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**ARDAN UCITS ICAV**

**(the "ICAV")**

**An Irish collective asset-management vehicle with variable capital established as an umbrella fund with segregated liability between sub-funds authorised pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 as amended**

**PROSPECTUS**

**5 DECEMBER 2022**

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## **IMPORTANT INFORMATION**

### **Directors Responsibility**

The Directors of the ICAV, whose names appear on page (iii), 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.

### **Listing**

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

### **Central Bank Authorisation**

The ICAV has been authorised by the Central Bank as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended. The authorisation of the ICAV by the Central Bank is not an endorsement or guarantee of the ICAV by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus. In addition, the authorisation of the ICAV by the Central Bank shall not constitute a warranty as to the performance of the ICAV and the Central Bank shall not be liable for the performance or default of the ICAV. The ICAV is an Irish collective-asset-management vehicle authorised by the Central Bank pursuant to the ICAV Act.

### **Investor Responsibility**

Investors should note that since transferable securities may depreciate as well as appreciate in value, no assurance can be given by the ICAV or the Directors or any of the persons referred to in this Prospectus that the ICAV will attain its objectives. The price of Shares, in addition to the income therefrom, may decrease as well as increase. Accordingly, an investment should only be made where the investor is or would be in a position to sustain any loss on his or her investment.

If investors are in any doubt regarding the action that should be taken, they should consult their stockbroker or other financial adviser.

### **Initial Sales Charge / CDSC**

Where an initial sale charge and / or a CDSC is payable in respect of a subscription or redemption for certain classes of Shares, the resulting difference at any one time between the Subscription Price and Redemption Price means that investment in such Shares should be viewed as medium to long term investment. Where an initial sales charge is charged, it will not exceed 5% of the Net Asset Value of the relevant Class.

Where a CDSC is charged, it will not exceed 3% of the Net Asset Value per Share. A Fund will not charge both an initial sales charge and a CDSC in respect of a Class. Details of the applicable initial sales charge / CDSC will be set out in the Supplement for the relevant Funds.

### **Redemption Charge**

**Shareholders may be subject to a redemption charge calculated as a percentage of redemption monies as specified in the relevant Supplement subject to a maximum of 3%. In the event that a redemption fee is applicable, Shareholders should view their investment as medium to long term.**

### **Investment Risks**

Investors' attention is drawn to the "General Risk Factors" set out on page 14. Prospective investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own jurisdictions for the purchase, holding or disposal of Shares; (b) any applicable foreign exchange restrictions; and (c) any income and other taxes which may apply to their purchase, holding or disposal of Shares or payments in respect of Shares.

### **Charging fees and expenses to Capital**

**Shareholders should note that all or part of the management fee and expenses of a Fund may be charged to the capital of a Fund as set out in the applicable Supplement. This may have the effect of lowering the capital value of the Shareholder's investment. Thus on redemptions of holdings Shareholders may not receive back the full amount invested.**

### **Key Investor Information Document**

Key Investor Information Documents are available for the Funds in addition to summarising some important information in this Prospectus; the Key investor Information Documents may contain information on the historical performance and the ongoing charges for each of the Funds. The Key Investor Information Documents can be obtained free of charge from the relevant Investment Manager.

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

#### *General*

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

The distribution of this Prospectus in some jurisdictions may require the translation of this Prospectus into other languages specified by the regulatory authorities of those jurisdictions provided that any such translation shall be a direct translation of the English text. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in translation, the English text shall prevail and all disputes as to the terms thereof shall be governed by, and in accordance with, the law of Ireland.

Statements in this Prospectus are based on law and practice currently in force in Ireland and are made as at the date of this Prospectus and are subject to change.

This document may not be authorised or distributed in any jurisdiction unless it is accompanied by the ICAV's most recent annual or interim report (when available). Such reports and this document (and any Supplement attached hereto) together constitute the Prospectus for the issue of Shares in the ICAV.

Where any Funds are marketed in a jurisdiction on a restricted basis, the relevant disclaimer language will be set out in the relevant Supplement.

#### *United Kingdom*

The ICAV is a recognised collective investment scheme for the purposes of Section 264 of the Financial Services and Markets Act, 2000 of the United Kingdom.

#### *United States*

The Shares have not been, and will not be, registered under the 1933 Act or qualified under any applicable state statutes, and the Shares may not be transferred, offered or sold in the United States of America (including its territories and possessions) or to or for the benefit of, directly or indirectly, any U.S. Person, except pursuant to registration or an applicable exemption. The ICAV has not, and will not be, registered under the 1940 Act, and investors will not be entitled to the benefits of such registration. Any re-sales or transfers of the Shares in the U.S. or to U.S. Persons may constitute a violation of U.S. law and requires the prior written consent of the ICAV. The ICAV, however, reserves the right to make a private placement of its Shares to a limited number or category of U.S. Persons. Any re-sales or transfers of the Shares in the U.S. or to U.S. Persons may constitute a violation of U.S. law and requires the prior written consent of the ICAV. Applicants for Shares will be required to certify whether they are a U.S. Person and will be required to declare whether they are Irish Residents.

The Directors have the power to impose restrictions on the shareholdings by (and consequently to redeem Shares held by), or the transfer of Shares to, any U.S. Person (unless permitted under certain exceptions under the laws of the United States), or by any person who appears to be in breach of the laws or requirements of any country or government authority, or by any person or persons in circumstances (whether directly or indirectly affecting such person or persons, and whether taken alone or in conjunction with any other 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 ICAV incurring any liability to taxation or suffering any other pecuniary disadvantage which the ICAV might not otherwise have incurred or suffered. See the section "SUBSCRIPTIONS, TRANSFERS AND REDEMPTIONS: Compulsory Redemptions or Transfer".

The Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission or other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or enforced the merits of this offering or the accuracy or adequacy of these offering materials. Any representation to the contrary is unlawful.

#### *Genuine Diversity of Ownership Condition*

Shares in each of the Funds shall be widely available. Shares in the Funds shall be marketed and made available sufficiently widely to reach the intended categories of investors, and in a manner appropriate to attract those categories of investors.

## DIRECTORY

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### Directors

Michael McInerney (Chairman)  
Natasha Haugh  
Alicia McGivern  
Ankit Jain

### Registered Office

2nd Floor  
Block E  
Iveagh Court  
Harcourt Road  
Dublin D02 YT22  
Ireland

### Administrator, Registrar and Transfer Agent

U.S. Bank Global Fund Services (Ireland) Limited  
24 – 26 City Quay  
Dublin 2  
Ireland

### Manager

Carne Global Fund Managers (Ireland) Limited  
2nd Floor  
Block E  
Iveagh Court  
Harcourt Road  
Dublin D02 YT22  
Ireland

### Legal Advisers in Ireland

Walkers Ireland LLP  
The Exchange  
Georges Dock IFSC  
Dublin D01 R2P9  
Ireland

### Depositary

Elavon Financial Services Designated Activity Company trading as U.S. Bank Depositary Services  
Block F1  
Cherrywood Business Park  
Loughlinstown  
Co. Dublin  
Ireland D18 W2X7

### Investment Manager

As disclosed in the relevant Supplement, where applicable

### Auditors

Deloitte  
Earlsfort Terrace  
Hatch Street & Hardwicke House  
Dublin D02 YT22  
Ireland

### Distributor

As disclosed in the relevant Supplement, where applicable

### Company Secretary

Carne Global Fund Managers (Ireland) Limited  
2nd Floor  
Block E  
Iveagh Court  
Harcourt Road  
Dublin D02 YT22  
Ireland

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## DEFINITIONS

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The following definitions apply throughout this Prospectus unless the context requires otherwise:-

<b>"1933 Act"</b>	means the U.S. Securities Act of 1933 (as amended);
<b>"1940 Act"</b>	means the U.S. Investment Company Act of 1940 (as amended);
<b>"Accumulation Share Classes"</b>	means those share classes in respect of which it is not proposed to pay dividends and which are identifiable by the use of the word "Accumulation" in their title as set out in the applicable Supplement;
<b>"Administration Agreement"</b>	means the agreement dated 5 December 2022 entered into between the ICAV, the Manager and the Administrator;
<b>"Administrator"</b>	means U.S. Bank Global Fund Services (Ireland) Limited, or such other person or persons from time to time appointed by the Manager as the administrator of the ICAV in accordance with the requirements of the Central Bank;
<b>"AIF"</b>	means an alternative investment fund as defined in Regulation 5(1) of the European Union (Alternative Investment Fund Managers) Regulations 2013 (SI No. 257 of 2013);
<b>"Anti-duty Levy"</b>	means an adjustment in a Fund's Net Asset Value to cover dealing costs relating to the acquisition or disposal of assets and to preserve the value of the underlying assets of a Fund;
<b>"Benchmarks Regulation"</b>	means Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 as may be amended, modified, supplemented, re-enacted or replaced from time to time;
<b>"Beneficial Ownership Regulations"</b>	means the European Union (Anti-Money Laundering: Beneficial Ownership of Corporate Entities) Regulations 2019, as amended.
<b>"Business Day"</b>	means, unless otherwise determined by the Directors, a day excluding Saturday or Sunday on



	which banks are normally open for business in Dublin and/or London;
<b>"Cash Deposits"</b>	means deposits (i) that are repayable on demand; or have the right to be withdrawn; and (ii) which have a maturity date of no more than twelve months;
<b>"CDSC"</b>	means a contingent deferred sales charge, a fee which may be levied on the redemption of Shares in certain circumstances as disclosed in relation to any Class of Shares;
<b>"Central Bank"</b>	means the Central Bank of Ireland or any successor thereto;
<b>"Central Bank UCITS Regulations"</b>	means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019, as may be amended, supplemented or modified from time to time and any other regulations, rules, conditions, notices, requirements or guidance of the Central Bank issued from time to time applicable to the ICAV pursuant to the UCITS Regulations and the Delegated Regulation or either of them, as the case may be;
<b>"CHF"</b>	means Swiss franc, the lawful currency of Switzerland;
<b>"Class"</b>	means any class of Shares each representing interests in a Fund;
<b>"Clearstream, Luxembourg"</b>	means Clearstream Banking, société anonyme or its successor;
<b>"Closing Date"</b>	means the closing date of the Initial Offer in respect of a Fund as set out in the applicable Supplement;
<b>"Convertible Securities"</b>	means bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A Convertible Security entitled the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible Securities may also be synthetic, where two separate securities are purchased that, when combined, possess the economic characteristics similar to a convertible security, i.e. fixed-income securities ("fixed-income component," which may be a convertible or nonconvertible security) and the right to

acquire equity securities ("convertible component"). Additionally, Convertible Securities also include convertible structured notes which are fixed-income debentures linked to equity;

**"Collective Investment Schemes"**

means any collective investment scheme which meets the requirements of the UCITS Regulations for investment by a UCITS, and for the avoidance of doubt, includes other Funds, regulated collective investment schemes and regulated AIFs domiciled in the EU, Guernsey, Jersey, the Isle of Man or, if relevant, the UK which comply in all material respects with the Central Bank's requirements for Retail Alternative Investment Funds.

**"Data Protection Law"**

means the Data Protection Act 1988 to 2018, the General Data Protection Regulation (EU) 2016/679, as may be amended or supplemented and any guidance, directions, determinations, codes of practice, circulars, orders, notices or demands issued by the Irish Data Protection Commissioner and any applicable national, international, regional, municipal or other data privacy authority or other data protection laws or regulations in any other territory in which the services are provided or received or which are otherwise applicable;

**"Delegated Regulation"**

means the Commission Delegated Regulation supplementing Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014;

**"Depositary"**

means Elavon Financial Services Designated Activity Company trading as U.S. Bank Depositary Services, or such other person or persons from time to time appointed by the ICAV as the Depositary of the ICAV with the prior approval of the Central Bank;

**"Depositary Agreement"**

means the agreement dated 5 December 2022 entered into between the ICAV, the Manager and the Depositary;

**"Directors"**

means the board of directors of the ICAV, whose names appear on page (iii);

**"Distribution Share Classes"**

means those share classes in respect of which it is proposed to pay dividends and which are identifiable by the use of the word "Distribution" in their title as set out in the applicable Supplement;

**"EMIR"**

means:

- Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on over the counter ("OTC") derivatives, central counterparties and trade repositories; and
- Regulation (EU) 2019/834 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 648/2012 as regards the clearing obligation, the suspension of the clearing obligation, the reporting requirements, the risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty, the registration and supervision of trade repositories and the requirements for trade repositories;

and any delegated regulations supplementing any of the above, each as may be amended, consolidated, modified, supplemented, re-acted or replaced from time to time;

<b>"ETF"</b>	means exchange traded fund;
<b>"Euro" or "€"</b>	means the currency referred to in the second sentence of Article 2 of the Council Regulation (EC) No. 974/98 of 3 May 1998 and as adopted as the single currency of the participating Member States of the European Union;
<b>"Euroclear"</b>	means Euroclear Bank S.A./N.V. as operator of the Euroclear System or its successor;
<b>"FDI"</b>	means financial derivative instruments, contracts that derive their value from an underlying asset, reference rate or index;
<b>"FCA"</b>	means the Financial Conduct Authority of the UK or any successor thereto;
<b>"Funds"</b>	means any fund or funds to be established by the ICAV;
<b>"GDPR"</b>	means Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation);
<b>"ICAV"</b>	means Ardan UCITS ICAV;

<b>"ICAV Act"</b>	means the Irish Collective Asset-management Vehicles Act 2015 and every statute or other provision of law modifying, extending or re-enacting it;
<b>"Initial Offer"</b>	means the initial offer of Shares in a Fund as set out in the applicable Supplement;
<b>"Initial Price"</b>	means the initial price payable for a Share as specified in the relevant Supplement for each Fund;
<b>"Instrument of Incorporation"</b>	means the instrument of incorporation of the ICAV;
<b>"Investment Advisor"</b>	means each such entity or entities appointed by the Manager and/or the Investment Manager to act as discretionary investment adviser(s) in relation to the assets of a Fund, as detailed in each relevant Supplement;
<b>"Investment Advisory Agreement"</b>	means one or more Investment Advisory Agreement(s) made between the Manager and/or the Investment Manager and one or more Investment Advisors as described in the relevant Supplement;
<b>"Investment Manager"</b>	means any person or company from time to time appointed by the ICAV and the Manager as investment manager of a Fund in accordance with the requirements of the Central Bank. The details relating to the investment manager shall be as set out in the relevant Supplement for each Fund;
<b>"Investment Management Agreement"</b>	means the investment management agreement entered into between the ICAV, the Manager and the relevant Investment Manager, details of which shall be set out in the relevant Supplement for each Fund;
<b>"Ireland"</b>	means the Republic of Ireland;
<b>"Irish AML Legislation"</b>	means the Irish Criminal Justice (Money Laundering and Terrorist Financing) Acts 2010 to 2021 and the Anti-Money Laundering and Countering the Financing of Terrorism Guidelines for the Financial Sector issued by the Central Bank, each as may be amended, supplemented, modified, re-enacted or replaced from time to time;
<b>"Euronext"</b>	means Euronext Dublin;
<b>"ISA"</b>	means an Individual Savings Account constituted pursuant to the regulations set out in

	Statutory instrument 1998/1870 of the UK, as amended;
<b>"Manager"</b>	means Carne Global Fund Managers (Ireland) Limited or such other person or persons from time to time appointed by the ICAV as the manager of the ICAV in accordance with the requirements of the Central Bank and which is the 'responsible person' for the purposes of the Central Bank UCITS Regulations;
<b>"Management Agreement"</b>	means the amended and restated management agreement between the Manager and the ICAV dated 13 July 2017, and as may be further amended, restated or supplemented from time to time;
<b>"MiFID II"</b>	means, collectively, the Markets in Financial Instrument Directive 2014/65/EU, Commission Delegated Directive (EU) 2017/593 and Regulation (EU) No. 600/2014;
<b>"Minimum Holding"</b>	means the minimum holding in respect of any Fund as set out in the applicable Supplement;
<b>"Minimum Redemption"</b>	means the minimum redemption in respect of any Fund as set out in the applicable Supplement;
<b>"Minimum Subscription"</b>	means the minimum subscription in respect of any Fund as set out in the applicable Supplement;
<b>"Money Market Instruments"</b>	means instruments normally dealt in on the money market which: <ul style="list-style-type: none"> <li>(i) are liquid, i.e. capable of being converted to cash within seven Business Days at a price closely approximating their current value; and</li> <li>(ii) have a value which can be accurately determined at any time;</li> </ul>
<b>"Net Asset Value"</b>	means the net asset value of the ICAV or of a Fund or of a class of Shares of a Fund as more fully described in the section headed "Valuation" on page 50;
<b>"Non-Voting Shares"</b>	means any Shares in the ICAV or a Fund, which carry no voting rights;
<b>"OECD"</b>	means the Organisation for Economic Co-operation and Development whose current members are the Member States of the European Union plus, Australia, Canada, South Korea, New

Zealand, Switzerland, the US, Iceland, Japan, Mexico, Norway and Turkey;

<b>"Official List"</b>	means the official list of the Irish Stock Exchange;
<b>"Paying Agent"</b>	means any one or more companies or any successor company appointed as paying agent for the ICAV and its Funds;
<b>"Personal Data"</b>	has the meaning given in the GDPR;
<b>"predominantly"</b>	means, where a Fund's investment objective or investment policy states that investments will be made 'predominantly' in a particular type of security or securities, or in a particular country, region, sector or industry, it generally means at least two thirds of that Fund's net assets (excluding cash, cash equivalents and Money Market Instruments), shall be invested in such security(ies), country, region, sector or industry, unless expressly stated to the contrary in the Supplement in respect of a Fund;
<b>"Redemption Date"</b>	means the relevant Business Day on which the Shares in a Fund can be redeemed as set out in the applicable Supplement provided that there shall be always be one redemption date per fortnight or that there will always be two redemption dates per calendar month occurring at regular intervals) and such other redemption dates as the Directors and/or the Manager may determine, provide that relevant Shareholders will be notified in advance;
<b>"Redemption Price"</b>	means the price payable in respect of redeemed Shares as specified in the section "VALUATION: Calculation of Subscription Prices and Redemption Prices";
<b>"Recognised Market"</b>	means any regulated stock exchange or market which are set out in Appendix II to this Prospectus;
<b>"REITs"</b>	means real estate investment trusts, being pooled investment vehicles that invest in income producing real property or real property-related loans or interests listed, traded or dealt in on Regulated Markets. REITs are generally classified as equity REITs, mortgage REITs or a combination of equity and mortgage REITs. Equity REITs invest their assets directly in real property and derive income primarily from the collection of rents. Equity REITs may also realise capital gains by selling properties that have appreciated in value. Mortgage REITs invest their assets in real property mortgages and derive income from the collection of interest payments;

<b>"RPA"</b>	means a research payment account operated in accordance with the requirements of MiFID;
<b>"Rule 144A Securities"</b>	means securities that are not registered under the 1933 Act, but that can be sold to certain institutional buyers in accordance with Rule 144A under the 1933 Act and are securities (i) which are issued with an undertaking to register with the SEC within one year of issue; and (ii) are not illiquid, meaning that they may be realized by the Fund within 7 days at the price, or approximately at the price, at which they are valued by the Manager on behalf of the Fund provided that the limits on investment in Rule 144A Securities set out in the Prospectus shall not apply to Rule 144A Securities which are admitted to listing or traded on a Recognised Stock Exchange outside the U.S.;
<b>"Securities Financing Transactions" or "SFTs"</b>	means repurchase agreements, reverse repurchase agreements, stock lending agreements, total return swaps and any other transactions within the scope of the Securities Financing Transactions Regulations that a Fund is permitted to engage in;
<b>"Securities Financing Transaction Regulations" or "SFTRs"</b>	means Regulation EU 2015/2365 of the European Parliament and of the Council on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012;
<b>"Share(s)"</b>	means the participating shares of no par value in the capital of the ICAV;
<b>"Shareholder"</b>	means a holder of Shares in the ICAV;
<b>"Sterling" or "£"</b>	means pounds sterling, the currency of the United Kingdom;
<b>"Subscriber Share"</b>	means a subscriber share of STG£1.00 each in the capital of the ICAV;
<b>"Sub-Investment Manager"</b>	means any one or more entities or individuals which may be selected and appointed by the Investment Manager to manage the portfolio of assets or a portion thereof of a Fund subject to the particular terms of the Sub-Investment Management Agreement, as detailed in the relevant Supplement;
<b>"Sub-Investment Manager"</b>	means any one or more entities or individuals which may be selected and appointed by the Investment Manager to manage the portfolio of assets or a portion thereof of a Fund subject to the particular terms of the Sub-Investment

	Management Agreement, as detailed in the relevant Supplement;
<b>"Subscription Date"</b>	means the relevant Business Day on which Shares in a Fund can be purchased as set out in the applicable Supplement provided that there shall always be one subscription date per fortnight or that there will always be two subscription dates per calendar month occurring at regular intervals and such other subscription dates as the Directors and/or the Manager may determine, provide that relevant Shareholders will be notified in advance;
<b>"Subscription Price"</b>	means the subscription price in respect of Shares of any Class on any Subscription Date as specified in the section "VALUATION: Calculation of Subscription Prices and Redemption Prices";
<b>"Supplement"</b>	means a supplement to this Prospectus containing information relating to a particular Fund;
<b>"TCA"</b>	means the Taxes Consolidation Act 1997 (as amended) of Ireland;
<b>"Total Return Swap"</b>	means a derivative (and a transaction within the scope of SFTR) whereby the total economic performance of a reference obligation is transferred from one counterparty to another counterparty;
<b>"Transferable Securities"</b>	means shares in companies and other securities equivalent to shares in companies, bonds and other forms of securitised debt, and any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange other than techniques and instruments utilised for efficient portfolio management;
<b>"UCITS"</b>	means an Undertaking for Collective Investment in Transferable Securities established pursuant to EC Council Directive 2009/65/EC of 13 July 2009 as amended, consolidated or substituted from time to time;
<b>"UCITS Directive"</b>	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 as amended by Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directives 2009/65/EC on the coordination of laws, regulations and administrative provisions relating or undertakings



for collective investment in transferable securities (UCITS) as regards depositary functions, remuneration policies and sanctions and as may be further amended from time to time;

**"UCITS Regulations"**

means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 as amended by the European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016 and as supplemented, consolidated or re-enacted from time to time;

**"United Kingdom" or "UK"**

means the United Kingdom of Great Britain and Northern Ireland;

**"United States" or "US"**

means the United States of America, as defined in Regulation S under the 1933 Act;

**"US Dollars" or "US\$"**

means US dollars, the lawful currency of the United States;

**"US Person"**

means a "US Person" as defined in Appendix IV herein;

**"US Reportable Account"**

means a Financial Account held by a US Reportable Person;

**"US Taxpayer"**

means a "US Taxpayer" as defined in Appendix IV herein;

**"Valuation Date"**

means the relevant Business Day on which the Net Asset Value of a Fund is calculated as set out in the applicable Supplement. For the avoidance of doubt, there will be a valuation date in respect of each Subscription Date and Redemption Date; and

**"Valuation Point"**

means the relevant time in respect of each Valuation Date at which the Net Asset Value of a Fund is calculated as set out in the applicable Supplement or, if the relevant dealing deadline for any Subscription Date or Redemption Date is brought forward, such other point in time as the Directors or the Manager, shall determine provided that the Valuation Point is after the relevant dealing deadline or as otherwise set out in the relevant Supplement.

In this Prospectus any reference to any statute, statutory provisions or to any order or regulation shall be construed as a reference to: (a) that statute, provision, order or regulation as extended, amended, replaced or re-enacted from time to time; (b) all statutory instruments made under it or deriving validity from it; (c) any statutory instruments made under any enactment to be read and/or construed with any such statute, statutory provisions, order or regulation; and (d) any rules made by competent authorities under or pursuant to a statutory instrument.

Any references to agreements in the Prospectus shall be construed as references to those agreements as may be amended, restated, novated or replaced from time to time.

## THE ICAV

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### Introduction

The ICAV is an Irish collective asset-management vehicle with variable capital established as an umbrella fund with segregated liability between sub-funds and is authorised by the Central Bank pursuant to the ICAV Act and the UCITS Regulations. The ICAV was registered on 18 June 2018 under registration number C39761. The liability of the members in the ICAV is limited.

The Instrument of Incorporation provides that the ICAV may offer separate classes of Shares each representing interests in a Fund. Each Fund will have a distinct portfolio of investments, and more than one class of Shares may be issued in respect of any Fund with the prior approval of the Central Bank. The ICAV may from time to time create additional classes of Shares within a Fund in accordance with the requirements of the Central Bank. Separate books and records will be maintained for each Fund.

The Instrument authorises the Directors to create Non-Voting Shares. Where the Directors have exercised this authority with respect to a class or classes of Shares in any Fund, this will be indicated in the Supplement for such Fund. Accordingly the Classes of Shares so designated shall be comprised of Non-Voting Shares which have no voting rights in respect of any resolution submitted to the Shareholders of the ICAV, the relevant Fund or in respect of those Classes. Holders of Non-Voting Shares shall be provided with at least two (2) Dealing Days' prior notice of any changes requiring a shareholder vote. During any such prior notice period and prior to the date of the resolution becoming effective, the relevant holders of Non-Voting Shares shall be provided with an opportunity to (i) request their Non-Voting Shares repurchased, if they so wish; or (ii) elect to convert those Non-Voting Shares, free of charge, into Shares with voting rights, if they so wish. Any decision to subscribe for Non-Voting Shares is made by a prospective Shareholder and not by the ICAV. Details of whether a particular Class within a particular Fund is comprised of Non-Voting Shares will be set out in a table appended to the Supplement for the relevant Fund.

The Directors may, in their absolute discretion, differentiate between the rights attaching to the different classes of Shares within a particular Fund including, without limitation, the dividend policy, the level of management fees, the subscription charge and/or the redemption charge payable in respect of each class.

The ICAV may from time to time create such additional Funds as the Directors may deem appropriate and with the prior approval of the Central Bank. Details of any Fund or Funds created in the future shall be as set out in the applicable Supplement in accordance with the requirements of the Central Bank. The applicable Supplement shall form part of, and should be read in conjunction with, this Prospectus.

The ICAV is denominated in Euro. The base currency of each Fund shall be specified in the relevant Supplement.

### Investment Objectives, Policies and Restrictions

The ICAV intends to provide investors with a choice of Funds offering an array of investment objectives. Each Fund aims to achieve its investment objective while spreading investment risks through investment in transferable securities, liquid financial assets or Collective Investment Schemes or other permitted investments in accordance with the UCITS Regulations. The transferable securities and liquid financial assets in which a Fund may invest generally must be listed and/or traded on a Recognised Market except that up to 10% of the Net Asset Value of a Fund may be invested in transferable securities and liquid financial assets which are not so listed, traded or dealt. The Recognised Markets in which a Fund's investments will be traded are set out in Appendix II.

The assets of each Fund will be invested in accordance with the investment objectives and policies of that Fund as set out in the applicable Supplement. The ICAV and its Directors, in consultation with the Manager and the relevant Investment Manager, are responsible for the formulation of the investment policy of each Fund and any subsequent change to that policy. Each Fund is subject to the investment and borrowing restrictions contained in the UCITS Regulations and Central Bank UCITS Regulations as set out in Appendix I. Additional restrictions (if any) relevant to each Fund will be as set out in the applicable Supplement.

Unless otherwise set out in the relevant Supplement, each Fund may invest up to 10% of its Net Asset Value in Collective Investment Schemes (which include open-ended EFTs), subject to the requirements of the Central Bank and the UCITS Regulations. However, a Fund may not invest in other Funds / Collective Investment Schemes where such other Fund / Collective Investment Scheme invests more than 10% of their Net Asset Value in other Funds and / or Collective Investment Schemes. As an investor in such other Collect Investment Schemes, a Fund will bear, along with other investors in the underlying schemes, its portion of the expenses of the underlying scheme, including management, investment management, and administration and other expenses. Such investment in Collective Investment Schemes includes investing in other Funds. However, a Fund may not invest in another Fund, which itself holds Shares in other Funds. Where a Fund invests in another fund, the investing Fund may not charge an annual management and/or investment management fee in respect of the portion of its assets invested in the other Fund. If a Fund invests in the units or shares of Collective Investment Schemes managed by the Manager or by an associated or related company of the Manager, the Manager or the associated or related company must waive the entry charge, exit charge or conversion charge payable, if any. The Manager will not receive any commission when a Fund invests in such a scheme. However, if any commissions are received by the Manager, the commission must be paid into a property of the Fund.

