

**ICG UCITS Funds (Ireland) p.l.c.**

An open-ended umbrella investment company  
with variable capital and segregated liability between sub-funds  
incorporated with limited liability in Ireland  
under the Companies Act 2014  
with registration number 523039

**PROSPECTUS**

Dated 10 October 2016

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## 1. IMPORTANT INFORMATION

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### 1.1 Reliance on this Prospectus and KIID Access

Any information or representation not contained in this Prospectus or given or made by any broker, salesperson or other person should be regarded as unauthorised by the Company and should accordingly not be relied upon.

In deciding whether to invest in the Company, investors should rely on information in this Prospectus, the relevant KIID and the relevant Fund'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 any Fund of the Company shall under any circumstances constitute a representation that the affairs of the Company or any Fund have not changed since the date hereof. This Prospectus will be updated 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.

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

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

### 1.2 Central Bank Authorisation

**The 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 any Fund of the Company. The authorisation of the Company is not an endorsement or guarantee of the**

**Company by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus.**

### **1.3 Irish Stock Exchange Listing**

Application will be made to the Irish Stock Exchange if the Shares issued and to be issued by a Fund are to be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange as disclosed in the relevant Supplement. This Prospectus and the applicable Supplement will together comprise listing particulars for the purpose of such application.

Neither the admission of the Shares to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange nor the approval of this Prospectus pursuant to the listing requirements of the Irish Stock Exchange shall constitute a warranty or representation by the Irish Stock Exchange as to the competence of the service providers to or any other party connected with the Company, the adequacy of information contained in this Prospectus or the suitability of the Company for investment purposes.

The launch and listing of various Classes of Shares within the Funds may occur at different times and therefore, at the time of the launch of a Class of Shares, the pool of assets to which such Class relates may have commenced trading. For further information in this regard, the most recent interim and annual reports of the Company will be made available to potential investors upon request. Investors should contact the Distributor to determine which classes in each Fund are available for subscription and/or listed on the Irish Stock Exchange at any particular time.

### **Segregated Liability**

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

### **1.4 Responsibility**

The Directors (whose names appear under the heading “Management of the Company – Directors” below) accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

### **1.5 Prospectus/ Supplements**

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

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

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

It is intended, but not guaranteed, to register the Shares of the Company for sale in the following jurisdictions:

Denmark, Sweden, Norway, Finland, France, Germany, the Netherlands, Luxembourg, Spain, Australia, the United Arab Emirates, Saudi Arabia, Korea, Japan, Singapore and Hong Kong.

However, it is important to note that 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 so receive it. 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 Company may reject any application in whole or in part without giving any reason for such rejection in which event the subscription monies or any balance thereof will be returned without interest, expenses or compensation to the applicant by transfer to the applicant's designated account or by post at the applicant's risk. For further details, please refer to the section of this Prospectus entitled "Share Dealings; Ownership Restrictions."

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

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

#### *United States of America*

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

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

### **1.7 Translations**

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

### **1.8 Risk Factors**

**Some of the Funds may use financial derivative instruments for investment purposes. While the prudent use of such derivatives can be beneficial, derivatives also involve risks different from, and in certain cases, greater than, the risks presented by more traditional investments. Structured derivative transactions are complex and will involve a high degree of loss.**

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

### **1.9 Suitability of Investment**

**As the price of Shares in each Fund may fall as well as rise, the Company shall not be a suitable investment for an investor who cannot sustain a loss on his investment. As target investor profile may be dependent on specific elements relating to a particular Fund, details in relation to the profile of a typical investor will be set out in the Supplement for the relevant Fund.**

**As the price of Shares in each Fund may fall as well as rise, the Company shall not be a suitable investment for an investor who cannot sustain a loss on his investment. A typical investor will be seeking to achieve a return on his investment in the medium to long term.**

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

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

No Fund in this Prospectus is intended as a complete investment plan, nor are all Funds appropriate for all investors. Before investing in a Fund, each prospective investor should read the Prospectus and should understand the risks, costs and terms of investment in that Fund. In particular, investors should read and consider the section of this Prospectus entitled "Risk Factors" before investing in the Company.

#### **1.10 Repurchase Charge and Anti-Dilution Levy**

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

**Upon the recommendation of the Investment Manager, an Anti-Dilution Levy may be imposed by the Directors in the case of net subscriptions and/or net repurchases on a transaction basis as a percentage adjustment (to be communicated to the Administrator) on the value of the relevant subscription/repurchase calculated for the purposes of determining a subscription price or Repurchase Price to reflect the impact of duties and charges and other dealing costs relating to the acquisition or disposal of assets and to preserve the value of the underlying assets of the relevant Fund where they consider such a provision to be in the best interests of the Fund.**

**The difference at any one time between the subscription price (to which may be added a Preliminary Charge) and the Repurchase Price (from which may be deducted a Repurchase Charge) and the possible imposition of an Anti-Dilution Levy means that an investment should be viewed as medium to long-term.**

#### **1.11 Pricing Errors**

It is possible that errors may be made in the calculation of the Net Asset Value. In determining whether compensation will be payable to a Fund and/or individual Shareholders as a result of such errors, the Company will have regard to the guidelines in this regard issued by the Irish Funds Industry Association. These guidelines apply a materiality threshold to the level of the pricing error for the purposes of determining whether compensation should be considered, and the guidelines also set out guidance on circumstances where a pricing error does not merit compensation. In this context, the materiality threshold currently applied by the Company is 0.5% of Net Asset Value, which reflects, in the opinion of the Directors, general market practice at the date of this Prospectus. As such, and subject on each occasion to the approval of the Depositary, compensation will generally not be payable for errors where the effect on the relevant Fund's Net Asset Value is below the materiality threshold. There may however be circumstances when the Directors or Depositary consider it appropriate for compensation to be paid notwithstanding that the impact of the error was below the materiality threshold. Conversely, in the case of errors above the materiality threshold, where there is fault on the part of the Company or its service providers, compensation will generally be payable, with any decision not to pay compensation in such circumstances requiring the approval of the Directors and also the Depositary. The Central Bank has not set any requirements in this regard and the Central Bank's approval of this Prospectus should not be

interpreted as an endorsement of what is a market practice, rather than a legislative or regulatory requirement.

#### **1.12 Governing Law**

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

#### **1.13 Headings and Numbering**

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

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## 2. DEFINITIONS

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**Accounting Period** means a period ending on 31 March of each year or such other date as the Directors may from time to time decide;

**Administration Agreement** means the agreement made between the Company and the Administrator dated 27 August 2013, as novated by way of a deed of novation 11 March 2016, as may be amended or supplemented from time to time in accordance with the Central Bank Rules pursuant to which the latter was appointed as administrator of the Company;

**Administrator** means GlobeOp Financial Services (Ireland) Limited or any successor thereto duly appointed in accordance with the Central Bank Rules as the administrator to the Company;

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

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

**Articles** means the memorandum and articles of association of the Company as amended from time to time in accordance with the Central Bank Rules;

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

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

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

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

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

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

**Class(-es)** means the class or classes of Shares relating to a Fund where specific features with respect to preliminary, exchange, repurchase or contingent deferred sales charge, minimum subscription amount, dividend policy, voting rights, service provider fees or other specific features may be applicable. The details applicable to each Class will be described in the relevant Supplement;



**Companies Act** means the Companies Act 2014 and every amendment or re-enactment of the same, including any regulations issued pursuant thereto, insofar as they apply to open-ended investment companies with variable capital;

**Company** means ICG UCITS Funds (Ireland) p.l.c.;

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

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

**Dealing Day** means, in respect of each Fund, each Business Day on which subscriptions for, repurchases of and exchanges of relevant Shares can be made by the Company as specified in the Supplement for the relevant Fund and/or such other Dealing Days as the Directors shall determine in exceptional circumstances and notify to Shareholders in advance, provided that there shall be at least two Dealing Days in each Month (with at least one Dealing Day per fortnight of the relevant Month);

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

**Depository** means Citi Depository Services Ireland Limited or any successor thereto duly appointed with the prior approval of the Central Bank as the depository of the Company in accordance with the UCITS Requirements;

**Depository Agreement** means the amended and restated agreement made between the Company and the Depository dated 10 October 2016, as novated by way of a deed of novation dated 6 November 2015, as may be amended or supplemented from time to time in accordance with the Central Bank Rules, pursuant to which the latter was appointed depository of the Company;

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

**Distribution Agreement** means the agreement made between the Company and the Distributor dated 27 August 2013 as may be amended or supplemented from time to time in accordance with the requirements of the Central Bank pursuant to which the latter was appointed distributor of the Company;

**Distributor** means, unless specifically stated otherwise in the Supplement for the relevant Fund, Intermediate Capital Managers Limited or any successor thereto duly appointed in accordance with the requirements of the Central Bank as a distributor to the Company;

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

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

- (i) a Relevant Institution;
- (iii) 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.

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

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

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

**Exempt Irish Shareholder** means

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

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

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

**FATCA** means (a) sections 1471 to 1474 of the U.S. Internal Revenue Code 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;

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

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

**Initial Issue Price** means the price (excluding any Preliminary Charge) per Share at which Shares are initially offered in a Fund during the Initial Offer Period as specified in the Supplement for the relevant Fund;

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

**Investment Account** means (i) a separate temporary investment account or (ii) a separate disinvestment account as described in further detail under "Subscription for Shares";

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

**Investment Management Agreement** means the agreement made between the Company and the Investment Manager dated 27 August 2013 as may be amended or supplemented from time to time in accordance with the requirements of the Central Bank pursuant to which the latter was appointed investment manager of the Company;

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

**Investment Manager** means, unless specifically stated otherwise in the Supplement for the relevant Fund, Intermediate Capital Managers Limited or any successor thereto duly appointed in accordance with the requirements of the Central Bank as the investment manager to the Company;

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

**Irish Resident** means any person resident in Ireland or ordinarily resident in Ireland other than an Exempt Irish Shareholder;

**Irish Stock Exchange** means the Irish Stock Exchange Limited;

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

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

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

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

**Minimum Repurchase Amount** means such minimum number or minimum value of Shares of any Class

as the case may be (if any) which may be repurchased at any time by the Company and as such is specified in the Supplement for the relevant Fund;

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

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

**Money Market Instruments** means instruments normally dealt in on the money markets which are liquid, and have a value which can be accurately determined at any time;

**Month** means a calendar month;

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

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

**Ordinarily Resident in Ireland** means an individual who has been resident in Ireland for three consecutive tax years (who thus becomes ordinarily resident with effect from the commencement of the fourth tax year). An individual who has been ordinarily resident in Ireland ceases to be ordinarily resident at the end of the third consecutive tax year in which that individual is not resident in Ireland;

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

**Preliminary Charge** means the charge, if any, payable to the Company or its delegate on subscription for Shares as described under "Share Dealings – Subscription for Shares – General" and specified in the relevant Supplement;

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

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

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

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

**Repurchase Charge** means the charge, if any, to be paid out of the Repurchase Price which Shares may be subject to, as described under "Share Dealings - Repurchase of Shares" and specified in the relevant Supplement;

**Repurchase Price** means the price at which Shares are repurchased, as described under "Share Dealings - Repurchase of Shares- General" and as may be specified in the relevant Supplement;

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

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

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

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

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

**State** means the Republic of Ireland;

**Sub-Investment Manager** means such entity as may from time to time in accordance with the Central Bank Rules, be appointed to act as sub-investment manager to any particular Fund as more fully set out in the relevant Supplement;

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

**Subscriptions/Redemptions Account** means the account in the name of the Company through which subscription monies and redemption proceeds and dividend income (if any) for each Fund are channelled, the details of which are specified in the Application Form.

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

**Transferable Securities** means:

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

**UCITS** means an undertaking for collective investment in transferable securities which is authorised under the Regulations or authorised by a competent authority in another member state of the European Union in accordance with Directive 2009/65/EC of the European Parliament and of the Council, as amended, supplemented, consolidated or otherwise modified from time to time;

**UCITS Requirements** means 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 or otherwise;

**UCITS IV** means 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** means Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014

amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities as regards depositary functions, remuneration and sanctions as amended from time to time and including any supplementing European Commission delegated regulations in force from time to time;

**United States** and **U.S.** means the United States of America (including the States, the District of Columbia and the Commonwealth of Puerto Rico), its territories, possessions and all other areas subject to its jurisdiction;

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

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

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

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## 3. FUNDS

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### 3.1 Structure

The Company is an open-ended investment company with variable capital and segregated liability between Funds incorporated in Ireland on 29 January, 2013 under the Companies Act with registration number 523039.

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

The Company is structured as an umbrella fund consisting of different Funds, each comprising one or more Classes.

The assets of each Fund will be invested separately on behalf of each Fund in accordance with the investment objective and policies of each Fund. The investment objective and policies and other details in relation to each Fund are set out in the relevant Supplement. At the date of this Prospectus, the Company has established one initial Fund:

#### ICG High Yield Fund

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

Shares may be issued in Classes within each Fund. Classes of Shares in each Fund may differ as to certain matters including currency of denomination, hedging strategies if any applied to a particular Class, dividend policy, fees and expenses charged or the Minimum Initial Investment Amount, Minimal Additional Investment Amount, Minimum Shareholding, and Minimum Repurchase Amount. The Classes of Shares available for subscription shall be set out in the relevant existing Supplement. A separate pool of assets shall not be maintained in respect of each Class. Additional Classes in respect of which a Supplement or Supplements will be issued may be established by the Directors and notified to and cleared in advance with the Central Bank or otherwise must be created in accordance with the Central Bank Rules. Separate books and records will be maintained for each Fund but not for each Class. The Base Currency of a Fund will be as set out in the relevant Supplement.

### 3.2 Investment Objective and Policies

The assets of each Fund will be invested separately in accordance with the investment objectives and policies of the Fund. The specific investment objective and policies of each Fund will be set out in the relevant Supplement and will be formulated by the Directors at the time of creation of the relevant Fund. In the absence of unforeseen circumstances and where it is intended that Shares of a Fund will be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange, the investment objective and policies of such Fund will be adhered to for a minimum of three years following admission of the Shares to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange

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

Pending investment of the proceeds of a placing or offer of Shares or where market or other factors so warrant, a Fund's assets may be invested in such ancillary liquid assets as provided for in the relevant Supplement.

### **3.3 Investment Restrictions**

The investment and borrowing restrictions applying to the Company and each Fund are set out in Appendix I. Each Fund may also hold ancillary liquid assets.

The Directors may impose further restrictions in respect of any Fund as shall be outlined in the relevant Supplement.

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

It is intended that the Company shall have the power (subject to the prior approval of the Central Bank) to avail itself of any change in the investment and borrowing restrictions specified in the Regulations which would permit investment by a Fund in securities, derivative instruments or in any other forms of investment in which investment is at the date of this Prospectus restricted or prohibited under the Regulations. Any changes to the investment or borrowing restrictions will be disclosed in an updated Prospectus and subject to the relevant Shareholder approval if appropriate pursuant to section 3.2. above.

### **3.4 Borrowing Powers**

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

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

### **3.5 Cross-Investment**

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

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

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



## **3.6 Efficient Portfolio Management**

### **3.6.1 General**

At the discretion of the Directors and in accordance with the requirements of the Central Bank Rules, a fund may use financial derivative instruments ("**FDIs**") for investment purposes. Details of the investment policy will be set out in the relevant Supplement in accordance with the requirements of the Central Bank. In addition, 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. Accordingly, the Company (and each of its Funds) may enter into sales and repurchase agreements (repos), stocklending agreements, stockborrowing agreements or contracts for differences with one or more counterparties in accordance with the Central Bank Rules.

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 Regulations.

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

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

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 Company may (but is not obliged) to seek to mitigate this exchange rate risk by using FDI.

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

### **3.6.3 Risk Management Process**

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

### **3.6.4 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.

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

A Fund may use repurchase agreements, reverse repurchase agreements and/or securities lending agreements in accordance with normal market practice and the Central Bank Rules. Repurchase agreements are transactions in which one party sells a security to the other party with a simultaneous agreement to repurchase the security at a fixed future date at a stipulated price reflecting a market rate of interest unrelated to the coupon rate of the securities. A reverse repurchase agreement is a transaction whereby a Fund purchases securities from a counterparty and simultaneously commits to resell the securities to the counterparty at an agreed upon date and price.

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 recallable 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 repurchase/reverse repurchase agreements and securities lending shall be returned to the relevant Fund following the deduction of any direct and indirect operational costs and fees arising. Such direct and indirect operational costs and fees (which are all fully transparent), which shall not include hidden revenue, shall include fees and expenses payable to repurchase/reverse repurchase agreements counterparties and/or securities lending agents engaged by the 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 subject to the conditions and limits set out in the Central Bank Rules. 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 5.8 "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 Regulations respectively.

### **3.7 Collateral Policy**

In the context of efficient portfolio management techniques and/or the use of FDI for hedging or investment purposes, collateral may be received from a counterparty for the benefit of a 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.

#### **3.7.1 Collateral – received by the Fund**

Collateral posted by a counterparty for the benefit of a Fund may be taken into account as reducing the

exposure to such counterparty. Each Fund will require receipt of the necessary level of collateral so as to ensure counterparty exposure limits are not breached. Counterparty risk may be reduced to the extent that the value of the collateral received corresponds with the value of the amount exposed to counterparty risk at any given time.

Risks linked to the management of collateral, such as operational and legal risks, shall be identified, managed and mitigated by the Company's risk management process. A Fund receiving collateral for at least 30% of its assets should have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy will at least prescribe the components set out in Regulation 24 paragraph (8) of the Central Bank Regulations.

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

All assets received by a Fund in the context of repurchase/reverse repurchase agreements and securities lending shall be considered as collateral and must comply with the terms of the Company's collateral policy and with Regulation 24 paragraphs (11) and (12) of the Central Bank Regulations.

#### 3.7.1.1 Collateral

Collateral received must, at all times, meet with the specific criteria outlined in the Central Bank Regulations, in particular, 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 I to the Prospectus.

