Ireland and a number of other jurisdictions have entered or will enter into multilateral arrangements modelled on the Common Reporting Standard for Automatic Exchange of Financial Account Information published by the OECD. From 1 January 2016, the ICAV will be required to provide certain information to the Revenue Commissioners about Investors resident or established in jurisdictions which are party to CRS arrangements.

The ICAV, or a person appointed by the ICAV, will request and obtain certain information in relation to the tax residence of its shareholders or "account holders" for CRS purposes and (where applicable) will request information in relation to the beneficial owners of any such account holders. The ICAV, or a person appointed by the ICAV, will report the information required to the Revenue Commissioners by 30 June in the year following the year of assessment for which a return is due. The Revenue Commissioners will share the appropriate information with the relevant tax authorities in participating jurisdictions. Ireland introduced CRS Regulations in December 2015 and implementation of CRS among early adopting countries (including Ireland) occurred with effect from 1 January 2016.

#### *Certain Irish Tax Definitions*

- (a) **Residence – Company** (which includes any body corporate, including an ICAV)

A company which has its central management and control in Ireland is resident in Ireland irrespective of where it is incorporated. A company which does not have its central management and control in Ireland but which is incorporated in Ireland is resident in Ireland except where the company is regarded as not resident in Ireland under a double taxation treaty between Ireland and another country. In certain limited circumstances, companies incorporated in Ireland but managed and controlled

outside of a double taxation treaty territory may not be regarded as resident in Ireland. Specific rules may apply to companies incorporated prior to 1 January 2015.

(b) 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.

(c) 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 2012 will remain ordinarily resident in Ireland until the end of the tax year 2015.

(d) 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.

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## 11 GENERAL INFORMATION

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### 11.1 Reports and Accounts

The year end of the ICAV and each Fund is 31 December in each year. Each Fund will prepare an annual report and audited accounts as of 31 December in each calendar year and a semi-annual report and unaudited accounts as of 30 June in each year with the first annual report to be made up to 31 December, 2017 and the first semi-annual report to be made up to 30 June, 2017.

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

The audited annual report and accounts will be published within four months of the ICAV's/ the Funds' financial year end and its semi-annual report will be published within two months of the end of the half-year period and in each case will be offered to subscribers before conclusion of a contract and supplied to Shareholders free of charge on request and will be available to the public at the office of the Administrator.

The audited annual report and accounts for each Fund in respect of each financial year shall be prepared in accordance with International Financial Reporting Standards.

The Directors may send such reports and accounts electronically to Shareholders in accordance with the Central Bank Rules. See "Access to Documents and Up-to-date Information" below.

### 11.2 Form and Share Capital

The authorised share capital of the ICAV is 300,000 redeemable non-participating Shares of no par value and 500,000,000,000 participating Shares of no par value. Non-participating Shares do not entitle the holders thereof to any dividend and on a winding up entitle the holders thereof to receive the consideration paid therefor but do not otherwise entitle them to participate in the assets of the ICAV. The Directors have the power to allot shares in the capital of the ICAV on such terms and in such manner as they may think fit.

### 11.3 The Instrument of Incorporation

Clause 3 of the Instrument of Incorporation provides that the sole object of the ICAV is the collective investment of its funds in property and giving members the benefit of the results of the management of its funds, consistent with the requirements of Regulation 4(3) of the Regulations.

The Instrument of Incorporation contains, among other things, provisions to the following effect:

(a) Voting Rights

The rights attached to any Class may be varied or abrogated with the consent in writing of the holders in accordance with the requirements of the Central Bank. Subject to the requirements of the Central Bank, the Directors may from time to time re-designate any existing Class of Shares and merge such Class with any other Class and the ICAV may take such action as may be necessary to vary or abrogate the rights attached to Shares of one Class to be converted so that such rights are replaced by the rights attached to the other Class into which the Shares of the original Class are to be converted. 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.

Subject to any rights or restrictions for the time being attached to any Class or Classes of Shares, on a show of hands every holder who is present in person or by proxy shall have one vote and the holder(s) of subscriber shares present in person or by proxy shall have one vote in respect of all the subscriber shares in issue and on a poll every holder present in person or by proxy shall have one vote for every 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.

(b) Varying Rights

Whenever the share capital is divided into different Classes, the class specific characteristics of a Class may be varied or abrogated by the ICAV, subject to the Central Bank Rules.

(c) Funds

The Directors are required to establish a separate portfolio of assets for each Fund created by the ICAV from time to time, to which the following shall apply:

- (i) for each Fund the ICAV shall keep separate books and records in which all transactions relating to the relevant Fund shall be recorded and, in particular, the proceeds from the allotment and issue of Shares of each Class of the Fund, and the investments and the liabilities and income and expenditure attributable thereto shall be applied to such Fund subject to the provisions of the Instrument of Incorporation;
- (ii) any asset derived from any other asset(s) (whether cash or otherwise) comprised in any Fund, shall be applied in the books and records of the ICAV to the same 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 Fund;
- (iii) in circumstances in which an asset or liability is not clearly attributable to a particular Fund or Funds, the Directors shall have the discretion to determine the basis upon which assets and liabilities shall be allocated between Funds and such determination shall be conclusive and binding on Shareholders and all other parties. The Directors shall have the power to and may at any time and from time to time, with the approval of the Depositary, vary the basis in relation to assets previously allocated;
- (iv) no Shares will be issued on terms that entitle the Shareholders of any Fund to participate in the assets of the ICAV other than the assets (if any) of the Fund relating to such Shares. If the proceeds of the assets of the relevant Fund are not sufficient to fund the full Repurchase Proceeds payable to each Shareholder for the relevant Fund, the proceeds of the relevant Fund will, subject to the terms for the relevant Fund, be distributed equally among each Shareholder of the relevant Fund pro rata to the amount paid up on the Shares held by each Shareholder. If the realised net assets of any Fund are

insufficient to pay any amounts due on the relevant Shares in full in accordance with the terms of the relevant Fund, the relevant Shareholders of that Fund will have no further right of payment in respect of such Shares or any claim against the ICAV, any other Fund or any assets of the ICAV in respect of any shortfall;

- (v) each Fund shall be charged with the liabilities, expenses, costs, charges or reserves of the ICAV in respect of or attributable to that Fund; and
- (vi) in the event that any asset attributable to a Fund is taken in execution of a liability not attributable to that Fund, the provisions of section 36(6) of the ICAV Act, shall apply.

(d) Termination of Funds

Any Fund may be terminated by the Directors, in their sole and absolute discretion, in any of the following events:

- (i) if at any time the Net Asset Value of the relevant Fund shall be less than the Minimum Fund Size (if any) determined by the Directors at their sole discretion in respect of that Fund;
- (ii) if any Fund shall cease to be authorised or otherwise officially approved;
- (iii) if any law shall be passed or regulatory requirement introduced which renders it illegal or in the opinion of the Directors impracticable or inadvisable or not commercially viable or excessively onerous to continue the relevant Fund;
- (iv) if there is a change in material aspects of business or in the economic or political situation relating to a Fund which the Directors consider would have material adverse consequences on the investments of the Fund;
- (v) if the Directors shall have resolved that it is impracticable or inadvisable for a Fund to continue to operate having regard to (i) prevailing market conditions or (ii) the best interests of the Shareholders; or
- (vi) if the appointment of the Manager is terminated for any reason, or the Manager ceases to be authorised to act as a UCITS management company by the Central Bank, and no replacement manager has been appointed within a reasonable time.

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

The Directors shall give notice of termination of a Fund to the Shareholders in the relevant Fund and by such notice fix the date at which such termination is to take effect, which date shall be for such period after the service of such notice as the Directors shall in their sole and absolute discretion determine.

(e) Winding up

The Instrument of Incorporation contains provisions to the following effect:

- (i) If the ICAV shall be wound up the liquidator shall, subject to the provisions of the ICAV Act, apply the assets of each Fund in such manner and order as he thinks fit in satisfaction of creditors' claims relating to that Fund;

- (ii) The assets available for distribution amongst the Shareholders shall be applied as follows: first the proportion of the assets in a Fund attributable to each Class of Shares 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 ICAV not attributable to other Classes of Shares. 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 ICAV 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) A Fund may be wound up pursuant to section 37 of the ICAV Act and in such event the provisions of the Instrument of Incorporation shall apply mutatis mutandis in respect of that Fund;
- (iv) If the ICAV shall be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of a special resolution of the relevant holders and any other sanction required by the ICAV Act, divide among the holders of Shares of any Class or Classes of a Fund in specie the whole or any part of the assets of the ICAV relating to that Fund, 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 the holders of different Classes of Shares as the case may be. 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 ICAV may be closed and the ICAV dissolved, but so that no holder shall be compelled to accept any assets in respect of which there is a liability. A Shareholder 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.

(f) Segregation of Liability

The Instrument of Incorporation contains provisions reflecting the segregation of liability between the Funds in line with the ICAV Act.

#### 11.4 Directors Indemnities and Insurance

Pursuant to the Instrument of Incorporation, each of the Directors shall be indemnified by the ICAV against losses and expenses to which any such person may become liable by reason of any contract entered into or any act or thing done by him as such office in the discharge of his duties provided that, as permitted by the ICAV Act such indemnity shall not extend to any of the foregoing sustained or incurred as a result of any negligence, default, breach of duty or breach of trust by him in relation to the ICAV and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the ICAV and have priority as between the Shareholders over all other claims.

The ICAV acting through the Directors is empowered under the Instrument of Incorporation to purchase and maintain for the benefit of persons who are or were at any time Directors or

officers of the ICAV insurance against any liability incurred by such persons in respect of any act or omission in the execution of their duties or exercise of their powers.

## 11.5 **Material Contracts**

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

### (a) **Management Agreement**

The Management Agreement provides that the Manager shall manage the ICAV in accordance with the Instrument of Incorporation and the provisions of this Prospectus. Pursuant to the Management Agreement the Manager will be entitled to receive fees as described in each Supplement.

The Management Agreement shall continue in force until terminated by either party on ninety days' notice in writing to the other party, without the payment of any penalty, provided that the Manager shall continue in office until a successor manager is appointed. The ICAV may at any time terminate the Management Agreement in the event of the appointment of an examiner or receiver to the Manager or on the happening of a like event or the Manager materially breaches its obligations. The ICAV may also terminate the Management Agreement if the Central Bank determines that the Manager is no longer permitted to perform its functions and duties.

The Manager shall not be liable for any loss suffered by the ICAV or its Shareholders directly or indirectly out of or in connection with the performance of the Manager's obligations under the Management Agreement, except loss resulting from negligence, wilful default, fraud or bad faith on the part of the Manager. Neither the Manager nor the ICAV be liable for special, indirect, consequential, punitive or exemplary damages, lost profits or loss of business arising out of or in connection with the performance or non-performance of their respective duties or the exercise of their respective powers under Management Agreement. The ICAV shall be liable and shall indemnify and keep indemnified and hold harmless the Manager (and each of its directors, officers, employees, delegates and agents) from and against any and all actions, proceedings, claims, demands, losses, damages, costs and expenses (including reasonable legal and professional fees and expenses arising therefrom or incidental thereto) which may be made or brought against or suffered or incurred by the Manager (or any of its directors, officers, employees, delegates or agents) arising out of or in connection with the performance of its obligations and duties under the Management Agreement in the absence of any negligence, wilful default, fraud or bad faith of or by the Manager or any delegate of the Manager in the performance of its duties.

The Management Agreement allows the Manager to delegate its management duties to other parties.

### (b) **Administration Agreement**

Pursuant to the Administration Agreement, the Administrator will provide certain administrative, registrar and transfer agency services to the ICAV. The Administrator will be entitled to receive fees as described in section of this Prospectus entitled "Fees and Expenses; Administrator and Depositary Fees". The Administration Agreement may be terminated by either party on giving not less than 90 days' prior written notice to the other party. The Administration Agreement may also be terminated by either party forthwith by giving notice in writing to the other party upon certain breaches as outlined in the Administration Agreement or upon the insolvency of a party (or upon the happening of a like event).



The Administration Agreement shall be governed by the laws of Ireland and the courts of Ireland shall have non-exclusive jurisdiction to hear any disputes or claims arising out of or in connection with the Administration Agreement.

Notwithstanding any other provision of the Administration Agreement, the Administrator's recourse against the ICAV in respect of any claims which may be brought against, suffered or incurred by the Administrator, its permitted delegates, servants or agents shall be limited to the assets of the relevant Fund established in respect of shares to which the claims relate and determined at the point in time at which the event giving rise to the indemnity claim occurs and the Administrator shall have no recourse to any other Fund of the ICAV in respect of any such claims.

(c) Depositary Agreement

The Depositary shall act as depositary of the ICAV's assets and shall be responsible for the oversight of the ICAV to the extent required by and in accordance with applicable law, rules and regulations. The Depositary shall exercise its supervisory duties in accordance with applicable law, rules and regulations as well as the Depositary Agreement.

The Depositary Agreement provides that the Depositary shall be liable to the ICAV and the Shareholders, (i) in respect of a loss of a financial instrument held in its custody (or that of its duly appointed delegate). In the case of such a loss of a financial instrument held in custody, the Depositary shall return a financial instrument of an identical type or the corresponding amount to the ICAV without undue delay. The Depositary shall not be liable if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary; and (ii) in respect of all other losses as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the Regulations.

