

## **PROSPECTUS**

**IMPORTANT: IF YOU ARE IN ANY DOUBT AS TO THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR ACCOUNTANT OR OTHER FINANCIAL ADVISER.**

The Directors, whose names appear on page (ix), accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

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### **JK FUNDS PLC**

An investment company with variable capital structured as an umbrella fund with segregated liability between sub-funds and incorporated pursuant to the Companies Act 2014 with limited liability in Ireland and authorised by the Central Bank pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended).

### **JK INVESTMENT MANAGEMENT LLP** (INVESTMENT MANAGER)

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2 October 2017

## IMPORTANT INFORMATION

**JK Funds p.l.c. (the “Company”) is both authorised and supervised by the Central Bank. The authorisation of the Company by the Central Bank shall not constitute a warranty as to the performance of the Company and the Central Bank shall not be liable for the performance or default of the Company. The authorisation of the Company is not an endorsement or guarantee of the Company by the Central Bank and the Central Bank is not responsible for the contents of this Prospectus.**

No person has been authorised by the Company to give any information or make any representations in connection with the offering of Shares other than those contained in this Prospectus, and, if given or made, such information or representations must not be relied on as having been made by the Company.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Company to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

This Prospectus may only be issued with one or more supplements (each a “Supplement”), each containing information relating to a separate Fund. The creation of new Funds requires the prior approval of the Central Bank. If there are different classes of Shares representing a Fund, details relating to the separate classes may be dealt with in the same Supplement or in a separate Supplement for each class. The creation of further classes of Shares will be effected in accordance with the Central Bank Rules. This Prospectus and the relevant Supplement should be read and construed as one document. To the extent that there is any inconsistency between this Prospectus and the relevant Supplement, the relevant Supplement shall prevail.

Applications for Shares will only be considered on the basis of this Prospectus (and any relevant Supplement). The latest audited annual report and accounts and the latest unaudited semi-annual report may be obtained from the offices of the Administrator. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date hereof.

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

The provisions of the Company’s Articles are binding on each of its Shareholders (who are taken to have notice of them).

This Prospectus is based on information, law and practice currently in force in Ireland (which may be subject to change) at the date hereof. The Company cannot be bound by an out of date Prospectus when it has issued a new Prospectus, and investors should check with the Investment Manager that this is the most recently published Prospectus.

**The value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in a Fund.**

**As the Funds of the Company may be subject to subscription, redemption and exchanging charges (which, in the case of redemption charges shall not exceed 3 per cent of the Net Asset Value per Share), the difference at any one time between the sale and repurchase price of Shares in any Fund means that an investment in any Fund should be viewed as a medium to long-term investment.**

**Austria:** Neither this Prospectus nor any other document in connection with the Shares is a Prospectus according to the Austrian Investment Funds Act (Investmentfondsgesetz, InvFG), the Austrian Capital Markets Act (Kapitalmarktgesetz, KMG) or the Austrian Stock Exchange Act (Börsegesetz, BörseG) and has therefore not been drawn up, audited, approved, passported and/or published in accordance with the aforesaid acts. Neither the Company nor the Investment Manager is under the supervision of the Austrian Financial Market Authority or any other Austrian supervision authority. Prospective purchasers of Shares

should note that the Shares have not been and will not be offered in the Republic of Austria in the course of an offer to the public within the meaning of section 140 of the Austrian Investment Funds Act or section 176 of the Austrian Investment Funds Act or sec 1 para 1 no 1 of the Austrian Capital Markets Act but under circumstances which will not be considered as an offer to the public under any of the aforesaid acts. Therefore, the provisions of the Austrian Investment Funds Act and the provisions of the Austrian Capital Markets Act relating to registration requirements and to prospectus requirements do not apply and the Shares have thus neither been registered for public distribution in Austria with the Austrian Financial Market Authority (Finanzmarktaufsichtsbehörde) nor been the subject matter of a prospectus compliant with the Austrian Investment Funds Act or the Austrian Capital Markets Act. This Prospectus is confidential and is being provided only to a limited number of recipients who have been individually selected in advance by certain criteria and are targeted in Austria exclusively by means of a private placement. This Prospectus is provided solely for the information of such recipients and must not be reproduced, published, distributed or made available to any other person (including the press and any other media), in whole or in part, for any purpose and no steps may be taken that would constitute a public offer of the Shares under either the Austrian Investment Funds Act or the Austrian Capital Markets Act (whether presently or in the future). This Prospectus is a marketing communication and has not been prepared in accordance with legal requirements designed to promote the independence of investment research. This Prospectus is not intended to provide a basis of any credit or other evaluation of the Company and its business and should not be considered as a personal recommendation for any recipient of this Prospectus to purchase Shares as it does not take into account the particular investment objectives, financial situation or needs of any specific recipient. Each investor contemplating purchasing any Shares therefore represents to make its own independent investigation of the Company and of the suitability of an investment in Shares in light of their particular circumstances and represents to seek independent professional advice, including tax advice. This Prospectus is distributed under the condition that the above obligations are accepted by the recipient and complied with.

**Belgium:** The offering of Shares has not been and will not be notified to the Belgian Financial Services and Markets Authority (Autoriteit voor Financiële Diensten en Markten/Autorité des Services et Marchés Financiers) nor has this Prospectus been, nor will it be, approved by the Financial Services and Markets Authority. The Shares may be offered in Belgium only to a maximum of 99 investors or to investors investing a minimum of €250,000 or to professional or institutional investors, in reliance on Article 5 of the Law of August 3, 2012. This Prospectus may be distributed in Belgium only to such investors for their personal use and exclusively for the purposes of this offering of Shares. Accordingly, this Prospectus may not be used for any other purpose nor passed on to any other investor in Belgium.

**Finland:** This Prospectus does not constitute an offer to the public in Finland. The Shares cannot be offered or sold in Finland by means of any document to any persons other than “Professional Investors” as defined by the Finnish Mutual Funds Act (*Sijoitusrahastolaki* 29.1.1999/48), as amended. No action has been taken to authorise an offering of the Shares to the public in Finland and the distribution of this Prospectus is not authorised by the Financial Supervision Authority in Finland. This Prospectus is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. Subscriptions will not be accepted from any persons other than the person to whom this Prospectus has been delivered by the Investment Manager or its representative. This Prospectus may not include all the information that is required to be included in a prospectus in connection with an offering to the public.

**France:** The Shares may not be offered directly or indirectly in the Republic of France and neither this Prospectus, which has not been submitted to the *Autorité des Marchés Financiers*, nor any offering material or information contained therein relating to the Fund, may be supplied or used in connection with any offer for subscription or sale of the Shares in the Republic of France.

**Germany:** Each purchaser of Shares acknowledges that the Fund is not and will not be registered for public distribution in Germany. This Prospectus does not constitute a sales prospectus pursuant to the German Investment Act (Investmentgesetz) or the German Securities Prospectus Act (Wertpapierprospektgesetz). Accordingly, no offer of the Shares may be made to the public in Germany. This Prospectus and any other document relating to the Shares, as well as information or statements contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of the interests to the public in Germany or any other means of public marketing. An offer of the Shares exclusively to credit institutions and financial services providers as defined in the German

Banking Act, private or public insurance companies, investment companies and their investment managers as well as pension funds and their administrators is not deemed to be a public distribution.

**Hong Kong:** The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. Investors are advised to exercise caution in relation to the offer. If investors are in any doubt about any of the contents of this document, they should obtain independent professional advice.

**Ireland:** The distribution of this Prospectus and the offering or purchase of Shares is restricted to the individual to whom this Prospectus is addressed. Accordingly, it may not be reproduced in whole or in part, nor may its contents be distributed in writing or orally to any third party and it may be read solely by the person to whom it is addressed and his/her professional advisers. Shares will not be offered or sold by any person: (a) otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007, as amended; or (b) otherwise than in a manner that does not constitute an offer for sale to the public within the meaning of Section 9 of the Unit Trust Act, 1990; or (c) in any way which would require the publication of a prospectus under the Investment Funds, Companies and Miscellaneous Provisions Act, 2005, as amended, and any regulations adopted pursuant thereto; or (d) except in all circumstances that will result in compliance with all applicable laws and regulations in Ireland. Shares will not in any event be marketed in Ireland except in accordance with the Central Bank of Ireland Rules.

**Isle of Man:** The Company is not subject to any form of regulation or approval in the Isle of Man. This document has not been registered or approved for distribution in the Isle of Man and may only be distributed in or into the Isle of Man by a person permitted under Isle of Man law to do so and in accordance with the Isle of Man Collective Investment Schemes Act 2008 and regulations made thereunder. The Shareholders in the Company are not protected by any statutory compensation scheme.

**Italy:** The Shares may not be offered, sold or delivered and the Prospectus, or any circular, advertisement or other document or offering material relating to the Shares, may not be published, distributed or made available in the Republic of Italy unless: (i) the Shares have been previously registered with the Bank of Italy and, as appropriate, with the Italian Securities and Exchange Commission (*Consob*); and (ii) the offering, sale or delivery of the Shares and publication or distribution of the Prospectus or of any other document or offering material is made in accordance with relevant Italian laws and regulations.

**Japan:** The Shares have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law no. 25 of 1948, as amended) and, accordingly, no Shares may be offered or sold, directly or indirectly, in Japan or to, or for the benefit, of any Japanese person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For this purpose, "Japanese person" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

**Jersey:** This Prospectus relates to a private placement and does not constitute an offer to the public in Jersey to subscribe for the Shares offered hereby. No regulatory approval has been sought to the offer in Jersey and it must be distinctly understood that the Jersey Financial Services Commission does not accept any responsibility for the financial soundness of or any representations made in connection with the Company. The offer of Shares is personal to the person to whom this Prospectus is being delivered by or on behalf of the Company, and a subscription for the Shares will only be accepted from such person. The Prospectus may not be reproduced or used for any other purpose.

**Netherlands:** This document is not addressed to or intended for any individual or legal entity in the Netherlands except individuals or legal entities who qualify as qualified investors (as defined by section 1:1 of the Act on financial supervision (*wet op het financieel toezicht*), as amended).

**Spain:** The Company has not been authorised by or registered with the Spanish Securities Market Commission (CNMV) as a foreign UCITS in accordance with section 15.1 of Law 35/2003 of 4 November 2003 on Collective Investment Schemes, as amended by Law 31/2011, of 4 October 2011 (which

implements into Spanish law the provisions of Directive 2009/65/EC). Accordingly, the Shares of the Company may not be offered or sold in Spain by means of any marketing activities as defined in section 2 of Law 35/2003, as amended.

**Sweden:** This Prospectus has not been approved by or registered with the Swedish Financial Supervisory Authority (*Finansinspektionen*) pursuant to the Swedish Financial Instruments Trading Act (*Iagen 1991:980 om handel med finansiella instrument*). Accordingly, the Shares may only be offered in Sweden in circumstances that will not result in a requirement to prepare a prospectus pursuant to the Swedish Financial Instruments Trading Act. The Company is not an Investment Fund (*fondföretag*) for the purpose of the Swedish Investment Funds Act (*Iag (2004:46) om investeringsfonder*) and has therefore not been, nor will it be, approved or registered by the Swedish Financial Supervisory Authority pursuant to the Swedish Investment Funds Act.

**Switzerland:** The distribution of Shares in Switzerland will be exclusively made to, and directed at, qualified investors (the "Qualified Investors"), as defined in the Swiss Collective Investment Schemes Act of 23 June 2006, as amended ("CISA") and its implementing ordinance. Accordingly, the Company has not been and will not be registered with the Swiss Financial Market Supervisory Authority (FINMA). This Prospectus and/or any other offering materials relating to the Shares may be made available in Switzerland solely by the Swiss representative and/or authorised distributors to Qualified Investors.

**United Kingdom:** The Company is not a recognised collective investment scheme for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom (the "Act"). The promotion of the Company and the distribution of this Prospectus in the United Kingdom is accordingly restricted by law.

Whilst this Prospectus may be issued outside the United Kingdom directly by the Company, and the Directors of the Company are responsible for its contents, wherever issued, it is being issued inside and outside the United Kingdom by JK Investment Management LLP (which is authorised and regulated by the Financial Conduct Authority ("FCA")) only to and/or is directed only at persons who are of a kind to whom the Company may lawfully be promoted by a person authorised under the Act (an "authorised person") by virtue of Section 238(6) of the Act and The Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (including other authorised persons, certain persons having professional experience of participating in unrecognised collective investment schemes, high net worth companies, high net worth unincorporated associations or partnerships, the trustees of high value trusts and certified sophisticated investors) or Section 4.12 of the FCA's Conduct of Business Sourcebook ("COBS") (including persons who are professional clients or eligible counterparties for the purposes of COBS).

In order to qualify as a certified sophisticated investor a person must i) have a certificate in writing or other legible form signed by an authorised person to the effect that he is sufficiently knowledgeable to understand the risks associated with participating in unrecognised collective investment schemes and ii) have signed, within the last 12 months, a statement in a prescribed form declaring, amongst other things, that he qualifies as a sophisticated investor in relation to such investments.

This Prospectus is exempt from the scheme promotion restriction (in Section 238 of the Act) on the communication of invitations or inducements to participate in unrecognised collective investment schemes on the grounds that it is being issued to and/or directed at only the types of person referred to above. To the extent that this Prospectus is issued by JK Investment Management LLP the Shares are only available to such persons and this Prospectus must not be relied or acted upon by any other persons.

Any recipient of this Prospectus who is an authorised person may (if and to the extent it is permitted to do so by the FCA rules applicable to it) distribute it or otherwise promote the Company in accordance with Section 238 of the Act but not otherwise. Any recipient of this Prospectus who is not an authorised person may not distribute it to any other person.

This Prospectus constitutes a financial promotion for the purposes of the Act and the rules of the FCA.

Acquiring Shares may expose an investor to a significant risk of losing all of the amount invested. Any person who is in any doubt about investing in the Company should consult an authorised person specialising in advising on such investments.

The Company will not be authorised to carry on investment business in the United Kingdom. Accordingly, all or most of the protections afforded by the United Kingdom regulatory system to retail clients will not apply to an investment in the Company. In particular, compensation will not be available under the United Kingdom Financial Services Compensation Scheme in respect of the Company and investors will not be entitled to exercise cancellation or withdrawal rights under the rules of the FCA in respect of any subscription or purchase of Shares.

Past performance may not be repeated and you may not get back the full amount (or any) of your investment. If you are in any doubt about the suitability of investing in the Company, you should contact an independent financial adviser. JK Investment Management LLP and/or any of its associated companies may have a position in or holding of Shares.

The levels and bases of taxation and any relevant reliefs from taxation referred to in this Prospectus can change, any reliefs referred to are the ones which currently apply and their value depends upon the circumstances of each individual investor.

**United States:** The Shares have not been and will not be registered under the United States Securities Act of 1933, as amended ("the 1933 Act") or the securities laws of any of the states of the United States, nor is such registration contemplated. The Shares may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any "US Person" except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable state laws.

The Shares are being offered outside the United States pursuant to the exemption from registration under Regulation S under the 1933 Act and inside the United States in reliance on Regulation D promulgated under the 1933 Act and Section 4(2) thereof.

There is no public market for the Shares and no such market is expected to develop in the future. The Shares offered hereby are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the 1933 Act and applicable state securities laws pursuant to registration or exemption therefrom.

The Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended (the "1940 Act") pursuant to the provisions of Section 3(c)(7) of the 1940 Act, which excludes from the definition of "investment company" a privately offered fund that is organised outside the US and whose US Person security holders consists exclusively of "qualified purchasers", as defined in Section 2(a)(51) of the 1940 Act. 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.

The Company may arrange or permit the private placement in the United States of a portion of the Shares under the exemption provided by Section 4(2) of the 1933 Act and Regulation D promulgated thereunder to US Persons that are "accredited investors" (as defined in Rule 501(a) of Regulation D under the 1933 Act) and "qualified purchasers" (as defined in Section 2(a)(51) of the 1940 Act), under restrictions and other circumstances designed to preclude a distribution that would otherwise require registration of the Shares under the 1933 Act, cause the Company to become subject to the registration requirements of the 1940 Act, oblige the Company or the Investment Manager to comply with requirements under the United States Commodity Exchange Act, or cause the assets of the Company to be "plan assets" for the purposes of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), including

presentation by such investors, prior to the delivery to them of Shares, of subscription documentation containing specified representations and agreements.

The Company will not accept any subscriptions from investors that are employee benefit plans subject to Title I of ERISA, certain tax qualified plans subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended, or other entities deemed to hold assets of such plans (together, "Benefit Plans") if after such subscription the Shares of any class held by Benefit Plans would be 25 per cent or more of the total outstanding Shares of that class. If the Shares of any class held by Benefit Plans were to exceed this 25 per cent limit, the Fund's assets might be considered "plan assets" under ERISA, which could result in adverse consequences to the Fund, the Investment Manager and the fiduciaries of the Benefit Plans.

### **Restrictions on Distribution and Sale of Shares**

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 or the person receiving the offer or solicitation may not lawfully do so. It is the responsibility of any person in possession of this Prospectus and 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, ordinary residence or domicile.

The Directors may restrict the ownership of Shares by any person, firm or corporation where such ownership would be in breach of any regulatory or legal requirement or may affect the tax status of the Company. Any person who, by virtue of his holding, is in breach of the laws and regulations of any competent jurisdiction or whose holding could, in the opinion of the Directors, cause the Company or any Shareholder to incur any liability to taxation or to suffer any pecuniary disadvantage which 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 Company, the Investment Manager, the Distributor, 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 the Company.

The Directors have the power under the Articles to compulsorily redeem and/or cancel any Shares held or beneficially owned in contravention of the restrictions imposed by them as described herein.

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.

### **Reliance on this Prospectus and KIID access**

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

Each Class that is available for subscription will have a KIID issued in accordance with the Central Bank Rules. Prospective investors should 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. 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 the event that a KIID may not be available. Prospective investors should contact the Distributor directly to determine whether the relevant Class is available for subscription.

Each Fund must calculate and disclose in the relevant KIID a Synthetic Risk and Reward Indicator ("SRRI") in accordance with the methodology prescribed in the European Securities and Markets Authority's ("ESMA") Guidelines on the Methodology for the Calculation of the SRRI. The SRRI will correspond to a number designed to rank the relevant Fund over a scale from 1 to 7, according to its increasing level of volatility/risk-reward profile.

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 and any Supplement are based on the law and practice in force in the Republic of Ireland at the date of this Prospectus or Supplement as the case may be, which may be subject to change. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares in the Company shall under any circumstances constitute a representation that the affairs of the Company have not changed since the date hereof. This Prospectus will be updated by the Company to take into account any material changes from time to time and any such amendments will be notified in advance to and cleared by the Central Bank. Any information or representation not contained herein or given or made by any broker, salesperson or other person should be regarded as unauthorised and should accordingly not be relied upon.

**Investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or other matters. You should consult your stockbroker, accountant, solicitor, independent financial adviser or other professional adviser.**

## **Risk Factors**

Investors should read and consider the section entitled "Risk Factors" before investing in the Company.

## **Financial Derivative Instruments**

The Company may engage in transactions in Financial Derivative Instruments on behalf of a Fund either for investment purposes or for the purposes of efficient portfolio management as more particularly disclosed in this Prospectus and the Supplement for the relevant Fund.

The Company employs a risk management process which enables it to accurately measure, monitor and manage the risks attached to Securities Financing Transactions and financial derivative positions (where appropriate) and details of this process have been provided to the Central Bank. The Company will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to and cleared by the Central Bank. The Company will provide on request to Shareholders supplementary information relating to the risk management methods employed by the Company including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments

## **Translations**

This Prospectus and any Supplements may also be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Prospectus and Supplements. To the extent that there is any inconsistency between the English language Prospectus/Supplements and the Prospectus/Supplements in another language, the English language Prospectus/Supplements will prevail, except to the extent (but only to the extent) required by the law of any jurisdiction including the regulations or requirements of the financial regulator of such jurisdiction where the Shares are sold, that in an action based upon disclosure in a prospectus in a language other than English, the language of the Prospectus/Supplement on which such action is based shall prevail. 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.



## DIRECTORY

### JK FUNDS PLC

#### **Registered Office**

First Floor, Block 2  
Harcourt Centre  
Harcourt Street  
Dublin 2  
Ireland

#### **Directors**

Simon Jones  
Francis Kirkpatrick  
Frank Ennis  
Fiona Ross  
Simon Ogus

#### **Investment Manager, Promoter and Distributor**

JK Investment Management LLP  
Bury House  
3 Bury Street  
Guildford  
Surrey GU2 4AW  
England

#### **Auditor**

Ernst & Young  
Harcourt Centre  
Harcourt Street  
Dublin 2

#### **Administrator**

Apex Fund Services (Ireland) Limited  
First Floor, Block 2  
Harcourt Centre  
Harcourt Street  
Dublin 2  
Ireland

#### **Legal Advisers**

##### *In Ireland:*

Walkers  
The Anchorage  
17-19 Sir John Rogerson's Quay  
Dublin 2  
Ireland

##### *In England:*

Simmons & Simmons LLP  
CityPoint  
One Ropemaker Street  
London EC2Y 9SS  
England

#### **Depository**

SMT Trustees (Ireland) Limited  
Block 5  
Harcourt Centre  
Harcourt Road  
Dublin 2  
Ireland

#### **Listing Sponsor**

Walkers  
The Anchorage  
17-19 Sir John Rogerson's Quay  
Dublin 2  
Ireland

#### **Company Secretary**

Apex Fund Services (Ireland) Limited  
First Floor, Block 2  
Harcourt Centre  
Harcourt Street  
Dublin 2  
Ireland

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## DEFINITIONS

"Act"	the Companies Act, 2014 as may be modified, amended, supplemented or re-enacted from time to time.
"Accumulation Shares"	Shares in respect of which income is accumulated and added to the capital property of a Fund.
"Administration Agreement"	the agreement dated 28 September 2017 between the Company and the Administrator as the same may be amended or supplemented from time to time in accordance with the Central Bank Rules.
"Administrator"	Apex Fund Services (Ireland) Limited.
"Articles"	the Memorandum and Articles of Association of the Company.
"Auditor"	Ernst & Young.
"Business Day"	in relation to any Fund, as specified in the Supplement for the relevant Fund.
"Central Bank"	the Central Bank of Ireland, or any successor regulatory authority thereto with responsibility for supervising the Company.
"Central Bank Regulations"	the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings For Collective Investment in Transferable Securities) Regulations 2015 (as amended) as may be amended, supplemented, consolidated, substituted in any form or otherwise modified from time to time.
"Central Bank Rules"	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 Company pursuant to the Regulations.
"CIS"	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.
"CFTC"	US Commodity Futures Trading Commission.
"Class"	a class of Shares in a particular Fund.
"Company"	JK Funds plc.
"CRS"	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"	such Business Day or Business Days for each class of Shares being not less than one each fortnight as shall be specified in the relevant Supplement for that Fund or any such other day or days as the Directors may determine and notify in advance to the

Shareholders provided there is at least one per fortnight.