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

#### 3.7.1.2 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 this Prospectus entitled "Risk Factors; Reinvestment of Cash Collateral Risk" for more details.

### 3.7.2 Collateral – posted by the Fund

Collateral posted to a counterparty by or on behalf of the Fund must be taken into account when

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

### **3.8 Hedged Classes and Assets**

The Company may (but is not obliged to) enter into certain currency-related transactions in order to hedge the currency exposure of the assets of a Fund attributable to a particular Class into the currency of denomination of the relevant Class for the purposes of efficient portfolio management.

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

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

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

### **3.9 Dividend Policy**

The dividend policy and information on the declaration and payment of dividends for each Fund will be specified in the relevant Supplement. The Articles of the Company empower the Directors to declare dividends in respect of any Shares in the Company out of the net income of the Company (i.e. income less expenses) (whether in the form of dividends, interest or otherwise) and net realised and unrealised gains (i.e. realised and unrealised gains net of all realised and unrealised losses), subject to certain adjustments.

Any dividends paid which are not claimed or collected within six years of payment shall revert to and form part of the assets of the relevant Fund.

Any dividends payable to Shareholders will be paid by electronic transfer to the relevant Shareholder's bank account of record on the initial Application Form in the currency of denomination of the relevant Class of Shares in accordance with the details set out in the relevant Fund Supplement.

Any dividends payable to Shareholders will normally be paid in the denominated currency of the relevant Class. If however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction will be arranged by the Administrator (at its discretion) at prevailing exchange rates on behalf of and for the account, risk and expense of the Shareholder.

This section should be read in conjunction with the Dividend Policy section in the relevant Supplement

where appropriate.

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

The Net Asset Value per Share for each Class shall be made available on the internet at [www.bloomberg.com](http://www.bloomberg.com) or such other website as the Investment Manager may notify to Shareholders in advance from time to time and updated following each calculation of the Net Asset Value. In addition, the Net Asset Value per Share for each Class may be obtained from the office of the Administrator during normal business hours in Ireland and the Net Asset Value for each Class of Shares listed on the Irish Stock Exchange will be notified without delay upon calculation to the Irish Stock Exchange.

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.

### **3.11 Use of a Subscriptions/Redemptions Account**

The Company operates a single, omnibus Subscriptions/Redemptions Account for all of the Funds, in accordance with the Central Bank's requirements relating to umbrella fund cash accounts. Accordingly, monies in the Subscriptions/Redemptions Account are deemed assets of the respective Funds 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 the Company's cash flows in accordance with its obligations as prescribed under UCITS V. There nonetheless remains a risk for investors to the extent that monies are held by the Company in the Subscriptions/Redemptions Account for the account of a Fund at a point where such Fund (or another Fund of the Company) 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 Company.

The Company in conjunction with Depositary shall establish a policy to govern the operation of the Subscriptions/Redemptions Account, in accordance with the Central Bank's guidance in this area. This policy shall be reviewed by the Company and the Depositary at least annually.

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## 4. RISK FACTORS

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### 4.1 General

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

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

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

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

As the price of Shares in each Fund may fall as well as rise, the Company shall not be a suitable investment for an investor who cannot sustain a loss on his investment. A typical investor will be seeking to achieve a return on his investment in the medium to long term. As target investor profile may also be dependent on specific elements relating to a particular Fund, further details in relation to the profile of a typical investor will be set out in the Supplement for the relevant Fund.

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

The possible imposition of a Repurchase Charge and/or an Anti-Dilution Levy, and the difference at any one time between the sale and repurchase price of Shares in a Fund, means that an investment should be viewed as medium to long term.

### 4.2 Investment Risks

#### 4.2.1 **General Investment Risk**

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

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

#### 4.2.2 **Credit Risk**

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

Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a lower credit rating are generally considered

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

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

#### **4.2.3 Changes in Interest Rates Risk**

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

#### **4.2.4 Currency Risk**

*Currency Exchange Rates:* Currency exchange rates may fluctuate significantly over short periods of time causing, along with other factors, a Fund's Net Asset Value to fluctuate as well. Currency exchange rates generally are determined by the forces of supply and demand in the currency exchange markets and the relative merits of investments in different countries, actual or anticipated changes in interest rates and other complex factors, as seen from an international perspective. Currency exchange rates also can be affected unpredictably by intervention or failure to intervene by governments or central banks or by currency controls or political developments throughout the world. To the extent that a substantial portion of a Fund's total assets, adjusted to reflect a Fund's net position after giving effect to currency transactions, is denominated in the currencies of particular countries, the Fund will be more susceptible to the risk of adverse economic and political developments within those countries.

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

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

*Currency and Interest Rate Hedging:* A Fund may enter into currency or interest rate exchange transactions and/or use derivatives to seek to protect against fluctuation in the relative value of its portfolio positions as a result of changes in currency exchange rates or interest rate of specific securities transactions or anticipated securities transactions. Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency or interest rate, they also limit any potential gain that might be realised should the value of the hedged currency or interest rate increase. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. The successful execution of a hedging strategy which matches exactly the

profile of the investments of any Fund cannot be assured. It may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the assets from the anticipated decline in value of the portfolio positions as a result of such fluctuations. Performance of a Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by a Fund may not correspond with the securities positions held.

#### **4.2.5 Currency Transactions**

A Fund may engage in a variety of currency transactions. In this regard, spot and forward contracts and over-the-counter options are subject to the risk that counterparties will default on their obligations. Since a spot or forward contract or over-the-counter option is not guaranteed by an exchange or clearing house, a default on the contract would deprive a fund of unrealised profits, transaction costs and the hedging benefits of the contract or force a fund to cover its purchase or sale commitments, if any, at the current market price. To the extent that a Fund is fully invested in securities while also maintaining currency positions, it may be exposed to greater combined risk. The use of currency transactions is a highly specialised activity which involves investment techniques and risks different from those associated with ordinary Fund securities transactions. If the Investment Manager is incorrect in its forecasts of market values and currency exchange rates, the investment performance of the Fund would be less favourable than it would have been if this investment technique were not used.

A Fund may incur costs in connection with conversions between various currencies. Currency exchange dealers realise a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to a Fund at one rate, while offering a lesser rate of exchange should the Fund sell to the dealer.

#### **4.2.6 Share Currency Designation Risk**

As discussed above, the Company may from time to time in its sole discretion, and without notice to the Shareholders, issue multiple hedged Classes of Shares which are designated in a currency other than the Base Currency of a Fund. In order that investors in any hedged Classes receive a return in the applicable currency substantially in line with the investment objectives of the Fund, the relevant Investment Manager may seek to hedge the foreign currency exposure of such interests through foreign exchange hedging. There can be no assurance that foreign exchange hedging will be effective. For example, foreign exchange hedging may not take into account the changes in foreign currency exposure resulting from appreciation or depreciation of the assets of a Fund allocable to hedged Classes in the periods between Business Days of the relevant Fund. In addition, foreign exchange hedging may not fully protect investors from a decline in the value of the Base Currency against the relevant Class currency because, among other reasons, the valuations of the underlying assets of the Fund used in connection with foreign exchange hedging could be materially different from the actual value of such assets at the time the foreign exchange hedging is implemented, or because a substantial portion of the assets of the Fund may lack a readily ascertainable market value. Moreover, while holding Shares of a hedged Class may protect investors from a decline in the value of the Base Currency against the relevant class currency, investors in a hedged Class will not generally benefit when the Base Currency appreciates against the relevant class currency. The value of Shares of any hedged Class will be exposed to fluctuations reflecting the profits and losses on, and the costs of, the foreign exchange hedging.

Any foreign exchange hedging utilised by a Fund for a hedged Class will be solely for the benefit of the applicable hedged Class, and the profits, losses, and costs related thereto will be for the account of such hedged Class only. Notwithstanding the foregoing, the techniques and instruments used to implement any foreign exchange hedging will constitute assets and liabilities of the Fund as a whole.

While the Investment Manager will seek to limit any foreign exchange hedging if the liabilities arising from any foreign exchange hedging utilised by a Fund exceed the assets of the applicable Class on behalf of which such hedging activities were undertaken, it could adversely impact the Net Asset Value of other Classes in a Fund. In addition, foreign exchange hedging will generally require the use of a portion of a Fund's assets for margin or settlement payments or other purposes. For example, a Fund may from time to time be required to make margin, settlement or other payments, including in between Business Days of the relevant Fund, in connection with the use of certain hedging instruments. Counterparties to any foreign exchange hedging may demand payments on short notice, including intra-day. As a result, a Fund



may liquidate assets sooner than it otherwise would have and/or maintain a greater portion of its assets in cash and other liquid securities than it otherwise would have, which portion may be substantial, in order to have available cash to meet current or future margin calls, settlement or other payments, or for other purposes. A Fund generally expects to earn interest on any such amounts maintained in cash, however, such amounts will not be invested in accordance with the investment program of the Fund, which may materially adversely affect the performance of the fund (including Base Currency denominated Shares). Moreover, due to volatility in the currency markets and changing market circumstances, the Investment Manager may not be able to accurately predict future margin requirements, which may result in a fund holding excess or insufficient cash and liquid securities for such purposes. Where a Fund does not have cash or assets available for such purposes, the Fund may be unable to comply with its contractual obligations, including without limitation, failing to meet margin calls or settlement or other payment obligations. If a Fund defaults on any of its contractual obligations, the Fund and its Shareholders (including holders of Base Currency denominated Shares) may be materially adversely affected.

There may be circumstances in which the Investment Manager may determine not to conduct any foreign exchange hedging in whole or in part for a certain period of time, including without limitation, where the Investment Manager determines, in its sole discretion, that foreign exchange hedging is not practicable or possible or may materially affect the Fund or any direct or indirect investors therein, including the holders of Base Currency denominated Shares. As a result, foreign currency exposure may go fully or partially unhedged for that period of time. Shareholders may not receive notice of certain periods for which foreign currency exposure is unhedged. There can be no assurance that the Investment Manager will be able to hedge, or be successful in hedging, the currency exposure, in whole or in part, of Shares of any hedged Class. In addition, a Fund is not expected to utilise foreign exchange hedging during the period when the Fund's assets are being liquidated or the Fund is being wound up, although it may do so in the Investment Manager's sole discretion. The Investment Manager may, in its sole discretion and subject to applicable law, delegate the management of all or a portion of the foreign exchange hedging to one or more of its affiliates.

#### **4.2.7 Exchange Control and Repatriation Risk**

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

#### **4.2.8 Leverage Risk**

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

#### **4.2.9 Liquidity Risk**

Not all securities or instruments invested in by the Funds will be listed or rated and consequently liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. The Funds may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity.

#### **4.2.10 Market Capitalisation Risk**

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

#### **4.2.11 No Secondary Market Risk**

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

#### **4.2.12 Recent Developments in Financial Markets Risk**

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

#### **4.2.13 Changes in the UK political environment**

On June 23, 2016, the UK voted, via referendum, to exit from the EU "Brexit", triggering political, economic and legal uncertainty. The timing and terms of exit from the EU by the UK is currently unclear, and requires a formal notification by the UK to the European Council under Article 50 of the Treaty on European Union, which triggers a two year period during which the terms of an exit can be negotiated. While such uncertainty most directly affects the UK and the EU, global markets suffered immediate and significant disruption. Further, the vote by the UK to exit the EU may increase the likelihood of similar referenda in other member countries of the EU, which could result in additional departures. Although the full impact of Brexit cannot be predicted, Brexit could have a significant adverse impact on United Kingdom, European and global macroeconomic conditions and could lead to prolonged political, legal, regulatory, tax and economic uncertainty. 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.

#### **4.2.14 Eurozone Crisis**

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

Mechanism treaty.

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

#### **4.2.15 Country Risks**

Investments in securities of issuers of different nations and denominated in different currencies involve particular risks. Such risks include changes in relative currency exchange rates, political and economic developments, the imposition of exchange controls, confiscation and other governmental restrictions. The investments of a Fund which are exposed to emerging markets and countries will also involve greater risks than investments in more developed countries. In particular, emerging markets are marked by high concentration of market capitalization and trading volume in a small number of issuers representing a limited number of industries, as well as a high concentration of ownership of such securities by a limited number of investors. Investment in securities of issuers from different countries offers potential benefits not available from investments solely in securities of issuers from a single country, but also involves certain significant risks that are not typically associated with investing in the securities of issuers located in a single country.

Issuers are generally subject to different accounting, auditing and financial reporting standards, practices and requirements in different countries throughout the world. The volume of trading, the volatility of prices and the liquidity of securities may vary in the markets of different countries. In addition, the level of government supervision and regulation of securities exchanges, securities dealers and listed and unlisted companies is different throughout the world. The laws of some countries may limit a fund's ability to invest in securities of certain issuers located in those countries.

Different markets also have different clearance and settlement procedures. Delays in settlement could result in temporary periods when a portion of the assets of a Fund is uninvested and no return is earned thereon. The inability of a Fund to make intended investment purchases due to settlement problems could cause a fund to miss attractive investment opportunities. The inability of a Fund to dispose of its investments due to settlement problems could result in losses to a Fund due to subsequent declines in the value of its investments or, if the Fund has entered into a contract to sell the investments, in a possible liability to the purchaser. There may also be a danger that, because of uncertainties in the operation of settlement systems in individual markets, competing claims may arise in respect of securities held by, or to be transferred to, the Fund.

With respect to certain countries, there is a possibility of expropriation, confiscatory taxation, limitations on the removal of funds or other assets of the Fund, political or social instability or diplomatic developments that could affect investments in those countries. An issuer of securities may be domiciled in a country other than the country in whose currency such securities are denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other.

#### **4.2.16 Repurchase Risk**

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

#### **4.2.17 Securities Lending Risk**

There are risks associated with a Fund engaging in securities lending. 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. The value of the collateral will be maintained to equal or exceed the value

of the securities transferred. However there is a risk that the value of the collateral may fall below the value of the securities transferred. In addition, as a Fund may invest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank, a Fund investing collateral will be exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security.

#### **4.2.18 Sovereign Debt Risk**

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

#### **4.2.19 OTC Counterparty Rating Downgrade Risk**

The Company will enter into OTC transactions only with those counterparties that it believes to be sufficiently creditworthy. In addition, pursuant to Irish regulatory requirements, the Fund may be required to refrain from entering into transactions which involve collateral arrangements with OTC counterparties who do not meet minimum credit rating criteria set by the Central Bank. In this regard, at the date of this Prospectus, the Central Bank requires that, eligible counterparties must have a minimum short term credit rating of A-2 from Standard & Poor's or an equivalent rating from an internationally recognised credit rating agency.

If an OTC counterparty engaged by the Company, in respect of a Fund, is subject to a credit rating downgrade, this could potentially have significant implications for the relevant Fund both from a commercial perspective and a regulatory perspective. A rating downgrade below the minimum regulatory levels set by the Central Bank could require the relevant Fund to refrain from entering into transactions with such counterparty.

The Investment Manager shall endeavour to monitor the rating of all OTC counterparties currently engaged by the Company, in respect of a Fund, on an ongoing basis to ensure such minimum credit ratings are maintained and that any appropriate and necessary steps are taken in the event of any counterparty being subject to a credit rating downgrade. However, it is possible that such counterparties could be subject to a credit rating downgrade in circumstances where this is not notified to the relevant Fund or identified by the Investment Manager in which case the relevant Fund may be in technical breach of the regulatory requirements regarding eligible OTC counterparties. This regulatory risk is in addition to the commercial risk associated with continuing to engage (and possibly have exposure to) an OTC counterparty with a lower credit rating.

In addition, if the Investment Manager is required to take steps to exit positions with an OTC counterparty subject to a credit rating downgrade, due to regulatory requirements or otherwise, this may result in positions being terminated on unfavourable terms or in unfavourable market conditions with the consequence of the relevant Fund suffering substantial losses.

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

## **4.3 Derivatives Risks**

### **4.3.1 General Derivatives Risk**

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.

In respect of structured securities, they may also be more volatile, less liquid and more difficult to accurately price than less complex securities. The timing of purchase and sale transactions in debt obligations may result in capital appreciation or depreciation because the value of debt obligations generally varies inversely with prevailing interest rates.

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

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

### **4.3.2 Credit Default Swaps**

A Fund may purchase and sell credit derivatives contracts, including credit default swaps, both for hedging and other purposes. The typical credit default swap contract requires the seller to pay to the buyer, in the event that a particular reference entity experiences specified credit events, the difference between the notional amount of the contract and the value of a portfolio of securities issued by the reference entity that the buyer delivers to the seller. In return, the buyer agrees to make periodic payments equal to a fixed percentage of the notional amount of the contract. A Fund may also sell credit default swaps on a basket of reference entities. As a buyer of credit default swaps, a Fund would be subject to certain risks in addition to those described under "General Derivatives Risks" above and "Swap Agreements" below. In circumstances in which a Fund does not own the debt securities that are deliverable under a credit default swap, the Fund would be exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavourable prices, as would be the case in a so-called "short squeeze." In certain instances of issuer defaults or restructurings, it has been unclear under the standard industry documentation for credit default swaps whether or not a "credit event" triggering the seller's payment obligation had occurred. In either of these cases, the Fund would not be able to realize the full value of the credit default swap upon a default by the reference entity. As a seller of credit default swaps, the Fund would incur leveraged exposure to the credit of the reference entity and would be subject to many of the same risks it would incur if it were holding debt securities issued by the reference entity. However, the Fund would not have any legal recourse against the reference entity and would not benefit from any collateral securing the reference entity's debt obligations. In addition, the credit default swap buyer would have broad discretion to select which of the reference entity's debt obligations to deliver to the Fund following a credit event and would likely choose the obligations with the lowest market value in order to maximize the payment obligations of the Fund. In addition, credit default swaps

generally trade on the basis of theoretical pricing and valuation models, which may not accurately value such swap positions when established or when subsequently traded or unwound under actual market conditions.