The ICAV, out of the assets of the relevant Fund, shall indemnify the Depositary, every delegate and their respective officers, agents and employees ("**Indemnified Persons**") on an after-tax basis in respect of any and all Liabilities (as defined in the Depositary Agreement relating to:

- (i) The appointment of the Depositary under the Depositary Agreement or the performance by the Depositary of the duties set out in the Depositary Agreement;
- (ii) Any breach by the ICAV, Fund, or the Manager of Applicable Law (as defined in the Depositary Agreement), the Instrument of Incorporation, the Depositary Agreement, this Prospectus or fraud, negligence or wilful default of the ICAV, Fund or Manager to disclose to the Shareholders any information required by the Depositary Agreement or the Regulations, or to provide to the Depositary with any information required by the Depositary in order to provide the services listed in the Depositary Agreement;
- (iii) Any Identified Custody Risk or Identified Segregation Risk (as defined in the Depositary Agreement);
- (iv) The registration of Financial Instruments and Other Assets in the name of the Depositary);
- (v) any breach of or default under any of the representations, warranties, covenants, undertakings or agreements made by the Depositary, a delegate or sub-delegate (or a nominee of the Depositary, a delegate or sub-delegate of a delegate) on behalf of the ICAV or relevant Fund in connection with any subscriptions, application forms, shareholder questionnaires, purchase agreements, related

documentation or similar materials relating to the ICAV's or Fund's investment in any collective investment scheme, managed account, investment company or similar pooled investment vehicle on behalf of the ICAV or relevant Fund,

provided that such indemnity shall not apply to any Liabilities (as defined in the Depositary Agreement) arising out of the negligence, fraud or wilful default of the Indemnified Person or to the extent that such indemnity would require the ICAV, out of the assets of the relevant Fund, to indemnify the Depositary for any loss which the Depositary is liable to the Fund under the Regulations.

The Depositary Agreement shall continue in force unless and until terminated by any party giving not less than 90 days' prior written notice to the other, although termination may be immediate in certain circumstances, such as the insolvency of the Depositary. Upon an (envisaged) removal or resignation of the Depositary, the ICAV shall with due observance of the applicable the Central Bank Rules, appoint a successor Depositary. The Depositary may not be replaced without the approval of the Central Bank.

(d) Additional Contracts.

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

In addition to the above, the ICAV may enter into additional contracts with Paying Agents as may be required in connection with an offer of Shares into a particular jurisdiction from time to time. The provision of such services shall be on arm's length commercial terms for the ICAV for which fees and expenses shall be charged at normal commercial rates.

## 11.6 Access to Documents and Up-to-date Information

The following documents may be provided in a durable medium (which shall include in writing and/or by electronic mail) upon request from the Administrator or such other manner as may be notified to Shareholders in advance from time to time). A copy in writing of such documents shall be provided to Shareholders on request, free of charge.

- (a) this Prospectus
- (b) once published, the latest annual and semi-annual reports of each Fund
- (c) each KIID (noting the disclosures regarding KIID access in section 1.1 of the Prospectus)

In addition, copies of the following documents may be obtained free of charge from the registered office of the ICAV in Ireland during normal business hours, on any Business Day:

- (d) the Instrument of Incorporation
- (e) once published, the latest annual and semi-annual reports of each Fund

An up-to-date version of the KIID shall be made available for access in an electronic format on a website designated by the ICAV for this purpose. In the event that the ICAV proposes to register one or more Funds for public offering in other EU Member States, it shall make the following additional documentation available on such website:

- (f) this Prospectus
- (g) once published, the latest annual and semi-annual reports of each Fund

(h) the Instrument of Incorporation

To the extent not captured in this Prospectus or in the event such details have changed and have not been reflected in a revised version of this Prospectus, up-to-date information will be provided to Shareholders on request, free of charge regarding:

- (i) the identity of the Depositary and a description of its duties and of conflicts of interest that may arise; and
- (j) a description of any safe-keeping functions delegated by the Depositary, a list of delegates and sub-delegates and any conflicts of interest that may arise from such delegation.

## 11.7 Remuneration Policy of the Manager

The Manager has designed and implements a remuneration policy which complies with the Regulations and the guidelines issued by ESMA, and is consistent with and promotes sound and effective risk management by having a business model which by its nature does not promote excessive risk taking that is inconsistent with the risk profile of the Fund. The Manager's remuneration policy is consistent with the Fund's business strategy, objectives, values and interests and includes measures to avoid conflicts of interest.

The Manager has policies in place in respect of the remuneration of senior members of staff, staff whose activities will impact risk, staff who are involved in any control functions, staff who receive remuneration equivalent to senior management.

In line with the provisions of Directive 2014/91/EU, the guidelines issued by ESMA, each of which may be amended from time to time, the Manager applies its remuneration policy and practices in a manner which is proportionate to its size and that of the Fund, its internal organisation and the nature, scope and complexity of its activities. The remuneration policy reflects the Manager's objective for good corporate governance and includes measures to avoid conflicts of interest.

The remuneration policy is reviewed on an annual basis (or more frequently, if required) by the board of directors of the Manager, led by the independent non-executive chairman of the Manager, to ensure that the overall remuneration system operates as intended and that the remuneration pay-outs are appropriate for each Fund. This review will also ensure that the policy reflects best practice guidelines and regulatory requirements, as may be amended from time to time.

Where the Manager delegates certain portfolio management and risk management functions in respect of the Fund, it may in its discretion decide the extent to which it will delegate portfolio management and risk management and accordingly the individual delegates may be afforded differing levels of responsibilities and remuneration. The Manager will ensure that sufficient measures are in place to ensure that portfolio management and risk management functions are functionally and hierarchically separated. The Manager will use best efforts to ensure that:

- i) the entities to which portfolio or risk management activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the relevant guidelines issued by ESMA; or
- ii) appropriate contractual arrangements are put in place to ensure that there is no circumvention of the remuneration rules set out in the relevant ESMA guidelines.

Details of the up-to-date remuneration policy of the Manager including, but not limited to (i) a description of how remuneration and benefits are calculated, (ii) the identities of persons responsible for awarding the remuneration and benefits; and (iii) the composition of the remuneration committee, where such a committee exists, are available at the following website: [www.carnegroup.com](http://www.carnegroup.com). A paper copy of the remuneration policy will be made available free of charge on request.



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## APPENDIX I INVESTMENT RESTRICTIONS APPLICABLE TO THE FUNDS

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### 1 Permitted Investments

Investments of a Fund are confined to:

- 1.1 Transferable securities and money market instruments which are either admitted to official listing on a stock exchange in an EU Member State or non-EU Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in an EU Member State or non-EU Member State.
- 1.2 Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
- 1.3 Money market instruments other than those dealt on a regulated market.
- 1.4 Units of UCITS.
- 1.5 Units of AIFs.
- 1.6 Deposits with credit institutions.
- 1.7 FDI.

### 2 Investment Limits

- 2.1 A Fund may invest no more than 10% of its Net Asset Value in transferable securities and money market instruments other than those referred to in paragraph 1 .
- 2.2 A Fund shall not invest any more than 10% of assets of a Fund in securities of the type to which Regulation 68(1)(d) of the Regulations apply. This restriction will not apply in relation to investment by the Fund in certain U.S. securities known as Rule 144A securities provided that:
  - (a) the relevant securities have been issued with an undertaking to register the securities with the U.S. Securities and Exchanges Commission within one year of issue; and
  - (b) the securities are not illiquid securities i.e. they may be realised by the Fund within seven days at the price, or approximately at the price, at which they are valued by the Fund.
- 2.3 A Fund may invest no more than 10% of its Net Asset Value in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
- 2.4 Subject to the prior approval of the Central Bank, the limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in an EU Member State and is subject by law to special public supervision designed to protect bond-holders. If a Fund invests more than 5% of its Net Asset Value in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the Net Asset Value of the Fund.

- 2.5 The limit of 10% (in 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by an EU Member State or its local authorities or by a non-EU Member State or public international body of which one or more EU Member States are members.
- 2.6 The transferable securities or money market instruments referred to in 2.4. and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.
- 2.7 A Fund may not invest more than 20% of its Net Asset Value in deposits made with the same credit institution.
- Deposits with any one credit institution, other than with Relevant Institutions, held as ancillary liquidity, shall not exceed 10% of the Net Asset Value of a Fund; or where the deposit is made with the Depositary 20% of the net assets of the Fund.
- 2.8 The risk exposure of a Fund to a counterparty to an OTC derivative may not exceed 5% of its Net Asset Value.
- This limit is raised to 10% in the case of Relevant Institutions.
- 2.9 Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of the Net Asset Value of a Fund:
- (a) investments in transferable securities or money market instruments;
  - (b) deposits, and/or
  - (c) counterparty risk exposures arising from OTC derivative transactions.
- 2.10 The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of the Net Asset Value of a Fund.
- 2.11 Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of the Net Asset Value of a Fund may be applied to investment in transferable securities and money market instruments within the same group.
- 2.12 A Fund may invest up to 100% of its Net Asset Value in different transferable securities and money market instruments issued or guaranteed by any EU Member State, and the United Kingdom as of such time when it ceases to be a member state of the European Union, its local authorities, Non-Member States or public international bodies of which one or more EU Member States are members or by the United Kingdom, Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland, United States or any of the following:
- (a) European Investment Bank.
  - (b) European Bank for Reconstruction and Development.
  - (c) International Finance Corporation.
  - (d) International Monetary Fund.
  - (e) Euratom.
  - (f) The Asian Development Bank.
  - (g) European Central Bank.

- (h) Council of Europe.
- (i) Eurofima.
- (j) African Development Bank.
- (k) International Bank for Reconstruction and Development (The World Bank).
- (l) The Inter American Development Bank.
- (m) European Union.
- (n) Federal National Mortgage Association (Fannie Mae).
- (o) Federal Home Loan Mortgage Corporation (Freddie Mac).
- (p) Government National Mortgage Association (Ginnie Mae).
- (q) Student Loan Marketing Association (Sallie Mae).
- (r) Federal Home Loan Bank.
- (s) Federal Farm Credit Bank.
- (t) Tennessee Valley Authority.
- (u) Straight-A Funding LLC.
- (v) OECD Governments (provided the relevant issues are investment grade).
- (w) Government of Brazil (provided the issues are of investment grade).
- (x) Government of the People's Republic of China.
- (y) Government of India (provided the issues are of investment grade).
- (z) Government of Singapore.

Where a Fund invests in accordance with this provision, the Fund must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of its Net Asset Value.

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

- 3.1 A Fund may not invest more than 20% of its Net Asset Value in any one CIS.
- 3.2 Investment in AIFs may not, in aggregate, exceed 30% of the Net Asset Value of a Fund.
- 3.3 The CIS are prohibited from investing more than 10 per cent of net assets in other open-ended CIS.
- 3.4 When a Fund invests in the units of other CIS that are managed, directly or by delegation, by the management company of the ICAV or by any other company with which the management company of the ICAV is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the Fund's investment in the units of such other CIS.

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

#### **4 Index Tracking UCITS**

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

#### **5 General Provisions**

- 5.1 An investment company, or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.

- 5.2 A Fund may acquire no more than:

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

The limits laid down in 5.2(b), 5.2(c) and 5.2(d) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.

- 5.3 5.1 and 5.2 shall not be applicable to:

- (a) transferable securities and money market instruments issued or guaranteed by an EU Member State or its local authorities;
- (b) transferable securities and money market instruments issued or guaranteed by a non-EU Member State;
- (c) transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members;
- (d) shares held by a Fund in the capital of a company incorporated in a non-EU member state which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-EU Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6 and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed;
- (e) Shares held by an investment company in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of shares at Shareholders' request exclusively on their behalf.



- 5.4 A Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
- 5.5 The Central Bank may allow a recently authorised Fund to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six Months following the date of its authorisation, provided it observes the principle of risk spreading.
- 5.6 If the limits laid down herein are exceeded for reasons beyond the control of a Fund, or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its Shareholders.
- 5.7 A Fund may not carry out uncovered sales of: transferable securities; money market instruments<sup>1</sup>; units of CIS; or FDI. A Fund may hold ancillary liquid assets.

## **6 FDI**

- 6.1 A Fund's global exposure relating to FDI must not exceed its total Net Asset Value.
- 6.2 Position exposure to the underlyings 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 Rules. (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 Central Bank Rules.)
- 6.3 A Fund may invest in OTC derivatives provided that the counterparties to the OTC derivatives are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
- 6.4 Investment in FDI is subject to the conditions and limits laid down by the Central Bank.

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<sup>1</sup> Any short selling of money market instruments by UCITS is prohibited

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## APPENDIX II PERMITTED MARKETS

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With the exception of permitted investments in unlisted securities and derivative instruments, investments will be restricted to the following stock exchanges and markets listed below in accordance with the regulatory criteria as defined in the Central Bank's Regulations. For the purposes of this Appendix II, reference to "unlisted securities" may include securities that are listed on a market or exchange where such exchange is not set out in the below list in accordance with Regulation 68(1)(c) and 68(2)(a) of the Regulations. The Central Bank does not issue a list of approved stock exchanges or markets.