“Dealing Request Deadline”	such time in respect of any relevant Dealing Day as shall be specified in the relevant Supplement for that Fund or such other time as the Directors may determine and notify to Shareholders in advance provided always that the Dealing Request Deadline is before the Valuation Point.
“Depositary”	means SMT Trustees (Ireland) Limited or such other company in Ireland as may from time to time be appointed as depositary of all the assets of the Company with the prior approval of the Central Bank.
“Depositary Agreement”	the depositary agreement dated 28 September 2017 between the Company and the Depositary as the same may be amended or supplemented from time to time in accordance with the Central Bank Rules.
“Directors”	the members of the board of directors of the Company for the time being and any duly constituted committee thereof and any successors to such members as may be appointed from time to time.
“Distribution Agreement”	the distribution agreement dated 30 August 2013 between the Company and the Investment Manager as the same may be amended or supplemented from time to time in accordance with the Central Bank Rules.
“Distribution Shares”	Shares in respect of which income is distributed periodically to Shareholders.
“Distributor”	JK Investment Management LLP.
“Eligible Counterparty”	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:  (i) a Relevant Institution;  (ii) an investment firm, authorised in accordance with the Markets in Financial Instruments Directive in an EEA Member State; or  (iii) 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 State”	the European Economic Area States (European Union, Member States, Norway, Iceland and Liechtenstein).
“ERISA”	the US Employee Retirement Income Security Act of 1974.
“ESMA Guidelines”	the European Securities and Markets Authority's Guidelines on sound remuneration policies under the UCITS Directive 2009/65 EC as amended from time to time, and the Alternative Investment Fund Manager Directive published on 31 March 2016 as may be amended from time to time.

“Exempt Investor”

means any of the following Irish Residents: (i) the Administrator, for so long as the Administrator is a qualified management company as referred to in Section 739B TCA; (ii) a company carrying on life business within the meaning of Section 706 TCA; (iii) a pension scheme which is an exempt approved scheme within the meaning of Section 774 TCA, or a retirement annuity contract or Trust scheme to which Section 784 or Section 785 TCA applies; (iv) any other investment undertaking as referred to in Section 739B TCA or an investment limited partnership within the meaning of Section 739J TCA; (v) a special investment scheme as referred to in Section 737 TCA; (vi) a unit trust of a type referred to in Section 731(5)(a) TCA; (vii) a person who is entitled to exemption from income tax by virtue of Section 207(1)(b) TCA; (viii) a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 784A(2) TCA in circumstances where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund; (ix) a specified company as referred to in Section 739B TCA; (x) a person entitled to exemption from income tax and capital gains tax by virtue of Section 787I TCA in circumstances where the shares are assets of a PRSA; (xi) a credit union with the meaning of Section 739B TCA; (xii) the Courts Service within the meaning of Section 739B TCA ;(xiii) the National Treasury Management Agency or a Fund investment vehicle or the Irish State acting through the National Treasury Management Agency as referred to in Section 739D(kb) TCA; (xiv) the National Asset Management Agency; (xv) a company within the charge to corporation tax in accordance with Section 110(2) TCA; or (xvi) any other person resident in Ireland who is permitted to own Shares under Irish taxation legislation or by practice or concession of the Irish Revenue Commissioners without requiring the Company to deduct appropriate tax in respect of any payment to a Shareholder or the transfer by a Shareholder of any Shares, and in each case in respect of whom the Company is in possession of a Declaration, as applicable

“FATCA”

(a) sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 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.

“FCA”

the Financial Conduct Authority of the United Kingdom and/or any successor body carrying out all or any part of the relevant functions thereof applicable to the Investment Manager and/or the business of the Investment Manager.

“Financial Derivative Instrument” or “FDI”

as defined in Appendix 3 attached hereto.

“Fund”	a sub-fund of the Company representing the designation by the Directors of a particular class of Shares as a sub-fund the proceeds of issue of which are pooled separately and invested in accordance with the investment objective and investment policies applicable to such sub-fund (as set out in the relevant Supplement) and which is established by the Directors from time to time with the prior approval of the Central Bank.
“IFRS”	the International Financial Reporting Standards.
“Ineligible Applicant”	an ineligible applicant as described on page 30.
“Initial Offer Period”	the period set out by the Directors in relation to any Fund or Class of Shares as the period during which Shares are initially on offer and as specified in the relevant Supplement.
“Initial Offer Price”	the initial price payable for a Share as specified in the relevant Supplement for each Fund.
“Investment Account”	(i) a separate temporary investment account or (ii) a separate disinvestment account as described in further detail under "Subscription for Shares".
“Investment Management Agreement”	the investment management agreement dated 30 August 2013 between the Company and the Investment Manager as the same may be amended or supplemented from time to time in accordance with the Central Bank Rules.
“Investment Manager”	JK Investment Management LLP.
“Investor Money Regulations”	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.
“Intermediary”	means a person who carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons or holds shares in an investment undertaking on behalf of other persons.
“Ireland”	the Republic of Ireland.
“Irish Resident”	means any company resident, or other person resident or ordinarily resident, in Ireland for the purposes of Irish tax. Please see the "Taxation" section below for the summary of the concepts of residence and ordinary residence issued by the Irish Revenue Commissioners.
“Irish Revenue Commissioners”	means the Irish authority responsible for taxation.
“Irish Stock Exchange”	the Irish Stock Exchange Limited.
“Minimum Holding”	the minimum holding for each class of Shares as specified in the relevant Supplement for each Fund.
“Minimum Additional Subscription”	the minimum additional investment for each class of Shares as specified in the relevant Supplement for each Fund.
“Minimum Subscription”	the minimum investment for each class of Shares as specified in

	the relevant Supplement for each Fund.
“Money Market Instruments”	instruments normally dealt in on a money market which are liquid and have a value which can be accurately determined at any time and which comply with the Central Bank Rules.
“Net Asset Value”	the value of the Company, a Fund or a Class (as the context may require) less the liabilities of (or attributable to) the Company, Fund or Class concerned, determined in accordance with the Articles.
“Net Asset Value per Share”	the Net Asset Value in respect of any Fund or Class divided by the number of Shares of the relevant Fund or Class in issue at the relevant time.
“Non-United States Person”	(a) a natural person who is not a resident of the United States, (b) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a non-US jurisdiction and which has its principal place of business in a non-US jurisdiction, (c) an estate or trust, the income of which is not subject to United States income tax regardless of source, (d) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by persons who do not qualify as Non-United States Persons or otherwise as qualified eligible persons represent in the aggregate less than 10 per cent of the beneficial interest in the entity and that such entity was not formed principally for the purpose of facilitating investment by persons which do not qualify as Non-United States Persons in a commodity pool with respect to which the commodity pool operator is exempt from certain requirements of Part 4 of the CFTC’s regulations by virtue of its participants being Non-United States Persons, and (e) a pension plan for employees, officers or principals of an entity organised and with its principal place of business outside the United States.
“OECD”	the Organisation for Economic Co-operation and Development.
“Paying Agent”	any paying agent as may be appointed by the Company.
“Promoter”	JK Investment Management LLP.
“Recognised Exchange”	the stock exchanges or regulated markets set out in Appendix 2.
“Recognised Rating Agency”	Standard & Poor’s Rating Group (“S&P”), Moody’s Investors Services (“Moody’s”), Fitch IBCA or an equivalent rating agency as the Directors may from time to time determine.
“Relevant Institutions”	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.
“Redemption Price”	the price per Share at which Shares are redeemed or calculated in the manner described on page 33.

“Revenue Commissioners”	means the Irish Revenue Commissioners.
“Securities Financing Transactions”	repurchase agreements, reverse repurchase agreements, securities lending agreements and any other transactions within the scope of SFTR that a Fund is permitted to engage in (including Total Return Swaps).
“SFTR”	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.
“Share” or “Shares”	Shares of any Class in the Company issued in respect of any Fund as the context requires.
“Share Class” or “Class of Shares” or “Class”	all of the Shares issued by the Company as a particular class of Shares relating to a single Fund.
“Shareholder”	a holder of Shares in the Company.
“Subscription Price”	the price per Share at which Shares may be issued after the close of the Initial Offer Period calculated in the manner described on page 29.
“Subscriptions/Redemptions Account”	the account for each Fund in the name of the Fund through which subscription monies and redemption proceeds and dividend income (if any) for each Fund are channelled and operated in accordance with the Central Bank's requirements and the details of which are specified in the application form.
“Supplement”	a supplement to this Prospectus specifying certain information in respect of a Fund and/or one or more Classes.
“TCA”	means the Irish Taxes Consolidation Act 1997, as amended.
“Total Return Swap”	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.
“UCITS”	an undertaking for collective investment in transferable securities established pursuant to EC Council Directive no. 2009/65/EC of 13 July 2009 on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended from time to time.
“UCITS Regulations”	the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. Number 352 of 2011) (as amended) and any regulations or notices issued by the Central Bank pursuant thereto for the time being in force including the UCITS Regulations.
“UCITS Requirements”	the legislative and regulatory framework for the authorisation and supervision of UCITS, pursuant to the Regulations, in place in Ireland from time to time, whether under the terms of UCITS IV,



UCITS V as implemented in Ireland pursuant to the UCITS Regulations or otherwise.

“UCITS IV”

Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities including any supplementing European Commission delegated regulations in force from time to time.

“UCITS V”

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.

“US Tax-Exempt Investor”

a US person within the meaning of the United States Internal Revenue Code of 1986, as amended, that is subject to ERISA or is otherwise exempt from payment of US Federal income tax.

“US Person”

a person other than a Non-United States Person.

“United States” or “US”

the United States of America (including the states and District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction.

“Valuation Point”

the point, whether on a periodic basis or for a particular valuation, as at which the Administrator carries out a valuation of the assets of the Company or a Fund (as the case may be) for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed as specified in the relevant Supplement for that Fund.

In this Prospectus all references to “Euro” and “€” are to the unit of the European single currency, all references to “Sterling” and “£” are to the currency of the United Kingdom, all references to “US Dollars” and “US\$” are to the currency of the United States and all references to “Yen” and “¥” are to the currency of Japan.

## THE COMPANY AND THE FUNDS

### The Company

The Company was originally incorporated with limited liability in the Cayman Islands on 24 September 2003 as an exempted company under the provisions of the Companies Law (2007 Revision) of the Cayman Islands. The Company re-domiciled to Ireland and is now an investment company with variable capital structured as an umbrella fund with segregated liability between sub-funds and with limited liability established on 30 August 2013. Accordingly, the Company is authorised and supervised by the Central Bank as a UCITS pursuant to the UCITS Regulations. The Company may opt to list on the Irish Stock Exchange.

At the date of this Prospectus, the Company consists of the following Fund, which has been approved by the Central Bank:

JK Global Opportunities Fund

The base currency of the Fund is set out in the Supplement.

Subject to the UCITS Regulations and the Articles, the Directors may establish additional Funds from time to time in respect of which a Supplement or Supplements will be issued with the prior approval of the Central Bank.

The assets of each Fund will be segregated from one another and will be invested in accordance with the investment objectives and investment policies applicable to each such Fund and as set out in the relevant Supplement. A Fund may, subject to the conditions imposed by the Central Bank, invest in collective investment schemes, including other Funds of the Company (provided that the Fund in which the investments are made does not itself hold Shares in other Funds of the Company and subject to the conditions set out in Appendix 1).

The liabilities of a particular Fund (in the event of a winding up of the Company or a repurchase of the Shares in the Company or all of the Shares of any Fund) shall be binding on the Company but only to the extent of the particular Fund's assets and in the event of a particular Fund's liabilities exceeding its assets, recourse shall not be made against the assets of another Fund to satisfy any such deficit.

### Currency Hedging at Share Class Level

Shareholders of Shares denominated in a currency other than the base currency of the relevant Fund ("Non Base Currency Shares") will be subject to the risk that the value of their Non Base Currency Shares will fluctuate against the base currency shares. The Company may, in respect of the Fund in question, at the discretion of the Investment Manager, attempt to reduce or minimise the effect of fluctuations in the exchange rate on the value of the Non Base Currency Shares. Any profit and loss resulting from foreign exchange hedging will be allocated only to the Non Base Currency Share Class to which the specific hedge relates. Due to the foregoing, each class of Shares may differ from each other in their overall performance. In particular, to the extent that hedging positions taken by the Investment Manager in respect of a Class are successful, the performance of such Class is likely to move in line with the performance of the underlying assets. However Shareholders in a hedged Class will not benefit if the currency in which such Class is denominated falls against the base currency and/or the currency in which the assets of the Fund are denominated. Currency exposure will not exceed 105% of the Net Asset Value of the Hedged Share Class and all transactions will be clearly attributable to the relevant hedged Share Class. The Investment Manager will limit hedging to the extent of the relevant hedged Share Class currency exposure and shall monitor such hedging on at least a monthly basis to ensure that such hedging shall not substantially diverge from the Net Asset Value of the relevant hedged Share Class and review unhedged positions of the relevant hedged Share Class to ensure that they are not carried forward from month to month. The Investment Manager will also keep any under-hedged positions under review to ensure they are not carried forward from month to month. However over-hedged or under-hedged positions may arise due to factors outside of the control of the Company or the Investment Manager. In the event that the hedging in respect of a hedged Share Class substantially diverges from the Net Asset Value of the relevant hedged Class due to market movements or redemptions of Shares, the Investment Manager shall modify such hedging appropriately as soon as possible thereafter. The Investment Manager will have procedures in place to

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

The Fund shall not combine or offset currency exposures of different currency Classes and shall not allocate currency exposures of assets of the Fund to separate Share Classes.

Currency conversions in respect of any unhedged Non Base Currency Shares will take place on subscriptions, redemptions, exchanges and distributions at prevailing exchange rates. The value of Non Base Currency Shares in an unhedged Class expressed in such Class's base currency denomination will be subject to the exchange rate risk in relation to the base currency of the relevant Fund.

Subject to the above, each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Fund, and within the Funds charges will be allocated between Classes in accordance with the terms of issue of Shares of those Classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Fund may be allocated by the Directors in a manner which they believe is fair to the Shareholders generally. This allocation will normally be pro rata to the Net Asset Value of the relevant Funds.

#### The Funds and their Investment Objectives and Investment Policies

Details of the investment objective, investment policies and certain terms relating to an investment in the Funds will be set out in the relevant Supplement.

The Recognised Exchanges in which the Funds may invest are set out in Appendix 2. These stock exchanges and markets are listed in accordance with the Central Bank Rules, it being noted that the Central Bank does not issue a list of approved exchanges or markets.

Any alteration to the investment objectives or a material alteration to the investment policies of any Fund at any time will be subject to the prior approval in writing of all the Shareholders of the relevant Fund, or, if a general meeting of the Shareholders of such Fund is convened, by a majority of the votes cast at such meeting. Shareholders of the relevant Fund will be given reasonable advance notice of the implementation of any alteration to the investment objectives or investment policies in a Fund to enable them to redeem their Shares prior to such implementation.

#### Leverage and use of VaR

Where deemed appropriate, and subject to the UCITS Regulations, the Funds may employ leverage including, without limitation, by entering into derivatives transactions. The leverage created through the use of Financial Derivative Instruments will be measured using either the commitment approach or using a sophisticated risk measurement technique known as "value-at-risk" (VaR) depending on the risk profile of the strategies pursued by each Fund. The commitment approach calculates leverage by measuring the market value of the underlying exposures of Financial Derivative Instruments. VaR is a statistical methodology that predicts, using historical data, the likely maximum loss that a Fund could suffer, calculated to a specific (e.g. 95 per cent) confidence level over a certain holding period. Using a 95 per cent confidence interval, there is, therefore, a 5 per cent statistical chance that the daily VaR limit may be exceeded over the holding period. In accordance with the Central Bank Rules, a Fund may use an "absolute" VaR model where the measurement of VaR is relative to the Net Asset Value of the Fund or the Fund may use a relative VaR model where the measurement of VaR is relative to a derivatives free comparable benchmark or equivalent portfolio. Where an "absolute" VaR model is used, the VaR of the Fund may not exceed either (i) 4.47 per cent of the Net Asset Value of the Fund, based on a 1 day holding period and a 'one-tailed' confidence interval of 99 per cent or (ii) 20 per cent of the Net Asset Value of the Fund, based on a 20 day holding period and a 'one-tailed' confidence interval of 99 per cent. Where a

“relative” VaR model is used, the VaR may not exceed twice the VaR of the derivatives free benchmark or equivalent portfolio. The approach to the measurement of leverage taken in respect of each Fund will be set out in the relevant Supplement.

#### Profile of Typical Investor

The Investment Manager expects the typical investor in the Funds will be a combination of institutional investors and high net worth individuals who understand and appreciate the risks associated with investing in Shares of such Funds. The choice of a specific Fund should be determined by the attitude to risk, wish for income or growth, intended investment time horizon and in the context of the investor’s overall portfolio. The profile of the typical investor of the each Fund will be set out in the relevant Supplement. Investors should seek professional advice before making investment decisions.

#### Classes of Shares

Several Classes of Share may be issued in respect of each Fund, distinguished, inter alia, by their criteria for subscription, redemption, minimum holding, fee structure, currency and dividend policy. The Classes of Share currently available for each Fund are set out in the relevant Supplement. Further Classes may be created in accordance with the Central Bank Rules.

The limits for minimum subscription for any Fund or Class of Shares may be waived or reduced at the discretion of the Directors.

#### Investment Restrictions

Investment of the assets of each Fund must comply with the UCITS Regulations. The investment and borrowing restrictions applying to the Company and each Fund are set out in Appendix 1. The Directors may impose further restrictions in respect of any Fund. Any further restrictions in respect of any Fund will be set out in the relevant Supplement. With the exception of permitted investments in unlisted securities or in units of open-ended collective investment schemes or in over-the-counter derivative contracts, investments will be made on Recognised Exchanges. Each Fund may also hold ancillary liquid assets.

#### Cross-Investment

Where it is appropriate to its investment objective and policies a Fund may invest in other Funds of the Company. A Fund may only invest in another Fund if the Fund in which it is investing does not itself hold Shares in any other Fund of the Company. A Fund shall not invest in its own Shares. Where a Fund invests in the Shares of another Fund of the Company: (i) the Investment Manager will waive any initial charge; and (ii) the Investment Manager will waive that portion of its annual Investment Management Fee in order to avoid a double charge.

#### Changes to the UCITS Regulations

It is intended that the Company shall have the power (subject to the prior approval of the Central Bank and any applicable restrictions imposed by any exchange on which the Shares are listed) to avail itself of any change in the investment and borrowing restrictions specified in the UCITS Regulations which would permit investment by the Company 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 UCITS Regulations. The Company will give Shareholders reasonable prior written notice of its intention to avail itself of any change which is material in nature. The Company will update the Prospectus and relevant Supplement(s) as necessary prior to availing itself of any such change.

Funds may to the extent set out in the relevant Supplement use Financial Derivative Instruments for direct investment purposes and/or for efficient portfolio management. The Funds will use Financial Derivative

Instruments for such purposes as are deemed, in the opinion of the Investment Manager, to be of benefit to the Fund for example, increasing the yield, generating additional returns or altering the risk exposure for a given Fund. The use of Financial Derivative Instruments may increase the volatility of the relevant Fund, as may further be described in the relevant Supplement. Details of some of the strategies that may be employed through the use of Financial Derivative Instruments are set out in Appendix 3.

### Reports and Financial Statements

The Company's accounting year end date will be 31 December in each year.

The Company will prepare an annual report and audited annual accounts within four months of the financial period to which they relate i.e. by 30 April of each year. Copies of the unaudited half yearly reports (made up to 30 June in each year) will also be prepared within two months of the end of the half year period to which they relate i.e. by 31 August of each year.

All correspondence to Shareholders will be sent at their own risk. The annual and semi-annual reports will be sent to Shareholders and the Central Bank within four months and two months respectively of the end of the period to which they relate. The most recent audited annual and unaudited semi-annual reports will be sent to any Shareholder and any potential investor upon request.

### Distribution Policy

Whether Accumulation Shares or Distribution Shares will be issued in relation to a particular Fund will be described in the relevant Supplement. The Board of Directors may declare a dividend if they consider it appropriate to do so. In such case, full details will be provided in the relevant Supplement and Shareholders will be notified in advance if the Directors declare a dividend. Where applicable, a dividend will be distributed within 2 months of the relevant annual general meeting which is expected to be held on or about 31 May of each year. The Directors may, at the discretion of the Company and with the consent of the individual Shareholder concerned, make an in kind distribution in lieu of a dividend by issuing Shares in the relevant Fund to such Shareholder. In such cases, any asset allocation shall be subject to the approval of the Depositary.

The year's net income of each Fund will be spread across, on the one hand, all the Distribution Shares and on the other hand, all Accumulation Shares, in proportion of the net income corresponding to the Class of Shares in question.

The part of the year's net income corresponding to Distribution Shares will be distributed to the holders of the Distribution Shares either in cash or Shares.

The part of the year's net income corresponding to Accumulation Shares will not be paid to holders of such Shares and instead will be capitalised in the relevant Fund for the benefit of the Accumulation Shares.

At the same time that dividends are paid in respect of Distribution Shares, the part of the net assets of the Fund to be allocated to all the Distribution Shares will be reduced by the global amount of the dividends paid out while the part of the net assets of the Fund to be allocated to all Accumulation Shares will increase.

In addition to the dividends described in the preceding paragraphs, the Board of Directors may decide to make a payment of interim dividends in accordance with the Central Bank Rules.

Any dividend will be paid by telegraphic transfer or cheque sent by ordinary post to the registered address of the Shareholder or, in the case of joint holders, to the name and address of the first Shareholder appearing on the register. Payments will be made in the base currency of the relevant Fund or any other currency as specified in the Supplement in relation to the relevant Fund.

Dividends may be declared separately in respect of each Fund by a resolution of the Shareholders of the Fund concerned at the annual general meeting of Shareholders.

Investors should note that any dividend income being paid out by a Fund and held in the Subscriptions/Redemptions Account shall remain an asset of the relevant Fund until such time as the income is released to the investor and that during this time the investor will rank as a general unsecured creditor of the Company.

#### Publication of Net Asset Value per Share

The Net Asset Value per Share may be obtained free of charge from, and will be available at, the offices of the Administrator or the Investment Manager during normal business hours. The latest Net Asset Value per Share will be published on the website of the Investment Manager ([www.jkim.co.uk](http://www.jkim.co.uk)). In the event the Company opts to list on the Irish Stock Exchange, the Net Asset Value for any listed Shares will be notified immediately upon calculation to the Irish Stock Exchange and will be published on [www.ise.ie](http://www.ise.ie).

In addition to the information disclosed in the periodic reports of the Company, the Company 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.