#### **4.3.3 Call Options**

A Fund may directly or indirectly sell or purchase call options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option.

The buyer of a call option assumes the risk of losing his entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security.

#### **4.3.4 Put Options**

A Fund may directly or indirectly sell or purchase put options. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option.

The buyer of a put option assumes the risk of losing his entire investment in the put option. If the buyer of the put option holds the underlying security, the loss on the put option will be offset in whole or in part by any gain on the underlying security.

#### **4.3.5 Swap Agreements**

A Fund may enter into swap agreements. Swap agreements are privately negotiated over-the-counter derivative products in which two parties agree to exchange payment streams that may be calculated in relation to a rate, index, instrument, or certain securities and a particular "notional amount." Swaps may be subject to various types of risks, including market risk, liquidity risk, structuring risk, tax risk, and the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty. Swaps can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swaps may increase or decrease a fund's exposure to equity or debt securities, long-term or short-term interest rates, foreign currency values, mortgage-backed securities, corporate borrowing rates, or other factors such as security prices, baskets of securities, or inflation rates and may increase or decrease the overall volatility of the Fund's portfolio. Swap agreements can take many different forms and are known by a variety of names. A Fund is not limited to any particular form of swap agreement if the Investment Manager determines that other forms are consistent with the Fund's investment objective and policies.

The most significant factor in the performance of swaps is the change in individual equity values, specific interest rate, currency or other factors that determine the amounts of payments due to and from the counterparties. If a swap calls for payments by the Fund, the Fund must have sufficient cash availability to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of a swap agreement would be likely to decline, potentially resulting in losses to the Fund.

#### **4.3.6 Futures**

A Fund may use futures as part of its investment program. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a

single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. It is also possible that an exchange or the U.S. Commodity Futures Trading Commission (“**CFTC**”) may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The circumstances described above could prevent the Investment Manager from liquidating unfavourable positions promptly and subject a Fund to substantial losses. These circumstances could also impair the Fund’s ability to withdraw its investments in order to satisfy redemption requests by Shareholders in a timely manner. An investment in a Fund is therefore suitable only for certain investors that will not be materially impacted by the deferral of repurchase requests as further detailed in the "Deferred Repurchases" section herein.

The successful use of futures for speculative purposes is subject to the ability to predict correctly movements in the direction of the relevant market, and, to the extent the transaction is entered into for hedging purposes, to ascertain the appropriate correlation between the transaction being hedged and the price movements of the futures contract.

#### **4.3.7 Effect of Speculative Position Limits**

The CFTC and some exchanges have rules limiting the maximum net long or net short positions which any person or group may own, hold or control in any given futures contract. Any such limits may prevent a Fund from acquiring positions that might otherwise have been desirable or profitable. In addition, in applying such limits, the CFTC and some exchanges may require aggregation of the positions owned, held or controlled by related entities.

#### **4.3.8 Forward Contracts**

A Fund may enter into forward contracts and options thereon which are not traded on exchanges and are generally not regulated. There are no limitations on daily price moves of forward contracts. Banks and other dealers with whom a Fund may maintain accounts may require the Fund to deposit margin with respect to such trading, although margin requirements are often minimal or nonexistent. A Fund’s counterparties are not required to continue to make markets in such contracts and these contracts can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the difference between the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few counterparties, and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. The imposition of credit controls by governmental authorities might limit such forward trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of a Fund. In addition, disruptions can occur in any market traded by a fund due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses to a Fund. In addition, a Fund may be exposed to credit risks with regard to counterparties with whom it trades as well as risks relating to settlement default. Such risks could result in substantial losses to a Fund.

#### **4.3.9 When-Issued and Forward Commitment Securities**

A Fund may purchase securities on a “when-issued” basis and may purchase or sell securities on a “forward commitment” basis in order to hedge against anticipated changes in interest rates and prices or for speculative purposes. These transactions involve a commitment by the Fund to purchase or sell securities at a future date (ordinarily at least one or two months later). The price of the underlying securities, which is generally expressed in terms of yield, is fixed at the time the commitment is made, but delivery and payment for the securities takes place at a later date. No income accrues on securities that have been purchased pursuant to a forward commitment or on a when-issued basis prior to delivery to the fund. When-issued securities and forward commitments may be sold prior to the settlement date. If a fund disposes of the right to acquire a when-issued security prior to its acquisition or disposes of its right to deliver or receive against a forward commitment, it may incur a gain or loss. There is a risk that securities purchased on a when-issued basis may not be delivered and that the purchaser of securities sold by the Fund on a forward basis will not honour its purchase obligation. In such cases, the Fund may incur a loss.

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

#### **4.3.10 Absence of Regulation - Counterparty Risk**

In general, there is less government regulation and supervision of transactions in the OTC markets (in which currencies, spot and option contracts, certain options on currencies and swaps are generally traded) than of transactions entered into on recognised exchanges. OTC derivatives lack transparency as they are privately negotiated contracts and any information concerning them is usually only available to the contracting parties. While measures are being introduced under Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories ("**EMIR**") that aim to mitigate risks involved in investing in OTC derivatives and improve transparency, these types of investments continue to present challenges in clearly understanding the nature and level of risks involved. In addition, many of the protections afforded to participants on some recognised exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with OTC transactions.

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

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

Funds will be exposed to a credit risk in relation to the counterparties with whom they transact or place margin or collateral in respect of transactions in derivative instruments. To the extent that a counterparty defaults on its obligation and the Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Regardless of the measures the Fund may implement to reduce counterparty credit risk, 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.

Participants in OTC markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. To the extent the Fund invests in swaps, derivatives or synthetic instruments, or other over-the-counter transactions in these markets, the Fund may take a credit risk with regard to parties with which it trades and also may bear the risk of settlement default. These risks may differ materially from those involved in exchange-traded transactions, which generally are characterised



by clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from these protections, which, in turn, may subject the Fund to the risk that a counterparty will not settle a transaction in accordance with agreed terms and conditions due to, among other things, a dispute over the terms of the contract or a credit or liquidity problem. Such “counterparty risk” is increased for contracts with longer maturities when events may intervene to prevent settlement. The inability of the Fund to transact business with any one or any number of counterparties, the lack of any independent evaluation of the counterparties or their financial capabilities, and the absence of a regulated market to facilitate settlement, may increase the potential for losses to the Fund.

A Fund may engage in direct or indirect trading of securities, currencies, derivatives (including swaps, forward contracts, futures, options and repurchase and reverse repurchase agreements) and other instruments (as permitted by its investment program) on a principal basis. As such, a Fund as transferee or counterparty could experience both delays in liquidating the underlying security, future or other investment and losses, including those arising from: (i) the risk of the inability or refusal to perform with respect to such transactions on the part of the principals with which the Fund trades, including without limitation, the inability or refusal to timely return collateral posted by the Fund; (ii) possible decline in the value of any collateral during the period in which the Fund seeks to enforce its rights with respect to such collateral; (iii) the need to remargin or repost collateral in respect of transferred, assigned or replaced positions; (iv) reduced levels of income and lack of access to income during such period; (v) expenses of enforcing its rights; and (vi) legal uncertainty concerning the enforceability of certain rights under swap agreements and possible lack of priority against collateral posted under the swap agreements. Any such failure or refusal, whether due to insolvency, bankruptcy or other causes, could subject the Fund to substantial losses. A Fund will not be excused from performance on any such transactions due to the default of third parties in respect of other trades in which its trading strategies were to have substantially offset such contracts.

#### **4.3.12 Correlation Risk**

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

#### **4.3.13 Collateral Risk**

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

#### **4.3.14 Foreign Exchange Transactions**

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

#### **4.3.15 Legal Risk**

The use of OTC derivatives, such as forward contracts, credit derivatives, swap agreements and contracts for difference, will expose the Funds to the risk that the legal documentation of the relevant OTC contract may not accurately reflect the intention of the parties.

#### **4.3.16 Margin Risk**

A Fund may be obliged to pay margin deposits and option premia to brokers in relation to futures and option contracts entered into for the relevant Fund. While exchange traded contracts are generally guaranteed by the relevant exchange, the relevant Fund may still be exposed to the fraud or insolvency of

the broker through which the transaction is undertaken. The relevant Fund will seek to minimise this risk by trading only through high quality names.

#### **4.3.17 Liquidity Risk**

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

#### **4.3.18 Liquidity of Futures Contracts**

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

#### **4.3.19 OTC Markets Risk**

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

#### **4.3.20 Necessity for Counterparty Trading Relationships**

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

#### **4.3.21 Leverage Component Risk**

Since many derivative instruments have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain derivative instruments have the potential for unlimited loss regardless of the size of the initial investment. If there is default by the other party to any such transaction, there will be contractual remedies; however, exercising such contractual rights may involve delays or costs which could result in the value of the total assets of the related portfolio being less than if the transaction had not been entered.

#### **4.3.22 Contracts for Differences**

Futures and options contracts can also be referred to, as well as include, contracts for differences. These can be options and futures on any index, as well as currency and interest rate swaps. However, unlike other futures and options, these contracts can only be settled in cash. Investing in a contract for differences carries the same risks as investing in a future or option. Transactions in contracts for differences may also have a contingent liability and an investor should be aware of the implications of this as set out below.

#### **4.3.23 Contingent Liability Transactions**

Contingent liability transactions which are margined require the Fund to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. If the Fund trades in futures, contracts for differences or sells options, the Fund may sustain a total loss of the margin it deposits with the broker to establish or maintain a position. If the market moves against the Fund, the Fund may be called upon to pay substantial additional margin at short notice to maintain the position. If the Fund fails to do so within the time required, its position may be liquidated at a loss and the Fund will be liable for any resulting deficit. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when the contract was entered into. Contingent liability transactions which are not traded on or under the rules of a recognised or designated investment exchange may expose you to substantially greater risks.

#### **4.4 Efficient Portfolio Management 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 (including FDI) in which it invests for efficient portfolio management purposes. Many of the risks attendant in utilising derivatives, as disclosed in the section entitled "**Derivatives Risk**" 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 "*Credit Risk and Counterparty Risk*" and "*Collateral Risk*". Investors should also be aware that from time to time, a Fund may engage with repurchase/reverse repurchase agreements counterparties and/or securities lending agents that are related parties to the Depositary or other service providers of the 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 the Prospectus entitled "Conflicts of Interest" for further details on the conditions applicable to any such related party transactions. The identity of any such related parties will be specifically identified in the relevant Fund's semi-annual and annual reports.

#### **4.5 Debt Securities Generally**

Debt securities are subject to the risk of an issuer's or a guarantor's inability to meet principal and interest payments on the obligation (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). The Investment Manager may consider both credit risk and market risk in making investment decisions for a Fund.

In respect of structured securities, they may also be more volatile, less liquid and more difficult to accurately price than less complex securities. The timing of purchase and sale transactions in debt obligations may result in capital appreciation or depreciation because the value of debt obligations generally varies inversely with prevailing interest rates.

#### **4.6 Fixed Income Securities Risks**

##### **4.6.1 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.

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

#### **4.6.2 Investing in Non-Investment Grade Fixed-Income Securities**

Non-investment grade fixed-income securities are considered predominantly speculative by traditional investment standards. In some cases, these obligations may be highly speculative and have poor prospects for reaching investment grade standing. Non-investment grade fixed-income securities and unrated securities of comparable credit quality (commonly known as "junk bonds") are subject to the increased risk of an issuer's inability to meet principal and interest obligations. These securities, also referred to as high yield securities, may be subject to greater price volatility due to such factors as specific corporate developments, interest rate sensitivity, negative perceptions of the junk bond markets generally and less secondary market liquidity.

Non-investment grade fixed-income securities are often issued in connection with a corporate reorganisation or restructuring or as part of a merger, acquisition, takeover or similar event. They are also issued by less established companies seeking to expand. Such issuers are often highly leveraged and generally less able than more established or less leveraged entities to make scheduled payments of principal and interest in the event of adverse developments or business conditions. The market value of non-investment grade fixed-income securities tends to reflect individual corporate developments to a greater extent than that of higher rated securities which react primarily to fluctuations in the general level of interest rates. As a result, where a Fund invests in such securities its ability to achieve its investment objective may depend to a greater extent on the Investment Manager's judgement concerning the creditworthiness of issuers than Funds or other funds which invest in higher-rated securities. Issuers of non-investment grade fixed-income securities may not be able to make use of more traditional methods of financing and their ability to service debt obligations may be more adversely affected than issuers of higher-rated securities by economic downturns, specific corporate developments or the issuer's inability to meet specific projected business forecasts. Negative publicity about the junk bond market and investor perceptions regarding lower rated securities, whether or not based on fundamental analysis, may depress the prices for such securities. A holder's risk of loss from default is significantly greater for non-investment grade fixed-income securities than is the case for holders of other debt securities because such non-investment grade securities are generally unsecured and are often subordinated to the rights of other creditors of the issuers of such securities. Investment by a Fund in defaulted securities poses additional risk of loss should non-payment of principal and interest continue in respect of such securities. Even if such securities are held to maturity, recovery by a fund of its initial investment and any anticipated income or appreciation is uncertain.

The secondary market for non-investment grade fixed-income securities is concentrated in relatively few market makers and is dominated by institutional investors, including mutual funds, insurance companies and other financial institutions. Accordingly, the secondary market for such securities is not as liquid as, and is more volatile than, the secondary market for higher-rated securities. In addition, market trading volume for high yield fixed-income securities is generally lower and the secondary market for such securities could contract under adverse market or economic conditions, independent of any specific adverse changes in the condition of a particular issuer. These factors may have an adverse effect on the market price and a Fund's ability to dispose of particular portfolio investments. A less liquid secondary market also may make it more difficult for a Fund to obtain precise valuations of the high yield securities in its portfolio.

#### **4.6.3 Credit Rating Risk**

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

#### **4.6.4 Investment in Fixed Income Securities and Risks of Interest and Exchange Rate Fluctuations**

The Net Asset Value of the Shares of a Fund invested in fixed income securities may change in response to fluctuations in interest rates. Except to the extent that values are independently affected by currency exchange rate fluctuations, when interest rates decline, the value of fixed income securities generally can be expected to rise and vice versa. The performance of investments in fixed income securities denominated in a specific currency may also depend on the interest rate environment in the country issuing the currency.

#### **4.6.5 Mortgage-Backed and Asset-Backed Securities Risk**

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

complex operations that may also involve legal risks and other risks related to the characteristics of the underlying assets.

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

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

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

#### **4.6.6 Derivative Mortgage-Backed Securities**

Because derivative mortgage-backed securities (such as principal-only (“POs”) interest-only (“IOs”) or inverse floating-rate securities) are more exposed to mortgage prepayments, they generally involve a greater amount of risk. Small changes in prepayments can significantly impact the cash flow and the market value of these securities. The risk of faster than anticipated prepayments generally adversely affects IOs, super floaters and premium priced mortgage-backed securities. The risk of slower than anticipated prepayments generally adversely affects POs, floating-rate securities subject to interest rate caps, support tranches and discount priced mortgage-backed securities. In addition, particular derivative securities may be leveraged such that their exposure (i.e., price sensitivity) to interest rate and/or prepayment risk is magnified.

#### **4.6.7 Zero Coupon and Deferred Interest Bonds**

A Fund may invest in zero coupon bonds and deferred interest bonds, which are debt obligations issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments benefit the issuer by mitigating its initial need for cash to meet debt service and some also provide a higher rate of return to attract investors who are willing to defer receipt of such cash. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations which provide for regular payments of interest, and the fund may accrue income on such obligations even though it receives no cash.

#### **4.6.8 Floating Rate Derivative Debt Instruments**

Floating rate derivative debt securities present more complex types of interest rate risks. For example, range floaters are subject to the risk that the coupon will be reduced below market rates if a designated interest rate floats outside of a specified interest rate band or collar. Dual index or yield curve floaters are subject to lower prices in the event of an unfavourable change in the spread between two designated interest rates.

#### **4.6.9 Depositary Risk**

If a Fund invests in assets that are financial instruments that can be held in custody (“**Custody Assets**”),

the Depositary 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 Depositary 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 Depositary is only required to verify the Fund's ownership of such assets and to maintain a record of those assets which the Depositary is satisfied that the Fund holds ownership of. In the event of any loss of such assets, the Depositary 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 Depositary 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 Depositary in relation to the respective categories of assets and the corresponding standard of liability of the Depositary applicable to such functions differs significantly.

The Funds enjoy a strong level of protection in terms of Depositary 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 Depositary 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.

#### **4.7 Accounting, Legal, Operational, Valuation and Tax Risks**

##### **4.7.1 Accounting, Auditing and Financial Reporting Standards**

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

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

An investment in a Fund, like any fund, can involve operational risks arising from factors such as processing errors, human errors, inadequate or failed internal or external processes, failure in systems and technology, changes in personnel, infiltration by unauthorised persons and errors caused by service providers such as the 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 Depositary (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 Depositary'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.

##### **4.7.3 Dependence on Key Personnel**

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

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

The Investment Management Agreement may limit the circumstances under which the Investment Manager can be held liable to the Company. As a result, Shareholders may have a more limited right of action in certain cases than they would in the absence of such provisions.

#### **4.7.4 Financial Markets and Regulatory Change**

The laws and regulations affecting businesses continue to evolve in an unpredictable manner. Laws and regulations, particularly those involving taxation, investment and trade, applicable to the Company's activities can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner adverse to the interests of the Company. The Company and the Investment Manager may be or may become subject to unduly burdensome and restrictive regulation. In particular, in response to significant recent events in international financial markets, governmental intervention and certain regulatory measures which have been or may be adopted in certain jurisdictions. Two examples in particular are (1) The European Union (Short Selling) Regulations 2012 implementing the EU Short Selling Regulation 236/2012 (the "SSR") and (2) the recently enacted US piece of legislation, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act."). The SSR aims to address certain systemic risk concerns with naked or uncovered short selling by providing for, amongst other things, enhanced transparency relating to significant net short positions in specific financial instruments. Please refer to the section entitled "Short Selling Risk" in this prospectus for further information. The Dodd-Frank Act contains a range of measures designed to address systemic risk in the financial services sector and will significantly increase US regulation of investment funds and managers of investment funds. These and other significant changes in global financial regulation may present the Company with significant challenges and could result in losses to the Company.