- (a) any stock exchange in the EU and also any investments listed, quoted or dealt in on any stock exchange in Australia, Canada, Japan, New Zealand, Norway or Switzerland which is a stock exchange within the meaning of the law of the country concerned relating to stock exchanges;
- (b) any exchange registered with the SEC as a National Stock Exchange, NASDAQ, the over-the-counter market in the U.S. regulated by the Financial Industry Regulatory Authority, Inc.; the market known as the "Grey Book Market", that is the market conducted by those persons for the time being included in the list maintained by the FCA for the purposes of section 43 of the Financial Services Act 1986 under the conditions imposed by the FCA under that section conducted by listed money market institutions as described in the Bank of England publication entitled "The Regulation of the Wholesale Cash and OTC Derivatives Markets in Sterling, Foreign Exchange and Bullion" dated April, 1988 (as amended or revised from time to time); the over-the-counter market in Tokyo regulated by the Securities Dealers Association of Japan; the market organised by the International Capital Markets Association; the market in U.S. government securities conducted by primary dealers regulated by the Federal Reserve Bank in New York; the French market for "Titres de Créances Négociables" (over-the-counter market in negotiable debt instruments) and the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada;
- (c) all of the following stock exchanges and markets: the Hong Kong Stock Exchange, the Bombay Stock Exchange, the Kuala Lumpur Stock Exchange, the Singapore Stock Exchange, the Taiwan Stock Exchange, the Stock Exchange of Thailand, the Korea Stock Exchange, the Shanghai Stock Exchange, the Philippines Stock Exchange, the Johannesburg Stock Exchange, the Shenzhen Stock Exchange (SZSE), the Cairo and Alexandria Stock Exchange, the National Stock Exchange of India, the Jakarta Stock Exchange, the Amman Financial Market, the Nairobi Stock Exchange, the Bolsa Mexicana de Valores, the Casablanca Stock Exchange, the Nigeria Stock Exchange, the Karachi Stock Exchange, the Moscow Exchange, the Colombo Stock Exchange, the Buenos Aires Stock Exchange (MVBA), the Bogota Stock Exchange, the Medellin Stock Exchange, the Lima Stock Exchange, the Valencia Stock Exchange, the Santiago Stock Exchange, the Bolsa Electronica de Chile, the Sao Paulo Stock Exchange, the Rio de Janeiro Stock Exchange, the Istanbul Stock Exchange, the Botswana Stock Exchange, the Beirut Stock Exchange, the Lahore Stock Exchange, the Ho Chi Minh Stock Exchange, the Ghana Stock Exchange, the Chittagong Stock Exchange, the Dhaka Stock Exchange, the Tel Aviv Stock Exchange, the Uganda Securities Exchange, the Belgrade Stock Exchange, the Lusaka Stock Exchange the market organised by the International Capital Markets Association; the over-the-counter market in the U.S. conducted by primary and secondary dealers regulated by the SEC and by the Financial Industry Regulatory Authority, Inc. and by banking institutions regulated by the U.S. Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation; the market conducted by listed money market institutions as described in the Corporation; the market conducted by listed money market institutions as described in the

FCA publication entitled "The Regulation of the Wholesale Cash and OTC Derivatives Markets": "The Grey Paper" (as amended or revised from time to time); the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan; AIM - the Alternative Investment Market in the UK, regulated by the London Stock Exchange; the French Market for Titres de Créances Négociables (over-the-counter market in negotiable debt instruments); the over-the-counter market in Canadian Government Bonds regulated by the Investment Dealers Association of Canada; and

(d) for investments in financial derivative instruments:

CME Group, NASDAQ OMX Group, Chicago Board of Trade, Chicago Mercantile Exchange, New York Mercantile Exchange, American Stock Exchange, New York Futures Exchange, New York Stock Exchange, NYSE Arca, Chicago Board Options Exchange, NASDAQ OMX NLX, NASDAQ OMX PHLX, Philadelphia Board of Trade, Kansas City Board of Trade, CBOE Futures Exchange, CME Europe, Eurex, Euronext (Amsterdam, Brussels, Lisbon, Paris), ICE Futures Europe, ICE Futures Canada, ICE Futures U.S., Australian Stock Exchange, Sydney Futures exchange, New Zealand Exchange, Toronto Stock Exchange, Montreal Stock Exchange, Bolsa Mercadorias & Futuros, Bolsa Mexicana de Valores, Hong Kong Exchange, Johannesburg Stock Exchange, MEF Renta Variable (Madrid), Barcelona MEF Renta Fija, OMX Nordic Exchange Copenhagen, OMX Exchange Helsinki, OMX Nordic Exchange Stockholm, Osaka Exchange, Singapore Exchange, Tokyo Financial Exchange, Tokyo Stock Exchange, Korea Exchange, London Stock Exchange, NASDAQ OMX Sweden, ERIS Exchange, Global Markets Exchange, ELX Futures, Taiwan Futures Exchange and Six Swiss Exchange.

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## APPENDIX III RISK FACTORS

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### 1 General

All financial investments involve an element of risk to both income and capital.

There are risks associated with investment in the ICAV and in the Shares of each Fund.

The risks described in this Prospectus should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in a Fund. Potential investors should be aware that an investment in a Fund may be exposed to other risks from time to time.

Different risks may apply to different Funds and/or Classes. Details of specific risks attaching to a particular Fund or Class which are additional to those described in this section will be disclosed in the relevant Supplement.

Investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or other matters. If you are in any doubt about the contents of this Prospectus, the risks involved in investing in the ICAV or a Fund or the suitability for you of investing in the ICAV or a Fund, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser.

As the price of Shares in each Fund may fall as well as rise, the ICAV shall not be a suitable investment for an investor who cannot sustain a loss on his investment.

Past performance of the ICAV or any Fund should not be relied upon as an indicator of future performance.

The liability of a Shareholder is limited to any unpaid amount of the nominal value of its Shares and all Shares in the ICAV will only be issued on a fully paid basis. However, under the Application Form and the Instrument of Incorporation (to which each Shareholder will subscribe as a member), investors will be required to indemnify the ICAV and its associates for certain matters.

#### 1.1 Investment Risks

##### (a) General Investment Risk

The securities and instruments in which the Funds invest are subject to normal market fluctuations and other risks inherent in investing in such investments, and there can be no assurance that any appreciation in value will occur.

There can be no assurance that a Fund will achieve its investment objective. The value of Shares may rise or fall, as the capital value of the securities in which a Fund invests may fluctuate. The investment income of each Fund is based on the income earned on the securities it holds, less expenses incurred. Therefore, the Fund's investment income may be expected to fluctuate in response to changes in such expenses or income.

##### (b) Credit Risk

There can be no assurance that issuers of the securities or other instruments in which a Fund invests will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or instruments or payments due on such

securities or instruments (as well as any appreciation of sums invested in such securities).

Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities. However, there is no guarantee of the accuracy of credit ratings. A Fund investing in bonds or other debt securities will be subject to the credit risk of the issuers of the bonds or debt securities in which it invests. In the event that any issuer of bonds or other debt securities in which the assets of a Fund are invested defaults, becomes insolvent or experiences financial or economic difficulties, this may adversely affect the value of the relevant securities (which may be zero) and any amounts paid on such securities (which may be zero), which may in turn adversely affect the Net Asset Value of the Fund. In times of financial instability, there may be increased uncertainty surrounding the creditworthiness of issuers of debt or other securities, including financial derivatives instruments and market conditions may lead to increased instances of default amongst issuers. This may in turn affect the Net Asset Value per Share. The value of a Fund may be affected if any of the financial institutions with which the cash of the Fund is invested or deposited suffers insolvency or other financial difficulties.

There is no certainty in the credit worthiness of issuers of debt securities. Unstable market conditions may mean there are increased instances of default amongst issuers.

(c) Changes in Interest Rates Risk

The value of Shares may be affected by substantial adverse movements in interest rates.

(d) Currency Risk

**Currency Exchange Rates:** Currency exchange rates may fluctuate significantly over short periods of time causing, along with other factors, a Fund's Net Asset Value to fluctuate as well. To the extent that a substantial portion of a Fund's total assets is denominated in the currencies of particular countries, the Fund will be more susceptible to the risk of adverse economic and political developments within those countries.

**Currency of Assets/Base Currency:** Assets of a Fund may be denominated in a currency other than the Base Currency of the Fund and changes in the exchange rate between the Base Currency and the currency of the asset may lead to a depreciation of the value of the Fund's assets as expressed in the Base Currency. The Manager may, depending on the investment objective of the Fund, seek to mitigate this exchange rate risk by using FDI. No assurance, however, can be given that such mitigation will be successful.

**Base Currency/Denominated Currency of Classes:** Classes of Shares in a Fund may be denominated in currencies other than the Base Currency of the Fund and changes in the exchange rate between the Base Currency and the denominated currency of the Class may lead to a depreciation of the value of the investor's holding as expressed in the Base Currency even in cases where the Class is hedged. No assurance, however, can be given that such mitigation will be successful. Investors' attention is drawn to the section of this Prospectus entitled "Hedged Classes" for further information. Where the Class is unhedged a currency conversion will take place on subscription, redemption, exchange and distributions at prevailing exchange rates.

**Currency Hedging:** A Fund may enter into currency exchange transactions and/or use derivatives to seek to protect against fluctuation in the relative value of its portfolio

positions as a result of changes in currency exchange rates between the trade and settlement dates of specific securities transactions or anticipated securities transactions. Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. The successful execution of a hedging strategy which matches exactly the profile of the investments of any Fund cannot be assured. It may not be possible to hedge against generally anticipated exchange fluctuations at a price sufficient to protect the assets from the anticipated decline in value of the portfolio positions as a result of such fluctuations. Performance of a Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by a Fund may not correspond with the securities positions held.

**Hedging Transactions Risk:** The Manager generally employs a variety of financial instruments for investment purposes and as hedging techniques for risk management purposes. The success of the hedging strategy is subject to the Manager's ability to correctly assess the degree of correlation between the performance of the hedging instruments and the performance of the investments in the portfolios being hedged. Since the characteristics of many financial instruments change as markets change or time passes, the success of the Manager's hedging strategy is also subject to the Manager's to continually recalculate, readjust and execute hedges in an efficient and timely manner. It is not possible to hedge fully or perfectly against any risk. In addition, the Manager may not anticipate a particular risk so as to hedge against it or may, in their sole discretion, decide not to hedge against certain risks. Mis-hedging of the exposure of the Fund may materially and adversely affect the Fund.

**Currency Forward Trading:** A Fund may enter into forward contracts on currencies. The market for trading of forward contracts on currencies is currently a private market and subject to limited regulation. Such forward contracts therefore differ substantially from exchange-traded futures contracts. Forward contracts on currencies have no speculative position limits. Banks and dealers may thus limit trading at their discretion with an account on the basis of their commercial interests and credit exposure. Furthermore, there are usually no limitations on the daily price movements of forward contracts on currencies. Such forward transactions may be subject to credit risk.

**Currency Exposure:** The Shares of a Fund may be denominated in Euro as well as foreign currencies and Shares will be issued and withdrawn in the relevant Base Currency. The ICAV will trade non-euro denominated instruments as well as Euro denominated instruments. Accordingly, the value of the shares may be affected favourably or unfavourably by fluctuations in currency rates of underlying investments of the ICAV. Although the Manager will undertake a currency hedging policy which seeks to protect the ICAV against foreign exchange risk, there is no guarantee that such a policy will be successful, in whole or in part, and the costs of operating such policy will be borne by the Manager.

**Risks of Foreign Exchange Trading:** The risk of loss in foreign exchange trading can be substantial. Investors should therefore carefully consider whether such trading is suitable for them in light of their financial condition. In considering whether to trade or to authorise someone else to trade for them, investors should also be aware of the following additional risks of foreign exchange trading: foreign exchange transactions are generally not traded on an exchange, and those funds deposited with the counterparty for foreign exchange transactions may not receive the same protections as funds used to margin or guarantee exchange-traded futures and options contracts. If the counterparty becomes insolvent and investors have a claim for amounts

deposited or profits earned on transactions with the counterparty, investors' claim may not receive a priority. Without a priority, investors are a general creditor and their claim will be paid, along with the claims of other general creditors, from any monies still available after priority claims are paid. Even customer funds that the counterparty keeps separate from its own operating funds may not be safe from the claims of other general and priority creditors. The high degree of leverage that is often obtainable in foreign exchange trading can lead to large gains as well as losses.

Investors' attention is drawn to the section of this Prospectus entitled "Hedged Classes" for further information.

(e) Derivatives and Securities Financing Transactions Risk

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

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

The prices of derivative instruments are highly volatile. Price movements of derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, national and international political and economic events, changes in local laws and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The use of derivatives also involves certain special risks, including (1) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates; (2) imperfect correlation between the hedging instruments and the securities or market sectors being hedged; (3) the fact that skills needed to use these instruments are different from those needed to select the Fund's securities; and (4) the possible absence of a liquid market for any particular instrument at any particular time.

Securities Financing Transactions create several risks for the ICAV and its investors, including counterparty risk if the counterparty to a Securities Financing Transaction defaults on its obligation to return assets equivalent to the ones provided to it by the relevant Fund and liquidity risk if the Fund is unable to liquidate collateral to it to cover a counterparty default.

**Securities Lending Risk:** As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral provided in connection with such transaction will be called upon. A securities lending transaction will involve the receipt of collateral. However there is a risk that the value of the collateral may fall and the Fund suffer loss as a result.

**Repurchase Agreements:** A Fund may enter into repurchase arrangements. Accordingly, the Fund will bear a risk of loss in the event that the other party to the

transaction defaults on its obligation and the Fund is delayed or prevented from exercising its rights to dispose of the underlying securities. The Fund will, in particular, be subject to the risk of a possible decline in the value of the underlying securities during the period in which the Fund seeks to assert its right to them, the risk of incurring expenses associated with asserting those rights and the risk of losing all or part of the income from the Agreement.

**Absence of Regulation; Counterparty Risk:** In general, there is less government regulation and supervision of transactions in the OTC markets (in which currencies, spot and option contracts, certain options on currencies and swaps are generally traded) than of transactions entered into on recognised exchanges. OTC derivatives lack transparency as they are privately negotiated contracts and any information concerning them is usually only available to the contracting parties. While measures are being introduced under EMIR that aim to mitigate risks involved in investing in OTC derivatives and improve transparency, these types of investments continue to present challenges in clearly understanding the nature and level of risks involved. In addition, many of the protections afforded to participants on some recognised exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with OTC transactions.