Each Fund that is permitted to invest globally and/or in emerging markets, unless otherwise stated in the relevant Supplement may invest in Chinese securities traded on a Regulated Market outside of mainland China or, directly through the Shanghai- Hong Kong Stock connect or the Shenzhen-Hong Kong Stock Connect.

Each Fund seeks to remain fully invested in accordance with its investment objective. However, in an attempt to respond to adverse market, economic, political or other conditions, a Fund may take a temporary defensive investment strategy and move all or a substantial portion of the portfolio to cash or high quality short-term Money Market Instruments. Taking a temporary defensive position could prevent the Fund from achieving its investment objective. A Fund also may hold these types of investments while looking for suitable investment opportunities or to maintain liquidity. Taking a temporary defensive position could prevent a Fund from achieving its investment objective.

A Fund may sell a security if it no longer meets the Fund's investment criteria or for a variety of other reasons, such as to secure gains, limit losses, maintain its duration, redeploy assets into opportunities believed to be more promising, or satisfy redemption requests, among others. A Fund will not be required to sell a security that has been downgraded after purchase; however, in these cases, the relevant Fund will monitor the situation to determine whether it is advisable for the relevant Fund to continue to hold the security. In considering whether to sell a security, a Fund may evaluate factors including, but not limited to, the condition of the economy, changes in the issuer's competitive position or financial condition, changes in the outlook for the issuer's industry, the Fund's valuation target for the security, and the impact of the security's duration on the Fund's overall duration.

Investors should be aware that the performance of certain Funds may be measured against a specified index or benchmark. In this regard, Shareholders are directed towards the relevant Supplement which will refer to any relevant performance measurement criteria. The ICAV may at any time change that reference index or benchmark where, for reasons outside its control, that index or benchmark has been replaced, or another index or benchmark may reasonably be considered by the ICAV to have become a more appropriate standard for the relevant exposure. Such a change would represent a change in investment policy of the relevant Fund and

Shareholders will be advised of any change in a reference index or benchmark if (i) made by the Directors, in advance of such a change and (ii) made by the index or benchmark concerned, in the annual or half-yearly report of the Fund issued subsequent to such change.

Benchmarks can be used by a Fund for investment purposes, for performance comparison purposes or for any of the uses set out in the Benchmarks Regulation. Any such use will be specifically disclosed in the relevant Supplement.

A Fund may only use a benchmark within the meaning of the Benchmarks Regulation if such benchmark is provided by an administrator located in the EU and included in the register referred to in Article 36 of the Benchmarks Regulation or is a benchmark that is included in the register referred to in Article 36.

If any Fund falls within the scope of the Benchmarks Regulation the Manager acting in accordance with Article 28(2) of the Benchmarks Regulation, will adopt a robust written plan setting out the actions it will take in the event that a benchmark used by a Fund materially changes or ceases to be provided, including, where feasible and appropriate, the nomination of one or several alternative benchmarks that could be referenced to substitute the benchmark(s) no longer provided (the "**Benchmarks Regulation Plan**").

The ICAV is authorised in Ireland by the Central Bank as a UCITS. Pursuant to the UCITS Regulations, a UCITS is permitted to invest in Transferable Securities, Collective Investment Schemes, Cash Deposits, Money Market Instruments and exchange traded and/or OTC FDI. UCITS may also be established as index tracking funds in the case of funds wishing to replicate an index. Details of the types of investments in respect of each Fund will be set out in the applicable Supplement. Where a Fund tracks an index, any material change to the methodology of the particular index that could result in a material variation in terms of eligibility of index constituents or diversification levels, will require the prior approval of Shareholders in the manner outlined below.

Any changes in the investment objective or any material changes in the investment policies of a Fund will be subject to prior approval of the majority of the Shareholders of the Fund. Any non-material changes to investment policy of a Fund will be made by the Directors if deemed to be in the best interests of the relevant Fund to do so.

Furthermore, any change in the investment objective or material change to the investment policy of a Fund will only be effected following the written approval of all Shareholders or a resolution of a majority of the voting Shareholders of that Fund at a general meeting.

Shareholders will be given a reasonable notification period to enable them to redeem their Shares prior to the implementation of any such change as outlined above. Holders of Non-Voting Shares shall be given at least two (2) Dealing Days' advance notice of any change in the investment objective and/or material change to the investment policy of a Fund to enable them to redeem their Shares prior to implementation of such change.

## **Use of FDIs**

### *General*

Only where and to the extent specified in the relevant Supplement, the ICAV may, on behalf of each Fund, enter into a variety of FDI instruments and/or utilise techniques and instruments for hedging and/or investment purposes and/or efficient portfolio management and/or to alter currency exposure(s), subject to the conditions and within the limits laid down by the Central Bank. A list of FDIs that may be used (if any) by a Fund will be set out in the relevant Supplement and a description of the FDIs that may be used is set out below.

The Manager will employ a risk management process which will enable each Investment Manager to monitor and measure the risks attached to financial derivative instruments, and details of this

process have been provided to the Central Bank. The relevant Investment Manager will not utilise derivative positions which have not been included in the risk management process until such time as a revised risk management process has been submitted to the Central Bank.

Each Investment Manager will manage exposure to risk using either the commitment approach or an absolute Value at Risk ("VaR") methodology in accordance with the Central Bank's requirements.

Where a Fund is a non-sophisticated user of derivative instruments (e.g., where it uses simple FDI for non-complex hedging and/or investment strategies), it may utilise the commitment approach. The commitment approach is a mathematical measure used to calculate the global exposure of the relevant Fund in respect of derivative use at a given time which, for Funds utilising the commitment approach, may not exceed the Net Asset Value of that Fund.

VaR is a statistical methodology that attempts to predict, using historical data, the likely scale of losses that might be expected to occur over a given period of time at a given level of confidence. In other words, the absolute VaR approach is a measure of the maximum potential loss due to the market risk over a specified period of time. The historical observation period will not be less than 1 year; however, a shorter observation period may be used if justified (e.g. as a result of significant recent changes in price volatility).

#### *Efficient Portfolio Management ("EPM")*

Where set out in the relevant Fund Supplement, the Manager may, on behalf of a Fund, engage in transactions in FDI for the purposes of EPM and/or to protect against exchange risks within the conditions and limits laid down by the Central Bank from time to time. EPM transactions relating to the assets of the Fund may be entered into by the Manager aiming to hedge or reduce the overall risk of its investments, enhance performance and/or to manage interest rate and currency exchange rate risk.

Efficient portfolio management for these purposes set out above, means an investment decision involving transactions that are entered into for one or more of the following specific reasons:

- a reduction of risk;
- a reduction of cost; or
- the generation of additional capital or income for a Fund with an appropriate level of risk, taking into account the risk profile of the Fund and subject to the conditions and limits as set out in the Central Bank UCITS Regulations and within any further limits laid down by the Central Bank from time to time.

The ICAV will ensure that every asset that is received by a Fund as a result of engaging in efficient portfolio management techniques and instruments is treated as collateral. For collateral management, cash as collateral is favoured by each Fund. Where non-cash collateral is used, a Fund will only accept government securities of varying maturities as non-cash collateral that do not exhibit high price volatility. Any non-cash collateral will be marked-to-market on a daily basis and subject to daily variation margin movements.

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

The Funds may use SFTs, including repurchase/reverse repurchase agreements and securities lending arrangements, in accordance with normal market practice and subject to the requirements of the SFTR and the Central Bank. A Fund's use of SFTs shall be consistent with the Fund's investment objective and policies, and accordingly SFTs may be used to reduce risk, reduce cost and/or generate additional capital or income with a risk level that is consistent with that of the relevant Fund. The maximum proportion of assets under management that may be subject to SFTs or total return swaps for the purposes of SFTR and the expected proportion of assets under management of a Fund (if any) will be set out in the relevant Supplement.

The counterparties to such SFTs will be corporate entities (which may or may not be related to the ICAV, Depositary or their delegates) typically located in OECD jurisdictions. Accordingly, the Manager will check that the counterparties will be subject to ongoing supervision by a public authority, be financially sound and have the necessary organisational structure and resources for the relevant type of transaction. In addition, a credit assessment will be undertaken by the Manager with respect to each counterparty to ensure that each counterparty has a minimum credit rating of above investment grade. All of the revenues generated by SFTs are returned to the relevant Fund, net of direct and indirect operational costs SFTs shall be held either in the physical custody of the Depositary, or for the account of the Depositary by an agent or sub-custodian of the Depositary, or a central bank, depository or clearing corporation acting as a depository.

The risks associated with SFTs are more fully described in the section below entitled “General Risk Factors” – “Risks Associated with Securities Financing Transactions”.

#### *Collateral Policy*

In the context of SFTs, EPM 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 UCITS Regulations and the terms of the ICAV's collateral policy outlined below.

For collateral management, cash as collateral is favoured by each Fund. Where non-cash collateral is used, a Fund will only accept government securities of varying maturities as non-cash collateral that do not exhibit high price volatility. Any non-cash collateral will be marked-to-market on a daily basis and subject to daily variation margin movements.

Each Fund will accept collateral as per ESMA 2012-832 requirements, namely:

- *Liquidity* – collateral received, other than cash, should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to its pre-sale valuation. Collateral that is received should also comply with the provisions of Regulation 74 of the UCITS Regulations.
- *Valuation* – collateral that is received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.
- *Issuer credit quality* – collateral received should be of high quality. The Manager shall ensure that:
  - (i) where the issuer was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the Manager in the credit assessment process; and (ii) where an issuer is downgraded below the two highest short-term credit ratings by the credit rating agency referred to in (i) this shall result in a new credit assessment being conducted of the issuer by the Manager without delay.
- *Correlation* – collateral received should be issued by an entity that is independent from the counterparty. There are reasonable grounds for the Manager to expect that it would not display a high correlation with the performance of the counterparty.
- *Diversification (asset concentration)* – collateral should be sufficiently diversified in terms of country, markets and issuers in accordance with Schedule 3 of the Central Bank UCITS Regulations. When a Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the relevant exposure limit to a single issuer. A Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, local authority, third country or public international body drawn from the list of issuers. A Fund may receive securities from at

least 6 different issues, but securities from any single issue will not account for more than 30% of a Fund's Net Asset Value and a Fund can accept more than 20% of its Net Asset Value as collateral from those entities listed at part 2 of Appendix I of the Prospectus. In accordance with the Central Bank UCITS Regulations, invested cash collateral should be diversified in accordance with the diversification requirement applicable to non-cash collateral. Invested cash collateral may not be placed on deposit with the counterparty or a related entity.

- *Immediately Available* - collateral received should be capable of being fully enforced by a Fund at any time without reference to or approval from the counterparty.
- Collateral received on a title transfer basis will be held by the Depository (or sub-custodian thereof). Where a Fund receives collateral on any basis other than a title transfer basis, the collateral can be held by a third party depository which is subject to prudential supervision and is unrelated and unconnected to the provider of the collateral.
- *Risks linked to the management of collateral* – in the event that collateral is received by a Fund, the risks linked to the management of collateral, such as operational and legal risks, will be identified, managed and mitigated by an updated version of the risk management process. The management and monitoring of collateral received, including monitoring its liquidity is dependent upon systems and technology operated by a Fund's service providers. Cyber-attacks, disruptions, or failures that affect a Fund's service providers or counterparties may adversely affect a Fund, including by causing losses for a Fund or impairing a Fund's operations.
- Legal and regulatory changes could adversely affect a Fund in its management of collateral. The effect of any future legal or regulatory change on a Fund is impossible to predict, but could be substantial and have adverse consequences on the rights and returns of Shareholders.
- Where a Fund receives collateral on any basis other than a title transfer basis, local custody services may be underdeveloped in many emerging market countries and there is custody risk involved in dealing in such markets. In certain circumstances a Fund may not be able to recover some of its collateral. Such circumstances may include any acts or omissions or the liquidation, bankruptcy or insolvency of a sub-custodian, retroactive application of legislation and fraud.
- Liquidity risk can exist when certain non-cash collateral instruments are difficult to purchase or sell. A Fund's investments in non-cash collateral instruments may reduce the returns of a Fund because it may be unable to sell the non-cash collateral instruments at an advantageous time or price.
- Non-cash collateral cannot be sold, pledged or re-invested.
- A Fund may disregard the counterparty risk on condition that the value of the collateral, valued at market price and taking into account appropriate discounts exceeds the value of the amount exposed to risk at any given time.
- Any reinvestment of cash collateral by the Manager may not be invested other than in the following:
  - deposits with relevant institutions;
  - high-quality government bonds;
  - reverse repurchase agreements provided the transactions are with credit institutions subject to prudential supervision and a Fund is able to recall at any time the full amount of cash on an accrued basis; and



- short-term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds (ref CESR/10-049).

Collateral posted to counterparty by or on behalf of a Fund must be taken into account when calculating counterparty risk exposure. Collateral posted to 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.

#### *Description of FDIs*

The types of derivative instruments that a Fund may use consist principally of are as follows:

- **Futures Contracts and Options on Futures**

A Fund may enter into futures contracts and options on futures contracts, which involve the purchase or sale of a contract to buy or sell a specified security, index or other financial instrument at a specified future date and price on an exchange or the OTC market. A Fund may enter into such to such contracts as a substitute for taking a position in any underlying asset or to increase returns.

- **Warrants and Rights**

A warrant is a security that entitles the holder to buy stock of the company that issued the warrant at future date at a specified price. Warrants have similar characteristics to call options, but are typically issued together with preferred stocks or bonds or in connection with corporate actions. Warrants are typically longer-dated options and are generally traded over-the-counter. Rights are similar to warrants, but normally have a shorter duration and are offered or distributed to shareholders of a company. The commercial purpose of warrants can be to hedge against the movements of a particular market or financial instrument or to gain exposure to a particular market or financial instrument instead of using a physical security.

A Fund may purchase warrants and rights. Warrants and rights do not carry with them the right to dividends or voting rights with respect to the securities that they entitle the holder to purchase, and they do not represent any rights in the assets of the issuer. As a result, warrants and rights may be considered more speculative than certain other types of equity-like securities. In addition, the values of warrants and rights do not necessarily change with the values of the underlying securities and these instruments cease to have value if they are not exercised prior to their expiration dates.

- **Convertible Securities**

Convertible bonds are bonds that provide the holder of the bond with the option to exchange the bond for a specific number of shares of a company's stock. This embedded option affects the risk of the bond and it exhibits characteristics similar to both regular fixed income securities and equity as a result. When the underlying stock is performing poorly the convertible and continues to earn interest and so tends to behave like a bond when the option is out of the money, when the underlying stock starts to perform well the value of the embedded option increases and as a result the convertible will start to behave like the underlying stock as the option goes into the money. A Fund may invest in convertible bonds for the purpose of taking exposure to companies and issuers that are consistent with the investment policy of the relevant Fund.

Convertible preferred securities are securities that provide the holder of preference shares with the option

to exchange the preference shares for a specific number of shares of a company's ordinary shares. This embedded option allows the relevant Fund to maintain its equity investment strategy whilst providing certain elements of fixed income instruments as preference shares often have fixed dividends which are required to be paid before any dividends are paid to the holders of

ordinary shares. As such, the relevant Fund can utilise the preferred element of the security where an underlying company's performance is poorer and convert into a company's ordinary shares when the value of same increases appropriately. In addition, the preferred element of the security assists in providing income to the relevant Fund and the pricing structure might also provide value for the portfolio.

A "synthetic" convertible instrument combines separate securities that possess the economic characteristics similar to a convertible security, i.e., fixed-income securities ("fixed-income component," which may be a convertible or non-convertible security) and the right to acquire equity securities ("convertible component"). The fixed-income component is achieved by investing in fixed-income securities, including bonds, preferred stocks and Money Market Instruments. The convertible component is achieved by investing in warrants or options to buy common stock at a certain price, or options on a stock index. In establishing a synthetic convertible instrument, a Fund may also pool a basket of fixed-income securities and a basket of warrants or options that produce the economic characteristics similar to a convertible security. Within each basket of a fixed-income securities and warrants or options, different companies may issue the fixed-income and convertible components, which may be purchased separately and at different times.

Fund may also purchase synthetic convertible instruments created by other parties, typically investment banks, including convertible structured notes. Convertible structured notes are fixed-income debentures linked to equity. Convertible structured notes have the attributes of a convertible security; however, the investment bank that issued the convertible note assumes the credit risk associated with the investment, rather than the issuer of the underlying common stock into which the note is convertible. Purchasing synthetic convertible instruments may offer more flexibility than purchasing a convertible security. Different companies may issue the fixed-income and convertible components, which may be purchased separately and at different times.

The Convertible Securities in which a Fund may invest may embed an option.

- **Repurchase/Reverse Repurchase Agreements**

A Fund may enter into repurchase/reverse repurchase agreements for the purposes of efficient portfolio management subject to the conditions and limits set out in the UCITS Rules.

A repurchase agreement, or sale-and-repurchase agreement, also known as a repo, is the sale of securities together with an agreement for the seller to buy back the securities at a later date. Under a repurchase agreement, a Fund sells securities to a counterparty with an agreement by the relevant Fund to repurchase the securities at the same price, plus interest, at a specified rate.

A reverse repurchase agreement, also known as a reverse repo, is the purchase of securities from a counterparty with an agreement for the purchaser to resell the securities at a later date to the counterparty. Under a reverse repurchase agreement, a Fund buys securities from a counterparty with an agreement by the relevant Fund to resell the securities at the same price, plus interest, at a specified rate. Security is held by the relevant Fund as collateral for the counterparty's repurchase obligation.

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

- **Currency Forward Contracts**

A Fund may use non-deliverable currency forward contracts to hedge the risk to the portfolio to exchange price movements. Under some circumstances, a Fund may commit a substantial portion or the entire value of its portfolio to the completion of forward contracts. Generally, these

instruments allow a Fund to lock in a specified exchange rate for a period of time. Currency forward contracts also may be used to increase a Fund's exposure to currencies that the Investment Manager believes may rise in value relative to the Base Currency of the relevant Fund or to shift a Fund's exposure to currency fluctuations from one country to another.

- **Options**

A Fund may purchase call and put options and write (i.e., sell) covered call and put option contracts in accordance with its investment objective and policies. A "call option" is a contract sold for a price giving its holder the right to buy a specific number of securities at a specific price prior to a specified date. A "covered call option" is a call option issued on securities already owned by the writer of the call option for delivery to the holder upon the exercise of the option. A "put option" gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying securities at the exercise price at any time during the option period. A put option sold by a Fund is covered when, among other things, a Fund segregates permissible liquid assets having a value equal to or greater than the exercise price of the option to fulfil the obligation undertaken or otherwise covers the transaction. A Fund may

purchase and sell call and put options in respect of specific securities (or groups or "baskets" of specific securities) or securities indices, currencies or futures. A Fund also may enter into OTC options contracts, which are available for a greater variety of securities, and a wider range of expiration dates and exercise prices, than are exchange-traded options. Successful use by a Fund of options and options on futures will depend on the Investment Manager's ability to predict correctly movements in the prices of individual securities, the relevant securities market generally, currency exchange rates or interest rates.

- **Swap Agreements**

A Fund may enter into interest rate (including basis), equity index, credit default, currency, inflation and total return swap agreements, and swaptions (options on swaps). A Fund may enter into these swap transactions for hedging purposes or in an attempt to obtain a particular return when it is considered desirable to do so. A swap transaction involves an agreement between two parties to exchange different cash flows based on a specified or "notional" amount. The cash flows exchanged in a specific transaction may be, among other things, payments that are the equivalent of interest on a principal amount, payments that would compensate the purchaser for losses on a defaulted security or basket of securities, or payments reflecting the performance of one or more specified currencies, securities or indices.

A basis swap is a type of swap where there is an exchange of floating rate payments in the same or different currencies. The floating rates are calculated over different bases; for example, the LIBOR or U.S. Treasury Bill rate. A basis swap is used to help a Fund hedge against its basis risk and for exchanging liquidity.

An inflation swap operates in a similar manner to an interest rate swap except that an inflation swap is an agreement negotiated between two parties to exchange payments at a fixed or floating rate in return for payments based on realised inflation over the relevant period. Inflation swaps can allow the inflation sensitivity profile of the Fund to be changed more efficiently than through the use of physical cash markets. They may also be used to express views on the future level of inflation.

A credit default swap ("CDS") is a swap used to transfer risk of default on an underlying fixed income security from the holder of the fixed income security to the seller of the swap. If a Fund buys a CDS it will be entitled to receive the value of the fixed income security from the seller of the CDS should the fixed income security's issuer default on its payment obligations under the fixed income security. Where a Fund sells a CDS it will receive a payment (premium) from the purchaser of the CDS in exchange for the transfer of risk.

A swaption is an option contract which grants the buyer, who pays a fee or premium, the right but not the obligation to enter into a swap agreement (e.g. an interest rate swap) with the issuer on a

specified future date. Swaptions may vary as to the underlying swap and may vary as to whether the purchaser of the swaption becomes the payer of the fixed cash flows and receiver of the variable cash flow (payer swaption) or becomes the payer of the variable cash flow and the receiver of the fixed cash flow (receiver swaption).

If a Fund invests in total return swaps or other FDI with the same characteristics, the underlying asset or index may be comprised of equity or debt securities, Money Market Instruments or other eligible investments which are consistent with the investment objective and policies of a Fund as set out in the "Investment Policies" section of the Supplement for the relevant Fund. The counterparties to such transactions are typically banks, investment firms, broker-dealers, collective investment schemes or other financial institutions or intermediaries. Please also refer to the section of the Prospectus entitled "Risk Factors", sub-paragraphs "FDI Risk" and "Counterparty and Broker Credit Risk".

In addition, there may be potential conflicts of interests where the Investment Manager enters into securities lending arrangements that may incur a higher arranging fee which may not be in the best interests of the relevant Fund and its Shareholders or where the Investment Manager contracts with connected parties. Details of the ICAV's conflicts of interest policy is set out in the section entitled "Conflicts of Interest".

It is not intended that the counterparties to total return swaps entered into by a Fund assume any discretion over the composition or management of the Fund's investment portfolio or over the underlying of the FDI, or that the approval of the counterparty is required in relation to a portfolio transactions by the relevant Fund.

- **Forward Contracts**

A forward contract involves obligations of one party to purchase, and another party to sell, a specific amount of a currency (or a security or other financial instrument) at a future date, at a price established in the contract.

Forward contracts may be structured for cash settlement, rather than physical delivery. A Fund may enter into non-deliverable currency forward contracts ("NDFs), which are a particular type of cash-settled forward contract that may be used to gain exposure to a non-convertible or relatively thinly traded non-U.S. currency.

With respect to futures contracts or forward contracts that are contractually required to cash settle, a Fund will be permitted to set aside liquid assets in an amount equal to the relevant Fund's daily marked-to-market net obligation (i.e., the relevant Fund's daily net liability) under the contracts, if any, rather than such contracts' full notional value. In the case of futures contracts or forward contracts that are not contractually required to cash settle, a Fund will be obligated to set aside liquid assets equal to such contracts' full notional value (generally, the total numerical value of the asset underlying a future or forward contract at the time of valuation) during the period of time while the contract positions are open.

- **Structured Notes**

A Fund may also invest in structured notes (which may embed an option). Structured notes may be used to achieve exposure to markets or securities in which the relevant Fund might otherwise invest and represent derived investment positions whose value at maturity or interest rate is linked to currencies, interest rates, equity securities, indices (including debt or equity indices) or other financial indicators (such as gross domestic product rates or local consumer price index). Because they are linked to their underlying markets or securities, investments in structured products generally are subject to greater volatility than an investment directly in the underlying market or security. A Fund bears the market risk of an investment in the underlying investment as well as the credit risk of the issuer.

- **Participatory Notes**

Participatory notes are financial instruments which may be used by a Fund to gain indirect exposure to various equity markets. Purchasing participatory notes from brokerage firms or banks will give a Fund indirect access to equity securities. This allows a Fund to gain exposure to equities in markets which may not be accessed directly without potentially triggering registration requirements. While participatory notes are often listed on an exchange, they are usually traded on an OTC basis with the issuing broker or bank. Participatory notes on equities usually provide exposure to the underlying equity on a 1:1 basis (i.e., delta 1), they are not bought on margin and they do not embed any derivative elements. Such participatory notes may meet the criteria for transferable securities under the UCITS Regulations and will then be treated as such and will not be subject to the rules for FDI.

- **To Be Announced (TBA) Securities**

To be announced (TBA) securities are non-cleared, forward-settling government agency (Freddie Mac, Fannie Mae and Ginnie Mae) mortgage-backed securities. The actual mortgage-backed security that will be delivered to fulfill a TBA trade is not designated at the time the trade is made; they are "to be announced" on the Notification Date, 48 hours prior to the established trade settlement date. TBAs are essentially 'placeholders' for the purchase or sale of mortgage pools. TBA trades generally trade three months forward. In a TBA transaction, a seller agrees the issuer, interest rate and terms of the underlying mortgages but to deliver a security at a future date, but does not specify the particular security to be delivered. Instead, the seller agrees to accept any security that meets specified terms. TBA transactions involve the risk that market interest rates will fluctuate from the agreed interest rate for the TBA and the risk that the other party to the transaction will not meet its obligation, resulting in both opportunity and investment loss.

- **When-Issued, Delayed Delivery and Forward Commitment Securities**

Each Fund may purchase securities on a when-issued basis or purchase securities on a forward commitment (sometimes called delayed delivery) basis. These transactions are a commitment by the relevant Fund to purchase securities at a future date with the price of the underlying securities and the date when the securities will be delivered and paid for (the settlement date) fixed at the time the transaction is negotiated.

When-issued purchases and forward commitment transactions are normally negotiated directly with the other party. When issued and delayed delivery securities and forward commitments involve the risk that the security the relevant Fund buys will lose value prior to its delivery, the security will not be issued or the other party to the transaction will not meet its obligation, resulting in both opportunity and investment loss.

## **Hedging Arrangements**

### *Class Currency Hedging*

The ICAV shall also enter into certain currency related transactions in order to hedge the currency exposure of the assets of a Fund attributable to a particular Class designated as a hedged Class into the relevant Class Currency for the purposes of efficient portfolio management. While not the intention, over-hedged or under-hedged positions may arise due to factors outside of the control of the ICAV. Each Fund may employ such techniques and instruments provided that the level of the currency exposure hedged does not exceed 105% of the Net Asset Value of a Class. Hedged positions will be kept under review to ensure that over-hedged positions do not exceed this level and that positions materially in excess of 100% of the Net Asset Value of a Class are not carried forward from month to month.

Over-hedged positions will not be permitted to exceed 105% of the Net Asset Value of the Class. All over-hedged positions will be included in the calculation of a Fund's global exposure in accordance with the Central Bank's UCITS Regulations. Otherwise, a Fund will not be leveraged as a result of the transactions entered into for the purposes of hedging. Under-hedged positions

must not fall short of 95% of the portion of net asset value of the Share Class which is to be hedged and under-hedged positions will be kept under review to ensure it is not carried forward from month to month.

While the ICAV may attempt to hedge against currency exposure at a Class level, there can be no guarantee that the value of a Class will not be affected by fluctuations in the value of the Base Currency relative to the Class Currency (if different). Any costs related to such hedging shall be borne separately by the relevant Class. All gains/losses which may be made by any Class of any Fund as a result of such hedging transactions shall accrue to the relevant Class of Shares. Hedging transactions shall be clearly attributable to the relevant Class of Shares. 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. The use of Class hedging strategies may substantially limit holders of Shares in the relevant Class from benefiting if the Class Currency falls against the Base Currency and/or the currency in which the assets of the relevant Fund are denominated. The Funds may implement currency hedging strategies by using spot and non-deliverable forward non-U.S. exchange contracts and currency futures, options and swap contracts. In the case of Classes designated as unhedged Classes, a currency conversion will take place on subscription, redemption and conversion and any distributions at prevailing exchange rates. The value of a Class Currency denominated in a currency other than the Base Currency will be subject to share currency designation risk in relation to the Base Currency.