##### *Highly Volatile Markets*

The Funds may be adversely affected by deteriorations in the financial markets and economic conditions, some of which may magnify the risks described herein and have other adverse effects. For example, economic and financial market conditions of the like seen in late 2008 into 2009 resulted in increasing volatility and illiquidity in the global credit, debt and equity markets generally. When such conditions arise, decreased risk tolerance by investors and significantly tightened availability of credit may result in certain securities becoming less liquid and more difficult to value, and thus harder to dispose of. Such conditions may be exacerbated by, among other things, uncertainty regarding financial institutions and other market participants, increased aversion to risk, concerns over inflation, instability in energy costs, complex geopolitical issues, the lack of availability and higher cost of credit and the declining real estate and mortgage markets in the United States and elsewhere. These factors, combined with variable commodity pricing, declining business and consumer confidence, increased unemployment and diminished expectations for predictable global financial markets, may lead to a global economic slowdown and fears of a global recession. The duration and ultimate effect of any such market conditions cannot be forecast, nor can it be known whether or the degree to which such conditions may worsen. The continuation or further deterioration of any such market conditions and continued uncertainty regarding economic markets generally could result in further declines in the market values of potential investments or declines in market values. Such declines could lead to losses and diminished investment opportunities for the Funds, could prevent the Funds from successfully meeting their investment objectives or could require the Funds to dispose of investments at a loss while such unfavourable market conditions prevail. While such market conditions persist, the Funds would also be subject to heightened risks associated with the potential failure of brokers, counterparties and exchanges, as well as increased systemic risks associated with the potential failure of one or more systemically important institutions. See "*Counterparty and Settlement Risks.*"

#### **4.7.5 Investment Manager Valuation Risk**

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 (particularly as the Investment Manager's fees



may increase as the value of assets increases), the Investment Manager has in place pricing procedures for valuing unlisted investments.

#### **4.7.6 Investments which are not Readily Realisable**

While a Fund may intend to invest a portion of its assets in liquid securities and exchange traded instruments, certain other investments of a Fund may be restricted or illiquid. In addition, certain investments may be liquid when purchased but may subsequently suffer from illiquidity as market circumstances change, which can happen without warning and very suddenly.

Such illiquid securities and financial instruments may not be readily disposable and, in some cases, may be subject to contractual, statutory or regulatory prohibitions on disposition for a specified period of time. The market value of a Fund's investments may fluctuate with, among other things, changes in prevailing interest rates, general economic conditions, the condition of financial markets, developments or trends in any particular industry and the financial condition of the issuers of the securities in which the fund invests. There may be no readily available market for such investments and from time to time there may be difficulty in obtaining reliable information about the value and extent of risks associated with such investments. During periods of limited liquidity and higher price volatility, a Fund's ability to acquire or dispose of investments at a price and time that the Company deems advantageous may be impaired. As a result, in periods of rising market prices, a Fund may be unable to participate in price increases fully to the extent that it is unable to acquire desired positions quickly; conversely, the Fund's inability to dispose fully and promptly of positions in declining markets will cause its Net Asset Value to decline as the value of unsold positions is marked to lower prices.

#### **4.7.7 Lack of Operating History**

The Company is a newly-formed entity and has no prior operating history. The past performance of any investments or investment funds managed by the Investment Manager or any of its affiliates cannot be construed as any indication of the future results of an investment in the Company or any of the Funds.

#### **4.7.8 Paying Agent Risk**

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

#### **4.7.9 Subscriptions/Redemptions Account**

The Company operates a Subscriptions/Redemptions Account for all of the Funds. Monies in the Subscriptions/Redemptions Account are deemed assets of the respective Funds and shall not have the protection of the Investor Money Regulations. There is a risk for investors to the extent that monies are held by the Company in the Subscriptions/Redemptions Account for the account of a Fund at a point where such Fund (or another Fund of the Company) 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 Company.

#### **4.7.10 Segregated Liability**

The Company is an umbrella company with segregated liability between Funds. As a result, as a matter of Irish law, any liability attributable to a particular Fund may only be discharged out of the assets of that Fund and the assets of other Funds may not be used to satisfy the liability of that Fund. In addition, any contract entered into by the Company will by operation of law include an implied term to the effect that the counterparty to the contract may not have any recourse to assets of any of the Funds other than the Fund in respect of which the contract was entered into. These provisions are binding both on creditors and in any insolvency but do not prevent the application of any enactment or rule of law which would require the application of the assets of one Fund to discharge some, or all liabilities of another Fund on the grounds

of fraud or misrepresentation. In addition, whilst these provisions are binding in an Irish court which would be the primary venue for an action to enforce a debt against the Company, these provisions have not been tested in other jurisdictions, and there remains a possibility that a creditor might seek to attach or seize assets of one Fund in satisfaction of an obligation owed in relation to another Fund in a jurisdiction which would not recognise the principle of segregation of liability between Funds.

#### **4.7.11 Valuation Risk**

A Fund may invest some of its assets in unquoted securities or instruments. Such investments or instruments will be valued at their probable realisation value estimated with care and good faith by the Directors or a competent person, firm or corporation (including the Investment Manager) selected by the Directors and approved for the purpose by the Depositary. Such investments are inherently difficult to value and are the subject of substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales or "close-out" prices of such securities.

#### **4.7.11 Tax Risks**

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

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

#### **4.7.12 Custody Risk**

As some Funds may invest in markets where custodial and/or settlement systems are not fully developed, the assets of any Fund which are traded in such markets which have been entrusted to sub-custodians in circumstances where the use of such sub-custodian is necessary, may be exposed to risk in circumstances where the Depositary will have no liability.

#### **4.7.13 Investment in CIS Risk**

A Fund may invest in one or more CIS including schemes managed by the Investment Manager or its affiliates. As a shareholder of another CIS, a Fund would bear, along with other shareholders, its pro rata portion of the expenses of the other CIS, including investment management and/or other fees. These fees would be in addition to the Investment Management Fees and other expenses which a Fund bears directly in connection with its own operations.

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

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

To the extent that the relevant Fund is invested in CIS, the success of the relevant Fund shall depend upon the ability of the CIS to develop and implement investment strategies that achieve the relevant Funds' investment objective. Subjective decisions made by the CIS may cause the relevant Fund to incur losses or to miss profit opportunities on which it could otherwise have capitalised. In addition, the overall performance of the relevant Fund will be dependent not only on the investment performance of the CIS,

but also on the ability of the Investment Manager to select and allocate the Funds' assets among such CIS effectively on an ongoing basis. There can be no assurance that the allocations made by the Investment Manager will prove as successful as other allocations that might otherwise have been made, or as adopting a static approach in which CIS are not changed.

#### **4.7.14 Temporary suspension**

Investors are reminded that in certain circumstances their right to repurchase or convert Shares may be temporarily suspended. Please see the section entitled "Suspension of the Calculation of NAV" herein for further information in this regard.

#### **4.7.15 Controlling Shareholder**

There is no restriction on the percentage of the Company's Shares that may be owned by one person or a number of connected persons. It is possible, therefore, that one person may be able to obtain control of the Company or of a Fund.

#### **4.7.16 Administrator Standing Instruction Wire Transfer Risk**

The Directors of the Company have executed a standing instruction certificate authorising the Administrator to make payments by wire transfers (a) between the subscriptions and repurchases account of the Company's bank account, (b) to the appropriate investor's bank account, or (c) to the Company's account with its depository or sub-custodian, and vice versa, as are required from time to time with respect to (i) all net subscription monies to the extent that the money is consistent with expected subscription monies as indicated in the relevant Application Form(s) and following liaison with the board of directors of the Company, or the Investment Manager or the Promoter; and (ii) all net redemption monies due to the extent that the repurchases or transfers is consistent with expected repurchases or transfers as indicated in the relevant repurchase form following liaison with the board of directors of the Company, or the Investment Manager or the Promoter. Subscription and/or repurchase monies will not be moved to/from the subscription and repurchases account of the Company's bank account to/ from the Company's account with its depository or sub-custodian as appropriate unless the amount of subscription and repurchase monies received corresponds, to a material extent, with the anticipated amounts pursuant to the Application Form or repurchase form as appropriate. Any such amounts shall be paid as and when they become due, and in the amount computed and specified in reports or other data sent from the Administrator to the persons identified by the Company to receive such data or reports unless such recipient(s) has/have objected to the Administrator about the amount computed and to be paid.

The Administrator has identified certain risk factors connected with the payment of wire transfers and has policies and procedures in place for the Administrator's clients to ensure that the payment of each wire transfer does not take place prior to the verification and sign off by the relevant authorised employees or directors of the Company. These policies and procedures are in place to ensure that checks are made to ensure that incorrect amounts are not paid or transferred which may cause loss to the Company.

#### **4.7.17 Short Selling Risk**

Although the Regulations prohibit the short selling of physical securities, UCITS are permitted to create synthetic short positions through the use of FDIs. A short sale means any sale of a security which the seller does not own at the time of entering into the agreement to sell including such a sale where at the time of entering into the agreement to sell the seller has borrowed or agreed to borrow the security for delivery at settlement. The seller sells the borrowed or agreed to be borrowed securities in anticipation of a decline in price of the relevant security. The benefit to the seller where the value of the security declines is the difference between the price at which the security is sold and the cost of repurchasing the borrowed security in order to return it to the person from whom it was borrowed. A synthetic short position allows a fund to achieve a similar economic outcome without short selling the physical securities.

Synthetic short selling may be achieved through the use of a variety of FDIs including contracts for differences, futures and options. Please refer to the section above titled 'Derivatives Risk' for further details in relation to the risks attached to trading each of these FDIs.

## *Short Selling Regulations*

Pursuant to the EU Short Selling Regulation 236/2012 (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 or value of the relevant share or sovereign debt instrument. The term 'financial instrument' is defined by reference to Annex I, section C of the Markets in Financial Instruments Directive (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.

### **4.7.18 FATCA**

The United States and Ireland have entered into an intergovernmental agreement to implement FATCA (the "IGA"). Under the IGA, an entity classified as a Foreign Financial Institution (an "FFI") that is treated as resident in Ireland is expected to provide the Revenue Commissioners with certain information in respect of its "account" holders (i.e. Shareholders). The IGA 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 implications of FATCA on an investment in the Company.

### **4.7.20 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.

### **4.8 Risk Factors Not Exhaustive**

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

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## 5. MANAGEMENT OF THE COMPANY

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### 5.1 General

The Directors control the affairs of the Company and are responsible for the formulation of investment objectives and policies of each Fund. The Directors have delegated certain of their duties to the Administrator, the Investment Manager and the Distributor and have appointed the Depositary.

### 5.2 Directors

The Directors, the majority of whom are non-executive directors of the Company, are:

John Skelly (Irish) is a Principal of Carne Global Financial Services Limited and acts as a Director and Chairman on the boards of a number of industry-leading funds and management companies. He acts for both Irish and Cayman Funds. John is a specialist in compliance, risk, product development and operations for both traditional funds and hedge funds and has helped develop the operational infrastructure of a number of investment funds. He has in-depth understanding of hedge fund and traditional fund operational requirements and has project managed a number of fund launches. He has expert knowledge of the risk and compliance UCITS IV requirements. John regularly gives industry training on investment fund products, particularly UCITS. John is well known in the funds industry and is an active member of the IFIA Marketing Committee and was formerly a member of the Trustee Committee.

Prior to joining Carne in 2006 John held a number of senior management positions with leading banks and asset management companies including BNP Paribas Securities Services and Norwich Union Investments (now Aviva Investors). He qualified as a Chartered Accountant with Deloitte and holds a Bachelor of Commerce degree from University College Dublin.

Roddy Stafford (Irish) is an independent director of a number of financial services companies, including UCITS funds and Non-UCITS qualifying investor funds. He is also a director and shareholder in Stafford Holdings Limited, whose wholly-owned subsidiaries include Lifestyle Sports, Campus Oil and Stafford Fuels Limited. Mr Stafford began his career in Arthur Cox, a Dublin commercial law firm, in the late 1990s. As a solicitor, he specialised in finance, funds and capital markets, advising numerous top tier investment banks. In 2004, he was seconded to the Fortis Funds Administration business to work as in-house legal counsel. Since 2005, Mr Stafford has dedicated himself full time to the role of independent director. Mr Stafford is a member of the Law Society of Ireland and of the Irish Taxation Institute and he has been approved by the Central Bank to act as a director of investment funds.

Jason Vickers (UK) - Jason joined Intermediate Capital Group in March 2007 and is currently a director in operations within the Investment Manager. Previously he spent seven years at JPMorgan in London and Houston in CDO Transaction Management and Administration groups. Previously he practised law and worked in policy, mainly in Chicago. Jason was awarded a degree in Mechanical Engineering from the Massachusetts Institute of Technology and Juris Doctor from the University of Michigan Law School.

The address of the Directors is the registered office of the Company.

Pursuant to the Articles, each of the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, debts, claims, demands, suits, proceedings, judgements, decrees, charges, losses, damages, expenses, liabilities or obligations of any kind which he or his administrators or executors shall or may incur or sustain by reason of any contract entered into or any act done, concurred in, or omitted to be done by virtue of his being or having been a Director, provided that, as permitted by the Companies Act such indemnity shall not extend to any of the foregoing sustained or incurred as a result of any negligence, default, breach of duty or breach of trust by him in relation to the Company and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the Shareholders over all

other claims.

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.

### **5.3 Investment Manager and Promoter**

The Company has appointed Intermediate Capital Managers Limited as investment manager with discretionary powers pursuant to the Investment Management Agreement. Under the terms of the Investment Management Agreement the Investment Manager is responsible, subject to the overall supervision and control of the Directors, for managing the assets and investments of the Company in accordance with the investment objective and policies of each Fund.

The Investment Manager has over 14 years' experience in managing funds of high yield bonds and senior loans in a variety of different vehicles, across both segregated mandates and pooled funds, including UCITS. The Investment Manager's team of 18 investment professionals average over 12 years of experience in the industry and five or more with the Investment Manager. This history in European debt as well as its experience and stability make the Investment Manager especially well qualified to act on behalf of the Company.

The Investment Manager is a wholly owned subsidiary of Intermediate Capital Group plc, organised under the laws of England and Wales and is regulated by the UK Financial Services Authority in the conduct of financial services and investment management activities.

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

The Investment Manager may also appoint non-discretionary investment advisers, in each case in accordance with the requirements of the Central Bank. Where an investment adviser is paid directly out of the assets of the relevant Fund, details of such investment adviser, including details of fees shall be set out in this Prospectus and/or relevant Supplement as appropriate.

Intermediate Capital Managers Limited also acts as the promoter to the Company.

#### **5.4 Distributor**

Intermediate Capital Managers Limited shall also act as distributor of Shares in each Fund pursuant to the Distribution Agreement with authority to delegate some or all of its duties as distributor to sub-distributors in accordance with the requirements of the Central Bank.

In addition, Intermediate Capital Managers Limited shall act as UK Facilities Agent of the Company.

#### **5.5 Administrator**

The Company has appointed GlobeOp Financial Services (Ireland) Limited to act as administrator of each Fund.

The Administrator will have the responsibility for the administration of the Company's and each Fund's affairs including the calculation of the Net Asset Value and preparation of the accounts of the Company. The Administrator was incorporated in Ireland on 18 May 2007 as a private limited company and is regulated by the Central Bank to provide administration services to collective investment schemes.

#### **5.6 Depository**

The Company has appointed Citi Depository Services Ireland Limited as depository pursuant to the Depository Agreement.

The Depository is a limited liability company incorporated in Ireland on 18 September 1992. The Depository is authorised and regulated by the Central Bank of Ireland. The principal activity of the Depository is to provide trustee and custodial services to collective investment schemes and other portfolios, such as the Company.

The Depository shall carry out functions in respect of the Company including but not limited to the following:

- (i) the Depository shall hold in custody all financial instruments capable of being registered or held in a financial instruments account opened in the Depository's books and all financial instruments capable of being physically delivered to the Depository;
- (ii) the Depository shall verify the Company's ownership of all any assets (other than those referred to in (i) above) and maintain and keep up-to-date a record of such assets it is satisfied are owned by the Company;
- (iii) the Depository shall ensure effective and proper monitoring of the Company's cash flows;
- (iv) the Depository shall be responsible for certain oversight obligations in respect of the Company – see "Summary of Oversight Obligations" below.

Duties and functions in relation to (iii) and (iv) above may not be delegated by the Depository.

Summary of Oversight Obligations:

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

- the sale, issue, redemption and cancellation of Shares effected on behalf of the Company are carried out in accordance with the Companies Act, the conditions imposed by the Central Bank and the Articles;
- the value of Shares is calculated in accordance with the Companies Act and Articles;
- in transactions involving the Company's assets, any consideration is remitted to it within time limits which are acceptable market practice in the context of a particular transaction;
- the Companies and each Fund's income is applied in accordance with the Companies Act and the Articles;



- the instructions of the Company are carried out unless they conflict with the Companies Act or the Articles; and
- it has enquired into the conduct of the Company in each Accounting Period and reports thereon to the Shareholders. The Depositary's report will be delivered to the Company in good time to enable the Directors to include a copy of the report in the annual report of each Fund. The Depositary's report will state whether in the Depositary's opinion each Fund has been managed in that period:
  - (i) in accordance with the limitations imposed on the investment and borrowing powers of the Fund imposed by the Articles and/or the Central Bank under the powers granted to the Central Bank under the Companies Act; and
  - (ii) otherwise in accordance with the provisions of the Companies Act and the Articles.

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

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

### **5.7 Paying Agents/Representatives/Distributors**

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 Depositary 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 "Share Dealings".

Paying Agents may be appointed in one or more countries.