The counterparty for an OTC derivative will be the specific firm involved in the transaction rather than a recognised exchange and accordingly the bankruptcy or default of a counterparty with which the Fund trades OTC derivatives could result in substantial losses to the Fund. In addition, a counterparty may refrain from settling a transaction in accordance with its terms and conditions because the contract is not legally enforceable or because it does not accurately reflect the intention of the parties or because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. To the extent that a counterparty defaults on its obligation and the 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 Fund may implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Fund will not sustain losses on the transactions as a result. Counterparty exposure will be in accordance with the Fund's investment restrictions.

**Credit Risk and Counterparty Risk:** Funds 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 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 Fund may implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Fund will not sustain losses on the transactions as a result.

**Correlation Risk:** The prices of derivative instruments may be imperfectly correlated to the prices of the underlying securities, for example, because of transaction costs and interest rate movements.

**Collateral Risk:** Collateral or margin may be passed by the Fund to a counterparty or broker in respect of OTC FDI transactions or Securities Financing Transactions. Assets deposited as collateral or margin with brokers may not be held in segregated accounts by the brokers and may therefore become available to the creditors of such brokers in the event of their insolvency or bankruptcy. Where collateral is posted to a counterparty or broker by way of title transfer, the collateral may be re-used by such counterparty or broker for their own purpose, thus, exposing the Fund to additional risk.



Risks related to a counterparty's right of re-use of any collateral include that, upon the exercise of such right of re-use, such assets will no longer belong to the relevant Fund and the Fund will only have a contractual claim for the return of equivalent assets. In the event of the insolvency of a counterparty the Fund shall rank as an unsecured creditor and may not recover its assets from the counterparty. More broadly, assets subject to a right of re-use by a counterparty may form part of a complex chain of transactions over which the Fund or its delegates will not have any visibility or control.

**Tracking Risk of Exchange-Traded Funds:** An imperfect or variable degree of correlation between price movements of the exchange-traded fund's investments and a reference asset, rate or index may prevent the exchange-traded fund from achieving the intended performance and/or hedging effect, and expose the exchange-traded fund to the risk of loss.

**Forward Trading:** Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardised. Rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated. There is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Market illiquidity or disruption could result in major losses to a Fund.

**Foreign Exchange Transactions:** Where a Fund utilises derivatives which alter the currency exposure characteristics of securities held by the Fund the performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with the securities positions held.

**Futures and Options Trading is Speculative and Volatile:** Substantial risks are involved in trading futures, forward and option contracts and various other instruments in which a Fund may trade. Certain of the instruments in which a Fund may invest are sensitive to interest rates and foreign exchange rates, which means that their value and, consequently, the Net Asset Value, will fluctuate as interest and/or foreign exchange rates fluctuate. The Fund's performance, therefore, will depend in part on its ability to anticipate and respond to such fluctuations in market interest rates and foreign exchange rates, and to utilise appropriate strategies to maximise returns to the Fund, while attempting to minimise the associated risks to its investment capital. Variance in the degree of volatility of the market from the Fund's expectations may produce significant losses to the Fund.

The low initial margin deposits normally required to establish a futures position permit a high degree of leverage. As a result, a relatively small movement in the price of a futures contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further loss exceeding any margin deposited. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged. Transactions in over-the-counter derivatives may involve additional risk as there is no exchange or market on which to close out an open position. It may be impossible to liquidate an existing position, to assess or value a position or to assess the exposure to risk. Warrants give a Fund the right to subscribe to or purchase securities in which a Fund may invest. The underlying security may be subject to market volatility thus rendering an investment in a warrant a higher risk than an investment in an equity security.

**Legal Risk:** The use of OTC derivatives and Securities Financing Transactions, will expose the Funds to the risk that the legal documentation of the relevant contract may not accurately reflect the intention of the parties.

**Margin Risk:** A Fund may be obliged to pay margin deposits and option premia to brokers in relation to futures and option contracts entered into for the relevant Fund. While exchange traded contracts are generally guaranteed by the relevant exchange, the relevant Fund may still be exposed to the fraud or insolvency of the broker through which the transaction is undertaken. The relevant Fund will seek to minimise this risk by trading only through high quality names which are determined by factors such as their credit ratings, regulatory and market capitalisation, regulatory status and home jurisdiction, and/or that of their parent group.

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

**Physical Delivery of Underlying in Certain Derivatives Markets:** A Fund generally engages in trading in various derivatives. Such contracts may involve special terms such as physical delivery of the underlying at the maturity of the contract. The Manager have invested significant resources in designing trading systems that aim at rolling or closing maturing positions in derivatives in advance of any physical delivery date. Any failure to roll or close such positions may lead to a Fund taking possession of a significant amount of physical inventory including foreign exchange, credit default swaps and other assets or financial instruments, which may need to be financed, housed, stored, transported, hedged and/or liquidated. A physical delivery in relation to a derivative may involve significant costs and may have a materially negative effect on the value of the interests. Certain derivatives, including swap, forward and option contracts will be subject to the swap regulations recently adopted by the U.S. Commodity Futures Trading Commission and the U.S. Securities and Exchange Commission pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act and by the European Commission pursuant to EMIR, including exchange trading, clearing, margining, collateral segregation, reporting, recordkeeping and position limits (among many other requirements).

**Settlement of Certain Derivative Instruments:** A Fund may also invest in derivatives that do not provide for a daily settlement, but where the profit or loss of the contract settles at maturity. The cash-flows of such contracts are thus subject to credit risk. Such derivatives even when cleared against a central counterparty thus introduce additional risks to a Fund in terms of novation, credit risk as well as liquidity matching. The realisation of such risks may adversely affect the value and liquidity of the interests.

**Derivative Contracts May be Illiquid:** A Fund generally endeavours to trade in recognised regulated markets and with readily realisable derivatives. However, it is not always possible to execute a buy or sell order in a derivative at the desired price due to a lack of liquidity in the markets. Illiquidity may be caused by intrinsic market conditions (e.g. lack of demand) or extrinsic factors (e.g. changes in monetary policies or exchange-imposed limits on daily permitted increase or decrease in the price of traded instruments). In such instances, a Fund could be prevented from promptly liquidating unfavourable positions, which could thereby expose a Fund to losses.

Many derivatives exchanges limit daily price fluctuations in derivatives, in which case no trades may be executed at a price beyond the daily limit. Once the price of a particular derivative has increased or decreased to its daily limit, positions in the affected futures or options contract can be neither initiated nor liquidated unless traders are willing to execute trades at or within the limit. Derivative prices have occasionally reached their daily limit for several consecutive days with little or no trading. Similar occurrences in the future might prevent prompt liquidation of unfavourable positions and result in substantial losses, which could exceed the margin initially committed to such positions. Even in the absence of a limit price

movement, it may occasionally not be possible to execute derivative trades at favourable prices if little trading in contracts is taking place. It is also possible that an exchange or a regulator may suspend or limit trading in a particular contract, order immediate settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only.

**Speculative Position Limits:** Certain regulators and commodity exchanges have established limits (herein referred to as “**Speculative Position Limits**”) on the maximum net long or short position which any person may hold or control in particular futures, option and/or derivatives or complexes of derivative contracts. In addition, all positions held in the individual accounts managed by the Manager, including a Fund’s accounts, may be aggregated for the purpose of determining compliance with such limits. In certain instances, the positions held by a Fund may also be limited by a counterparty holding positions for other clients. Regulators and exchanges may change such limits at their sole discretion. It is thus fully possible that positions held by a Fund may have to be adjusted or liquidated in order to avoid exceeding such Speculative Position Limits. The positions of a Fund may thus be impacted by Speculative Position Limits, which may be affected by the positions of other unrelated accounts. The Manager endeavours to treat all of its clients equally, but modification or liquidation of a Fund’s positions due to Speculative Position Limits could, however, adversely affect a Fund. Speculative Position Limits may also impact a Fund’s capacity to gain exposure to certain positions, thus hindering a Fund’s ability to realise its investment objectives.

**Liquidity of Futures Contracts:** Futures positions may be illiquid because certain exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits”. Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a Fund from liquidating unfavourable positions.

**Necessity for Counterparty Trading Relationships:** Participants in the OTC currency market typically enter into transactions only with those counterparties which they believe to be sufficiently creditworthy, unless the counterparty provides margin, collateral, letters of credit or other credit enhancements. While the ICAV believes that it will be able to establish the necessary counterparty business relationships to permit a Fund to effect transactions in the OTC markets, there can be no assurance that it will be able to do so. An inability to establish such relationships would limit a Fund’s activities and could require a Fund to conduct a more substantial portion of such activities in the cash or exchange traded markets. Moreover, the counterparties with which a Fund expects to establish such relationships will not be obligated to maintain the credit lines extended to a Fund, and such counterparties could decide to reduce or terminate such credit lines at their discretion.

**Leverage Component Risk:** Since many derivative instruments 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 derivative instruments have the potential for unlimited loss regardless of the size of the initial investment. If there is 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.

**Risk Relating to Structured Notes:** A Fund may invest in structured notes, which may be issued by banks, brokerage firms, insurance companies and other corporations. Structured notes may not be listed and are subject to the terms and

conditions imposed by their issuer. These terms may lead to delays in implementing the investment strategy due to restrictions on the issuer acquiring or disposing of the securities underlying the structured notes. Investment in structured notes can be illiquid as there is no active market in structured notes. In order to meet realisation requests, the Fund relies upon the counterparty issuing the structured notes to quote a price to unwind any part of the structured notes. This price will reflect the market liquidity conditions and the size of the transaction.

By seeking exposure to investments in securities through structured notes, a Fund is exposed to the credit risk of the issuer of the structured notes. There is a risk that the issuer will not settle a transaction due to a credit or liquidity problem, thus causing the Fund to suffer a loss. In addition, in the case of a default, the Fund could become subject to adverse market movements while replacement transactions are executed.

An investment in a structured note entitles the holder to certain cash payments calculated by reference to the securities to which the structured note is linked. It is not an investment directly in the securities themselves. An investment in structured notes does not entitle the holder of structured notes to the beneficial interest in the securities nor to make any claim against the company issuing the securities.

**Risks Associated with Investment in Convertible Securities and Hybrid Securities:** The convertible securities in which a Fund may invest consist of bonds, notes (including participation notes), debentures and preferred stocks which may be converted or exchanged at a stated or determinable exchange ratio into underlying shares of common stock. Convertible securities may offer higher income than the common stocks into which they are convertible. A Fund may be required to permit the issuer of a convertible security to redeem the security, convert it into the underlying common stock, or sell it to a third party.

A Fund with convertible securities may not be able to control whether the issuer of a convertible security chooses to convert that security. If the issuer chooses to do so, this action could have an adverse effect on a Fund's ability to achieve its investment objective because the issuer may force conversion before the Fund would otherwise choose to do so. This may impact on the value of the Fund's investment and as a result, the Net Asset Value of the Fund may be adversely affected.

A hybrid security is a security which combines two or more financial instruments. Hybrid securities generally combine a traditional stock or bond with an option or forward contract. Generally, the principal amount payable upon maturity or redemption, or interest rate of a hybrid security, is tied (positively or negatively) to the price of a currency or securities index or another interest rate or some other economic factor (each a "**benchmark**"). The interest rate or (unlike most fixed income securities) the principal amount payable at maturity of a hybrid security may be increased or decreased, depending on the changes in the value of the benchmark.

Hybrid securities are generally traded on the stock market and therefore susceptible to changes in their price. As these securities have fixed interest characteristics their price may be impacted by movements in interest rates, as well as perceptions of the issuer's ability to meet coupon payments.

**Risks Associated with Swaps:** A Fund may enter into swap agreements with respect to currencies, interest rates, credit defaults and financial indices. A Fund may use these techniques for investment purposes or for EPM purposes to hedge against changes in interest rates, currency rates, securities prices, or as part of their overall investment strategies. Whether a Fund's use of swap agreements will be successful will depend on the Manager's ability to correctly predict whether certain types of investments are likely to produce greater returns than other investments.

Payments under a swap contract may be made at the conclusion of the contract or periodically during its term. If there is a default by the counterparty to a swap contract

a Fund will be limited to contractual remedies pursuant to the agreements related to the transaction. There is no assurance that swap contract counterparties will be able to meet their obligations pursuant to swap contracts or that, in the event of default, the Fund will succeed in pursuing contractual remedies. A Fund thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to swap contracts.

**Credit Default Swap Risk:** If a Fund is the buyer of a credit default swap, it would be entitled to receive the agreed-upon value (or par) of a referenced debt obligation from the counterparty to the swap on the occurrence of certain credit events in relation to the relevant reference entity. As consideration, the Fund would pay to the counterparty a periodic stream of fixed payments during the life of the swap if no credit event has occurred, in which case the Fund would receive no benefits under the swap. In circumstances in which a Fund does not own the debt securities that are deliverable under a credit default swap, the Fund is exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavourable prices. In certain instances of issuer defaults or restructurings, it has been unclear under the standard industry documentation for credit default swaps whether or not a "credit event" triggering the seller's payment obligation had occurred. In either of these cases, a Fund would not be able to realise the full value of the credit default swap upon a default by the reference entity. As a seller of credit default swaps, a Fund incurs exposure to the credit of the reference entity and is subject to many of the same risks it would incur if it were holding debt securities issued by the reference entity. However, a Fund will not have any legal recourse against the reference entity and will not benefit from any collateral securing the reference entity's debt obligations.

**Index Risk:** If a derivative is linked to the performance of an index, it will be subject to the risks associated with changes to that index. If the index changes, a Fund could receive lower interest payments or experience a reduction in the value of the derivative to below what the Fund paid. Certain indexed securities – including inverse securities (which move in the opposite direction to the index) – may create leverage, to the extent that the increase or decrease in value is at a rate that is a multiple of the changes in the applicable index.