#### *Fund/Portfolio Currency Hedging*

Each Fund generally operates the investment portfolio in USD, which, unless otherwise disclosed, shall constitute the Base Currency of a Fund. As long as a Fund holds securities or currencies denominated in a currency other than the denomination of the Base Currency of the relevant Fund, the value of the relevant Fund may be affected by the value of the local currency relative to the currency in which that Fund is denominated. The ICAV may use currency hedging techniques to remove the currency exposure against the Base Currency as applicable in order to limit currency exposure between the currencies of a Fund's investment portfolio and the Base Currency of that Fund; however, this may not be possible or practicable in all cases. As long as a Fund holds securities denominated in a currency other than its Base Currency, that Fund's Net Asset Value will be affected by the value of the local currency relative to its Base Currency.

#### **Dividend Policy**

Any dividend payment in respect of a Fund shall be made in accordance with the dividend policy of that Fund as set out in the applicable Supplement.

The Directors have the ability to operate an income equalisation account in respect of any Fund having a distribution policy and will notify Shareholders in that Fund if it decides to do so. Where the ICAV does operate an income equalisation account in respect of a Fund, a Shareholder's first "distribution" will generally be made up of income of the appropriate Fund since the date of subscription, together with a part return of capital representing the amount of accumulated income of the relevant Fund before the date of subscription. These amounts will be shown separately on the distribution voucher.

The Directors may elect to charge management fees and expenses out of the capital of a Fund as set out in the applicable Supplement, should they wish to generate distributable profits. Investors should note that by charging management fees and expenses of a Fund to capital, the effect of this is that capital may be eroded and income will be achieved by foregoing the potential for future capital growth.

#### **Remuneration Policy of the Manager**

The Manager has remuneration policies and practices in place consistent with the requirements of the UCITS Regulations and the ESMA Guidelines on sound remuneration policies under the UCITS Directive ("ESMA Remuneration Guidelines"). The Manager will procure that any delegate,

including the Investment Manager, to whom such requirements also apply pursuant to the ESMA Remuneration Guidelines will have equivalent remuneration policies and practices in place.

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

Details of the up-to-date remuneration policy of the Manager (including, but not limited to: (i) a description of how remuneration and benefits are calculated; (ii) the identities of persons responsible for awarding the remuneration and benefits; and (iii) the composition of the remuneration committee, where such a committee exists) will be available by means of a website <http://www.carnegroup.com/policies-and-procedures/> and a paper copy will be made available to Shareholders free of charge upon request.

### **General Risk Factors**

Investors' attention is drawn to the following general risk factors which may relate to an investment in any Fund. In addition to the risks set out below, any risks specific to a particular Fund will be as set out in the applicable Supplement.

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

#### *Market fluctuations*

Potential investors should note that the investments of each Fund are subject to market fluctuations. There is no assurance that any appreciation in the value of investments will occur or that the investment objective of any Fund will be achieved. The value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested. The difference between the cost of subscribing for Shares and the amount received on redemption means that any investment in the ICAV should be viewed as a medium to long-term investment. An investment should only be made by those who are able to sustain a loss on their investment.

#### *Currency risk*

Each Fund's assets may, unless otherwise noted, be invested in securities denominated in currencies other than the relevant currency of such Fund and any income received by such Fund from its investments will be received in the currencies of such investments, some of which may fall in value against the relevant currency of such Fund. Each Fund will compute its Net Asset Value and make any distributions in the denomination of the Shares while each Fund may, from time to time, engage in forward foreign exchange transactions to provide protection against exchange-rate risk, there is no guarantee that this objective will be achieved and consequently there is therefore a currency exchange risk which may affect the value of the Shares to the extent that the Fund makes investments in currencies other than the relevant currency of the Fund.

#### *FDI Risk*

A Fund may employ various investment techniques, including, but not limited to, warrants, convertible bonds, forward foreign exchange contracts, currency futures, swaps, options and swaptions thereon, put and call options on securities, indices, stock index and interest rate futures

and options thereon, securities lending, repurchase, reverse repurchase, warrants and contracts-for-difference in order to afford the protection of capital or the enhancement of investment returns. These derivative positions may be executed either on-exchange or over-the-counter. The primary risks associated with the use of such FDIs are (i) failure to predict accurately the direction of the market movements and (ii) market risks, for example, lack of liquidity or lack of correlation between the change in the value of the underlying asset and that of the value of the Fund's FDI. These techniques may not always be possible or effective in enhancing returns or mitigating risk.

The use of cross-currency hedging in order to hedge foreign currency exposure of the underlying assets of a Fund on behalf of a Share class into the base currency of that Fund or into a currency institutionally linked to the base currency may adversely affect the Net Asset Value of Share classes in the respective Fund.

A Fund's investments in over-the-counter derivative are subject to the risk of counterparty default or settlement default. In addition, a Fund may have to transact with counterparties on standard terms which it may not be able to negotiate. In addition, legal risk, meaning risk of loss due to the unexpected application of a law or regulation, or because contracts are not legally enforceable or documented correctly, can arise in the context of financial derivative instrument transactions. Legal risk is a description of the potential for loss arising from the uncertainty of legal proceedings, such as bankruptcy, and potential legal proceedings. The cause of most FDI litigation arises from disagreements over the terms of contracts, especially OTC contracts. Therefore market standards will be used wherever possible (such as ISDA). For all non-standard contracts, legal opinions should be sought.

Price movements of forward contracts, futures contracts, options, contracts for difference and other derivative contracts in which a Fund's assets may be invested are influenced by among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those 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. Moreover, since there is generally less government supervision and regulation of emerging market stock exchanges and clearing houses than in more developed markets, a Fund may also be subject to the risk of the failure of the exchanges on which its positions trade or of their clearing houses, and there may be a higher risk of financial irregularities and/or lack of appropriate risk monitoring and controls.

#### *Leverage Risk*

A Fund's possible use of borrowing, leverage or derivative instruments may result in certain additional risks. Leveraged investments, by their nature, increase the potential loss to investors resulting from any depreciation in the value of such investments. Consequently, a relatively small price movement in the security underlying a leveraged instrument may result in a substantial loss to the Fund.

#### *Counterparty and Broker Credit Risk*

The Fund will be exposed to the credit risk of the counterparties or the brokers and dealers and exchanges through which, it deals, whether it engages in exchange-traded or off-exchange transactions. The Fund may be subject to risk of loss of its assets held by a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of the Fund, or the bankruptcy of an exchange clearing house.

#### *EMIR Risk*

EMIR, which applies to the ICAV and the Funds, applies uniform requirements in respect of OTC derivative contracts by requiring certain "eligible" OTC contracts to be submitted for clearing to



regulated central clearing counterparties and by mandating the reporting of certain details of OTC contracts to trade repositories. In addition, EMIR imposes requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational counterparty credit risk in respect of OTC contracts which are not subject to mandatory clearing. Under EMIR, certain OTC derivative contracts may be subject to new or increased collateral requirements. These charges could increase the cost of such transactions to the Fund and may make certain transactions unavailable as well as increasing the credit risk of such transactions to a Fund.

#### *Substantial repurchases*

Substantial repurchases by Shareholders may necessitate liquidation of investments. It is possible that losses may be incurred due to such liquidations that might otherwise not have arisen.

#### *Expenses Charged to Capital*

Shareholders should note that all or part of the management fees and expense of a Fund may be charged to the capital of a Fund as set out in the applicable Supplement. This will have the effect of lowering the capital value of the Shareholder's investment.

#### *Securities Lending Risk*

As with any extensions of credit, a Fund will be subject to credit risk in respect of its counterparty. Securities lending involves the risk that the borrower may fail to return the securities in a timely manner or at all. Should the borrower of securities 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 the Fund may invest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank, any Fund investing collateral will be exposed to the risk associated with such investments, such as the failure or default of the issuer of the relevant security.

#### *Taxation*

Any change in the ICAV's tax status or in legislation could affect the value of investments held by the ICAV and affect the ICAV's ability to provide a return to investors. Potential investors and Shareholders should note that the statements on taxation, which are set out herein and in each Supplement, are based on advice which has been received by the Directors regarding the law and practice in force in the relevant jurisdiction as at the date of this Prospectus and each Supplement. As is the case with any investment, there can be no guarantee that a tax position or proposed tax position prevailing at the time an investment is made in the ICAV will endure indefinitely. The attention of potential investors is drawn to the tax risks associated with investing in the ICAV, particularly the section headed "Taxation" starting on page 16.

#### *Temporary suspension*

Investors are reminded that in certain circumstances their right to redeem or convert Shares may be temporarily suspended as set out in more detail in the section headed "Suspension of Valuation" on page 74.

#### *Political and /or regulatory risks*

The value of a Fund's assets may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions in foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investments may be made.

#### *Controlling Shareholder*

There is no restriction on the percentage of the ICAV's Shares that may be owned by one person or a number of connected persons. It is possible, therefore, that one person, including a person or entity related to the Investment Managers, or, a collective investment scheme managed by the Investment Managers, may obtain control of the ICAV or of a Fund.

#### *Past Performance*

The ICAV has a limited operating history upon which investors may base an evaluation of the likely performance of the ICAV.

#### *Economic and Political Risks*

The economies of individual emerging market countries may differ favourably or unfavourably from the economy in industrialised countries in such respects as growth of gross domestic product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency, accounting standards and balance of payments position. Further, the economies of emerging market countries generally are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. With respect to any emerging market country, there is the possibility of nationalisation, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments (including war) which could affect adversely the economies of such countries or the value of the Fund's investments in those countries. In addition, it may be difficult to obtain and enforce a judgment in a court in those countries.

#### *Eurozone Risk*

Some of the Funds may invest in countries within the Eurozone. Certain countries within the Eurozone have received very substantial financial assistance from other EU Member States in recent years, and the question of whether additional funding will be made available is unclear. Investor confidence in other EU Member States, as well as European banks exposed to sovereign debt of Eurozone countries experiencing financial turmoil, has been severely impacted, threatening capital markets throughout the Eurozone. Although the resources of various financial stability mechanisms in the Eurozone continue to be bolstered, there can be no assurance that the level of funds being committed to such facilities will be sufficient to resolve the crisis going forward. It is also unclear whether ultimately a political consensus will emerge in the Eurozone concerning whether and how to restructure sovereign debt. The consequences of any sovereign default would likely be severe and wide-reaching, and could include the withdrawal of one or more EU Member States from the Eurozone, or even the abolition of the Euro. The withdrawal of one or more EU Member States from the Eurozone or the abolition of the Euro could result in significant exchange rate volatility and could have an adverse impact on the financial markets, not only within Europe but globally. The performance and value of the Funds may potentially be adversely affected by any or all of the above factors, or there may be unintended consequences in addition to the above arising from the potential European crisis that may adversely affect the performance and value of the Funds. It is also possible that a large number of investors could decide to redeem their investments in a Fund at the same time.

#### *Securities Markets of Emerging Markets Countries*

Trading volume in the securities markets of emerging markets countries is substantially less than that in industrialised countries. Further, securities of some companies in emerging markets are less liquid and more volatile than securities of comparable companies in industrialised countries. As a result, obtaining prices or portfolio securities from independent sources may be more difficult. In addition, brokerage expenses and other transaction costs generally are higher in emerging market countries than in industrialised countries. Securities markets, broker-dealers, and issuers

in emerging markets generally are subject to less government supervision and regulation than in industrialised countries. Further, disclosure and reporting requirements are minimal and anti-fraud and insider trading legislation is generally rudimentary.

#### *Settlement Mechanisms/Custodial Risk*

The stock markets in emerging markets generally have settlement mechanisms that are less developed and reliable than those in more developed countries. In certain markets there have been times when settlements have been unable to keep pace with the volume of transactions, thereby making it difficult to conduct such transactions. Delays in settlement could result in temporary periods when assets of the Fund are uninvested and no return is earned thereon. The inability of the Fund to make intended purchases due to settlement problems could cause it to miss attractive investment opportunities. Inability to dispose of securities due to settlement problems could result either in losses to the Fund due to subsequent declines in value of the security or, if it has entered into a contract to sell the security it could result in a possible liability of it to the purchaser. While the Fund will endeavour to ensure that it will not invest in a market, fund, or sub-fund unless adequate custodial arrangements are available, there is no assurance that settlement delays or difficulties will not occur. Delays in settlement may affect the ability of the Fund to invest its assets or to liquidate positions in a timely manner. Lack of adequate custodial systems in some emerging market countries may prevent investment in a given country or may require the Fund to accept greater custodial risks than in developed countries in order to invest in such countries. In addition, the legal infrastructure and accounting, auditing and reporting standards in emerging market countries in which the Fund may invest may not provide the same degree of information to investors as would generally apply in more developed markets. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from accounting standards in more developed markets.

#### *Investment and Repatriation Restrictions; Exchange Controls*

Some emerging market countries impose substantial restrictions on investments in their financial markets, especially equity markets, by foreign investors. These restrictions may include a requirement of governmental approval, a limitation on the amount of investment in a company or in a market as a whole, or a prohibition on foreigners owning particular securities. Countries also may prohibit foreign investment in particular sectors, such as the media, telecommunications or financial sectors. Some emerging markets now or in the future may impose limitations on the ability of foreign investors to repatriate investment income or the proceeds from the sale of securities. These countries also may limit the Fund's ability to exchange income or proceeds into U.S. Dollars or other freely convertible currencies.

#### *Foreign Taxation*

With respect to certain countries, there is a possibility of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of cash or other assets of the Fund, political or social instability or diplomatic developments that could affect investments in those countries.

#### *Emerging Markets Risk*

The Fund, through its equity investments in the Asia Pacific (ex-Japan) region may have exposure to certain emerging markets. As a result, the Fund is subject to risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. Dollar and the various foreign currencies in which the Fund's investments will be denominated, and costs associated with conversion of investment principal and income from one currency into another and (ii) the possible imposition of withholding taxes on income received from or gains with respect to such securities. In addition, certain of these capital markets involve certain factors not typically associated with investing in established securities markets, including risks relating to (i)

differences between markets, including potential price volatility in and relative illiquidity of some foreign securities markets, (ii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation and (iii) certain economic and political risks, including potential exchange control regulations and potential restrictions on foreign investment and repatriation of capital.

### *Asian Country Investment Risks*

#### 1. China

The Chinese government exercises significant control over China's economy through the allocation of resources, by controlling payment of foreign currency-denominated obligations, by setting monetary policy and by providing preferential treatment to particular industries or companies. For over three decades, the Chinese government has been reforming economic and market practices and providing a larger sphere for private ownership of property. While currently contributing to growth and prosperity, these reforms could be altered or discontinued at any time. Military conflicts, either in response to internal social unrest or conflicts with other countries could disrupt economic development. China's long-running conflict over Taiwan remains unresolved, while territorial border disputes persist with several neighbouring countries. While economic relations with Japan have deepened, the political relationship between the two countries has become more strained in recent years, which could weaken economic ties. Development of the Chinese economy is also vulnerable to developments on the Korean peninsula. Should political tension increase or military actions be precipitated, it could adversely affect the economy and destabilise the region as a whole. There is also a greater risk involved in currency fluctuations, currency convertibility, interest rate fluctuations and higher rates of inflation. The Chinese government also sometimes takes actions intended to increase or decrease the values of Chinese stocks. The emergence of a domestic consumer class is still at an early stage, making China's economic health largely dependent on exports. China's growing trade surplus with the United States has increased the risk of trade disputes, which could potentially have adverse effects on China's management of its currency, as well as on some export-dependent sectors. Social cohesion in China is being tested by growing income inequality and larger scale environmental degradation. Social instability could threaten China's political system and economic growth, which could decrease the value of a Fund's investments.

#### China Political and Economic Risk

China has implemented a series of economic reform programs emphasising the utilisation of market forces in the development of the Chinese economy and a high level of management autonomy since 1978. Although China's economy has experienced significant growth in the past 20 years, growth has been uneven both geographically and among various sectors of the economy. However, there can be no assurance that the Chinese government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. The Chinese government may from time to time adopt corrective measures to control inflation and restrain the rate of economic growth, which may also have an adverse impact on the capital growth and performance of a Fund. Further, political changes, social instability and adverse diplomatic developments in China could result in the imposition of additional government restrictions including the expropriation of assets, confiscatory taxes or nationalisation of some or all of the investments held by the underlying securities in which the relevant Fund may invest.

#### China Accounting and Reporting Risks

Chinese companies are required to follow Chinese accounting standards and practices, which only follow international accounting standards to a certain extent. However, the accounting, auditing and financial reporting standards and practices applicable to Chinese companies may be less rigorous, and there may be significant differences between financial statements prepared in

accordance with Chinese accounting standards and practice and those prepared in accordance with international accounting standards. As the disclosure and regulatory standards in China are less stringent than in more developed markets, there might be substantially less publicly available information about issuers in China on which the Investment Manager can base investment decisions.

#### China Legal and Regulatory System Risks

The Chinese legal system is a complex legal system comprising written statutes, regulations, circulars, administrative directives, internal guidelines and their interpretation by the Supreme People's Court. Since 1979, the Chinese government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce taxation and trade. However, experience in the implementation, interpretation and enforcement of the laws and regulations and of commercial contracts, undertakings and commitments entered into is limited.

#### Nationalisation and Expropriation Risks

The Chinese government renounced various debt obligations and nationalised private assets without providing any form of compensation after the formation of the Chinese socialist state in 1949. The Chinese government has recently adopted a more welcoming attitude towards foreign investment in China. However, there is no guarantee that the Chinese government will not take similar actions in the future.

#### Hong Kong

Since Hong Kong reverted to Chinese sovereignty in 1997, it has been governed by the Basic Law, a "quasi-constitution." The Basic Law guarantees a high degree of autonomy in certain matters until 2047, while defence and foreign affairs are the responsibility of the central government in Beijing. If China were to exert its authority so as to alter the economic, political or legal structures or the existing social policy of Hong Kong, investor and business confidence in Hong Kong could be negatively affected, which in turn could negatively affect markets and business performance and have an adverse effect on a Fund's investments. There is uncertainty as to whether China will continue to respect the relative independence of Hong Kong and refrain from exerting a tighter grip on Hong Kong's political, economic and social concerns. The economy of Hong Kong may be significantly affected by increasing competition from the emerging economies of Asia, including that of China itself. In addition, the Hong Kong dollar trades within a fixed trading band rate to (or is "pegged" to) the USD. This fixed exchange rate has contributed to the growth and stability of the Hong Kong economy. However, some market participants have questioned the continued viability of the currency peg. It is uncertain what affect any discontinuance of the currency peg and the establishment of an alternative exchange rate system would have on capital markets generally and the Hong Kong economy.

#### *Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (the "Stock Connect")*

In addition to the country specific risks relating to China above, and other risks applicable to investments by the Funds using Stock Connect apply:

Genera The relevant regulations are untested and subject to change. There is no certainty as to how they will be applied which could adversely affect the Funds. The program requires use of new information technology systems which may be

subject to operational risk due to its crossborder nature. If the relevant systems fail to function properly, trading in both Hong Kong, and Shanghai and/or Shenzhen markets through the program could be disrupted.

#### Quota Limitations

The Stock Connect is subject to quota limitations. In particular, once the remaining balance of the relevant quota drops to zero or the daily quota is exceeded, buy orders will be rejected (although investors will be permitted to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the relevant Fund's ability to invest in China A Shares through the Stock Connect on a timely basis, and the relevant Fund may not be able to effectively pursue its investment strategy.

#### Taxation Risk

The Chinese tax authorities announced on 14 November 2014 that gains derived by foreign investors from China A Shares traded through the Stock Connect would be temporarily exempted from Chinese taxation effective from 17 November 2014. This temporary exemption applies to China A Shares generally, including shares in Chinese 'landrich' companies; however, the temporary exemption does not apply to China onshore bonds. The duration of the period of temporary exemption has not been stated and is subject to termination by the Chinese tax authorities with or without notice and, in a worst case scenario, retrospectively. In addition the Chinese tax authorities may implement other tax rules with retrospective effect which may adversely affect the Funds. If the temporary exemption is withdrawn a foreign investor would be subject to Chinese taxation in respect of gains on China A Shares and the resultant tax liability would be payable by relevant Fund, and thus borne by its investors. However, this liability may be mitigated under the terms of an applicable tax treaty, and if so, any such benefits will be passed to investors.

#### Legal / Beneficial Ownership

Shares traded on the Shanghai Stock Exchange ("SSE Shares") or on the Shenzhen Stock Exchange ("SZSE Shares") held in respect of the Funds will be held by the Trustee/subcustodian in accounts in the Hong Kong Central Clearing and Settlement System ("CCASS") maintained by the Hong Kong Securities Clearing Company Limited ("HKSCC") as central securities depository in Hong Kong. HKSCC in turn holds the SSE Shares or SZSE Shares, as the nominee holder, through an omnibus securities account in its name registered with ChinaClear. The precise nature and rights of the Funds as the beneficial owners of the SSE Shares or SZSE Shares through HKSCC as nominee is not well defined under Chinese law. There is lack of a clear definition of, and distinction between, "legal ownership" and "beneficial ownership" under Chinese law and there have been few cases involving a nominee account structure in the Chinese courts. Therefore the exact nature and methods of enforcement of the rights and interests of the Funds under Chinese laws are uncertain. Because of this uncertainty, in the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong it is not clear if the SSE Shares or SZSE Shares will be regarded as held for the beneficial ownership of the Funds or as part of the general assets of HKSCC available for general distribution to its creditors.

#### Clearing and Settlement Risk

HKSCC and ChinaClear will establish the clearing links and each will become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing

house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house. As the national central counterparty of the Chinese securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the China Securities regulatory Commission. In the event of a ChinaClear default, HKSCC's liabilities in SSE Shares and SZSE Shares under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC should in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the relevant Fund may suffer delay in the recovery process or may not fully recover its losses from ChinaClear.

#### Suspension Risk

It is contemplated that the Stock Exchange of Hong Kong ("SEHK"), Shanghai Stock Exchange ("SSE") and Shenzhen Stock Exchange ("SZSE") would reserve the right to suspend trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension is effected, the relevant Fund's ability to access the Chinese market will be adversely affected.

#### Differences in Trading Day

The Stock Connect will only operate on days when both the Chinese and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Chinese market but the Funds cannot carry out any China A Shares trading via the Stock Connect. The Funds may be subject to a risk of price fluctuations in China A Shares during the time when the Stock Connect is not trading as a result.

#### Restrictions on Selling Imposed by Front-End Monitoring

Chinese regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A Share sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling. If a Fund intends to sell certain China A Shares it holds, it must transfer those China A Shares to the respective accounts of its broker(s) before the market opens on the day of selling ("trading day"). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement.

#### Operational Risk

The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are permitted to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. The securities regimes and legal systems of the two markets differ significantly and market participants may need to address issues arising from the differences on an on-going basis.

There is no assurance that the systems of the SSE, SZSE or SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in both markets through the program could be disrupted. The relevant Fund's ability to access the China A Share market (and hence to pursue its investment strategy) may be adversely affected.

#### Regulatory Risk

The Stock Connect is a novel concept. The current regulations are untested and there is no certainty as to how they will be applied. In addition, the current regulations are subject to change and there can be no assurance that the Stock Connect will not be abolished. New regulations may be issued from time to time by the regulators/stock exchanges in China and Hong Kong in connection with operations, legal enforcement and cross-border trades under the Stock Connect. Funds may be adversely affected as a result of such changes.

#### Recalling of Eligible Stocks

When a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the relevant Funds, for example, if the Investment Adviser wishes to purchase a stock which is recalled from the scope of eligible stocks.

#### No Protection by Investor Compensation Fund

Investment in SSE or SZSE shares via the Stock Connect is conducted through brokers, and is subject to the risks of default by such brokers' in their obligations. Investments of Funds are not covered by the Hong Kong's Investor Compensation Fund, which has been established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchangetraded products in Hong Kong. Since default matters in respect of SSE Shares or SZSE Shares via Stock Connect do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund. Therefore the Funds are exposed to the risks of default of the broker(s) they engage in their trading in China A Shares through the Stock Connect.

#### Taiwan

The political reunification of China and Taiwan, over which China continues to claim sovereignty, is a highly complex issue and is unlikely to be settled in the near future. The continuing hostility between China and Taiwan may have an adverse impact on the values of investments in both China and Taiwan, or make investments in China and Taiwan impractical or impossible. Any escalation of hostility between China and Taiwan would likely distort Taiwan's capital accounts, as well as have a significant adverse impact on the value of investments in both countries and the region.

Taiwan's growth has to a significant degree been export-driven. While the percentage of Taiwan's exports purchased by the United States has been declining recently, the United States has remained a key export market. Accordingly, Taiwan is affected by changes in the economies of the United States and other main trading partners, by protectionist impulses in those countries and by the development of export sectors in lower-wage economies. In the event that growth in



the export sector declines in the future, the burden of future growth will increasingly be placed on domestic demand.

Taiwan has limited natural resources, resulting in dependence on foreign sources for certain raw materials and vulnerability to global fluctuations of price and supply. This dependence is especially pronounced in the energy sector. In recent years, over half of Taiwan's crude oil has been supplied by Kuwait and Saudi Arabia. A significant increase in energy prices could have an adverse impact on Taiwan's economy.

#### *Cross Liability between Funds*

The ICAV is established as an umbrella vehicle with segregated liability between Funds. As a matter of Irish law, the assets of each Fund shall belong exclusively to such Fund and shall not be used to discharge directly or indirectly liabilities or claims against any other Fund and shall not be available for such purpose. However, the ICAV is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There is no guarantee that the courts of any jurisdiction outside Ireland will respect the limit on liability associated with having segregated liability between Funds nor is there any guarantee that the creditors of one Fund will not seek to enforce such Fund's obligations against another Fund.

#### *Breaches in Information Technology Security*

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

Although the parties noted above have implemented measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, significant investment may be required to fix or replace them. In addition, there are inherent limitations in such measures, including the possibility that certain risks have not been identified. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of a Fund, the Manager, the Investment Manager(s), the Administrator, the Depositary and/or the issuer of a security in which a Fund invests and may result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could also harm a Fund's, the Manager's, the Investment Manager's, the Administrator's, the Depositary's and/or an issuer's reputation, subject such entity and its affiliates to legal claims and otherwise affect their business and financial performance. When such issues are present with regard to an issuer of a security in which a Fund invests, the Fund's investment in such securities may lose value.

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

### *Third Party Service Providers*

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

### *Possible Indemnification Obligations*

The ICAV has agreed, or may agree, to indemnify the Directors, the Manager, the Investment Manager(s), the Administrator, the Depositary and banks, brokers, dealers, counterparties and others, under various agreements entered into with such persons, against certain liabilities they or their respective directors, officers, affiliates or agents may incur in connection with their relationships with the ICAV.

### *Electronic Delivery of Information*

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

### *Uncertain macroeconomic outlook due to COVID - 19*

The coronavirus disease 2019 (COVID-19) public health crisis has become a pandemic that has resulted in, and may continue to result in, significant global economic and societal disruption and market volatility due to disruptions in market access, resource availability, facilities operations, imposition of tariffs, export controls and supply chain disruption, among others. Such disruptions may be caused, or exacerbated by, quarantines and travel restrictions, workforce displacement and loss in human and other resources. The uncertainty surrounding the magnitude, duration, reach, costs and effects of the global pandemic, as well as actions that have been or could be taken by governmental authorities or other third parties, present unknowns that are yet to unfold. The impacts, as well as the uncertainty over impacts to come, of COVID-19 – and any other infectious illness outbreaks, epidemics and pandemics that may arise in the future – could negatively affect global economies and markets in ways that cannot necessarily be foreseen. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The disruptions caused by COVID-19 could prevent a Fund from executing advantageous investment decisions in a timely manner and negatively impact a Fund's ability to achieve its investment objectives. Any such event(s) could have a significant adverse impact on the value and risk profile of a Fund.

### *Common Reporting Standard Risks*

The requirements of the Common Reporting Standard ("CRS") as implemented in Ireland may impose additional due diligence procedures, systems and/or administrative burdens and costs on the ICAV and/ or its Shareholders. Investors are reminded that their personal and account information may need to be reported to the relevant tax authorities. Where investors provide inaccurate or incomplete information, the Funds could become liable to withholding taxes and other penalties for non-compliance. The ICAV has the ability to compulsorily redeem recalcitrant investors and make withholdings from distributions/redemption proceeds to pass on any CRS related financial penalties and costs suffered by a Fund solely to any recalcitrant investors that have caused the liabilities rather than allowing such liabilities to be borne by the investors as a whole.