### **5.8 Company Secretary**

The company secretary of the Company is Carne Global Financial Services Limited.

### **5.9 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, custodian and/or administrator of other funds. It is therefore possible that the Depositary (or any of its affiliates) may in the course of its business have conflicts or potential conflicts of interest with those of the 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.

#### **5.10 Investment Manager Investment in Shares**

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

#### **5.11 Soft Commissions**

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

#### **5.12 Cash Commission/ Rebates and Fee Sharing**

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.

#### **5.13 Securities Lending**

A Fund may use securities lending agreements for efficient portfolio management purposes and to generate additional income for the relevant Fund, subject to the conditions and limits set out in the Central Bank Rules. All proceeds collected or fee income arising from such securities lending agreements, net of direct and indirect operational costs, shall be returned to the relevant Fund.

#### **5.14 Common Counsel**

Maples and Calder is Irish counsel to the Company. Maples and Calder may also act as counsel to the Investment Manager in matters not involving the Company, and may also represent the ICG Group and its Affiliates. Consequently, certain conflicts of interest may arise. Maples and Calder is not representing any prospective purchasers of the Shares in connection with this offering and will not be representing the Shareholders. Prospective investors and Shareholders are advised to consult their own independent counsel (and not Maples and Calder) with respect to the legal and tax implications of an investment in the Shares. In preparing and reviewing this Prospectus, Maples and Calder has relied on information furnished to it by the Investment Manager and the Company and has not investigated or verified the accuracy and completeness of such information.

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## 6. SHARE DEALINGS

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### 6.1 Subscription for Shares

#### 6.1.1 General

Shares will first be issued during the Initial Offer Period specified in the relevant Supplement at the Initial Issue Price as specified in the relevant Supplement. Thereafter, Shares shall be issued at the Net Asset Value per Share (plus any Preliminary Charge and/or any Anti-Dilution Levy as detailed in the relevant Supplement and duties and charges) on any Dealing Day.

The Directors may, in their absolute discretion and subject to the prior approval of the Depositary, agree to designate additional Dealing Days for the purchase of Shares relating to any Fund which will be open to all Shareholders, provided that all Shareholders will be notified in advance.

Where a Class of Shares is denominated in a currency other than the Base Currency of a Fund, that Class may be identified as hedged or unhedged as disclosed in the relevant Supplement. Where a Class is to be hedged, the Company shall employ the hedging policy as more particularly set out in the section entitled "Hedged Classes" above.

#### 6.1.2 Applications for Shares

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

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

Before subscribing for Shares, an applicant who is not an Irish Resident or who is an Exempt Irish Shareholder will be required to complete the appropriate declaration prescribed by the Revenue Commissioners and detailed in the Application Form. Such declaration will be included in the Application Form, which is available from the Administrator or the Investment Manager.

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

The Directors may refuse an application for the subscription of Shares without assigning any reason therefor.

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

The Application Form contains certain conditions regarding the application procedure for Shares in the Company and certain indemnities in favour of the Company, the relevant Fund, the Administrator, the

Distributor the Depositary and the other Shareholders for any loss suffered by them as a result of certain applicants acquiring or holding Shares.

### **6.1.3 Fractions**

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

### **6.1.4 Method of Payment and Subscriptions/Redemptions Account**

Subscription payments net of all bank charges should be paid by SWIFT or electronic transfer to the Subscriptions/Redemptions Account specified in the Application Form. Other methods of payment are subject to the prior approval of the Directors or their delegate. Third party payments are not permitted. No interest will be paid in respect of payments received in circumstances where the application is received in advance of a Dealing Day or held over until a subsequent Dealing Day. Please refer to the Supplement for the relevant Fund for further information in this regard.

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.

### **6.1.5 Currency of Payment**

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

In the case of Classes that are denominated in a currency other than the Base Currency and are identified as hedged, a currency conversion will take place on subscription at prevailing exchange rates. Please refer to the section of this Prospectus entitled "Risk Factors; Currency Risk" for more details.

### **6.1.6 Timing of Payment**

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

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

### **6.1.7 Form of Shares and Confirmation of Ownership**

Shares will be issued in registered form. A contract note, which will constitute a written confirmation of ownership of the Shares to which it relates, will be sent to each successful applicant within ten Business Days, or such other time as specified in the relevant Supplement, of the relevant Dealing Day on which the application is being processed. The contract note will detail the number of Shares to which it relates, the class of Shares to which it relates, the Fund to which it relates and the price at which the Shares have been issued. The Directors may, in their absolute discretion, issue share certificates in respect of any Shares issued. Shareholders will not be entered onto the register of Shareholders if they initially subscribe for less than the Minimum Initial Investment Amount, if any, as set out in the relevant Supplement (or such other amount as the Directors have in their absolute discretion determined). Any amendment to the details set out in the original Application Form shall not be effected unless notified in writing, by the

Shareholder or an authorised signatory of the Shareholder, to the Administrator and such amendment will not be effected unless and until the Administrator is in receipt of the original document.

#### **6.1.8 In Specie Subscriptions**

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

The Directors may provide that the whole or any part of the duties and charges arising in connection with the transfer in specie of the assets to the Depositary on behalf of the Company shall be paid by the Company or by the person to whom the Shares are to be allotted or party by the Company and partly by such person.

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

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

#### **6.1.10 Restrictions on Subscriptions**

The Directors may reject any application in whole or in part without giving any reason for such rejection in which event the subscription monies or any balance thereof will, subject to applicable law, be returned without interest, expenses or compensation to the applicant by SWIFT or electronic transfer to the applicant's designated account at the applicant's cost and risk. For the avoidance of doubt, no interest will be payable on such amount before its return to the applicant.

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

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

#### **6.1.11 Anti-Dilution Levy**

The Directors reserve the right to impose an Anti-Dilution Levy on a transaction basis in the case of net subscriptions as a percentage adjustment (to be communicated to the Administrator) on the value of the

relevant subscription calculated for the purposes of determining a subscription price to reflect the impact of duties and charges and other dealing costs relating to the acquisition or disposal of assets and to preserve the value of the underlying assets of the relevant Fund where they consider such a provision to be in the best interests of a Fund. Such amount will be added to the price at which Shares will be issued in the case of net subscription requests and will be set out in the relevant Fund Supplement where applicable. Any such sum will be paid into the account of the relevant Fund.

#### **6.1.12 Ownership Restrictions**

Any person who holds Shares in contravention of restrictions imposed by the Directors or, by virtue of his holding, is in breach of the laws and regulations of any applicable jurisdiction (for example, by reason of the Company becoming liable in the relevant jurisdiction of the Shareholder) or whose holding could, in the opinion of the Directors, cause the Company, the relevant Fund or Shareholders as a whole to incur any liability to taxation or to suffer any pecuniary disadvantage which the Company, the relevant Fund or Shareholders as a whole 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 Depositary, the Administrator and Shareholders for any loss suffered by it or them as a result of such person or persons acquiring or holding Shares in any Fund.

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

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

The Company may reject in their discretion any application for Shares by or any transfer of Shares to any persons whose holding would result in "Benefit Plan Investors" as defined in Section 3(42) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") holding 25 per cent or more of the total value of any Fund or Class.

#### **6.1.13 Anti-Money Laundering and Counter Terrorist Financing Measures**

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, 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 regulated financial intermediary located in a jurisdiction recognised by Ireland as having equivalent anti-money laundering protections.

The Administrator is regulated by the Central Bank, and must comply with the measures provided for in

the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 which is aimed towards the prevention of money laundering. In order to comply with these anti-money laundering regulations, the Administrator 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 Administrator reserves the right to request such information as is necessary to verify the identity of an applicant. The subscriber or Shareholder should note that the Administrator, in accordance with their anti-money laundering ("AML") procedures reserves the right to prohibit the movement of any monies if all due diligence requirements have not been met, or, if for any reason feels that the origin of the funds or the parties involved are suspicious. In the event that the movement of monies is withheld in accordance with the Administrator's AML procedures, the Administrator will strictly adhere to all applicable laws, and shall notify the Company as soon as professional discretion allows or as otherwise permitted by law.

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.

#### **6.1.14 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.

#### **6.1.15 Abusive Trading Practices**

Excessive, short-term (or market timing) or other abusive trading practices may disrupt portfolio management strategies and harm Fund performance. To minimise harm to a Fund and its Shareholders, the Administrator reserves the right to reject (or, refuse to process in case of the Administrator) any subscription (including any transfer) from any investor whom it believes has a history of abusive trading or whose trading, in its judgment, has been or may be disruptive to a Fund. In making this judgment, the Administrator may consider trading done in multiple accounts under common ownership or control. The Company (including the Directors), and the Administrator shall be indemnified and held harmless against any loss arising for any rejection of transactions which may, in the Company's discretion, be deemed excessive or otherwise disruptive trading practices.

### **6.2 Repurchase of Shares**

#### **6.2.1 General**

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

#### **6.2.2 Repurchase Requests**

Requests for the repurchase of Shares should be made to the Administrator on behalf of the Company and may be submitted in original form, by fax and must be signed and should include such information as



may be specified from time to time by the Directors or their delegate. Requests for repurchase received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for repurchase received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Directors in their absolute discretion in exceptional circumstances, otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such request(s) have been received prior to the Valuation Point for the particular Dealing Day (specifically before the close of business in the relevant market that closes first on the relevant Dealing Day).

The Minimum Repurchase Amount as provided for in the relevant Supplement where appropriate may vary according to the Fund or the Class of Share.

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

If requested, the Directors may, in their absolute discretion and subject to the prior approval of the Depositary, agree to designate additional Dealing Days for the repurchase of Shares relating to any Fund which will be open to all Shareholders. Any such additional Dealing Days and Valuation Points designated shall be notified to all Shareholders in the relevant Fund in advance.

### **6.2.3 Method of Payment**

The amount due on repurchase of Shares will be paid by electronic transfer to the relevant Shareholder's account of record on the initial Application Form in the currency of denomination of the relevant Class of Shares of the relevant Fund (or in such other currency as the Directors shall determine) by the Settlement Date as detailed in the relevant Fund Supplement.

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

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

### **6.2.4 Currency of Payment**

Shareholders will normally be repaid in the denominated currency of the relevant Class. If however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) at prevailing exchange rates on behalf of and for the account, risk and expense of the Shareholder.

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

### **6.2.5 Timing of Payment and Subscriptions/Redemptions Account**

Repurchase Proceeds will be paid in accordance with the provisions specified in the relevant Supplement.

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 Company.

#### **6.2.6 Withdrawal of Repurchase Requests**

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

#### **6.2.7 Deferred Repurchases**

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

#### **6.2.8 In Specie Repurchases**

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

A determination to provide repurchase in specie may be solely at the discretion of the Directors where the repurchasing Shareholder requests repurchase of a number of Shares that represents 5% or more of the Net Asset Value of the relevant Fund provided that any such Shareholder requesting repurchase 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.

#### **6.2.9 Anti-Dilution Levy**

The Directors reserve the right to impose an Anti-Dilution Levy in the case of net repurchases on a transaction basis as a percentage adjustment (to be communicated to the Administrator) on the value of the relevant repurchase calculated for the purposes of determining a Repurchase Price to reflect the impact of duties and charges and other dealing costs relating to the acquisition or disposal of assets and to preserve value of the underlying assets of the Fund where they consider such a provision to be in the best interests of a Fund. Such amount will be deducted from the price at which Shares will be repurchased in the case of net repurchase requests and will be detailed in the relevant Fund Supplement where applicable. Any such sum will be paid into the account of the Fund.

#### **6.2.10 Compulsory Repurchase of Shares/Deduction of Tax**

Shareholders are required to notify the Administrator immediately if they become U.S. Persons or persons who are otherwise subject to restrictions on ownership as set out in this Prospectus and such Shareholders may be required to sell or transfer their Shares. The Company may repurchase any Shares which are or become owned, directly or indirectly, by or for the benefit of any person in breach of any

restrictions on ownership from time to time as set out in this Prospectus or if the holding of Shares by any person is unlawful or is likely to result or results in any tax, fiscal, legal, regulatory, pecuniary liability or disadvantage or material administrative disadvantage to the Company, the relevant Fund or Shareholders as a whole. The Company may also repurchase any Shares held by any person who holds less than the Minimum Shareholding or who does not, within seven days of a request by or on behalf of the Directors, supply any information or declaration required under the terms hereof to be furnished. The Company may apply the proceeds of such compulsory redemption in the discharge of any taxation or withholding tax arising as a result of the holding or beneficial ownership of Shares by a Shareholder including any interest or penalties payable thereon.

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

## 6.3 Exchange of Shares

### 6.3.1 Exchanges

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

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

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

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

where:

<b>R</b>	=	the number of Shares of the Original Class to be exchanged;
<b>S</b>	=	the number of Shares of the New Class to be issued;
<b>RP</b>	=	the Repurchase Price per Share of the Original Class as at the Valuation Point for the relevant Dealing Day;
<b>ER</b>	=	in the case of an exchange of Shares designated in the same Base Currency, the value of ER is 1. In any other case, the value of ER is the currency conversion factor determined by the Directors at the Valuation Point for the relevant Dealing

Day as representing the effective rate of exchange applicable to the transfer of assets relating to the Original and New Classes of Shares after adjusting such rate as may be necessary to reflect the effective costs of making such transfer;

**SP** = the subscription price per Share of the New Class as at the Valuation Point for the applicable Dealing Day; and

**F** = the Exchange Charge (if any) payable on the exchange of Shares.

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

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

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

### **6.3.2 Restrictions on Exchange**

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

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

### **6.4 Total Repurchase of Shares/Termination of Funds**

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

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

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

Please refer to section 10.3.15 for a summary of provisions in the Articles in relation to the circumstances where a Fund may be terminated and section 10.3.16 for a summary of provisions in the Articles in relation to procedures for the winding up of the Company.

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## 7. VALUATION OF ASSETS

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### 7.1 Calculation of Net Asset Value

The Net Asset Value of a Fund shall be expressed in the Base Currency or in such other currency as the 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 provides for the correct allocation of assets and liabilities amongst each Fund. The Articles provides for the method of valuation of the assets and liabilities of each Fund and of the Net Asset Value of each Fund. The assets and liabilities of a Fund will be valued at the Valuation Point as follows:-

- (a) 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 mid-market 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 requirements of the Central Bank.
  - (ii) Where it is not the intention or objective of the Directors to apply amortised cost valuation to the portfolio of the Fund as a whole, a money market instrument within such a portfolio shall only be valued on an amortised basis if the money market instrument has a residual maturity of less than 3 months and does not have any specific sensitivity to market parameters, including credit risk.
- (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.

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

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

- (i) during any period when any of the markets on which a substantial portion of the assets of the relevant Fund are quoted, listed or dealt in is closed, otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended; or
- (ii) during any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of a substantial portion of the assets of the relevant Fund is not reasonably practicable without this being seriously detrimental to the interests of Shareholders of the relevant Fund or if, in the opinion of the Directors, the Net Asset Value of the Fund cannot be fairly calculated; or
- (iii) during any breakdown in the means of communication normally employed in determining the price of a substantial portion of the assets of the relevant Fund, or when, for any other reason the current prices on any market of any of the assets of the relevant Fund cannot be promptly and accurately ascertained; or
- (iv) any period when, as a result of adverse market conditions, the payment of repurchase proceeds may, in the opinion of the Directors, have an adverse impact on the relevant Fund or the remaining Shareholders in the relevant Fund; or
- (v) any period (other than ordinary holiday or customary weekend closings) when any market or exchange which is the main market or exchange for a significant part of the instruments or positions is closed, or in which trading thereon is restricted or suspended; or
- (vi) any period when proceeds of any sale or repurchase of the Shares cannot be transmitted to or from the account of the relevant Fund; or
- (vii) any period in which the repurchase of the Shares would, in the opinion of the Directors, result in a violation of applicable laws; or
- (viii) during any period during which any transfer of funds involved in the realisation or acquisition of assets or payments due on the repurchase of Shares of the relevant Fund cannot, in the opinion of the Directors, be effected at normal prices or rates of exchange; or
- (ix) during any period when the Directors are unable to repatriate funds required for the purpose of making payments due on the repurchase of Shares in the relevant Fund; or
- (x) during any period when in the opinion of the Directors such suspension is justified having regards to the best interests of the Company and/or the relevant Fund; or
- (xi) following the circulation to Shareholders of a notice of a general meeting at which a resolution proposing to wind up the Company or terminate the relevant Fund is to be considered.

All reasonable steps will be taken to bring any period of suspension to an end as soon as possible. Any such suspension will be notified immediately to the Irish Stock Exchange.

Shareholders who have requested subscriptions or repurchases of Shares of any Class in any Fund or exchanges of Shares of one Class in any Fund to another will be notified of any such suspension in such manner as may be directed by the Directors and, unless withdrawn but subject to the limitation referred to above, their requests will be dealt with on the first relevant Dealing Day after the suspension is lifted. Any such suspension will be notified immediately (without delay) on the same Business Day to the Central Bank as well as, where appropriate, the competent authorities in the jurisdictions in which the Shares are marketed. Details of any such suspension will also be notified to all Shareholders and will be published in a newspaper circulating in an appropriate jurisdiction, or such others as the Directors may determine if, in

the opinion of the Directors, it is likely to exceed 14 days.

### **7.3 Transfer of Shares**

Shares are freely transferable and may be transferred in writing in a form approved by the Directors and signed by (or, in the case of a transfer by a body corporate, signed on behalf of or sealed by) the transferee and the transferor. Prior to the registration of any transfer, transferees, who are not existing Shareholders, must complete an Application Form and provide any other documentation (e.g. as to identity) reasonably required by the Company or the Administrator. In the case of the death of one of joint Shareholders, the survivor or survivors will be the only person or persons recognised by the Company as having any title to or interest in the Shares registered in the names of such joint Shareholders.

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

Please also refer to the section below titled "General Information" and the sub-section therein titled "Transfer of Shares".