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

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

(f) Exchange-Traded Funds Risk

**Tracking Risk of Exchange-Traded Funds:** A Fund, by investing in Exchange-Traded Funds ("**ETF**"), seeks to track the performance of a portfolio of investments. There is a risk that the ETF's return may not match or achieve a high degree of correlation with the return of the relevant index due to operating expenses, transaction costs, cash flows, regulatory requirements and operational inefficiencies.

**Uncertainty Regarding Redemptions from ETFs:** An ETF may generally in its discretion suspend the right of redemption or postpone the redemption settlement date. In addition, the ETF will reject a redemption order if the order is not in proper form or if the fulfilment of the order might be unlawful. Any such postponement, suspension or rejection could adversely affect the performance of a Fund.

(g) Trading Style Risk

**Leverage Risk:** A Fund may engage in leverage for investment purposes or as part of a hedging strategy, as will be outlined in the relevant Supplement, if applicable. The use of leverage creates special risks and may significantly increase the Fund's investment risk. Leverage will create an opportunity for greater yield and total return but, at the same time, will increase the Fund's exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of leverage that are in excess of the interest costs associated therewith may cause the Net Asset Value of the Shares to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the Net Asset Value of the Shares may decrease more rapidly than would otherwise be the case.

**Spread and Arbitrage Trading:** Certain strategies pursued by a Fund involve spread positions between two or more positions. Spread positions are created by purchasing one security and selling another related security simultaneously. These positions are done with options and futures contracts and are executed to profit from the widening or narrowing of the difference in price between the securities. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. Such positions, however, do entail a substantial risk that the price differential could change unfavourably causing a loss to the spread position. Arbitraging means, for example, that a Fund may purchase (or sell) financial instruments (i.e. on a current basis) and take offsetting positions in the same or related financial instruments to protect from differences in price. A Fund's trading operations may involve "arbitraging" between (i) the current price of a security and its announced (future) buy-out price (or other forms of "risk arbitrage"), or (ii) between or among two or more financial instruments (e.g. by means of "statistical arbitrage," which depends heavily on the ability of market prices to return to a historical or predicted normal). To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. These offsetting positions entail substantial risk that the price differential could change unfavourably causing a loss to the position.

The arbitrage business is extremely competitive and many of the major participants in the business are large investment banking firms with substantially greater financial resources, larger research staffs and more traders than will be available to a Fund. Arbitrage activity by other larger firms may tend to narrow the spread between the price at which a security may be purchased by a Fund and the price it expects to receive upon consummation of a transaction.

**Hedging Transactions Risk:** The Manager generally employs a variety of financial instruments for investment purposes and as hedging techniques for risk management purposes. The success of the hedging strategy is subject to the Manager's ability to correctly assess the degree of correlation between the performance of the hedging instruments and the performance of the investments in the portfolios being hedged. Since the characteristics of many financial instruments change as markets change or time passes, the success of the Manager's hedging strategy is also subject to the Manager's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. It is not possible to hedge fully or perfectly against any

risk. In addition, the Manager may not anticipate a particular risk so as to hedge against it or may, in its sole discretion, decide not to hedge against certain risks. Mis-hedging of the exposure of a Fund may materially and adversely affect that Fund.

**Trading Costs:** A Fund generally engages in a high volume of trading activity resulting in correspondingly high brokerage costs, exchange fees, regulatory fees, clearing costs or other trading related costs being incurred. These high expenses could lower the overall investment performance of a Fund.

**Trade Execution Risk:** Many of the trading techniques used by the Manager require the rapid and efficient execution of transactions. Inefficient execution can eliminate the small pricing differentials which the Manager will attempt to exploit. The potentially adverse impact of inefficient trade executions will be increased by a Fund's potentially high turnover rate.

(h) Quantitative Trading Risk

**Reliance on Technical Trading Systems:** Trading decisions made by the Manager in connection with its trading methodology in respect of a Fund are based chiefly on the statistical modelling and technical analysis which form the trading strategies used for such Fund. The calculations which underlie the Manager's trading systems, methods and strategies involve the extensive use of computers and related information technology. The Manager directs the purchase and sale of investments for a Fund in accordance with computer generated trading signals. The use of computers in processing information or in developing and operating a trading strategy does not assure the success of the strategy as computers merely perform a mechanical aid in processing trade information. Accordingly, no assurance is given that the computer generated trading decisions will produce profits for a Fund.

**Effectiveness of Trading Systems:** The success of a Fund's trading activities will depend on the effectiveness of the Manager's trading systems. There can be no assurance that the trading systems are currently effective or, if currently effective, that they will remain effective during the existence of a Fund. Trading systems are generally back-tested, to the extent practicable, prior to implementation on the basis of historical data. Even if all of the assumptions underlying the trading systems were met exactly, the trading systems can only make a prediction, not afford certainty. Moreover, the effectiveness of such trading systems may diminish over time, including as a result of market changes and the changes in behaviour of other market participants. There is no guarantee that such trading systems will continue to be effective in changing market conditions, and past performance is no indication of future performance or returns. Further, most statistical procedures cannot fully match the complexity of the financial markets and, as such, results of their application are uncertain.

Because the financial markets are constantly evolving, most trading systems eventually require replacement or enhancement. The use of a trading system that is not effective or not completely effective could, at any time, have a material adverse effect on the performance of a Fund.

**Multiple Trading Systems:** The Manager's trading systems generate trading signals independent of each other. Thus, there is the possibility that a Fund could hold offsetting positions in the same or similar financial instruments at the same time or during the same period of time, thereby incurring multiple brokerage commissions with little or no net change in a Fund's holdings. There is also the possibility that the different trading systems may from time to time enter orders for the same instruments in the same or opposite direction, and therefore compete for the same trades or

potentially create situations that may cross trades. Such competition could prevent orders for a Fund from being executed at desired prices or may create crosses between different accounts advised by the Manager. In addition, other funds and accounts managed by the Manager or others may also utilise the same or similar trading systems and therefore compete with a Fund for trading and investment opportunities. Even trading strategies employed by a Fund that are typically intended to not be highly correlated may go through periods of time when the trading strategies are more or highly correlated or when the trading strategies in the aggregate generate losses for a Fund.

**Development and Implementation of Trading Systems:** The use of quantitative trading systems and trading strategies in a Fund's trading activities involves special risks, both in the development of the trading systems and in their implementation. The accuracy of the trading signals produced by the trading systems is dependent on a number of factors, including without limitation the analytical and mathematical foundation of the trading systems, the accurate incorporation of such principles in a complex technical and coding environment, the quality of the data introduced into the trading systems and the successful deployment of the trading systems' output into the investment process.

The Manager has developed certain guidelines that seek to ensure that trading systems are appropriately developed, adapted, calibrated, and configured, and seeks to reduce the incidence of software errors by internal testing. Nonetheless, analytical errors, software development errors, implementation errors and other types of trading system or human errors are an inherent risk of employing complex quantitatively-based trading systems in investment and trading processes. These errors may be exceedingly hard to detect and some errors may go undetected for long periods of time, or not be detected at all. Such errors could have a material adverse effect on the clients. It may be exacerbated by the fact that the Manager's investment strategies include executing a significant number of trades over a particular time period, which may result in several trades being affected by any such error before it can be detected or corrected. Trading systems may operate or be operated erroneously, and the interactions among trading systems may make it difficult to detect the source of any weakness or failure in such trading systems before material losses are incurred. For example, it may be difficult or impossible to distinguish unexpected trading results due to market activity from unexpected trading results due to an error in the applicable calculation or trading systems. The Manager's controls, including its escalation policies, are designed to assure that certain types of errors are subject to review once discovered.

The mathematical calculations and trading systems utilised by the Manager are subject to inherent limitations and, like all approaches to investing, are almost always susceptible to being improved upon as experience is gained, strategies are refined, and markets change.

**Changes in the Manager's Trading Models, Risk Systems and IT Systems:** The Manager has discretion to make certain changes in its trading models and risk systems without the approval of a Fund and its investors. A change in trading models or risk system involves a risk due to the difficulties in anticipating the future actual performance of such new models or risk systems. There may also be risks with implementing new information technology required to operate such new models and risk systems. There are several risks in implementing new models, risk systems, software and/or IT systems, including risks due to programming and/or technical errors. New or updated trading models, risk systems, software or IT systems may not function as anticipated. Investors may be subject to substantial losses, in the case such risks were to materialise.



**Information Technology Systems:** A Fund is dependent on the Manager for investment management, operational and financial advisory services. A Fund is also dependent on the Manager for certain securities processing services as well as back-office functions. The Manager depends on information technology systems in order to assess investment opportunities, strategies, markets and to monitor risks. The Manager also depends on information technology systems to monitor and control risks for a Fund. Information technology systems are also used to trade in the investments of a Fund. In addition, certain of the Manager's operations may interface with or depend on systems operated by third parties, including prime brokers, securities exchanges and other types of trading systems, market counterparties, custodians and other service providers.

It is possible that a defect, failure or interruption of some kind which causes disruptions to these information technology systems including, without limitation, those caused by computer "worms," viruses and power failures could materially limit the Manager's ability to adequately assess and adjust investments, formulate strategies and provide adequate risk controls. Any such information technology related difficulty could harm the performance of a Fund. For example, such failures could cause the settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect the Manager's ability to monitor a Fund's investment portfolios and risks.

(i) Emerging Markets Risk

Where a Fund invests in securities in emerging markets, additional risks may be encountered. These include:

**Accounting Standards:** in emerging markets there is an absence of uniform accounting, auditing and financial reporting standards and practices.

**Business Risks:** in some emerging markets, for example Russia, crime and corruption, including extortion and fraud, pose a risk to businesses. Property and employees of underlying investments may become targets of theft, violence and/or extortion.

**Country Risk:** the value of a Fund's assets may be affected by political, legal, economic and fiscal uncertainties. Existing laws and regulations may not be consistently applied.

**Currency Risk:** the currencies in which investments are denominated may be unstable, may be subject to significant depreciation and may not be freely convertible.

**Disclosure:** less complete and reliable fiscal and other information may be available to investors.

**Legal:** the legal infrastructure and accounting, auditing and reporting standards in certain countries in which investment may be made may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. Risks associated with many emerging market legal systems (for example the Russian legal system) include (i) the untested nature of the independence of the judiciary and its immunity from economic, political or nationalistic influences; (ii) inconsistencies among laws, presidential decrees and governmental and ministerial orders and resolutions; (iii) the lack of judicial and administrative guidance on interpreting applicable laws; (iv) a high degree of discretion on the part of government authorities; (v) conflicting local, regional and federal laws and regulations; (vi) the relative inexperience of judges and courts in interpreting new legal norms; and (vii) the unpredictability of enforcement of foreign judgements and foreign arbitration awards. There is no guarantee that further judicial reform aimed at balancing the rights of private and governmental authorities in courts and reducing grounds for re-

litigation of decided cases will be implemented and succeed in building a reliable and independent judicial system.

**Market Characteristics/ Liquidity and Settlement Risks:** in general, emerging markets are still in the early stages of their development, have less volume, are less liquid and experience greater volatility than more established markets and many emerging markets are not highly regulated. When seeking to sell emerging market securities, little or no market may exist for the securities. The combination of price volatility and the less liquid nature of securities markets in emerging markets may, in certain cases, affect a Fund's ability to acquire or dispose of securities at the price and time it wishes to do so, and consequently may have an adverse impact on the investment performance of a Fund. Settlement of transactions may be subject to delay and administrative uncertainties.

**Political Risk:** the risk of government intervention is particularly high in the emerging markets because of both the political climate in many of these countries and the less developed character of their markets and economies. Government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the value of securities in a Fund's portfolio.

**Tax:** The taxation system in some emerging market countries is subject to varying interpretations, frequent changes and inconsistent enforcement at the federal, regional and local levels. Tax laws and practices in some emerging market countries are at an initial stage of development and are not as clearly established as in more developed countries.

**Frontier Markets Risk:** Investing in the securities of issuers operating in frontier emerging markets carries a high degree of risk and special considerations not typically associated with investing in more traditional developed markets. In addition, the risks associated with investing in the securities of issuers operating in emerging market countries are magnified when investing in frontier emerging market countries. These types of investments could be affected by factors not usually associated with investments in more traditional developed markets, including risks associated with expropriation and/or nationalisation, political or social instability, pervasiveness of corruption and crime, armed conflict, the impact on the economy of civil war, religious or ethnic unrest and the withdrawal or non-renewal of any licence enabling a Fund to trade in securities of a particular country, confiscatory taxation, restrictions on transfers of assets, lack of uniform accounting, auditing and financial reporting standards, less publicly available financial and other information, diplomatic development which could affect investment in those countries and potential difficulties in enforcing contractual obligations. These risks and special considerations make investments in securities in frontier emerging market countries highly speculative in nature and, accordingly, an investment in a Fund's shares must be viewed as highly speculative in nature and may not be suitable for an investor who is not able to afford the loss of their entire investment. To the extent that a Fund invests a significant percentage of its assets in a single frontier emerging market country, a Fund will be subject to heightened risk associated with investing in frontier emerging market countries and additional risks associated with that particular country.

(j) Equity Risks

A Fund may invest directly or indirectly in equity securities. The price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions. Prices of equities fluctuate daily dependent on market conditions. Markets can be influenced by a series of factors such as political and economic news, corporate earnings reports, demographic trends, catastrophic events and wider market expectations. The value of equities can fall as well as rise. Potentially a Fund investing in equities could incur significant losses.