### *US Foreign Account Tax Compliance Act ("FATCA")*

Pursuant to FATCA, the ICAV (or each Fund) is required to comply (or be deemed compliant) with extensive reporting and withholding requirements designed to inform the U.S. Department of the Treasury of U.S.-owned foreign investment accounts. Failure to comply (or be deemed compliant) with these requirements will subject the ICAV (or each Fund) to U.S. withholding taxes on certain U.S.-sourced income and gains. Pursuant to an intergovernmental agreement between the United States and Ireland, the ICAV (or each Fund) may be deemed compliant, and therefore not subject to the withholding tax, if it identifies and reports U.S. taxpayer information directly to the government of Ireland. Investors may be requested to provide additional information to the ICAV to enable the ICAV (or each Fund) to satisfy these obligations. Failure to provide requested information may subject an investor to liability for any resulting U.S. withholding taxes, U.S. tax information reporting and/or mandatory redemption, transfer or other termination of the investor's interest in its Shares.

Prospective investors should consult their own tax advisor with regard to US federal, state, local and non-US tax reporting and certification requirements associated with an investment in the ICAV.

### *Changes in the UK Political Environment*

The UK left the EU on 31 January 2020 and the transition period ended on 31 December 2020. During the transition period, EU law continued to apply in the UK and the UK maintains its EU single market access rights (including passport rights) and EU customs union membership. The future of the trading relationship between the EU and the UK is unclear but it is expected that UK and EU businesses will not enjoy the same access to each other's markets as they did during the transition period. Tariff or non-tariff barriers, customs checks, the inability to provide cross-border services, changes in withholding tax, restrictions on movements of employees, restrictions on the transfer of personal data, etc., all have the potential to materially impair the profitability of a business, require it to adapt, or even relocate.

The impact of such events on the ICAV is difficult to predict but they may adversely affect the return on each of the Funds and their respective investments. There may be detrimental implications for the value of certain of the relevant Funds' investments, their ability to enter into transactions or to value or realise such investments or otherwise to implement each of their investment programmes. This may be due to, among other things:

- increased uncertainty and volatility in UK, EU and other financial markets;
- fluctuations in asset values;
- fluctuations in exchange rates between sterling, the Euro, the US Dollar and other currencies;
- increased illiquidity of investments located, listed or traded within the UK, the EU or elsewhere;
- changes in the willingness or ability of financial and other counterparties to enter into transactions, or the price at which and terms on which they are prepared to transact; and/or
- changes in legal and regulatory regimes to which the ICAV, the Investment Manager and/or certain of the relevant Funds' assets are or become subject.

Once the position of the UK and the arrangements which will apply to its relationships with the EU and other countries have been established, or if the UK ceases to be a member of the EU without having agreed on such arrangements or before such arrangements become effective, the ICAV's distribution arrangements may need to be altered, either to enable the ICAV's objectives

fully to be pursued or to enable the Distributor (or any delegate thereof) to most effectively market or promote the ICAV in any jurisdiction. That may also result in existing investors in that or any other jurisdiction seeking to redeem their interests in a Fund earlier than they might otherwise do so, which may disadvantage those investors or other investors in the relevant Fund.

### **Risks Associated with Securities Financing Transactions**

Entering into total return swaps, repurchase agreements, reverse repurchase agreements and stocklending agreements create several risks for the ICAV and its investors. The relevant Fund is exposed to the risk that a counterparty to a securities financing transaction may default on its obligation to return assets equivalent to the ones provided to it by the relevant Fund. It is also subject to liquidity risk if it is unable to liquidate collateral provided to it to cover a counterparty default. Such transactions may also carry legal risk in that the use of standard contracts to effect securities financing transactions may expose a Fund to legal risks such as the contract may not accurately reflect the intention of the parties or the contract may not be enforceable against the counterparty in its jurisdiction of incorporation. Such transactions may also involve operational risks in that the use of securities financing transactions and management of collateral are subject to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

#### *Securities Lending*

Where disclosed in the relevant Supplement, a Fund may engage in securities lending activities. 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 a certain level to ensure that the exposure to a given counterparty does not breach any risk-spreading rules imposed under the UCITS Regulations. 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 under a securities lending arrangement in accordance with the requirements set down in the Central Bank UCITS Regulations, a Fund will be exposed to the risk associated with such investments, such as failure or default of the issuer or the relevant security.

#### *Repurchase Agreements*

Repurchase agreements will generally be entered into pursuant to industry standard master agreements such as the ISLA commissioned Global Master Securities Lending Agreement or the SIFMA/ICMA commissioned Global Master Repurchase Agreement. 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. As with any extensions of credit, there are risks of delay and recovery.

#### *Reverse Repurchase Agreements*

Where disclosed in the relevant Supplement, a Fund may enter into reverse repurchase agreement. If the seller of securities to the Fund under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganisation under applicable bankruptcy or other laws, the Fund's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the Fund may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller.

### *Risks Associated with Total Return Swaps*

Where specified in the relevant Supplement, a Fund may enter into total return swap agreements i.e. a derivative whereby the total economic performance of a reference obligation is transferred from one counterparty to another counterparty. If there is a default by the counterparty to a swap contract, a Fund will be limited to contractual remedies pursuant to the agreement related to the transaction. There is no assurance that swap contract counterparties will be able to meet their obligations pursuant to swap contracts or that, in the event of default, the ICAV on behalf of the Fund will succeed in pursuing contractual remedies. A Fund thus assumes the risk that it may be delayed in or prevented from exercising its rights with respect to the investments in its portfolio and obtaining payments owed to it pursuant to the relevant contract and therefore may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Furthermore, in addition to being subject to the credit risk of the counterparty to the total return swap, the Fund is also subject to the credit risk of the issuer of the reference obligation. Costs incurred in relation to entering into a total return swap, differences in currency values and costs associated with hedged/unhedged share classes may result in the value of the index/reference value of the underlying of the total return swap differing from the Net Asset Value per Share of the relevant Fund.

### *Risks Associated with Collateral Management*

Where a Fund enters into an OTC derivative contract or a securities financing transaction, it may be required to pass collateral to the relevant counterparty or broker. Collateral that a Fund posts to a counterparty or a broker that is not segregated with a third-party custodian may not have the benefit of customer-protected “segregation” of such assets. Therefore in the event of the insolvency of a counterparty or a broker, the Fund may become subject to the risk that it may not receive the return of its collateral or that the collateral may take some time to return if the collateral becomes available to the creditors of the relevant counterparty or broker. In addition, notwithstanding that a Fund may only accept non-cash collateral which is highly liquid, the Fund is subject to the risk that it will be unable to liquidate collateral provided to it to cover a counterparty default. The Fund is also subject to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Where cash collateral received by a Fund is re-invested in accordance with the conditions imposed by the Central Bank, a Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested. Where collateral is posted to a counterparty or broker by way of a title transfer collateral arrangement or where the ICAV on behalf of a Fund grants a right of re-use under a security collateral arrangement which is subsequently exercised by the counterparty, the ICAV on behalf of a Fund will only have an unsecured contractual claim for the return of equivalent assets. In the event of the insolvency of a counterparty, the Fund shall rank as an unsecured creditor and may not receive equivalent assets or recover the full value of the assets. Investors should assume that the insolvency of any counterparty would result in a loss to the relevant Fund, which could be material. In addition, assets subject to a right of re-use by a counterparty may form part of a complex chain of transactions over which the ICAV or its delegates will not have any visibility or control. Because the passing of collateral is effected through the use of standard contracts, a Fund may be exposed to legal risks such as the contract may not accurately reflect the intentions of the parties or the contract may not be enforceable against the counterparty in its jurisdiction of incorporation.

### **EU Data Protection Legislation**

The GDPR has increased the territorial scope of the existing EU data protection framework and imposed stronger sanctions on those who breach it, amongst other things. It also changed the ways in which personal data is collected and used, requiring data subjects to give unambiguous or explicit consent in some cases and introduce increased enforcement powers, empowering national data protection authorities to impose fines of up to 4% of annual turnover, or 20 million euros, whichever is greater.

The ICAV will continue to review and develop existing processes to ensure that customer personal data is processed, by it or its delegates, in compliance with the GDPR's requirements, to the extent that they are applicable. Some or all of the delegates of the ICAV may be required to expend significant capital or other resources and/or modify their respective operations to meet such requirements, any or a combination of which could have a material adverse effect on that delegate's business, financial condition and financial results.

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## SHARE CLASSES

A detailed description of the Classes of Shares offered for each Fund is included in the relevant Fund Supplement.

Shares can be either described as Distributing or Accumulating Shares. The Board of Directors intends to distribute all of the distributable income attributable to Distributing Shares. No distribution of dividends shall be made for Accumulating Shares, and the income attributable to those Shares will be reflected in the increased value of the Shares. Details of whether Classes of Shares are Distributing or Accumulating Shares is set out in the Supplement for the relevant Fund.

The purchase proceeds of the various Share Classes of a Fund are invested in one common underlying pool of investments but the Net Asset Value of each Share Class will be different as a result of the differences in the issue price, fee structure and dividend policy. In relation to Classes with a Class Currency other than the Base Currency, the Net Asset Value of the Class concerned will be calculated and published in the Class Currency and subscription proceeds for such Classes are to be paid by Shareholders (and redemption proceeds are paid to redeeming Shareholders) in such Class Currency.

For Classes which have reporting fund status for UK tax purposes, the ICAV will maintain an equalisation account with a view to ensuring that the level of dividends payable on Shares is not affected by the issue and redemption of such Shares during an Accounting Period. The Subscription Price of such Shares will therefore include an equalisation payment calculated by reference to the accrued income of the Fund and distributions in respect of any Shares will include a payment of capital usually equal to the amount of such equalisation payment. The Redemption Price of each Share will also include an equalisation payment in respect of the accrued income of the ICAV up to the date of redemption.

Class Currencies will either be designated as hedged Classes or will be unhedged and details of the treatment of both hedged Classes and unhedged Classes are set out in the section entitled "Hedging Arrangements".

### *Initial Sales Charge / Redemption Charge*

Where an initial sales charge and/or a redemption charge is payable in respect of a subscription or redemption for certain Classes of Shares, the resulting difference at any one time between the Subscription Price and Redemption Price means that investment in such Shares should be viewed as medium to long term investment. Where an initial sales charge is charged, it will not exceed 5% of the Net Asset Value per Share. Where a redemption charge is charged, it will not exceed 3% of the Net Asset Value per Share. A Fund will not charge both an initial sales charge and a redemption charge in respect of a Class. Details of the applicable initial sales charge/redemption charge will be set out in the Supplement for the relevant Fund.

### *Calculation of CDSC*

The calculation of CDSC for Shares is based on the lesser of the Net Asset Value of the Shares being sold or the Net Asset Value of those Shares when purchased. The calculation is made in the relevant Class Currency. To keep the CDSC as low as possible, each time an instruction to sell Shares is placed, any Shares in the investor's holding not subject to a CDSC will be sold first. If there are not enough of these to meet the request, additional Shares will be sold in the order in which they were purchased. The amount of the CDSC is calculated by multiplying the Net Asset Value of the Shares being sold or the Net Asset Value when purchased (whichever is applicable) by the CDSC charge for the relevant Class of Shares (i.e., 3%).

The holding period for the purposes of applying a CDSC on Shares of a particular Fund acquired through the conversion of Shares in another Fund will be measured by the date that such Shares were originally acquired in the other Fund. Amounts accessed as a CDSC are paid to the Distributor. The CDSC may be waived in whole or in part by the Distributor in its sole discretion either for individual investors or for particular groups of investors. The ICAV has committed to pay

the CDSC to the Distributor at the rates set forth in this Prospectus net of any taxes. In case any taxes will be payable on set amounts, the amount of CDSC will be increased so as in the manner to ensure that the agreed amounts will be paid net to the Distributor. The Board of Directors has no reason to believe that any taxes are due or levied on the CDSC.



## MANAGEMENT AND ADMINISTRATION

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### The Directors of the ICAV

The Directors of the ICAV are responsible, inter alia, for establishing the investment objectives and policies of the ICAV and each Fund, for monitoring the ICAV's performance and for the overall management and control of the ICAV.

The following are the Directors of the ICAV:-

#### **Michael McInerney (nationality : Irish – Irish resident) (Independent Non-Executive Director and Chairman)**

Michael McInerney is engaged principally as a non-executive director and hold directorships in Irish MiFiD, Insurance and Funds regulated entities. In 2015 he retired as CEO and executive director of Santander Financial Products plc, a MiFiD authorised structured derivatives business, which he joined at its launch in 1994. During that period he also served as non-executive director of various Santander boards in Ireland, including insurance entities and funds. Prior to 1994 he worked principally as taxation adviser with Arthur Andersen Dublin and KMG Dublin. He is a Fellow of the Institute of Chartered Accountants in Ireland and a graduate of University College Galway.

#### **Natasha Haugh (nationality : Irish – Irish resident) (Non-Executive Director)**

Natasha is a Director, Client Relationship Management, with Carne Group and has over 25 years of experience in the funds industry. Natasha has extensive experience in client relationship management, fund accounting and fund oversight for both UCITS and AIF funds. She has acted as a Designated Person across the six managerial functions for both SMICs and external Management Companies. More recently she serves as a Director on the boards of UCITS funds and as Director and Chair of QIAIF funds.

Natasha joined Carne Group from BNY Mellon, where as Head of Offshore & Onshore Service Delivery Management she had responsibility for service delivery for client relationships across EMEA. Her clients ranged from large Institutional Investment Managers to smaller Boutique operations, managing a wide range of UCITS and hedge fund product including Fund of Fund, Master/Feeder, Money Market and Alternative funds. Natasha also had responsibility for managing EMEA MIS and KPI reporting for EMEA Fund Accounting. Prior to that Natasha spent a year in Poland where she was involved in developing a green field site to facilitate the migration of fund accounting functions from Ireland to Wroclaw, Poland. Natasha also spent time in the UK providing leadership development and senior management support and was Fund Accounting Group Manager for teams in Cork and Dublin. Before joining BNY Mellon, Natasha was at PNC GIS for seven years where she was a Senior Fund Accounting Manager, with responsibility for NAV Production and client relationship management for alternative investment clients with complex fund structures and security types. Natasha has also worked at IBT Europe Ltd, CICM Fund Administration, Deutsche International, Bank of Ireland and National Irish Bank.

Natasha has a Bachelor of Arts Degree in Financial Services from Liverpool John Moore's University and a Professional Diploma in Applied Alternative Investments, a Joint Financial Services Diploma, a Certificate in Mortgage Practise and a Certificate in Mutual Fund Services from the Institute of Bankers. In December 2021 Natasha completed a micro credentials programme in 'Creating Value with ESG' at Trinity College Dublin.

#### **Alicia McGivern (nationality : Irish – Irish resident) (Non-Executive Director)**

Alicia is a Director at Carne Group and is a Central Bank of Ireland approved Fund Director (PCF-2) for UCITS and AIF structures and a Designated Person (PCF-39D) for Investment Management for Self-Managed Investment Funds and UCITS Management Companies. Alicia

acts as a Fund Director and Designated Person for a range of investment strategies including global growth equity and value strategies, fixed income and money market funds.

Alicia has over 14 years' experience in the funds industry. Prior to joining Carne, Alicia held senior roles in investment management firms working with both Generation Investment Management LLP in the UK and Aviva Investors in Ireland. Prior to joining Aviva Investors, Alicia worked in the Hedge Funds Transfer Agency team at CITI Ireland.

Prior to joining Carne Group, Alicia spent 8 years in London working with Generation Investment Management LLP, a pure-play sustainable investment manager. During her time at Generation, Alicia held a variety of roles, as Director of the Control and Compliance Team and most recently as Product Specialist for Generation's flagship Global Equity Strategy leading the oversight of the Irish domiciled Global and Asia Equity Funds. At Aviva Investors, Alicia led the middle office team supporting a wide number of investment strategies including fixed income, equity and money market funds.

Alicia holds a B.A. in Business and Sociology from Trinity College Dublin (Joint Honours) and a Certificate in International Investment Funds Services from the Institute of Banking in Ireland.

### **Ankit Jain (nationality - Indian– Luxembourg resident) (Non-Executive Director)**

Ankit is the Group Head of Risk Solutions at the Carne Group. Ankit is also Conducting Officer and Head of Valuation at Carne. Ankit has 10 years' experience in the Investment Funds industry, focused primarily on risk management, valuation, and portfolio management. Before joining Carne, Ankit was the Director of Risk and Compliance at FundRock Management Company and previously held positions at KPMG, ECP International S.A and Goldman Sachs.

Ankit holds a Masters' in Finance from Bocconi University in Milan and a degree in Electrical Engineering from the Indian Institute of Technology (IIT). He is a member of ALFI and contributes to various technical working groups.

All of the Directors are non-executive directors and their address, for the purpose of the ICAV, is the registered office of the ICAV.

The ICAV secretary of the ICAV is Carne Global Financial Services Limited.

### **Investment Managers**

A description of the Investment Manager for each Fund will be included in the relevant Supplement.

### **The Manager**

The Manager is responsible for the investment policy, objectives and management of the ICAV and its Funds. The Manager was incorporated as a limited liability company in Ireland on 10 November 2003 under registration number 377914 and has been authorised by the Central Bank to act as a UCITS management company and to carry on the business of providing management and related administration services to UCITS collective investment schemes. The Manager's parent entity is Carne Global Financial Services Limited. The Manager's principal business is the provision of fund management services to collective investment schemes.

The Manager has delegated the performance of its discretionary investment management and distribution functions in respect of the ICAV and its Funds to the Investment Managers and administrative functions to the Administrator.

As of the date of the Prospectus, the Manager has also been appointed to act as management company for other regulated investment funds the list of which is available, upon request, at the registered office of the ICAV.

The Manager will receive periodic reports from the Investment Managers detailing the Funds' performance and analysing their investment. The Manager will receive similar reports from the other services providers in relation to the services which they provide.

### **The Management Agreement**

Pursuant to the Management Agreement the Manager is responsible for the general management and administration of the ICAV's affairs, subject to the overall supervision and control of the Directors. Pursuant to the provisions of the Management Agreement the Manager may delegate one or more of its functions subject to the overall supervision and control of the ICAV.

The Manager shall exercise the due care of a professional UCITS manager in the performance of its duties under the Management Agreement, including with regard to the selection, appointment and monitoring of any delegates and shall use its best endeavours, skill and judgment and all due care in performing its duties and obligations and exercising its rights and authorities under the Management Agreement provided that for the avoidance of any doubt the Manager shall not be liable for any decline in the value of the investments of the ICAV or any Fund or any part thereof to the extent that such decline results from any investment decision made by the Manager in good faith unless such decision was made negligently, fraudulently, in bad faith or with wilful default.

Neither the Manager nor any of its directors, officers, employees or agents shall be liable for any loss or damage arising directly or indirectly out of or in connection with the performance by the Manager of its obligations and duties under the Management Agreement unless such loss or damage arose out of or in connection with the negligence, wilful default, fraud or bad faith of or by the Manager in the performance of its duties under the Management Agreement.

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

The Manager may perform any of its duties, obligations and responsibilities under the Management Agreement by or through its directors, officers, servants or agents and shall be entitled to delegate or sub-contract all or any of its functions, powers, discretions, duties and obligations as the Manager under the Management Agreement to any person approved by the Directors and the Central Bank on such terms and conditions as agreed between the ICAV and the Manager, provided that any such delegation or sub-contract shall terminate automatically on the termination of the Management Agreement. The Manager's liability to the ICAV shall not be affected by the fact that the Manager has delegated all or any part of its function set out in the UCITS Regulations and the Central Bank UCITS Regulations to a third party.

The Management Agreement shall continue in full force and effect unless terminated by any party at any time upon ninety (90) days prior written notice to the other party or at any time if any party: (i) commits any material breach of the Agreement or commit persistent breaches of the Agreement which is or are either incapable of remedy or have not been remedied within thirty (30) days of the non-defaulting party serving notice requiring the remedying of the default; (ii) becomes incapable of performing its duties or obligations under the Agreement; (iii) is unable to pay its debts as they fall due or otherwise becomes insolvent or enters into any composition or arrangement with or for the benefit of its creditors or any class thereof; (iv) is the subject of a petition for the appointment of an examiner, administrator, trustee, official assignee or similar officer to it or in respect of its affairs or assets; (v) has a receiver appointed over all or any substantial part of its undertaking, assets or revenues; (vi) is the subject of an effective resolution for the winding up (except in relation to a voluntary winding up for the purposes of reconstruction

or amalgamation upon terms previously approved in writing by the other party); (vii) is the subject of a court order for its winding up or liquidation; or (viii) ceases to be appropriately regulated in the jurisdiction of its registered office for the proper performance of the Management Agreement. Either party may also terminate the Management Agreement by notice in writing to the other party in the event that a force majeure event, as defined in the Management Agreement, continues for longer than fourteen (14) days.

Details of each of the Directors of the Manager are set out below:

**Neil Clifford (nationality: Irish – Irish resident)**

Mr. Clifford is a Director and Chief Executive Officer of the Manager. He is an experienced Irish-based investment management professional and fund director, with wide experience in the governance and operations of traditional and alternative investment funds. Neil joined the Manager in October 2014 from Irish Life Investment Managers (“ILIM”) (April 2006 – September 2014), where he was Head of Alternative Investments. He began his career with Irish Life as a sector-focused equity fund manager. Prior to this, Neil was a senior equity analyst for Goodbody Stockbrokers (September 2000 - April 2006) in Dublin. He has also worked as an engineer with a number of leading engineering and telecoms firms in Ireland. Neil holds a degree in Electrical Engineering from University College Cork and a Masters of Business Administration from the Smurfit School of Business, University College, Dublin. He has also attained the professional certifications of Chartered Alternative Investment Analyst (CAIA) and Financial Risk Manager (FRM – Global Association of Risk Professionals).

**Teddy Otto (nationality: German – Irish resident)**

Mr. Otto is a Principal with the Carne Group. He specialises mainly in product development, fund establishment and risk management. Before joining the Manager, Mr. Otto was employed by the Allianz / Dresdner Bank group in Ireland for six years. During this time, he acted as head of fund operations, head of product management and was appointed as a director of the Irish management company for Allianz Global Investors and a range of Irish and Cayman domiciled investment companies. He had previously held senior positions in the areas of market data and custody at Deutsche International (Ireland) Limited and worked in the investment banking division of Deutsche Bank, Frankfurt. He spent over six years at DeutscheBank group. Prior to that, he was employed with Bankgesellschaft Berlin for two years. Mr. Otto holds a degree in business administration from Technische Universität Berlin.

**Sarah Murphy (nationality: Irish – Irish resident)**

Sarah is an Executive Director and the Chief Operating Officer of the Manager. The Manager is a UCITS Management Company and Alternative Investment Fund Manager which currently manages in excess of €130bn in assets across a wide range of fund structures and asset classes. Sarah began her career at the Carne Group as a business manager where she was tasked with leading the launch and development of a number of the firm’s corporate services businesses.

Prior to joining the Carne Group, Sarah held a number of senior management roles in BDO Ireland’s corporate services business. During this period, Sarah was responsible for providing advisory services to a broad range of domestic and international clients in relation to corporate governance and company law issues associated with acquisitions, disposals and company re-organisations.

**Elizabeth Beazley (nationality: Irish – Irish resident)**

Elizabeth Beazley is a Director with the Carne Group specialising in corporate governance, product development, financial reporting and fund oversight for both mutual and hedge funds. Elizabeth has a 20-year track record in financial services. As Group Chief of Staff for Carne Group, Elizabeth works on various strategic projects within the Executive Committee and oversees the Global Onboarding team at Carne which is responsible for overseeing a team project managing the establishment of UCITS and AIFs and several third-party management

companies covering service provider selection, governance, documentation drafting and operational set-up.

Elizabeth currently acts as Director on a number of funds/management companies. Prior to joining Carne, Elizabeth spent four years with AIB/BNY Fund Management in Ireland, and before that worked for HSBC. Elizabeth has been a member of various industry working groups including the Technical committee and the ETF committee and currently sits on the Irish Funds' Management Company working group. She graduated with a Bachelor of Commerce from University College Cork and has a Masters' degree in Business Studies from the Smurfit Graduate School of Business. Elizabeth is a member of the Association of Chartered Certified Accountants.

**Christophe Douche (nationality: French – Luxembourg resident)**

Christophe Douche is a Director with the Carne Group with over 23 years' experience in the funds industry, focusing on risk management, compliance, AML and corporate governance. His roles have included acting as conducting officer, executive director and chairman on fund boards, committees and management companies.

Christophe currently acts as conducting officer in charge of risk for Carne Global Fund Managers (Luxembourg) SA. He also acts as Head of the Carne Group Risk & Valuation Teams. Previously he worked as a director with responsibility for risk & operations with FundRock where he was the conducting officer in charge of risk, distribution, central administration and depository oversight. He also acted as Head of Regulatory Compliance and AML and Head of Investment Compliance during his time with FundRock. Prior to that he worked with State Street Bank Luxembourg as fund compliance manager and with Natixis Private Banking Luxembourg as a manager in the fund compliance and fund depository department.

Christophe has a master's degree in Finance and Economics and a degree in Banking, Finance and Insurance from University Nancy.

**Jackie O'Connor - (nationality: British – Irish resident)**

Jackie O'Connor is an independent non-executive director on Carne Group's Irish and Luxembourg management companies. She has over 20 years' experience within the asset management industry, most recently as Managing Director and CEO of Goldman Sachs Asset Management Fund Services Ltd ("GSAMFSL"), GSAM's Irish domiciled UCITS management company and Alternative Investment Fund Manager based in Ireland. Jackie was responsible for setting up GSAMFSL in Ireland.

Prior to that, Jackie was international head of regulatory reform for Goldman Sachs Asset Management ("GSAM"), responsible for identifying and implementing requirements under new regulations within the EMEA and Asia Pacific regions. Earlier in her career, Jackie worked in a number of roles within the GSAM and the wider Goldman Sachs Group, including global project manager for the GSAM Client Relationship Team as well as five years in Goldman Sachs's Internal Audit department.

Jackie holds a bachelor's degree with honours in Zoology from Sheffield University in the UK.

The Secretary of the Manager is Carne Global Financial Services Limited.

**The Administrator**

The ICAV and the Manager have appointed U.S. Bank Global Fund Services (Ireland) Limited as administrator, registrar and transfer agent pursuant to the Administration Agreement effective as of 00.01hrs Irish time on 5 December 2022. The Administrator will have responsibility for the

administration of the ICAV's affairs including the calculation of the Net Asset Value and preparation of the accounts of the ICAV, subject to the overall supervision of the Directors.

The Administrator is a private limited liability company incorporated in Ireland on January 12, 2006 under the Companies Act 2014 and carries on the business of providing administration and related services to funds.

The Administration Agreement may be terminated by either party on 90 calendar days' written notice or such other shorter notice (being not less than thirty (30) calendar days') or longer notice period as the parties may agree in writing from time to time, or forthwith by notice in writing in certain circumstances, as described in the Administration Agreement.

The Administration Agreement provides that in the absence of negligence, wilful default, bad faith or fraud in the performance of the services described in the Administration Agreement, the Administrator shall not be liable for any loss, damage or expense and shall not in any circumstances be liable for any indirect, special or consequential damages.

Under the Administration Agreement, the ICAV shall indemnify the Administrator out of the assets of the relevant Fund from and against all actions, proceedings, claims, demands, liabilities, losses, damages, reasonable costs and expenses arising directly or indirectly out of any act or omission of the Administrator in the performance or non-performance of its duties under the Administration Agreement otherwise than by reason of the negligence, wilful default or fraud of the Administrator or its directors, officers, servants, employees and agents in the performance or non-performance of its duties under the Administration Agreement.

## **The Depositary**

The ICAV has appointed Elavon Financial Services Designated Activity Company trading as U.S. Bank Depositary Services to act as depositary in respect of the ICAV and each of its Funds pursuant to the terms of the Depositary Agreement effective as of 00.01hrs Irish time on 5 December 2022.

The Depositary is a designated activity company incorporated under the laws of Ireland and has its registered office at Building 8, Cherrywood Business Park, Loughlinstown, Dublin 18, Ireland bearing company number 418442, and is a credit institution regulated by the Central Bank. The Depositary is a wholly owned subsidiary of U.S. Bancorp. The Depositary is a financial service provider and has as its main business activity the provision of custodial and depositary services, and related services, to collective investment schemes and other portfolios.