#### Use of a Subscriptions/Redemptions Account

The Company operates a Subscriptions/Redemptions Account for each Fund, in accordance with the Central Bank's requirements. Accordingly, monies in the Subscriptions/Redemptions Account are deemed assets of the relevant Fund and shall not have the protection of the Investor Money Regulations. It should be noted, however, that the Depositary will monitor the Subscriptions/Redemptions Account in performing its cash monitoring obligations and ensuring effective and proper monitoring of each Fund's cash flows in accordance with its obligations as prescribed under the UCITS Regulations. There nonetheless remains a risk for investors where monies are held for the account of a Fund in the Subscriptions/Redemptions Account if that Fund becomes insolvent. In respect of any claim by an investor in relation to monies held in the Subscriptions/Redemptions Account, the investor shall rank as an unsecured creditor of the relevant Fund.

## **DIRECTORS**

#### Directors Functions

The Directors are responsible for the overall management and control of the Company in accordance with the Articles. The Directors review the operations of the Company at regular meetings and it is the current intention of the Directors to meet at least quarterly. For this purpose, the Directors receive periodic reports from all service providers, including the Depositary. The Investment Manager will provide details of the Company's and the Funds' performance and provide an analysis of the investment portfolios. The Investment Manager provides such other information as may from time to time be reasonably required by the Directors for the purpose of such meetings.

#### Directors of the Company

##### **Francis Kirkpatrick**

Francis Kirkpatrick has been working in the financial markets since 1986. He joined Baring Securities ("Barings") in the UK in 1986. The firm's primary focus was Japan and Asia. He worked in settlements and research and then moved to sales, becoming Head of Japanese Equity Sales in London. He later became Global Head of Japanese Equity sales and a member of the Equity, Broking and Trading Executive. In 1995, Barings was taken over by the ING Group. He became Global Head of the Japan Product (Equities)

and a Member of the Equity Management Committee. He was made a Managing Director of ING Barings and became Global Head of Marketing and Client Management. In 2001, he left to join Malabar Capital as Marketing Director, responsible for business development and client services. In 2003, he left to set up JK Investment Management LLP as a founding member. He has a B.Sc. in Mathematical Statistics and Operational Research from Exeter University.

### **Simon Jones**

Simon Jones has been in the fund management industry since 1986. He joined Prudential Portfolio Managers (“PPM”) in the UK in 1986 and initially specialised in managing US equities. In 1990 he transferred to PPM’s Asia desk to specialise in Japanese equities and derivatives. In 1995 he moved to Jardine Fleming in Japan where he managed Japanese equities and for five years was the Chief Investment Officer of the JF Japan Portfolios Group (part of JP Morgan Fleming Asset Management (Japan) Limited) (“JF”). For six years while at JF, he managed a macro hedge fund. He has been the manager of a number of award winning Japanese equity funds during his time at both PPM and JF. He returned to the UK in April 2003 and then became a founding member of the Investment Manager. He has a BSc (Hons) in Banking and Finance from Loughborough University and is an Associate of the Society of Investment Professionals.

### **Frank Ennis**

Mr. Ennis has over 25 years of experience in the funds industry. He has extensive experience in working with a wide range of investment fund structures and both long and alternative fund strategies. He was a partner in PriceWaterhouseCoopers and was involved in the establishment of the firms IFSC practice in Dublin in 1989. He advised many of the world’s most respected and largest investment managers on establishing their European fund structures as well as been involved in the audit of both funds, administrators and custodian entities. Since 2001 Mr Ennis has served as an independent director on a wide range of funds in Dublin Luxembourg and Cayman. He also acts as a corporate finance consultant to a boutique London house, Dexion Capital specialising in the alternative sector. Mr Ennis is a graduate of Trinity College and a Fellow of the Institute of Chartered Accountants.

### **Fiona Ross**

Fiona Ross was appointed Director of the National Library of Ireland in 2010. In addition to her full-time role as Director, she holds a number of honorary positions including Chair of the Council of National Cultural Institutions; Board member of the Association of Chief Executives of State Agencies; member of the Corporate Governance Association of Ireland; Chair of the Consortium of National and University Libraries; Trustee of the Chester Beatty Library; member of the Council of European National Libraries; Member of the Board of the Irish Manuscripts Commission. Prior to taking up her current position, Ms Ross was a successful finance professional for over 20 years, working in Ireland, the UK, Europe, Asia and the United States. In her executive roles Ms Ross acted as an advisor in corporate governance, reputation and ethics and she also spent several years in senior finance, marketing and communications roles including with Goodbody Stockbrokers in Dublin; Bank of Ireland in Dublin; Hill and Knowlton in New York; the Financial Relations Board in Los Angeles; ITI International Finance in Budapest; and the Industrial Bank of Japan in London. An expert in the field of leadership and governance, she is a former lecturer in Finance and Marketing at both the Smurfit and Quinn business schools in University College Dublin, and currently lectures in Corporate Governance, Corporate Reputation and Business Ethics at the Irish Management Institute. She is a graduate of Trinity College Dublin, from which she holds an MA in History and English. She also holds a Masters in Business Studies from the Graduate School of Business at University College Dublin as well as a first class honours Law Masters in Governance and Public Policy from Queen’s University Belfast.

### **Simon Ogus**

Dr. Simon Ogus is the Founder and CEO of DSG Asia Limited, an independent consultancy, based in Hong Kong, which offers analysis of the economies and politics of Asia. From 1994 to 1999, Simon was

Managing Director and Chief Economist for Asia at Swiss Bank Corporation (subsequently SBC Warburg and then UBS), Hong Kong. He also held the position of Adjunct Professor of Economics and Finance at the City University of Hong Kong. Simon currently serves on the board of a number of companies and official bodies, including the Council of Advisers for the Hong Kong Monetary Authority's Hong Kong Institute for Monetary Research. Simon trained as an actuary with William M Mercer Fraser. He subsequently moved into fund management with the United Bank of Kuwait in London before joining GT Management in Hong Kong in 1990. Simon gained his PhD in Economics from the University of London's School of Oriental and African Studies. He also holds an MSc in Management and Finance from the University of London's Imperial College, and a BA in Economics and Econometrics from the University of Manchester.

All the Directors act in a non-executive capacity. For the purposes of this Prospectus, the address of each of the Directors is the registered office of the Company.

No Director has:

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

A list of any directorships or partnerships, past or present, held by the Directors in the last five years may be obtained free of charge from the registered office of the Company.

The Secretary of the Company is Apex Fund Services (Ireland) Limited.



## **INVESTMENT MANAGER, DISTRIBUTOR AND PROMOTER**

### Details of Investment Manager, Distributor and Promoter

The Company has delegated the performance of discretionary investment management of the Funds to JK Investment Management LLP. JK Investment Management LLP was incorporated as a limited liability partnership in England and Wales on 5 June 2003 with company number OC304800, and is authorised and regulated by the FCA. The members of the Investment Manager are Francis Kirkpatrick, Simon Jones and JK Investment Management Services Limited. JK investment Management Services is a service company which is the corporate member of JK Investment Management LLP.

Based in Guildford, the Investment Manager also acts as Promoter of the Company.

### Appointment of Investment Manager

The Investment Manager was appointed pursuant to the Investment Management Agreement. Under the Investment Management Agreement, the Investment Manager has full discretion (subject to the control of and review by the Directors) to invest the assets of the Funds in pursuit of the investment objective and policy described in each Supplement and subject to the investment restrictions.

The Company has also appointed the Investment Manager, pursuant to a Distribution Agreement, to act as a non-exclusive distributor to solicit subscriptions for Shares with power to appoint sales agents.

The Investment Manager (and/or its members, employees, related entities and connected persons) may subscribe, directly or indirectly, for Shares.

## **ADMINISTRATOR**

The Company has appointed Apex Fund Services (Ireland) Ltd to act as the Company's Administrator pursuant to the Administration Agreement.

The Administrator was incorporated in Ireland as a private limited company on 26 January 2007 with registration number 433608 pursuant to the Companies Acts 2014 with its registered office at Harcourt Centre, Harcourt Street, Dublin 2, Ireland and is engaged in the business of administration of collective investment schemes.

The Administrator's principal business is the provision of administration services to collective investment schemes and will be responsible for the day-to-day administration of the Company.

The Administrator is authorised by the Central Bank to provide investment business services to collective investment schemes. Its services include the calculation of the Net Asset Value, calculation of management and performance fees, establishing and maintaining a register of Shareholders, carrying out the issue and redemption of Shares and assisting in the preparation of the Company's financial statements, and acting as registrar and transfer agent.

The Administration Agreement between the Administrator and the Company may be terminated by the Fund on 90 calendar days' notice in writing to the Administrator and on 90 calendar days' notice in writing by the Administrator to the Fund although in certain circumstances the Administration Agreement may be terminated immediately by either party.

The Administration Agreement may also be terminated by either party if the other party is in material breach of its obligations under the Administration Agreement and fails to remedy the breach within 30 days of being requested to do so.

The Administration Agreement provides that in the absence of negligence, recklessness, fraud, bad faith, wilful default on its part or that of its officers, directors, members, shareholders, employees, affiliates or agents, or any of their successors and assigns, the Administrator will not be liable for any loss arising out of or in connection with the performance of its obligations and duties under the Administration Agreement. The Company shall indemnify the Administrator out of the assets of the Fund and hold it harmless from and against all liabilities, damages, costs, claims and expenses (including and without limitation reasonable legal fees) incurred by the Administrator in the performance of any of its obligations or duties under the

Administration Agreement (including and without limitation complying with instructions given to the Administrator by or on behalf of the Fund) save where such liabilities, damages, costs, claims and expenses arise from loss resulting directly from negligence or wilful misconduct, recklessness, bad faith, fraud or material breach of this Agreement on the part of the Administrator or any of its officers, employees, agents or delegates.

The Administrator does not act as guarantor of the shares. Moreover, the Administrator is not responsible for any of the trading or investment decisions of the Company (all of which are made by the Management Company), or the effect of such trading decisions on the performance of the Company.

## THE DEPOSITARY

The Company has appointed SMT Trustees (Ireland) Limited as depositary of its assets pursuant to the Depositary Agreement between the Company and the Depositary. The Depositary is a limited liability company incorporated in Ireland on 14 January 1993. Its ultimate parent is Sumitomo Mitsui Trust Holdings, Inc., a Japanese company quoted on the Tokyo Stock Exchange. The Depositary has been authorised by the Central Bank of Ireland to carry on the business of custodial operations involving the safe keeping and administration of investment instruments under the Investment Intermediaries Act 1995.

The duties of the Depositary are to provide safekeeping, oversight and asset verification services in respect of the assets of the Company and each of its Funds in accordance with the provisions of the UCITS Regulations. The Depositary will also provide cash monitoring services in respect of each Funds' cash flows and subscriptions.

The Depositary will be obliged, inter alia, to ensure that the sale, issue, repurchase and cancellation of Shares in the Company is carried out in accordance with the Act, the Articles and any conditions imposed by the Central Bank. The Depositary will carry out the instructions of the Company unless they conflict with the UCITS Regulations or the Articles. The Depositary is also obliged to enquire into the conduct of the Company in each financial year and report thereon to the Shareholders. The Depositary's report shall state, among other things, whether in the Depositary's opinion the Company has been managed in that period:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company and the Depositary by the Articles and the UCITS Regulations; and
- (ii) otherwise in accordance with the provisions of the Articles and the UCITS Regulations.

If the Company has not been managed in accordance with (i) or (ii) above, the Depositary must state why this is the case and outline the steps which the Depositary has taken to rectify the situation.

Pursuant to the Depositary Agreement, the Depositary will be liable to the Company and to the Shareholders for the loss by the Depositary or a duly appointed third party of any assets that are financial instruments required to be held in custody in accordance with paragraph 4(a) of Regulation 34 of the Regulations (the "**Custody Assets**") 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 in the absence of proof of the loss being caused by such an external event), the Depositary is required to return Custody Assets of an identical type to those lost or the corresponding amount to the Company without undue delay. In respect to all other losses the Depositary shall not be liable to the Company, the Shareholders or any other person in connection with the services provided under the Depositary Agreement other than where such other loss has arisen as a result of the negligent or intentional failure of the Depositary to properly fulfil its obligations under the Depositary Agreement. The Company, out of the assets of the relevant Fund, shall indemnify and hold harmless the Depositary and each of its directors, officers, servants, employees and agents against all actions, proceedings, claims (including claims of any person purporting to be the beneficial owner of any part of the assets of the Company), demands, losses, damages, costs and expenses (including legal and professional fees and expenses) which may be brought against, suffered or incurred by the Depositary

other than as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations as set out in the Depositary Agreement and the UCITS Regulations.

The Depositary Agreement also provides that the appointment of the Depositary will continue unless and until terminated by the Company or the Depositary giving to the other party not less than 90 days' written notice although in certain circumstances the Depositary Agreement may be terminated immediately by the Company or the Depositary provided that the appointment of the Depositary shall continue in force until a replacement depositary approved in advance by the Central Bank has been appointed and provided further that if within a period of 90 days' from the date on which the Depositary notifies the Company of its desire to retire or from the date on which the Company notifies the Depositary of its intention to remove the Depositary, no replacement depositary for the Depositary shall have been appointed in accordance with Regulation 32 of the Central Bank UCITS Regulations and the Depositary is unwilling or unable to act as such, then (i) a general meeting will be convened at which a Special Resolution as specified in the Instrument to wind up or otherwise dissolve the Company is proposed; and (ii) the appointment of the Depositary may be terminated only upon the revocation of the authorisation of the Company.

In accordance with the Depositary Agreement and the requirements of the Regulations, the Depositary may delegate its safekeeping obligations provided that:

- (a) the services are not delegated with the intention of avoiding the requirements of the UCITS Regulations;
- (b) the Depositary can demonstrate that there is an objective reason for the delegation; and
- (c) the Depositary: (a) exercises all due, skill, care and diligence in the selection and the appointment of the Sub-Custodian; (b) carries out periodic reviews and ongoing monitoring of the Sub-Custodian and of the arrangements put in place by the Sub-Custodian in respect of the delegation; and (c) continues to exercise all due skill, care and diligence in carrying out such review and monitoring.

In accordance with the Depositary Agreement, the liability of the Depositary will not be affected by virtue of any such delegation.

In order to provide asset custody services in discharge of its safekeeping obligation summarised above in respect of financial instruments held in custody, the Depositary has delegated its safe-keeping duties to its Sub-Custodian, Sumitomo Mitsui Trust (UK) Limited.

The Depositary does not anticipate that there would be any specific conflicts of interest arising as a result of any delegation to its sub-custodian. The Depositary will notify the Directors of any such conflict should it so arise.

In accordance with the UCITS Regulations, the Depositary seeks to ensure that the process of appointing and supervising its Sub-Custodian and further delegation by the Sub-Custodian to the global sub-custodian or any sub-custodian within the Sub-Custodian's custody network meets the highest quality standards, including the management of potential conflicts of interest which may arise as a result of such appointments. The Depositary has established an effective conflict of interest identification, prevention and management policy in line with applicable laws, regulations and standards.

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

## **PAYING AGENTS**

Local laws or regulations in certain EEA jurisdictions may require that the Company appoints a local Paying Agent and/or other local representatives. 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 Company bear a credit risk against that entity with respect to a) subscription monies prior to the transmission of such monies to the Administrator

for the account of the Company 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.

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 "Subscriptions".

## SUBSCRIPTIONS

### Initial Offer

Shares in the Company may be subscribed for during the Initial Offer Period at the Initial Price and will be issued for the first time on the first Business Day following the close of the Initial Offer Period. The Directors may extend or shorten the Initial Offer Period at their discretion. Any such extension or shortening of the Initial Offer Period will be notified to the Central Bank in accordance with its requirements.

Cleared funds must be received no later than 5.00 p.m. (Dublin time) on the last day of the Initial Offer Period.

### Subsequent Subscriptions

Following the close of the Initial Offer Period, Shares will be available for subscription at the Subscription Price on each Dealing Day on a forward pricing basis (see below under "Procedure"). The Subscription Price will be equal to the Net Asset Value per Share as at the relevant Valuation Point. The investor may also be required to pay an initial fee on such a subscription for Shares as set out in "Fees and Expenses".

The Directors are authorised from time to time to resolve to close a Fund or any Class of Shares to new subscriptions on such basis and on such terms as the Directors may in their absolute discretion determine.

### Procedure

Applicants for Shares during the Initial Offer Period should complete and sign an application form which may be obtained from the Administrator and send the original to the Administrator, together with any information required in respect of anti-money laundering requirements as detailed in the application form, by post or by electronic means or facsimile (with the original, signed form to follow promptly) so as to be received by the Administrator no later than 5.00 p.m. (Dublin time) on the last day of the Initial Offer Period. Cleared funds in the relevant class currency in respect of the subscription monies must be received into the Subscriptions / Redemptions Account by the same time. If the relevant application form and/or subscription monies is/are not received by these times, the application will be held over until the first Dealing Day after the close of the Initial Offer Period and Shares will then be issued at the relevant Subscription Price on that Dealing Day.

Thereafter, applicants for Shares must send their completed and signed application form by post or by electronic means or facsimile (with the original, signed form to follow promptly) to the Administrator so as to be received before the relevant Dealing Request Deadline, together with any information required in respect of anti-money laundering requirements as detailed in the application form. Applications accepted prior to the Dealing Request Deadline for any particular Dealing Day will be processed on that Dealing Day. Cleared funds in the relevant class currency in respect of the subscription monies must be received by the Administrator as outlined in the relevant Supplement. Any applications received after the Dealing Request Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Dealing Request Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for that particular Dealing Day. Investors should note that the Directors will only exercise their discretion to accept subscriptions received after the Dealing Request Deadline in exceptional circumstances.

Shareholders wishing to apply for additional Shares must send their completed and signed subsequent subscription form by facsimile or by electronic means to the Administrator so as to be received before the relevant Dealing Request Deadline.

Any applications submitted by electronic means must be in a form and method agreed by the Directors and the Administrator.

Fractions of Shares will, if necessary, be issued up to four decimal places.

The Company reserves the right to reject any application in whole or part at its absolute discretion, in which event the amount paid on application or the balance thereof (as the case may be) will be returned (without interest) as soon as practicable in the relevant class currency at the risk and cost of the applicant.

The Administrator will issue a written confirmation to successful applicants confirming acceptance of their application. Once completed applications have been received by the Administrator, they are irrevocable.

Applications for Shares will not be dealt with and Shares will not be issued until receipt of notification that an applicant's funds have been cleared in the full amount of the subscription. Subject thereto, Shares are deemed to be issued on the relevant Dealing Day. Subscription monies will be at risk in the Fund from the relevant Dealing Day.

Upon receipt into the Subscriptions/Redemptions Account, subscription monies will become the property of the relevant Fund and accordingly an investor will be treated as a general creditor of the relevant Fund during the period between receipt of subscription monies into the Subscriptions/Redemptions Account and the issue of Shares.

An initial fee of up to 5 per cent of the Subscription Price may be payable by applicants for Shares at the discretion of the Directors, which initial fee may be payable to the Investment Manager. Any initial fee payable in respect of a Fund will be set out in the relevant Supplement.

#### Minimum Investment

The Minimum Holding, the Minimum Subscription and the Minimum Additional Subscription for each Class in respect of each Fund are set out in the relevant Supplement.

#### Ineligible Applicants

The application form requires each prospective applicant for Shares to represent and warrant to the Company that, among other things, it is able to acquire and hold Shares without violating applicable laws.

In particular, the Shares may not be offered, issued or transferred to any person in circumstances which, in the opinion of the Directors, might result in the Company, the relevant Fund or Shareholders as a whole incurring any liability to taxation or suffering any other pecuniary or regulatory disadvantage which the Company, the relevant Fund or Shareholders as a whole might not otherwise incur or suffer, or would result in the Company being required to register under any applicable US securities laws.

Shares may generally not be issued or transferred to any US Person, except that the Directors may authorise the issue or transfer of Shares to or for the account of a US Person provided that:

- (a) such US Person certifies that it is an "accredited investor" and a "qualified purchaser", in each case as defined under applicable US federal securities laws;
- (b) such issue or transfer does not result in a violation of the United States Security Act of 1933 (the "1933 Act") or the securities laws of any of the states of the United States;
- (c) such issue or transfer will not require the Company to register under the United States Investment Company Act of 1940 or to file a prospectus with the CFTC or the US National Futures Association pursuant to regulations under the US Commodity Exchange Act ("CEA");
- (d) such issue or transfer will not cause any assets of the Fund to be "plan assets" for the purposes of Part 4 of Title 1 of ERISA; and
- (e) such issue or transfer will not result in any adverse regulatory or tax consequences to the Fund or its Shareholders as a whole.

Each applicant for, and transferee of, Shares who is a US Person will be required to provide such representations, warranties or documentation as may be required by the Directors to ensure that these requirements are met prior to the issue or the registration of any transfer of Shares. If the transferee is not already a Shareholder, it will be required to complete the appropriate application form.

### Form of Shares

All the Shares will be registered Shares and will only be issued in book stock form, meaning that a Shareholder's entitlement will be evidenced by an entry in the Company's register of Shareholders, as maintained by the Administrator, and not by a share certificate. Each Shareholder will be notified of its ownership of shares by written confirmation of entry on to the Company's register of Shareholders.

### Suspension

The Directors may declare a suspension of the issue of Shares in certain circumstances as described under "Suspension of Valuation of Assets" in the section "General Information". No Shares will be issued during any such period of suspension.

### Anti-Money Laundering

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

By way of example an individual may be required to produce an original certified copy of a passport or identification card together with evidence of his/her address such as two original copies 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. Depending on the circumstances of each application, a detailed verification might not be required where, for example, the application is made through a recognised intermediary located in a jurisdiction recognised by Ireland as having equivalent anti-money laundering protections.

The Company is regulated by the Central Bank, and must comply with the measures provided for in the Criminal Justice (Money Laundering & Terrorist Financing) Acts 2010 and 2013 which is aimed towards the prevention of money laundering. In order to comply with these anti-money laundering regulations, the Administrator, on the Company'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, or other additional information which may be requested from any subscriber or Shareholder for such purposes from time to time. The Company 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.

None of the Company, the Directors, the Investment Manager or the Administrator shall be liable to the subscriber or Shareholder where an application for Shares is not processed or Shares are compulsorily repurchased or payment of repurchase proceeds is delayed in such circumstances.

### Data Protection

Prospective investors should note that by completing the application form they are providing personal information to the Company, which may constitute personal data within the meaning of data protection

legislation in Ireland. Data may be disclosed to third parties including regulatory bodies, tax authorities (including in accordance with CRS), delegates, advisers and service providers of the Company and their or the Company's duly authorised agents and any of their respective related, associated or affiliated companies wherever located (including outside the EEA) 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 Company and the right to amend and rectify any inaccuracies in their personal data held by the Company by making a request to the Company in writing.



## REDEMPTIONS

Shares will be redeemable at the option of the Shareholder on each Dealing Day. Shareholders should send a signed and completed redemption request in the form available from the Administrator to be received by the Administrator before the relevant Dealing Request Deadline for any Dealing Day as outlined in the relevant Supplement, failing which, but subject to the Directors' discretion to accept requests after the Dealing Request Deadline but before the Valuation Point in exceptional circumstances, the redemption request will be held over until the next following Dealing Day and Shares will be redeemed at the relevant Redemption Price applicable on that Dealing Day.