Investing in equity securities may offer a higher rate of return than those investing in short term and longer term debt securities. However, the risks associated with investments in equity securities may also be higher, because the investment performance of equity securities depends upon factors which are difficult to predict. As a result, the market value of the equity securities that it invests in may go down and the relevant Fund may suffer losses. Factors affecting the equity securities are numerous, including but not limited to changes in investment sentiment, political environment, economic environment, and the business and social conditions in local and global marketplace. Securities exchanges typically have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible to liquidate positions and can thereby expose the relevant Fund to losses.

(k) Efficient Portfolio Management Risk

The ICAV on behalf of a Fund may employ techniques and instruments relating to Transferable Securities, Money Market Instruments and/or other financial instruments (including FDI) in which it invests for EPM purposes. Many of the risks attendant in utilising derivatives, as disclosed in the section entitled "Derivatives Risk" above, will be equally relevant when employing such EPM techniques. In addition to the sub-section entitled "General", particular attention is drawn to the sub-sections entitled "Credit Risk and Counterparty Risk" and "Collateral Risk". Investors should also be aware that from time to time, a Fund may engage with repurchase/reverse repurchase agreements counterparties and/or securities lending agents that are related parties to the Depositary or other service providers of the ICAV. Such engagement may on occasion cause a conflict of interest with the role of the Depositary or other service provider in respect of the ICAV. Please refer to the section of the Prospectus entitled "Conflicts of Interest" for further details on the conditions applicable to any such related party transactions. The identity of any such related parties will be specifically identified in the relevant Fund's semi-annual and annual reports.

(l) Investing in Fixed Income Securities Risk

The prices of fixed income securities fluctuate in response to perceptions of the issuer's creditworthiness and also tend to vary inversely with market interest rates. The value of such securities is likely to decline in times of rising interest rates. Conversely, when rates fall, the value of these investments is likely to rise. Typically, the longer the time to maturity the greater are such variations. A Fund investing in fixed income securities will be subject to credit risk (i.e. the risk that an issuer of securities will be unable or unwilling to pay principal and interest when due, or that the value of a security will suffer because investors believe the issuer is less able or willing to pay). This is broadly gauged by the credit ratings of the securities in which a Fund invests. However, ratings are only the opinions of the agencies issuing them and are not absolute guarantees as to quality.

Not all government securities are backed by the full faith and credit of the relevant national government. Some are backed only by the credit of the issuing agency or instrumentality e.g. a local or municipal authority of a state as opposed to the state itself. Accordingly, there is at least a chance of default on these government securities in which the Funds may invest, which may subject a Fund to additional credit risk.

To the extent a Fund invests in medium or low-rated securities and unrated securities of comparable quality, the Fund may realise a higher current yield than the yield offered by higher-rated securities, but investment in such securities involves greater volatility of price and risk of loss of income and principal, including the probability of default by or bankruptcy of the issuers of such securities. Low-rated and comparable unrated securities (collectively referred to as "low-rated" securities) likely have quality and protective characteristics that, in the judgment of a rating organisation, are

outweighed by large uncertainties or major risk exposures to adverse conditions, and are predominantly speculative with respect to an issuer's capacity to pay interest and repay principal in accordance with the terms of the obligation.

When economic conditions appear to be deteriorating, these medium or low-rated securities may decline in value due to heightened concern over credit quality, regardless of the prevailing interest rates. Investors should carefully consider the relative risks of investing in high yield securities and understand that such securities are not generally meant for short-term investing.

Adverse economic developments can disrupt the market for low-rated securities, and severely affect the ability of issuers, especially highly leveraged issuers, to service their debt obligations or to repay their obligations upon maturity, which may lead to a higher incidence of default on such securities. Low-rated securities are especially affected by adverse changes in the industries in which the issuers are engaged and by changes in the financial condition of the issuers.

Debt securities rated below BBB- (or its equivalent) and comparable unrated securities are considered below Investment Grade and are commonly known as "junk bonds". They are considered to be of poor standing and mainly speculative, and those in the lowest rating category may be in default and are generally regarded by the rating agency as having extremely poor prospects of attaining any real investment standing. The lower ratings of these debt securities reflect a greater possibility that the issuer may be unable or unwilling to make timely payments of interest and principal and thus default. If this happens, or is perceived as likely to happen, the values of those debt securities will usually be more volatile. A default or expected default could also make it difficult for the Fund to sell the debt securities at prices approximating the values the Fund had previously placed on them. Because junk bonds are traded mainly by institutions, they usually have a limited market, which may at times make it difficult for the Fund to establish their fair value.

Investments in sovereign debt securities involve certain risks. The governmental authority that controls the repayment of the debt may be unwilling or unable to repay the principal and/or interest when due in accordance with the terms of such securities due to a range of factors that may include: the extent of its foreign reserves; the availability of sufficient foreign exchange on the date a payment is due; the relative size of the debt service burden to the economy as a whole; or the government debtor's policy towards the International Monetary Fund and the political constraints to which a government debtor may be subject. If an issuer of sovereign debt defaults on payments of principal and/or interest, a Fund may have limited legal recourse against the issuer and/or guarantor. In certain cases, remedies must be pursued in the courts of the defaulting party itself, and the Fund's ability to obtain recourse may be limited. Historically, certain issuers of the government debt securities in which a Fund may invest have experienced substantial difficulties in meeting their external or local market debt obligations, resulting in defaults on certain obligations and the restructuring of certain indebtedness. Such restructuring arrangements have included obtaining additional credit to finance outstanding obligations and the reduction and rescheduling of payments of interest and principal through the negotiation of new or amended credit agreements.

(m) Credit Ratings Risk

The ratings of fixed-income securities by Moody's and Standard & Poor's are a generally accepted barometer of credit risk. They are, however, subject to certain limitations from an investor's standpoint. The rating on an issuer or a security is heavily weighted by past performance and does not necessarily reflect probable future conditions. There is frequently a lag between the time the rating is assigned and the time it is updated. In addition, there may be varying degrees of difference in credit risk of securities within each rating category. In the event of a down-grading of the credit

rating of a security or an issuer relating to a security, the value of a Fund investing in such security may be adversely affected.

(n) Liquidity Risk

Not all securities or instruments invested in by the Funds will be listed or rated and consequently liquidity may be low.

Liquidity risk exists when particular investments are difficult to purchase or sell. Also, some of the markets in which a Fund invests may be less liquid and more volatile than the world's leading stock markets and this may result in the fluctuation in the price of the securities. As a result, a Fund may suffer losses and the Net Asset Value of a Fund may be adversely affected.

A Fund's investments in illiquid securities may reduce the returns of a Fund because it may be unable to sell the illiquid securities at an advantageous time or price which could prevent a Fund from taking advantage of other investment opportunities. Funds with principal investment strategies that involve foreign securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk.

Additionally, the market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. In such cases, a Fund, due to limitations on investments in illiquid securities and the difficulty in purchasing and selling such securities or instruments, may be unable to achieve its desired level of exposure to a certain sector. To the extent that a Fund's principal investment strategies involve securities of companies with smaller market capitalisations, foreign securities, illiquid sectors of fixed income securities, or securities with substantial market and/or credit risk, a Fund will tend to have the greatest exposure to liquidity risk. Further, fixed income securities with longer durations until maturity face heightened levels of liquidity risk as compared to fixed income securities with shorter durations until maturity. Finally, liquidity risk also refers to the risk of unusually high redemption requests or other unusual market conditions that may make it difficult for a Fund to fully honour redemption requests within the allowable time period. Meeting such redemption requests could require a Fund to sell securities at reduced prices or under unfavourable conditions. As a result, a Fund may suffer losses and the Net Asset Value of a Fund may be adversely affected. It may also be the case that other market participants may be attempting to liquidate fixed income holdings at the same time as a Fund, causing increased supply in the market and contributing to liquidity risk and downward pricing pressure.

(o) Market Capitalisation Risk

Certain Funds may invest in the securities of small-to-medium-sized (by market capitalisation) companies, or FDI related to such securities. Such securities may have a more limited market than the securities of larger companies. Accordingly, it may be more difficult to effect sales of such securities at an advantageous time or without a substantial drop in price than securities of a company with a large market capitalisation and broad trading market. In addition, securities of small-to-medium-sized companies may have greater price volatility as they are generally more vulnerable to adverse market factors such as unfavourable economic reports. Additional risk factors associated with companies whose market capitalisation is small or mid-cap may include but are not limited to the following: limited or unproven operating history; weak or leveraged balance sheets, limited borrowing capacity; low or negative profit margins; high concentration of sales from limited number of customers; competition from more established companies; and key-man management risk.

(p) No Secondary Market

It is not anticipated that there will be an active secondary market for the Shares, and it is not expected that such a market will develop. Subject to certain conditions outlined herein, including when repurchases or the registration of transfers of Shares are suspended, Shareholders will, however, be able to realise their investment in a Fund by repurchasing their Shares or by a transfer to an investor who an eligible transferee.

(q) Recent Developments in Financial Markets

Recent developments in the global financial markets illustrate that the current environment is one of extraordinary and possibly unprecedented uncertainty. In light of such recent market turmoil and the overall weakening of the financial services industry, the ICAV, the Manager and other financial institutions' financial condition may be adversely affected and they may become subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on the ICAV's business and operations.

(r) Eurozone Crisis

As a result of the crisis of confidence in the markets which has caused bond yield spreads (the cost of borrowing in the debt capital markets) and credit default spreads (the cost of purchasing credit protection) to increase, most notably in relation to certain Eurozone countries, certain countries in the EU have had to accept "bailouts" from banks and lines of credit from supra-governmental agencies such as the International Monetary Fund (the "IMF") and the recently created European Financial Service Facility (the "EFSF"). The European Central Bank (the "ECB") has also been intervening to purchase Eurozone debt in an attempt to stabilise markets and reduce borrowing costs. In December 2011, leaders of the countries in the Eurozone, as well as the leaders of certain other countries in the EU, met in Brussels and agreed a "fiscal compact" which includes a commitment to a new fiscal rule, to be introduced into the legal systems of the relevant countries, as well as acceleration of the entry into force of the European Stability Mechanism treaty.

Notwithstanding the measures described above, and future measures which may be introduced, it is possible that a country may leave the Eurozone and return to a national currency, and as a result may leave the EU and/or that the Euro, the European single currency, will cease to exist in its current form and/or lose its legal status in one or more countries in which it currently has such status. The effect of such potential events on the Funds which are denominated in Euro or which invest in instruments predominantly tied to Europe is impossible to predict.

(s) Changes in the UK political environment

Changes in the UK political environment following the UK's decision by referendum to exit from the EU may lead to political, legal, tax and economic uncertainty. This could impact general economic conditions in the UK. It is not yet clear whether and to what extent EU regulations generally would apply with respect to the Manager following a UK exit from the EU, but it is possible that investors would be subject to fewer regulatory protections than would otherwise be the case. A UK exit could adversely affect the Manager's ability to access markets, make investments, attract and retain employees or enter into agreements (on its own behalf or on behalf of the ICAV or the Funds) or continue to work with non-UK counterparties and service providers, all of which could result in increased costs to the ICAV and/or the Funds.

(t) Reinvestment of Cash Collateral Risk

As a Fund may reinvest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank, a Fund reinvesting cash collateral will be

exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security.

(u) Repurchase Risk

Large repurchases of Shares in a Fund might result in a Fund being forced to sell assets at a time and price at which it would normally prefer not to dispose of those assets which may be materially adverse to the Fund.

(v) OTC Counterparty Rating Downgrade Risk

The ICAV will enter into OTC transactions only with those counterparties that it believes to be sufficiently creditworthy.

If an OTC counterparty (which is not a Relevant Institution) engaged by the ICAV, in respect of a Fund, is subject to a credit rating downgrade, this could potentially have significant implications for the relevant Fund both from a commercial perspective and a regulatory perspective. Pursuant to the Central Bank Rules, a rating downgrade for such OTC counterparty to A-2 or below (or a comparable rating) shall require the relevant Fund without delay to conduct a new credit assessment of the OTC counterparty.

Regardless of the measures the ICAV, in respect of a Fund, may implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the relevant Fund will not sustain losses on the transactions as a result.

(w) Investment in Collective Investment Schemes (CIS)

A Fund may invest in one or more CIS including schemes managed by the Manager or its affiliates. As a shareholder of another CIS, a Fund would bear, along with other shareholders, its pro rata portion of the expenses of the other CIS, including investment management and/or other fees. The rate of the annual investment management fee which investors are charged in respect of that portion of assets invested in the other CIS shall not exceed the rate of the maximum annual management fee which investors may be charged in respect of the balance of assets of the Fund, such that there shall be no double charging of the investment management fee as a result of such investments. This provision is also applicable to the annual fee charged by an investment manager where this fee is paid directly out of the assets of the ICAV.

If a Fund invests a substantial proportion of its net assets in other CIS the maximum level of the investment management fees that may be charged to that Fund by the other CIS will be set out in the relevant Supplement. Details of such fees may be contained in the relevant Fund's annual report. Such fees and expenses, in the aggregate, may exceed the fees and expenses that would typically be incurred by an investor making a direct investment in an underlying fund. In addition, performance based compensation arrangements may create an incentive for the investment managers of such investors in other underlying funds to make investments that are more risky or more speculative than would be the case if such arrangements were not in effect.

CIS may have different settlement cycles than that of the Funds. Thus, there may be mismatch between the two settlement cycles causing the Funds to use borrowing on a temporary basis to meet such obligations. This may result in charges being incurred by the relevant Fund. Any such borrowing will comply with the Regulations. Further, each CIS may not be valued at the same time or on the same day as the relevant Fund and accordingly the net asset value of such CIS used in the calculation of the Net Asset Value of the relevant Fund will be the latest available net asset value of

such CIS (further details on the calculation of the Net Asset Value are set out under the heading "Valuation of Assets").

CIS may be leveraged. This includes the use of borrowed funds and investments in FDI. Also, they may engage in short sales. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the operating results of the relevant Fund.