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## 8. FEES AND EXPENSES

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Particulars of the fees and expenses (including any performance fee) payable to the Investment Manager, the Administrator, the Depositary and any other service provider out of the assets of each Fund are set out in the relevant Supplement.

### 8.1 Directors' Fees

Unless and until otherwise determined from time to time by the Company in general meeting, the ordinary remuneration of each Director shall be determined from time to time by resolution of the Directors. At the date of this Prospectus, the maximum fee per Director shall be €20,000 plus VAT, if any, per annum (adjusted on an ongoing basis for inflation by reference to the Irish Consumer Price Index). Directors who are employees of the Investment Manager will not receive a fee. Any additional fees necessitated by the addition of new Funds shall be apportioned equally among the new Funds and, to the extent they do not impact on Shareholders in existing Funds (on the basis that such additional fees are attributed to new Funds only), will not be subject to existing Shareholder approval. To the extent that any such additional fees do impact existing Shareholders, such existing Shareholders will be notified in advance of any such additional fees. In addition, any such additional fees shall be disclosed in the relevant Supplement. All Directors will be entitled to reimbursement by the Company of expenses properly incurred in connection with the business of the Company or the discharge of their duties. Directors' fees shall be payable semi-annually in arrears and shall be apportioned equally among the Funds.

### 8.2 Paying Agent Fees

Fees and expenses of any Paying Agents appointed 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 a Paying Agent has been appointed.

### 8.3 Money Laundering Reporting Officer Fees

Carne Global Financial Services Limited is entitled to receive an annual fee of EUR6,000 (plus any applicable taxes) out of the assets of the Company in respect of its services to the Company as a money laundering reporting officer.

### 8.4 Establishment Expenses

All fees and expenses relating to the establishment and organisation of the Company and the initial Fund including the fees of the Company's professional advisers (including legal, accounting, tax, regulatory compliance, fiduciary and other professional advisers) will be borne by the Investment Manager.

### 8.5 Operating Expenses and Fees

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

- (i) all fees and expenses payable to or incurred by the Administrator, the Depositary, the Investment Manager, the Company Secretary, any sub-investment manager, adviser, Distributor, dealer, Paying Agent or local representative, any sub-custodians (which will be at normal commercial rates), correspondent bank, fiscal representative or other supplier of services to the Company appointed by or on behalf of the Company or with respect to any Fund or Class and their respective delegates;

- (ii) all duties, taxes or government charges which may be payable on the assets, income or expenses of the Company;
- (iii) all brokerage, bank fees, charges and commissions incurred by or on behalf of the Company in the course of its business;
- (iv) all regulatory and compliance consultancy fees and other professional advisory fees incurred by the Company or by or on behalf of its delegates;
- (v) all transfer fees, registration fees and other charges whether in respect of the constitution or increase of the assets or the creation, exchange, sale, purchase or transfer of Shares or the purchase or sale or proposed purchase or sale of assets or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation, but not including commission payable on the issue and/or repurchase of Shares;
- (vi) all expenses incurred in connection with the operation and management of the Company, including, without limitation to the generality of the foregoing, all Directors' fees and expenses, all costs incurred in organising Directors' meetings and in obtaining proxies in relation to such meetings, all insurance premiums including any policy in respect of directors' and officers' liability insurance cover and association membership dues and all non-recurring and extraordinary items of expenditure as may arise;
- (vii) the remuneration, commissions and expenses incurred or payable in the marketing, promotion and distribution of Shares including without limitation commissions payable to any person in consideration of his subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any Shares in the Company and the costs and expenses of preparation and distribution of all marketing material and advertisements;
- (viii) all fees and expenses connected with the preparation, publication and supply of information to Shareholders and the public including, without limitation, the cost of preparing, translating, printing, distributing the Prospectus and any addenda or supplements, key investor information document and any periodic updates thereof, marketing literature, any report to the Central Bank or any other regulatory authority, the annual audited report and any other periodic reports and the calculation, publication and circulation of the Net Asset Value per Share, certificates, confirmations of ownership and of any notices given to Shareholders in whatever manner;
- (ix) all fees and expenses incurred in connection with the convening and holding of Shareholders' meetings;
- (x) all fees and expenses incurred or payable in registering and maintaining a Fund or Class registered with any and all government agencies and/or regulatory authority and/or rating agencies, clearance and/or settlement systems and/or any exchanges in any various countries and jurisdictions including, but not limited to, filing and translation expenses;
- (xi) all fees and expenses incurred or payable in listing and in maintaining or complying with the requirements for the listing of the Shares on the Irish Stock Exchange (or other exchange to which Shares may be admitted);
- (xii) all legal and other professional fees and expenses incurred by the Company or by or on behalf of its delegates in any actions taken or proceedings instituted or defended to enforce, protect, safeguard, defend or recover the rights or property of the Company;

- (xiii) all other liabilities and contingent liabilities of the Company of whatsoever kind and all fees and expenses incurred in connection with the Company's operation and management including, without limitation, interest on borrowings, all company secretarial expenses and all Companies Registration Office filings and statutory fees and all regulatory fees;
- (xiv) all expenses involved in obtaining and maintaining a credit rating for the Company from any rating agency;
- (xv) all fees and expenses of the Auditors, tax, legal and other professional advisers and any valuer or other supplier of services to the Company;
- (xvi) the costs of any amalgamation or restructuring of the Company or any Fund;
- (xvii) the costs of liquidation or winding up the Company or terminating any Fund;
- (xviii) all other fees and all expenses incurred in connection with the Company's operation and management;

in each case together with any applicable value added tax.

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

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

## **8.6 Entry/Exit Charges**

### **8.6.1 Preliminary Charge**

Shareholders may be subject to a Preliminary Charge of up to a maximum of 5% of subscription monies. Such charge may be applied as a preliminary once-off charge or as a contingent deferred sales charge. Details of any Preliminary Charge payable shall be specified in the relevant Supplement.

### **8.6.2 Repurchase Charge**

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

### **8.6.3 Exchange Charge**

Shareholders may be subject to an Exchange Charge on the exchange of any Shares up to a maximum of 3% of the Net Asset Value of the Shares in the original Fund, as specified in the relevant Supplement.

### **8.6.4 Anti-Dilution Levy**

The Directors reserve the right to impose an Anti-Dilution Levy in the case of net subscriptions and/or net repurchases on a transaction basis as a percentage adjustment (to be communicated to the Administrator) on the value of the relevant subscription/repurchase calculated for the purposes of

determining a subscription price or repurchase price to reflect the impact of duties and charges and other dealing costs relating to the acquisition or disposal of assets and to preserve the value of the underlying assets of the relevant Fund where they consider such a provision to be in the best interests of a Fund. Such amount will be added to the price at which Shares will be issued in the case of net subscription requests and deducted from the price at which Shares will be repurchased in the case of net repurchase requests. Any such sum will be paid into the account of the Fund.

### **8.7 Extraordinary Expenses**

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

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## 9. TAXATION

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### Taxation

#### General

The following is a brief summary of certain aspects of Irish taxation law and practice relevant to the transactions contemplated in this Prospectus. It is based on the law and practice and official interpretation currently in effect, all of which are subject to change.

The information given below is not exhaustive and does not constitute legal or tax advice and prospective investors should consult their own professional advisers on the possible tax consequences of buying, selling, converting, holding or redeeming Shares under the laws of the jurisdictions in which they may be subject to tax. Investors are also advised to inform themselves as to any exchange control regulations applicable to their country of residence.

Dividends, interest and capital gains (if any) which the Company or any Fund receives with respect to its investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of investments are located. It is anticipated that the Company may not be able to benefit from reduced rates of withholding tax in double taxation agreements between Ireland and such countries. If this position changes in the future and the application of a lower rate results in a repayment to the Company, the Net Asset Value will not be restated and the benefit will be allocated to the existing Shareholders rateably at the time of the repayment.

#### Ireland

##### (a) Taxation of the Company

The Directors have been advised that 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 so long as the Company is resident for tax purposes in Ireland. The Company will be resident for tax purposes in Ireland if it is centrally managed and controlled in Ireland. It is intended that the Directors of the Company will conduct the affairs of the Company in a manner that will allow for this.

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

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

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

A Chargeable Event includes:

- (i) any payment to a Shareholder by the Company in respect of their Shares;
- (ii) any transfer, cancellation, redemption or repurchase of Shares; and

- (iii) any deemed disposal by a Shareholder of their Shares at the end of a "relevant period" (a "Deemed Disposal").

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

A Chargeable Event does not include:

- (i) any transaction in relation to Shares held in a recognised clearing system;
- (ii) any exchange by a Shareholder effected by way of a bargain made at arm's length by the Company, of Shares in the Company for other Shares in the Company;
- (iii) certain transfers of Shares between spouses or civil partners and former spouses or former civil partners;
- (iv) an exchange of Shares arising on a qualifying amalgamation or reconstruction of the Company with another Irish investment undertaking; or
- (v) the cancellation of Shares in the Company arising from an exchange in relation to a scheme of amalgamation (as defined in Section 739 HA of the TCA).

On the happening of a Chargeable Event, the Company shall be entitled to deduct the appropriate amount of tax on any payment made to a Shareholder in respect of the Chargeable Event. On the occurrence of a Chargeable Event where no payment is made by the Company to the Shareholder, the Company may appropriate or cancel the required number of Shares to meet the tax liability.

Where the Chargeable Event is a Deemed Disposal and the value of Shares held by Irish Resident Shareholders in the Company is less than 10% of the total value of Shares in the Company (or a Fund) and the Company has made an election to the Revenue Commissioners to report annually certain details for each Irish Resident Shareholder, the Company will not be required to deduct the appropriate tax and each Irish Resident Shareholder (and not the Company) must pay the tax on the Deemed Disposal on a self-assessment basis. Credit is available against appropriate tax relating to the Chargeable Event for appropriate tax paid by the Company or the Shareholder on any previous Deemed Disposal. On the eventual disposal by the Shareholder of the Shares, a refund of any unutilised credit will be payable.

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

### *Non-Irish Resident Shareholders*

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

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

If the Company is not in possession of a Relevant Declaration or the Company is in possession of information which would reasonably suggest that the Relevant Declaration is not or is no longer materially correct, the Company must deduct tax on the happening of a Chargeable Event in relation to such Shareholder. The tax deducted will generally not be refunded.

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

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

#### *Exempt Irish Shareholders*

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

Exempt Irish Shareholders may be liable to Irish tax on their income, profits and gains in relation to any sale, transfer, repurchase, redemption or cancellation of Shares or dividends or distributions or other payments in respect of their Shares depending on their circumstances. It is the obligation of the Exempt Irish Shareholder to account for tax to the Revenue Commissioners.

#### *Irish-Resident Shareholders*

Irish Resident Shareholders (who are not Exempt Irish Shareholders) will be liable to tax on the happening of a Chargeable Event. Tax at the rate of 41% will be deducted by the Company on payments made to the Shareholder in relation to the Shares or on the sale, transfer, Deemed Disposal (subject to the 10% threshold outlined above), cancellation, redemption or repurchase of Shares or the making of any other payment in respect of the Shares.

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

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

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

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

#### *Personal Portfolio Investment Undertaking*

An investment undertaking will be considered to be a personal portfolio investment undertaking (PPIU) in relation to a specific Irish Resident Shareholder where that Irish Resident Shareholder can influence the selection of some or all of the property of the undertaking. The undertaking will only be a PPIU in respect of those Irish Resident Shareholders who can influence the selection. A gain arising on a chargeable event in relation to a PPIU will be taxed at the rate of 60%. An undertaking will not be considered to be a PPIU where certain conditions are complied with as set out in section 739BA TCA.

### *Currency Gains*

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

### *Stamp Duty*

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

### *Capital Acquisitions Tax*

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

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

### *Certain Irish Tax Definitions*

#### *Residence – Company*

A company which has its central management and control in Ireland is resident in Ireland irrespective of where it is incorporated. A company which does not have its central management and control in Ireland but which is incorporated in Ireland is resident in Ireland except where the company is regarded as not resident in Ireland under a double taxation treaty between Ireland and another country. In certain limited circumstances, companies incorporated in Ireland but managed and controlled outside of a double taxation treaty territory may not be regarded as resident in Ireland. Specific rules may apply to companies incorporated prior to 1 January 2015.

#### *Residence – Individual*

The Irish tax year operates on a calendar year basis.

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

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

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

#### *Ordinary Residence – Individual*

The term "ordinary residence" as distinct from "residence", relates to a person's normal pattern of life and denotes residence in a place with some degree of continuity.

An individual who has been resident in Ireland for three consecutive tax years becomes ordinarily resident with effect from the commencement of the fourth tax year.



An individual who has been ordinarily resident in Ireland ceases to be ordinarily resident at the end of the third consecutive tax year in which that individual is not resident in Ireland. Thus, an individual who is resident and ordinarily resident in Ireland in 2009 will remain ordinarily resident in Ireland until the end of the tax year 2012.

#### *Intermediary*

means a person who:-

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

### **FATCA Implementation in Ireland**

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

The IGA will significantly increase the amount of tax information automatically exchanged between Ireland and the U.S. It provides for the automatic reporting and exchange of information in relation to accounts held in Irish "financial institutions" by U.S. persons and the reciprocal exchange of information regarding U.S. financial accounts held by Irish Residents. The Company be subject to these rules. Complying with such requirements will require the Company to request and obtain certain information and documentation from its Shareholders, other account holders and (where applicable) the beneficial owners of its Shareholders and to provide any information and documentation indicating direct or indirect ownership by U.S. Persons to the competent authorities in Ireland. Shareholders and other account holders will be required to comply with these requirements, and non-complying Shareholders may be subject to compulsory redemption and/ or U.S withholding tax of 30% on withholdable payments and/or other monetary penalties.

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

The Company (and/or any of its duly appointed agents) shall be entitled to require Shareholders to provide any information regarding their tax status, identity or residency in order to satisfy any reporting requirements which the 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 subscription for or holding of Shares to have authorised the automatic disclosure of such information by the Company or any other person to the relevant tax authorities.

### **OECD Common Reporting Standard**

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

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

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

The Company, or a person appointed by the Company, will request and obtain certain information in relation to the tax residence of its shareholders or "account holders" for CRS purposes and (where

applicable) will request information in relation to the beneficial owners of any such account holders. The 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. Ireland introduced CRS Regulations in December 2015 and implementation of CRS among early adopting countries occurred with effect from 1 January 2016.

### **Other Jurisdictions**

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

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

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## 10. GENERAL INFORMATION

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### 10.1 Reports and Accounts

The Company will prepare an annual report and audited accounts as of 31 March in each calendar year and a half-yearly report and unaudited accounts as of 30 September in each year with the first annual report to be made up to 31 March 2014 and the first semi-annual report to be made up to 30 September 2013.

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 and in each case will be offered to subscribers before conclusion of a contract and supplied to Shareholders free of charge on request and will be available to the public at the office of the Administrator.

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

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

### 10.2 Incorporation and Share Capital

The Company was incorporated in Ireland on 29 January, 2013 as an investment company with variable capital with limited liability under registration number 523039. The Company has no subsidiaries.

The registered office of the Company is as stated in the directory at the back of this Prospectus.

The authorised share capital of the Company is 300,000 redeemable non-participating Shares of one euro each and 500,000,000,000 participating Shares of no par value. Non-participating Shares do not entitle the holders thereof to any dividend and on a winding up entitle the holders thereof to receive the consideration paid therefor but do not otherwise entitle them to participate in the assets of the Company. 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. There are 300,000 non-participating Shares currently in issue. 299,999 redeemable non-participating Shares have been issued to the Investment Manager and 1 redeemable non-participating Share has been issued to Intermediate Capital Investments Limited.

No share capital of the Company has been put under option nor has any share capital been agreed (conditionally or unconditionally) to be put under option.

### 10.3 Memorandum and Articles of Association

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

The Articles contain provisions to the following effect:

#### 10.3.1 **Directors' Authority to Allot Shares**

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

### **10.3.2 Variation of rights**

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

### **10.3.3 Voting Rights**

Subject to any rights or restrictions for the time being attached to any Class or Classes of Shares, on a show of hands every holder who is present in person or by proxy shall have one vote and the holder(s) of subscriber shares present in person or by proxy shall have one vote in respect of all the subscriber shares in issue and on a poll every holder present in person or by proxy shall have one vote for every Share of which he is the holder and every holder of a subscriber share present in person or by proxy shall have one vote in respect of his holding of subscriber shares. Holders who hold a fraction of a Share may not exercise any voting rights, whether on a show of hands or on a poll, in respect of such fraction of a Share.

### **10.3.4 Alteration of Share Capital**

The Company may from time to time by ordinary resolution increase the share capital by such amount and/or number as the resolution may prescribe.

The Company may also by ordinary resolution:

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

### **10.3.5 Directors' Interests**

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

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

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

#### **10.3.6 Borrowing Powers**

The Directors may exercise all of the powers of the Company to borrow or raise money and to mortgage, or charge its undertaking, property and assets (both present and future) provided that all such borrowings shall be within the limits and conditions laid down by the Central Bank.

#### **10.3.7 Delegation to Committee**

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

#### **10.3.8 Retirement of Directors**

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

#### **10.3.9 Directors' Remuneration**

Unless and until otherwise determined from time to time by the Company in general meeting, the ordinary remuneration of each Director shall be determined from time to time by resolution of the Directors. Any Director who is appointed as an executive director (including for this purpose the office of chairman or deputy chairman) or who serves on any committee, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of fees, commission or otherwise as the Directors may determine. The Directors may be paid all travelling, hotel and other out-of-pocket expenses properly incurred by them in connection with their attendance at meetings of the Directors or committees established by the Directors or general meetings or separate meetings of the holders of any Class of Shares of the Company or otherwise in connection with the discharge of their duties.

#### **10.3.10 Transfer of Shares**

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

The transferor shall be deemed to remain the holder of any Shares that it proposes to transfer until the name of the transferee is entered in the Company's register of members in respect of those Shares. In respect of the Shares, each transferee will be required to provide the same information, representations and warranties to the Company and/or its delegate as are required from any applicant for Shares.