Redemption Requests may be sent by facsimile or by electronic means, but redemption proceeds will not be remitted until the Administrator has received the original of the initial application form and relevant anti-money laundering documentation. Redemption Requests may only be sent by facsimile or electronic means where payment is made to an account which is in the name of the investor.

Any requests for the repurchase of Shares submitted by electronic means must be in a form and method agreed by the Directors and the Administrator.

A request for a partial redemption of Shares may be refused, or the holding redeemed in its entirety, if, as a result of such partial redemption, the Net Asset Value of the Shares retained by the Shareholder would be less than the Minimum Holding.

A redemption request, once given, is irrevocable save with the consent of the Directors (which may be withheld in their discretion).

### Redemption Price

The Redemption Price per Share will be equal to the Net Asset Value per Share as at the relevant Valuation Point less any redemption fee as set out in the Supplement for each Fund.

### Settlement

Payment of redemption proceeds will be made within 3 Business Days or as soon as practicable after the relevant Dealing Day and no later than 10 Business Days after the relevant Dealing Request Deadline.

Investors should note that any redemption proceeds being paid out by a Fund and held for any time in the Subscriptions/Redemptions Account 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 Company 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 Fund.

Payment will be made in the currency of denomination of the Shares being redeemed by direct transfer in accordance with instructions given by the redeeming Shareholder to the Administrator and at the Shareholder's risk and cost.

Shareholders will be removed from the register of members upon redemption proceeds being paid. Insofar as investors remain as Shareholders until such time as the relevant Net Asset Value per Share has been calculated and the register of members is updated, investors will be treated as creditors for the Redemption Price, rather than members from the relevant Dealing Day and will rank accordingly in the priority of the Fund's creditors. Furthermore, during this period, investors will not have rights as a Shareholder, save the right to receive the Redemption Price 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 meetings of the Fund.

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

In no event shall redemption proceeds be paid until such papers as may be required by the Directors have been received from the Shareholder and all of the necessary anti-money laundering checks have been carried out, verified and received in original form.

#### Suspension

The Directors may declare a suspension of the redemption of Shares in certain circumstances as described under the heading "Suspension of Valuation of Assets" in the section "General Information". No Shares will be redeemed during any such period of suspension.

#### Compulsory Redemptions

The Directors have the right to require the compulsory redemption of all or part of the Shares held by or for the benefit of a Shareholder if the Directors determine that the Shares are held by or for the benefit of any Shareholder who is or becomes an Ineligible Applicant as described under "Subscriptions" above. The Company also reserves the right to require compulsory redemption of all Shares held by a Shareholder if the Net Asset Value of the Shares held by the Shareholder is less than the Minimum Holding.

#### Deferred Redemptions

Subject to any statement to the contrary in respect of a particular Fund in the relevant Supplement, the Directors may defer redemptions at a particular Dealing Day to the next Dealing Day where the requested redemptions exceed 10 per cent of a Fund's Net Asset Value. The Directors will ensure the consistent treatment of all Shareholders who have sought to redeem Shares at any Dealing Day at which redemptions are deferred. The Directors may pro-rata all such redemption requests to the stated level (i.e. 10 per cent of the Fund's Net Asset Value) and will defer the remainder until the next Dealing Day. The Directors will also ensure that all redemption requests relating to an earlier Dealing Day are completed before those relating to a later Dealing Day are considered.

#### In Specie Redemptions

The Directors may, with the consent of the individual Shareholders, satisfy any request for the redemption of Shares by the transfer to those Shareholders of assets of the relevant Fund having a value equal to the Redemption Price for the Shares repurchased as if the redemption proceeds were paid in cash less any redemption fee and other expenses of the transfer.

A determination to provide redemption in specie may be solely at the discretion of the Directors where the redeeming Shareholder requests redemption of a number of Shares that represents 5 per cent or more of the Net Asset Value of the relevant Fund provided that any such Shareholder requesting redemption shall be entitled to request the sale of any asset or assets proposed to be distributed in specie and the distribution to such Shareholder of the cash proceeds of such sale less the costs of such sale which shall be borne by the relevant Shareholder.

The nature and type of assets to be transferred in kind 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.

#### Anti-Money Laundering

Investors should note that the Directors may refuse to settle a redemption request if it is not accompanied by such additional information as they, or the Administrator on their behalf, may reasonably require. This power may, without limitation to the generality of the foregoing, be exercised where proper information has not been provided for anti-money laundering verification purposes as described under "Subscriptions".

## EXCHANGING BETWEEN FUNDS OR CLASSES

Except when issues and redemptions of Shares have been suspended in the circumstances described under "Suspension of Valuation of Assets" in the section "General Information" and subject to the discretion of the Directors, holders of Shares may request an exchange of some or all of their Shares in one Class or Fund ("the Original Class") to Shares in another Class or Fund (the "New Class"). Such exchanges can only take place, if following the exchange, the Shareholder's holding in the New Class will satisfy the Minimum Subscription and Minimum Holding requirements and other criteria of that Class or Fund.

A Share exchange will be effected by way of a redemption of Shares of one Class or Fund (and thus will result in the payment of performance fee accrued in respect of such Shares, if any) and a simultaneous subscription (at the most recent Subscription Price) for Shares of the other Class or Fund and, accordingly, the general provisions and procedures relating to redemptions and subscriptions of Shares will apply.

Redemption proceeds will be converted into the other currency at the rate of exchange available to the Administrator and the cost of conversion will be deducted from the amount applied in subscribing for Shares of the other Class.

An exchange fee of up to 5 per cent of the redemption proceeds of the Class of Shares which is being exchanged may be payable. The redemption proceeds of the Class of Shares which is being exchanged will be reduced by the amount of the exchange fee (if any) and the net amount applied in subscribing for the Shares of the other Class. The Directors may waive payment of the exchange fee at their discretion. The exchange fee will be retained by the Fund.

Shareholders should send a completed exchange request in the form available from the Administrator to be received by the Administrator prior to the earlier of the Dealing Request Deadline for redemptions in the Original Class and the Dealing Request Deadline for subscriptions in the New Class. Any applications received after such time will be dealt with on the next Dealing Day, unless the Directors in their absolute discretion otherwise determine in exceptional circumstances, provided that such application(s) have been received prior to the Valuation Point for that particular Dealing Day.

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

$$S = \frac{(R \times \text{NAV} \times \text{ER})}{\text{SP}}$$

SP

where

S is the number of Shares of the New Class to be allotted.

R is the number of Shares in the Original Class to be redeemed.

NAV is the Net Asset Value per Share of the Original Class as at the relevant Valuation Point for the relevant Dealing Day.

ER is the currency exchange factor (if any) as determined by the Administrator as representing the effective rate of exchange of settlement on the relevant Dealing Day applicable to the transfer of assets between the relevant Funds or Classes where the base currencies are different or, where the base currencies are the same, ER = 1.

SP is the Net Asset Value per Share of the New Class as at the relevant Valuation Point for the relevant Dealing Day.

## VALUATION

## Net Asset Value and Valuation of Assets

The Net Asset Value of a Fund shall be expressed in the Base Currency or in such other currency as the Directors may determine either generally or in relation to a particular Class or in a specific case, and shall be calculated by ascertaining the value of the assets of the Fund and deducting from such value the liabilities of the Fund 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 Directors. 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 two decimal places as determined by the Directors or such other number of decimal places as may be determined by the Directors from time to time.

The 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 then in issue or deemed to be in issue as at the Valuation Point for such Dealing Day and rounding the result mathematically to two decimal places or such other number of decimal places as may be determined by the Directors from time to time.

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

- (a) Assets listed or traded on a recognised exchange (other than those referred to at (e) below) for which market quotations are readily available shall be valued at the closing or last known market price which for the purposes of the Company 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 determine 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 instrument or security 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 (including the Investment Manager) 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) Notwithstanding the provisions of paragraphs (a) to (e) above:-
  - (i) The Directors or their 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 Investment Manager or a review of the amortised cost valuation vis-à-vis market valuation will be carried out in accordance with the Central Bank Rules.
  - (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.
- (g) 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.
- (h) If the Directors deem 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 their delegate shall determine to be appropriate.

## FEES AND EXPENSES

### Initial Fee

The Directors are permitted to charge an initial fee on the sale of Shares to an investor. The current percentage rates of charge are shown in the relevant Supplement for each Fund. The maximum amount for such initial fee will be 5 per cent of the value of the relevant subscription. Such initial fee may be payable to the Investment Manager unless otherwise disclosed in the relevant Supplement.

### Redemption Fee

Shareholders may be subject to a redemption fee up to a maximum of 3% of repurchase monies, as specified in the relevant Supplement.

### Investment Management Fee

The Investment Manager will receive from the Company an investment management fee the details of which are set out in the relevant Supplement.

The Investment Manager shall also be entitled to be repaid all of its disbursements out of the assets of the Company, including legal fees, couriers' fees and telecommunication costs and expenses which shall be at normal commercial rates together with VAT, if any, thereon.

The Investment Manager may from time to time, and at its sole discretion, and out of its own resources decide to return to intermediaries, distributors, Shareholders, a Fund and/or other persons part or all of the investment management fee. Any such payments may be applied in paying up additional Shares to be issued to the Shareholder, or may be paid in cash.

### Performance Fee

The Investment Manager may also be entitled to receive a performance fee from the Company, the details of which are set out in the relevant Supplement for each Fund.

The Investment Manager may from time to time, and at its sole discretion, and out of its own resources decide to return to intermediaries, distributors, Shareholders, a Fund and/or other persons part or all of the Investment Manager and/or performance fee. Any such payments may be applied in paying up additional Shares to be issued to the Shareholder, or may be paid in cash.

### Paying Agents' Fees

Fees and expenses of any paying agent(s) appointed by the Company, which will be at normal commercial rates, will be borne by the Company.

### Administrator's Fees

The Company shall pay to the Administrator out of the assets of the Company an annual fee, accrued at each Valuation Point and payable in monthly arrears the details of which are set out in the relevant Supplement for each Fund.

### Depositary's Fees

The Company shall pay to the Depositary out of the assets of each Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears the details of which are set out in the relevant Supplement for each Fund.

### Directors' Fees

The Articles of the Company provide that the remuneration of the Directors shall be determined by a resolution of the Directors. Currently, the Directors are entitled to an annual fee of US\$10,000 each. Simon Jones and Francis Kirkpatrick will not receive a fee. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company.

### Operating Expenses and Fees

The Company bears its own operating and other expenses. Where applicable, these expenses include (but are not limited to) (a) all investment expenses, (b) all fees and expenses of transactional and trade-related services including, for the avoidance of doubt and without limitation and costs incurred in arranging a stocklending programme, (c) all administrative expenses, (d) all of the charges and expenses of legal advisers, accountants and auditors, (e) all brokers' commissions, all fees for investment research and/or trade ideas, all charges relating to Financial Derivative Instruments and any issue or transfer taxes or stamp duties chargeable in connection with securities transactions, (f) all taxes and corporate fees payable to governments or agencies, (g) Directors' fees (if any) and expenses, (h) all interest on borrowings, (i) all communication expenses with respect to investor services and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents, (j) all of the costs of insurance for the benefit of the Directors (if any), (k) all litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, (l) the fees of the Central Bank, (m) the cost of termination of the Company or any Fund, (n) the fees and expenses of any regulator, paying agent, representative, distributor or correspondent bank appointed in connection with the registration of the Company (or any Fund) or the marketing of Shares in any jurisdiction (including legal fees and translation costs), (o) legal, accounting, tax, regulatory, compliance, fiduciary and other professional advisers and (p) all other organisational and operating expenses.

Any establishment expenses may be deferred and amortised by the Company, in accordance with standard accounting practice, at the discretion of the Directors. An estimated accrual for operating expenses of the Company will be provided for in the calculation of the Net Asset Value of the Company. Operating expenses and the fees and expenses of service providers which are payable by the Company shall be borne by all Shares in proportion to the Net Asset Value of the Company or attributable to the relevant Class provided that fees and expenses directly or indirectly attributable to a particular Class shall be borne solely by the relevant Class.

### Allocation of Assets, Charges and Expenses

All fees, duties, charges and expenses are charged to the relevant Fund in which they were incurred.

### Costs of Establishment

The total costs and expenses of redomiciliation and establishing the Company, including the Funds, are estimated to be approximately US\$300,000 and will be payable and borne by each Fund. These costs and expenses may at the discretion of the Directors be amortised on a straight-line basis over a period of up to 5 years from the date on which the Company commences business. The Directors may, in their absolute discretion, shorten the period over which such costs and expenses are amortised. These establishment expenses are being charged as between the various Funds established by the Company within the amortisation period on such terms and in such manner as the Directors (with the consent of the Depositary) deem fair and equitable and provided that each Fund bears its own direct establishment costs and costs of listing its Shares on any stock exchange. It is expected that such accounting treatment will not be material to the financial statements of the Company. If the effect of the accounting treatment becomes material in the future and there is a requirement to write off any unamortised balance of establishment expenses in the financial statement, the Directors will reconsider this policy.

## Dilution Levy

A Fund may suffer dilution (reduction) in the value of its property as a result of the costs incurred in dealing in its underlying investments and of any spread between the buying and selling prices of these investments. As dilution is directly related to the inflows and outflows in respect of the relevant Fund, it is not possible to predict accurately whether dilution will occur at any point in time and consequently it is also not possible to predict accurately how frequently the Company will need to make a dilution levy to mitigate the effects of dilution.

In calculating the subscription or redemption price for a Fund the Directors may on any Redemption Day or Subscription Day when there are net subscriptions or redemptions, charge a dilution levy of up to 5 per cent to cover dealing costs and to preserve the value of the underlying assets of the Fund and any such dilution levy will be shown in addition to the subscription or redemption price.

In cases where a dilution levy is made the value of the capital of the property of a Fund will not be adversely affected by dilution. If charged, the dilution levy will be shown in addition to (but not part of) the price of Shares on their issue by the Company and as a deduction to (but not part of) the price of their Shares on their cancellation or redemption by the Company. The dilution levy will either be paid into the relevant Fund in the case of an issue of shares by the Company or retained in the Fund in the case of a cancellation or redemption of Shares by the Company.

The need to charge a dilution levy will depend on the volume of net purchases or redemptions, as described below. The Company may charge a discretionary dilution levy on any purchase or redemption of Shares if, in its opinion, the existing Shareholders (for purchases) or continuing Shareholders (for redemptions) might otherwise materially be adversely affected. A dilution levy must be imposed only in a manner that, so far as practicable, is fair to all Shareholders or potential Shareholders.

In particular, it is intended that the dilution levy will only be charged in the following circumstances:

- (a) on a Fund experiencing large levels of net purchases (i.e. purchases less redemptions) relative to its size; or
- (b) on a Fund experiencing large levels of net redemptions (i.e. redemptions less purchases) relative to its size.

In order to reduce inconsistency in the application of any dilution levy, the Company may take account of the trend of the Fund in question to expand or to contract and the transactions in Shares at a particular Valuation Point.

The Company's intention to impose a dilution levy in respect of any particular Fund is set out in the relevant Supplement.



## CONFLICTS OF INTEREST

### Conflicts of Interest

The Directors, the Investment 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 Company and/or their respective roles with respect to the Company. 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 Company 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 Investment Manager, Administrator and Depositary in their primary capacity as service providers to the Company are excluded from the scope of these Connected Party requirements.

The Investment 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 Investment Manager or a sub-investment manager or any other Connected Party. For example, because the Investment 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 Investment Manager (or any other Connected Party) will, at all times, have regard to its obligations to the Company and the Fund and will ensure that such conflicts are resolved fairly.

There is no prohibition on transactions with the Company, the Investment Manager, the Administrator, the Depositary or entities related to the Investment Manager, the Administrator or the Depositary including, without limitation, holding, disposing or otherwise dealing with Shares issued by or property of the Company and none of them shall have any obligation to account to the Company 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 Shareholders.

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 Company and/or other parties. For example, the Depositary and/or its affiliates may act as the depositary, trustee, depositary 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 Company 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 Company and will treat the Company 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 Company 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 and by the Depositary adhering to its "Conflicts of Interest Policy" (a copy of which can be obtained on request from the head of compliance for the Depositary).

Each Connected Party will provide the Company 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 Company 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 Company.

## USE OF DEALING COMMISSIONS

The Investment Manager may effect transactions or arrange for the effecting of transactions through brokers with whom it has arrangements whereby the broker agrees to use a proportion of the commission earned on such transactions to discharge the broker's own costs or the costs of third parties in providing certain services to the Investment Manager. The services which can be paid for under such arrangements are those permitted under the rules of the FCA, namely those that relate to the execution of transactions on behalf of customers or the provision of investment research to the Investment Manager. The benefits provided under such arrangements will assist the Investment Manager in the provision of investment management services to the Company. Specifically, the Investment Manager may agree that a broker shall be paid a commission in excess of the amount another broker would have charged for effecting such transaction so long as, in the good faith judgement of the Investment Manager, the amount of the commission is reasonable in relation to the value of the brokerage and other services provided or paid for by such broker and the broker agrees to provide best execution with respect to such transaction.

Subject to applicable laws and regulations, authorised delegates of the Investment Manager may enter into similar arrangements with brokers.

Where the Investment 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 Investment Manager or its delegates may be paid/reimbursed out of the assets of the relevant Fund for reasonable properly vouched costs and expenses directly incurred by the Investment Manager or its delegates in this regard.

## RISK FACTORS

The risks described herein should not be considered to be an exhaustive list of the risk which potential investors should consider before investing in a Fund. Different risks may apply to different Funds. Details of Fund specific risks which are additional to those described in this section will be disclosed in the relevant Fund Supplement. Prospective investors should review this Prospectus and the relevant Supplement carefully and in its entirety and consult with their professional and financial advisers before making an application for Shares.

Prospective investors should consider, among others, the following factors before subscribing for Shares:

### General Risks

Investors should be aware that there are risks inherent in the holding of securities:-

- There is no assurance that any appreciation in the value of investments will occur, or that the investment objectives of any Fund will be achieved. Past performance is no guide to the future. The value of Shares, and any income from them, can go down as well as up, particularly in the short term, meaning that an investment may not be returned in full.
- The tax treatment of the Funds may change and such changes cannot be foreseen.
- Where regular investments are made with the intention of achieving a specific capital sum in the future, this will normally be subject to maintaining a specified level of investment.
- The difference at any one time between subscription prices and redemption prices for Shares means that any investment should be viewed as medium to long term. An investment should only be made by those persons who are able to sustain a loss on their investment.

### Amortisation of Organisational Costs

The Company's financial statements will be prepared in accordance with IFRS. IFRS does not permit the amortisation of organisational costs. Notwithstanding this, the Company is amortising its organisational costs and the auditor's report in the Company's annual financial statements may be qualified in this regard.

## Business Risk

There can be no assurance that the Funds will achieve their investment objective. There is limited operating history by which to evaluate their likely future performance. The investment results of the Funds will be reliant upon the success of the Investment Manager.

## Past Performance No Guide to Future Performance

The Company was incorporated in the Cayman Islands. In 2013, it redomiciled to Ireland. Although the Company has an operating history, past performance is not necessarily indicative of future results. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

Since investors in the Shares both acquire and may potentially redeem Shares at different times, certain investors may experience a loss on their Shares in circumstances in which it is possible that other investors, and that Fund as a whole, are profitable. Consequently, even the past performance of a Fund itself is not representative of each investor's investment experience in it.

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

## Electronic Delivery of Information

Information relating to a Shareholder's investment in the Company may be delivered electronically. There are risks associated with such electronic delivery including, but not limited to, that e-mail messages are not secure and may contain computer viruses or other defects, may not be accurately replicated on other systems, or may be intercepted, deleted or interfered with without the knowledge of the sender or the intended recipient.

## Deferred Redemptions

In the event that redemption requests are received for redemption of Shares representing in aggregate more than 10 per cent of a Fund's Net Asset Value, redemption requests may be reduced pro rata and the Shares to which each request relates that are not redeemed may be carried forward to the next following Dealing Days on a pro rata basis until all the Shares to which the original request related have been redeemed, unless expressly prohibited in the Supplement of a Fund, in which case, redemption requests may not be deferred. In the event of a large number of redemptions, this power to defer redemptions could be exercised on a number of successive Dealing Days and materially restrict a Shareholder's ability to redeem his Shares (as described in more detail on page 34).

## Concentration of Investments

Although a Fund's policy is to diversify its investment portfolio, a Fund may at certain times hold relatively few investments subject to the overall investment restrictions. A Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

## Borrowing

A Fund may use borrowings for the purpose outlined in this Prospectus and any relevant Supplement, subject to the overall investment and borrowing restrictions set out in Appendix 1 to this Prospectus. The use of borrowing may result in charges being incurred by the relevant Fund. Any such borrowing will comply with the UCITS Regulations.

## Segregation of Liabilities between Funds

As a matter of Irish law, the assets of one Fund will not be available to meet the liabilities of another. However, these provisions remain untested in foreign courts in particular for satisfying local credit claims.

Therefore, other jurisdictions (such as the United Kingdom) may not necessarily recognise such segregation and, in such circumstances, the assets of one Fund may be exposed to the liabilities of another.

#### Paying Agent Risk

Shareholders who choose or are obliged under local regulations to pay or receive subscription or redemption monies or dividends via an intermediate entity rather than directly to or from the Administrator (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 Administrator for the account of the Company and (b) redemption monies payable by such intermediate entity to the relevant Shareholder.

#### Assets held by Clearing Brokers

The Company, on behalf of a Fund may deposit margin monies or margin assets with a clearing broker in respect of futures and options or other derivatives contracts. Such clearing broker shall not be a sub-custodian or agent of the Depositary for such purpose and the Depositary shall not be liable for the acts or omissions or any loss directly or indirectly caused by any such clearing broker.

#### Depositary Insolvency

The Company is at risk of the Depositary entering into an insolvency procedure. During such a procedure (which may last many years) the use by the Company of assets held by or on behalf of the Depositary may be restricted and accordingly (a) the ability of the Investment Manager to fulfil the investment objective of the Funds may be severely constrained, (b) the Funds may be required to suspend the calculation of the Net Asset Value and as a result subscriptions for and redemptions of Shares, and/or (c) the Net Asset Value may be otherwise affected. During such a procedure, the Company is likely to be an unsecured creditor in relation to certain assets and accordingly the Company may be unable to recover such assets from the insolvent estate of the Depositary in full, or at all.

#### Depositary Liability

In the event of loss suffered by the Company caused by the Depositary, the Company would generally, in order to bring a successful claim against the Depositary, have to demonstrate that it has suffered a loss as a result of Depositary's unjustifiable failure to perform its obligations or its improper performance of them.