To the extent that the relevant Fund is invested in CIS, the success of the relevant Fund shall depend upon the ability of the CIS to develop and implement investment strategies that achieve the relevant Funds' investment objective. Subjective decisions made by the CIS may cause the relevant Fund to incur losses or to miss profit opportunities on which it could otherwise have capitalised. In addition, the overall performance of the relevant Fund will be dependent not only on the investment performance of the CIS, but also on the ability of the Manager to select and allocate the Funds' assets among such CIS effectively on an ongoing basis. There can be no assurance that the allocations made by the Manager will prove as successful as other allocations that might otherwise have been made, or as adopting a static approach in which CIS are not changed.

(x) Launch Phase and Wind-down Phase

Prospective investors should note that a Fund's investment policies may not be able to be fully implemented or complied with during the launch and wind-down phase of a Fund when initial investment positions are being established or final positions are being liquidated, as appropriate. In addition, in respect of the launch phase of a Fund, the Central Bank permits a Fund to derogate from certain of the Regulations for six (6) months from the date of its authorisation, provided that the Fund still observes the principle of risk spreading. In respect of the wind-down phase and in accordance with the terms of this Prospectus and the Instrument of Incorporation, Shareholders will be notified in advance of a Fund being wound-down. As a consequence, Shareholders may be exposed to different types of investment risk and may receive a return that is different to the return that would have been received if full compliance with the relevant investment policies and/or Regulations had been maintained (noting that there can be no assurance that any Fund will achieve its investment objective) during the launch and/or wind-down phase of a Fund.

(y) Unlisted Securities

A Fund may invest in unlisted securities. In general there is less governmental regulation and supervision of transactions in the unlisted securities markets than for transactions entered into on organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with unlisted securities. Therefore, any Fund investing in unlisted securities will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Fund will sustain losses.

(z) Volatility Risk

Prices of securities may be volatile. Price movements of securities are difficult to predict and are influenced by, among other things, speculation, changing supply and demand relationships, governmental trade, fiscal, monetary and exchange control programs and policies, national and international political and economic events, climate, changes in interest rates, and the inherent volatility of the market place. Volatility may also be due to the fluctuations in the exchange rate of currencies. Therefore, it is a probability measure of the threat that an exchange rate movement



poses to an investor's portfolio in a foreign currency. During periods of uncertain market conditions the combination of price volatility and the less liquid nature of securities markets may, in certain cases, affect a Fund's ability to acquire or dispose of securities at the price and time it wishes to do so, and consequently may have an adverse impact on the investment performance of a Fund.

(aa) Capital Erosion Risk

Certain Funds and Share Classes may have as the priority objective the generation of income rather than capital. Investors should be noted that the focus on income and the charging of investment management fees and any other fees to capital may erode capital and diminish the Fund's ability to sustain future capital growth. In this regard, distributions made during the life of a Fund or an applicable Share Class should be understood as a type of capital reimbursement.

(bb) Concentration Risk

The investments of certain Funds may be concentrated in a single market or country. A Fund which pursues a concentrated investment strategy may be subject to a greater degree of volatility and risk than a Fund following a more diversified strategy. To the extent that a Fund concentrates its investments in a particular market or country, its investments may become more susceptible to fluctuations in value resulting from adverse economic or business conditions in that market or country. As a consequence, the aggregate return of a Fund may be adversely affected by the unfavourable developments in that particular market or country in which the Fund invests.

(cc) Mortgage-backed and Asset-backed Securities Risk

A Fund may be exposed to risks associated with securitised instruments (e.g. mortgage-backed and asset-backed securities), such as a credit risk which relates essentially to the quality of the underlying assets, and which may vary in type and may involve liquidity risks. These instruments are based on complex operations that may also involve legal risks and other risks related to the characteristics of the underlying assets.

The value of such mortgage-backed and asset-backed securities depends on the value of the underlying collateral which is subject to market fluctuation and there is a risk that they may be downgraded due to adverse market conditions.

**Extension Risk** — When interest rates rise, certain underlying obligations of the mortgage-backed securities / asset-backed securities will be paid off by the obligor more slowly than anticipated, causing the value of these obligations to fall. Rising interest rates tend to extend the duration of securities, making them more sensitive to changes in interest rates. The value of longer-term securities generally changes more in response to changes in interest rates than shorter-term securities. As a result, in a period of rising interest rates, such securities may exhibit additional volatility and may lose value.

**Prepayment Risk** — When interest rates fall, certain underlying obligations of the mortgage-backed securities / asset-backed securities will be paid off by the obligor more quickly than originally anticipated, and the relevant Fund may have to invest the proceeds in securities with lower yields. In periods of falling interest rates, the rate of prepayments tends to increase (as does price fluctuation) as borrowers are motivated to pay off debt and refinance at new lower rates. During such periods, reinvestment of the prepayment proceeds by the relevant Fund will generally be at lower rates of return than the return on the assets that were prepaid. Prepayment reduces the yield to maturity and the average life of the security.

(dd) Risks Relating to REITs and other Property-Related Companies

The prices of equity REITs and other property-related companies are affected by changes in the value of the underlying property owned by the REITs/property-related companies and changes in capital markets and interest rates. The prices of mortgage REITs and other property-related companies are affected by the quality of any credit they extend, the creditworthiness of the mortgages they hold, as well as by the value of the property that secures the mortgages.

Under certain tax legislation, REITs and other property-related companies may avoid tax on the income they distribute if certain conditions are made. For example, under the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), a U.S. REITs is not taxed in the U.S. on income it distributes to its shareholders if it complies with several requirements relating to its organisation, ownership, assets and income and a requirement that it generally distribute to its shareholders at least 90 per cent of its taxable income (other than net capital gains) for each taxable year. However the REITs/property-related company could fail to qualify for tax-free pass-through of income under, for example, the Code. Such a failure would result in the taxation of income of a disqualified REITs/property-related company's distributed income at the REITs/property-related company level.

While the Funds will not invest in real property directly, the Funds may be subject to risks similar to those associated with the direct ownership of real property (in addition to securities market risks) because of its policy of concentrating its investments in the real estate industry.

In addition to these risks, equity REITs and other property-related companies may be affected by changes in the value of the underlying property owned by the trusts, while mortgage REITs and other property-related companies may be affected by the quality of any credit they extend. Further, REITs and other property-related companies are dependent upon management skills and generally may not be diversified. REITs and other property-related companies are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. There is also the risk that borrowers under mortgages held by a REITs/property-related company or lessees of a property that a REITs/property-related company owns may be unable to meet their obligations to the REITs/property-related company. In the event of a default by a borrower or lessee, the REITs/property-related company may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated with protecting its investments. In addition to the foregoing risks, certain "special purpose" REITs/property-related companies in which a Fund may invest may have their assets in specific real property sectors, such as hotel REITs/property-related companies, nursing home REITs/property-related companies or warehouse REITs/property-related companies, and are therefore subject to the risks associated with adverse developments in these sectors.

(ee) Depository Risk

If a Fund invests in assets that are financial instruments that can be held in custody ("**Custody Assets**"), the Depository is required to perform full safekeeping functions and will be liable for any loss of such assets held in custody unless it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. In the event of such a loss (and the absence of proof of the loss being caused by such an external event), the Depository is required to return identical assets to those lost or a corresponding amount to the Fund without undue delay.

If a Fund invests in assets that are not financial instruments that can be held in custody ("**Non-Custody Assets**"), the Depository is only required to verify the Fund's ownership of such assets and to maintain a record of those assets which the

Depository is satisfied that the Fund holds ownership of. In the event of any loss of such assets, the Depository will only be liable to the extent the loss has occurred due to its negligent or intentional failure to properly fulfil its obligations pursuant to the Depository Agreement.

As it is likely that the Funds may each invest in both Custody Assets and Non-Custody Assets, it should be noted that the safekeeping functions of the Depository in relation to the respective categories of assets and the corresponding standard of liability of the Depository applicable to such functions differs significantly.

The Funds enjoy a strong level of protection in terms of Depository liability for the safekeeping of Custody Assets. However, the level of protection for Non-Custody Assets is significantly lower. Accordingly, the greater the proportion of a Fund invested in categories of Non-Custody Assets, the greater the risk that any loss of such assets that may occur may not be recoverable. While it will be determined on a case-by-case whether a specific investment by the Fund is a Custody Asset or a Non-Custody Asset, generally it should be noted that derivatives traded by a Fund over-the-counter will be Non-Custody Assets. There may also be other asset types that a Fund invests in from time to time that would be treated similarly. Given the framework of Depository liability under the Regulations, these Non-Custody Assets, from a safekeeping perspective, expose the Fund to a greater degree of risk than Custody Assets, such as publicly traded equities and bonds.

## **1.2 Accounting, Legal, Regulatory, Operational, Valuation and Tax Risks**

### **(a) Accounting, Auditing and Financial Reporting Standards**

The accounting, auditing and financial reporting standards of many of the countries in which a Fund may invest may be less extensive than those applicable in the European Union.

### **(b) Operational Risks (including Cyber Security and Identity Theft)**

An investment in a Fund, like any fund, can involve operational risks arising from factors such as processing errors, human errors, inadequate or failed internal or external processes, failure in systems and technology, changes in personnel, infiltration by unauthorised persons and errors caused by service providers such as the Manager or the Administrator. While the Funds seek to minimise such events through controls and oversight, there may still be failures that could cause losses to a Fund.

The Manager, Administrator and Depository (and their respective groups) each maintain information technology systems. However, like any other system, these systems could be subject to cyber security attacks or similar threats resulting in data security breaches, theft, a disruption in the Manager, the Administrator's and/or Depository's service or ability to close out positions and the disclosure or corruption of sensitive and confidential information. Notwithstanding the existence of policies and procedures designed to detect and prevent such breaches and ensure the security, integrity and confidentiality of such information as well as the existence of business continuity and disaster recovery measures designed to mitigate any such breach or disruption at the level of the ICAV and its delegates, such security breaches may potentially also result in loss of assets and could create significant financial and or legal exposure for the ICAV.

### **(c) Dependence on Key Personnel**

The investment performance of the Funds will be dependent on the services of certain key employees of the Manager and its appointees. While contingency measures may

be put in place, in the event of the death, incapacity or departure of any of these individuals, the performance of the Funds may be adversely affected.

(d) Financial Markets and Regulatory Change

The laws and regulations affecting businesses continue to evolve in an unpredictable manner. Laws and regulations, particularly those involving taxation, investment and trade, applicable to the ICAV's activities can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner adverse to the interests of the ICAV. The ICAV and the Manager may be or may become subject to unduly burdensome and restrictive regulation. In particular, in response to significant recent events in international financial markets, governmental intervention and certain regulatory measures which have been or may be adopted in certain jurisdictions.

(e) Multiple Jurisdictions

Investing in financial instruments of multiple jurisdictions involves additional risks. These include changes in exchange rates and exchange control regulations, political and social instability, terrorism, restrictions on foreign investment, changes in government policies, expropriation, imposition of foreign taxes, potentially illiquid markets and limited availability of information, higher transaction costs, foreign governmental restrictions, varying levels of government supervision (if any) of banks, exchanges, clearing houses, brokers and issuers, greater risks associated with identifying performing and creditworthy counterparties, difficulty in enforcing contractual obligations, lack of uniform legal framework for holding of assets and establishing trading, settlement, custody, security, pledging and reuse of assets and lack of uniform accounting, taxation and auditing standards and greater price volatility.

(f) Manager Valuation Risk

The Administrator may consult the Manager with respect to the valuation of certain investments. Whilst there is an inherent conflict of interest between the involvement of the Manager in determining the valuation price of each Fund's investments and the Manager's other duties and responsibilities in relation to the Funds (particularly as the Manager's fees may increase as the value of assets increases), the Manager has in place pricing procedures which follows industry standard procedures for valuing unlisted investments.

(g) Paying Agent Risk

Shareholders who choose or are obliged under local regulations to pay or receive subscription or repurchase monies or dividends via an intermediate entity rather than directly to the ICAV or the relevant Fund (e.g. a Paying Agent in a local jurisdiction) bear a credit risk against that intermediate entity with respect to (a) subscription monies prior to the transmission of such monies to the ICAV or the relevant Fund and (b) repurchase monies payable by such intermediate entity to the relevant Shareholder.

(h) Custody Risks

Market practices in relation to the settlement of securities transactions and the custody of assets could provide increased risk. In particular, some of the markets in which a Fund may invest do not provide for settlement on a delivery versus payment basis and the risk in relation to such settlements has to be borne by the Fund.

(i) Subscription, Repurchase and Conversion Currency Risks

Shares in any Fund may be subscribed for or repurchased in any freely convertible currency not being the Base Currency of a Fund. Similarly, Shareholders may convert Shares in one Fund to Shares in another Fund and the Shares in the two Funds may be denominated in different currencies. The costs of foreign currency exchange transactions and any related gains or losses in connection with any subscription, redemption or conversion will be borne by the investor.

(j) Rating of Investment Risk

There is no assurance that the ratings of each rating agency will continue to be calculated and published on the basis described in this Prospectus or that they will not be amended significantly. The past performance of a rating agency in rating an investment is not necessarily a guide to future performance.

(k) Status of Redeeming Investors

Shareholders will be removed from the share register upon the repurchase proceeds being paid. Insofar as investors remain as Shareholders until such time as the relevant Net Asset Value has been calculated and the register updated, investors will be treated as creditors for the repurchase proceeds, rather than Shareholders from the relevant Dealing Day, and will rank accordingly in the priority of the relevant Fund's creditors. Furthermore, during this period, investors will have no rights as Shareholders under the Instrument of Incorporation, except the right to receive their repurchase proceeds and any dividend which has been declared in respect of their Shares prior to the relevant Dealing Day, and in particular, will not have the right to receive notice of, attend or vote at any class or general meetings.