The Depositary is responsible for the safekeeping of the assets of the ICAV, monitoring the cash flows of the ICAV, and must ensure that certain processes carried out by the ICAV and the Manager are performed in accordance with the UCITS Regulations and the Instrument of Incorporation of the ICAV. In this capacity, the Depositary's principal duties include, amongst others, the following:

- (i) ensuring that the ICAV's cash flows are properly monitored, and that all payments made by or on behalf of Shareholders upon the subscription of Shares have been received;
- (ii) safekeeping the assets of the ICAV, which includes:
  - (a) holding in custody all financial instruments that may be registered in a financial instrument account opened in the Depositary's books and all financial instruments that can be physically delivered to the Depositary; and
  - (b) for other assets, verifying the ownership of such assets and maintaining a record accordingly.

- (iii) ensuring that the sale, issue, re-purchase, redemption and cancellation of Shares are carried out in accordance with applicable national law and Instrument of Incorporation of the ICAV;
- (iv) ensuring that the value of the Shares are calculated in accordance with the applicable national law and the Instrument of Incorporation of the ICAV;
- (v) carrying out the instructions of the ICAV and the Manager, unless they conflict with the applicable national law or the Instrument of Incorporation of the ICAV;
- (vi) ensuring that in transactions involving the ICAV's assets any consideration is remitted to the ICAV within the usual time limits; and
- (vii) ensuring that the ICAV's income is applied in accordance with the applicable national law and the Instrument of Incorporation of the ICAV.

The Depositary is also obliged to enquire into the conduct of the ICAV in each financial year and report thereon to the Shareholders.

The Depositary Agreement may be terminated by any party on 90 calendar days' written notice or forthwith by notice in writing in certain circumstances such as the insolvency of either party or un-remedied breach after notice provided that the Depositary shall continue to act as Depositary until a successor Depositary approved by the Central Bank is appointed by the ICAV or the ICAV's authorisation by the Central Bank is revoked. Under the terms of the Depositary Agreement, the Depositary shall not be liable to the ICAV, the Manager, the Investment Manager or Shareholders or any other person in any respect for consequential or indirect or special damages or losses arising out of or in connection with the performance or nonperformance by the Depositary of its duties and obligations under the Depositary Agreement.

The Depositary Agreement provides that the ICAV shall indemnify and hold the Depositary (and its the directors, officers and employees of the Depositary) harmless from and against all or any direct losses, actions, proceedings, liabilities, demands, damages, costs, claims or expenses whatsoever and howsoever arising (including without limitation, legal fees and other costs, charges and expenses incurred) which the Depositary may suffer or incur in acting as Depositary on behalf of the ICAV, other than due to (i) any such losses which arise as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations under applicable laws in accordance with the terms of the Depositary Agreement and (ii) in respect of a loss of a financial instrument held in its custody (or that of its duly appointed delegate) unless it can prove that the loss has arisen as a result of an external event beyond the Depositary's reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

In case of a loss of financial instruments held in custody, the Shareholders may invoke the liability of the Depositary directly or indirectly through the ICAV provided that this does not lead to a duplication of redress or to unequal treatment of the Shareholders. The Depositary has the power to delegate its duties but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The ICAV shall indemnify the Depositary from any loss or damage suffered by the Depositary in providing contractual settlement to the ICAV. In addition, the Depositary shall be entitled to any indemnity to which it may be entitled at law.

### **Depositary Conflicts of Interest Management**

Pursuant to the UCITS Regulations the Depositary must act in accordance with the best interests of the Shareholders of the ICAV.

The Depositary is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts may arise between the

Depositary and its affiliates or delegates where the Depositary or its affiliates or delegates engage in activities under the Depositary Agreement or under separate contractual or other arrangements. For example, where an appointed delegate is an affiliated group company and is providing a product or service to the ICAV and has a financial or business interest in such product or service or where an appointed delegate is an affiliated group company which receives remuneration for other related custodial products or services it provides to the ICAV. Such activities may include but are not limited to, the provision of administration, registrar, transfer agency, nominee, agency, research, investment management, securities lending, financial advice and other advisory services, engaging in banking, sales and trading transactions (such as foreign exchange, derivative, principal lending, broking, market making or other financial transactions) with the ICAV either as principal and in the interests of itself, or for other clients. Conflicts of interest may also arise between the Depositary's different clients. As a financial services provider, one of the Depositary's fundamental obligations is to manage conflicts of interest fairly and transparently. As a regulated business, the Depositary is required to prevent, manage and, where required, disclose information regarding any actual or potential conflict of interest incidents to relevant clients. The Depositary does not anticipate that there would be any specific conflicts of interest arising as a result of any delegation to its global sub-custodian, U.S. Bank N.A. (the "**Global Sub-Custodian**") or any of the sub-delegates listed in Appendix III. The Depositary will notify the ICAV and the Manager of any such conflict should it so arise.

To manage these situations, the Depositary has implemented, and keeps up to date, a conflicts of interest management policy intended to identify and analyse potential conflict of interest situations and record, manage and track conflict of interest situations by:

- (i) implementing permanent measures to manage conflicts of interest including the separation of tasks, the separation of reporting and functional lines, the tracking of insider lists and dedicated information technology environments;
- (ii) implementing, on a case-by-case basis:
  - (a) appropriate preventive measures including the creation of an ad hoc tracking list and new ethical wall arrangements, and by verifying that transactions are processed appropriately and/or by informing the clients in question; or
  - (b) by refusing to manage activities which may involve potential conflicts of interest.

#### **Description of the safekeeping functions delegated by the Depositary, list of delegates and sub-custodians and identification of potential conflicts of interest resulting from delegation**

The Depositary acts as custodian and has full power to delegate the whole or any part of its safe-keeping functions. Under the terms of the Depositary Agreement, the Depositary may delegate its safekeeping obligations provided that:

- (i) the services are not delegated with the intention of avoiding the requirements of the UCITS Regulations;
- (ii) the Depositary can demonstrate that there is an objective reason for the delegation;
- (iii) the requirements of Regulation 34A(3) of the UCITS Regulations are met; and
- (iv) the Depositary: (a) exercises all due, skill, care and diligence in the selection and the appointment of the sub-custodian; (b) carries out periodic reviews and ongoing monitoring of the sub-custodian and of the arrangements put in place by the sub-custodian in respect of the



delegation; and (c) continues to exercise all due skill, care and diligence in carrying out such review and monitoring.

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

The Depositary has delegated its safe-keeping duties (as set out in 34A(4) of the UCITS Regulations) in respect of financial instruments in custody to the Global Sub-Custodian. The Global Sub-Custodian may sub-delegate safekeeping of assets in certain markets in which the ICAV may invest to various sub-custodians. The Global Sub-Custodian, proposes to further delegate these responsibilities to sub-custodians, the identities of which are set out in Appendix III hereto. Investors should note that, except in the event of material changes requiring a prompt update of this Prospectus, the list of sub-custodians is updated only at each Prospectus review.

Up-to-date information in relation to the identity of the Depositary, the Depositary's duties, conflicts of interest, safekeeping functions delegated by the Depositary, list of delegates and sub-custodians and any conflicts of interest that may arise from such delegation will be made available to Shareholders on request. The Depositary is not involved directly or indirectly with the business affairs, organisation, sponsorship or management of the ICAV and is responsible and liable only for the Depositary services that it provides to the ICAV pursuant to the Depositary Agreement. The Depositary is a service provider to the ICAV and is not responsible for the preparation of this document or the activities of the ICAV and therefore accepts no responsibility for any information contained in this Prospectus other than the relevant descriptions relating to it. The Depositary will not participate in any investment decision-making process related to the ICAV. The ICAV reserves the right to change the Depositary's arrangements described above by agreement with the Depositary. Such agreement shall be in accordance with the requirements of the Central Bank. Shareholders of the ICAV may, directly or indirectly through the ICAV, invoke claims relating to the liability of its Depositary regardless of the legal nature between the Depositary, the ICAV and Shareholders provided that the right of Shareholders to invoke the liability of the Depositary should not lead to a duplication of redress or to unequal treatment of Shareholders. The Depositary Agreement contains provisions governing the responsibilities of the Depositary details the circumstances in which the Depositary shall be indemnified out of the assets of the relevant Fund.

### **Paying Agent**

Local laws/regulations in member states of the European Economic Area may require the appointment of Paying Agents and maintenance of accounts by such agents through which subscription and redemption monies may be paid. Investors who choose or are obliged under local regulations to pay or receive subscription or redemption monies via an intermediate entity (e.g. a sub-distributor or agent in the local jurisdiction) rather than directly to the Depositary of the ICAV bear a credit risk against that intermediate entity with respect to (a) subscription monies prior to the transmission of such monies to the Depositary for the account of the relevant Fund and (b) redemption monies payable by such intermediate entity to the relevant investor.

Fees and expenses of Paying Agents, which will be at normal commercial rates, will be borne by the relevant Fund. Fees payable to the Paying Agents which are based on Net Asset Value will be payable only from the Net Asset Value of the relevant Fund attributable to the class(es) of Shares, all Shareholders of which are entitled to avail of the services of the agents.

Paying Agents may be appointed in one or more countries.

### **Conflicts of Interest**

Due to the operations which are or may be undertaken by the Manager, the Investment Managers, the Administrator, the Depositary and the Directors and their respective holding companies, subsidiaries and affiliates (each an "interested party"), conflicts of interest may arise.

An interested party may acquire or dispose of any investment notwithstanding that the same or similar investments may be owned by or for the account of or otherwise connected with the ICAV. Furthermore, an interested party may acquire, hold or dispose of investments notwithstanding that such investments had been acquired or disposed of by or on behalf of the ICAV by virtue of a transaction effected by the ICAV in which the interested party was concerned provided that the acquisition or disposal by an interested party of such investments is effected on normal commercial terms as if negotiated on an arm's length basis and the investments held by the ICAV are acquired in the best interests of the Shareholders.

Dealings will be deemed to have been effected on normal commercial terms negotiated at arm's length if: (1) a certified valuation of a transaction by a person approved by the Depositary as independent and competent is obtained; or (2) the transaction is executed on best terms on an organised investment exchange in accordance with the rules of such exchange; or (3) where (1) and (2) are not practical, the transaction is executed on terms which the Depositary is, or the Directors in the case of a transaction involving the Depositary are, satisfied are normal commercial terms negotiated at arm's length and are in the best interests of Shareholders.

The Manager, the Investment Managers, the Depositary, the Administrator and/or their affiliates may invest, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets that may also be purchased or sold by the ICAV. Neither the Investment Managers nor any of their affiliates are under any obligation to offer investment opportunities of which any of them becomes aware to the ICAV or to account to the ICAV in respect of (or share with the ICAV or inform the ICAV of) any such transaction or any benefit received by any of them from any such transaction.

At the date of this Prospectus, the following Directors have conflicts of interest with the ICAV:

- Ms Natasha Haugh is a Director of the ICAV and an employee of the Manager.
- Ms Alicia McGivern is a Director of the ICAV and an employee of the Manager.
- Mr Ankit Jain is a Director of the ICAV and an employee of an affiliate of the Manager.

### **Soft Commissions**

#### *Non-MiFID Regulated Investments Managers*

An 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 that any benefits should be those which assist in the provision of investment services to the ICAV.

Where an 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 financial derivative instruments for a Fund, the rebated commission shall be paid to the relevant Fund. An Investment Manager, or any of its delegates, may be paid or 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.

A report will be included in the Fund's annual and half-yearly reports describing the relevant Investment Manager's soft commission practices.

#### *MiFID Regulated Investment Managers*

In accordance with its obligations under MiFID, each Investment Manager which is subject to the requirements of MiFID, shall return to the relevant Fund any fees, commissions or other monetary benefits paid or provided by a third party in relation to the investment management services provided by the relevant Investment Manager to the relevant Fund as soon as reasonably possible after receipt. In particular, where the Investment Manager successfully negotiates the recapture of a portion of the commissions charged by brokers or dealers in connection with the purchase and/or sale of securities, permitted derivative instruments or techniques and instruments for a Fund, the rebated commission shall be paid to the relevant Fund as the case may be. The Investment Manager shall however be permitted to retain minor non-monetary benefits received from third parties where the benefits are such that they could not impair the Investment Manager from complying with its obligation to act in the best interests of the relevant Fund, provided they are disclosed to the Fund prior to the provisions of investment management services by that entity. A list of acceptable "minor non-monetary" benefits is set out in the Commission Delegated Directive (EU) 2017/593.

The relevant Investment Manager may only receive third-party investment research, provided it is received on such basis that it does not contravene MiFID. Investment research will not constitute an inducement under MiFID where it is paid for by the Investment Manager itself out of its own resources or out of a research payment account funded by a specific research charge to the applicable Fund. In this regard, the Investment Manager may discharge the charges relating to investment research which is or may be used by the Investment Manager in managing the assets of the Fund out of its own resources or out of a research payment account funded by a specific research charge to the applicable Fund.

## **SUBSCRIPTIONS, TRANSFERS AND REDEMPTIONS**

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### **Initial Subscriptions**

The terms and conditions applicable to the subscription for Shares including the Initial Offer, the Initial Price, Minimum Holding, Minimum Redemption and Minimum subscription are set out in the Supplement for the relevant Fund.

### **Subscriptions Following the Initial Offer**

Following the close of the Initial Offer, the ICAV may offer Shares in each Fund on each Subscription Date at an issue price equal to the Subscription Price per Share of the relevant Fund on each Valuation Date.

### **Subscription Procedure**

All applications for Shares must be received by post, delivery or fax (with the signed original to follow as soon as possible after) by the Administrator for onward transmission to the Administrator at their respective addresses on the relevant Subscription Date no later than the times set out in the applicable Supplement. Applications received must be sent to the Administrator to be received no later than the times set out in the applicable Supplement. In addition, following initial subscription, subsequent subscriptions may also be accepted electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Central Bank).

The procedure for subscribing for Shares, the Minimum Subscription amount applicable and details of any subscription charges for each Fund will be as set out in the applicable Supplement. Notwithstanding the dealing provisions disclosed in each of the Supplements, subscriptions may also be accepted electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Central Bank) for all Funds.

Before subscribing for Shares, an applicant who is not an Irish Resident or is an Exempt Irish Resident will be required to complete a declaration in a form prescribed by the Revenue Commissioners of Ireland. Such declaration will be included in the application form, which is available from the Administrator.

Each Shareholder must notify the Administrator in writing of any change in the information contained in the application form and furnish the Administrator with whatever additional documents relating to such change as it may request.

### **Anti-Money Laundering Procedure**

The ICAV, in consultation with the Administrator, has adopted anti-money laundering and terrorist financing policies and procedures in accordance with the Irish AML Legislation. In accordance with these policies and procedures and the Irish AML Legislation, the Administrator, in connection with its services performed on behalf of the ICAV, is required to implement measures aimed at the prevention of money laundering and terrorist financing, which, inter alia, will require a detailed verification of each applicant's identity, address and source of funds and, where applicable, the beneficial owner on a risk sensitive basis.

Politically exposed persons (“PEPs”), an individual who is or has at any time in the preceding 12 months been entrusted with prominent public functions, and immediate family members, or persons known to be close associates of such persons, must also be identified.

The ICAV and the Administrator each reserve the right to request such additional information as is necessary to verify the identity, address and source of funds of an applicant or Shareholder. In

the event of delay or failure by an applicant or Shareholder to produce any information required for verification purposes, the ICAV and/or the Administrator will refuse to accept the application and subscription monies. The Administrator will also refuse to process redemption requests or pay redemption proceeds in such circumstances. Applicants and Shareholders should note that redemption proceeds will only be paid to an account in the name of the relevant Shareholder.

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

Each applicant for Shares will be required to make such representations as may be required by the Directors in connection with anti-money laundering programmes, including, without limitation, representations that such applicant is not in a prohibited country, territory or an individual or entity listed on the United States Department of Treasury's Office of Foreign Assets Control ("**OFAC**") website and the consolidated list of persons, groups and entities subject to EU financial sanctions, and that it is not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC or EU sanctions programmes. Each applicant will also be required to represent that subscription monies are not directly or indirectly derived from activities that may contravene international and/or European Union laws and regulations, including anti-money laundering laws and regulations.

#### **Written Confirmations of Ownership**

Shares will be issued in registered form. Contract notes will normally be issued within two Business Days of the determination of the Net Asset Value in respect of the relevant Subscription Date on which the application is being processed. Share certificates will not be issued. Investors will not be entered onto the register of Shareholders if they subscribe for less than the Minimum Subscription (or such other amount as the Directors have in their absolute discretion determined).

Shares will be issued upon: (i) fulfilment of the conditions for acceptable subscriptions; (ii) the provision of all relevant money laundering documentation; and (iii) receipt of cleared funds by the ICAV and the Administrator within three Business Days of the provisionally allotted Shares and in accordance with the terms and conditions of the Prospectus and Supplements in force at the time of the subscription. Failure by the ICAV to receive cleared funds within three Business Days of the provisional allotment of Shares will result in the cancellation of the provisionally allotted Shares. The Administrator will normally issue a completion notice after the Shares have been issued and this will constitute a written confirmation of ownership of the Shares. Any gains or losses incurred by the ICAV as a result of the cancellation of the provisionally allotted Shares shall be for the account of the relevant Fund. The Directors have discretion to accept settlement after the Closing Date, in the case of Shares provisionally allotted pursuant to the Initial Offer, and after the relevant Valuation Date, in the case of Shares provisionally allotted on a subsequent Subscription Date, in order to deal with any contingencies which may arise in the transfer of subscription monies.

Investors will be required to agree to indemnify and hold harmless the ICAV, the Directors, the Manager, the Investment Managers, the Administrator and the Depositary for any losses, costs or expenses incurred by them as a result of the failure or default of the investor to transmit subscription monies in immediately available funds to the account of the ICAV within the time specified in the applicable Supplement.

In addition, the Directors, the Manager or the Administrator may refuse to process a redemption request until proper information has been provided including any relevant money laundering documentation.

The Directors may, in their absolute discretion, accept payment for Shares by a transfer in specie of assets, the nature of which would qualify as investments of the Fund in accordance with the investment policy and restrictions of the relevant Fund and the value of which (including the Net Asset Value per Share, thereof) shall be determined by the Administrator, having consulted with the relevant Investment Manager and the Depositary, in accordance with the valuation principles governing the ICAV and applicable law. The Directors and the Depositary will also ensure that the number of Shares issued in respect of any such in specie transfer will be the same amount which would have fallen to be allotted for settlement in cash. 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 (including any warranties to the ICAV in relation to the title of such assets being passed to the Depositary, if applicable) for the transfer specified by the Depositary and the Administrator. In addition, the Directors must ensure that any assets transferred will be vested with the Depositary on behalf of the ICAV. The Director and the Depositary must be satisfied that any such in specie transfer will not result in any material prejudice to existing Shareholders. Where it is intended that Shares of a Fund will be admitted to listing on the Official List and trading on the Main Securities Market of the Irish Stock Exchange, details of the identity of any assets to be transferred in specie, if known at the time of listing, will be set out in the applicable Supplement.

The Directors may, in their absolute discretion, reject any application for Shares in full or in part. Amounts paid to the ICAV in respect of subscription applications which are rejected (or, in the case of applications which are not accepted in full, the balance of the amount paid) will be returned to the applicant at his/her own risk and expense without interest.

#### **Clearstream, Luxembourg and Euroclear**

Shares can be purchased (following the initial subscription) and redeemed by Clearstream, Luxembourg and Euroclear participants. The Administrator will register Shares held through Clearstream, Luxembourg or Euroclear in the name of the common depository's nominee. Shares held through Clearstream, Luxembourg and Euroclear are freely transferable and no ownership or transfer restrictions will be monitored by the Depositary or the Administrator. Shares held in Clearstream, Luxembourg or Euroclear may only be redeemed by the Administrator upon the instructions of Clearstream, Luxembourg or Euroclear, as appropriate. All such requests received by Clearstream, Luxembourg or Euroclear will be forwarded to the Administrator and settled on an actual basis, delivery versus payment or receipt against payment.

#### **Closure of Share Classes**

The Directors may close some or all of the Share Classes in a Fund(s) to subscriptions from existing and/or new Shareholders. The Directors may subsequently re-open some or all of the Share Classes in the Fund to further subscriptions from existing and/or new Shareholders at their discretion and the process of closing and potentially, re-opening the Share Classes may be repeated thereafter as the Directors may determine from time to time. Shareholders may ascertain the closed or open status of the Share Classes of the relevant Fund and if those Classes are open to existing and/or new Shareholders by contacting the Administrator, the Manager or the relevant Investment Manager. Closing the Fund to new subscriptions will not affect the redemption rights of existing Shareholders in the relevant Fund and such Shareholders will be permitted to convert into other Share Classes of the same Fund or a Share Class of another Fund as outlined below under the section of the Prospectus below entitled "Conversion of Shares".

#### **Staggered Listings of Share Classes**

The launch and listing of various classes of Shares within a Fund may occur at different times and, therefore, at the time of the launch of given classes of Shares, the pool of assets to which a given class of Shares relates may have commenced operations. Where relevant, further

information in this regard will be available in the interim and annual reports of the Fund which are sent to Shareholders and which will be made available to potential investors upon request.

### **Transfers**

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 ICAV'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 ICAV and the Administrator as are required from any applicant for Shares.

The ICAV will be required to account for tax on the value of the Shares transferred at the applicable rate unless it has received from the transferor a declaration in the prescribed form confirming that the Shareholder transferring its Shares is not an Irish Resident or is an Exempt Irish Resident. The ICAV and the Administrator reserve the right to redeem such number of Shares held by a transferor as may be necessary to discharge the tax liability arising. The ICAV and the Administrator reserve the right to refuse to register a transfer of Shares until it receives a declaration as to the transferee's status and residency in the form prescribed by the Revenue Commissioners of Ireland.

### **Redemptions**

After the relevant Closing Date for each Fund, the ICAV may accept requests for redemptions on each Redemption Date at a price equal to the Net Asset Value per Share of the relevant Fund on such Redemption Date.

Requests for redemption may be made by post, delivery or fax (with the signed original to follow as soon as is possible) to the Administrators for onward transmission to the Administrator on a completed redemption request (which is available on request from the Administrator) so as to be received on the relevant Redemption Date on which the Shares are to be redeemed no later than the times set out in the applicable Supplement. Redemption requests received must be sent to the Administrator to be received no later than the times set out in the applicable Supplement. In addition, redemption requests may also be accepted electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Central Bank).

During any period of net redemptions, the redemption price per Share may be reduced, at the discretion of the Directors, by a charge in respect of each Fund to cover the dealing costs involved in redeeming investments in the underlying investments of the relevant Fund as set out in the applicable Supplement. The charge is intended to protect existing and continuing Shareholders against the dilution of the value of their investment on account of these charges.

The procedure for redeeming Shares and details of any redemption charges will be as set out in the applicable Supplement. Notwithstanding the dealing provisions disclosed in each of the Supplements, redemption requests may also be accepted electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Central Bank) for all Funds.

Redemption requests may be sent by post or facsimile or electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Central Bank) but redemption proceeds will not be remitted until the Administrator has received the original of the redemption request, the original of the application form used on initial subscription and any other documentation required by the Administrator, including any relevant money laundering documentation. Subject to the agreement of the Administrator, the original of the redemption request may not be required prior to payment of redemption proceeds, provided that an indemnity in relation to faxed instructions or electronic instructions in the form prescribed by the Administrator has been received by the Administrator. Redemption requests will only be processed on receipt of faxed instructions or electronic instructions where payment is made to a bank account on record. In addition, the Administrator

or the Directors may refuse to process a redemption request until proper information has been provided. Any amendments to a Shareholder's registration detail or payment instructions will only be effected upon receipt of original documentation by the Administrator.

The ICAV and the Administrator will be required to withhold tax on redemption monies at the applicable rate unless it has received from the Shareholder a declaration as to status and residency in the form prescribed by the Revenue Commissioners of Ireland confirming that the Shareholder is either (i) not an Irish Resident, or (ii) an Exempt Irish Resident, in each case in respect of whom it is not necessary to deduct tax.

The power to pay redemption proceeds in specie, is at the discretion of the Directors and subject to the consent of the redeeming Shareholder. Asset allocation is subject to the approval of the Depositary. Notwithstanding the above, a determination to provide redemption in specie may be solely at the discretion of the Manager where the redeeming Shareholder requests redemption of a number of shares that represents at least 5% of the Net Asset Value of the relevant Fund. In this event the ICAV will, if so requested by the redeeming Shareholder, sell the assets on behalf of the Shareholder and the cost of the sale of the relevant units may be charged to the Shareholder. Shares redeemed shall be deemed to cease to be in issue at the close of business on the relevant Redemption Date in respect of the redemption and such redeemed Shares shall be cancelled.

### **Conversion of Shares**

With the consent of the Directors, a Shareholder may convert Shares of one Fund into Shares of another Fund or, Shares of one class within a Fund into Shares of another class within the same Fund on giving three days' notice, or such shorter period as the Directors may in their absolute discretion determine, to the Administrator in such form as the Administrator may require. Such notice of conversion may be accepted electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Central Bank).

The conversion is effected by arranging for the redemption of Shares of one Fund, converting the redemption proceeds into the currency of another Fund, and subscribing for the Shares of the other Fund with the proceeds of the currency conversion. No conversion fee will be levied.

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

$$\text{NSH} = \frac{\text{OSH} \times \text{RP}}{\text{SP}}$$

where:-

NSH = the number of Shares which will be issued in the new Fund;

RP = the Net Asset Value of the Shares to be converted after deducting the redemption fee, if any; and

SP = the issue price of Shares in the new Fund on that Business Day after deducting the subscription fee, if any.

If NSH is not a whole number of Shares the Administrator reserves the right to issue fractional Shares in the new Fund or to return the surplus arising to the Shareholder seeking to convert the Shares.

A Shareholder is not required to submit a new application form for the purchase of Shares in connection with a conversion.



## **Deferral of Redemptions**

The Manager may, in its absolute discretion, limit the number of Shares that can be redeemed on any one Redemption Date to 10 per cent. of the Net Asset Value of the applicable Fund. In this event, the limitation will apply pro rata so that all Shareholders wishing to have their Shares redeemed on that Redemption Date redeem the same proportion of such Shares, and Shares not redeemed will be carried forward for redemption on the next Redemption Date and all following Redemption Dates (in relation to which the ICAV will carry out the same procedure as described herein). The ICAV shall treat the redemption requests as if they were received on each subsequent Redemption Date until all of the Shares to which the original request relates have been redeemed and the original request has been satisfied in full. If requests for redemption are so carried forward, the Administrator will inform the Shareholders affected. Redemption requests carried forward will be treated pro rata with redemption requests received in respect of subsequent Redemption Dates.

## **Compulsory Redemptions**

The Directors may compulsorily redeem or transfer any holding of Shares if it comes to their attention that those Shares are being held directly or beneficially by any person who he is not entitled to apply for Shares as described more fully in the section headed "Investor Restrictions" below. The Directors also reserve the right to the compulsory redemption of all Shares held by a Shareholder if the aggregate Net Asset Value of the Shares held by the Shareholder is less than the Minimum Holding specified in the applicable Supplement. Prior to any compulsory redemption of Shares, the Directors will notify the Shareholder in writing and allow such Shareholder thirty days to purchase additional Shares to meet this minimum holding requirement.

## **Suspension of Subscriptions, Transfers, Conversions and Redemptions**

Subscriptions, transfers, conversions and redemptions for any Fund will be suspended for as long as the calculation of the Net Asset Value of that Fund is suspended as more fully described in the section headed "Valuation – Suspension of Valuation" on page 74.

Any applications for subscriptions, transfers, conversions and redemptions for a Fund will be considered on the first Subscription Date or Redemption Date, as applicable, following the termination of a suspension.

## **Operation of Collection Accounts**

The Administrator will open a collection and redemption account which is opened in the name of the relevant Fund.

## **Investor Restrictions**

Potential investors should note that restrictions apply regarding the types of persons to whom Shares may be issued and transferred for the purpose of ensuring that no Shares are held by any person or persons:-

- (i) in breach of the law or requirements of any country or governmental authority; or
- (ii) 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 circumstance appearing to the Directors and the Administrator to be relevant) where, in the opinion of the Directors and the Administrator, such holding might result in taxation, legal, pecuniary, regulatory or material administrative disadvantage to the ICAV or its Shareholders as a whole.