#### Sub-Custodians and other depositaries

In relation to sub-custodians in emerging markets, the Depositary will be liable for sub-custodians it appoints in accordance with the terms of the custody agreement entered into between the Depositary and the Company, including instances where the Depositary unjustifiably fails to perform its duties in relation to such sub-custodians. Furthermore, where securities are held by a securities depository or clearing system, such securities may be held by such entities in client omnibus accounts and in the event of a default by any such entity, where there is an irreconcilable shortfall of such securities, the Company may have to share that shortfall on a pro-rata basis, other than in relation to any loss suffered by the Company as a result of the Depositary's unjustifiable failure to perform its obligations or its improper performance of them. A Fund may invest in markets where custodial and/or settlement systems are not fully developed. The assets of such Fund which are traded in such markets and which have been entrusted to sub-custodians, in the circumstances where the use of such sub-custodians is necessary, may be exposed to risk in circumstances whereby the Depositary will have no liability.

#### Eurozone crisis

It is possible that a country may leave the Eurozone and return to a national currency, and as a result may leave the European Union (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 Company and/or on one or more Classes of Shares is impossible to predict. The Investment Manager will monitor the position.

#### Changes in the UK political environment

Changes in the UK political environment, including a possible UK exit from the EU following the UK referendum scheduled before the end of 2017, could lead to political, legal, tax and economic uncertainty. The outcome of such a referendum is not known and could impact general economic conditions in the UK. It is not clear whether and to what extent EU regulations generally would apply with respect to the Investment Manager in the case of a UK exit, 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 Investment 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 Company or the Funds) or continue to work with non-UK counterparties and service providers, all of which could result in increased costs to the Company and/or the Funds.

#### Market Crisis and Governmental Intervention

The global financial markets have undergone and, to some extent are currently undergoing pervasive and fundamental disruptions which have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an "emergency" basis without much or any notice with the consequence that some market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions has been suddenly and/or substantially eliminated. Given the complexities of the global financial markets and the limited time frame within which governments have been able to take action, these interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies.

It is impossible to predict with certainty what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the Investment Manager's ability to fulfil the Funds' investment objectives. However, the Company believes that there is a high likelihood of significantly increased regulation of the global financial markets, and that such increased regulation could be materially detrimental to the performance of the Funds' portfolios.

#### ERISA Considerations

The Company intends to restrict the ownership and holding of each Class of Shares so that none of a Fund's assets will constitute "plan assets" of any employee benefit plan subject to the fiduciary responsibility and prohibited transaction rules in Title I of ERISA or subject to section 4975 of the Code ("together a "Plan"). The Company intends to impose such restrictions based on representations made by each purchaser and subsequent transferee of Shares. The Company will also have the right to require benefit plan investors (as defined in ERISA) to redeem Shares so that the 25 per cent test is satisfied. If the Company's assets were deemed to be "plan assets" of any Plan subject to plan assets regulation, certain transactions that the Investment Manager or the Company may enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under ERISA or certain rules of the Code. Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA) are not subject to the fiduciary responsibility or the prohibited transaction provisions of ERISA or the Code, but may be subject to restrictions under US state or local law.

#### 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 Irish tax authorities 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 Company 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 Company will attempt to satisfy any obligations imposed on it to avoid the imposition of the FATCA withholding tax, no assurance can be given that the Company will be able to satisfy these obligations. In order to satisfy its FATCA obligations, the Company will require certain information from

investors in respect of their FATCA status. If the Company becomes subject to a withholding tax as a result of the FATCA regime, the value of the Shares held by all Shareholders may be materially affected.

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

## 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 Company 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 Company 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 Company, or a person appointed by the Company, 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 Company.

## Specific Risks

### Currency Exposure

Shares may be denominated in various currencies and will be issued and redeemed in those currencies.

Certain of the assets held by the Depositary on behalf of the Funds may be invested in securities and other investments which are denominated in currencies other than the base currency of the relevant Fund. The assets and investments of the Funds will be valued in its base currency. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. The Investment Manager may seek to hedge the currency exposure of a Fund to currencies other than its base currency but will necessarily be subject to foreign exchange risks. To the extent unhedged, the value of a Fund's net assets will fluctuate with the base currency exchange rate, as well as with price changes of the Fund's investments in the various local markets and currencies.

The Investment Manager may seek to hedge the foreign exchange exposure of the assets of a Fund attributable to the Shares which are not denominated in the base currency with the aim of minimising the impact of fluctuations in that currency against the base currency on the Net Asset Value per Share of such Shares. Prospective investors whose assets and liabilities are predominately in currencies other than the denominated currency of the Class in which it is invested or proposes to invest should take into account the potential risk of loss arising from fluctuations in value between the denominated currency of such Class, as the case may be, and such other currencies.

In any event, performance of a Fund may be strongly influenced by movements in foreign exchange rates because unhedged currency positions held by a Fund may not correspond with the securities positions held.

### 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 relevant 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 such 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 a 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 Company 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 such Fund is unable to liquidate collateral provided 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 relevant Fund suffer loss as a result.

Repurchase Agreements: A Fund may enter into repurchase arrangements. Accordingly, such 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. Such 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 a part of the income from the agreement.

The Funds may utilise both exchange-traded and over-the-counter (OTC) derivatives, including futures, forwards, swaps, options and contracts for differences, as part of their investment policies. These instruments can be highly volatile and expose investors to a high risk of loss.

Derivatives, in particular derivatives which are negotiated "over-the-counter" are subject to legal risks including the uncertainty in the applicability of laws, or the interpretation or enforceability of contracts or an action by a court or regulatory body that could invalidate a derivative contract entered into by the Company.

The prices of financial derivative instruments may be imperfectly correlated to the prices of the underlying securities, for example, because of transaction costs and interest rate movements. The prices of exchange traded financial derivative instruments may also be subject to changes in price due to supply and demand factors.

### Options

The seller (writer) of an option has the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. The buyer of an option has the right (but not the obligation) to exercise the option, thereby making or taking delivery of the underlying asset of the contract at a future date, or in some cases settling the position with cash. Options carry a high degree of risk.



## Collateral Risk

Collateral or margin may be passed by a 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 relevant 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 such Fund will only have a contractual claim for the return of equivalent assets. In the event of the insolvency of a counterparty, the relevant 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 relevant Fund or its delegates will not have any visibility or control.

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

There has been an international effort to increase the stability of the financial system in general, and the OTC derivatives market in particular, in response to the recent financial crisis. In September 2009, the leaders of the G20 agreed, and in June 2010 reaffirmed, that all standardised OTC derivative contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties by end 2012 at the latest, that OTC derivative contracts should be reported to trade repositories and non-centrally cleared contracts should be subject to higher capital requirements.

In the United States, the Dodd-Frank Act, which became law in July 2010, includes provisions that comprehensively regulate the derivatives markets for the first time. Key provisions of the Dodd-Frank Act require rulemaking by the SEC and the CFTC, not all of which are effective as at the date of this Prospectus. As a result, there may be additional changes in the regulatory environment.

The Dodd-Frank Act will require that a substantial portion of derivatives must be executed on regulated markets and submitted for clearing to regulated clearinghouses. Trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible SEC-mandated or CFTC-mandated margin requirements. The regulators also have broad discretion to impose margin requirements on non-cleared derivatives. Although the Dodd-Frank Act includes limited exemptions from the clearing and margin requirements for so-called "end-users", the Company does not expect to be able to rely on such exemptions. In addition, the dealers with which the Company may execute the majority of its derivatives will not be able to rely on the end-user exemptions under the Dodd-Frank Act and therefore such dealers will be subject to clearing and margin requirements notwithstanding whether the Company is subject to such requirements. Dealers will also be required to post margin to the clearinghouses through which they clear their customers' trades instead of using such margin in their operations, as they currently are allowed to do. This will further increase the dealers' costs, which costs are expected to be passed through to other market participants in the form of higher fees and less favourable dealer marks.

The SEC and the CFTC may also require a substantial portion of derivative transactions that are currently executed on a bilateral basis in the OTC markets to be executed through a regulated securities, futures, or swap exchange or execution facility. Such requirements may make it more difficult and costly for investment funds, including the Company, to enter into highly tailored or customised transactions. They may also render certain strategies in which the Company might otherwise engage impossible or so costly that they will no longer be economical to implement.

Swap dealers and major swap participants will be required to register with the CFTC and security-based swap dealers and major security-based swap participants will be required to register with the SEC. Dealers and major participants will be subject to minimum capital and margin requirements, new business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory burdens. These requirements may increase the overall costs for the dealers and major participants, which are likely to be passed along, at least partially, to market participants in the form of higher fees or less advantageous dealer marks. It is unclear how the derivatives markets will adapt to this new regulatory regime.

Although the Dodd-Frank Act will require many derivative transactions previously entered into on a principal-to-principal basis to be submitted for clearing by a regulated clearinghouse, certain of the derivatives that may be traded by the Company may remain principal-to-principal or OTC contracts between the Company and third parties entered into privately. The risk of counterparty non-performance can be significant in the case of these OTC instruments, and “bid-ask” spreads may be unusually wide in these heretofore substantially unregulated markets. While the Dodd-Frank Act is intended in part to reduce these risks, its success in this respect may not be evident for some time after the Dodd-Frank Act is fully implemented, a process that may take several years. To the extent not mitigated by implementation of the Dodd-Frank Act, if at all, the risks posed by such instruments and techniques, which can be extremely complex and may involve leveraging of the Company’s assets, include: (1) credit risks (the exposure to the possibility of loss resulting from a counterparty’s failure to meet its financial obligations); (2) market risk (adverse movements in the price of a financial asset or commodity); (3) legal risks (the characterisation of a transaction or a party’s legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could pre-empt otherwise enforceable contract rights); (4) operational risk (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risk (exposure to losses resulting from inadequate documentation); (6) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (7) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty). For derivatives that are cleared through a clearinghouse, there is the additional risk that the clearing house may become insolvent or lack the financial resources to assure performance in the event of a clearing house member’s default.

Steps are also being taken to regulate OTC derivative contracts in Europe. European Union Regulation No 648/2012 on OTC derivatives, central counterparties and trade repositories (also known as the European Market Infrastructure Regulation, or “EMIR”), which came into force on 16 August 2012, introduces uniform requirements in respect of OTC derivative contracts by requiring certain “eligible” OTC derivative contracts to be submitted for clearing to regulated central clearing counterparties and by mandating the reporting of certain details of OTC derivative contracts to trade repositories. In addition, EMIR imposes requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational counterparty credit risk in respect of OTC derivatives contracts which are not subject to mandatory clearing. These requirements are likely to include the posting and segregation of collateral, not only to and for, but also by, the Company.

EMIR covers financial counterparties, which may include the Company, and certain non-financial counterparties in respect of OTC derivative contracts. Although EMIR provides certain limited exemptions from its requirements for non-financial counterparties which do not trade OTC derivative contracts beyond a certain threshold, the Company does not expect to be able to rely on such exemptions.

Many provisions of EMIR require the adoption of delegated acts by the European Commission before becoming fully effective, not all of which had been proposed or finalised by the date of this Prospectus. Accordingly, it is difficult to predict the precise impact of EMIR on the Company. The Directors and the Investment Manager will monitor the position and react appropriately. However, prospective investors and Shareholders should be aware that the regulatory changes arising from EMIR may in due course adversely affect the Company’s ability to adhere to its investment approach and achieve its investment objective.

#### Particular Risks of OTC Derivatives

Unlike exchange-traded options, which are standardised with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of OTC derivatives, are generally established through negotiation with the other party to the instrument. While this type of arrangement allows a Fund greater flexibility to tailor the instrument to its needs, OTC derivatives may involve greater legal risk than exchange-traded instruments, as there may be a risk of loss if OTC derivatives are deemed not to be legally enforceable or are not documented correctly.

Transactions in OTC contracts may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Contractual asymmetries and inefficiencies can also increase risk,

such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in Net Asset Value, incorrect collateral calls or delays in collateral recovery.

There also may be a legal or documentation risk that the parties to the OTC derivatives may disagree as to the proper interpretation of its terms. If such a dispute occurs, the cost and unpredictability of the legal proceedings required for the Company to enforce its contractual rights may lead the Company to decide not to pursue its claims under the OTC derivatives. The Company thus assumes the risk that it may be unable to obtain payments owed to it under OTC arrangements, that those payments may be delayed or made only after the Company has incurred the costs of litigation.

### Counterparty Risk

The Funds will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to its own insolvency or that of others, bankruptcy, market illiquidity or disruption or other causes and whether resulting from systemic or other reasons.

The participants in OTC derivative markets are typically not subject to the same credit evaluation and regulatory oversight as are members of “exchange-based” markets. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with such OTC transactions. This exposes the relevant Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions 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 relevant Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the relevant Fund has concentrated its transactions with a small group of counterparties. Moreover, although the Funds shall only transact with eligible counterparties and although any counterparty with whom a Fund enters into an OTC derivative transaction will be either a credit institution or rated at or in excess of the Central Bank Rules by a Recognised Rating Agency and a Fund may further reduce its exposure to the counterparty through the use of collateral, a Fund will be subject to the risk that the counterparty will not perform its obligations under the transactions. In the event that the counterparty is unable or unwilling to meet its contractual liabilities, there may be a limited but detrimental impact on the Fund, the Investment Manager has no formal credit function which evaluates the creditworthiness of the relevant Fund’s counterparties. The ability of a Fund to transact business with any one or number of counterparties, the lack of any separate evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds.

The 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.

### Valuation Risk

Derivative instruments and forward exchange contracts which are not dealt on a Recognised Market shall be valued by the counterparty at least daily, provided that the valuation is approved or verified at least weekly either by the Investment Manager or other independent party such person to be independent of the counterparty and approved for that purpose by the Depositary.

Investors should note that there is often no single market value for instruments such as OTC derivatives. The discrepancies between bid offer spread on OTC derivatives may be partly explained by various estimates on their pricing parameters. The Company has put procedures in place to reconcile any differences in valuation between the counterparties as well as pricing anomalies.

### Liquidity Risk

Certain types of assets or securities in which the Funds invest (such as equities, bonds, depositary receipts, futures, options, contracts for difference, warrants and rights) may be difficult to buy or sell, particularly

during adverse market conditions. This may affect the ability to obtain prices for the assets held by the Funds, and, may therefore affect the Net Asset Value per Share. Moreover, the sale of these securities may result in higher brokerage charges or dealer discounts and other selling expenses than the sale of securities eligible for trading on national securities exchanges or in the OTC markets. The Funds may not be able readily to dispose of such investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time.

There can be no assurance that the liquidity of the investments will always be sufficient to meet redemption requests as, and when, made. Any lack of liquidity may affect the liquidity of the Shares of a Fund and the value of its investments.

### Short Selling

Typically, UCITS, such as the Company, invest on a “long only” basis. This means that their net asset value will rise (or fall) in value based on the market value of the assets they hold. A “short” sale involves the sale of a security that the seller does not own in the hope of purchasing the same security (or a security exchangeable for such security) at a later date at a lower price. To make a delivery to the buyer, the seller must borrow the security and is obligated to return the security (or a security exchangeable for such security) to the lender, which is accomplished by a later purchase of said security. Although the Company is not permitted to enter into short sales under the UCITS Regulations, a Fund may, by employing certain derivative techniques (such as contracts for difference) designed to produce the same economic effect as a short sale (a “synthetic short”), establish both “long” and “short” positions in individual stocks and markets. As a result, as well as holding assets that may rise or fall with markets, a Fund may also hold positions that will rise as the market value falls, and fall as the market value rises. Taking synthetic short positions involves trading on margin and accordingly can involve greater risk than investments based on a long position. Investors should also consider the risk factors under “Derivatives” and “Particular Risks of OTC Derivatives” above.

Due to regulatory or legislative action taken by regulators around the world as a result of recent volatility in the global financial markets, taking short positions on certain securities has been restricted in a number of financial markets, and is continuing to evolve. The levels of restriction vary across different jurisdictions and are subject to change in the short to medium term. These restrictions have made it difficult and in some cases impossible for numerous market participants either to continue to implement their investment strategies or to control the risk of their open positions. Accordingly, the Investment Manager may not be in a position to fully express its negative views in relation to certain securities, companies or sectors and the ability of the Investment Manager to fulfil the investment objective of a Fund may be constrained.

### Short Selling Regulations

Pursuant to the European Union (Short Selling) Regulations 2012 (SI No. 340/2012) implementing the Regulation (EU) No. 236/2012 of the European Parliament and of the Council of 14 March 2012, on short selling and certain aspects of credit default swaps (the “SSR”), information on net short positions, in shares admitted to trading on a trading venue in the EU (except where the principal trading venue of that instrument is outside the EU) or sovereign debt issued by a Member State or the EU, is required to be notified to the relevant competent authority as prescribed in the SSR and the delegated regulations adopted by the European Commission to supplement the SSR. In brief, under the SSR, a short position may be generated either by the short selling of physical shares or sovereign debt or by entering into a transaction relating to a financial instrument, other than shares or sovereign debt, where the effect is to confer a financial advantage on the person entering in to the transaction in the event of a decrease in the price of value of the relevant share or sovereign debt instrument. The term ‘financial instrument’ is defined by reference to Section C of Annex I to Directive 2004/39/EC (“MiFID”) and includes transferable securities, money market instruments, units in collective investment schemes and a broad range of derivatives referencing various underlying investments. Accordingly, the SSR notification requirements cover net short positions created by the use of FDIs such as options, futures, index-related instruments, contracts for differences and spread bets relating to shares or sovereign debt.

The SSR and the delegated regulations set out the deadlines by which notifications of net short positions must be made to the relevant competent authority and the thresholds at which a notification requirement is triggered. The thresholds, in the case of shares, are set by reference to the value of the short position relative to the issued share capital of the issuer and, in the case of sovereign debt, by reference to the total

amount of outstanding issued sovereign debt. Depending on the value of the short position, notifications may constitute private notifications to the relevant competent authority or public disclosure where information on net short positions notified will be available to the public.

In order to comply with the SSR, where a Fund is engaging in synthetic shorting of shares or sovereign debt, the Company must be aware of the notification and disclosure obligations under the SSR. Failure to adhere to the notification and disclosure requirements under the SSR could result in losses to the Company.

Compliance with the SSR and the delegated regulations may represent a significant increase in the administrative burden on the Company in respect of Funds impacted by the SSR with inevitable adverse cost implications.

### Market Disruptions

The Company may incur major losses in the event of disrupted markets and other extraordinary events which may affect markets in a way that is not consistent with historical pricing relationships. The risk of loss from a disconnect with historical prices is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available in the market from its banks, dealers and other counterparties will typically be reduced in disrupted markets. In 1994, in 1998 and again in the so-called “credit crunch” of 2007-2009 a sudden restriction of credit by the dealer community resulted in forced liquidations and major losses for a number of investment vehicles. The “credit crunch” of 2007-2009 has particularly affected investment vehicles focused on credit-related investments. However, because market disruptions and losses in one sector can cause ripple effects in other sectors, during the “credit crunch” of 2007-2009 many investment vehicles suffered heavy losses even though they were not necessarily heavily invested in credit-related investments. In addition, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for the Company and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may from time to time suspend or limit trading. Such a suspension could render it difficult or impossible for the Company to liquidate affected positions and thereby expose it to losses. There is also no assurance that off-exchange markets will remain liquid enough for the Company to close out positions.

### Effect of Substantial Redemptions

Substantial redemptions by Shareholders within a short period of time could require a Fund to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the assets of the Fund and/or disrupting the Investment Manager’s investment strategy. Reduction in the size of a Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in a Fund’s ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

### Investing in other collective investment schemes

A Fund may, subject to its investment objective and investment policy, and the investment restrictions set forth in the UCITS Regulations, invest in other regulated collective investment schemes. As an investor of another collective investment scheme, a Fund will bear, along with the other investors, its portion of the expenses of the other collective investment scheme, including management, performance and/or other fees. These fees will be in addition to the management fees and other expenses which a Fund bears directly with its own operations.

A Fund may invest in collective investment schemes managed by either the Investment Manager or its associates. In such cases, to avoid a double charge, the relevant Investment Manager or its associate will waive any initial charge and may rebate an amount equal to up to 100 per cent of any annual investment management fee payable by the relevant Fund.

### Net Asset Value Considerations

The Net Asset Value per Share is expected to fluctuate over time with the performance of the Funds’ investments. A Shareholder may not fully recover his initial investment when he chooses to redeem his Shares or upon compulsory redemption, if the Net Asset Value per Share at the time of such redemption is

less than the Subscription Price paid by such Shareholder, or if there remain any unamortised costs and expenses of establishing the Company. In addition, where there is any conflict between IFRS and the valuation principles set out in the Articles and this document in relation to the calculation of Net Asset Value, the latter principles shall take precedence.

In calculating a Fund's Net Asset Value, the Administrator may consult the Investment Manager with respect to the valuation of certain investments. Whilst there is an inherent conflict of interest between the involvement of the Investment Manager in determining the valuation price of each Fund's investments and the Investment Manager's other duties and responsibilities in relation to the Funds, the Investment Manager will endeavour to resolve any such conflict of interest fairly and in the interest of investors.

#### Investment Management Risk

The investment performance of the Funds is substantially dependent on the services of certain individuals employed by the Investment Manager who are responsible for managing the assets of the Funds. In the event of the death, incapacity, departure, insolvency or withdrawal of these individuals, the performance of the Funds may be adversely affected.

#### Profit Sharing

In addition to receiving an investment management fee, the Investment Manager may also receive a performance fee based on the appreciation in the Net Asset Value per Share and accordingly the performance fee will increase with regard to unrealised appreciation, as well as realised gains. Accordingly, a performance fee may be paid on unrealised gains, which may subsequently never be realised. The performance fee may create an incentive for the Investment Manager to make investments for a Fund, which are riskier than would be the case in the absence of a fee based on the performance of a Fund.

#### Price Fluctuations

It should be remembered that the value of Shares and the income (if any) derived from them can go down as well as up.

#### No active 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.

#### Transaction Costs

The investment approach of the Funds may involve a high level of trading and turnover of the investments of the Funds which may generate substantial transaction costs which will be borne by each Fund separately.

#### Tax Considerations

A Fund may be subject to withholding, capital gains or other taxes on income and/or gains arising from its investment portfolio, including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by that Fund is incorporated, established or resident for tax purposes. A Fund may also incur or bear transaction or other similar taxes in respect of the actual or notional amount of any acquisition, disposal or transaction relating to its investment portfolio, including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by that Fund or the counterparty to a transaction involving that Fund is incorporated, established or resident for tax purposes. Where a Fund invests in securities or enters into transactions that are not subject to withholding, capital gains, transaction or other taxes at the time of acquisition, there can be no assurance that tax may not be withheld or imposed in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The relevant Fund may not be able to recover such tax and so any change could have an adverse effect on the Net Asset Value of the Shares in that Fund.

Where a Fund chooses or is required to pay taxation liabilities and/or account for reserves in respect of taxes that are or may be payable in respect of current or prior periods by the Fund or the Company

(whether in accordance with current or future accounting standards), this would have an adverse effect on the Net Asset Value of the Shares in that Fund. This could cause benefits or detriments to certain Shareholders, depending on the timing of their entry to and exit from the relevant Fund.