The Directors may decline to register any transfer of Shares unless the original instrument of transfer, and such other documents as the Directors may require, including without limitation an original application form, are deposited at the registered office of the Company or at such other place as the Directors may reasonably require, together with such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and to verify the identity of the transferee.

The Directors will decline to register a transfer of Shares in the circumstances discussed in section 7.3 above.

The Directors, in their absolute discretion and without assigning any reason therefore may decline to

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

The Directors may decline to recognise any instrument of transfer unless it is accompanied by the certificate for the Shares to which it relates (if issued), is in respect of one class of Share only, is in favour of not more than four transferees and is lodged at the registered office or at such other place as the Directors may appoint.

#### **10.3.11 Right of Repurchase**

Shareholders have the right to request the Company to repurchase their Shares in accordance with the provisions of the Articles.

#### **10.3.12 Dividends**

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

#### **10.3.13 Funds**

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

- (i) for each Fund the Company shall keep separate books and records in which all transactions relating to the relevant Fund shall be recorded and, in particular, the proceeds from the allotment and issue of Shares of each Class of the Fund, and the investments and the liabilities and income and expenditure attributable thereto shall be applied to such Fund subject to the provisions of the Articles;
- (ii) any asset derived from any other asset(s) (whether cash or otherwise) comprised in any Fund, shall be applied in the books and records of the Company to the same Fund as the asset from which it was derived and any increase or diminution in the value of such an asset shall be applied to the relevant Fund;
- (iii) in the event that there are any assets of the Company which the Directors do not consider are attributable to a particular Fund or Funds, the Directors shall, with the approval of the Depositary, allocate such assets to and among any one or more of the Funds in such manner and on such basis as they, in their discretion, deem fair and equitable; and the Directors shall have the power to and may at any time and from time to time, with the approval of the Depositary, vary the basis in relation to assets previously allocated;

- (iv) no Shares will be issued on terms that entitle the Shareholders of any Fund to participate in the assets of the Company other than the assets (if any) of the Fund relating to such Shares. If the proceeds of the assets of the relevant Fund are not sufficient to fund the full repurchase proceeds payable to each Shareholder for the relevant Fund, the proceeds of the relevant Fund will, subject to the terms for the relevant Fund, be distributed equally among each Shareholder of the relevant Fund pro rata to the amount paid up on the Shares held by each Shareholder. If the realised net assets of any Fund are insufficient to pay any amounts due on the relevant Shares in full in accordance with the terms of the relevant Fund, the relevant Shareholders of that Fund will have no further right of payment in respect of such Shares or any claim against the Company, any other Fund or any assets of the Company in respect of any shortfall;
- (v) each Fund shall be charged with the liabilities, expenses, costs, charges or reserves of the Company in respect of or attributable to that Fund; and
- (vi) in the event that any asset attributable to a Fund is taken in execution of a liability not attributable to that Fund, the provisions of section 256E of the Companies Act 1990, shall apply.

#### **10.3.14 Fund Exchanges**

Subject to the provisions of the Companies Act, the Regulations, the Articles and the section of this Prospectus entitled "Exchange of Shares", a Shareholder holding Shares in any Class of a Fund on any Dealing Day shall have the right from time to time to exchange all or any of such Shares for Shares of another Class of the same Fund (such Class being either an existing Class or a Class agreed by the Directors to be brought into existence with effect from that Dealing Day). The Directors may, at their discretion, refuse to effect an exchange request without giving any reason for such refusal.

#### **10.3.15 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:-

- (i) if at any time the Net Asset Value of the relevant Fund shall be less than the Minimum Fund Size (if any) determined by the Directors in respect of that Fund;
- (ii) if any Fund shall cease to be authorised or otherwise officially approved;
- (iii) if any law shall be passed or regulatory requirement introduced which renders it illegal or in the opinion of the Directors impracticable or inadvisable or not commercially viable or excessively onerous from a compliance perspective to continue the relevant Fund;
- (iv) if there is a change in the economic or political situation relating to a Fund which the Directors consider would have material adverse consequences on the investments of the Fund;
- (v) if the Directors shall have resolved that it is impracticable or inadvisable for a Fund to continue to operate having regard to prevailing market conditions and/or the best interests of the Shareholders; or
- (vi) if the appointment of the Investment Manager pursuant to the Investment Management Agreement is terminated in accordance with the termination provisions stipulated therein.

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

The Directors shall give notice of termination of a Fund to the Shareholders in the relevant Fund and by

such notice fix the date at which such termination is to take effect, which date shall be for such period after the service of such notice as the Directors shall in their sole and absolute discretion determine. With effect on and from the date of the relevant notice of termination, no Shares of the relevant Fund may be issued, sold or repurchased by the Company unless the Directors determine otherwise.

### **10.3.16 Winding up**

The Articles contain provisions to the following effect:

- (i) If the Company shall be wound up the liquidator shall, subject to the provisions of the Companies Act and section 10.3.17 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;
- (ii) The assets available for distribution amongst the Shareholders shall be applied as follows: first the proportion of the assets in a Fund attributable to each Class of Shares shall be distributed to the holders of Shares in the relevant Class in the proportion that the number of Shares held by each holder bears to the total number of Shares relating to each such Class of Shares in issue as at the date of commencement to wind up; secondly, in the payment to the holder(s) of the subscriber shares of sums up to the notional amount paid thereon out of the assets of the Company not attributable to other Classes of Shares. In the event that there are insufficient assets to enable such payment in full to be made, no recourse shall be had to the assets of the Company attributable to each Class of Share; and thirdly, any balance then remaining and not attributable to any of the Classes of Shares shall be apportioned pro-rata as between the Classes of Shares based on the Net Asset Value attributable to each Class of Shares as at the date of commencement to wind up and the amount so apportioned to a Class shall be distributed to holders pro-rata to the number of Shares in that Class of Shares held by them;
- (iii) A Fund may be wound up pursuant to section 256E of the Companies Act, 1990 and in such event the provisions of the Articles shall apply mutatis mutandis in respect of that Fund;
- (iv) If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of a special resolution of the relevant holders and any other sanction required by the Companies Act, divide among the holders of Shares of any Class or Classes of a Fund in specie the whole or any part of the assets of the Company relating to that Fund, and whether or not the assets shall consist of property of a single kind, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between all the holders of Shares or the holders of different Classes of Shares as the case may be. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of holders as the liquidator, with the like authority, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no holder shall be compelled to accept any assets in respect of which there is a liability. A Shareholder may require the liquidator instead of transferring any asset in specie to him/her, to arrange for a sale of the assets and for payment to the holder of the net proceeds of same.

### **10.3.17 Segregation of Liability**

- (i) Notwithstanding any statutory provision or rule of law to the contrary any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of that Fund, and no Director, receiver, examiner, liquidator, provisional liquidator or other person shall apply nor be obliged to apply the assets of any such Fund in satisfaction of any liability incurred on behalf of or attributable to any other Fund.
- (ii) The assets allocated to a Fund shall be applied solely in respect of the Shares of such Fund and no Shareholder relating to such Fund shall have any claim or right to any asset



allocated to any other Fund.

- (iii) Any asset or sum recovered by the Company by any means whatsoever or wheresoever shall, after the deduction or payment of any costs of recovery, be applied to the Fund affected. In the event that assets attributable to a Fund are taken in execution of a liability not attributable to that Fund, and in so far as such assets or compensation in respect hereof cannot otherwise be restored to that Fund, the Directors with the consent of the Depositary, shall certify or cause to be certified, the value of the assets lost to the Fund affected and transfer or pay from the assets of the Fund or Funds to which the liability was attributable, in priority to all other claims against such Fund or Funds, assets or sums sufficient to restore to the Fund affected, the value of the assets or sums lost to it.
- (iv) The Company may sue and be sued in respect of a particular Fund and may exercise the same rights of set-off, if any, as between its Funds as apply at law in respect of companies and the property of a Fund is subject to orders of the Irish courts as it would have been if the Fund were a separate legal person.
- (v) In any proceedings brought by any Shareholder of a particular Fund, any liability of the Company to such Shareholder in respect of such proceeding can only be settled out of the assets of the Fund corresponding to such Shares without recourse in respect of such liability or any allocation of such liability to any other Fund of the Company.
- (vi) Nothing in this section shall prevent the application of any enactment or rule of law which would require the application of the assets of any Fund in discharge of some or all of the liabilities of any other Fund on the grounds of fraud or misrepresentation and, in particular, by reason of the application of sections 139 and 286 of the Companies Act, 1963.

#### **10.3.18 Share Qualification**

The Articles do not contain a share qualification for Directors.

#### **10.4 Directors' Interests**

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

Jason Vickers is a Director at Intermediate Capital Managers Limited, the Investment Manager, which receives fees in respect of its services to the Company.

John Skelly is a Principal at Carne Global Financial Services Limited, which receives fees in respect of its provision of a secondee and an MLRO to the Company. Carne Global Financial Services Limited have provided a suitably qualified individual, Niamh Lyons, to assist the Company in carrying out its key management responsibilities pursuant to the Regulations.

None of the Directors has a service contract with the Company nor are any such service contracts proposed.

#### **10.5 Indemnities and Insurance**

Pursuant to the Articles, each of the Directors 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 office in the discharge of his duties (other than in the case of fraud, negligence or wilful default).

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.

## **10.6 Material Contracts**

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

### **10.6.1 Investment Management Agreement**

Pursuant to the Investment Management Agreement between the Company and Intermediate Capital Managers Limited has been appointed the Investment Manager to the Company. The Investment Manager will be entitled to receive fees as described in each Supplement. The Investment Management Agreement may be terminated by either party on giving not less than 90 days' prior written notice to the other party. The Investment Management Agreement may also be terminated forthwith by either party giving notice in writing to the other party upon certain breaches as outlined in the Investment Management Agreement or upon the insolvency of a party (or upon the happening of a like event).

The Company shall indemnify and keep indemnified the Investment Manager and the directors, officers and employees of the Investment Manager from and against any and all liabilities, obligations, losses, damages, suits and expenses which may be incurred by or asserted against the Investment Manager in its capacity as Investment Manager of the Funds other than those resulting from the negligence, bad faith, recklessness, wilful default or fraud in the performance of its obligations or duties or as a result of a breach of this Agreement or breach of the Regulations by the Investment Manager.

The Investment Manager shall not be required to take any legal or other action unless fully indemnified to its reasonable satisfaction for all costs and liabilities that may be incurred or suffered by the Investment Manager in so doing and not attributable to the Investment Manager's negligence, bad faith, recklessness, wilful default or fraud in the performance of its obligations or duties or as a result of a breach of this Agreement or breach of the Regulations by the Investment Manager and if the Company requires the Investment Manager to take any action of whatsoever nature which in the reasonable opinion of the Investment Manager might render the Investment Manager liable for the payment of money or liable in any other way, the Investment Manager shall be indemnified and hold harmless by the Company out of the assets of the relevant Funds in any reasonable amount and form satisfactory to the Investment Manager as a prerequisite to taking such action.

Notwithstanding any other provision of the Investment Management Agreement, the Investment Manager's recourse against the Company in respect of any claims which may be brought against, suffered or incurred by the Investment Manager, its permitted delegates, servants or agents shall be limited to the Fund established in respect of Shares to which the claims relate, and the Investment Manager shall have no recourse to any other assets of the Company or any other Fund in respect of any such claims. If, following the realisation of all of the assets of the relevant Fund and subject to the application of such realisation proceeds in payment of all claims relating to the relevant fund (if any) and all other liabilities (if any) to the Company ranking pari passu with or senior to the claims which have recourse to the relevant Fund, the claims are not paid in full:

- (a) the amount outstanding in respect of the claims relating to the relevant Fund shall be automatically extinguished;
- (b) the Investment Manager shall have no further right of payment in respect thereof; and
- (c) the Investment Manager shall not be able to petition for the winding-up of the Company or the termination of any other Fund as a consequence of any such shortfall.

PROVIDED HOWEVER that sub-clauses (a) and (b) above shall not apply to any assets of the Fund that may be subsequently held or recouped by the Fund.

## 10.6.2 Distribution Agreement

Pursuant to the Distribution Agreement between the Company and Intermediate Capital Managers Limited has been appointed the Distributor to the Company with authority to delegate some or all of its duties as distributor to sub-distributors in accordance with the requirements of the Central Bank. The Distribution Agreement may be terminated by either party on giving not less than 90 days' prior written notice to the other party. The Distribution Agreement may also be terminated forthwith by either party giving notice in writing to the other party upon certain breaches as outlined in the Distribution Agreement or upon the insolvency of a party (or upon the happening of a like event).

The Company shall indemnify and keep indemnified the Distributor and the directors, officers and employees of the Distributor from and against any and all liabilities, obligations, losses, damages, suits and expenses which may be incurred by or asserted against the Distributor in its capacity as Distributor of the Funds other than those resulting from the negligence, bad faith, recklessness, wilful default or fraud in the performance of its obligations or duties.

The Distributor shall not be required to take any legal or other action unless fully indemnified to its reasonable satisfaction for all costs and liabilities that may be incurred or suffered by the Distributor in so doing and not attributable to the Distributor's negligence, bad faith, recklessness, wilful default or fraud in the performance of its obligations or duties and if the Company requires the Distributor to take any action of whatsoever nature which in the reasonable opinion of the Distributor might render the Distributor liable for the payment of money or liable in any other way, the Distributor shall be indemnified and held harmless by the Company out of the assets of the relevant Funds in any reasonable amount and form satisfactory to the Distributor as a prerequisite to taking such action.

Notwithstanding any other provision of the Distribution Agreement, (i) the Distributor shall not seek whether in any proceedings or by any other means whatsoever or wheresoever to have recourse to any assets of any Fund of the Company in the discharge in all or any part of the liability which was not incurred on behalf of that Fund; (ii) if the Distributor shall succeed by any means whatsoever or wheresoever in having recourse to any assets of any Fund in the discharge in all or any part of a liability which was not incurred on behalf of that Fund, the Distributor shall be liable to the Company to a sum equal to the value of the benefit thereby obtained by the Distributor; (iii) if the Distributor shall succeed in seizing or attaching by any means, or otherwise levying execution against, any assets of a Fund in respect of a liability which was not incurred on behalf of that Fund, the Distributor shall hold those assets or the direct or indirect proceeds of the sale of such assets on trust for the Company and shall keep those assets or proceeds separately and identifiable as such property; and (iv) if following the realisation of all of the assets of the relevant Fund and subject to the application of such realisation proceeds in payment of all claims relating to the relevant fund (if any) and all other liabilities (if any) to the Company ranking pari passu with or senior to the claims which have recourse to the relevant Fund (the "**Relevant Date**"), the claims are not paid in full:

- (a) the amount outstanding in respect of the claims relating to the relevant Fund shall be automatically extinguished;
- (b) the Distributor shall have no further right of payment in respect thereof; and
- (c) the Distributor shall not be able to petition for the winding-up of the Company or the termination of any other Fund as a consequence of any such shortfall.

PROVIDED HOWEVER that sub-clauses (a) and (b) above shall not apply to any assets of the Fund that may be subsequently held or recouped by the Fund between the Relevant Date and the date of termination of the Fund in accordance with the requirements of the Central Bank.

## 10.6.3 Administration Agreement

Pursuant to the Administration Agreement, the Administrator will provide certain administrative, registrar, accounting and transfer agency services to the Company. The Administrator will be entitled to receive fees as described in section of this Prospectus entitled "Fees and Expenses".

The Administration Agreement can be terminated by either party, with or without cause, after the expiry of three years from the Effective Date (as defined in the Agreement) (the "Initial Term" (as defined in the Administration Agreement)) upon not less than 90 days' written notice. Either party may terminate the Administration Agreement with cause upon not less than 30 days' notice in writing if the other party has materially breached any of its obligations pursuant to the Agreement provided that (i) the termination notice describes the breach and (ii) no such termination will be effective if, with respect to any breach which is capable of being cured prior to the date set forth in the termination notice, the breaching party has reasonably cured such breach. Either party may further terminate the Administration Agreement immediately in the event of (i) the other party no longer being permitted to perform its obligations under the agreement pursuant to applicable law or regulation; or (ii) the winding up of or the appointment of an examiner or receiver or liquidator to the other party or on the happening of a like event whether at the direction of an appropriate regulatory agency or court of competent jurisdiction or otherwise.

The Administrator may exercise its termination rights under the Agreement if, after the first anniversary of the first allotment of Shares in a Fund, the net asset value of the Fund falls below a level as disclosed in the Administration Agreement for a period of at least 6 months. The Administrator may terminate the Agreement on not less than 30 days' written notice to the Company if the Administrator is notified that the Company or the Depositary has terminated the Depositary Agreement.

If the Company has terminated the Agreement without cause during the Initial Term, the Company would pay the Administrator such liquidated damages as provided for in the Administration Agreement.

**Indemnity by the Company.** The Company will indemnify the Administrator (including without limitation each and any of its officers, directors or employees) for, and will defend and hold the Administrator harmless from, all losses, costs, damages and expenses (including reasonable legal fees incurred by the Administrator or such person in any action or proceeding between the Administrator and the Company or between the Administrator and any third party arising from or in connection with the performance of this Agreement) (each referred to as a "Loss"), imposed on, incurred by, or asserted against the Administrator in connection with or arising out of the following:

- (i) the Administration Agreement, except any Loss resulting from the wilful default, fraud or negligence of the Administrator or any Administrative Support Provider (as defined in the Administration Agreement); or
- (ii) any alleged untrue statement of a material fact contained in any Offering Document (as defined in the Administration Agreement) of the Company or arising out of or based upon any alleged omission to state a material fact required to be stated in any Offering Document or necessary to make the statements in any Offering Document not misleading, unless such statement or omission was made in reliance upon, and in conformity with, information furnished in writing to the Company by the Administrator specifically for use in the Offering Document.