## **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 Directors, working in conjunction with the designated anti-money laundering reporting officer, reserves the right to reject any subscription (including any transfer) from any investor whom it believes has a history of abusive trading or whose trading, in its judgement, has been or may be disruptive to a Fund. In making this judgement, the Directors may consider trading done in multiple accounts under common ownership or control.

## **Data Protection Information**

### **(i) What Personal Data is used?**

- (a) The ICAV and/or any of its delegates or service providers (including the Administrator, the Depositary, the Manager, the relevant Investment Manager, Sub-Investment Managers, distributors, dealers and duly authorised agents) may hold some or all of the following types of Personal Data in relation to Shareholders and prospective investors (and their officers, employees and beneficial owners); name, address/other contact details (telephone, email address), date/place of birth, gender, tax number, bank details, photographic ID, proofs of address (usually utility bills) as furnished by Shareholders and prospective investors when completing the application process for Shares in the ICAV, including the completion of the Application Form.
- (b) The ICAV and/or any of its delegates or service providers may also obtain further Personal Data on those individuals by way of PEP (Politically Exposed Person) checks, sanctions checks, negative news checks and screening checks.
- (c) The ICAV is obliged to verify the Personal Data and where necessary, the ICAV and/or any of its delegates or service providers may request additional information and/documents in relation to Shareholders and prospective investors to ensure compliance with legal, tax and regulatory requirements and to ensure that information and documents previously received is kept up-to-date.
- (d) Where Shareholders and prospective investors have furnished Personal Data in respect of their officers, employees and beneficial owners to the ICAV, those Shareholders and prospective investors must furnish the information in this section on data protection to them and where necessary, ensure that they have obtained the necessary consent.

### **(ii) What is Personal Data used for?**

- (a) The ICAV and/or any of its delegates or service providers (including, the Manager, Administrator, Depositary, any Investment Manager, any Sub-Investment Managers, any Investment Advisors, Distributors, dealers and duly authorised agents) may process prospective investors' and Shareholders' Personal Data for any one or more of the following purposes and on the following legal bases:
  - a. to manage and administer the Shareholder's holding in the ICAV and any related accounts on an ongoing basis as required for the performance of the contract between the ICAV and the Shareholder and to comply with legal and regulatory requirements;
  - b. for any other legitimate business interests' of the ICAV or a third party to whom Personal Data is disclosed, where such interests are not overridden by the interests of the Shareholder, namely, statistical analysis, market research purposes and to perform financial, tax, legal and/or regulatory reporting or requirements;

Your right to object - you have a right to object to the processing of your Personal Data where that processing is carried out for our legitimate interests.

- c. for any other specific purposes where the Shareholder has given specific consent. Such consent may be subsequently withdrawn by the Shareholder at any time, without affecting the lawfulness of processing based on consent before its withdrawal by writing to the board of directors of the ICAV at its registered office; or
- d. to comply with legal and regulatory obligations applicable to the Shareholder and/or the ICAV from time to time, including applicable anti-money laundering and counter terrorist legislation. In particular, in order to comply with the Common Reporting Standard (as implemented in Ireland by Section 891E, Section 891F and Section 891G of the Taxes Act and regulations made pursuant to those sections), Shareholders' Personal Data (including financial information) may be shared with the Irish tax authorities and the Revenue Commissioners. They in turn may exchange information (including Personal Data and financial information) with foreign tax authorities (including foreign tax authorities located outside the European Economic Area). Please consult the AEOI (Automatic Exchange of Information) webpage on [www.revenue.ie](http://www.revenue.ie) for further information in this regard.
- e. Shareholders are required to provide their Personal Data for statutory and contractual purposes. Failure to provide the required Personal Data will result in the ICAV being unable to permit, process, or release the Shareholder's investment in the ICAV and this may result in the ICAV terminating its relationship with the Shareholder.

**(iii) Where is Personal Data stored and sent?**

- (a) In the course of business, the ICAV will collect, record, store, adapt, transfer and otherwise process Personal Data of Shareholders. The ICAV is a data controller within the meaning of Data Protection Legislation and will hold any Personal Data provided by or in respect of Members in accordance with Data Protection Legislation.
- (b) Where processing is carried out on behalf of the ICAV, the ICAV shall engage a data processor, within the meaning of Data Protection Legislation, which implements appropriate technical and organisational security measures in a manner that such processing meets the requirements of Data Protection Legislation, and ensures the protection of the rights of Members. These data processor's include the Manager, Administrator, Depositary, any Investment Manager, any Sub-Investment Managers, any Investment Advisors, Distributors, dealers and duly authorised agents. The ICAV will enter into a written contract with the data processor which will set out the data processor's specific mandatory obligations laid down in Data Protection Legislation, including, to process Personal Data only in accordance with the documented instructions from the ICAV (or where appropriate, the Manager).
- (c) In certain instances the Manager, an Administrator, a Depositary, an Investment Manager, a Sub-Investment Manager, an Investment Advisor, a Distributor, a dealer or a duly authorised agent may be required to process the Personal Data of Shareholders for its own purposes. It will do so as a data controller and in accordance with these terms of a written agreement with the ICAV (or its applicable delegate or service provider) and in accordance with its obligations under Data Protection Legislation. These purposes will include one or all of the follow:

- a. in order to comply with its own legal obligations including under relevant anti-money laundering/counter-terrorist financing laws or in order to report tax or regulatory related information to competent bodies or authorities;
- b. to monitor and record calls and electronic communications, which may contain Personal Data, for quality, business analysis, training, investigation and fraud prevention purposes, for crime and/or regulatory detection, prevention, investigation and prosecution, and to enforce or defend the its rights, itself or through third parties to whom it delegates such responsibilities or rights; and
- c. use the Personal Data to advise the ICAV of other products and services offered by the applicable party.

For a list of the Manager, Administrators, Depositaries, Investment Managers, Sub-Investment Managers, Investment Advisors, Distributors, dealers or duly authorised agents who process Shareholder's Personal Data and their associated contact details please contact the ICAV by email at the following email address [dataprivacy@carnegroup.com](mailto:dataprivacy@carnegroup.com) or by writing to the ICAV at its registered office as set out in the Prospectus of the ICAV.

- (d) A Shareholder's Personal Data may be disclosed or transferred by the ICAV and/or any of its delegates or service providers (including, the Manager, Administrator, Depositary, any Investment Manager, any Sub-Investment Managers, any Investment Advisors, Distributors, dealers and duly authorised agents), whether in Ireland or elsewhere (including to entities situated in countries outside of the EEA, to other delegates, duly appointed agents and service providers of the ICAV (and any of their respective related, associated or affiliated companies or sub-delegates) and to third parties including advisers, regulatory bodies, taxation authorities, auditors, third party cloud storage providers and other technology providers for the purposes specified above. Personal Data may be transferred or disclosed.
- (e) A Shareholder's Personal Data may be transferred to countries which may not have the same or equivalent data protection laws as Ireland. The ICAV and/or any of its delegates and service providers will not transfer Personal Data to a country outside of the EEA unless that country ensures an adequate level of data protection or appropriate safeguards are in place. These safeguards will be one of the following:
  - a. The ICAV and/or any of its delegates and service providers will send the data to a country that's been approved by the European authorities as having a suitable high standard of data protection law.
  - b. The ICAV and/or any of its delegates and service providers will seek:
    - (i) to put in place a contract with the recipient containing terms approved by the European authorities as providing a suitable level of protection;
    - (ii) put in place binding corporate rules; or
    - (iii) rely on one of the derogations provided for in Data Protection Legislation.
  - c. Sending the data to an organisation which is a member of a scheme that's been approved by the European authorities as providing a suitable level of protection. One example is the "Privacy Shield" scheme agreed between the European and US authorities.
  - d. More information on these safeguards can be found here: [https://ec.europa.eu/info/law/law-topic/data-protection\\_en](https://ec.europa.eu/info/law/law-topic/data-protection_en).

**(iv) How long is Personal Data kept for?**

- (a) The ICAV will retain a Shareholder's Personal Data for the period necessary to fulfil the purpose(s) for which the information was collected. The retention period may vary depending on the purpose(s) for which the information was collected. The ICAV will take all reasonable steps to destroy or erase the data from its systems when they are no longer required.
- (b) Where a specific legal or regulatory requirement applies to your information (e.g. anti-money laundering, counter-terrorism, tax legislation) the ICAV will retain it for the period of time specified in such legal or regulatory requirement. In the absence of a specific legal or regulatory requirement, the ICAV will retain your information for the applicable statutory limitation period following the end of the matter to which it relates, typically up to seven years. The ICAV may be required to extend the retention period if the information is required in relation to a complaint, investigation, judicial review, a claim or litigation. Please also note that the ICAV is sometimes legally obliged to retain original legal documents indefinitely.

(v) **What rights are available to Shareholders?**

- (a) Pursuant to the Data Protection Legislation, Shareholders have several rights which they may exercise in respect of their Personal Data, namely:
  - a. the right of access to Personal Data held by the ICAV;
  - b. the right to amend and rectify any inaccuracies in the Personal Data held by the ICAV;
  - c. the right to erase the Personal Data held by the ICAV;
  - d. the right to data portability of the Personal Data held by the ICAV; and
  - e. the right to request restriction of the processing of the Personal Data held by the ICAV;
  - f. the right to withdraw your consent where the ICAV and/or any of its delegates or service providers are relying upon it to process Personal Data.
- (b) In addition, Shareholders have the right to object to processing of Personal Data by the ICAV.
- (c) The above rights will be exercisable by Shareholders subject to limitations as provided for in the Data Protection Legislation and any statutory obligations to retain information including anti money laundering, counter-terrorism or tax legislation.
- (d) A Shareholder may make a request to the ICAV to exercise these rights by contacting the ICAV by email at the following email address [dataprivacy@carnegroup.com](mailto:dataprivacy@carnegroup.com) or by writing to the ICAV at its registered office as set out in the Prospectus of the ICAV.
- (e) If you have any concerns regarding our processing of your Personal Data, or are not satisfied with our handling of any request by you in relation to your rights, you also have the right to make a complaint to the Data Protection Commissioner's Office.

**Beneficial Ownership Regulations**

The ICAV, the Manager or the Administrator may also request such information (including by means of statutory notices) as may be required for the establishment and maintenance of the ICAV's beneficial ownership register in accordance with the Beneficial Ownership Regulations. It

should be noted that a beneficial owner has, in certain circumstances, obligations to notify the ICAV in writing of relevant information as to his/her status as a beneficial owner and any changes thereto (including where a Beneficial Owner has ceased to be a beneficial owner).

It should be noted that it is an offence under the Beneficial Ownership Regulations for a beneficial owner to (i) fail to comply with the terms of a beneficial ownership notice received from or on behalf of the ICAV or (ii) provide materially false information in response to such a notice or (iii) fail to comply with his/her obligations to provide relevant information to the ICAV as to his/her status as a Beneficial Owner or changes thereto (in circumstances referred to above) or in purporting to comply, provide materially false information.

The Central Bank is responsible for establishing and maintaining a central beneficial ownership register for ICAVs (the "**Central Register**") and the ICAV or its delegates are responsible for providing the information contained in the ICAV's beneficial ownership register to the Central Bank for inclusion on the Central Register.

## VALUATION

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### Net Asset Value

The Net Asset Value of the ICAV and of each Fund or of each class of Shares, as the case may be, will be calculated by the Administrator at the relevant Valuation Point for each Valuation Date in accordance with the principles more fully described in the section headed "Valuation Principles" below.

The Net Asset Value of each Fund is, as at any Valuation Point, the aggregate value of the assets attributable to each Fund (including, without limitation, any unamortised expenses) less the aggregate liabilities attributable to each Fund (including, without limitation, its accrued expenses including any performance fee accrual and such amount in respect of contingent or projected expenses as the Directors consider fair and reasonable). The Net Asset Value per Share in each Fund will be calculated by dividing the Net Asset Value of such Fund by the number of Shares in issue in respect of that Fund.

Where a Fund is made up of more than one class of Shares, the Net Asset Value of each class of Shares will be calculated by determining that part of the Net Asset Value of each Fund attributable to each such class of Shares and dividing this value by the number of Shares of that class in issue to the nearest three decimal places to give the Net Asset Value per Share. Any increase or decrease in the Net Asset Value of each Fund will be allocated between the Share classes based on their pro rata Net Asset Values. The Net Asset Value of Share classes denominated in currencies other than the base currency of a Fund will be calculated using the relevant exchange rate prevailing at the relevant Valuation Point.

Where classes of Shares denominated in different currencies are created within the Fund and currency hedging transactions are entered into in order to hedge any relevant currency exposure, such transactions will be clearly attributable to a specific Share class and any costs and gains/losses of the hedging transactions will accrue solely to the relevant class of Shares. Furthermore, no currency Share class may be leveraged as a result of using such currency hedging transactions. Any currency hedging will be limited to 100 per cent. of the Net Asset Value attributable to each class of Shares. The costs and gains/losses of the hedging transactions will accrue solely to the relevant class of Shares. This strategy may substantially limit Shareholders of the class of Shares from benefiting if the class currency falls against the base currency and/or the currency in which the assets of a Fund are denominated.

The Net Asset Value per Share will increase or decrease in accordance with profits earned or losses incurred by the ICAV.

### Allocation of Assets and Liabilities

The Instrument of Incorporation requires the Directors to establish separate Funds in the following manner:

- (a) the proceeds from the issue of each Share shall be applied in the books and records of the Fund established for that Share, and the assets less the liabilities plus income less expenditure attributable thereto shall be applied to such Fund subject to the provisions of the Instrument of Incorporation
- (b) where any asset is derived from another asset (whether cash or otherwise), the derived asset shall be applied to the same Fund as the assets from which it was derived and on each revaluation of an asset the increase or diminution in value shall be applied to the relevant Fund;

- (c) in the case of any asset which the Directors do not consider as attributable to a particular Fund, the Directors shall have discretion, subject to the approval of the Depositary, to determine the basis upon which any such asset shall be allocated between Funds and the Directors shall have the power at any time, subject to the approval of the Depositary, to vary such basis provided that the approval of the Depositary shall not be required in any such case where the asset is allocated between all Funds pro rata to their net asset values at the time when the allocation is made; and
- (d) the Directors shall have the discretion, subject to the approval of the Depositary, to determine the basis upon which any liability (which, without limitation, may include all operating expenses of the ICAV such as stamp duties, taxes, brokerage or other expenses of acquiring and disposing of investments, the fees and expenses of the auditors and legal advisers, the costs of printing and distributing reports, accounts and any prospectus, publishing prices and any relevant registration fees, etc.) shall be allocated between Funds (including conditions as to the subsequent re-allocation thereof if circumstances so permit) and shall have the power at any time and from time to time to vary such basis, provided that the approval of the Depositary shall not be required in any such case where a liability is allocated between the Funds pro rata to their Net Asset Values.

### **Valuation Principles**

The Net Asset Value for each class of Shares shall be determined separately by reference to the Fund appertaining to that class of Shares and to each such determination the following provisions shall apply:-

- (1) The Net Asset Value of each Fund shall be determined and shall be equal to the value as at the relevant Valuation Point of all the assets, less all the liabilities, of that Fund.
- (2) The assets of a Fund shall be deemed to include:-
  - (a) all cash in hand, on loan or on deposit, or on call including any interest accrued thereon;
  - (b) all bills, demand notes, promissory notes and accounts receivable;
  - (c) all bonds, certificates of deposit, shares, stock, units in collective investment schemes, debentures, debentures stock, subscription rights, warrants, options and other investments and securities owned and contracted for, (other than rights and securities issued by it);
  - (d) all stock and cash dividends and cash distributions which the Directors consider will be received by the ICAV in respect of the Fund but which have not yet been received by it but have been declared payable to stockholders of record on a date before the day as of which the assets are being valued;
  - (e) all interest accrued on any interest-bearing securities forming part of the Fund; and
  - (f) all prepaid expenses including dividends receivable by the ICAV relating to that Fund and a proportion of any prepaid expenses relating to the ICAV generally, such prepaid expenses to be valued and defined from time to time by the Directors.
- (3) Any expense or liability of the ICAV may be amortised over such period as the Directors (with the approval of the Auditors) may determine (and the Directors may at any time and from time to time determine with the approval of the Auditors to lengthen or shorten any such period), and the unamortised amount thereof at any time shall also be deemed to be an asset of the ICAV.



- (4) Assets shall be valued as follows:-
- (a) deposits shall be valued at their principal amount plus accrued interest from the date on which the same was acquired or made;
  - (b) save as otherwise herein provided investments or assets listed, quoted or dealt in on a Recognised Market shall be valued at the Valuation Point (or such other time as the Manager (or where relevant, the Directors) shall consider more appropriately represents the time of closing of business in such Recognised Market) in each case being the mid-market price (being the average of the bid and offer prices) on the Recognised Market on which these assets are traded or admitted for trading (being the Recognised Market which is the sole or in the opinion of the Directors the principal Recognised Market on which the investment in question is listed, quoted or dealt in). If, in the sole opinion of the Manager (or where relevant, the Directors), the dealing price (which will be the mid-market price) for the assets, calculated as at the Valuation Point is not representative of the value of the assets, the value will be the probable realisation value, estimated with care and in good faith by such competent person as may be appointed by the Manager (or where relevant, the Directors) and approved for the purpose by the Depositary;
  - (c) exchange traded futures and options contracts (including index futures) shall be valued at the settlement price as determined by the market in question. If such market price is not available, the value shall be the probable realisation value estimated by an independent party approved for the purpose by the Depositary.
  - (d) Subject to the provisions of EMIR which requires OTC derivative contracts which are not cleared with a clearing counterparty to be valued on the basis of a mark to market value of the derivative contracts (or if market conditions prevent marking to market, a reliable and prudent marking to model), OTC derivative contracts may be valued on a daily basis using either a valuation provided by the relevant counterparty or an alternative valuation such as a valuation calculated by the ICAV or its delegate or by an independent pricing agent. Where the ICAV does use a valuation other than one provided by the relevant counterparty for derivative contracts that are not traded on a Regulated Market (a) it will adhere to the principles on valuation of OTC instruments established by bodies such as the International Organisation of Securities Commissions or the Alternative Investment Management Association; the valuation shall be provided by a competent person appointed by the Manager and approved for the purpose by the Depositary; and (b) the valuation must be reconciled to a valuation provided by the counterparty on a monthly basis. If significant differences arise between the valuation provided by the relevant parties, the ICAV will arrange for these to be reviewed and seek explanations from the relevant parties. Where the ICAV uses a valuation provided by the relevant counterparty for derivative contracts that are not traded on a Regulated Market, the valuation must be approved or verified by a party who is approved for the purpose by the Depositary and who is independent of the counterparty and the independent verification must be carried out at least weekly;
  - (e) securities quoted, listed or normally dealt in on more than one market, the Directors shall adopt as the value thereof the relevant price on the market which, in their opinion, provides the principal market for such securities, or the market which the Manager determines provides the fairest criteria in value for such securities;
  - (f) at any time when dealing prices are not available in respect of assets listed, quoted or dealt in on a Recognised Market in each case on the Recognised Market on which these assets are traded or admitted for trading (being the Recognised Market which is the sole or in the opinion of the Directors the principal Recognised Market on which the investment in question is listed, quoted or dealt in), the value of the assets will be the probable realisation value estimated with care and in good faith by such

competent person as may be appointed by the Directors and approved for the purpose by the Depositary;

- (g) any investments or assets not listed, quoted or dealt in on a Recognised Market shall be valued at the probable realisation value as determined with care and in good faith by such competent persons as may be appointed by the Directors and approved for the purpose by the Depositary;
  - (h) securities listed or traded on a Recognised Market but acquired or traded at a premium or at a discount outside or off the relevant market may be valued, taking into account the level of premium or discount at the date of the valuation. The Depositary must ensure that the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security;
  - (i) cash shall be valued at face value (together with accrued interest to the relevant Valuation Date) unless, in the opinion of the Manager, any adjustment should be made to reflect the fair value thereof in the context of currency, marketability, dealing costs and/or such other considerations as are deemed relevant;
  - (j) the value of units or shares or other similar participation in any Collective Investment Scheme shall be valued at the latest mid-market price or the last available Net Asset Value as published by the Collective Investment Scheme; and
  - (k) notwithstanding the foregoing, the Manager may permit some other method of valuation to be used for any particular asset if they consider that such valuation better reflects the fair value of that asset, such other method to be approved by the Depositary. The rationale/ methodologies used should be clearly documented.
- (5) Currencies or values in currencies other than in the currency of designation of a particular Fund shall unless the Directors determine otherwise be converted or translated at the rate which the relevant Investment Manager after consulting with, or in accordance with, the method approved by the Depositary may consider appropriate having regard (inter alia) to any premium or discount which may be relevant and to costs of exchange into the currency of designation of that Fund.

In calculating the Net Asset Value and Net Asset Value per Share, the Administrator may rely upon such automatic pricing services as it shall determine or, if so instructed by the ICAV or the relevant Investment Manager, it may use information provided by particular pricing services, brokers, market makers or other intermediaries. In such circumstances, the Administrator shall not, in the absence of negligence or wilful default on the part of the Administrator, be liable for any loss suffered by the ICAV or any Shareholder by reason of any error in the calculation of the Net Asset Value and Net Asset Value per Share resulting from any inaccuracy in the information provided by any such pricing service, broker, market maker or other intermediary. Furthermore, in calculating the Net Asset Value and Net Asset Value per Share, the Administrator shall use reasonable endeavours to verify pricing information supplied by the relevant Investment Manager, any investment adviser or any connected person, but investors should note that in certain circumstances it may not be possible or practicable for the Administrator to verify such information. In such circumstances, the Administrator shall not be liable for any loss suffered by the ICAV or any Shareholder by reason of any error in the calculation of the Net Asset Value and Net Asset Value per Share resulting from any inaccuracy in the information provided by any such person.

## **Calculation of Subscription and Redemption Prices**

### *Subscription Prices*

The prices at which Shares of each Class may be subscribed for on a Subscription Date is the Subscription Price per Share of the relevant Class calculated as at the Valuation Point in respect of the relevant Subscription Date.

The Subscription Price per Share of each Class is ascertained by: -

determining the Net Asset Value per Share of the relevant Class as at the Valuation Point for the relevant Subscription Date;

adding thereto a provision for Duties and Charges, if the Directors so determine; and

in the event of subscription applications exceeding redemption request for any Dealing Day, and if the Directors so determine, adding thereto such provision representing an Anti-Dilution Levy to provide for dealing costs and preserve the value of the underlying assets of the relevant Fund as the Directors may determine.

### *Redemption Prices*

The price at which Shares may be redeemed on a Redemption Date is the Redemption Price per share of the relevant Class calculated as at the Valuation Point in respect of the relevant Redemption Date.

The Redemption Price per Share of the relevant Class is ascertained by: -

- (a) determining the Net Asset Value per Share of the relevant Class as at the Valuation Point for the relevant Dealing Day;
- (b) deducting therefrom a provision for Duties and Charges, if the Directors so determine; and
- (c) in the event of requests for redemption exceeding subscription applications for the ICAV on any Redemption Date, and if the Director so determine, deducting therefrom such provision representing an Anti-Dilution Levy to provide for dealing costs and preserve the value of the underlying asset of the relevant Fund as the Directors determine.

### **Publication of Net Asset Value**

Except where the determination of the Net Asset Value has been suspended, the Net Asset Value per Share (including up-to-date dealing prices) will be published on each Dealing Day on <https://funds.carnegroup.com/ardan-ucits> or through such other media as the Directors may determine from time to time. The Net Asset Value per Share will also be available from the Administrator upon request. The Net Asset Value per Share (including up-to-date dealing prices) will be made available as soon as possible following their calculation.

### **Suspension of Valuation**

The Directors may at any time temporarily suspend the calculation of the Net Asset Value of the ICAV or any Fund during:-

- (a) any period when any of the principal markets or stock exchanges on which a substantial part of the investments of the relevant Fund are quoted is closed, otherwise than for ordinary holidays, or during which dealings thereon are restricted or suspended;
- (b) 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 part of the investments of the relevant Fund is not reasonably practicable without this being seriously detrimental to the interests of the Shareholders in the relevant Fund or if, in the opinion of the Directors, the Net Asset Value of the relevant Fund cannot be fairly calculated; and

- (c) any breakdown in the means of communication normally employed in determining the value of the investments of the relevant Fund or when for any reason the current prices on any market of a substantial part of the investments of the relevant Fund cannot be promptly and accurately ascertained.

Any such suspension will be notified to the Central Bank and Euronext (for each class of Shares admitted to listing on the Official List and trading on the Main Securities Market of Euronext ) immediately and, where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

Without prejudice to the foregoing, and in circumstances where the temporary suspension has not been lifted within 21 working days of application, the Central Bank will be provided with an update on the temporary suspension at the expiration of the 21 working day period and each subsequent period of 21 working days where the temporary suspension continues to apply.

## **FEES AND EXPENSES**

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### **Establishment Expenses**

Details of the establishment expenses relating to any Funds of the ICAV which are established in the future will be set out in the applicable Supplement. The preliminary expenses incurred in the formation of each Fund as set out in the relevant Supplement will be discharged out of the assets of the relevant Fund and will be amortised over the first five financial years of the relevant Fund's operation.

The Directors may in their absolute discretion, following consultation with the Depositary, shorten the period over which said expenses are amortised.

This practice of amortisation of establishment costs is not in accordance with International Financial Reporting Standards and, although this is not anticipated by the Directors, could lead to a divergence between the published Net Asset Value per Share, which is calculated in accordance with this Prospectus, and the Net Asset Value per Share included in the financial statements, which is calculated in accordance with International Financial Reporting Standards.

### **Investment Management Fee**

Under the provisions of the relevant Investment Management Agreement, each Fund or class of Shares will pay the Investment Manager a fee in respect of its duties as investment manager of that Fund or class of Shares. Each Investment Manager is entitled to such fees as stated in the relevant Supplement.

### **Performance Fee**

A performance fee may be payable to the relevant Investment Manager by a Fund or class of Shares. Details of such fees will be set out in the applicable Supplement.

### **Management Fee**

Under the provisions of the Management Agreement, each Fund or class of Shares will pay the Manager a fee in respect its duties as Manager of that Fund or class of Shares. Details of such fees will be as set out in the applicable Supplement.

### **Administration Fee**

The Administrator shall be entitled to receive out of the assets of each Fund (with value added tax thereon, if applicable) an annual fee of up to 0.06% of the Net Asset Value of the relevant Fund, subject to an annual minimum fee of up to EUR78,000 per Fund. Such fees will accrue on each Dealing Day and be payable monthly in arrears.

The Administrator is also entitled to be repaid all of its reasonable agreed upon transaction and other charges (which will be at normal commercial rates) and other reasonable out-of-pocket expenses, payable out of the assets of the relevant Fund (with value added tax thereon, if applicable).

### **Depositary Fee**

The Depositary shall be entitled to receive out of the assets of each Fund (with value added tax thereon, if applicable) an annual fee of up to 0.0300% of the Net Asset Value of the relevant Fund, subject to an annual minimum fee of up to EUR39,000 per Fund. Such fees will accrue on each Dealing Day and be payable monthly in arrears.

The Depositary will also be entitled to be reimbursed for its reasonable out-of-pocket expenses, and transaction and account costs at normal commercial rates, from the assets of the relevant Fund. The Depositary is further entitled to be reimbursed from the assets of the relevant Fund for any sub-custodian fees and expenses, at normal commercial rates.

### **Initial Sales Charge and CDSC**

Details of any applicable initial sales charge or CDSC shall be specified in the Supplement for the relevant Fund.

### **Redemption Charge**

The Directors may, at their discretion, charge redeeming Shareholders a redemption charge of up to 3% of the Net Asset Value per Shares. Details of any applicable redemption charge shall be specified in the Supplement for the relevant Fund.

### **Paying Agent Fees**

Fees and expenses of Paying Agents, which will be at normal commercial rates, will be borne by the relevant Fund. Fees payable to the agent which are based upon Net Asset Value will be payable only from the Net Asset Value of the relevant Fund attributable to the classes of the Shares.

### **Directors' Remuneration**

The Directors shall be entitled to a fee in remuneration for their services at a rate to be determined from time to time by the Directors, but so that the aggregate amount of Directors' remuneration in any one year shall not exceed €130,000. However, any Directors affiliated with the Investment Manager are not entitled to a fee. The Directors may also be paid all travelling, hotel and other expenses, properly incurred by them, in attending and returning from meetings of the Directors or general meetings of the ICAV or in connection with the business of the ICAV. The Directors may in addition to such remuneration as aforesaid grant special remuneration to any Director who, being called upon, shall perform any special or extra services to or at the request of the ICAV and such remuneration will be at normal commercial rates.