The attention of potential investors is drawn to the taxation risks associated with investing in any Fund. Please see the heading "Taxation" below.

### US Tax-Exempt Investors

Certain prospective investors may be subject to US federal and state laws, rules and regulations which may regulate their participation in the Company, or their engaging directly or indirectly through an investment in a Fund, in investment strategies of the types which the Funds may utilise from time to time. While the Company believes that the Funds' investment programs are otherwise generally appropriate from a tax perspective for the US tax-exempt investors for which an investment in the Funds would be suitable, each type of such investor may be subject to different laws, rules and regulations and should consult with their own advisers as to the advisability and tax consequences of an investment in a Fund. Investment in a Fund by tax-exempt entities subject to ERISA and other tax-exempt investors requires special consideration. Trustees or administrators of such investors are urged carefully to review the matters discussed in this Prospectus and the relevant application form.

### 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.

### 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 the 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. The extent to which a Fund invests in frontier emerging markets will be set out in the relevant Supplement.

#### EPM Risk

The Company on behalf of a Fund may employ techniques and instruments relating to transferable securities, Money Market Instruments and/or other financial instruments in which it invests for efficient portfolio management purposes. Many of the risks attendant in utilising derivatives, as disclosed in the section entitled "Derivatives" above, will be equally relevant when employing such efficient portfolio management techniques. In addition to the sub-section entitled "General", particular attention is drawn to the sub-sections entitled "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 Company. Such engagement may on occasion cause a conflict of interest with the role of the Depositary or other service provider in respect of the Company. Please refer to section the section entitled "Conflicts of Interest" for further details on the conditions applicable to any such related party transactions. The identity of any such related parties will be specifically identified in the Company's semi-annual and annual reports.

#### 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. 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.

### 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 UCITS V, 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.

#### Operational Risk (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 Investment 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 Investment Manager, Administrator and Depository (and their respective groups) each maintain appropriate 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 Investment Manager's, 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 Company 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 Company.

#### Subscriptions/Redemptions Account Risk

Any failure to supply the Company or the Administrator with any documentation requested by them for anti-money laundering purpose may result in a delay in the settlement of redemption proceeds or dividend payments. In such circumstances, the Administrator will process any redemption request received by a Shareholder and by doing so that investor is no longer considered a Shareholder. Accordingly, Shareholders should note that any redemption proceeds and any sums payable by way of dividend being paid out by a Fund and held for any time in the Subscriptions/Redemptions Account shall remain an asset of the relevant Fund. In the event of the insolvency of the Company or the relevant Fund, the Shareholder will rank as an unsecured creditor of the relevant Fund until such time as the Administrator is satisfied that its anti-money-laundering procedures have been fully complied with, following which redemption proceeds will be released or the dividend paid (as applicable) to the relevant Shareholder. Accordingly, Shareholders are advised to promptly provide the Company or Administrator (as appropriate) with all documentation requested to reduce the risk in this scenario.

As detailed under the heading "Subscriptions - Procedure" above, the Administrator on behalf of the Company also operates the Subscriptions/Redemptions Account with respect to receipt of subscription monies. In this scenario, the investor is subject to the risk of becoming an unsecured creditor in the event of the insolvency of the relevant Fund during the period between receipt of subscription monies and the Dealing Day on which the Shares are issued and the subscription monies are transferred to the Fund operating account.

The Company reserves the right to cancel any allotment of Shares or seek recovery (including any relevant credit changes) from investors in the event of a failure by the investor to settle the subscription monies within the stated settlement period as set out in the relevant Supplement. In such circumstances the potential impact on the Fund is that the Company shall compulsorily redeem any Shares issued and the

Shareholder shall be liable for any loss suffered by the Fund in the event that the redemption proceeds are less than the amount originally subscribed for. For the avoidance of doubt, the relevant Shareholder shall not be entitled to any profit arising from such a redemption of Shares in the event that the redemption proceeds are worth more than the amount originally subscribed for.

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

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

On June 23, 2016, the United Kingdom held a referendum and voted to withdraw as a member of the EU and a party to the Treaty on European Union and its successor treaties. The outcome of this referendum has caused significant volatility in global financial markets and uncertainty about the integrity and functioning of the EU, both of which may persist for an extended period of time. The process for the United Kingdom withdrawing from the EU likely will take a number of years and the exact date of withdrawal is unknown. The United Kingdom has formally notified the European Council of its intention to withdraw from the EU, triggering a two-year "divorce" period under Article 50 of the Treaty on European Union ("Article 50") during which the United Kingdom and the EU will attempt to negotiate a withdrawal agreement governing the United Kingdom's withdrawal from and its future relationship with the EU. Unless an extension of the "divorce" period is agreed upon by all member states of the EU, the United Kingdom's withdrawal will be effective at the end of the "divorce" period, regardless of whether a withdrawal agreement has been finalised. During the "divorce" period, the United Kingdom will remain a member of the EU and continue to be subject to its laws and regulations. The United Kingdom Government triggered Article 50 on March 29, 2017, which means that the United Kingdom will leave the EU on March 29, 2019, absent any extension of the "divorce" period. Additionally, political parties in several other member states of the EU have proposed that a similar referendum be held on their country's membership in the EU. It is unclear whether any other member states of the EU will hold such referendums. Areas where the uncertainty created by the United Kingdom's vote to withdraw from the EU is relevant includes, but is not limited to, trade within Europe, foreign direct investment in Europe, the scope and functioning of European regulatory frameworks (including with respect to the regulation of UK-based investment managers and the distribution and marketing of UCITS), industrial policy pursued within European countries, immigration policy pursued within European countries, the regulation of the provision of financial services within and to persons in Europe and trade policy within European countries and internationally. The volatility and uncertainty caused by the referendum may adversely affect the value of a Fund's investments and the ability of the Investment Manager to achieve the investment objective of a Fund.

#### Fund Specific Risks

Please review the particular Fund Supplement for specific risks associated with each particular Fund.

## TAXATION

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

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

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

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

## **Ireland**

### *The Company*

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

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

1. any payments to a Shareholder by the Company in respect of their Shares;
2. any appropriation or cancellation of Shares for the purposes of meeting the amount of appropriate tax payable on any gain arising by virtue of a transfer of any Shares;
3. any repurchase, redemption, cancellation or transfer of Shares; and
4. any deemed disposal by a Shareholder of their Shares at the end of a "relevant period" (a "deemed disposal").

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

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

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

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

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

No gain will be treated as arising to the Company on the happening of a chargeable event in relation to a Shareholder who is not Irish Resident at the time of the chargeable event or in relation to an Irish Resident Shareholder which is an Exempt Investor provided in each case that the requisite tax declaration in the form prescribed by the Irish Revenue Commissioners for the purposes of Section 739D TCA, where applicable, (the "Declaration") has been provided to the Company by the Shareholder.

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

## **Taxation of Shareholders**

### **1. Non-Irish Residents**

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

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

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

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

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

Intermediaries acting on behalf of non-Irish Resident Shareholders can make a Declaration on behalf of the Shareholders for whom they are acting provided that the Company is not in possession of any information which would reasonably suggest that the information contained in the Declaration is not or is no longer materially correct. The Intermediary must state in the Declaration that to the best of its knowledge and belief the Shareholders on whose behalf it acts are not Irish Resident.

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

## 2. *Taxable Irish Residents*

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

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

An Irish Resident Shareholder who is not an Exempt Investor will have appropriate tax deducted at the rate of 41% in respect of any distributions made by the Company and on any gain arising on a sale, transfer, deemed disposal (subject on election by the Company to the 10% threshold outlined above), redemption, repurchase or cancellation of Shares. Any gain will be computed on the difference between the value of the Shareholder's investment in the Company at the date of the chargeable event and the original cost of the investment as calculated under special rules. The Company will be entitled to deduct such appropriate tax from payments or, where no payment is made on the occurrence of a chargeable event, appropriate and cancel such number of Shares as are required to meet the appropriate tax in respect of the relevant Shareholder and will pay the appropriate tax to the Irish Revenue Commissioners.

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

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

### (b) *Residual tax Liability*

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

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

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

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

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

- (ii) where the payment is made on the redemption, repurchase or cancellation of Shares, such income will be reduced by the amount of consideration in money or money's worth given by the Shareholder for the acquisition of those Shares; and
- (iii) the amount of appropriate tax deducted will be set off against the Irish corporation tax assessable on the Shareholder in respect of the chargeable period in which the payment is made.

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

Should an excess payment of appropriate tax arise on the occurrence of a Chargeable Event as a result of tax paid on an earlier deemed disposal in respect of the Shareholder, the Company, on notification in writing to the Shareholder, is not obliged to process the refund arising on behalf of the Shareholder provided if immediately before the chargeable event the value of Shares held by Irish Residents who are not Exempt Investors does not exceed 15% of the value of the total Shares in the Company. Instead the Shareholder should seek such a repayment directly from the Irish Revenue Commissioners. Irish legislation also provides in the case of a deemed disposal for the making of an irrevocable election by the Company to value the Shares in respect of all Shareholders at the later of 30 June or 31 December immediately prior to the date of the deemed disposal, rather than on the date of the deemed disposal.

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

(c) *Reporting*

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

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

3. Exempt Investors

(a) Deductions by the Company

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

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

(b) Residual tax Liability

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

## **Other Taxes – All Shareholders**

### *Personal Portfolio Investment Undertaking*

An investment undertaking such as the Company will be considered to be a personal portfolio investment undertaking ("PPIU") in relation to a specific Irish Resident Shareholder where that Shareholder is an individual and the Shareholder or certain persons connected with the Shareholder can select or influence the selection of some or all of the property of the undertaking. The appropriate tax deducted on the happening of a Chargeable Event in relation to a PPIU will be at the rate of 60% (or 80% where details of the payment/disposal are not correctly included in the individual's tax returns). An investment undertaking is not a PPIU if the only property which may be or has been selected was acquired on arm's length terms as part of a general offering to the public.

### *Currency Gains*

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

### *Stamp Duty*

Generally no stamp, documentary, transfer or registration tax is payable in Ireland on the issue, sale, transfer, redemption, repurchase, cancellation of or subscription for Shares on the basis that the Company qualifies as an investment undertaking within the meaning of Section 739B TCA. If any redemption is satisfied by the transfer in specie to any Shareholder of any Irish assets, a charge to Irish stamp duty may arise.

### *Capital Acquisitions Tax*

Provided the Company continues to qualify as an investment undertaking as defined by Section 739B TCA any Shares which are comprised in a gift or an inheritance will be exempt from capital acquisitions tax ("CAT") and will not be taken into account in computing CAT on any gift or inheritance taken by the donee or successor if (i) the Shares are comprised in the gift or inheritance at the date of the gift or at the date of the inheritance, and at the relevant valuation date; (ii) at the date of the disposition, the Shareholder making the disposition is neither domiciled nor ordinarily resident in Ireland; and (iii) at the date of the gift, or at the date of the inheritance, the donee or successor is neither domiciled nor ordinarily resident in Ireland.

## **Residence and Ordinary Residence**

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

### *Residence – Company*

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



statutory rule for determining company residence based on incorporation in Ireland. A company which has its central management and control in Ireland is resident in Ireland irrespective of where it is incorporated.

The new incorporation rule for determining the tax residence of a company incorporated in Ireland will apply to companies incorporated on or after 1 January 2015. For companies incorporated in Ireland before this date, a transition period will apply until 31 December 2020. Under these transitional arrangements, a further exception from the incorporation rule applies where the company or a related company carries on a trade in Ireland, and either the company is ultimately controlled by persons resident in EU Member States or, in countries with which Ireland has a double taxation treaty (a "taxation treaty country") or the company or a related company are quoted companies on a recognised stock exchange in the EU or in a taxation treaty country.

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

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

### *Residence – Individual*

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

1. spends 183 days or more in Ireland in that tax year; or
2. has a combined presence of 280 days in Ireland, taking into account the number of days spent in Ireland in that tax year together with the number of days spent in Ireland in the preceding year.

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

### *Ordinary Residence – Individual*

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

An individual who has been resident in Ireland for three consecutive tax years becomes ordinarily resident with effect from the commencement of the fourth tax year. An individual who has been ordinarily resident in Ireland ceases to be ordinarily resident at the end of the third consecutive tax year in which the individual is not resident in Ireland. For example, an individual who is resident and ordinarily resident in Ireland in 2017 and departs Ireland in that year will remain ordinarily resident in Ireland up to the end of the year in 2020.

### **Common Reporting Standard**

The common reporting standard framework was first released by the OECD in February 2014 as a result of the G20 members endorsing a global model of automatic exchange of financial account information in order to increase international tax transparency. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters was published by the OECD and this includes the text of the

Common Reporting Standard ("**CRS**" or the "**Standard**"). The goal of the Standard is to provide for the annual automatic exchange between governments of financial account information reported to them by local reporting financial institutions (as defined) ("**FIs**") relating to account holders who are tax resident in other participating jurisdictions.

Over 100 jurisdictions have committed to exchanging information under the Standard and a group of 50 countries, including Ireland, committed to the early adoption of the CRS from 1 January 2016 (known as the "**Early Adopter Group**"), with the first data exchanges expected to take place in September 2017. All EU Member States (with the exception of Austria) are members of the Early Adopter Group.

Ireland became a signatory to the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information on 29 October 2014. Enabling legislation for CRS was included in Ireland's Finance Act 2014 and the Returns of Certain Information By Reporting Financial Institutions Regulations 2015 came into effect on 31 December 2015 (the "**Irish CRS Regulations**"). The Irish CRS Regulations provide for the collection and reporting of certain financial account information by Irish FIs, being FIs that are resident in Ireland (excluding any non-Irish branch of such FIs), Irish branches of Irish resident FIs and branches of non-Irish resident FIs that are located in Ireland. Ireland has elected to adopt the 'wider approach' to the Standard. This means that Irish FIs will collect and report information to the Irish Revenue Commissioners on all non-Irish and non-U.S. resident account holders rather than just account holders who are resident in a jurisdiction with which Ireland has an exchange of information agreement. The Irish Revenue Commissioners will exchange this information with the tax authorities of other participating jurisdictions, as applicable.

It is expected that the Company will be classified as an Irish FI for CRS purposes and will be obliged to report certain information in respect of certain of its equity holders and debt holders to the Irish Revenue Commissioners in respect of CRS. The relevant information must be reported to the Irish Revenue Commissioners by 30 June in each year, with the first CRS return due on 30 June 2017 in respect of the 2016 calendar year.

Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation ("**DAC II**") implements CRS in a European context and creates a mandatory obligation for all EU Member States (with a one year extension for Austria) to exchange certain financial account information on residents in other EU Member States on an annual basis commencing in 2017 in respect of the 2016 calendar year. Finance Act 2015 confirmed the transposition of DAC II into Irish law. The Irish Revenue Commissioners issued regulations to implement the requirements of DAC II into Irish law on 31 December 2015 and have indicated that Irish FIs (such as the Company) will be obliged to make a single return in respect of CRS and DAC II using the Revenue Online Service (ROS). Failure by an Irish FI to comply with its CRS or DAC II obligations may result in an Irish FI being deemed to be non-compliant in respect of its CRS or DAC II obligations and monetary penalties may be imposed on a non-compliant Irish FI under Irish legislation.

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

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

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

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

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

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

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

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

## **United Kingdom**

### **The Company**

The Directors intend that the affairs of the Company should be managed and conducted so that it does not become resident in the United Kingdom for United Kingdom taxation purposes. Accordingly, and provided that the Company is not trading in the United Kingdom through a fixed place of business or agent situated therein that constitutes a “permanent establishment” for United Kingdom taxation purposes and that all its trading transactions in the United Kingdom (if any) are carried out through a broker or investment manager acting as an agent of independent status in the ordinary course of its business, the Company will not be subject to United Kingdom corporation tax or income tax on its profits. The Directors and the Investment Manager each intend that the respective affairs of the Company and the Investment Manager are

conducted so that these requirements are met, insofar as this is within their respective control. However, it cannot be guaranteed that the necessary conditions will at all times be satisfied.

Certain interest and other amounts received by the Company which have a United Kingdom source may be subject to withholding or other taxes in the United Kingdom.

### UK Investors

Subject to their personal circumstances, Shareholders resident in the United Kingdom for taxation purposes will be liable to United Kingdom income tax or corporation tax in respect of dividends or other distributions of an income nature made by the Company, whether or not such dividends or distributions are reinvested. The nature of the charge to tax and any entitlement to a tax credit in respect of such dividends or distributions will depend on a number of factors which may include the composition of the relevant assets of the relevant Fund and the extent of a Shareholder's interest in that Fund.

The Offshore Funds (Tax) Regulations 2009 (the "Offshore Funds Regulations") set out the regime for the taxation of investments in offshore funds (as defined in the United Kingdom Taxation (International and Other Provisions) Act 2010 ("TIOPA 2010"), which operates by reference to whether a fund opts into a reporting regime ("reporting funds") or not ("non-reporting funds"). If an investor who is resident or ordinarily resident in the United Kingdom for taxation purposes holds an interest in an offshore fund that does not have reporting fund status throughout the period during which the investor holds that interest, any gain accruing to the investor upon the sale, redemption or other disposal of that interest (including a deemed disposal on death) will be taxed at the time of such sale, redemption or other disposal as income ("offshore income gains") and not as a capital gain. Investors in reporting funds are subject to tax on the share of the reporting fund's income attributable to their holding in the fund, whether or not distributed, and any gains on disposal of their holding would be taxed as capital gains. Investors in non-reporting funds would not be subject to tax on income retained by the non-reporting fund.

The Shares will constitute interests in an offshore fund. The Directors intend to apply to the United Kingdom HM Revenue & Customs in respect of some or all Classes of Shares for recognition as a reporting fund. The effect of obtaining and maintaining such status (and/or where appropriate distributing fund status for prior periods) for a particular Class of Shares throughout a Shareholder's relevant period of ownership (including where relevant any relevant period prior to the Company's continuation in Ireland) would be that any gains on disposal of such Shares would be taxed as capital gains. However, there can be no guarantee that distributing and/or reporting fund status will be obtained and maintained for any Class of Shares in relation to which an application is made. Were such application to be unsuccessful or such status subsequently to be withdrawn, any gains arising to Shareholders resident or ordinarily resident in the United Kingdom on a sale, redemption or other disposal of Shares (including a deemed disposal on death) would be taxed as offshore income gains rather than capital gains. Any gains arising to Shareholders resident or ordinarily resident in the United Kingdom on a sale, redemption or other disposal of Shares of a Class which does not have distributing and/or reporting fund status (including a deemed disposal on death) will be taxed as offshore income gains rather than capital gains.

For information on the reporting and/or distributing fund status of a particular Class of Share in a Fund please see the relevant Fund Supplement.

The Company may operate equalisation arrangements in relation to any Fund or Class in accordance with the relevant Supplement. Consequently, where such an arrangement applies, a part of the first dividend paid following the subscription for Distribution Shares will be treated as a partial repayment of the purchase price (i.e. capital), and not as taxable income. The amount of such repayment must be deducted from the acquisition cost of the Distribution Shares in calculating the capital gain arising on the disposal of Distribution Shares.

The exchange of Shares in one Fund for Shares in another Fund (see under the heading "Exchanging Between Funds or Classes") will amount to a disposal of the original Shares for tax purposes and accordingly an offshore income gain (or a capital gain where recognition of the original Shares as a reporting fund has been obtained) or an allowable capital loss may be realised. The exchange of Shares of one Class for Shares of another Class in the same Fund will only amount to a disposal if the original Shares are not of a Class which is a reporting fund and the new Shares are of a Class so recognised.

Persons within the charge to United Kingdom corporation tax should note that the regime for the taxation of most corporate debt contained in the United Kingdom Corporation Tax Act 2009 (the “loan relationships regime”) provides that, if at any time in an accounting period of such a person, that person holds an interest in an offshore fund within the meaning of the relevant provisions of the Offshore Funds Regulations and TIOPA 2010, and there is a time in that period when that fund fails to satisfy the “qualifying investments” test, the interest held by such a person will be treated for that accounting period as if it were rights under a creditor relationship for the purposes of the loan relationships regime. An offshore fund fails to satisfy the qualifying investments test at any time when more than 60 per cent of its assets by market value (excluding cash awaiting investment) comprise “qualifying investments”. Qualifying investments include government and corporate debt securities, cash on deposit, certain derivative contracts and holdings in other collective investment schemes which at any time in the accounting period of the person holding the interest in the offshore fund do not themselves satisfy the qualifying investments test. The Shares will constitute such interests in an offshore fund and on the basis of the investment policies of certain Funds, such a Fund could fail to satisfy the qualifying investments test. In that eventuality, the Shares in that Fund will be treated for corporation tax purposes as within the loan relationships regime with the result that all returns on the Shares in that Fund in respect of such a person’s accounting period (including gains, profits and losses) will be taxed or relieved as an income receipt or expense on a “fair value accounting” basis. Accordingly, such a person who acquires Shares in the Company may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of Shares (and, likewise, obtain relief against corporation tax for an unrealised reduction in the value of its holding of Shares).

#### *Anti-avoidance*

Individuals ordinarily resident in the United Kingdom for taxation purposes should note that Chapter 2 of Part 13 of the United Kingdom Income Tax Act 2007 contains anti-avoidance provisions dealing with the transfer of assets to overseas persons that may in certain circumstances render such individuals liable to taxation in respect of undistributed income profits of the Company.

Persons resident or ordinarily resident in the United Kingdom for taxation purposes should note the provisions of section 13 of the United Kingdom Taxation of Chargeable Gains Act 1992 (“section 13”). Section 13 could be material to any such person who has an interest in the Company as a “participator” for United Kingdom taxation purposes (which term includes a shareholder) at a time when any gain accrues to the Company (such as on a disposal of any of its investments) which constitutes a chargeable gain or an offshore income gain if, at the same time, the Company is itself controlled in such a manner and by a sufficiently small number of persons as to render the Company a body corporate that would, were it to have been resident in the United Kingdom for taxation purposes, be a “close” company for those purposes. The provisions of section 13 would result in any such person who is a Shareholder being treated for the purposes of United Kingdom taxation as if a part of any chargeable gain or offshore income gain accruing to the Company had accrued to that person directly, that part being equal to the proportion of the gain that corresponds to that person’s proportionate interest in the Company. No liability under section 13 could be incurred by such a person, however, in respect of a chargeable gain or an offshore income gain accruing to the Company if the aggregate proportion of that gain that could be attributed under section 13 both to that person and to any persons connected with him for United Kingdom taxation purposes does not exceed one-tenth of the gain. In the case of Shareholders who are individuals domiciled outside the United Kingdom, section 13 applies subject to the remittance basis in particular circumstances.