(l) Segregated Liability

The ICAV is an umbrella Irish collective asset-management vehicle with segregated liability between Funds. As a result, as a matter of Irish law, any liability attributable to a particular Fund may only be discharged out of the assets of that Fund and the assets of other Funds may not be used to satisfy the liability of that Fund. In addition, any contract entered into by the ICAV will by operation of law include an implied term to the effect that the counterparty to the contract may not have any recourse to assets of any of the Funds other than the Fund in respect of which the contract was entered into. These provisions are binding both on creditors and in any insolvency but do not prevent the application of any enactment or rule of law which would require the application of the assets of one Fund to discharge some, or all liabilities of another Fund on the grounds of fraud or misrepresentation. In addition, whilst these provisions are binding in an Irish court which would be the primary venue for an action to enforce a debt against the ICAV, these provisions have not been tested in other jurisdictions, and there remains a possibility that a creditor might seek to attach or seize assets of one Fund in satisfaction of an obligation owed in relation to another Fund in a jurisdiction which would not recognise the principle of segregation of liability between Funds.

(m) Share Class Level Risk

While it is not intended to engage in any material investment management or trading activity at Share Class level within a Fund, other than for hedging purposes, it should be noted that any such activity may expose the Fund to cross contamination risk as it may not be possible to ensure (contractually or otherwise) that a counterparty's recourse in any such arrangements is limited to the assets of the relevant Class.

(n) Valuation Risk

A Fund may invest some of its assets in unquoted securities or instruments. Such investments or instruments will be valued at their probable realisation value estimated

with care and good faith by the Manager or a competent person, firm or corporation selected by the Manager and approved for the purpose by the Depositary. Such investments are inherently difficult to value and are the subject of substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales or "close-out" prices of such securities.

(o) Settlement Risks

A Fund will be exposed to a credit risk on parties with whom it trades and may also bear the risk of settlement default. Market practices in relation to the settlement of securities transactions and the custody of assets could provide increased risks. The Manager may instruct the Depositary to settle transactions on a delivery free of payment basis where it believes that this form of settlement is appropriate. Shareholders should be aware, however, that this may result in a loss to a Fund if a transaction fails to settle and the Depositary will not be liable to the Fund or to the Shareholders for such a loss, provided the Depositary has acted in accordance with the Depositary Agreement in making any such delivery or payment.

(p) Political Risks

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

(q) Tax Risks

Where a Fund invests in assets that are not subject to withholding tax at the time of acquisition, there can be no assurance that tax may not be withheld in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Fund may not be able to recover such withheld tax and so any change may have an adverse effect on the Net Asset Value of the Shares.

The attention of potential investors is drawn to the taxation risks associated with investing in the ICAV. Please refer to the section of this Prospectus entitled "Taxation".

(r) FATCA

The United States and Ireland have entered into an intergovernmental agreement to implement FATCA (the "**IGA**"). Under the IGA, an entity classified as a Foreign Financial Institution (an "**FFI**") that is treated as resident in Ireland is expected to provide the Revenue Commissioners with certain information in respect of its "account" holders (i.e. Shareholders). The IGA further provides for the automatic reporting and exchange of information between the Revenue Commissioners and the IRS in relation to accounts held in Irish FFIs by U.S. persons, and the reciprocal exchange of information regarding U.S. financial accounts held by Irish residents. Provided the ICAV 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 required to withhold on payments which it makes.

Although the ICAV 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 ICAV will be able to satisfy these obligations. In order to satisfy its FATCA obligations, the ICAV will require certain information from investors in respect of their FATCA status. If the ICAV 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 prospective investors / shareholders should consult with their own tax advisors regarding the possible implications of FATCA on an investment in the ICAV.

(s) CRS

Ireland has provided for the implementation of CRS through section 891F of the TCA and the enactment of the Returns of Certain Information by Reporting Financial Institutions Regulations 2015 (the "**CRS Regulations**").

The CRS, which applies in Ireland from 1 January 2016, is a global OECD tax information exchange initiative which is aimed at encouraging a coordinated approach to disclosure of income earned by individuals and organisations.

The ICAV is a Reporting Financial Institution for CRS purposes and will be required to comply with the Irish CRS obligations. In order to satisfy its CRS obligations, the ICAV will require its investors to provide certain information in respect of their tax residence and may, in some cases, require information in relation to the tax residence of the beneficial owners of the investor. The ICAV, or a person appointed by the ICAV, will report the information required to the Revenue Commissioners by 30 June in the year following the year of assessment for which a return is due. The Revenue Commissioners will share the appropriate information with the relevant tax authorities in participating jurisdictions.

All prospective investors / shareholders should consult with their own tax advisors regarding the possible CRS implications of an investment in the ICAV.

(t) MiFID II impact on financial markets

Effective from the beginning of 2018, Directive 2014/65/EU dated 15 May 2014 relating to markets and financial instruments ("**MiFID II**") regulates investment firms and trading venues based in the European Union. The implementation of MiFID II will impact the services of existing trading venues as well as introduce new regulated operators such as organized trading facilities (OTF). MiFID II includes various new reporting obligations as well as regulations affecting brokerage services as well as the remuneration of brokers and distributors. The interpretation of MiFID II is still subject to uncertainties and several rules as well as market practice is still to be established. The implementation of MiFID II may potentially affect the ICAV, the Funds and/or the Manager, if for instance the effect of this regulation is to limit access to certain foreign markets or reduce available liquidity.

### 1.3 Risk Factors Not Exhaustive

The risks set out in this Prospectus do not purport to be exhaustive and potential investors should be aware that an investment in the ICAV or any Fund may be exposed to risks of an exceptional nature from time to time.

**APPENDIX IV  
LIST OF SUB-DELEGATES**

<b>Country</b>	<b>Sub-custodian/Agent</b>	<b>To be included in the SLD</b>
Argentina	HSBC Bank Argentina S.A.	Y
Australia	HSBC Bank Australia Ltd	Y
Austria	UniCredit Bank Austria AG	Y
Bahrain	HSBC Bank Middle East Ltd (Bahrain)	Y
Bangladesh	The Hongkong and Shanghai Banking Corporation Ltd (Bangladesh)	Y
Belgium	BNP Paribas Securities Services (Belgium)	Y
Belgium	Euroclear Bank S.A./N.V.	Y
Bermuda	HSBC Bank Bermuda Ltd	Y
Bosnia-Herzegovina	Unicredit Bank DD (Bosnia)	Y
Botswana	Standard Chartered (Botswana)	Y
Brazil	Kirton Corretora de Titulos e Valores Mobiliarios (prev HSBC Corretora de Titulos e Valores Mobiliarios SA)	Y
Bulgaria	UniCredit Bulbank AD	Y
Canada	Royal Bank of Canada	Y
Chile	Banco Santander Chile	Y
China	HSBC Bank (China) Ltd	Y
Colombia	CorpBanca Investment Trust Colombia SA	Y
Croatia	Privredna Banka Zagreb	Y
Cyprus	HSBC Bank Plc, Athens	Y
Czech Republic	Unicredit Bank Czech Republic, A.S.	Y



Denmark	Skandinaviska Enskilda Banken AB (publ), Copenhagen Branch	Y
Egypt	HSBC Bank Egypt SAE	Y
Estonia	AS SEB Pank	Y
Finland	Skandinaviska Enskilda Banken AB (publ.), Helsinki Branch	Y
France	BNP Paribas Securities Services (France)	Y
France	CACEIS Bank	Y
Germany	HSBC Trinkaus & Burkhardt	Y
Ghana	Standard Chartered Bank Ghana Ltd	Y
Greece	HSBC Bank Plc	Y
Hong Kong	The Hongkong & Shanghai Banking Corporation Ltd (CNC) (HK)	Y
Hungary	Unicredit Bank Hungary Zrt	Y
India	The Hongkong and Shanghai Banking Corporation Ltd (India)	Y
Indonesia	The Hongkong and Shanghai Banking Corporation Ltd (Indonesia)	Y
Ireland	HSBC Bank Plc (UK)	Y
Israel	Bank Leumi Le-Israel BM	Y
Italy	BNP Paribas Securities Services (Italy)	Y
Japan	The Hongkong and Shanghai Banking Corporation Ltd (Japan)	Y
Jordan	Bank of Jordan	Y
Kazakhstan	JSC Citibank Kazakhstan	Y
Kenya	Standard Chartered Bank Kenya Ltd	Y
Kuwait	HSBC Bank Middle East Ltd (Kuwait)	Y
Latvia	AS SEB Banka	Y
Lebanon	HSBC Bank Middle East Ltd (Lebanon)	Y
Lithuania	SEB Bankas	Y

Luxembourg	Clearstream Banking SA	Y
Malaysia	HSBC Bank Malaysia Berhad	Y
Mauritius	The Hongkong and Shanghai Banking Corporation Ltd (Mauritius)	Y
Mexico	HSBC Mexico, SA	Y
Morocco	Citibank Maghreb	Y
Netherlands	BNP Paribas Securities Services (Netherlands)	Y
New Zealand	The Hongkong and Shanghai Banking Corporation Ltd (New Zealand)	Y
Nigeria	Stanbic IBTC Bank plc	Y *
Norway	Skandinaviska Enskilda Banken AB (publ) Oslo Branch	Y
Oman	HSBC Bank Oman S.A.O.G.	Y
Pakistan	Citibank NA (Pakistan)	Y
Palestine	Bank of Jordan (Palestine Branch)	Y
Peru	Citibank del Peru	Y
Philippines	The Hongkong and Shanghai Banking Corporation Ltd (Philippines)	Y
Poland	Bank Pekao SA	Y
Portugal	BNP Paribas Securities Services (Portugal)	Y
Qatar	HSBC Bank Middle East Ltd, Qatar	Y
Romania	Citibank Europe plc, Romania branch	Y
Russia	Citibank ZAO	Y
Saudi Arabia	HSBC Saudi Arabia Ltd	Y
Serbia	Unicredit Bank Serbia JSC	Y
Singapore	The Hongkong and Shanghai Banking Corporation Ltd (Singapore)	Y
Slovakia	Ceskoslovenska Obchodna Banka AS	Y
Slovenia	Unicredit Banka Slovenija DD	Y
South Africa	Standard Bank of South Africa Ltd	Y

South Korea	The Hongkong and Shanghai Banking Corporation Ltd (South Korea)	Y
Spain	BNP Paribas Securities Services (Spain)	Y
Sri Lanka	The Hongkong and Shanghai Banking Corporation Ltd (Sri Lanka)	Y
Sweden	Skandinaviska Enskilda Banken AB (publ.)	Y
Switzerland	Credit Suisse AG	Y
Taiwan	HSBC Bank (Taiwan) Ltd	Y
Tanzania	Standard Chartered Bank (Mauritius) Ltd, Tanzania	Y
Thailand	The Hongkong and Shanghai Banking Corporation Ltd (Thailand)	Y
Turkey	HSBC Bank AS	Y
Uganda	Standard Chartered (Uganda)	Y *
United Arab Emirates	HSBC Bank Middle East Ltd (UAE)	Y
United Kingdom	HSBC Bank Plc (UK)	Y
United States	Brown Brothers Harriman & Co	Y
United States	Citibank, N.A. (USA)	Y
United States	HSBC Bank (USA) NA	Y
Vietnam	HSBC (Vietnam) Ltd	Y
Zambia	Standard Chartered Bank (Zambia) Plc	Y *
* NOTE: Nigeria, Uganda and Zambia approved for certain trades only. Please discuss with Custody CAM.		

**CFM UCITS ICAV  
GERMAN COUNTRY SUPPLEMENT  
SUPPLEMENT TO THE PROSPECTUS FOR GERMAN INVESTORS ONLY  
dated: 20 October 2020**

**This supplement is supplemental to, forms part of and should be read in conjunction with the Prospectus for CFM UCITS ICAV (the “ICAV”) dated 20 June 2018 and the Supplement for CFM Quant Sustainable Absolute Return Fund (the “Fund”) dated 12 October 2020 each as amended from time to time, to which it is attached.**

Right to market Shares in Germany

The Manager has notified its intention to market Shares of the Fund in Germany. Since completion of the notification process the ICAV has the right to market Shares of the Fund in Germany.

Information Agent in Germany

The function of the information agent in Germany has been assumed by:

**GerFIS  
German Fund Information Service UG (Haftungsbeschränkt)  
Zum Eichhagen 4  
21382 Brietlingen**

(the “Information Agent”).

Copies of the Instrument of Incorporation, the Prospectus, the Supplement for the Fund, the Key Investor Information Documents as well as the annual reports and audited accounts and half-yearly reports are available free of charge in paper form at the registered office of the Information Agent.

Furthermore, copies of the following documents may be inspected at the registered office of the Information Agent free of charge during usual business hours:

- the Management Agreement;
- the Investment Management Agreement;
- the Administration Agreement;
- the Depositary Agreement;
- the Regulations.

The subscription and redemption prices are also available free of charge at the Information Agent.

The Information Agent has been appointed at normal commercial rates.

Redemption of Shares, Payments to Shareholders

Redemptions of Shares and payments to the Shareholders in Germany (redemption proceeds, any distributions and other payments) are effected through the entities maintaining the securities accounts of the Shareholders. Printed individual certificates are not issued.

Publications

The subscription and redemption prices as well as shareholder notices, if any, will be published on [www.carnegroup.com](http://www.carnegroup.com).

In the cases enumerated in Sec. 298 (2) of the German Investment Code (KAGB), Shareholders will also be notified by means of a durable medium in accordance with Sec. 167 KAGB.