### **Other Expenses**

The ICAV will also pay the following costs and expenses:-

- (i) all out-of-pocket expenses payable to the Manager, the Investment Managers, the Administrator and the Depositary (including VAT thereon). Such out-of-pocket expenses may include transaction charges provided that they are charged at normal commercial rates. Any expenses incurred in relation to a particular Fund will be applied to that Fund. Expenses incurred in relation to more than one Fund will be applied pro-rata across the relevant Funds;
- (ii) all stamp duty (other than any payable by an applicant for Shares or by a Shareholder) or other tax or duty which may be levied or payable from time to time on or in respect of the ICAV or on creation or issue of Shares or arising in any other circumstance;
- (iii) all fiscal and purchase or fiscal and sale charges arising on any acquisition or disposal of investments;
- (iv) all expenses incurred in relation to the registration of any investments into and transfer of any investments out of the name of the ICAV or its nominees or the holding of any investment or the custody of investments and/or any Prospectus or title thereto (including bank charges, insurance of documents of title against loss in shipment, transit or otherwise);

- (v) all expenses incurred in the collection of income of the ICAV;
- (vi) all costs and expenses of and incidental to preparing resolutions of Shareholders for the purpose of securing that the ICAV conforms to legislation coming into force after the date of the incorporation of the ICAV (including costs and expenses incurred in the holding of a meeting of Shareholders, where necessary);
- (vii) all taxation payable in respect of the holding of or dealings with or income from the ICAV relating to the ICAV's property and in respect of allocation and distribution of income to Shareholders other than tax of Shareholders or tax withheld on account of Shareholders' tax liability;
- (viii) all commissions, stamp duty, value added tax and other costs and expenses of or incidental to any acquisition, holding, realisation or other dealing in investments, foreign exchange options, financial futures, contracts for differences or any other derivative instruments or the provision of cover or margin therefore or in respect thereof or in connection therewith;
- (ix) all stationery, printing and postage costs in connection with the preparation and distribution of cheques, warrants, tax certificates, statements, accounts and reports made, issued or dispatched pursuant to the Instrument of Incorporation;
- (x) the fees and expenses of the auditors, tax and legal advisers, translators and other professional advisers of the ICAV;
- (xi) all fees and expenses in connection with the marketing and advertising of the ICAV;
- (xii) any fees payable by the ICAV to any regulatory authority in any other country or territory, the costs and expenses (including legal, accountancy and other professional charges and printing costs) incurred in meeting on a continuing basis the notification, registration and other requirements of each such regulatory authority, and any fees and expenses of representatives or facilities agents in any such other country or territory;
- (xiii) all fees and costs relating to the listing or de-listing of Shares in the ICAV on the Irish Stock Exchange or on any other stock exchange;
- (xiv) all fees and costs relating to a scheme of reconstruction and amalgamation (to the extent it has not been agreed that such expenses should be borne by other parties) under which the ICAV acquires investments;
- (xv) all other costs and expenses incurred by the ICAV and any of its appointees which are permitted by the Instrument of Incorporation; and
- (xvi) fees in respect of company secretarial services.

The foregoing expenses will be properly vouched for or, if not vouched for, shall be charged to the ICAV at normal commercial rates.

## TAXATION

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### Irish Taxation

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

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

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

### Ireland

#### **The ICAV**

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

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

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

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

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

1. any exchange by a Shareholder, effected by way of a bargain made at arm's length by the ICAV, of the Shares in the ICAV for other Shares in the ICAV;



2. any transaction in relation to, or in respect of, Shares which are held in a clearing system recognised by the Irish Revenue Commissioners;
3. certain transfers of Shares between spouses/civil partners and former spouses/civil partners; and
4. any exchange of Shares arising on a scheme of reconstruction or amalgamation (within the meaning of Section 739H TCA) of the ICAV with another investment undertaking, subject to certain conditions.

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

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

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

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

### **Taxation of Shareholders**

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

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

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

- (a) the ICAV is in possession of a signed and completed Declaration from such Shareholder to the effect that the Shareholder is not an Irish Resident; or
- (b) the ICAV is in possession of written notice of approval from the Irish Revenue Commissioners to the effect that the requirement to provide a Declaration is deemed to

have been complied with in respect of that Shareholder and the written notice of approval has not been withdrawn.

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

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

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

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

## 2. *Taxable Irish Residents*

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

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

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

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

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

### (b) *Residual tax Liability*

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

repurchase, cancellation of Shares or the making of any other payment in respect of their Shares.

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

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

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

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

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

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

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

(c) *Reporting*

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

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

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

3. *Exempt Investors*

(a) Deductions by the ICAV

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

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

(b) Residual tax Liability

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

## **Other Taxes – All Shareholders**

### *Personal Portfolio Investment Undertaking*

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

### *Currency Gains*

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

### *Stamp Duty*

Generally no stamp, documentary, transfer or registration tax is payable in Ireland on the issue, sale, transfer, redemption, repurchase, cancellation of or subscription for Shares on the basis that the ICAV qualifies as an investment undertaking within the meaning of Section 739B TCA that is not an IREF. If any redemption is satisfied by the transfer in specie to any Shareholder of any Irish assets, a charge to Irish stamp duty may arise.

### *Capital Acquisitions Tax*

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

### **Residence and Ordinary Residence**

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

#### **Residence – Company**

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

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

#### **Residence – Individual**

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

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

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

### **Ordinary Residence – Individual**

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

An individual who has been resident in Ireland for three consecutive tax years becomes ordinarily resident with effect from the commencement of the fourth tax year. An individual who has been ordinarily resident in Ireland ceases to be ordinarily resident at the end of the third consecutive tax year in which the individual is not resident in Ireland. For example, an individual who is resident and ordinarily resident in Ireland in 2021 and departs Ireland in that year will remain ordinarily resident in Ireland up to the end of the year in 2024.

### **Common Reporting Standard**

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

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

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

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

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

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

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

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

## **FATCA**

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

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

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

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

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

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

#### **Irish Tax Definitions:**

##### **"Exempt Investor"**

means any of the following Irish Residents: (i) a qualified management company within the meaning of Section 739B(1) TCA; (ii) a company carrying on life business within the meaning of Section 706 TCA; (iii) a pension scheme which is an exempt approved scheme within the meaning of Section 774 TCA, or a retirement annuity contract or Trust scheme to which Section 784 or Section 785 TCA applies; (iv) any other investment undertaking as referred to in Section 739B TCA or an investment limited partnership within the meaning of Section 739J TCA; (v) a special investment scheme as referred to in Section 737 TCA; (vi) a unit trust of a type referred to in Section 731(5)(a) TCA; (vii) a charity being a person referred to in Section 739D(6)(f) TCA; (viii) a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 784A(2) TCA in circumstances where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund; (ix) a specified company as referred to in Section 739B TCA; (x) a person entitled to exemption from income tax and capital gains tax by virtue of Section 787I TCA in circumstances where the shares are assets of a PRSA; (xi) a credit union with the meaning of Section 739B TCA; (xii) the Courts Service within the meaning of Section 739B TCA ;(xiii) the National Treasury Management Agency or a Fund investment vehicle or the Irish State acting through the National Treasury Management Agency as referred to in Section 739D(kb) TCA; (xiv) the National Asset Management Agency; (xv) a company within the charge to corporation tax in accordance with Section 110(2) TCA; (xvi) the Motor Insurers' Bureau of Ireland in respect of an investment made by it of moneys paid to the Motor Insurers Insolvency Compensation Fund under the Insurance Act 1964 (as amended by the



Insurance (Amendment) Act 2018), or (xvii) any other person resident in Ireland who is permitted to own Shares under Irish taxation legislation or by practice or concession of the Irish Revenue Commissioners without requiring the ICAV to deduct appropriate tax in respect of any payment to a Shareholder or the transfer by a Shareholder of any Shares, and in each case in respect of whom the ICAV is in possession of a Declaration, as applicable;

**"Irish Resident"**

means any company resident, or other person resident or ordinarily resident, in Ireland for the purposes of Irish tax. Please see above for the summary of the concepts of residence and ordinary residence issued by the Irish Revenue Commissioners;

**United Kingdom**

*The ICAV*

The Directors intend to conduct the affairs of the ICAV in a manner such that it does not become resident in the UK for tax purposes. It is also the Directors' intention to run the ICAV as an investment company and not to carry out any trading activities (e.g. trading in securities), though it cannot be guaranteed that HM Revenue & Customs ("HMRC") will accept this treatment at all times. Accordingly, and provided that the ICAV is not held to carry on a trade in the UK through a permanent establishment situated therein, the ICAV will not be subject to UK corporation tax on income and gains arising from its activities. However, it cannot be guaranteed that these conditions will be met at all times.

Interest and other income received by the ICAV which has a UK source may be subject to withholding taxes in the UK.

*Shareholders (other than those holding Shares through an ISA)*

At present the subscription limit for an ISA is £20,000 from tax year 2017 to 2018. Subject to their personal tax position, dividends or other distributions (including redemption dividends and any dividends funded out of realised capital profits of the ICAV) received by UK resident Shareholders will be subject to UK income tax or corporation tax annually, whether or not reinvested. In addition, UK Shareholders holding Shares at the end of each 'reporting period' (as defined for UK tax purposes) will potentially be subject to UK income tax or corporation tax on their share of a class' 'reported income', to the extent that this amount exceeds dividends received. The terms 'reported income', 'reporting period' and their implications are discussed in more detail below. Both dividends and reported income will be treated as dividends received from a foreign corporation, subject to any re-characterisation as interest, as described below.

Shareholdings in the ICAV are likely to constitute interests in an "offshore fund", as defined for the purposes of Part 8 of the Taxation (International and other provisions etc.) Act 2010, with each class of the Fund treated as a separate 'offshore fund' for these purposes. Under this legislation, any gain arising on the sale, disposal or redemption of shares in an offshore fund (or on conversion from one fund to another within an umbrella fund) held by persons who are resident or ordinarily resident in the United Kingdom for tax purposes will be taxed at the time of such sale, disposal, redemption or conversion as income and not as a capital gain. This does not apply, however, where a fund is certified by the HMRC as a "reporting fund" under the UK Reporting Fund Regime or previously a "distributing fund" under the UK Distributor Status Regime, throughout the period during which the Shares have been held.

UK Reporting Fund Regime

The Offshore Funds (Tax) Regulations 2009 provide that if an investor resident or ordinarily resident in the UK for taxation purposes holds an interest in an offshore fund and that offshore fund is a 'non-reporting fund', any gain accruing to that investor upon the sale or other disposal

of that interest will be charged to UK tax as income and not as a capital gain. Alternatively, where an investor resident or ordinarily resident in the UK holds an interest in an offshore fund that has been a 'reporting fund' (and a "distributing fund" prior to 1 April 2011 if appropriate) for all periods of account for which they hold their interest, any gain accruing upon sale or other disposal of the interest will be subject to tax as a capital gain rather than income; with relief for any accumulated or reinvested profits which have already been subject to UK income tax or corporation tax on income (even where such profits are exempt from UK corporation tax).

Where an offshore fund has been a non-reporting fund for part of the time during which the UK Shareholder held their interest and a reporting fund for the remainder of that time, there are elections which can potentially be made by the Shareholder in order to pro-rate any gain made upon disposal; the impact being that the portion of the gain made during the time when the offshore fund was a reporting fund would be taxed as a capital gain. Such elections have specified time limits in which they can be made. Such investors should seek separate professional advice.

It should be noted that a "disposal" for UK tax purposes would generally include a switching of interest between Funds within the ICAV and might in some circumstances also include a switching of interests between classes in the same Fund of the ICAV.

In broad terms, a 'reporting fund' is an offshore fund that meets certain upfront and annual reporting requirements to HMRC and its Shareholders. The Directors intend to manage the affairs of the ICAV and the Fund so that these upfront and annual duties are met and continue to be met on an ongoing basis for each of the classes within the ICAV, which intend to seek UK reporting fund status with effect from inception. Such annual duties will include calculating and reporting the income returns of the offshore fund for each reporting period (as defined for UK tax purposes) on a per-Share basis to all relevant Shareholders (as defined for these purposes). UK Shareholders which hold their interests at the end of the reporting period, to which the reported income relates, will be subject to income tax or corporation tax on the higher of any cash distribution paid and the full reported amount. The reported income will be deemed to arise to UK Shareholders six months following the end of the relevant reporting period.

Once reporting fund status is obtained from HMRC for the relevant classes, it will remain in place permanently so long as the annual requirements are undertaken. Should investors wish further information on the implications of the Funds obtaining such status they should seek professional advice.

In accordance with Regulation 90 of the Offshore Funds (Tax) Regulations 2009, Shareholder reports are made available within six months of the end of the reporting period at <https://www.carnegroup.com/>. The intention of the Offshore Fund Reporting regulations is that reportable income data shall principally be made available on a website accessible to UK investors. Alternatively, the Shareholders may if they so require, request a hard copy of the reporting fund data for any given year. Such requests must be made in writing to the following address:

U.S. Bank Global Fund Services (Ireland) Limited  
24 – 26 City Quay  
Dublin 2  
Ireland

Each such request must be received within three months of the end of the reporting period. Unless the relevant Investment Manager is notified to the contrary in the manner described above, it is understood that investors do not require their report to be made available other than by accessing the appropriate website.

Individuals may be taxed on capital gains at a flat rate of 18 per cent. (or 28 per cent. for higher rate tax payers). A gain on disposal of Shares, together with other chargeable gains less allowable losses in a tax year, is subject to tax to the extent that it exceeds the annual exempt amount, which for the tax year 2012/2013 is £10,600.

Corporate Shareholders are not eligible for the annual exempt amount but indexation allowance may be available to reduce the amount of any taxable gain.

Special rules exist for Shareholders who are UK resident life assurance companies. Such investors should seek their own professional advice.

For UK resident corporate Shareholders investing in Funds more than 60 per cent. invested in "qualifying investments" (generally those which yield a return in the form of interest), capital gains tax treatment does not apply to their holding. Instead, their holding will be treated as a loan relationship and in most cases any increase in the value of the holding taxed on an annual mark to market basis. Equally, a deduction is available for any equivalent decrease in value. UK corporate Shareholders affected by these rules should seek their own specific professional tax advice.

When United Kingdom resident individuals receive dividends (including reported income) from the ICAV they will, subject to their personal circumstances, be subject to tax at the ordinary rate of 10 per cent, the higher rate of 32.5 per cent. or the dividend additional rate of 42.5 per cent. UK individuals may be eligible to a non-refundable tax credit equivalent to 10 per cent. of the dividend plus the tax credit, which may be offset against their liability to tax. However, where Funds hold more than 60 per cent. of their assets in "qualifying investments" at any time (broadly assets in interest bearing securities or similar form), any distribution will be treated as interest in the hands of the UK individual investor. This means that no tax credit will be available and the relevant tax rates will be those applying to interest (i.e. 10 per cent. for starting rate tax payers, 20 per cent. for basic rate tax payers, 40 per cent. for higher rate tax payers and 50 per cent. for tax payers paying tax at the new additional rate of taxation).

UK resident individual Shareholders who are not domiciled in the United Kingdom and who, where relevant, elect for the remittance basis of taxation for the tax year in which such dividend or other distribution is received may be subject to United Kingdom income tax on such dividends or distributions on the remittance basis. The attention of individuals ordinarily resident in the United Kingdom for taxation purposes is drawn to the provisions of Chapter 2 of Part 13 of the United Kingdom Income Tax Act 2007 (transfer of assets abroad), which may render them liable to income tax in respect of the undistributed income of a Fund.

For UK corporate Shareholders distributions received from the ICAV (including reported income) will be treated as overseas dividends except where Funds are more than 60 per cent. invested in "qualifying investments" (generally those which yield a return in the form of interest), in which case the distribution received will be treated as an interest receipt.

When UK corporate shareholders, which are within the charge to UK corporation tax, receive dividends from the ICAV on and after 1 July 2009, the dividend is likely to fall within one of a number of exemptions from United Kingdom corporation tax. In addition, distributions to non-UK companies carrying on a trade in the United Kingdom through a permanent establishment in the United Kingdom should also fall within the exemption from United Kingdom corporation tax on dividends to the extent that the shares held by that company are used by, or held for, that permanent establishment. Reported income will be treated the same way as a dividend distribution for these purposes.

It is anticipated that UK resident Shareholders will invest in classes of Shares within a Fund with UK reporting fund status (and previously UK distributor status, where relevant). Shareholders investing in other classes of Shares within a Fund should seek their own professional advice.

Shareholders should be aware that if persons who are resident in the United Kingdom (or certain persons connected with residents of the United Kingdom) have the power to secure that the affairs of the ICAV are conducted in accordance with their wishes, the ICAV may be a "controlled foreign company" for the purposes of Chapter IV Part XVII of the Income and Corporation Taxes Act, 1988 ("ICTA") (or Part 9A of the Taxation (International and Other Provisions) Act 2010 for accounting periods beginning on or after 1 January 2013). If the ICAV were to fall to be treated as a controlled foreign company any company that either alone or together with connected or

associated persons, is deemed to be entitled to 25 per cent. or more of the ICAV's profits could be taxed on its share of the ICAV's profits unless one of a number of available exemptions is met. UK resident companies entitled to 25 per cent. or more of the chargeable profits of the ICAV should take their own specific professional advice.

The attention of Shareholders is drawn to the provisions of Section 13 of the UK Taxation of Chargeable Gains Act 1992. Under this section, if the ICAV would be treated as a close company were it resident in the UK, holders of more than a 10 per cent. interest in the ICAV could be assessed to UK tax on the ICAV's capital gains.

#### *Shareholders (holding Shares through an ISA)*

The Directors intend that Shares of each Fund will qualify for inclusion within the stocks and shares component of an ISA provided that the ISA manager has acquired the Shares by purchase in the market or by application for Shares publicly offered for sale or subscription as the ICAV is authorised as a UCITS and has been approved as a recognised scheme under Section 264 of the Financial Services and Markets Act 2000. At present the subscription limit for an ISA is £11,280 from tax year 2012/2013 onwards, of which a maximum of £5,640 can be invested in cash investments.

Dividends on Shares held within an ISA are exempt from income tax. Capital gains on the disposal of Shares held within an ISA are exempt from capital gains tax.

#### *Stamp Duty and Stamp Duty Reserve Tax*

The Shares should not be regarded as "chargeable securities" for the purposes of UK stamp duty reserve tax and, accordingly, no stamp duty reserve tax should be chargeable in respect of agreements for their transfer.

Technically, a charge to UK stamp duty could arise on an instrument of transfer in respect of the Shares (or a document evidencing a transfer) if it were executed in the UK or there is a matter or thing to be done in the UK. The term matter or thing is wide and may include paying or receiving cash in a UK bank account.

Where a charge to UK stamp duty arises this will generally be at the rate of 0.5 per cent. of the consideration for the transfer, rounded up to the nearest £5. Notwithstanding this, provided there is a separate instrument of transfer (or document evidencing the transfer) not executed in the UK, there should be no mechanism for enforcing the stamp duty and, in practice therefore, it is unlikely any charge would need to be paid.

## **GENERAL INFORMATION**

### **Share Capital**

The ICAV has an authorised capital of 100,000,300,000 divided into 100,000,000,000 Shares of no par value and 300,000 Subscriber Shares of £1.00 each. As only Shares can represent an interest in a Fund, the Subscriber Shares have no entitlement or interest in such a Fund.

### **Instrument of Incorporation**

The Instrument of Incorporation provides, inter alia, that the sole object of the ICAV is the collective investment of its funds in property and giving members the benefit of the results of the management of its funds.

The Instrument of Incorporation contains provisions to the following effect:-

(a) *Issue of Shares*

The Directors are authorised to exercise all the powers of the ICAV to offer, allot or otherwise deal with the Shares up to an amount equal to the authorised but as yet unissued share capital of the ICAV.

The price at which Shares shall be issued shall be determined by reference to the Net Asset Value of the relevant Fund calculated as at the relevant Valuation Point.

The Directors may, with the prior approval of the Central Bank, establish new Funds. The Directors have the power to issue different classes of Shares in each Fund.

(b) *Rights of Subscriber Shares*

As the Subscriber Shares do not represent any interest in a Fund, they do not entitle the holders thereof to participate in the dividends of any Fund.

Each holder of Subscriber Shares is entitled to attend and vote at any general meeting provided that any holder of Subscriber Shares shall not be entitled to vote at any such general meeting at any time that Shares in issue are held by two or more Shareholders. In the event of a winding-up or dissolution of the ICAV, the Subscriber Shares have the entitlements referred to under "Winding Up" below.

(c) *Variation of Rights*

The rights attached to any class of Share may, whether or not the ICAV is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the issued Shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of the Shares of the class by a majority of three-fourths of the votes cast at such meeting, but not otherwise. The provisions of the ICAV Act and the Instrument of Incorporation relating to general meetings shall apply to every such separate general meeting but the necessary quorum at any such meeting shall be two persons holding or representing by proxy at least one third of the issued Shares of the class in question. Any holder of Shares of the class shall on a poll have one vote for each Share of the class held by him and any Shareholder of the class present in person or by proxy may demand a poll.

(d) *Voting Rights of Shares*

Subject to disenfranchisement in the event of non-compliance with any notice requiring disclosure of the beneficial ownership of Shares, the Instrument of Incorporation provide

that on a show of hands at a general meeting of the ICAV, at a meeting of holders of Shares in a particular Fund or at a meeting of holders of Shares of a particular class, every holder of Shares present in person or by proxy shall have one vote and on a poll every holder of Shares who is present in person or by proxy shall have one vote in respect of each whole Share held by him.

(e) *Change in Share Capital*

The ICAV may from time to time by ordinary resolution increase its capital, consolidate and divide its Shares into shares of larger amount or subdivide its Shares into shares of smaller amount or cancel any Shares not taken or agreed to be taken by any person. The ICAV may by special resolution from time to time reduce its share capital in any way permitted by law.

(f) *Directors' Interests*

A Director may hold any other office or place of profit under the ICAV in conjunction with his office of Director on such terms as to tenure of office, and otherwise as the Directors may determine.

No Director or intending Director shall be disqualified by his office from contracting with the ICAV either as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the ICAV or in which the ICAV is interested, in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the ICAV 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. A Director who is in any way, whether directly or indirectly, interested in such a contract or arrangement or proposed contract or arrangement with the ICAV shall declare the nature of his interest if his interest then exists or in any other case at the first meeting of the Directors after he becomes so interested. A general notice given by a Director to the effect that he is a member of a specified company, society or firm and is to be regarded as interested in all transactions with such company, society or firm shall be a sufficient declaration of interest, and after such general notice it shall not be necessary to give any special notice relating to any subsequent transaction with such company or firm, provided that either the notice is given at a meeting of the Directors or the Director giving the notice takes reasonable steps to secure that it is brought up and read at the next meeting of the Directors after it is given.

Any Director may act by himself or through his firm or corporate entity in a professional capacity for the ICAV, and he or his firm or corporate entity shall be entitled to remuneration for professional services as if he were not a Director.

Any Director may continue to be or become a director, managing director, manager or other officer or member of any company promoted by the ICAV or in which the ICAV may be interested, and no such Director shall be accountable for any remuneration or other benefits received by him as a director, managing director, manager, or other officer or member of any such other company. The Directors may exercise the voting power conferred by the shares in any other company held or owned by the ICAV or exercisable by them as directors of such other company, in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the directors, managing directors, managers or other officers of such company, or voting or providing for the payment of remuneration to directors, managing directors, managers or other officers of such company).

(g) *Borrowing Powers*

Subject to the UCITS Regulations, the Directors may exercise all of the powers of the ICAV to borrow or raise money and to mortgage or charge its undertaking, property and assets both present and future and uncalled capital or any part thereof, and to issue debentures,

debenture stock or other securities, whether outright or as collateral security for any debt liability or obligation of the ICAV, provided that the ICAV may not borrow more than 10% of its Net Asset Value and provided further that such borrowings are on a temporary basis.

(h) *Retirement of Directors*

The Directors shall not be required to retire by rotation.

(i) *Transfer of Shares*

All transfers of Shares shall be effected by transfer in writing in any usual or common form or in any other form approved by the Directors but need not be under seal.

The Directors may decline to register any transfer of Shares in respect of which the ICAV has a lien or where the transfer would be in breach of the law or requirements mentioned in the Instrument of Incorporation. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine including pursuant to section 43(3) of the Act.

The Directors may decline to recognise any transfer of Shares unless the instrument of transfer is deposited at the ICAV's registered office or such other place as the Directors may reasonably require and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and the instrument of transfer relates to Shares of one class only.

(j) *Dividends*

The Instrument of Incorporation permits the Directors to declare on the Shares or on any class of Shares such dividends, including interim dividends, as appear to the Directors to be justified. The Directors may, with the sanction of the ICAV in a general meeting, satisfy any dividend due to holders of the Shares, in whole or in part, by distributing to them in specie any of the assets of the ICAV and, in particular, any investments to which the ICAV is entitled provided that, where the share capital is divided into different classes of Shares, any such distributions to the holders of one class of Shares shall not materially prejudice the interests of the holders of the other classes of Shares. Alternatively, if a holder does not wish to receive a dividend by way of in specie distribution, it may require the Directors to realise such investments necessary in order to effect the relevant distribution.

Any dividend unclaimed after a period of twelve years from the date of declaration of such dividend shall be forfeited and shall revert to the relevant Fund automatically, without the necessity for any declaration or other action by the ICAV.

(k) *Qualified Holders*

If it shall come to the notice of the Directors that any Shares are owned directly or beneficially by any person in breach of any law or requirement of any country or governmental authority or by virtue of which such person is not qualified to hold such Shares or who belongs, or may belong to, or is comprised in, or may be comprised in, a class of persons designated by the Directors and the Depositary, the Directors may give notice to such person requiring him to transfer such Shares to a person who is qualified or entitled to own the same or to give a request in writing for the redemption of such Shares in accordance with paragraph (i) above. If any person upon whom such a notice is served does not within 30 days after such notice transfer his Shares to a person qualified to own the same or establish to the satisfaction of the Directors (whose judgement shall be final and binding) that he is qualified, entitled and permitted to own the Shares, he shall be deemed upon the expiration of 30 days to have given a request in writing for the redemption of all his Shares.

(l) *Winding Up*

The Instrument of Incorporation contains provisions to the following effect:-

- (i) If the ICAV shall be wound up, the liquidator shall apply the assets of the ICAV in such manner and order as he thinks fit in satisfaction of creditors' claims. The liquidator shall in relation to the assets available for distribution among the shareholder make in the books of the ICAV such transfers thereof to and from Funds as may be necessary in order that the effective burden of such creditors' claims may be shared between the holders of Shares of different classes in such proportions as the liquidator in his absolute discretion may think equitable, provided always that in doing so, the liquidator shall comply with and be bound by the segregated liability provisions contained in the Instrument of Incorporation and the ICAV Act.
- (ii) The assets available for distribution among the all shareholders shall then be applied in the following priority:
  - (a) First, in the payment to the holders of the Shares of each Fund of a sum in the currency in which that Fund is designated (or in any other currency selected by the liquidator) as nearly as possible equal (at a rate of exchange determined by the liquidator) to the Net Asset Value of the Shares of such Fund held by such holders respectively as at the date of commencement to wind up provided that there are sufficient assets available in the relevant Fund to enable such payments to be made. In the event that, as regards any Fund, there are insufficient assets available in the relevant Fund to enable such payment to be made recourse shall be had to the assets of the ICAV not comprised within any of the Funds.
  - (b) Secondly, in the payment to the holders of the Subscriber Shares of sums up to the nominal amount paid thereon out of the assets of the ICAV not comprised within any of the Funds remaining after any recourse thereto under paragraph (2)(i) above. In the event that there are insufficient assets as aforesaid to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the Funds.
  - (c) Thirdly, in the payment to the holders of each Fund of any balance then remaining in the relevant Fund, such payment being made in proportion to the number of Shares of that Fund held.
  - (d) Fourthly, in the payment to the holders of the Shares of any balance then remaining and not comprised within any of the Funds, such payment being made in proportion to the number of Shares held.
- (iii) If the ICAV shall be wound up (whether the liquidation is voluntary, under supervision or by the court), then the liquidator may, with the authority of a special resolution and any other sanction required by the ICAV Act, divide among the shareholders in specie the whole or any part of the assets of the ICAV, and whether or not the assets shall consist of property of a single kind and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between the holders of different classes of Shares. The value of such assets will be the same amount that would be received by a shareholder for settlement in cash. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator, with the like authority, shall think fit, and the liquidation of the ICAV may be closed and the ICAV dissolved, but so that no holder shall be compelled to accept any assets in respect of which there is liability. For the avoidance of doubt, if the special resolution above is passed, each shareholder is entitled to elect on a winding-up whether or not he wishes to receive a distribution in specie or a cash distribution made in accordance with the provisions of paragraph (ii) above. However, in the absence of a shareholder electing to receive a distribution in specie on winding-up, such shareholder shall receive a cash distribution payment in accordance with the provisions of paragraph (ii) above. Where the ICAV agrees to sell the assets, if requested by a Shareholder, the cost of such sale can be charged to the redeeming Shareholder.