The Finance No. 2 Bill published on 9 May 2013 includes amendments to certain aspects of the anti-avoidance provisions described in the preceding two paragraphs. In particular, it is proposed that the threshold for an attribution to be made under section 13 be increased to one-quarter (from one-tenth) of the relevant gain and that a motive test be introduced such that section 13 would not apply where the asset giving rise to the gain was neither disposed of nor acquired or held as part of a scheme or arrangements having a tax avoidance main purpose. It is expected that subject to Royal Assent, these amendments will have effect for disposals made on or after 06 April 2012. Depending upon the final form of legislation enacted, the position of Shareholders in relation to the provisions in the preceding two paragraphs could be different to that set out above.

Companies resident in the United Kingdom for taxation purposes should note the “controlled foreign companies” legislation contained in Part 9A of TIOPA 2010 (the “CFC rules”). The CFC rules could be material to any company that has an interest in the Company if the Company is controlled (as “control” is defined in section 371RA of TIOPA 2010) by persons (whether companies, individuals or others) who are

resident in the United Kingdom for taxation purposes or is controlled by two persons taken together, one of whom is resident in the United Kingdom for tax purposes and has at least 40 per cent of the interests, rights and powers by which those persons control the Company, and the other of whom has at least 40 per cent and not more than 55 per cent of such interests, rights and powers. The effect of the CFC rules could be to render such companies liable to United Kingdom corporation tax by reference to the “chargeable profits” of the Company. The chargeable profits of the Company do not include any capital gains.

#### *Transfer taxes*

Transfers of Shares will not be liable to United Kingdom stamp duty unless the instrument of transfer is executed within the United Kingdom when the transfer will be liable to United Kingdom *ad valorem* stamp duty at the rate of 0.5 per cent of the consideration paid rounded up to the nearest £5. No United Kingdom stamp duty reserve tax is payable on transfers of Shares, or agreements to transfer Shares.

It should be noted that the levels and bases of, and relief from taxation can change.

#### **General**

The receipt of dividends (if any) by Shareholders, the redemption, exchange, conversion or transfer of Shares and any distribution on a winding-up of the Company may result in a tax liability for the Shareholders according to the tax regime applicable in their various countries of residence, citizenship or domicile. The Directors, the Company and each of the Company’s agents shall have no liability in respect of the individual tax affairs of Shareholders.

### **GENERAL INFORMATION**

#### **1. Incorporation, Registered Office and Share Capital**

- On 30 August 2013, the Company was redomiciled to Ireland and established as an umbrella type investment company with variable capital pursuant to the UCITS Regulations and has segregated liability between funds. Accordingly, the Company was authorised on 30 August 2013 and is supervised by the Central Bank. The Company is structured as an umbrella fund with segregated liability between 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. Each Fund will be established by the Directors as an open-ended Fund. Shares representing interests in different Funds may be issued from time to time by the Directors. Shares of more than one Class may be issued in relation to a Fund. A separate portfolio of assets will be maintained for each Fund and accordingly not for each Class of Shares.
- On incorporation in the Cayman Islands, the authorised share capital was (i) ¥10,000,000 divided into 10,000,000 ordinary shares of ¥1.00 par value each, which were issued as Yen Shares or as Yen Management Shares; (ii) €100,000 divided into 10,000,000 ordinary shares of par value €0.01 each which were issued as Euro Shares or as Euro Management Shares; (iii) £10,000 divided into 10,000,000 ordinary shares of par value £0.01 each which were issued as Sterling Shares and (iv) US\$100,010 divided into 10 founder shares of par value US\$1.00 each and 10,000,000 ordinary shares of par value US\$0.01 each, which were issued as US\$ Shares or as US\$ Management Shares. On establishment and registration in Ireland, the authorised share capital of the Company is 2 subscriber shares of €1 and 1,000,000,000,000 Shares of no par value initially designated as unclassified shares. The unclassified shares are available for issue as Shares. The issue price is payable in full on acceptance. There are no rights of pre-emption attaching to the Shares in the Company. There are no founder shares.
- The Articles comprise its constitution. In this General Information section is a summary of certain provisions of the Articles with respect to the rights attaching to the Shares and matters relating to the variation of Share rights.
- The registered office of the Company is as stated in the Directory at the front of the Prospectus.

- Clause 2 of the Articles provides that the Company's sole object is the collective investment in either or both transferable securities and other liquid financial assets referred to in Regulation 68 of the UCITS Regulations of capital raised from the public. Clause 2 further provides that the Company operates on the principle of risk spreading.
- The authorised share capital of the Company is 1,000,000,000,000 Shares of no par value initially designated as unclassified participating shares; the issued share capital of the Company is €2 represented by 2 shares (the subscriber shares) issued for the purposes of the incorporation of the Company and to obtain a certificate to commence trade at an issue price of €1 per Share which are fully paid up and which are beneficially owned by the Investment Manager. The Directors have the power to allot Shares in the capital of the Company on such terms and in such manner as they may think fit.

## 2. **Variation of Share Rights and Pre-Emption Rights**

- The rights attaching to the Shares issued in any Class may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the Shareholders of three-quarters of the issued Shares of that Class, or with the sanction of a special resolution passed at a general meeting of the Shareholders of that Class.
- A resolution in writing signed by all the Shareholders and holders of non-participating shares for the time being entitled to attend and vote on such resolution at a general meeting of the Company shall be as valid and effective for all purposes as if the resolution had been passed at a general meeting of the Company duly convened and held and if described as a special resolution shall be deemed to be a special resolution.
- The rights attaching to the Shares shall not be deemed to be varied by the creation, allotment or issue of any further Shares ranking pari passu with Shares already in issue.
- There are no rights of pre-emption upon the issue of Shares in the Company.

## 3. **Voting Rights**

The following rules relating to voting rights apply:

- Fractions of Shares do not carry voting rights.
- Every Shareholder or holder of non-participating Shares present in person or by proxy who votes on a show of hands shall be entitled to one vote.
- The chairman of a general meeting of a Class or any Shareholder of a Class present in person or by proxy at a meeting of a Class may demand a poll. The chairman of a general meeting of the Company or at least two members of the Company present in person or by proxy or any Shareholder or Shareholders of the Company present in person or by proxy representing at least one tenth of the Shares of the Company in issue having the right to vote at such meeting may demand a poll.
- On a poll every Shareholder present in person or by proxy shall be entitled to one vote in respect of each Share held by him and every holder of non-participating shares shall be entitled to one vote in respect of all non-participating Shares held by him. A Shareholder entitled to more than one vote need not cast all his votes or cast all the votes he uses in the same way.

- In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.
- Any person (whether a Shareholder or not) may be appointed to act as a proxy; a Shareholder may appoint more than one proxy to attend on the same occasion.
- Any instrument appointing a proxy must be deposited at the registered office, before the meeting or at such other place and by such time as is specified in the notice convening the meeting. The Directors may at the expense of the Company send by post or otherwise to the Shareholders instruments of proxy (with or without prepaid postage for their return) and may either leave blank the appointment of the proxy or nominate one or more of the Directors or any other person to act as proxy.
- To be passed, ordinary resolutions of the Company or of the Shareholders of a particular Class will require a simple majority of the votes cast by the Shareholders voting in person or by proxy at the meeting at which the resolution is proposed. Special resolutions of the Company or of the Shareholders of a particular Class will require a majority of not less than 75 per cent of the Shareholders present in person or by proxy and voting in general meeting in order to pass a special resolution including a resolution to amend the Articles.

#### 4. **Meetings**

The Directors may convene extraordinary general meetings of the Company at any time.

Not less than 21 calendar days' notice of every annual general meeting and any meeting convened for the passing of a special resolution must be given to Shareholders and 14 calendar days' notice must be given in the case of any other general meeting.

Two Members present either in person or by proxy shall be a quorum for a general meeting. If within half an hour after the time appointed for a meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other time and place as the Directors may determine. If at the adjourned meeting such a quorum is not present within half an hour from the time appointed for the meeting, the meeting, if convened otherwise than by resolution of the Directors, shall be dissolved, but if the meeting shall have been convened by resolution of the Directors, one person entitled to be counted in a quorum present at the meeting shall be a quorum.

The foregoing provisions with respect to the convening and conduct of meetings shall save as otherwise specified with respect to meetings of Classes and, subject to the Act, have effect with respect to separate meetings of each Class at which a resolution varying the rights of Shareholders in such Class is tabled.

#### 5. **Reports, Accounts and documents available for inspection**

The financial year of the Company will end on 31 December in each year.

An annual report and audited financial statements for the Company in respect of each financial year will be prepared in accordance with IFRS. The audited annual report and accounts will be published within four months of the Company's financial year end and its semi-annual report will be published within two months of the end of the half-year period. The first audited financial statements covered the period from the date of the Company's incorporation until 31 December 2013. The latest audited financial statements of the Company prepared prior to its redomiciliation to Ireland will be sent to prospective investors on request.

Half-yearly unaudited reports, incorporating unaudited accounts, will be prepared as of 30 June each year. The first half-yearly report covered the six month period ending 30 June 2014.



The annual report and audited annual financial statements of the Company and half-yearly reports incorporating unaudited accounts will be sent to each Shareholder at his registered address or email address free of charge and may also be obtained, together with the Articles, at the registered office of the Administrator and the Company.

Shareholders will also be sent monthly newsletters including unaudited reports of the Net Asset Value of the relevant Fund(s). The latest newsletters and other fund-related data will also be available to Shareholders at the offices of the Investment Manager.

## 6. **Suspension of Valuation of Assets**

The Directors may at any time and from time to time temporarily suspend the determination of the Net Asset Value of the Company, a Fund or a Class and the issue, exchange and redemption of Shares in any Class:

- during the whole or part of any period (other than for ordinary holidays or customary weekends) when any of the Recognised Exchanges on which the Company's investments are quoted, listed, traded or dealt are closed or during which dealings therein are restricted or suspended or trading is suspended or restricted;
- during the whole or part of any period when circumstances outside the control of the Directors exist as a result of which any disposal or valuation by the Company of investments of the Fund or Class is not reasonably practicable or would be detrimental to the interests of Shareholders or it is not possible to transfer monies involved in the acquisition or disposition of investments to or from the relevant account of the Company;
- during the whole or part of any period when any breakdown occurs in the means of communication normally employed in determining the value of any of the Company's investments of the relevant Fund or Class;
- any period when due to conditions of market turmoil or market illiquidity it is not possible, in the opinion of the Directors, to determine the fair value of the assets of the Company or Fund;
- during the whole or any part of any period when for any reason the value of any of the Company's investments cannot be reasonably, promptly or accurately ascertained;
- during the whole or any part of any period when subscription proceeds cannot be transmitted to or from the account of the Company or the Fund being unable to repatriate funds required for making redemption payments or when such payments cannot, in the opinion of the Directors, be carried out at normal rates of exchange;
- for the purpose of winding up the Company or terminating any Fund;
- if any other reason makes it impossible or impracticable to determine the value of a portion of the investments of the Company or any Fund; or
- if, in the absolute discretion of the Directors, suspension is in the best interests of the Company and/or the relevant Fund.

Any suspension of valuation of the Net Asset Value of the Company, a Fund or a Class and the issue, exchange and redemption of Shares in any Class shall be notified immediately to the Central Bank, the Irish Stock Exchange and the Depositary without delay and, in any event, within the same Business Day. Shareholders will be notified as soon as reasonably practicable. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

## 7. **Compulsory Redemption**

The Directors have the right to require the compulsory redemption of all or part of the Shares held by or for the benefit of a Shareholder if the Directors determine that the Shares are held by or for the benefit of any Shareholder who is or becomes an Ineligible Applicant as described under "Subscriptions" above. The Company may also require compulsory redemption of all Shares held by a Shareholder if the Net Asset Value of the Shares held by the Shareholder is less than the Minimum Holding.

## 8. **Directors**

The following is a summary of the principal provisions in the Articles relating to the Directors:

- Unless otherwise determined by an ordinary resolution of the Company in a general meeting, the number of Directors shall not be less than two. Notwithstanding the foregoing, the Company shall at all times have two Irish resident Directors.
- A Director need not be a Shareholder.
- The Articles contain no provisions requiring Directors to retire on attaining a particular age or to retire on rotation.
- A Director may vote and be counted in the quorum at a meeting to consider the appointment or the fixing or variation of the terms of appointment of any Director to any office or employment with the Company or any company in which the Company is interested, but a Director may not vote or be counted in the quorum on a resolution concerning his own appointment.
- The Directors of the Company for the time being are entitled to such remuneration as may be determined by the Directors and disclosed in the Prospectus under "Directors' Fees" under "Fees and Expenses" and may be reimbursed all reasonable travel, hotel and other expenses incurred in connection with the business of the Company or the discharge of their duties and may be entitled to additional remuneration if called upon to perform any special or extra services to or at the request of the Company.
- A Director may hold any other office or place of profit under the Company in conjunction with his office of Director on such terms as to tenure of office or otherwise as the Directors may determine.
- No Director shall be disqualified by his office from contracting with the Company as vendor, purchaser or otherwise, nor shall any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director who is so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established, but the nature of his interest must be declared by him at the meeting of the Directors at which the proposal to enter into the contract or agreement is first considered or, if the Director in question was not at the date of that meeting interested in the proposed contract or arrangement, at the next Directors' meeting held after he becomes so interested. A general notice in writing given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract or arrangement which may thereafter be made with that company or firm is deemed to be a sufficient declaration of interest in relation to any contract or arrangement so made.
- The office of a Director shall be vacated in any of the following events namely:-
  - if he resigns his office by notice in writing signed by him and left at the registered office of the Company;

- if he becomes bankrupt or makes any arrangement or composition with his creditors generally;
- if he becomes of unsound mind;
- if he is absent from meetings of the Directors for six successive months without leave expressed by a resolution of the Directors and the Directors resolve that his office be vacated;
- if he ceases to be a Director by virtue of, or becomes prohibited or restricted from being a Director by reason of, an order made under the provisions of any law or enactment; or
- if he is requested by all his co-Directors to vacate office.

9. **Directors' Interests**

The interests of the Directors and their interests in companies associated with the management, administration, promotion and marketing of the Company and the Shares are set out below:

- There are no existing or proposed service agreements between the Company and any of the Directors;
- The Directors or companies of which they are officers or employees, including the Investment Manager, may subscribe for Shares in a Fund. Their applications for Shares will rank pari passu with all other applications. As at the date of this Prospectus, save as described herein, none of the Directors, nor any connected person, has or intends to have an interest (direct or indirect) in the Shares of the Company.

10. **Termination of Funds**

- Any Fund may be terminated by the Directors, in their sole and absolute discretion, by notice in writing to the Depositary in any of the following events:
  - if at any time the Net Asset Value of the relevant Fund shall be less than such amount as may be determined by the Directors in respect of that Fund;
  - if any Fund shall cease to be authorised or otherwise officially approved;
  - if any law shall be passed which renders it illegal or in the opinion of the Directors impracticable or inadvisable to continue the relevant Fund;
  - if there is a change in material aspects of the business, in the economic or political situation relating to a Fund which the Directors consider would have material adverse consequences on the investments of the Fund; or
  - if the Directors shall have resolved that it is impracticable or inadvisable for a Fund to continue to operate having regard to prevailing market conditions and the best interests of the Shareholders.

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 this section 10 or otherwise.

- The liquidator shall apply the assets of each Fund in satisfaction of liabilities incurred on behalf of or attributable to such Fund and shall not apply the assets of any Fund in satisfaction of any liabilities incurred on behalf of or attributable to any other Fund.

## 11. **Winding Up**

The Articles contain provisions to the following effect:

- If the Company shall be wound up the liquidator shall, subject to the provisions of the Act and section 12 below, apply the assets of each Fund in such manner and order as he thinks fit in satisfaction of creditors' claims relating to that Fund;
- A Fund may be wound up pursuant to section 256E of the Companies Act, 1990 and in such event the provisions reflected in this paragraph 11 shall apply mutatis mutandis in respect of that Fund;
- The assets available for distribution among the Shareholders shall be applied in the following priority:
  - first, in the payment to the Shareholders of each Class or Fund of a sum in the base currency (or in any other currency selected and at such rate of exchange as determined by the liquidator) as nearly as possible equal to the Net Asset Value of the Shares of the relevant Class or Fund held by such Shareholders respectively as at the date of commencement of winding up;
  - secondly, in the case of the winding up of the Company or Fund, in the payment to the holders of non-participating shares of sums up to the consideration paid in respect thereof provided that if there are insufficient assets to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the Funds or Classes;
  - thirdly, any balance then remaining and not attributable to any Fund or Class 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 Shareholders pro-rata to the number of Shares in that Class of Shares held by them.
- The liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders (pro rata to the value of their respective shareholdings in the Company) in specie the whole or any part of the assets of the Company and whether or not the assets shall consist of property of a single kind provided that any Shareholder shall be entitled to request the sale of any asset or assets proposed to be so distributed and the distribution to such Shareholder of the cash proceeds of such sale. The costs of any such sale shall be borne by the relevant Shareholder. The liquidator may, with like authority, vest any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator shall think fit and the liquidation of the Company may be closed and the Company dissolved, provided that no Shareholder shall be compelled to accept any asset in respect of which there is any liability.
- Notwithstanding any other provision contained in the Articles, should the Directors at any time and in their absolute discretion resolve that it would be in the best interests of the Shareholders to wind up the Company, the Company Secretary shall forthwith at the Directors' request convene an extraordinary general meeting of the Company at which there shall be presented a proposal to appoint a liquidator to wind up the Company and if so appointed, the liquidator shall distribute the assets of the Company in accordance with the Articles.

## 12. **Indemnities and Insurance**

The Directors (including alternates), the Company Secretary and other officers of the Company and its former directors and officers shall be indemnified by the Company 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 officer in the discharge of his duties (other than in the case of negligence, default, breach of duty or breach of trust). The Company acting through the Directors is empowered under the Articles to purchase and maintain for the benefit of persons who are or were at any time Directors or officers of the Company 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.

### 13. **Material Contracts**

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

- An Investment Management Agreement dated 30 August 2013 between (1) the Company and (2) the Investment Manager whereby the Company has appointed the Investment Manager, subject to the control of and review by the Directors, to manage and invest the assets of the Company in accordance with the investment objective and strategy and subject to the investment restrictions set out in this Prospectus. Under the Investment Management Agreement the Investment Manager has been authorised to delegate responsibility for managing the assets of the Company to a sub-adviser. The Investment Management Agreement will continue in force until terminated by any party on 90 days' notice in writing to the other parties. It may be terminated forthwith by any party on immediate written notice if another party commits any material breach of its obligations and fails to remedy the breach within 30 days of receipt of written notice requiring the same, or if another party is dissolved or otherwise enters into insolvency proceedings. The Investment Manager will not be liable for any loss suffered by the Company in connection with the performance or non-performance by the Investment Manager of its obligations and duties under the Investment Management Agreement in the absence of fraud, wilful default or negligence on the part of the Investment Manager or any of its employees. The Company has agreed to indemnify the Investment Manager and its directors, officers and employees against all liabilities incurred by it in the performance of its obligations and duties under the Investment Management Agreement other than liabilities arising out of the fraud, wilful default or negligence on the part of the Investment Manager or its directors, officers and employees.
- A Distribution Agreement dated 30 August 2013 between (1) the Company and (2) the Investment Manager whereby the Company appointed the Investment Manager to solicit subscriptions for Shares with power to appoint sales agents. The Distribution Agreement contains provisions indemnifying and exempting the Investment Manager from liability not due to its own wilful default, bad faith or negligence or breach of any applicable law on the part of the Investment Manager in the performance of its duties and obligations under the Distribution Agreement. It may be terminated by 30 days' notice in writing given by the Company to the Investment Manager or vice versa, forthwith by either party on written notice if the other party commits any material breach of its obligations and duties and fails to remedy the breach within 7 days of receipt of notice requiring the same, and automatically if either party goes into liquidation or otherwise enters into insolvency proceedings.
- An Administration Agreement dated 28 September 2017 between (1) the Company and (2) the Administrator whereby the Administrator was appointed to provide registrar and transfer agency, accounting and other administrative services to the Company. The Administration Agreement shall continue in force for an initial period of six months and thereafter may be terminated by either party (i) on ninety (90) days' notice in writing to the other party or (ii) on written notice if the other party commits any material breach of its obligations and duties and fails to remedy the breach within 30 days of receipt of notice requiring the same or if either party goes into liquidation or otherwise enters into insolvency proceedings.
- A Depositary Agreement dated 28 September 2017 between (1) the Company and (2) the Depositary whereby the Company appointed the Depositary to provide depositary services to the Company. The Depositary Agreement shall continue in force unless and until terminated by either 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 Company shall with due observance of the applicable requirements of the Central Bank, appoint a successor Depositary. The Depositary may not be replaced without the approval of the Central Bank.

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

The Depositary shall act honestly, fairly, professionally, independently and in the interest of the Company and the investors of the Company as a whole.

The Depositary shall be responsible to the Company and the Shareholders only for the performance or non-performance of its duties as described in the UCITS Regulations and in the Depositary Agreement. The Depositary shall exercise due skill, care and diligence in the discharge of its duties:

- (i) The Depositary will be liable to the Company and the Shareholders for any loss suffered by them arising from the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the Depositary Agreement and/or the UCITS Regulations.
- (ii) The Depositary shall be liable to the Company and the Shareholders for the loss of financial instruments held in custody and in the event of such a loss, the Depositary shall return financial instruments of identical type or the corresponding amount to the Company without undue delay.
- (iii) To the extent permitted by the UCITS Regulations, the Depositary shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Depositary of its duties and obligations.
- (iv) The Shareholders may invoke the liability of the Depositary directly or indirectly through the Company, depending on the legal nature of the relationship between the Depositary and the Company and Shareholders provided that this does not lead to a duplication of redress or to unequal treatment of the Shareholders.
- (v) The Depositary's liability pursuant to the UCITS Regulations shall not be excluded or limited by agreement and the parties agree that any agreement that would purport to contravene this shall be void.

The Depositary 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 Depositary Agreement.

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

#### 14. **Additional Contracts**

In addition to the above, the Company 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 Company for which fees shall be charged at normal commercial rates and expenses are to be reimbursed.

#### 15. **General**

- The rights conferred on Shareholders by virtue of their shareholdings are governed by the Articles, the Prospectus, the relevant Supplement, the general law of Ireland, the UCITS Regulations and the Act.
- The material contracts referred to in paragraph 13 above may be obtained along with the Prospectus, Supplements, Articles and latest audited annual and semi-annual reports during normal business hours from the offices of the Company.

16. **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) or in an electronic format on a website designated by the Company for this purpose ([www.jkim.co.uk.com](http://www.jkim.co.uk.com) or such other website 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.

- this Prospectus
- once published, the latest annual and semi-annual reports of each Fund
- 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 Company in Ireland during normal business hours, on any Business Day:

- the Articles
- 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 Company for this purpose. In the event that the Company 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:

- this Prospectus
- once published, the latest annual and semi-annual reports of each Fund
- the Articles

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:

- the identity of the Depositary and a description of its duties and of conflicts of interest that may arise; and
- 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.