Notwithstanding any other provision of the Administration Agreement, the Administrator's recourse against the Company in respect of any claims which may be brought against, suffered or incurred by the Administrator, its permitted delegates, servants or agents shall be limited to the Fund established in respect of Shares to which the claims relate, and the Administrator shall have no recourse to any other assets of the Company or any other Fund in respect of any such claims. If, following the realisation of all of the assets of the relevant Fund and subject to the application of such realisation proceeds in payment of all claims relating to the relevant Fund (if any) and all other liabilities (if any) of the Company ranking pari passu with or senior to the claims which have recourse to the relevant Fund, the claims are not paid in full:

- (a) the amount outstanding in respect of the claims relating to the relevant Fund shall be automatically extinguished;
- (b) the Administrator shall have no further right of payment in respect thereof; and
- (c) the Administrator shall not be able to petition for the winding-up of the Company or the termination of any other Fund as a consequence of any such shortfall.

PROVIDED HOWEVER that sub-clauses (a) and (b) above shall not apply to any assets of the Fund that may be subsequently held or recouped by the Fund.

#### **10.6.4 Depositary Agreement**

Pursuant to the Depositary Agreement, the Depositary has been appointed as depositary of the Company's assets including cash. The Depositary will collect any income arising from the Company's assets on the Company's behalf. The Depositary will be entitled to receive a fee as described in the section of this Prospectus entitled "Fees and Expenses".

##### Delegation of Safekeeping Function and Conflicts of Interest

Under the terms of the Depositary Agreement the Depositary has the power to delegate certain of its depositary functions.

In general, whenever the Depositary delegates any of its custody functions to a delegate, the Depositary will remain liable for any losses suffered as a result of an act or omission of the delegate as if such loss had arisen as a result of an act or omission of the Depositary. The use of securities settlement systems does not constitute a delegation by the Depositary of its functions.

The liability of the Depositary will not be affected by the fact that it has delegated to a third party certain of its safekeeping functions in respect of the Company's assets. In order to discharge its responsibility in regard to the appointment of safekeeping delegates, the Depositary must exercise due skill, care and diligence in the selection, continued appointment and ongoing monitoring of a third party as a safekeeping agent so as to ensure that the third party has and maintains the expertise, competence and standing appropriate to discharge the responsibilities concerned; maintain an appropriate level of supervision over the safekeeping agent; and make appropriate inquiries from time to time to confirm that the obligations of the agent continue to be competently discharged.

From time to time conflicts may arise between the Depositary and the delegates or sub-delegates, for example where an appointed delegate or sub-delegate is an affiliated group company which receives remuneration for another custodial service it provides to the Company. In the event of any potential conflict of interest which may arise during the normal course of business, the Depositary will have regard to the applicable laws.

Up-to-date information on delegations and sub-delegations and related conflicts of interest may be requested from the Depositary by Shareholders.

In certain jurisdictions, where the local law requires that financial instruments are held by a local entity and no local entity satisfies the delegation requirements to which the Depositary is subject, the Depositary may delegate its functions to a local entity for as long as there are no local entities which satisfy the requirements. The Depositary will only do so where the Company has instructed it to do so and Shareholders are notified of such delegation prior to their investment, the reasons for it and the risks involved in the delegation.

A list of the Depositary's delegates and sub-delegates is set out in Appendix III.

##### Reuse of Fund by the Depositary

Under the Depositary Agreement the Depositary has agreed that it, and any person to whom it delegates custody functions, may not reuse any of the Company's assets held in custody.

Reuse will be permitted in respect of the Company's assets where:

- the reuse is carried out for the account of the Company;
- the Depositary acts on the instructions of the Company;
- the reuse of assets is for the benefit of the Company and the Shareholders;
- the transaction is covered by high quality and liquid collateral received by the Company under a title transfer arrangement, the market value of which shall, at all times, amount to at least the market value of the re-used assets plus a premium.

### Terms of the Depositary Agreement

The Depositary Agreement provides that it will continue in force unless and until terminated by either party giving not less than 90 days' prior written notice to the other(s), 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 and in accordance with applicable law, rules and regulations, appoint a successor depositary. The Depositary may not be replaced without the approval of the Central Bank.

### Liability of the Depositary

The Depositary is liable to the Company and to the Shareholders for the loss by the Depositary or a third party to whom the custody of financial instruments that can be held in custody has been delegated. In the case of such a loss of a financial instrument held in custody, the Depositary shall return a financial instrument of identical type or the corresponding amount to the Fund or the Company without undue delay. The Depositary is not liable if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

The Depositary is also liable to the Company and to the Shareholder for all losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations.

### Other provisions of the Depositary Agreement

The Depositary Agreement is governed by the laws of Ireland and the courts of Ireland shall have 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.

## **10.7 Miscellaneous**

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

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

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

## **10.8 Access to Documents**

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 (<http://www.icgplc.com/funds/UCITS-fund.aspx>) or such other website as the Investment Manager may notify 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 half yearly reports of the Company
- key investor information document

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 half yearly reports of the Company

An up-to-date version of the key investor information document, in the English language or as may be required in other languages, 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, including any Supplement thereto
- once published, the latest annual and half yearly reports of the Company
- the Articles

### **10.9 Remuneration Policy**

The Company has a remuneration policy in place to ensure compliance with UCITS V. 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: (<http://www.icgplc.com/funds/UCITS-fund.aspx>). The remuneration policy may be obtained free of charge on request from the Company.

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## APPENDIX I

### INVESTMENT RESTRICTIONS APPLICABLE TO THE FUND UNDER THE REGULATIONS

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#### 1 Permitted Investments

Investments of a Fund are confined to:

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

#### 2 Investment Limits

- 2.1 A Fund may invest no more than 10% of its Net Asset Value in transferable securities and money market instruments other than those referred to in paragraph 1.
- 2.2 A Fund 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:
  - (a) the securities are issued with an undertaking to register with the U.S. Securities and Exchanges Commission within one year of issue; and
  - (b) the securities are not illiquid securities i.e. they may be realised by the Fund within seven days at the price, or approximately at the price, at which they are valued by the Fund.
- 2.3 A Fund may invest no more than 10% of its Net Asset Value in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
- 2.4 Subject to the prior approval of the Central Bank, the limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in an EU Member State and is subject by law to special public supervision designed to protect bondholders. If a Fund invests more than 5% of its Net Asset Value in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the Net Asset Value of the Fund.
- 2.5 The limit of 10% (in 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by an EU Member State or its local authorities or by a non-



EU Member State or public international body of which one or more EU Member States are members.

- 2.6 The transferable securities 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.
- 2.8 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 Depositary.
- 2.9 The risk exposure of a Fund to a counterparty to an OTC derivative may not exceed 5% of its Net Asset Value.
- 2.10 This limit is raised to 10% in the case of Relevant Institutions.
- 2.11 Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of the Net Asset Value of a Fund:
- (a) investments in transferable securities or money market instruments;
  - (b) deposits, and/or
  - (c) counterparty risk exposures arising from OTC derivative transactions.
- 2.12 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.
- 2.13 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.
- 2.14 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:
  - (a) 10% of the non-voting shares of any single issuing body;
  - (b) 10% of the debt securities of any single issuing body;
  - (c) 25% of the units of any single CIS;
  - (d) 10% of the money market instruments of any single issuing body.
  - (e) 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:
- (a) transferable securities and money market instruments issued or guaranteed by an EU Member State or its local authorities;
  - (b) transferable securities and money market instruments issued or guaranteed by a non-EU Member State;
  - (c) transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members;
  - (d) shares held by a Fund in the capital of a company incorporated in a non-EU member state which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-EU Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6 and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed;
  - (e) Shares held by an investment company in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of shares at Shareholders' request exclusively on their behalf.
- 5.4 A Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
- 5.5 The Central Bank may allow a recently authorised Fund to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six Months following the date of its authorisation, provided it observes the principle of risk spreading.
- 5.6 If the limits laid down herein are exceeded for reasons beyond the control of a Fund, or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its Shareholders.
- 5.7 A Fund may not carry out uncovered sales of: transferable securities; money market instruments; 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.

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## APPENDIX II

### PERMITTED MARKETS

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

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

market in Japan regulated by the Securities Dealers Association of Japan; AIM - the Alternative Investment Market in the UK, regulated by the London Stock Exchange; the French Market for Titres de Créances Négociables (over-the-counter market in negotiable debt instruments); the over-the-counter market in Canadian Government Bonds regulated by the Investment Dealers Association of Canada; and

(iv) for investments in financial derivative instruments:-

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

**APPENDIX III****LIST OF THE DEPOSITARY'S DELEGATES AND SUB-DELEGATES**

<b>Country</b>	<b>Citibank NA ( Global Custody London global window)</b>
<b>Argentina</b>	Euroclear(Citibank is a direct member of Euroclear SA/NV)
<b>Australia</b>	Citigroup Pty. Limited
<b>Austria</b>	Citibank, N.A., Milan Branch
<b>Bahrain</b>	Citibank, N.A., Bahrain
<b>Bangladesh</b>	Citibank, N.A., Bangladesh
<b>Belgium</b>	Citibank Europe plc,UK Branch branch
<b>Benin</b>	Standard Chartered Bank Cote d'Ivoire
<b>Bermuda</b>	The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Bank Bermuda Limited
<b>Bosnia-Herzegovina (Sarajevo)</b>	UniCredit Bank d.d.
<b>Bosnia-Herzegovina: Srpska (Banja Luka)</b>	UniCredit Bank d.d.
<b>Botswana</b>	Standard Chartered Bank of Botswana Limited
<b>Brazil</b>	Citibank, N.A., Brazilian Branch
<b>Bulgaria</b>	Citibank Europe plc Bulgaria Branch
<b>Burkina Faso</b>	Standard Chartered Bank Cote D'Ivoire
<b>Canada</b>	Citibank Canada
<b>Chile</b>	Banco de Chile
<b>China B Shanghai</b>	Citibank, N.A., Hong Kong Branch (For China B shares)

<b>Country</b>	<b>Citibank NA ( Global Custody London global window)</b>
<b>China A Shares</b>	Citibank China Co Ltd ( China A shares)
<b>China Hong Kong Stock Connect</b>	Citibank, N.A., Hong Kong Branch
<b>Colombia</b>	Cititrust Colombia S.A. Sociedad Fiduciaria
<b>Costa Rica</b>	banco Nacioanal de costa rica
<b>Croatia</b>	Privedna banka Zagreb d.d.
<b>Cyprus</b>	Citibank Europe plc, Greece branch
<b>Czech Republic</b>	Citibank Europe plc, organizacni slozka
<b>Denmark</b>	Nordea Bank Danmark A/S
<b>Egypt</b>	Citibank, N.A., Cairo Branch
<b>Estonia</b>	Swedbank AS
<b>Finland</b>	Nordea Bank Finland Plc
<b>France</b>	Citibank Europe plc UK branch
<b>Georgia</b>	JSC Bank of Georgia
<b>Germany</b>	Citigroup global markets deutschland ag
<b>Ghana</b>	Standard Chartered Bank of Ghana Limited
<b>Greece</b>	Citibank Europe plc, Greece Branch
<b>Guinea Bissau</b>	Standard Chartered Bank Cote D'ivoire
<b>Hong Kong</b>	Citibank NA Hong Kong
<b>Hungary</b>	Citibank Europe plc Hungarian Branch Office
<b>Iceland</b>	Citibank is a direct member of Clearstream Banking, which is an ICSD.

<b>Country</b>	<b>Citibank NA ( Global Custody London global window)</b>
<b>India</b>	Citibank NA Mumbai Branch
<b>Indonesia</b>	Citibank, N.A., Jakarta Branch
<b>Ireland</b>	Citibank NA London Branch
<b>Israel</b>	Citibank, N.A., Israel Branch
<b>Italy</b>	Citibank, N.A., Milan Branch
<b>ivory coast</b>	Standard Chartered Bank Cote d'Ivoire
<b>Jamaica</b>	Scotia Investments Jamaica Limited
<b>Japan</b>	Citibank Japan limited
<b>Jordan</b>	Standard Chartered Bank Jordan Branch
<b>Kazakhstan</b>	Citibank Kazakhstan JSC
<b>Kenya</b>	Standard Chartered Bank Kenya Limited
<b>Korea (South)</b>	Citibank Korea Inc.
<b>Kuwait</b>	Citibank NA Kuwait Branch
<b>Latvia</b>	Swedbank AS, based in Estonia and acting through its Latvian branch, Swedbank AS
<b>Lebanon</b>	The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Bank Middle East Limited
<b>Lithuania</b>	Swedbank AS, based in Estonia and acting through its Lithuanian branch "Swedbank" AB
<b>Luxembourg</b>	only offered through the ICSDs- Euroclear & Clearstream
<b>Macedonia</b>	Raiffeisen Bank International AG
<b>Malaysia</b>	Citibank Berhad
<b>Mali</b>	Standard Chartered Bank Cote d'Ivoire



<b>Country</b>	<b>Citibank NA ( Global Custody London global window)</b>
<b>Malta</b>	Citibank is a direct member of Clearstream Banking, which is an ICSD.
<b>Mauritius</b>	The Hong Kong & Shanghai Banking Corporation Limited
<b>Mexico</b>	Banco Nacional de Mexico, S.A.
<b>Morocco</b>	Citibank Maghreb
<b>Namibia</b>	Standard Bank of South Africa Limited acting through its agent, Standard Bank Namibia Limited
<b>Netherlands</b>	Citibank Europe plc, UK Branch
<b>New Zealand</b>	Citibank, N.A., New Zealand Branch
<b>Niger</b>	standard chartered bank cote d'ivoire
<b>Nigeria</b>	Citibank Nigeria Limited
<b>Norway</b>	DNB Bank ASA
<b>Oman</b>	The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Bank Oman S.A.O.G
<b>Pakistan</b>	Citibank, N.A. Karachi
<b>Palestine</b>	The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Bank Middle East Limited
<b>Panama</b>	Citibank NA Panama Branch
<b>Peru</b>	Citibank del Peru S.A
<b>Philippines</b>	Citibank, N.A., Manila Branch
<b>Poland</b>	Bank Handlowy w Warszawie SA
<b>Portugal</b>	Citibank Europe plc, sucursal em Portugal
<b>Qatar</b>	The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Bank Middle East Limited

<b>Country</b>	<b>Citibank NA ( Global Custody London global window)</b>
<b>Romania</b>	Citibank Europe plc, Dublin - Romania Branch
<b>Russia</b>	AO Citibank
<b>Saudi Arabia</b>	The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Saudi Arabia Ltd.
<b>Sengal</b>	standard chartered bank cote d'ivoire
<b>Serbia</b>	UniCredit Bank Srbija a.d.
<b>Singapore</b>	Citibank, N.A., Singapore Branch
<b>Slovak Republic</b>	Citibank Europe plc pobočka zahraničnej banky
<b>Slovenia</b>	UniCredit Banka Slovenia d.d. Ljubljana
<b>South Africa</b>	Citibank NA South Africa branch
<b>Spain</b>	Citibank Europe plc, Sucursal en Espana
<b>Sri Lanka</b>	Citibank NA Colombo Branch
<b>Sweden</b>	Citibank Europe plc, Sweden Branch
<b>Switzerland</b>	Citibank NA London branch
<b>Taiwan</b>	Citibank Taiwan Limited
<b>Tanzania</b>	Standard Bank of South Africa acting through its affiliate Stanbic Bank Tanzania Ltd
<b>Togo</b>	Standard Chartered Bank Cote d'Ivoire
<b>Thailand</b>	Citibank, N.A.Bangkok Branch
<b>Tunisia</b>	Union Internationale de Banques
<b>Turkey</b>	Citibank, A.S.
<b>Uganda</b>	Standard Chartered Bank of Uganda Limited

<b>Country</b>	<b>Citibank NA ( Global Custody London global window)</b>
<b>Ukraine</b>	PJSC Citibank
<b>United Arab Emirates ADX &amp; DFM</b>	Citibank NA UAE
<b>United Arab Emirates NASDAQ Dubai</b>	Citibank NA UAE
<b>United Kingdom</b>	Citibank NA London branch
<b>United States</b>	Citibank NA New York offices
<b>Uruguay</b>	Banco Itau Uruguay S.A.
<b>Venezuela</b>	Citibank, N.A., Venezuela Branch
<b>Vietnam</b>	Citibank NA Hanoi Branch
<b>Zambia</b>	Standard Chartered Bank Zambia Plc
<b>Zimbabwe</b>	Standard Bank of South Africa Ltd. acting through its affiliate Stanbic Bank Zimbabwe Ltd.

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## **DIRECTORY**

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### **ICG UCITS Funds (Ireland) p.l.c.**

#### **Directors**

John Skelly (Irish)  
Roddy Stafford (Irish)  
Jason Vickers (UK)

#### **Registered office**

2<sup>nd</sup> Floor, Block E  
Iveagh Court  
Harcourt Road  
Dublin 2  
Ireland

#### **Investment Manager and Promoter**

Intermediate Capital Managers Limited  
Juxon House  
100 St. Paul's Churchyard  
London EC4M 8BU  
United Kingdom

#### **Distributor and UK Facilities Agent**

Intermediate Capital Managers Limited  
Juxon House  
100 St Paul's Churchyard  
London EC4M 8ZU  
United Kingdom

#### **Administrator**

GlobeOp Financial Services  
(Ireland) Limited  
La Touche House  
IFSC, Dublin 1  
Ireland

#### **Depository**

Citi Depository Services Ireland Limited  
1 North Wall Quay  
Dublin 1  
Ireland

#### **Auditors**

Ernst & Young  
Harcourt Centre  
Harcourt Street  
Dublin 2  
Ireland

#### **Irish legal advisers**

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

#### **Irish Sponsoring Brokers**

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

#### **Company Secretary**

Carne Global Financial Services Limited  
2<sup>nd</sup> Floor, Block E  
Iveagh Court  
Harcourt Road  
Dublin 2  
Ireland