## Reports

The financial year-end of the ICAV is 31 March in each year. The annual report of the ICAV, incorporating audited financial statements in respect of each Fund, will be published within four months of the financial year end to which it relates. The financial statements of the ICAV will be maintained in Euro.

Unaudited interim financial reports for the ICAV will be made up to 30 September each year and will be published within two months of the date on which such report is made up.

The audited annual and interim financial statements will be made available by the ICAV to the Shareholders either at the registered address of the Manager or the Administrator, or may be sent to Shareholders by electronic mail or other electronic means of communication, within four and two months respectively after the end of the period to which they relate. Shareholders and prospective investors may also, on request, receive hard copy reports from the Administrator.

The annual and interim financial reports will be sent to the Central Bank upon publication.

## Inspection of Documents

Copies of the following documents are available for inspection and may be obtained, during normal business hours at the registered office of the ICAV:-

- (i) this Prospectus (and any Supplement attached thereto);
- (ii) the Instrument of Incorporation of the ICAV and any instrument amending the aforesaid document;
- (iii) the Key Investor Information Documents;
- (iv) the most recently published annual or interim report;
- (v) the material contracts of the ICAV;
- (vi) the UCITS Regulations;
- (vii) the Central Bank UCITS Regulations; and
- (viii) a memorandum for each of the Directors detailing the names of all the companies and partnerships of which they have been a director or partner at any time in the last five years, together with an indication of whether or not they are still a director or partner.

Copies of the documents listed in (i) to (iv) above are available free of charge at the registered office of the ICAV.

For UK investors, copies of documents (i) to (iv) above will also be available for inspection and obtainable free of charge during normal business hours at the following address:

Carne London

1<sup>st</sup> Floor, 5 Old Bailey

London, EC4M 7BA

## Portfolio Holdings Disclosure

The ICAV may (or may not) at its discretion, upon request from any Shareholder in a Fund (or their duly appointed agent or delegate), disclose that Fund's portfolio holdings or such other

information, including collateral holdings to such Shareholder (or their duly appointed agent or delegate) provided the Shareholder (or their duly appointed agent or delegate) has entered into an agreement with the ICAV or the Manager governing the disclosure of such information. To the extent that the Fund provides non-public holdings information or other information to a Shareholder in a Fund, the ICAV will provide the same holdings information or other information to any other Shareholder in the Fund on request provided such Shareholder (or their duly appointed agent or delegate) has entered into an agreement with the ICAV or the Manager governing the disclosure of such information.

## Miscellaneous

As at the date of this Prospectus:

- (a) since registration, the ICAV has not been engaged in any litigation or arbitration and no litigation or claim is known to the Directors to be pending or threatened against it which may have a significant effect on the ICAV or its financial position;
- (b) the ICAV has no loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase commitments, guarantees or other contingent liabilities;
- (c) there are no existing or proposed Directors' service contracts;
- (d) none of the Directors, or their spouses, or any connected person has any interest in the share capital of the ICAV or any options in respect of such capital;
- (e) no Director nor any connected person has any interest, beneficial or non-beneficial, in the Shares of the ICAV nor any options in respect of such Shares;
- (f) Elizabeth Beazley, Dennis Murray and Sarah Murphy are employed by Carne Global Financial Services Limited. Elizabeth Beazley, Dennis Murray and Sarah Murphy may be deemed to have an interest in the Management Agreement between Carne Global Fund Managers (Ireland) Limited and the ICAV pursuant to which Carne Global Fund Managers (Ireland) Limited acts as Manager to the ICAV. Save as disclosed above, no Director has any direct or indirect interest in any contract or arrangement which was either unusual in its nature or significant to the business of the ICAV in the current financial year and remains outstanding;
- (g) subject to the foregoing paragraph, a Director may vote in respect of any contract, appointment or arrangement in which he is interested and he shall be counted in the quorum present at the meeting; and
- (h) 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 of his assets; or (iii) been a director of any company which, while he was a director with an executive function or within twelve 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 arrangement 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 twelve 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 affairs of any company.

## APPENDICES

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### APPENDIX I INVESTMENT AND BORROWING RESTRICTIONS

Each Fund of the ICAV will be subject to the investment and borrowing restrictions that are set out in the UCITS Regulations and the Central Bank UCITS Regulations. Additional restrictions (if any) relevant to a Fund will be set out in the applicable Supplement.

1. **Investments of the ICAV are confined to:-**

Transferable Securities and Money Market Instruments which are either admitted to official listing on a stock exchange in a Member State of the European Union or non-Member State of the European Union or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State of the European Union or non-Member State of the European Union;

recently issued Transferable Securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year;

Money Market Instruments, as defined in the Central Bank UCITS Regulations, other than those dealt on a regulated market;

units of UCITS;

units of AIFs as set out in the Central Bank UCITS Regulations;

deposits with credit institutions as prescribed in the Central Bank UCITS Regulations; and

financial derivative instruments as prescribed in the Central Bank UCITS Regulations.

#### Investment Restrictions

A Fund may invest no more than 10 per cent. of its Net Asset Value in Transferable Securities and Money Market Instruments other than those referred to in paragraph 1.

A Fund may invest no more than 10 per cent. 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.(a)) within a year. This restriction will not apply in relation to investment by a Fund in certain US securities known as Rule 144A securities provided that:-

- (i) the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and
- (ii) the securities are not illiquid securities i.e. they may be realised by a Fund within seven days at the price, or approximately at the price, at which they are valued on behalf of the Fund.

A Fund may invest no more than 10 per cent. 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 per cent. is less than 40 per cent.

The limit of 10 per cent. (in (c)) is raised to 25 per cent. in the case of bonds that are issued by a credit institution which has its registered office in a Member State of the European Union and is subject by law to special public supervision designed to protect bond-holders. If a Fund invests more than 5 per cent. of its Net Asset Value in these bonds issued by one issuer, the total value of these investments may not exceed 80 per cent. of the Net Asset Value of the Fund.

The limit of 10 per cent. (in (c)) is raised to 35 per cent. if the Transferable Securities or Money Market Instruments are issued or guaranteed by a Member State of the European Union or its local authorities or by a non- Member State of the European Union or public international body of which one or more Member States of the European Union are members.

The Transferable Securities and Money Market Instruments referred to in (d) and (e) shall not be taken into account for the purpose of applying the limit of 40 per cent. referred to in (c).

Cash booked in accounts and held as ancillary liquidity shall not exceed 20% of the net assets of the Fund.

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

This limit is raised to 10 per cent. in the case of credit institutions authorised in the EEA or credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988.

Notwithstanding paragraphs (c), (g) and (h) above, a combination of the following issued by, or made or undertaken with, the same body may not exceed 20 per cent. of its Net Asset Value:-

- (i) investments in Transferable Securities or Money Market Instruments; and/or
- (ii) deposits.

The limits referred to in (c), (d), (e), (g), (h) and (i) above may not be combined, so that exposure to a single body shall not exceed 35 per cent. of the relevant Fund's Net Asset Value.

Group companies are regarded as a single issuer for the purposes of (c), (d), (e), (g), (h) and (i). However, a limit of 20 per cent. of net assets may be applied to investment in Transferable Securities and Money Market Instruments within the same group.

A Fund may invest up to 100 per cent. 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-EU Member States or public international body of which one or more EU Member States are members.

The individual issuers will be drawn from the following list:-

- Government of the People's Republic of China;
- Government of Singapore;
- Government of India (provided issuers are of investment grade);
- Government of Brazil (provided the issuers are of investment grade);
- European Investment Bank;
- International Finance Corporation;
- International Monetary Fund;
- Euratom;
- The Asian Development Bank;
- European Central Bank;
- Council of Europe;
- Eurofima;
- African Development 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; and
- Tennessee Valley Authority.

A Fund must hold securities from at least six different issuers, with securities from any one issuer not exceeding 30 per cent. of its Net Asset Value.

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

When a Fund invests in the shares of other CIS that are managed, directly or by delegation, by the relevant Investment Manager or by any other company with which the relevant Investment Manager is linked by common management or control, or by a substantial direct or indirect holding (i.e. more than 10 per cent. of the share capital or voting rights), that management company or other company may not charge management, subscription, conversion or redemption fees on account of the Funds investment in the shares of such other CIS.

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

A Fund may not invest more than 10 per cent. of its assets in other CIS.

The CIS are prohibited from investing more than 10 per cent. of net assets in other CIS.

### **Index Tracking Funds**

A Fund may invest up to 20 per cent. 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 Notices and is recognised by the Central Bank.

The limit in (a) may be raised to 35 per cent., and applied to a single issuer, where this is justified by exceptional market conditions.

### **General Provisions**

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.

A Fund may acquire no more than:-

- (i) 10 per cent. of the non-voting shares of any single issuing body;
- (ii) 10 per cent. of the debt securities any single issuing body;
- (iii) 25 per cent. of the shares of any single CIS; or
- (iv) 10 per cent. of the Money Market Instruments of any single issuing body.

The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if, at that time, the gross amount of the debt securities or of the Money Market Instruments, or the net amount of the securities in issue cannot be calculated.

Paragraphs 5(a) and 5(b) above shall not be applicable to:-

- (i) Transferable Securities and Money Market Instruments issued or guaranteed by an EU Member State or its local authorities;

- (ii) Transferable Securities and Money Market Instruments issued or guaranteed by a non- EU Member State;
- (iii) Transferable Securities and Money Market Instruments issued by public international bodies of which one or more EU Member States are members;
- (iv) 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(c) to 2(k), 3(a), 3(b), 5(a), 5(b), 5(d), 5(e) and 5(f), and provided that where these limits are exceeded, paragraphs 5(e) and 5(f) below are observed; or
- (v) shares held by an investment company or investment companies 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.

Funds 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.

The Central Bank may allow recently authorised Funds to derogate from the provisions of 2(c) to 2(l), 3(a), 3(b) 4(a) and 4(b) for six months following the date of their authorisation, provided they observe the principle of risk spreading.

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.

The Investment Managers may not carry out uncovered sales of:-

- (i) Transferable Securities;
- (ii) Money Market Instruments;
- (iii) shares of CIS; or
- (iv) financial derivative instruments.

A Fund may hold ancillary liquid assets.

- (v) For so long as the Shares of a Fund are listed on the Irish Stock Exchange, the Fund will not take or seek to take legal or management control of the issuers of its underlying investments and will adhere to the general principal of risk diversification.

### **Financial Derivative Instruments**

Funds may invest in Financial Derivative Instruments dealt in over-the-counter markets provided that the following are adhered to:-

The Fund's global exposure (as prescribed in the UCITS) relating to Financial Derivative Instruments must not exceed its total Net Asset Value;

Position exposure to the underlying assets of the Financial Derivative Instruments, including embedded Financial Derivative Instruments in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments,

does not exceed the investment limits set out in the UCITS. (This provision does not apply in the case of index based Financial Derivative Instruments provided the underlying index is one which meets with the criteria set out in the Central Bank UCITS Regulations);

The Fund may invest in Financial Derivative Instruments dealt in over-the-counter (OTC) provided that the counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank; and

Investments in Financial Derivative Instruments are subject to the conditions and limits laid down by the Central Bank.

### **Borrowing Restriction**

Each Fund may borrow amounts by way of short term loans not exceeding 10 per cent. of its net assets provided that such borrowing is on a temporary basis.

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## APPENDIX II LIST OF RECOGNISED MARKETS

With the exception of permitted investments in unlisted securities, the ICAV's investments will be restricted to securities listed or traded on exchanges and markets listed below. This list of Recognised Markets is in accordance with the regulatory criteria in the Central Bank UCITS Regulations. The Central Bank does not issue a list of approved markets:-

### 1. All stock exchanges:

- located in any Member State of the European Union;
- In a Member State of the European Economic Area (EEA) (excluding Iceland, Liechtenstein and Malta):

Norway

- In any of the following countries:

Australia	New Zealand
Canada	Switzerland
Hong Kong	USA
Japan	United Kingdom

### Any stock exchange included on the following list:

Argentina	Bolsa de Comercio de Buenos Aires
Brazil	BM&F Bovespa Stock Exchange (Bolsa de Valores de Sao Paulo)
China	The stock exchanges in Shanghai and Shenzhen
Croatia	Zagreb Stock Exchange
India	National Stock Exchange of India and the Bombay Stock Exchange (BSE)
Indonesia	Indonesia Stock Exchange
Israel	Tel Aviv Stock Exchange
Jordan	Amman Stock Exchange
Malaysia	Bursa Malaysia Derivatives (Bursa Malaysia)
Mexico	Bolsa Mexicana de Valores, SA.de.cv
Morocco	Casablanca Stock Exchange
Peru	Bolsa de Valores de Lima
Philippines	Philippine Stock Exchange
Singapore	Singapore Exchange (SMX)
South Africa	JSE Securities Exchange
South Korea	Korea Exchange (KRX)
Taiwan	Taiwan Stock Exchange
Thailand	Stock Exchange of Thailand
Turkey	Istanbul Stock Exchange

### All derivative exchanges:

- Approved in an EEA Member State
- Eurex
- NYSE Euronext

### Any derivative exchange included on the following list:

Australia	Australian Stock Exchange (Sydney Futures Exchange)
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Brazil	Bolsa de Mercadorias e Futuros (BM&F Bovespa Stock Exchange)
Canada	The Montreal Exchange
Hong Kong	Hong Kong Futures Exchange
Israel	Tel Aviv Stock Exchange
Japan	Tokyo Stock Exchange
Malaysia	Bursa Malaysia Derivatives Bhd (Bursa Malaysia)
Mexico	Mexican Derivatives Exchange (MerDer)
Singapore	Singapore Exchange Derivatives Trading (SMX - DT)
South Africa	South African Futures Exchange (JSE)
South Korea	Korea Exchange(KRX)
Thailand	Thailand Futures Exchange
Turkey	Turkish Derivatives Exchange
USA	Chicago Mercantile Exchange (CME) Chicago Board Option Exchange (CBOE) Chicago Futures Exchange (CFE) NASDAQ.OMX Futures Exchange (NFX)

**Other Markets:**

- Derivative markets approved in a Member State of the EEA
- The market organised by the International Capital Market Association
- The market conducted by the "listed money market institutions" as described in the Bank of England publication "The Regulation of the Wholesale Cash and OTC Derivatives Markets (in Sterling, foreign currency and bullion)
- AIM - the Alternative Investment Market in the UK, regulated and operated by the London Stock Exchange
- The over-the-counter market in Japan regulated by the Securities Dealers Association of Japan
- NASDAQ in the United States
- The market in US government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York
- The over-the-counter market in the United States regulated by the National Association of Securities Dealers Inc.
- The French market for "Titres de Creance Negotiable (over-the-counter market in negotiable debt instruments)
- EASDAQ (European Association of Securities Dealers Automated Quotation)
- The over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada

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### APPENDIX III LIST OF SUB-DEPOSITARY AGENTS APPOINTED BY THE DEPOSITARY

The Depositary's global sub-depositary has appointed the following entities as sub-delegates in each of the markets set forth below. This list may be updated from time to time and is available upon request in writing from the Administrator or the Depositary. The Depositary does not anticipate that there would be any specific conflicts of interest arising as a result of the sub-delegates listed below. The Depositary will notify the board of the ICAV of any such conflict should it so arise.

Market	Sub-Custodian
Argentina	Citibank N.A., Argentina Branch
Australia	The Hongkong and Shanghai Banking Corporation Limited*
Austria	BNP Paribas Securities Services, S.C.A. - Frankfurt Branch
Bahrain	HSBC Bank Middle East Limited*
Bangladesh	The Hongkong and Shanghai Banking Corporation Limited*
Belgium	BNP Paribas Securities Services, S.C.A. - Paris
Bermuda	HSBC Bank Bermuda Limited*
Brazil	Citibank N.A., Brazil Branch
Bulgaria	Citibank Europe plc, Bulgaria Branch*
Canada	RBC Investor Services Trust as agent for Royal Bank of Canada
Chile	Banco de Chile as agent for Citibank, N.A., New York
China (B Shares only)	HSBC Bank (China) Company Limited*
Colombia	Cititrust Colombia S.A., Sociedad Fiduciaria
Croatia	Privredna banka Zagreb d.d.*
Brazil	Citibank N.A., Brazil Branch
Cyprus	BNP Paribas Securities Services, S.C.A. - Athens Branch
Czech Republic	Citibank Europe plc, organizacni slozka*
Denmark	Skandinaviska Enskilda Banken AB (publ), Denmark Branch
Estonia	SEB Pank AS*

Euromarkets - Euroclear	Euroclear Bank: U.S. Bank is a direct participant at Euroclear Bank
Finland	Skandinaviska Enskilda Banken AB (publ), Finland Branch
France	BNP Paribas Securities Services, S.C.A. - Paris
Germany	BNP Paribas Securities Services, S.C.A. - Frankfurt Branch
Greece	BNP Paribas Securities Services, S.C.A. - Athens Branch
Hong Kong	The Hongkong and Shanghai Banking Corporation Limited*
Hong Kong (China Stock Connect)	The Hongkong and Shanghai Banking Corporation Limited
Hungary	Citibank Europe plc. Hungarian Branch Office*
Iceland	Landsbankinn hf.*
India	Deutsche Bank AG*
Indonesia	Deutsche Bank AG*
Ireland	Euroclear Bank: U.S. Bank is a direct participant at Euroclear Bank
Israel	Bank Hapoalim B.M.*
Italy	BNP Paribas Securities Services, S.C.A. - Milan Branch
Japan	MUFG Bank, Ltd.*
Jordan	Standard Chartered Bank, Jordan Branch*
Kazakhstan	Citibank Kazakhstan Joint-Stock Company*
Kenya	Stanbic Bank Kenya Limited*
Kuwait	HSBC Bank Middle East Limited, Kuwait*
Latvia	AS SEB banka*
Lithuania	AB SEB bankas*
Luxembourg	Euroclear Bank: U.S. Bank is a direct participant at Euroclear Bank
Malaysia	Deutsche Bank (Malaysia) Berhad*

Malta	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main*
Mauritius	The Hongkong and Shanghai Banking Corporation Limited*
Mexico	Banco Nacional de Mexico S.A. (Banamex)
Morocco	Citibank Maghreb S.A.*
Netherlands	BNP Paribas Securities Services, S.C.A. - Paris
New Zealand	The Hongkong and Shanghai Banking Corporation Limited*
Nigeria	Stanbic IBTC Bank Plc.*
Norway	Skandinaviska Enskilda Banken AB (publ), Norway Branch
Oman	HSBC Bank Oman S.A.O.G.*
Pakistan	Deutsche Bank AG*
Peru	Citibank del Peru S.A.
Philippines	Deutsche Bank AG*
Poland	Bank Polska Kasa Opieki S.A.*
Portugal	BNP Paribas Securities Services, S.C.A. - Paris
Romania	Citibank Europe plc Dublin, Romania Branch*
Serbia	UniCredit Bank Serbia JSC*
Singapore	Standard Chartered Bank (Singapore) Limited*
Slovak Republic	Citibank Europe plc, pobočka zahraničnej banky*
Slovenia	UniCredit Banka Slovenija d.d.*
South Africa	The Standard Bank of South Africa Limited*
South Korea	Deutsche Bank AG*
Spain	BNP Paribas Securities Services, S.C.A. - Madrid Branch
Sri Lanka	The Hongkong and Shanghai Banking Corporation Limited*

Sweden	Skandinaviska Enskilda Banken AB (publ)
Switzerland	BNP Paribas Securities Services, S.C.A. – Zurich Branch
Taiwan	HSBC Bank (Taiwan) Limited*
Thailand	The Hongkong and Shanghai Banking Corporation Limited*
Turkey	Deutsche Bank A.S.*
USA	U.S. Bank National Association: U.S. Bank is a direct participant at the DTC and the FED
United Arab Emirates	HSBC Bank Middle East Limited, Dubai*
United Kingdom	BNP Paribas Securities Services, S.C.A. – London Branch
Uruguay	Banco Itau Uruguay S.A.*
Vietnam	HSBC Bank (Vietnam) Ltd*

\*A third-party agent of U.S. Bank's appointed sub-custodian The Bank of New York Mellon.

## APPENDIX IV U.S. DEFINITIONS

### "U.S. Person"

A "U.S. Person" for the purposes of this Prospectus is a person who is: (a) a person included in the definition of "U.S. person" under Rule 902 of Regulation S under the 1933 Act, or (b) a person excluded from the definition of a "Non-United States person" as used in the CFTC Rule 4.7. For the avoidance of doubt, a person is excluded from this definition of U.S. person" in Rule 902 and qualifies as a "Non-United States person" under CFTC Rule 4.7

"U.S. person" under Rule 902 of Regulation S under the 1933 Act includes the following:

- any natural person resident in the United States;
- any partnership or corporation organised or incorporated under the laws of the United States;
- any estate of which any executor or administrator is a U.S. person;
- any trust of which any trustee is a U.S. person;
- any agency or branch of a non-U.S. entity located in the United States;
- any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
- any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States; and
- any partnership or corporation if:
  - (i) organised or incorporated under the laws of any non-U.S. jurisdiction; and
  - (ii) formed by a U.S. person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D under the 1933 Act) who are not natural persons, estates or trusts.

Notwithstanding the preceding paragraph, "U.S. person" under Rule 902 does not include: (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States; (ii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person, if (A) an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate, and (B) the estate is governed by non U.S. law; (iii) any trust of which any professional fiduciary acting as trustee is a U.S. person, if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person; (iv) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; (v) any agency or branch of a U.S. person located outside the United States if (A) the agency or branch operates for valid business reasons; and (B) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and (vi) certain international organisations as specified in Rule 902(k)(2)(vi) of Regulation S under the 1933 Act, including their agencies, affiliates and pension plans.

CFTC Rule 4.7 currently provides in relevant part that the following persons are considered "Non-United States persons":

- (a) any natural person who is not a resident of the United States or an enclave of the U.S. government, its agencies or instrumentalities;
- (b) a partnership, corporation or other entity organised principally for passive investment, organised under the laws of a non-U.S. jurisdiction and which has its principal place of business in a non-U.S. jurisdiction;
- (c) an estate or trust, the income of which is not subject to U.S. income tax regardless of source;
- (d) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by persons who do not qualify as Non-United States persons or otherwise as qualified eligible persons (as defined in CFTC Rule 4.7(a)(2) or (3)) represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being Non-United States persons; and
- (e) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States.



**"U.S. Taxpayer"**

"U.S. Taxpayer" includes (i) a U.S. citizen or resident alien of the United States (as defined for U.S. federal income tax purposes); (ii) any entity treated as a partnership or corporation for U.S. federal tax purposes that is created or organized in, or under the laws of, the United States or any thereof (including the District of Columbia); (iii) any other partnership that is treated as a U.S. Taxpayer under U.S. Treasury Department regulations; (iv) any estate, the income of which is subject to U.S. income taxation regardless of source; and (v) any trust over whose administration a court within the United States has primary supervision and all substantial decisions of which are under the control of one or more U.S. fiduciaries. Persons who have lost their U.S. citizenship and who live outside the United States may nonetheless in some circumstances, be treated as U.S. Taxpayers.

An investor who is not a U.S. Person may nevertheless be considered a "U.S. Taxpayer" under U.S. federal income tax laws.

**"Benefit Plan Investor"**

"Benefit Plan Investor" is used as defined in U.S. Department of Labor ("DOL") Regulation 29 C.F.R. §2510.3-101 and Section 3(42) of ERISA (collectively, the "Plan Asset Rule") and includes (i) any employee benefit plan subject to Part 4, Subtitle B of Title I of ERISA; (ii) any plan to which Code Section 4975 applies (which includes a trust described in Code Section 401(a) that is exempt from tax under Code Section 501(a), a plan described in Code Section 403(a), an individual retirement account or annuity described in Code Section 408 or 408A, a medical savings account described in Code Section 220(d), a health savings account described in Code Section 223(d) and an education savings account described in Code Section 530; and (iii) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity (generally because 25 per cent. or more of a class of equity interests in the equity is owned by plans). An entity described in (iii) immediately above will be considered to hold plan assets only to the extent of a percentage of the equity interests in the entity held by Benefit Plan Investors. Benefit Plan Investors also include that portion of any insurance company's general account assets that are considered "plan assets" and (except if the entity is an investment company registered under the 1940 Act) also include assets of any insurance company separate account or bank common or collective trust in which plans invest.

## APPENDIX V THE STOCK CONNECT

The Stock Connect is a securities trading and clearing linked program developed by Hong Kong Exchanges and Clearing Limited ("**HKEX**"), SZSE, SSE and ChinaClear with an aim to achieve mutual stock market access between the PRC and Hong Kong. The Stock Connect comprises a Northbound Trading Link and a Southbound Trading Link. Under the Northbound Trading Link, Hong Kong and overseas investors (including the Funds), through their Hong Kong brokers and a securities trading service company established by SEHK, may be able to trade eligible China A Shares listed on the SSE and SZSE by routing orders to SSE or SZSE respectively. Under the Southbound Trading Link investors in China will be able to trade certain stocks listed on the SEHK. Under a joint announcement issued by the SFC and China Securities Regulatory Commission on 10 November 2014, the Stock Connect commenced trading on 17 November 2014. Under the Stock Connect, the Funds, through their Hong Kong brokers may trade certain eligible shares listed on the SSE or SZSE.

For the SSE, these include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed A shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except the following:

- SSE-listed shares which are not traded in RMB; and
- SSE-listed shares which are not included in the "risk alert board".

The SSE does not permit ETFs as eligible securities.

For the SZSE, these include all constituent stocks of the SZSE Component Index and the SZSE Small / Mid Cap Innovation Index all SZSE-listed shares of companies that have issued both A shares and H shares. However, the SZSE, unlike the SSE, restricts investors who are eligible to trade shares listed on the ChiNext Board of SZSE to "institutional professional investors".

The SZSE will include EFTs as eligible securities.

It is expected that the list of eligible securities will be subject to review.

The trading is subject to rules and regulations issued from time to time. Trading under the Stock Connect will initially be subject to a maximum cross-boundary investment quota ("**Aggregate Quota**"), together with a daily quota ("**Daily Quota**"). Northbound trading and Southbound trading will be subject to a separate set of Aggregate and Daily Quota. The Northbound Aggregate Quota caps the absolute amount of fund inflow into the PRC and is current set at RMB300 billion. The Daily Quota limits the maximum net buy value of cross-boundary trades under the Stock Connect each day. The Northbound Daily Quota is set at RMB13 billion for each of SZSE and SSE respectively. HKSCC, a wholly-owned subsidiary of HKEX, and ChinaClear will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by their respective market participants and investors. The China A Shares traded through Stock Connect are issued in scripless form, and investors will not hold any physical China A Shares.

Although HKSCC does not claim proprietary interests in the SZSE or SSE securities held in its omnibus stock account in ChinaClear, ChinaClear as the share registrar for SZSE and SSE listed companies will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of such SZSE and SSE securities.

In addition to paying trading fees, levies and stamp duties in connection with trading in China A Shares, the Funds may be subject to new fees arising from trading of China A Shares via the Stock Connect which are yet to be determined and announced by the relevant authorities.

In accordance with the UCITS requirements, the Depositary shall provide for the safekeeping of a Fund's assets in China through its global custody network. such safekeeping is in accordance with the conditions set down by the Central Bank, which provides that there must be legal separation of non-cash assets held under custody and that the Depositary through its delegates must maintain appropriate internal control systems to ensure that records clearly identify the nature and amount of assets under custody, the ownership of each asset and where documents of title to each asset are located.