17. **Remuneration Policy**

The Company has a remuneration policy in place to ensure compliance with UCITS V and the ESMA Guidelines as required. This remuneration policy imposes remuneration rules on staff and senior management within the Company whose activities have a material impact on the risk profile of the Funds. The Directors will ensure that its remuneration policies and practices are consistent with sound and

effective risk management, will not encourage risk-taking which is inconsistent with the risk profile of the Funds and the Articles, and will be consistent with UCITS V. The Directors will ensure that the remuneration policy is at all times consistent with the business strategy, objectives, values and interests of the Company, the Funds and Shareholders, and includes measures to ensure that all relevant conflicts of interest may be managed appropriately at all times. Further details with regard to the remuneration policy are available at the following website: [www.jkim.co.uk](http://www.jkim.co.uk). The remuneration policy may be obtained free of charge on request from the Company.



## APPENDIX 1

### INVESTMENT AND BORROWING RESTRICTIONS

#### 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 may invest no more than 10% of its Net Asset Value in recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. This restriction will not apply in relation to investment by the Fund in certain U.S. securities known as Rule 144A securities provided that:
  - 2.2.1 the securities are issued with an undertaking to register with the U.S. Securities and Exchanges Commission within one year of issue; and
  - 2.2.2 the securities are not illiquid securities i.e. they may be realised by the Fund within seven days at the price, or approximately at the price, at which they are valued by the Fund.
- 2.3 A Fund may invest no more than 10% of its Net Asset Value in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
- 2.4 Subject to the prior approval of the Central Bank, the limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in an EU Member State and is subject by law to special public supervision designed to protect 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, must not exceed 10% of the Net Asset Value of a Fund. This limit may be raised to 20% in the case of deposits made with the Depository.

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

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

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

2.9.1 investments in transferable securities or money market instruments;

2.9.2 deposits, and/or

2.9.3 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, its local authorities, Non-Member States or public international bodies of which one or more EU Member States are members or by Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland, United States or any of the following:

- European Investment Bank
- European Bank for Reconstruction and Development
- International Finance Corporation
- International Monetary Fund
- Euratom
- The Asian Development Bank
- European Central Bank
- Council of Europe
- Eurofima
- African Development Bank
- International Bank for Reconstruction and Development (The World Bank)
- The Inter American Development Bank
- European Union
- Federal National Mortgage Association (Fannie Mae)
- Federal Home Loan Mortgage Corporation (Freddie Mac)
- Government National Mortgage Association (Ginnie Mae)
- Student Loan Marketing Association (Sallie Mae)
- Federal Home Loan Bank
- Federal Farm Credit Bank
- Tennessee Valley Authority
- Straight-A Funding LLC
- OECD Governments (provided the relevant issues are investment grade)
- Government of Brazil (provided the issues are of investment grade)
- Government of the People's Republic of China
- Government of India (provided the issues are of investment grade)
- 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 Company or by any other company with which the management company of the Company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the Fund's investment in the units of such other CIS.
- 3.5 Where a commission (including a rebated commission) is received by the Fund manager/investment 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:
  - 5.2.1 10% of the non-voting shares of any single issuing body;
  - 5.2.2 10% of the debt securities of any single issuing body;
  - 5.2.3 25% of the units of any single CIS;
  - 5.2.4 10% of the money market instruments of any single issuing body.

The limits laid down in 5.2.2, 5.2.3 and 5.2.4 above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.
- 5.3 5.1 and 5.2 shall not be applicable to:
  - 5.3.1 transferable securities and money market instruments issued or guaranteed by an EU Member State or its local authorities;
  - 5.3.2 transferable securities and money market instruments issued or guaranteed by a non-EU Member State;

- 5.3.3 transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members;
  - 5.3.4 shares held by a Fund in the capital of a company incorporated in a non-EU member state which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-EU Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6 and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed;
  - 5.3.5 Shares held by an investment company in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of shares at Shareholders' request exclusively on their behalf.
- 5.4 A Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
  - 5.5 The Central Bank may allow a recently authorised Fund to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six Months following the date of its authorisation, provided it observes the principle of risk spreading.
  - 5.6 If the limits laid down herein are exceeded for reasons beyond the control of a Fund, or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its Shareholders.
  - 5.7 A Fund may not carry out uncovered sales of: transferable securities; money market instruments; 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 (this provision may not be applied to Funds that calculate their global exposure using the VaR methodology as disclosed in the relevant Supplement).
- 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.

## **7. Borrowing**

- 7.1 A Fund may borrow up to 10% of its assets provided this borrowing is on a temporary basis.
- 7.2 A Fund may acquire foreign currency by means of a back-to-back loan agreement. Foreign currency obtained in this manner is not classed as borrowings for the purposes of the borrowing restrictions under Regulation 103(1) of the UCITS Regulations provided that the offsetting deposit (i) is denominated in the base currency of the Fund and (ii) equals or exceeds the value of the foreign currency loan outstanding.

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

## APPENDIX 2

### STOCK EXCHANGES AND REGULATED MARKETS

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 2, 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.

- (i) 1. All stock exchanges located in any Member State of the European Union, any Member State of the EEA, Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland and the United States of America on which transferable securities admitted to official listing are dealt in or traded.

in Argentina	Bolsa de Comercio de Buenos Aires Bolsa de Comercio de Cordoba Bolsa de Comercio de Rosario
in Bahrain	Bahrain Stock Exchange
in Bangladesh	Dhaka Stock Exchange Chittagong Stock Exchange
in Bermuda	Bermuda Stock Exchange
in Botswana	Botswana Stock Exchange
in Brazil	Bolsa de Valores do Rio de Janeiro  Bolsa de Valores de Sao Paulo
in Chile	Bolsa de Comercio de Santiago  Bolsa Electronica de Chile
in China	the Shanghai Stock Exchange the Shenzhen Stock Exchange
in Colombia	Bolsa de Bogota  Bolsa de Medellin Bolsa de Occidente
in Costa Rica	Bolsa Nacionalde Valores
in Croatia	the Zagreb Stock Exchange
in Ecuador	  Bolsa de Valores de Guayaquil Bolsa de Valores de Quito
in Egypt	Alexandria Stock Exchange Cairo Stock Exchange
in Ghana	Ghana Stock Exchange
in India	the National Stock Exchange the Mumbai Stock Exchange the Delhi Stock Exchange

	the Bangalore Stock Exchange
in Indonesia	the Jakarta Stock Exchange Surabaya Stock Exchange
in Israel	the Tel Aviv Stock Exchange
in the Ivory Coast	Bourse des Valeurs d'Abidjan  Bourse Regionale des Valeurs Mobilieres
in Kazakhstan	Central Asian Stock Exchange Kazakhstan Stock Exchange
in Kenya	Nairobi Stock Exchange
in Kuwait	Kuwait Stock Exchange
in Lebanon	Beirut Stock Exchange
in Malaysia	the Kuala Lumpur Stock Exchange
in Mauritius	Stock Exchange of Mauritius
in Mexico	Bolsa Mexicana de Valores
in Morocco	Societe de la Bourse des Valeurs de Casablanca
in Namibia	Namibian Stock Exchange
in Nigeria	Nigerian Stock Exchange
in Oman	Muscat Securities Market
in Pakistan	Islamabad Stock Exchange Karachi Stock Exchange Lahore Stock Exchange
in Peru	Bolsa de Valores de Lima
in Philippines	the Philippines Stock Exchange
in Russia	the Moscow Exchange
in Qatar	Doha Securities Market
in Serbia	Belgrade Stock Exchange
in Singapore	the Singapore Stock Exchange
in South Africa	the Johannesburg Stock Exchange
in South Korea	Korea Stock Exchange KOSDAQ Market
in Sri Lanka	Colombo Stock Exchange
in Taiwan (Republic of China)	the Taiwan Stock Exchange Corporation

in Thailand	the Stock Exchange of Thailand
in Trinidad & Tobago	Trinidad & Tobago Stock Exchange
in Tunisia	Bourse des Valeurs Mobilières de Tunis
in Turkey	the Istanbul Stock Exchange
in Ukraine	Ukrainian Stock Exchange
in Uruguay	Bolsa de Valores de Montevideo
in Venezuela	the Caracas Stock Exchange the Maracaibo Stock Exchange Venezuela Electronic Stock Exchange
in Vietnam	Ho Chi Minh City Securities Exchange Centre
in Zimbabwe	Zimbabwe Stock Exchange
in Zambia	Lusaka Stock Exchange

2. The following regulated markets:-

the markets organised by the International Securities Market Association;

NASDAQ in the United States;

NASDAQ Europe;

SESDAQ (the second tier of the Singapore Stock Exchange);

the market in US Government Securities conducted by primary dealers regulated by the Federal Reserve Bank of New York;

the OTC market in the United States regulated by the US Financial Industry Regulatory Authority, Inc. ("**FINRA**") also described as the OTC market in the United States conducted by primary and secondary dealers regulated by the Securities and Exchanges Commission and by FINRA and by banking institutions regulated by the US Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation;

the market conducted by the "listed money market institutions", as described in the FCA publication "The Investment Business Interim Prudential Sourcebook" (which replaces the "Grey Paper") as amended from time to time;

AIM – the Alternative Investment Market in the UK, regulated and operated by the London Stock Exchange;

the OTC market in Japan regulated by the Securities Dealers Association of Japan;

the French market for "Titres de Créance Négociable" (OTC market in negotiable debt instruments); and

the OTC market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada.



3. In addition to those markets listed above on which financial derivative instruments are traded, the following regulated derivatives markets:

All derivatives exchanges on which permitted financial derivative instruments may be listed or traded:

- in a Member State;
- in a Member State in the European Economic Area (the European Union, Norway, Iceland and Liechtenstein);
  - in Asia, on the
    - Bursa Malaysia Derivatives Berhad
    - Hong Kong Exchanges & Clearing;
    - Jakarta Futures Exchange;
    - Kuala Lumpur Options and Financial Futures Exchange;
    - National Stock Exchange of India;
    - Osaka Mercantile Exchange;
    - Osaka Securities Exchange;
    - Shanghai Futures Exchange (SHFE);
    - Singapore Commodity Exchange;
    - Singapore Exchange;
    - South Korea Futures Exchange;
    - South Korea Stock Exchange;
    - Stock Exchange of Thailand;
    - Taiwan Futures Exchange;
    - Taiwan Stock Exchange;
    - The Stock Exchange, Mumbai;
    - Tokyo International Financial Futures Exchange;
    - Tokyo Stock Exchange;
- in Australia, on the
  - Australian Stock Exchange;
  - Sydney Futures Exchange;

- in Brazil on the Bolsa de Mercadorias & Futuros (BM&F);
- in Israel on the Tel-Aviv Stock Exchange;
- in Mexico on the Mexican Derivatives Exchange (MEXDER)
- in South Africa on the South African Futures Exchange (Safex);
- in Switzerland on Eurex (Zurich)
- in the United States of America, on the
  - American Stock Exchange;
  - Chicago Board of Trade;
  - Chicago Board Options Exchange;
  - Chicago Mercantile Exchange;
  - Eurex US;
  - International Securities Exchange;
  - New York Futures Exchange;
  - New York Board of Trade;
  - New York Mercantile Exchange;
  - Pacific Stock Exchange;
  - Philadelphia Stock Exchange;
- in Canada on the
  - Bourse de Montreal;
  - Winnipeg Commodity Exchange (WCE).

for the purposes only of determining the value of the assets of a Fund, the term “Recognised Exchange” shall be deemed to include, in relation to any futures or options contract, any organised exchange or market on which such futures or options contract is regularly traded.

## APPENDIX 3

### FINANCIAL DERIVATIVE INSTRUMENTS AND EFFICIENT PORTFOLIO MANAGEMENT

#### Financial Derivative Instruments

The Financial Derivative Instruments which the Investment Manager may use on behalf of the Company and the expected effect of investment in such Financial Derivative Instruments on the risk profile of the Company are set out below. In addition, the attention of investors is drawn to the risks described under the headings “Derivatives”, “Options”, “Particular Risks of OTC Derivatives”, “Counterparty Risk”, “Valuation Risk” and “Short Selling” in the “Risk Factors” section of the Prospectus.

Where considered appropriate, the Company may invest in Financial Derivatives Instruments and/or utilise other techniques and instruments, for investment purposes, for efficient portfolio management, to gain currency exposure and/or to protect against foreign exchange risks, subject to the conditions and within the limits laid down by the Central Bank.

In general, these Financial Derivative Instruments and other techniques and instruments include: swaps, futures, currency forwards, options and contracts for difference (“CFD”).

The Company will typically use these instruments and/or techniques as described below and under the “Investment Policy” section in the relevant Supplement for hedging as well as investment purposes, provided that in each case the use of such instruments:

- (i) is in accordance with the limits and guidelines issued by the Central Bank from time to time;
- (ii) does not contravene pertinent EU and Irish legislations and law;
- (iii) will not result in an exposure to underlyings to which the Company cannot have a direct exposure;
- (iv) will not cause the Fund to diverge from its investment objective.

Financial Derivative Instruments can be used in the Funds as follows:

#### **Swaps**

Subject to the above conditions, the Funds may use swap agreements (swaps) where the swap counterparties agree to exchange the proceeds (including or excluding capital gains/losses) of a reference asset such as a deposit, financial security, money market instrument, units/shares of collective investment schemes, FDI, financial index or security or index basket against the proceeds of any other such reference asset.

Generally, a swap is a contractual agreement between two counterparties in which the cash flows from two reference assets are exchanged as they are received for a predetermined time period, with the terms initially set so that the present value of the swap is zero. Swaps may extend over substantial periods of time, and typically call for the making of payments on a periodic basis. In most swap contracts, the notional principal of the swap is not exchanged but is used to calculate the periodic payments. Swaps are usually traded OTC.

Interest rate swaps involve the exchange by a Fund with another party of their respective commitments to make or receive interest payments (e.g. an exchange of fixed rate payments for floating rate payments). On each payment date under an interest rate swap, the net payments owed by each party are paid by one party to the other. Currency swaps are agreements between two parties to exchange future payments in one currency for payments in another currency. These agreements are used to transform the currency denomination of assets and liabilities. Unlike interest rate swaps, currency swaps must include an exchange of principal at maturity.

Where specified in the investment policy, a Fund may enter into Total Return Swaps with an approved bank. The investment policy of the Fund will specify the “underlying strategy and the composition of the

investment portfolio or index". A Total Return Swap is a contract in which one party receives interest payments on a reference asset, plus any capital gains and losses accrued on the underlying position over the payment period, while the other receives a specified fixed or floating cash flow unrelated to the credit worthiness of the reference asset. The payments are usually based on the same notional amount. The interest payments are usually based on floating rates (LIBOR) with a spread added according to the agreement between the parties. The reference asset may be any asset, instrument, index, or basket of assets or instruments of indices. The Total Return Swap allows one party to derive the economic benefit of owning an asset or index without buying directly into that asset or index. Total return swaps can be "funded" or "unfunded". In a funded Total Return Swap the Fund will pay the principal to the counterparty whereas in an unfunded swap the principal will not be paid. Unfunded Total Return Swaps are also referred to as excess return swaps. Details of any specific counterparties to any Total Return Swaps shall be included in the Company's semi-annual and annual reports. From time to time, the counterparties may be related parties to the Depository or other service providers of the Company which may on occasion cause a conflict of interest with the role of the Depository or other service provider in respect of the Company. Please refer to the section "Conflicts of Interest" for further details on the conditions applicable to any such related party transactions. The identity of any such related parties will be specifically identified in the Company's semi-annual and annual reports.

A credit default swap is a type of credit derivative which allows one party (the "protection buyer") to transfer credit risk of a reference entity (the "reference entity") to one or more other parties (the "protection seller"). The protection buyer pays a periodic fee to the protection seller in return for protection against the occurrence of a number of events experienced by the reference entity. Credit default swaps may be used in a Fund to purchase protection against the default of individual assets held by the Fund or against a security which the Fund does not hold but in anticipation of a worsening in that issuer's credit position. Protection may also be sold under a credit default swap in anticipation of a stable or improving credit position. Each Fund may enter into credit default swaps either individually or in combinations as part of a relative value trade, whereby protection is purchased and sold respectively on two assets in order to remove the general market exposure but retain the credit specific exposure. Each Fund may also enter into credit default swaps on baskets of credits or indices, provided such baskets or indices have been cleared in advance by the Central Bank.

Swaps are entered into for various reasons. Currency swaps can be used to transform the exposure to one currency against the exposure to another currency. This can be done for hedging purposes as well as gaining exposure to another currency. Equity swaps are typically entered into for gaining exposure to certain reference assets in order to avoid transaction costs (including tax), to avoid locally based dividend taxes, or to get around rules governing the particular type of an investment that a Fund can hold. They can also be used for hedging purposes.

## **Futures**

The Funds may, subject to the above conditions, buy or sell exchange-traded futures (contracts) whose underlyings are relevant equities or equity indices and which are compliant with the investment objective and policies of the Fund.

Futures are contracts to buy or sell a standard quantity of a specific asset (or, in some cases, receive or pay cash based on the performance of an underlying asset, instrument or index) at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange.

The commercial purpose of futures contracts can be to allow investors to hedge against market risk or gain exposure to the underlying market. Since these contracts are marked-to-market daily, investors can, by closing out their position, exit from their obligation to buy or sell the underlying assets prior to the contract's delivery date. Using futures to achieve a particular strategy instead of using the underlying or related security or index may result in lower transaction costs being incurred.

## **Forward Foreign Exchange Contracts**

The Funds may enter into forward currency contracts to purchase or sell a specific currency at a future date at a price set at the time of the contract. FX forwards may be used to hedge the currency exposures of securities denominated in a currency other than the base currency of a Fund, to hedge against changes in interest and currency rates which may have an impact on a Fund, to hedge the currency exposures of non-

base currency share classes and to gain exposure to currencies other than the base currency. The Funds may use one currency (or a basket of currencies) to hedge against adverse changes in the value of another currency (or a basket of currencies) when exchange rates between the two currencies are positively correlated. The forwards in which the Funds may enter into can be deliverable or non-deliverable forwards.

## **Options**

Subject to the above conditions, the Funds may buy or sell (write) exchange-traded or OTC put and call options whose underlyings are relevant assets, instruments (such as equity securities or futures) or indices in respect of the investment policies of the Fund.

An option is a contract which gives the contract buyer the right, but not the obligation, to exercise a feature of the option, such as buying a specified quantity of a particular product, asset or financial instrument, on, or up to and including, a future date (the exercise date). The 'writer' (seller) has the obligation to honour the specified feature of the contract. Since the option gives the buyer a right and the seller an obligation, the buyer pays the seller a premium. Put options are contracts that give the option buyer the right to sell to the seller of the option the underlying product or financial instrument at a specified price on, or before, the exercise date. Call options are contracts that give the option buyer the right to buy from the seller of the option the underlying product or financial instrument at a specified price on, or before, the exercise date. Options may also be cash settled.

The commercial purpose of options can be to hedge against the movements of a particular market or financial instrument or to gain exposure (either long or short) to a particular market or financial instrument instead of using a physical security.

## **Warrants**

The Funds 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 either an equity, bond or an index.

## **Contracts for Difference (“CFD”)**

The Funds may enter into contracts for differences (CFD) mainly for investment purposes, subject to the above conditions, as a replacement for direct investment in transferable securities in order to avail of cost or liquidity advantages of Financial Derivative Instruments over transferable securities. CFD are also utilised to obtain synthetic short exposures to particular issuers. CFD allow a direct exposure to the market, a sector or an individual security. CFD are used to gain exposure to share price movements without buying the shares themselves. A CFD on a company's shares will specify the price of the shares when the contract was started. The contract is an agreement to pay out cash on the difference between the starting share price and the price when the contract is closed.

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. CFD are OTC Financial Derivative Instruments and the counterparty will usually be an investment bank or broker.

## Efficient Portfolio Management

### *General*

The Company on behalf of a Fund may employ techniques and instruments relating to transferable securities, Money Market Instruments and/or other financial instruments in which it invests for efficient

portfolio management purposes, a list of which (if any) shall be set out in the relevant Supplement. Use of such techniques and instruments should be in line with the best interests of Shareholders and will generally be made for one or more of the following reasons:

- (a) the reduction of risk;
- (b) the reduction of cost; or
- (c) the generation of additional capital or income for the relevant 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 UCITS 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 supplementary risks not covered in this Prospectus. Please refer to the section of this Prospectus entitled "Risk Factors; EPM Risk" for more details. The risks arising from the use of such techniques and instruments shall be adequately captured in the Company's risk management process.

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

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

#### Securities 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.

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. Repurchase agreements are a type of securities lending transaction 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.

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 should 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 efficient portfolio management 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 Company from time to time. Such fees and expenses of any repurchase/reverse repurchase agreements counterparties and/or securities lending agents engaged by the Company, which will be at normal commercial rates together with VAT, if any, thereon, will be borne by the Company 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 Company from time to time shall be included in the Company's semi-annual and annual reports.

From time to time, a Fund may engage repurchase/reverse repurchase agreements counterparties and/or securities lending agents that are related parties to the Depositary or other service providers of the Company. Such engagement may on occasion cause a conflict of interest with the role of the Depositary or other service provider in respect of the Company. Please refer to the section of this 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 Company'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 UCITS Regulations respectively.

Please refer to the "Risk Factors" section 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 Company's risk management process.

### **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.

While the Company will conduct appropriate due diligence in the selection of counterparties, including consideration of the legal status, country of origin, credit rating and minimum credit rating (where relevant), 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.

### **Collateral Policy**

In the context of efficient portfolio management 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 Company's collateral policy outlined below.

#### **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.

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

Risks linked to the management of collateral, such as operational and legal risks, shall be identified, managed and mitigated by the Company's risk management process. A Fund receiving collateral for at least 30 per cent 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 margin) and the requirements outlined in the Central Bank Rules.

All assets received by a Fund in the context of Securities Financing Transactions shall be considered as collateral and must comply with the terms of the Company's collateral policy. Any non-cash assets received by the Fund from a counterparty on a title transfer basis (whether in respect of a Securities Financing Transaction, an OTC derivative transaction or otherwise) shall be held by the Depositary or a duly appointed sub-custodian. 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 counterparty other than on a title transfer basis shall be held by the Depositary or a duly appointed sub-custodian.

#### Collateral

Collateral received from a counterparty for the benefit of a Fund may be in the form of cash or non-cash assets 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. There are no restrictions on maturity provided the collateral is sufficiently liquid.

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 Company. Subject to any agreement on valuation made with the counterparty, collateral posted to a recipient counterparty will be valued daily at mark-to-market value.

The Investment 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 Investment Manager has determined that generally if issuer or issue credit quality of the collateral is not of the necessary quality or the collateral carries a significant level of price volatility with regard to residual maturity or other factors, a conservative haircut must be applied in accordance with more specific guidelines as will be maintained in writing by the Investment Manager on an ongoing basis. 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 1 to the Prospectus.

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

#### Cash collateral

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

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



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 section of the Prospectus entitled "Risk Factors" for more details.

#### **Collateral – posted by a 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 Fund.